

SHIRE OF MERREDIN



Heart of the Wheatbelt



ANNUAL REPORT

For the Financial Year ending 30 June 2008

Index

ANNUAL REPORT

For the Financial Year ending 30 June 2008

- Shire President's Report
- Chief Executive Officer's Report
- Plan for the Future
- National Competition Policy
- State Records Act
- Disabilities Services Plan
- General Information
- Financial Statements
- Auditor's Report

FB Ludovico
CHIEF EXECUTIVE OFFICER



Merredin Shire Council
P.O. Box42
MERREDIN WA 6415

Phone: 9041 1611
Fax: 9041 2379

Shire Website: www.merredin.wa.gov.au
Community Website: www.merredin.com

Shire President's Report

It is with pleasure that I present my report for the 2007-2008 financial year.

The Merredin Regional Community and Leisure Centre opened its doors on 20 October 2007. Since the opening there has been many new challenges to overcome, however I believe due to the support of the community and the efforts of staff we are quickly developing a successful Centre. I would like to thank the staff of the inaugural year of the Merredin Regional Community and Leisure Centre and would like to make particular mention of the work of volunteers within this facility which have worked together with staff to help provide a fantastic level of service to the community.

2007-2008 has been a busy year for a number of other reasons. Firstly, was a progression of the Carrington Way Subdivision. The business plan for the subdivision was advertised in November/December 2007 with sub divisional project managers appointed in February 2008 which will allow the sub divisional works to commence early in the new financial year. It is expected that the land sale will occur in early 2009.

Council has also reviewed its Waste Management Service, agreeing to implement a door-to-door household recycling service for Merredin, Burracoppin, Hines Hill and Nangeenan and is designed to remove approximately 4-5 tonnes per week of recyclable material from Council's refuse site. Council believes this "door to door recycling service" will increase the amount of recyclables collected, thereby increasing the life of the community landfill site and contributing to the overall aim of improving our environment for our children and grandchildren.

As reported in last year's report, our association through the Rural Towns Liquid Assets Project and the Merredin Water Initiative, which used desalinated ground water from underneath Merredin to upgrade the Great Eastern Highway, was the subject of a Paper presented to the Second International Salinity Forum in Adelaide in March/April 2008. We are proud to be able to document our achievements on the international stage.

It may be opportune to advise electors of some of the little things that the Shire does for its community. For example, Council made contributions to the Rural Counselling Service, the High School Chaplaincy, Community Awards Night and donations of Hall Hire to the Red Hatters Society, the Merredin Senior High School, the Uniting Church, Churches Fraternal (fundraiser for Chaplaincy) and Youth Quake. These contributions amount to several thousands of dollars each year and it is one of the many ways we support the Shire of Merredin community.

In 2008, Dr Freeman left the Merredin Medical Centre after over five years of service. I'd like to take this opportunity to thank Dr Freeman for his efforts. His efforts resulted in a period of stability and continuity at the Medical Centre which was appreciated by the community. I wish Dr Freeman well with his future endeavours.

The resignation of Dr Freeman led Council to review its role in the Merredin Medical Centre. Successive losses at the Practice (between \$50,000.00 and \$200,000.00 over 5 years) and the enormous commitment of senior staff into the operations of the Merredin Medical Centre has led Council to sell the Merredin Medical Practice to Dr Gabriel Adeniyi, who took control of the Practice from 1 July 2008. Council will still be supporting the Practice by a free lease for a two year period and housing and vehicle subsidies to the Doctor. Council believes that the most appropriate management structure at the Medical Practice is for it to be operated by Medical Practitioners.

Also during the year was the West Australian Local Government Associations presentation of the Systemic Sustainability Study. This Study was designed for Local Governments to look at their sustainability and to consider how Local Government can maintain infrastructure, and meet both current and future community expectations in an efficient and sustainable manner. The final report is due to be published in September 2008.

Another item of significance was the development of Council's Town Planning Strategy. Several workshops and public submissions were held during the review period. It is anticipated that Council will adopt the final draft for submission to the Department of Planning and Infrastructure in 2009.

Council continues to work cooperatively with other Local Governments in the region through the Wheatbelt East Regional Organisation of Councils (WE-ROC), entering into an Memorandum of Understanding with the ROE Districts Visitor Group for participation in the Central Wheatbelt Visitor Centre, and operating the Central Wheatbelt Ranger Service so local governments across the region have access to a professional Ranger service.

Council continues to make significant investment into Council's Road Network and in 2007-2008 undertook work on:

- Endersbee Street
- Priestly Street
- Nokaning West Road
- Totadgin Hall Road
- Chandler Road
- Burracoppin South Road
- Merredin-Narembeen Road
- Hines Hill Road
- Gabo Road

On a sad note, Mr Roy Little passed away on 11 June 2008. Roy was the Chief Executive Officer of the Shire of Merredin from 1963 to 1996. Roy was responsible for bringing a number of significant projects to fruition over his period of service.

This year the timing for Local Government elections changed from May to October 2007. This election saw the retirement of Grant Astbury, Neil Hooper, Janelle Jones and Stephen Marley and the final year of David Morley's term as a Councillor. Mark Crees was re-elected in the position of Deputy Shire President and both Julie Townrow and myself were also re-elected. This year we welcomed new Councillors in Pam Forbes, Asha Hooper, Mick Hayden, Maria Young and Stephen Elliott.

In summing up my report, I would like to thank all Shire staff for their efforts. It is the efforts of all staff which work tirelessly throughout the year to ensure that the best possible service is provided to the community. These contributions are made throughout all areas of the organisation whether in Administration and Finance Services, Engineering Services, Development Services or Community Services. The commitment of staff to ensure that quality services are both continued to be provided to the community and that new services are introduced where needed, has been supported and encouraged by your Councillors. It is the work of both Staff and Councillors, together with the support and contributions from the community, which result in improving the quality of services available in Merredin.

Cr Ken Hooper
Shire President

Chief Executive Officer's Report

This has been another exciting year for the Shire of Merredin.

After many, many years of work the Merredin Regional Community & Leisure Centre (MRC&LC) was opened on 20 October 2007. The \$3.7 million building project, even though not completed on time due to contractor and material shortages existing at the time, was on budget. The only outstanding item at this phase of the development of the Recreation area is the construction of the new Fire Brigade Running Track and this will be completed in the 2008/2009 year.

The delay in the completion of the MRC&LC project meant that a number of activities such as the new entrance at the Cemetery, the completion of the new public toilets in the centre of town, the Shire Administration Office entrance statements, Youth Shelter and various Roadworks have not been completed and will be bought forward in the 2008/2009 Budget.

Unfortunately, Council's inaugural Rec Centre Manager, Patricia Martin, left the Shire in February 2008 to help out on the family farm. We wish Tricia all the best for the future and thank her for the major effort in bringing the MRC&LC project to fruition.

Operationally, a number of teething problems exist, especially in the bar, as we move from a club environment to a special facilities license, which places a number of restrictions on how the bar can be operated.

Also part of the Recreation Centre project is the relocation of the Merredin Golf Club to the Centre. The first part of this process is to obtain clearing of vegetation permits from the Department of Environment and Conservation. This has taken a number of years to progress, but finally we are seeing activity in this area. It is expected that final permissions will be granted in August 2008 which could enable the Merredin Golf Club to move to the Recreation Centre in 2009.

After many months of negotiations Council adopted a Workplace Agreement for Council's Engineering Staff. The purpose of the Workplace Agreement is to offer better conditions and remuneration to attract and retain staff. Productivity benefits are also included in the Agreement and it is hoped that this stability will improve the effectiveness of Council's Engineering Services staff.

Council also adopted an Occupational Health and Safety Implementation Plan. Once again, this is designed to improve the Occupational Health of Council's workers to ensure that productivity is maintained.

Council has also established working parties in February 2007 for Cummins Theatre and in March 2007 for the Merredin Olympic Swimming Pool. These working parties have been asked to consider the needs of these venues and to prepare a report to Council on the works necessary to these valuable assets.

In respect to the Recreation Ground, Council has been successful in obtaining \$140,000.00 in funding from the Community Sports and Recreation Facilities Funds to reticulate the oval in 2008/2009. This will improve the efficiency of the watering system by allowing us to water at night, reducing evaporation figures.

Also in this area, Council agreed several years ago to take the effluent from the Water Corporation Effluent Ponds. This systems has been upgraded and improved and all effluent produced by the Water Corporation will now be taken to Council Dams. This will ensure the availability of water to maintain our parks and gardens.

Significant building activity occurred in the Shire during 2007/2008. Ninety seven applications (including 14 new houses) were approved, amounting to \$5.9 million in works. This is a 26% increase in applications over the 2006/2007 financial year.

Council completed the year with a surplus of \$605,954.00. As already mentioned, most of these funds were for carry over projects. An analysis of Council's Ratios indicates we are operating within acceptable parameters with the exception of the Outstanding Rate Ratio. We will need to work in this area to reduce this Ratio.

I would like to thank staff for all their efforts during the financial year. Without their honesty, dedication, loyalty and sheer hard work, many of the things that we have achieved throughout the year would not have been undertaken. I would particularly like to thank staff for their efforts whilst I was on long service leave.

I would also like to thank Councillors for working cooperatively in achieving the goals that we have set ourselves, and staff look forward to continuing to work together to achieve the many, many other projects that lay before the Shire of Merredin.

Frank Ludovico
Chief Executive Officer

Plan for the Future

Introduction

Associated with the Shire's Strategic Planning process, due for completion in the next financial year, the Plan for the Future will reflect major activities planned for the period from 2006 – 2015. Section 5.56 of the Local Government Act 1995 requires a local government to plan for the future of its district.

Overview of Activities Proposed to Commence or Continue:

- ***Carrington Way Sub-division*** – This residential sub-division development within the Merredin townsite, will commence in the 2008/2009 financial year, will provide much needed residential land to the market.
- ***Road Construction/Maintenance*** – Road Construction/Maintenance continues to be a major activity for the Shire of Merredin with approximately one third of Council's budget being allocated to this program
- ***Recreation Facilities*** – The Merredin Regional Community and Leisure Centre Planning has been constructed with alterations to the Merredin Recreation Ground planned for coming years, resulting in a vast improvement to recreation facilities (e.g. underground reticulation of the oval planned in 2008/2009)
- ***Cummins Theatre*** – Council commenced investigations into the maintenance and upgrade requirements for this facility
- ***Merredin CBD*** – Council will be initiating planning for the future development of the Merredin CBD area in 2008/2009
- ***Merredin District Olympic Pool*** - Council commenced investigations into the maintenance and upgrade requirements for this facility
- ***Visitor Servicing*** – an upgrade planned for the Central Wheatbelt Visitor Centre will be completed in 2008/2009 as will the new public toilet for the precinct.
- ***Housing*** – The construction of professional staff housing remains a priority of Council. Construction of a 2 x 1 dwelling in Coronation Street was completed in the 2005-2006 financial year and another 2 X 1 dwelling was completed in 2007/2008.

National Competition Policy

The Shire of Merredin has incorporated the principles and assessment of National Competition Policy into its practices and activities, and does not believe to have undertaken activities that have been anti-competitive in nature.

State Records Act

2007/2008 Achievements

The Shire continued the consolidation of its adopted Record Keeping Plan, as required by the State Records Act 2000, with implementation of improved records keeping, particularly property-based information. This achievement assisted with customer service for building, health and town planning enquiries as records were for the first time, managed in a systematic fashion that improve identification of critical details.

Future Objectives – Compliance with SRO Principle 6

Minimum reporting requirements for local governments are detailed in Principle 6 of the Recordkeeping Plan :

1. The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated not less than once every 5 years.
2. The organisation conducts a recordkeeping training program.
- 3 The efficiency and effectiveness of the recordkeeping training program is reviewed from time to time.
- 4 The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.
- 5 The organisation includes within its annual report an appropriate section that addresses points 1-4.

Disability Services Plan

The Disability Services Amendment Act (1999) requires Council to report on its Disability Services Plan achievements within its Annual Report. The Shire of Merredin Disability Services Plan was adopted in 1995 and Revised in February 2001. In January 2007 Council adopted the *Disability Access and Inclusion Plan 2007-2012*.

Many of the outcomes and strategies identified within the plan are being implemented on an ongoing basis or have been fully implemented. Currently the Executive Manager of Development Services is responsible for the implementation of the principles and projects within the Plan. When Council are addressing the issue of accessibility to Council's facilities and functions they are aware that by providing better access for people with disabilities they are providing better access for the whole community. Work continues to improve footpaths and accessways around the townsite as part of recognising the Disability Services Plan.

Some of these works include the upgrade of Visitors Centre to the value of \$88,000.00, which includes remote access doors, easy access throughout the building as well as a new ablution block to Barrack Street with full disability access and a mothers room.new rec centre completion – full access and mobility, hydrotherapy pool – for old bones.

Further information can be obtained by contacting Mr John Mitchell, Executive Manager of Development Services at the Council Administration Centre on 08 9041 1611 or email emds@merredin.wa.gov.au.

Merredin Shire Council



Councillor Ken Hooper Shire President
Councillor Mark Crees Deputy Shire President

Councillor Stephen Elliott
Councillor Pam Forbes
Councillor Wayne Wallace
Councillor Maria Young
Councillor Asha Hooper

Councillor Julie Townrow
Councillor Mick Hayden
Councillor Martin Morris
Councillor John Simmonds

Council Offices:

Situated on the Cnr King/Barrack Street, Merredin

Postal Address: P.O. Box 42, Merredin, W.A. 6415

Office Hours: Monday to Friday, 8.00am to 4.30pm

Telephone: (08) 9041 1611

Facsimile: (08) 9041 2379

Email: admin@merredin.wa.gov.au

Website: www.merredin.wa.gov.au

SENIOR MANAGEMENT

Shire Chief Executive Officer – Frank Ludovico
Executive Manager Community Services – Debbie Morris
Executive Manager Development Services – John Mitchell
Executive Manager Finance and Administration – Emma Hooper
Executive Manager Engineering Services – Jim Garrett

SUPERVISORS, MANAGERS & SPECIALISED STAFF:

Construction Supervisor - Troy Davey
Road / Town Maintenance Supervisor - Rodney Robertson
Mechanic - Mick Fiegert
Recreation Ground Curator - Graham Motzel
Regional Librarian – Julie Turner
Ranger – George Ward
Visitor Centre Manager - Pam Masters
Medical Centre Manager - Josie Duffield

Cummins Theatre Manager - Jane Bandurski
Swimming Pool Manager - Terry Robertson
Building Project Manager - John Gearing
Natural Resource Management Officer
Tobias Vudzijena
Project Officer – Taya Fritsch & Rachel Gearing
Recreation Centre Manager – Nicole Newton

SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Income Statement by Nature or Type	3
Income Statement by Program	4
Balance Sheet	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 48
Independent Audit Report	49 & 50

SHIRE OF MERREDIN

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Merredin being the annual financial report and other information for the financial year ended 30th June 2008 are in my opinion properly drawn up to present fairly the financial position of the Shire of Merredin at 30th June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 15 January 2009.



Frank Ludovico
Chief Executive Officer

SHIRE OF MERREDIN

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	2,114,823	2,091,697	1,896,122
Grants and Subsidies	28	1,056,023	1,748,240	1,714,238
Contributions Reimbursements and Donations		77,422	88,480	591,541
Fees and Charges	27	1,359,212	1,686,434	975,219
Interest Earnings	2(a)	176,560	89,700	169,097
Other Revenue		878,471	689,900	329,100
		<u>5,662,511</u>	<u>6,394,451</u>	<u>5,675,317</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(3,013,090)	(3,737,453)	(2,771,876)
Materials and Contracts		(1,662,757)	(1,173,567)	(1,452,765)
Utilities		(246,387)	(384,071)	(108,418)
Depreciation	2(a)	(1,327,609)	(1,357,105)	(1,217,022)
Interest Expenses	2(a)	(92,760)	(159,472)	(102,098)
Insurance		(186,649)	(179,120)	(158,445)
Other Expenditure		0	(354,676)	0
		<u>(6,529,252)</u>	<u>(7,345,464)</u>	<u>(5,810,624)</u>
		(866,741)	(951,013)	(135,307)
Grants and Subsidies - non-operating	28	1,516,280	842,374	1,428,413
Profit on Asset Disposals	20	492,799	326,540	134,016
Loss on Asset Disposals	20	(79,003)	(62,770)	(49,213)
		<u>1,063,335</u>	<u>155,131</u>	<u>1,377,909</u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF MERREDIN

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2008

NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES			
Governance	93,204	48,500	11,755
General Purpose Funding	3,897,663	3,777,717	3,558,705
Law, Order, Public Safety	183,494	197,180	148,803
Health	690,561	626,000	549,668
Education and Welfare	848	410	500
Housing	26,830	25,050	22,705
Community Amenities	850,138	872,520	581,963
Recreation and Culture	656,690	618,734	858,514
Transport	866,141	897,454	929,330
Economic Services	83,453	96,080	237,759
Other Property and Services	322,568	403,720	338,044
2 (a)	<u>7,671,590</u>	<u>7,563,365</u>	<u>7,237,746</u>
EXPENSES FROM ORDINARY ACTIVITIES			
EXCLUDING BORROWING COSTS EXPENSE			
Governance	(531,301)	(632,297)	(493,276)
General Purpose Funding	(92,532)	(71,390)	(54,040)
Law, Order, Public Safety	(175,259)	(225,245)	(212,265)
Health	(884,249)	(959,509)	(838,469)
Education and Welfare	(33,327)	(36,365)	(29,270)
Housing	(38,160)	(43,370)	(25,284)
Community Amenities	(474,001)	(552,845)	(497,690)
Recreation & Culture	(1,618,762)	(1,908,727)	(1,184,629)
Transport	(1,763,119)	(2,026,915)	(1,497,842)
Economic Services	(430,460)	(514,685)	(586,038)
Other Property and Services	(474,325)	(281,514)	(338,850)
2 (a)	<u>(6,515,495)</u>	<u>(7,252,862)</u>	<u>(5,757,653)</u>
BORROWING COSTS EXPENSE			
Governance	(9,912)	(9,912)	(12,833)
Health	(1,685)	(12,045)	(1,751)
Recreation & Culture	(51,627)	(114,239)	(53,434)
Economic Services	(29,536)	(19,176)	(34,166)
2 (a)	<u>(92,760)</u>	<u>(155,372)</u>	<u>(102,184)</u>
NET RESULT	<u><u>1,063,335</u></u>	<u><u>155,131</u></u>	<u><u>1,377,909</u></u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF MERREDIN

BALANCE SHEET

AS AT 30TH JUNE 2008

		2008	2007
NOTE		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,550,471	1,733,481
Trade and Other Receivables	4	504,222	840,001
Inventories	5	41,767	23,687
TOTAL CURRENT ASSETS		3,096,460	2,597,169
NON-CURRENT ASSETS			
Other Receivables	4	36,962	38,730
Inventories	5	438,854	549,025
Property, Plant and Equipment	6	11,963,067	11,129,520
Infrastructure	7	38,998,253	38,989,416
TOTAL NON-CURRENT ASSETS		51,437,136	50,706,691
TOTAL ASSETS		54,533,596	53,303,860
CURRENT LIABILITIES			
Trade and Other Payables	8	759,713	429,410
Long Term Borrowings	9	123,543	163,741
Provisions	10	399,995	393,982
TOTAL CURRENT LIABILITIES		1,283,251	987,133
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,277,445	1,400,989
Provisions	10	78,971	85,144
TOTAL NON-CURRENT LIABILITIES		1,356,416	1,486,133
TOTAL LIABILITIES		2,639,667	2,473,266
NET ASSETS		51,893,929	50,830,594
EQUITY			
Retained Surplus		24,224,306	23,378,742
Reserves - Cash Backed	11	1,859,625	1,641,854
Reserves - Asset Revaluation	12	25,809,998	25,809,998
TOTAL EQUITY		51,893,929	50,830,594

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF MERREDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
RETAINED SURPLUS			
Balance as at 1 July 2007		23,378,742	21,435,916
Correction of Error	33	<u>0</u>	<u>(275,000)</u>
Restated Balance		23,378,742	21,160,916
Net Result		1,063,335	1,377,909
Transfer to Reserves		<u>(217,771)</u>	<u>839,917</u>
Balance as at 30 June 2008		<u>24,224,306</u>	<u>23,378,742</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2007		1,641,854	2,481,771
Amount Transferred to Retained Surplus		<u>217,771</u>	<u>(839,917)</u>
Balance as at 30 June 2008	11	<u>1,859,625</u>	<u>1,641,854</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		25,809,998	25,809,998
Balance as at 30 June 2008	12	<u>25,809,998</u>	<u>25,809,998</u>
TOTAL EQUITY		<u>51,893,929</u>	<u>50,830,594</u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF MERREDIN
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,017,132	2,091,697	1,896,122
Grants and Subsidies - Operating		1,440,066	1,748,240	1,714,238
Contributions, Reimbursements & Donations		77,422	88,480	591,541
Fees and Charges		1,359,212	2,252,015	942,412
Interest Earnings		176,560	78,850	169,097
Goods and Services Tax		487,818	350,000	467,236
Other		878,471	374,210	330,854
		<u>6,436,681</u>	<u>6,983,492</u>	<u>6,111,500</u>
Payments				
Employee Costs		(2,942,112)	(3,694,923)	(2,730,924)
Materials and Contracts		(1,420,035)	(717,719)	(1,279,467)
Utilities (gas, electricity, water, etc)		(246,387)	(384,071)	(108,418)
Insurance		(186,649)	(179,120)	(158,445)
Interest		(94,397)	(159,472)	(103,852)
Goods and Services Tax		(444,899)	(350,000)	(528,039)
Other		0	(351,936)	0
		<u>(5,334,479)</u>	<u>(5,837,241)</u>	<u>(4,909,145)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,102,202</u>	<u>1,146,251</u>	<u>1,202,355</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(84,779)	(2,846,520)	(190,123)
Payments for Purchase of Property, Plant & Equipment		(1,655,231)	(907,360)	(3,150,707)
Payments for Construction of Infrastructure		(851,928)	(1,039,400)	(839,631)
Grants/Contributions for the Development of Assets		1,516,280	842,374	1,428,413
Proceeds from Disposal of Assets		945,912	637,770	782,103
		<u>945,912</u>	<u>637,770</u>	<u>782,103</u>
Net Cash Provided By (Used In) Investing Activities		(129,746)	(3,313,136)	(1,969,945)
Cash Flows from Financing Activities				
Repayment of Debentures		(163,742)	(185,411)	(156,072)
Proceeds from Self Supporting Loans		8,276	8,276	6,361
Proceeds from New Debentures		0	1,500,000	0
		<u>0</u>	<u>1,500,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		(155,466)	1,322,865	(149,711)
Net Increase (Decrease) in Cash Held		816,990	(844,020)	(917,301)
Cash at Beginning of Year		1,733,481	1,703,810	2,650,782
Cash and Cash Equivalents at the End of the Year	13(a)	<u>2,550,471</u>	<u>859,790</u>	<u>1,733,481</u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF MERREDIN

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008	2008
		\$	Budget
			\$
REVENUES			
Governance		93,204	48,500
General Purpose Funding		1,782,840	1,686,020
Law, Order, Public Safety		183,494	197,180
Health		690,561	626,000
Education and Welfare		848	410
Housing		26,830	25,050
Community Amenities		850,138	872,520
Recreation and Culture		656,690	618,734
Transport		866,141	897,454
Economic Services		83,453	96,080
Other Property and Services		322,568	403,720
		<u>5,556,767</u>	<u>5,471,668</u>
EXPENSES			
Governance		(541,213)	(642,209)
General Purpose Funding		(92,532)	(71,390)
Law, Order, Public Safety		(175,259)	(225,245)
Health		(885,934)	(971,554)
Education and Welfare		(33,327)	(36,365)
Housing		(38,160)	(43,370)
Community Amenities		(474,001)	(552,845)
Recreation & Culture		(1,670,389)	(2,022,966)
Transport		(1,763,119)	(2,026,915)
Economic Services		(459,996)	(533,861)
Other Property and Services		(474,325)	(281,514)
		<u>(6,608,255)</u>	<u>(7,408,234)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(333,746)	(263,770)
Depreciation and Amortisation on Assets		1,327,609	1,357,105
Movement in Land Held For Resale		110,171	(129,298)
Movement in Employee Benefit Provisions		(160)	0
Movement in Accrued Interest		(1,637)	0
Movement in Accrued Salaries and Wages		71,138	0
Capital Expenditure and Revenue			
Purchase Footpaths		(75,158)	(70,000)
Purchase Land and Buildings		(838,741)	(1,266,720)
Purchase Infrastructure Assets - Roads		(734,817)	(1,579,800)
Purchase Infrastructure Assets - Parks		(41,953)	(948,500)
Purchase Plant and Equipment		(678,435)	(894,860)
Purchase Furniture and Equipment		(138,055)	(12,500)
Proceeds from Disposal of Assets		670,912	637,770
Repayment of Debentures		(163,742)	(185,411)
Proceeds from New Debentures		0	1,500,000
Self-Supporting Loan Principal Income		8,276	8,276
Transfers to Reserves (Restricted Assets)		(874,884)	(729,940)
Transfers from Reserves (Restricted Assets)		657,114	1,587,347
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		578,727	836,020
ESS Estimated Surplus/(Deficit) June 30 C/Fwd		605,954	850
Amount Required to be Raised from Rates	22	<u><u>(2,114,823)</u></u>	<u><u>(2,091,697)</u></u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 and accompanying regulations.

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Operating Statement as at the time of signing a binding contract of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	50 to 100 years
Furniture and Equipment	10 years
Plant and Equipment	5 to 15 years
Drainage Infrastructure	50 years
Sealed roads and streets clearing and earthworks construction/road base original surfacing and major re-surfacing	not depreciated 50 years
- bituminous seals	20 years
Gravel roads clearing and earthworks construction/road base gravel sheet	not depreciated 50 years 12 years
Formed roads (unsealed) clearing and earthworks construction/road base	not depreciated 50 years
Footpaths - slab	40 years

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investment and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income

(j) Estimate of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for

(k) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 *'Impairment of Assets'* and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(l) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(q) Joint Venture

The Shire of Merredin has no joint ventures with other Municipalities.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(s) Superannuation

The Shire of Merredin contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(t) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(u) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(v) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2008.

Council's assessment of these new standards and interpretations is set out below.

Title and Topic	Issued	Applicable (1)	Impact
i) AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures	February 2007	1 January 2008	Nil - Council is not party to any Service Concession Arrangements
(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8.	February 2007	1 January 2009	Nil - The Standard is not applicable to not-for-profit entities
(iii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil - The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the Council already capitalises borrowing costs relating to qualifying assets.
(iv) AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil - Council has no Customer Loyalty Programmes.
(v) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	August 2007	1 January 2008	Nil - The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (continued)

Title and Topic	Issued	Applicable (1)	Impact
(vi) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2,007	1 January 2009	Nil - The revised standard requires the presentation of comprehensive income and makes changes to the Statement of Changes in Equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of Financial Position), being as at the beginning of the comparative period.
(vii) AASB 1049 Whole of Government and General Government Sector Financial Reporting	October 2007	1 July 2008 (2)	Nil - The Standard is not applicable to Local Governments.
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.	December 2007	1 July 2008 (2)	<ul style="list-style-type: none"> •AASB 2007-9 will have significant impact on Council's financial statements as it has the effect of withdrawing AAS 27. AAS 27 is effectively replaced by existing topic based standards and new standards as also detailed here. •AASB 1050 is only applicable to Government departments and will have no impact on Council. • AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. • AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner

(1) Applicable to reporting periods commencing on or after the given date.

(2) Applicable only to non-for-profit and/or public sector entities.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES

2008
\$

2007
\$

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	13,860	10,500
- Other Services	12,065	675

Depreciation

Buildings	187,849	117,551
Furniture and Equipment	34,275	31,773
Plant and Equipment	262,394	228,145
Roads	809,020	805,000
Footpaths	18,990	18,506
Drainage	15,081	15,941
Parks & Ovals	0	106
	<u>1,327,609</u>	<u>1,217,022</u>

Interest Expenses

Debentures (<i>refer Note 21(a)</i>)	<u>92,760</u>	<u>102,098</u>
	<u>92,760</u>	<u>102,098</u>

Rental Charges

- Operating Leases	<u>14,804</u>	<u>16,079</u>
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(ii) Crediting as Revenue:

2008
\$

2008
Budget
\$

2007
\$

Interest Earnings

Investments			
- Reserve Funds	88,660	50,000	74,353
- Other Funds	57,421	21,700	81,810
Other Interest Revenue (<i>refer note 26</i>)	<u>30,479</u>	<u>18,000</u>	<u>12,934</u>
	<u>176,560</u>	<u>89,700</u>	<u>169,097</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Merredin is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

Council operations as disclosed in this statement encompass the following service orientated activities/programs:

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of resources

Activities: Administration and operations of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services

Activities: Rates, general purpose grants and interest revenue

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community

Activities: Supervision of various by-laws, fire prevention, emergency services and animal control

HEALTH

Objective: To provide an operational framework for good community health

Activities: Food quality and pest control, inspection of abattoir and support of child health services

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas

Activities: Support day care centres and pre school facilities and assistance to senior citizens and retirement villages and other voluntary services

HOUSING

Objective: To provide subsidised housing to promote youth employment in Merredin

Activities: Maintenance and rentals of single persons units and other housing

COMMUNITY AMENITIES

Objective: Provide sanitary and essential services required by the community

Activities: Refuse collection services, operation of refuse sites, administration of town planning scheme, cemetery services and maintenance, environmental services, urban stormwater drainage, women's rest centre and other development services

RECREATION AND CULTURE

Objective: To establish and manage efficiently infrastructure and resources which will help the social well being of the community

Activities: Maintenance of halls, aquatic centre, recreation centre and reserves, parks and gardens, regional library service, cultural and heritage services and facilities

TRANSPORT

Objective: To provide effective and efficient transport services to the community

Activities: Maintenance of streets, roads, footpaths, street lighting and cleaning, parking area's, transport licensing services on behalf of the Department of Planning and Infrastructure

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Objective: To help promote the Shire and improve its economic well being and provide medical services or assistance to the community

Activities: Noxious weed control, tourism and area promotion, community development and coordination, building control and services, activities related to medical locum and other economic services

OTHER PROPERTY & SERVICES

Activities: Private works operations, public works operation, plant operation costs, gross salaries and wages

	2008 \$	2007 \$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Roads to Recovery Grant	<u>295,608</u>	<u>152,093</u>
	295,608	152,093
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Roads to Recovery Grant	37,424	295,608
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Roads to Recovery Grant	0	(152,093)
Closing balances of unexpended grants	<u><u>333,032</u></u>	<u><u>447,701</u></u>
Comprises:		
Roads to Recovery Grant	333,032	295,608
	<u><u>333,032</u></u>	<u><u>295,608</u></u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

3. CASH AND CASH EQUIVALENTS	2008	2007
	\$	\$
Cash on Hand - Unrestricted	2,450	850
Cash at Bank - Municipal	688,397	90,777
Restricted	<u>1,859,624</u>	<u>1,641,854</u>
	<u><u>2,550,471</u></u>	<u><u>1,733,481</u></u>
The following is a reconciliation of the municipal funds above:		
Municipal Cash at Bank - Unrestricted	355,365	(204,831)
Municipal Cash at Bank - Restricted	<u>333,032</u>	<u>295,608</u>
	<u><u>688,397</u></u>	<u><u>90,777</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Long Service Leave Reserve	108,829	117,435
Plant Reserve	393,018	395,111
Cummins Theatre Reserve	5,695	4,531
Annual Leave Reserve	65,040	108,714
General Building Reserve	128,604	215,043
Land and Development Reserve	742,282	460,390
Doctors Housing Reserve	12,415	11,766
Heritage Reserve	4,070	3,857
Disaster Relief Reserve	6,061	5,744
Recreation Facilities Reserve	7,099	6,728
Road Reinstatement Reserve	19,813	18,777
Cummings Street Units Reserve	50,792	44,317
Carried Over Projects Reserve	90,172	82,623
Building Maintenance Reserve	71,517	67,796
Waste Management Reserve	81,870	42,537
FESA Levy Reserve	6,783	6,485
Saline Water Initiatives Reserve	50,057	50,000
MRCLC Reserve	<u>15,508</u>	<u>0</u>
	<u><u>1,859,624</u></u>	<u><u>1,641,854</u></u>
Other:		
Municipal Cash at Bank - Restricted:		
Unspent Grants (Refer to Note 2(c))	<u>333,032</u>	<u>295,608</u>
	<u><u>333,032</u></u>	<u><u>295,608</u></u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	282,194	184,503
Sundry Debtors	205,733	599,776
GST Receivable	44,527	87,446
Loans - Clubs/Institutions	1,768	8,276
Less Provision for Doubtful Debts	(30,000)	(40,000)
	<u>504,222</u>	<u>840,001</u>
Non-Current		
Rates Outstanding - Pensioners	22,743	22,743
Loans - Clubs/Institutions	14,219	15,987
	<u>36,962</u>	<u>38,730</u>
5. INVENTORIES		
Current		
Fuel and Materials	41,767	23,687
	<u>41,767</u>	<u>23,687</u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	354,075	531,530
Development Costs	84,779	17,495
	<u>438,854</u>	<u>549,025</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	10,745,819	10,081,025
Less Accumulated Depreciation	<u>(1,613,901)</u>	<u>(1,499,230)</u>
	9,131,918	8,581,795
Furniture and Equipment - Cost	807,166	651,160
Less Accumulated Depreciation	<u>(502,208)</u>	<u>(467,933)</u>
	304,958	183,227
Plant and Equipment - Cost	4,204,817	4,044,415
Less Accumulated Depreciation	<u>(1,678,626)</u>	<u>(1,679,917)</u>
	2,526,191	2,364,498
	<u><u>11,963,067</u></u>	<u><u>11,129,520</u></u>

The above assets are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 *'Impairment of Assets'*.

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2007	8,581,795	183,227	2,364,498	11,129,520
Additions	838,741	138,055	678,435	1,655,231
(Disposals)	(100,769)	0	(236,397)	(337,166)
Depreciation (Expense)	(187,849)	(34,275)	(262,394)	(484,518)
Re-classification	0	17,951	(17,951)	0
Balance as at 30 June 2008	<u>9,131,918</u>	<u>304,958</u>	<u>2,526,191</u>	<u>11,963,067</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	66,798,657	66,063,779
Less Accumulated Depreciation	<u>(29,317,881)</u>	<u>(28,508,800)</u>
	37,480,776	37,554,979
Footpaths - Cost	816,000	740,901
Less Accumulated Depreciation	<u>(362,188)</u>	<u>(343,257)</u>
	453,812	397,644
Drainage - Cost	816,522	774,569
Less Accumulated Depreciation	<u>(361,778)</u>	<u>(346,697)</u>
	454,744	427,872
Parks & Ovals - Cost	609,430	609,430
Less Accumulated Depreciation	<u>(509)</u>	<u>(509)</u>
	608,921	608,921
	<u><u>38,998,253</u></u>	<u><u>38,989,416</u></u>

These assets are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 '*Impairment of Assets*'.

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Footpaths	Drainage	Parks and Ovals	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2007	37,554,979	397,644	427,872	608,921	38,989,416
Additions	734,817	75,158	41,953	0	851,928
Depreciation (Expense)	(809,020)	(18,990)	(15,081)	0	(843,091)
Other Movements	0	0	0	0	0
Balance as at 30 June 2008	<u>37,480,776</u>	<u>453,812</u>	<u>454,744</u>	<u>608,921</u>	<u>38,998,253</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2008
\$ **2007**
\$

8. TRADE AND OTHER PAYABLES

Current

Sundry Creditors	629,114	368,312
Accrued Interest on Debentures	15,057	16,694
Accrued Salaries and Wages	<u>115,542</u>	<u>44,404</u>
	<u><u>759,713</u></u>	<u><u>429,410</u></u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	123,543	163,741
	<u>123,543</u>	<u>163,741</u>

Non-Current

Secured by Floating Charge Debentures	1,277,445	1,400,989
	<u>1,277,445</u>	<u>1,400,989</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Current

Provision for Annual Leave	296,327	322,754
Provision for Long Service Leave	103,668	71,228
	<u>399,995</u>	<u>393,982</u>

Non-Current

Provision for Long Service Leave	78,971	85,144
	<u>78,971</u>	<u>85,144</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED			
(a) Long Service Leave Reserve			
Opening Balance	117,435	114,353	137,871
Amount Set Aside / Transfer to Reserve	6,731	0	7,185
Amount Used / Transfer from Reserve	<u>(15,337)</u>	<u>(7,210)</u>	<u>(27,621)</u>
	<u>108,829</u>	<u>107,143</u>	<u>117,435</u>
(b) Plant Reserve			
Opening Balance	395,111	389,343	257,929
Amount Set Aside / Transfer to Reserve	300,657	320,000	426,389
Amount Used / Transfer from Reserve	<u>(302,750)</u>	<u>(530,818)</u>	<u>(289,207)</u>
	<u>393,018</u>	<u>178,525</u>	<u>395,111</u>
(c) Cummins Theatre Reserve			
Opening Balance	4,531	4,435	4,316
Amount Set Aside / Transfer to Reserve	1,164	0	225
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(10)</u>
	<u>5,695</u>	<u>4,435</u>	<u>4,531</u>
(d) Annual Leave Reserve			
Opening Balance	108,714	105,973	122,601
Amount Set Aside / Transfer to Reserve	6,182	0	6,389
Amount Used / Transfer from Reserve	<u>(49,857)</u>	<u>(20,000)</u>	<u>(20,276)</u>
	<u>65,040</u>	<u>85,973</u>	<u>108,714</u>
(e) General Building Reserve			
Opening Balance	215,043	213,338	76,241
Amount Set Aside / Transfer to Reserve	10,623	0	138,974
Amount Used / Transfer from Reserve	<u>(97,062)</u>	<u>(185,000)</u>	<u>(172)</u>
	<u>128,604</u>	<u>28,338</u>	<u>215,043</u>
(f) Land and Development Reserve			
Opening Balance	460,390	508,120	232,103
Amount Set Aside / Transfer to Reserve	446,818	290,000	398,215
Amount Used / Transfer from Reserve	<u>(164,926)</u>	<u>(683,281)</u>	<u>(169,928)</u>
	<u>742,282</u>	<u>114,839</u>	<u>460,390</u>
(g) Doctors Housing Reserve			
Opening Balance	11,766	11,515	11,207
Amount Set Aside / Transfer to Reserve	649	0	584
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(25)</u>
	<u>12,415</u>	<u>11,515</u>	<u>11,766</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Recreation Facilities Reserve			
Opening Balance	6,728	6,584	1,125,527
Amount Set Aside / Transfer to Reserve	371	0	9,264
Amount Used / Transfer from Reserve	0	0	(1,128,063)
	<u>7,099</u>	<u>6,584</u>	<u>6,728</u>
(i) Heritage Reserve			
Opening Balance	3,857	3,775	3,674
Amount Set Aside / Transfer to Reserve	213	0	191
Amount Used / Transfer from Reserve	0	0	(8)
	<u>4,070</u>	<u>3,775</u>	<u>3,857</u>
(j) Disaster Relief Reserve			
Opening Balance	5,744	5,621	5,471
Amount Set Aside / Transfer to Reserve	317	0	285
Amount Used / Transfer from Reserve	0	0	(12)
	<u>6,061</u>	<u>5,621</u>	<u>5,744</u>
(k) Road Reinstatement Reserve			
Opening Balance	18,777	18,377	17,885
Amount Set Aside / Transfer to Reserve	1,036	0	932
Amount Used / Transfer from Reserve	0	0	(40)
	<u>19,813</u>	<u>18,377</u>	<u>18,777</u>
(l) Carried Over Projects Reserve			
Opening Balance	82,623	73,938	388,388
Amount Set Aside / Transfer to Reserve	7,549	0	20,241
Amount Used / Transfer from Reserve	0	(73,938)	(326,006)
	<u>90,172</u>	<u>0</u>	<u>82,623</u>
(m) Cummings Street Units Reserve			
Opening Balance	44,317	43,512	36,018
Amount Set Aside / Transfer to Reserve	12,475	8,000	8,380
Amount Used / Transfer from Reserve	(6,000)	(6,000)	(81)
	<u>50,792</u>	<u>45,512</u>	<u>44,317</u>
(n) Building Maintenance Reserve			
Opening Balance	67,796	66,399	62,540
Amount Set Aside / Transfer to Reserve	3,721	0	33,259
Amount Used / Transfer from Reserve	0	(46,000)	(28,003)
	<u>71,517</u>	<u>20,399</u>	<u>67,796</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED (Continued)			
(o) Waste Management Reserve			
Opening Balance	42,537	42,537	0
Amount Set Aside / Transfer to Reserve	58,273	71,940	42,537
Amount Used / Transfer from Reserve	(18,940)	(22,100)	0
	81,870	92,377	42,537
(p) FESA Levy Reserve			
Opening Balance	6,485	6,485	0
Amount Set Aside / Transfer to Reserve	298	0	6,485
Amount Used / Transfer from Reserve	0	0	0
	6,783	6,485	6,485
(q) Saline Water Initiatives Reserve			
Opening Balance	50,000	50,000	0
Amount Set Aside / Transfer to Reserve	2,299	0	50,000
Amount Used / Transfer from Reserve	(2,242)	(13,000)	0
	50,057	37,000	50,000
(r) MRCLC Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	15,508	40,000	0
Amount Used / Transfer from Reserve	0	0	0
	15,508	40,000	0
 Total Cash Backed Reserves	 1,859,624	 806,898	 1,641,854

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

11. RESERVES - CASH BACKED (Continued)

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Long Service Leave Reserve

- To be used to fund employees long service leave.

Plant Reserve

- To be used to fund council plant purchases and extra ordinary plant maintenance.

Cummins Theatre Reserve

- To be used to fund capital works at the Cummins Theatre.

Annual Leave Reserve

- To be used to fund employees accrued annual leave.

General Building Reserve

- To be used to fund council building construction.

Land and Development Reserve

- To be used to fund future council residential and commercial land development.

Doctors Housing Reserve

- To be used to fund housing costs associated with attracting doctors to Merredin.

Recreation Facilities Reserve

- To be used to fund Recreation Facilities upgrades and new constructions.

Heritage Reserve

- To be used to preserve and maintain buildings with heritage significance.

Disaster Relief Reserve

- Contingency Reserve for disasters.

Road Reinstatement Reserve

- To be used for emergency road reinstatements.

Carried Over Projects Reserve

- To be used for specific projects carried over from previous financial year.

Cummings Street Units Reserve

- To be used to maintain single persons housing under tripartite agreement with Homeswest.

Building Maintenance Reserve

- To be utilised to fund future upgrades of Council's buildings.

Waste Management Reserve

- To be utilised to fund future development and upgrades in refuse management.

FESA Levy Reserve

- Holding Reserve for the balance of FESA levy funding from previous years to be utilised under FESA direction

Saline Water Initiatives Reserve

- To be utilised for the research and development into initiatives designed to use the saline water below Merredin or similar type environmental projects

MRCLC Reserve

- To be utilised for the Merredin Regional Community & Leisure Centre.

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

12. RESERVES - ASSET REVALUATION

2008
\$

2007
\$

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) Roads

Balance as at 1 July 2007	25,809,998	25,809,998
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	<u>25,809,998</u>	<u>25,809,998</u>
TOTAL ASSET REVALUATION RESERVES	<u>25,809,998</u>	<u>25,809,998</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	2008 \$	2008 Budget \$	2007 \$
Cash and Cash Equivalents	<u>2,550,471</u>	<u>859,790</u>	<u>1,733,481</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	1,063,335	155,131	1,377,909
Depreciation	1,327,609	1,357,105	1,217,022
(Increase)/Decrease in Receivables	329,271	(263,770)	(93,610)
(Profit)/Loss on Sale of Asset	(413,796)	565,581	(84,803)
(Increase)/Decrease in Inventories	(18,080)	7,000	(10,561)
Increase/(Decrease) in Payables	330,303	167,578	183,859
Increase/(Decrease) in Employee Provisions	(160)	0	40,952
Grants/Contributions for the Development of Assets	<u>(1,516,280)</u>	<u>(842,374)</u>	<u>(1,428,413)</u>
Net Cash from Operating Activities	<u>1,102,202</u>	<u>1,146,251</u>	<u>1,202,355</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	140,000		140,000
Bank Overdraft at Balance Date	0		0
Credit Cards limit	1,500		3,000
Credit Card Balance at Balance Date	<u>(68)</u>		<u>(48)</u>
Total Amount of Credit Unused	<u>141,432</u>		<u>142,952</u>
Loan Facilities			
Loan Facilities - Current	123,543		163,741
Loan Facilities - Non-Current	<u>1,277,445</u>		<u>1,400,989</u>
Total Facilities in Use at Balance Date	<u>1,400,988</u>		<u>1,564,730</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

14. CAPITAL AND LEASING COMMITMENTS	2008	2007
	\$	\$
(a) Finance Lease Commitments		
The Shire of Merredin had no finance lease commitments at 30 June 2008.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	4,673	21,580
- later than one year but not later than five years	0	4,673
- later than five years	0	0
	<u>4,673</u>	<u>26,253</u>

(c) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	112,000	262,000
Payable:		
- not later than one year	112,000	262,000

The capital expenditure commitment outstanding at the end of the current year represents expenditure in respect of the Carrington Way Subdivision Development Project.

The capital expenditure commitment outstanding at the end of the previous year represents expenditure in respect of two Tip Trucks ordered by Council on 1 July 2007.

15. CONTINGENT LIABILITIES

There are no known contingent liabilities at 30 June 2008.

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16. JOINT VENTURE

The Shire of Merredin has no Joint Ventures with other Municipalities.

	2008	2007
	\$	\$
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	1,517,873	1,567,748
General Purpose Funding	0	0
Law, Order, Public Safety	162,867	120,131
Health	1,003,088	1,081,701
Education and Welfare	290,024	276,497
Housing	258,623	126,557
Community Amenities	881,584	1,009,233
Recreation and Culture	5,775,185	5,296,691
Transport	39,811,419	39,376,552
Economic Services	823,535	700,040
Other Property and Services	1,484,896	1,721,731
Unallocated	2,524,502	2,026,979
	<u>54,533,596</u>	<u>53,303,860</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

18. FINANCIAL RATIOS	2008	2007	2006
Current Ratio	0.811	0.817	2.590
Untied Cash to Trade Creditors Ratio	0.569	0.000	0.090
Debt Ratio	0.048	0.046	0.050
Debt Service Ratio	0.042	0.044	0.040
Gross Debt to Revenue Ratio	0.228	0.269	0.230
Gross Debt to Economically Realisable Assets Ratio	0.090	0.090	0.130
Rate Coverage Ratio	0.276	0.267	0.240
Outstanding Rates Ratio	0.123	0.089	0.080

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

19. TRUST FUNDS

Funds held at balance date over which the Municipality has no control and which are not included in the financial statements are as follows:

	Balance 1-Jul-07 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-08 \$
Community Bus Fund	512	0	0	512
Housing Bonds	6,059	1,672	(680)	7,051
Recreation Hall Bonds	500	0	0	500
Possum Trap Bonds	213	220	(220)	213
Unclaimed Monies	300	0	0	300
Hall/Gym Bonds	205	0	0	205
SBS Transmitter	2,220	0	0	2,220
BCITF Levy	4,173	6,941	(10,312)	802
Overpayment of Rates	4,105	0	0	4,105
LCDC Tree Planter Fund	550	75	0	625
Poetry Book Fund	730	0	0	730
Other Bonds	3,216	0	0	3,216
Builders Reg. Board Levy	2,537	3,069	(3,784)	1,822
Councillor Nomination Fee	320	800	(640)	480
Youth Advisory Council	154	0	0	154
Pioneer Park Contribution	750	0	0	750
Australian Open Garden Scheme	15	0	0	15
Skeleton Weed	2,429	0	0	2,429
Envirofund	0	0	0	0
Hines Hill Bush Fire Brigade	3,520	0	0	3,520
Agracorp Merredin Sports Council	969	123	0	1,092
	<u>33,477</u>			<u>30,741</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

20. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
CEO Sedan	30,822	34,000	26,364	37,000	(4,458)	3,000
Office Sedan	25,116	25,000	22,273	27,000	(2,843)	2,000
Law, Order & Public Safety						
Ranger Utility	22,601	18,000	15,454	29,000	(7,147)	11,000
Health						
MDS Sedan	24,893	27,000	23,182	26,500	(1,711)	(500)
Community Amenities						
21 Priestly Street	22,019	24,000	161,000	120,000	138,981	96,000
Postmaster House	18,555	20,000	90,909	120,000	72,354	100,000
Lot 553 Cohn Street	6,000	6,000	90,000	50,000	84,000	44,000
Vacant Land Industrial	826	0	40,500	0	39,674	0
Town Planning Scheme No 2	150	0	10,500	0	10,350	0
Town Planning Scheme No 2	150	0	7,000	0	6,850	0
Assets written off during period	53,070	0	0	0	(53,070)	0
Transport						
Mitsubishi FV517	77,679	83,000	75,460	50,000	(2,219)	(33,000)
Water Tanker	0	0	32,770	60,540	32,770	60,540
CSR Truck	14,367	15,000	12,730	12,730	(1,637)	(2,270)
Rubbish Truck	0	0	27,770	0	27,770	0
Isuzu Truck 3 Tonne	0	39,000	0	23,000	0	(16,000)
Mitsubishi Canter 4 Tonne	0	37,000	0	26,000	0	(11,000)
Utility - Watering	0	0	0	2,000	0	2,000
Utility - Mechanic	18,449	18,000	14,545	20,000	(3,904)	2,000
MOW Sedan	22,469	28,000	20,455	34,000	(2,014)	6,000
	337,166	374,000	670,912	637,770	333,746	263,770
Lot 24 Crooks Road	194950	0	275000	0	80050	0
	532,116	374,000	945,912	637,770	413,796	263,770

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-07 \$	New Loans Drawn \$	New Loans Budgeted \$	Principal Repayments		Principal 30-Jun-08		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance									
Administration Centre Building	115,693			36,081	36,081	79,612	79,612	6,724	6,724
Professional Housing	58,025			11,641	11,640	46,384	46,385	3,188	3,188
Health									
Staff Housing 56 Kitchener Road (50%)	30,895			1,245	1,245	29,650	29,650	1,685	1,685
Recreation & Culture									
Muntadgin Tennis Club S/S*	2,765			2,765	2,765	0	0	100	100
Merredin Golf Club S/S*	3,839			3,839	3,839	0	0	139	139
Staff House	115,758			3,863	3,863	111,895	111,895	7,543	7,543
Merredin Recreation Centre	681,853			19,316	19,316	662,537	662,537	42,864	42,846
Burracoppin Sporting Club S/S*	17,659			1,672	1,672	15,987	15,987	981	981
Merredin Recreation Centre L2	0		900,000		21,670	0	878,330	0	62,630
Economic Services									
Professional Housing (50%)	58,024			11,640	11,640	46,384	46,384	3,188	3,188
Staff Housing 56 Kitchener Road (50%)	30,895			1,245	1,245	29,650	29,650	1,685	1,685
Merredin Medical Centre Renovations	131,466			5,298	5,298	126,168	126,168	7,172	7,172
Whitfield Way Res. Land Development	277,027			24,306	24,306	252,721	252,721	15,675	15,675
Mackenzie Crescent Industrial Land	40,831			40,831	40,831	0	0	1,816	1,816
Carrington Way Subdivision	0		600,000		0	0	0	0	0
	1,564,730	0	1,500,000	163,742	185,411	1,400,988	2,279,319	92,760	155,372

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2007/08

No new debentures were drawn down as at 30 June 2008.

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

There were no unspent debentures as at 30 June 2008.

(d) Overdraft

Council holds an overdraft facility of \$140,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2007 and 30 June 2008 was nil.

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

22. RATING INFORMATION - 2007/08 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budgeted Rate Revenue \$
General Rate								
GRV	0.08250	1,269	12,471,876	1,035,790	0	0	1,035,790	973,117
UV	0.01625	403	58,983,500	958,482	0	0	958,482	867,630
Sub-Totals		1,672	71,455,376	1,994,272	0	0	1,994,272	1,840,747
Minimum Rates	Minimum \$							
GRV	350	161	240,130	56,350	0	0	56,350	178,150
UV	350	107	1,112,988	37,450	0	0	37,450	72,800
Sub-Totals		268	1,353,118	93,800	0	0	93,800	250,950
Instalment Charges							2,088,072	2,091,697
Late Payment Interest							21,939	0
Less rates written off							8,540	0
Total of Rates							(3,728)	0
Totals							2,114,823	2,091,697
							2,114,823	2,091,697

All land except exempt land in the Shire of Merredin is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

23. SPECIFIED AREA RATE - 2007/08 FINANCIAL YEAR

The Shire of Merredin had no specified area rate for rates received in the 2007/08 financial year.

24. SERVICE CHARGES - 2007/08 FINANCIAL YEAR

No service charges were applicable within the Shire of Merredin for the 2007/08 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2007/08 FINANCIAL YEAR**

Photocopy Charges are waived for certain community groups such as the Merredin Land Care District Committee, Volunteer Bush Fire Brigades & Roadwise. Council considers its support of these groups necessary for the overall benefit of the community.

26. INTEREST CHARGES AND INSTALMENTS - 2007/08 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11%		8,540	10,850
Interest/Charges on Instalment Plan	5.5%	10	21,939	7,150
			30,479	18,000

Ratepayers had the option of paying rates in four equal instalments, due on 25th September 2007, 27th November 2007, 29th January 2008 and 1st April 2008. Administration charges and interest will be applied for the final three instalments.

27. FEES & CHARGES

	2008 \$	2007 \$
Governance	84,431	14,255
General Purpose Funding	0	18,426
Law, Order, Public Safety	50,491	34,964
Health	87,090	14,450
Education & Welfare	848	0
Housing	26,830	22,230
Community Amenities	239,850	345,889
Recreation & Culture	416,211	115,547
Transport	97,813	75,953
Economic Services	43,453	59,711
Other Property & Services	312,195	273,794
	<u>1,359,212</u>	<u>975,219</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

28. GRANT REVENUE	2008	2007
	\$	\$
By Nature and Type:		
Grants and Subsidies - operating	1,056,023	1,714,238
Grants and Subsidies - non-operating	1,516,280	1,428,413
	<u>2,572,303</u>	<u>3,142,651</u>
By Program:		
General Purpose Funding	1,578,482	1,458,916
Law, Order, Public Sector	36,033	0
Welfare	0	500
Community Amenities	0	66,877
Recreation and Culture	210,000	700,147
Transport	707,788	848,335
Economic Services	40,000	38,103
Other Property & Services	0	29,773
	<u>2,572,303</u>	<u>3,142,651</u>

29. COUNCILLORS' REMUNERATION	2008	2008	2007
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	44,000	44,000	44,000
President's Allowance	11,241	11,300	10,806
Deputy President's Allowance	2,500	2,500	2,500
Travelling Expenses	0	3,000	1,788
Councillor Corporate Wardrobe	305	3,100	0
	<u>58,046</u>	<u>63,900</u>	<u>59,094</u>

30. EMPLOYEES' REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

Salary Range	2008	2007
\$		
100,000 - 109,999	2	0
160,000 - 169,999	1	0
170,000 - 179,999	0	1

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>48</u>	<u>45</u>
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SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

32. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,550,471	1,733,481	2,550,471	1,733,481
Receivables	541,184	878,731	541,184	878,731
	<u>3,091,655</u>	<u>2,612,212</u>	<u>3,091,655</u>	<u>2,612,212</u>
Financial Liabilities				
Payables	759,713	429,410	759,713	429,410
Borrowings	1,400,988	1,564,730	1,249,910	1,393,538
	<u>2,160,701</u>	<u>1,994,140</u>	<u>2,009,623</u>	<u>1,822,948</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

32. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by investing its funds in one of Australia's big four banks.

Impact of a 1% (*) movement in interest rates on cash and investments:	2008	2007
	\$	\$
- Equity	25,505	17,335
- Income Statement	25,505	17,335

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

32. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	30-Jun-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	77.00%	85.00%
- Overdue	23.00%	15.00%

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

32. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2008</u>					
Payables	759,713	0	0	759,713	759,713
Borrowings	207,011	655,148	1,246,337	2,108,496	1,400,988
	<u>966,724</u>	<u>655,148</u>	<u>1,246,337</u>	<u>2,868,209</u>	<u>2,160,701</u>
<u>2007</u>					
Payables	429,410	0	0	429,410	429,410
Borrowings	256,499	727,608	1,378,234	2,362,341	1,564,730
	<u>685,909</u>	<u>727,608</u>	<u>1,378,234</u>	<u>2,791,751</u>	<u>1,994,140</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

32. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2008								
Borrowings								
Fixed Rate								
Debentures	0	79,613	0	92,769	0	1,228,606	1,400,988	6.05%
Weighted Average Effective Interest Rate		6.47%		5.68%		6.05%		
Year Ended 30 June 2007								
Borrowings								
Fixed Rate								
Debentures	47,434	0	115,694	0	116,049	1,285,553	1,564,730	6.03%
Weighted Average Effective Interest Rate	5.65%		6.47%		5.68%	6.04%		

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

33. COMPARATIVE FIGURES

The 2007 comparative figures were changed due to the incorrect treatment of a debtor in the 2005/2006 Financial Year. Due to incorrect recording of an asset transaction in the 2005/2006 financial year, income was overstated by \$275,000 for the year ended 30 June 2006. The error has been corrected by reducing Opening Equity by \$275,000 for the year ended 30 June 2006 and restating the opening balance in the accumulated surplus as at 1 July 2007.

The effect of the above adjustment was to change the 2007 comparatives as follows:

	By \$	From \$	To \$
BALANCE SHEET			
Decreased Trade and Other Receivables	275,000	1,115,001	840,001
Decreased Retained Surplus	275,000	23,653,742	23,378,742
STATEMENT OF CHANGES IN EQUITY			
Decreased 06/07 Brought Forward Balance	275,000	21,435,916	21,160,916
Decreased Carry Forward Balance	275,000	23,653,742	23,378,742
Decreased Total Equity	275,000	51,105,594	50,830,594
NOTE 4. TRADE AND OTHER RECEIVABLES			
Decreased Sundry Debtors	275,000	874,776	599,776
Decreased Trade and Other Receivables	275,000	1,115,001	840,001
NOTE 16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY			
Decreased Unallocated	275,000	2,301,979	2,026,979
Decreased Total	275,000	53,578,860	53,303,860
NOTE 17. FINANCIAL RATIOS			
Current Ratio	(0.559)	1.376	0.817
Gross Debt to Economically Realisable Value	(0.017)	0.107	0.090

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MERREDIN**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Merredin, which comprises the balance sheet as at 30 June 2008 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report: The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of the Shire of Merredin is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MERREDIN (Continued)**

Statutory Compliance

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Exercise of Power to Sell Land

Council did not give statewide public notice of its intention to sell land to recover rates as required by Sections 6.64 and 6.68 and of Schedule 6.3 of the Act.

Review of Budget

A copy of the budget review was not submitted to the Director General of the Department of Local Government within 30 days of its adoption by Council, as prescribed by Financial Management Regulation 33A(4).

Monthly Statement of Financial Activity

The Monthly Statements of Financial Activity for the period July 2007 to April 2008 did not contain the following information as required:

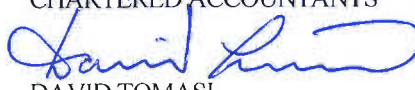
- i) Material variances between the year to date actual and budgeted income and expenditure – Financial Management Regulation 34(1)(d).
- ii) An explanation of each of the variances referred to above – Financial Management Regulation 34(2)(b).

Other Matters

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

Address: Perth, WA
Date: 19 January 2009

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DAVID TOMASI
PARTNER