

SHIRE OF QUAIRADING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

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SHIRE OF QUAIRADING

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	1,057,504	1,053,352	1,012,317
Grants and Subsidies	28	1,155,214	1,199,689	1,124,906
Contributions Reimbursements and Donations		138,074	86,435	97,942
Fees and Charges	27	605,233	524,740	541,181
Interest Earnings	2(a)	134,985	62,850	72,745
Other Revenue		41,035	34,200	53,424
		<u>3,132,045</u>	<u>2,961,266</u>	<u>2,902,515</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		-1,133,849	-1,254,815	-1,186,363
Materials and Contracts		-604,013	-684,416	-577,835
Utilities		-110,742	-100,518	-91,349
Depreciation	2(a)	-1,357,086	-1,337,990	-1,321,358
Interest Expenses	2(a)	-13,971	-15,986	-18,923
Insurance		-132,130	-130,195	-136,635
Other Expenditure		-62,907	-64,500	-85,431
		<u>-3,414,698</u>	<u>-3,588,420</u>	<u>-3,417,894</u>
		-282,653	-627,154	-515,379
Grants and Subsidies - non-operating	28	666,746	688,020	1,021,360
Contributions Reimbursements and Donations - non-operating		130,737	0	90,377
Profit on Asset Disposals	20	1,000	0	96,519
Loss on Asset Disposals	20	-55,677	0	-20,210
		<u>460,153</u>	<u>60,866</u>	<u>672,667</u>

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

SHIRE OF QUAIRADING

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2007

NOTE	2007 \$	2007 Budget \$	2006 \$
REVENUES FROM ORDINARY ACTIVITIES			
Governance	27,317	8,540	13,366
General Purpose Funding	2,241,229	2,154,085	2,103,759
Law, Order, Public Safety	150,518	91,804	39,749
Health	377,069	322,940	342,933
Education and Welfare	31,557	39,000	2,091
Housing	53,099	84,010	95,429
Community Amenities	117,154	114,450	169,114
Recreation and Culture	121,136	166,185	108,173
Transport	652,933	552,372	1,121,198
Economic Services	44,779	30,900	54,708
Other Property and Services	113,737	85,000	60,251
	<u>3,930,528</u>	<u>3,649,286</u>	<u>4,110,771</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE			
Governance	-395,535	-392,769	-313,892
General Purpose Funding	-26,510	-26,121	-49,017
Law, Order, Public Safety	-65,236	-90,361	-41,539
Health	-529,574	-468,410	-495,619
Education and Welfare	-24,964	-44,641	-19,776
Housing	-89,444	-99,664	-72,338
Community Amenities	-239,852	-258,710	-262,232
Recreation & Culture	-383,863	-351,089	-318,130
Transport	-1,481,928	-1,592,516	-1,693,044
Economic Services	-144,145	-160,217	-126,477
Other Property and Services	-75,353	-87,936	-27,117
	<u>-3,456,404</u>	<u>-3,572,434</u>	<u>-3,419,181</u>
BORROWING COSTS EXPENSE			
Housing	-3,903	-4,280	-5,078
Community Amenities	-42	-225	-758
Recreation & Culture	-9,394	-10,631	-11,997
Economic Services	-632	-850	-1,090
2(a)	<u>-13,971</u>	<u>-15,986</u>	<u>-18,923</u>
NET RESULT	<u><u>460,153</u></u>	<u><u>60,866</u></u>	<u><u>672,667</u></u>

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

SHIRE OF QUAIRADING

BALANCE SHEET

AS AT 30TH JUNE 2007

	NOTE	2007	2006
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,956,379	1,529,088
Trade and Other Receivables	4	153,188	218,171
Inventories	5	9,420	14,521
TOTAL CURRENT ASSETS		<u>2,118,987</u>	<u>1,761,780</u>
NON-CURRENT ASSETS			
Other Receivables	4	39,319	40,418
Inventories	5	24,365	17,735
Property, Plant and Equipment	6	4,756,330	4,348,765
Infrastructure	7	26,193,664	26,598,196
TOTAL NON-CURRENT ASSETS		<u>31,013,678</u>	<u>31,005,114</u>
TOTAL ASSETS		<u>33,132,665</u>	<u>32,766,894</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	156,484	207,115
Current Portion of Long Term Borrowings	9	81,497	83,403
Provisions	10	213,204	137,267
TOTAL CURRENT LIABILITIES		<u>451,185</u>	<u>427,785</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	106,041	187,540
Provisions	10	51,338	87,621
TOTAL NON-CURRENT LIABILITIES		<u>157,379</u>	<u>275,161</u>
TOTAL LIABILITIES		<u>608,564</u>	<u>702,946</u>
NET ASSETS		<u>32,524,101</u>	<u>32,063,948</u>
EQUITY			
Retained Surplus		28,714,369	28,844,431
Reserves - Cash Backed	11	1,207,158	616,943
Reserves - Asset Revaluation	12	2,602,574	2,602,574
TOTAL EQUITY		<u>32,524,101</u>	<u>32,063,948</u>

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

SHIRE OF QUAIRADING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2006 \$
RETAINED SURPLUS			
Balance as at 1 July 2006		<u>28,844,431</u>	<u>28,258,229</u>
Restated Balance		28,844,431	28,258,229
Net Result		460,153	672,667
Transfer from/(to) Reserves		<u>-590,215</u>	<u>-86,465</u>
Balance as at 30 June 2007		<u>28,714,369</u>	<u>28,844,431</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2006		616,943	530,478
Interest transfer to Reserve		44,518	29,074
Transfers to Reserve		935,212	294,850
Transfers from Reserve		<u>-389,515</u>	<u>-237,459</u>
		<u>590,215</u>	<u>86,465</u>
Balance as at 30 June 2007	11	<u>1,207,158</u>	<u>616,943</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2006		<u>2,602,574</u>	<u>2,602,574</u>
Balance as at 30 June 2007	12	<u>2,602,574</u>	<u>2,602,574</u>
TOTAL EQUITY		<u><u>32,524,101</u></u>	<u><u>32,063,948</u></u>

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

SHIRE OF QUAIRADING

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,048,836	1,040,252	1,020,797
Grants and Subsidies - operating		1,155,214	1,193,379	1,124,906
Contributions, Reimbursements & Donations		138,074	95,955	97,942
Fees and Charges		673,401	553,045	381,882
Interest Earnings		134,985	63,870	72,745
Goods and Services Tax		187,604	182,215	163,301
Other		41,015	36,435	53,433
		<u>3,379,129</u>	<u>3,165,151</u>	<u>2,915,006</u>
Payments				
Employee Costs		-1,111,035	-1,240,310	-1,093,296
Materials and Contracts		-629,828	-667,631	-518,391
Utilities (gas, electricity, water, etc)		-110,742	-98,278	-91,349
Insurance		-132,130	-130,195	-136,635
Interest		-15,984	-19,761	-20,282
Goods and Services Tax		-187,604	-156,667	-179,330
Other		-61,906	-65,670	-85,431
		<u>-2,249,229</u>	<u>-2,378,512</u>	<u>-2,124,714</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	1,129,900	786,639	790,292
Cash Flows from Investing Activities				
Payments for Development of Land held for Resale		-6,630	-50,000	0
Payments for Purchase of Property Plant & Equipment		-931,232	-1,086,566	-476,007
Payments for Construction of Infrastructure		-650,362	-1,092,223	-942,251
Advances to Community Groups		0	0	-45,417
Grants/Contributions for the Development of Assets		797,483	688,020	1,111,737
Proceeds from Sale of Plant & Equipment/Land Held for Resale		165,798	210,000	404,981
Proceeds from Advances		0	0	45,417
Net Cash Provided By (Used In) Investing Activities		<u>-624,943</u>	<u>-1,330,769</u>	<u>98,460</u>
Cash Flows from Financing Activities				
Repayment of Debentures		-83,405	-83,405	-98,924
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		5,739	5,740	19,345
Proceeds from New Debentures		0	0	0
Net Cash Provided By (Used In) Financing Activities		<u>-77,666</u>	<u>-77,665</u>	<u>-79,579</u>
Net Increase (Decrease) in Cash Held		427,291	-621,795	809,173
Cash at Beginning of Year		1,529,088	1,529,088	719,915
Cash at End of Year	13(a)	<u>1,956,379</u>	<u>907,293</u>	<u>1,529,088</u>

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

SHIRE OF QUAIRADING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 Actual \$	2007 Budget \$
REVENUES			
Governance		27,317	8,540
General Purpose Funding		1,183,725	1,100,733
Law, Order, Public Safety		150,518	91,804
Health		377,069	322,940
Education and Welfare		31,557	39,000
Housing		53,099	84,010
Community Amenities		117,154	114,450
Recreation and Culture		121,136	166,185
Transport		652,933	552,372
Economic Services		44,779	30,900
Other Property and Services		113,737	85,000
		<u>2,873,024</u>	<u>2,595,934</u>
EXPENSES			
Governance		-395,535	-392,769
General Purpose Funding		-26,510	-26,121
Law, Order, Public Safety		-65,236	-90,361
Health		-529,574	-468,410
Education and Welfare		-24,964	-44,641
Housing		-93,347	-103,944
Community Amenities		-239,894	-258,935
Recreation & Culture		-393,257	-361,720
Transport		-1,481,928	-1,592,516
Economic Services		-144,777	-161,067
Other Property and Services		-75,353	-87,936
		<u>-3,470,375</u>	<u>-3,588,420</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Income			
(Profit)/Loss on Asset Disposals	20	54,677	0
Movement in Accrued Expenses		-8,760	0
Movement in Employee Benefit Provisions		39,654	0
Depreciation on Assets	2 (a)	1,357,086	1,337,990
Capital Expenditure and Income			
Purchase Land Held for Resale		-6,630	-50,000
Purchase Land and Buildings		-361,297	-547,566
Purchase Plant and Equipment		-555,558	-522,500
Purchase Furniture and Equipment		-14,377	-16,500
Purchase Infrastructure Assets - Roads		-621,871	-972,323
Purchase Infrastructure Assets - Footpaths		-4,135	0
Purchase Infrastructure Assets - Other		-24,356	-119,900
Proceeds from Disposal of Assets	20	166,798	210,000
Repayment of Debentures	21(a)	-83,405	-83,405
Self-Supporting Loan Principal Income		5,740	5,740
Transfers to Reserves (Restricted Assets)	11	-979,730	-565,212
Transfers from Reserves (Restricted Assets)	11	389,515	425,250
Transfers from Other (Restricted Assets)		29,453	29,453
Estimated Surplus/(Deficit) July 1 B/Fwd		943,707	808,107
Estimated Surplus/(Deficit) June 30 C/Fwd		<u>786,664</u>	<u>0</u>
Amount Req'd to be Raised from Rates	22	<u><u>-1,057,504</u></u>	<u><u>-1,053,352</u></u>

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

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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 applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 'Financial Reporting by Local Governments' also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

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 2007.

Council is of the view the new standards or amendments will have no direct impact on the amounts included in the financial report although the changes may impact upon the way in which some financial information is disclosed.

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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Statement of Financial Position 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.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value.

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.

(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.

Other

As of 1 July 2004, Council elected to revert to the cost basis for measuring all infrastructure assets that were being carried at a revalued amount at the immediately preceding reporting date being 30 June, 2004.

This was achieved by deeming the carrying amount of the non-current assets comprising the particular class to be their cost and complied with the requirements on application of AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* .

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are 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	2%
Furniture and Equipment	10%
Computer and Electronic Equipment	33%
Plant and Equipment	
Cars and Utilities	0% to 10%
Heavy (eg Loaders and Graders)	7%
Medium (eg Light Trucks)	10%
Light (eg Chainsaws)	20%
Sealed roads and streets:	
Aggregate Surfaces	6.70%
Asphalt Surfaces	5%
Pavement Surfaces	2.50%
Clearing and Formation	not depreciated
Drainage Systems	1.30%
Culverts/Floodways	2%
Concrete Footpaths	2%
Footpaths - Other	4%
Kerbing	2%

NB Light vehicles (sedans, station wagons and utilities) are not depreciated if replacement is scheduled within 40,000 kms or 2 years.

(i) Investments and Other Financial Assets

Financial Assets in the scope of AASB 139 *'Financial Instruments: Recognition and Measurement'* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) 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.

(l) 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.

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

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

(m) 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.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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 company, 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.

(o) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 16.

(p) 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.

(q) Superannuation

The Shire of Quairading contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund for the majority of employees. Both funds are defined contribution schemes. The Shire of Quairading contributes to the nominated superannuation funds of employees as required. It is unknown if these nominated funds are defined contribution schemes.

(r) Interest Rate Risk

Information on interest rate risk as it applies to financial instruments is disclosed in Note 33.

(s) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report.

The one major concentration of credit risk within the municipality is in relation to its cash and cash equivalent deposits which are all with the one financial institution.

(t) Liquidity Risk

The Council's liquidity risk is managed via the use of its cash and cash equivalent balances, other financial assets and borrowing policy.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Fair Value

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(v) Rounding Off Figures

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

(w) Comparative Figures

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

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES

(a) Result from Ordinary Activities

The result from ordinary activities includes:

(i) Charging as an Expense:

	2007	2006
	\$	\$
Auditors Remuneration		
- Audit	8,100	6,400
- Other Services	0	1,800
Bad and Doubtful Debts		
Rates	681	3,963
Sundry Debtors	-200	126
Depreciation		
Buildings	75,868	68,149
Furniture and Equipment	31,495	23,917
Plant and Equipment	194,829	184,707
Infrastructure - Roads	1,014,885	1,028,460
Infrastructure - Footpaths	4,591	1,887
Infrastructure - Other	35,418	14,238
	1,357,086	1,321,358
	1,357,086	1,321,358
Interest Expenses		
Debentures (refer Note 21(a))	13,971	18,923
	13,971	18,923
	13,971	18,923
Rental Charges		
- Operating Leases	1,297	0
	1,297	0
	1,297	0
(ii) Crediting as Revenue:		
Interest Earnings		
Investments		
- Reserve Funds	44,518	29,074
- Other Funds	86,280	39,898
Other Interest Revenue (refer note 26)	4,187	3,773
	134,985	72,745
	134,985	72,745

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

The Governance function accumulates the costs of Members expenses and other costs of Council that relate to the tasks of assisting Councillors and the ratepayers on matters which do not concern specific Council services. The type of expenses that can be expected under this function/activity are election expenses; meeting costs; salaries and expenses of members; policy and planning expenses; general information and publicity; audit fees; some aspects of accounting; budgeting and annual reports and public ceremonies/functions. The cost of compliance with the Local Government Act and other legislation is recorded in Other Governance.

GENERAL PURPOSE FUNDING

This function includes rates and general purpose government grants in the revenue section. The type of expenses included are the cost of collecting and administering rates and general purpose grants, for example: wages for the Rates Officer, postage and stationery, valuation costs, grant submissions and a proportion of computer expenses.

LAW, ORDER, PUBLIC SAFETY

This includes fire control which covers the maintenance of bushfire equipment and insurance; animal control and supervision of various local laws.

HEALTH

Food quality control, pest control and operation of the Child Health Centre, Medical Centre and Dental Surgery.

EDUCATION AND WELFARE

Maintenance of Pre-School facility. Provide assistance to the operation of the Frail Aged Lodge and Retirement Village facilities in Quairading.

HOUSING

Maintenance of housing rented to staff and non staff.

COMMUNITY AMENITIES

Rubbish collection services, operation of rubbish tip, sewerage services and administration of the Town Planning Scheme. Provision of community bus service, maintenance of cemetery and public conveniences.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Maintenance of halls, swimming pool, recreation centre and various reserves and operation of library.

TRANSPORT

Construction and maintenance of roads, drainage works, footpaths, parking facilities, traffic signs and cleaning of streets. Operation of on-line Licensing as a contractor to the Department of Transport.

ECONOMIC SERVICES

This includes tourism and district promotion, noxious weed and vermin control, implementation of building controls, operation of the saleyards and operation of the water standpipe and washdown bay.

OTHER PROPERTY & SERVICES

This function incorporates private works and other contracting, public works overheads and their allocation, plant operation costs and their allocation, gross salaries and wages and their allocation.

	2007	2006
	\$	\$
(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).		
Joint Venture Housing (Homeswest)	29,453	27,974
Unspent Grant - Ministry of Transport	0	66,665
Unspent Grant - Roads to Recovery (Supplementary)	248,370	0
Unspent Grant - Roads to Recovery (Auslink)	0	68,613
Unspent Grant - Indigenous Heritage	0	2,500
Unspent Grant - Roadwise	0	8,500
Unspent Grant - Drainage Strategy - 2002-2003	1,772	1,772
Unspent Grant - Community Water Grant	3,773	0
Unspent Grant - NAIDOC Week	500	0
Unspent Grant - Community Safety & Crime Prevention	6,200	0
	<hr/>	<hr/>
	290,068	176,024
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Joint Venture Housing (Homeswest)	0	1,479
Unspent Grant - Roads to Recovery (Supplementary)	0	248,370
Unspent Grant - Roads to Recovery (Auslink)	248,370	0
Unspent Grant - Centenary Funding	10,000	0
Unspent Grant - Community Water Grant	0	3,773
Unspent Grant - NAIDOC Week	0	500
Unspent Grant - Community Safety & Crime Prevention	0	6,200
	<hr/>	<hr/>
	258,370	260,322

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES (Continued)

(c) Conditions Over Contributions (Continued)

	2007	2006
	\$	\$
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.		
Unspent Grant - Ministry of Transport	0	-66,665
Joint Venture Housing (Homeswest)	-29,453	0
Unspent Grant - Roads to Recovery (Supplementary)	-50,813	0
Unspent Grant - Roads to Recovery (Auslink)	-212,922	-68,613
Unspent Grant - Indigenous Heritage	0	-2,500
Unspent Grant - Roadwise	0	-8,500
Unspent Grant - Community Water Grant	-3,773	0
Unspent Grant - NAIDOC Week	-500	0
Unspent Grant - Community Safety & Crime Prevention	-5,000	0
	<u>-302,461</u>	<u>-146,278</u>
Closing balances of unexpended grants	<u>245,977</u>	<u>290,068</u>
Joint Venture Housing (Homeswest)	0	29,453
Unspent Grant - Roads to Recovery (Supplementary)	197,557	248,370
Unspent Grant - Roads to Recovery (Auslink)	35,448	0
Unspent Grant - Drainage Strategy - 2002-2003	1,772	1,772
Unspent Grant - Community Water Grant	0	3,773
Unspent Grant - NAIDOC Week	0	500
Unspent Grant - Community Safety & Crime Prevention	1,200	6,200
Unspent Grant - Centenary Funding	10,000	0
	<u>245,977</u>	<u>290,068</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	503,244	622,077
Restricted	1,453,135	907,011
	<u>1,956,379</u>	<u>1,529,088</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Building Reserve	266,834	177,316
Furniture, Fittings & Equipment Reserve	18,132	12,282
Plant Reserve	211,818	217,288
Swimming Pool Reserve	154,157	97,259
Long Service Leave Reserve	64,243	60,574
Sustainable Environment Reserve	62,042	48,878
Health Reserve	3,532	3,346
Town Planning and Development Reserve	400,011	0
Homeswest Joint Venture Reserve	26,389	0
Restricted Cash - J/V Housing (Homeswest)	0	29,453
Unspent Grants	245,977	260,615
	<u>1,453,135</u>	<u>907,011</u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	8,601	6,086
Sundry Debtors	138,721	207,089
GST Receivable	100	0
ESL Receivable	226	0
Less: Provision for Doubtful Debts	-544	-744
Self Supporting Loan Debtors	6,084	5,740
	<u>153,188</u>	<u>218,171</u>

Non-Current

Rates Outstanding - Pensioners	17,773	12,789
Self Supporting Loan Debtors	21,546	27,629
	<u>39,319</u>	<u>40,418</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	<u>9,420</u>	<u>14,521</u>
	<u>9,420</u>	<u>14,521</u>
Non-Current		
Land Held for Resale - Cost		
Development Costs	<u>24,365</u>	<u>17,735</u>
	<u>24,365</u>	<u>17,735</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	3,725,468	3,364,171
Less Accumulated Depreciation	<u>-900,292</u>	<u>-824,424</u>
	2,825,176	2,539,747
Furniture and Equipment - Cost	479,341	464,964
Less Accumulated Depreciation	<u>-398,363</u>	<u>-366,868</u>
	80,978	98,096
Plant and Equipment - Cost	3,118,729	2,883,508
Less Accumulated Depreciation	<u>-1,268,553</u>	<u>-1,172,586</u>
	1,850,176	1,710,922
	<u>4,756,330</u>	<u>4,348,765</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 QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

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.

	<u>Land & Buildings</u>	<u>Plant & Equipment</u>	<u>Furniture & Equipment</u>	<u>Total \$</u>
Balance as at 1 July 2006	2,539,747	1,710,922	98,096	4,348,765
Additions	361,297	555,558	14,377	931,232
(Disposals)	0	-221,475	0	-221,475
Depreciation (Expense)	-75,868	-194,829	-31,495	-302,192
Balance as at 30 June 2007	<u><u>2,825,176</u></u>	<u><u>1,850,176</u></u>	<u><u>80,978</u></u>	<u><u>4,756,330</u></u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

7. INFRASTRUCTURE

	2007	2006
	\$	\$
Roads at cost	38,417,206	37,795,335
Less Accumulated Depreciation	<u>-13,507,835</u>	<u>-12,492,950</u>
	<u>24,909,371</u>	<u>25,302,385</u>
Footpaths at cost	233,692	229,557
Less Accumulated Depreciation	<u>-75,633</u>	<u>-71,042</u>
	<u>158,059</u>	<u>158,515</u>
Other Community & Recreation Facilities	1,711,436	1,687,080
Less Accumulated Depreciation	<u>-585,202</u>	<u>-549,784</u>
	<u>1,126,234</u>	<u>1,137,296</u>
Summary		
Infrastructure		
Costs	40,362,334	39,711,972
Less Accumulated Depreciation	<u>-14,168,670</u>	<u>-13,113,776</u>
	<u>26,193,664</u>	<u>26,598,196</u>

Effective from 1 July 2004, Council deemed the carrying amount of all infrastructure assets carried at a revalued amount, to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'. These assets are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they 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 QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

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.

	<u>Roads</u>	<u>Footpaths</u>	<u>Other Community & Recreation Facilities</u>	<u>Total \$</u>
Balance as at 1 July 2006	25,302,385	158,515	1,137,296	26,598,196
Additions	621,871	4,135	24,356	650,362
Depreciation (Expense)	-1,014,885	-4,591	-35,418	-1,054,894
Balance as at 30 June 2007	<u>24,909,371</u>	<u>158,059</u>	<u>1,126,234</u>	<u>26,193,664</u>

SHIRE OF QAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	134,623	152,635
GST Payable	100	0
Payroll Creditors	0	22,997
ESL Liability	0	19
Excess Rates	2,131	3,074
Accrued Expenses	0	12,904
Accrued Interest on Loans	4,368	6,381
Accrued Salaries and Wages	15,262	9,105
	<u>156,484</u>	<u>207,115</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	81,497	83,403
	<u>81,497</u>	<u>83,403</u>
Non-Current		
Secured by Floating Charge Debentures	106,041	187,540
	<u>106,041</u>	<u>187,540</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	83,368	83,061
Provision for Long Service Leave	129,836	54,206
	<u>213,204</u>	<u>137,267</u>
Non-Current		
Provision for Annual Leave	35,170	27,712
Provision for Long Service Leave	16,168	59,909
	<u>51,338</u>	<u>87,621</u>

SHIRE OF QAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007 \$	2007 Budget \$	2006 \$
11. RESERVES - CASH BACKED			
(a) Building Reserve			
Opening Balance	177,316	177,316	97,654
Amount Set Aside / Transfer to Reserve	189,518	84,206	79,662
Amount Used / Transfer from Reserve	-100,000	-100,000	0
	<u>266,834</u>	<u>161,522</u>	<u>177,316</u>
(b) Furniture, Fittings & Equipment Reserve			
Opening Balance	12,282	12,282	14,705
Amount Set Aside / Transfer to Reserve	10,850	10,600	777
Amount Used / Transfer from Reserve	-5,000	-5,000	-3,200
	<u>18,132</u>	<u>17,882</u>	<u>12,282</u>
(c) Plant Reserve			
Opening Balance	217,288	217,288	201,358
Amount Set Aside / Transfer to Reserve	242,795	240,500	171,078
Amount Used / Transfer from Reserve	-248,265	-284,000	-155,148
	<u>211,818</u>	<u>173,788</u>	<u>217,288</u>
(d) Swimming Pool Upgrade Reserve			
Opening Balance	97,259	97,259	79,276
Amount Set Aside / Transfer to Reserve	56,898	52,900	24,472
Amount Used / Transfer from Reserve	0	0	-6,489
	<u>154,157</u>	<u>150,159</u>	<u>97,259</u>
(e) Long Service Leave Reserve			
Opening Balance	60,574	60,574	57,424
Amount Set Aside / Transfer to Reserve	3,669	3,000	3,150
Amount Used / Transfer from Reserve	0	0	0
	<u>64,243</u>	<u>63,574</u>	<u>60,574</u>
(f) Sustainable Environment Reserve			
Opening Balance	48,878	48,878	30,061
Amount Set Aside / Transfer to Reserve	13,164	12,000	41,439
Amount Used / Transfer from Reserve	0	0	-22,622
	<u>62,042</u>	<u>60,878</u>	<u>48,878</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007 \$	2007 Budget \$	2006 \$
11. RESERVES - CASH BACKED (Continued)			
(g) Health Reserve			
Opening Balance	3,346	3,346	50,000
Amount Set Aside / Transfer to Reserve	186	0	3,346
Amount Used / Transfer from Reserve	0	0	-50,000
	<u>3,532</u>	<u>3,346</u>	<u>3,346</u>
(h) Town Planning and Development			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	430,011	129,753	0
Amount Used / Transfer from Reserve	-30,000	-30,000	0
	<u>400,011</u>	<u>99,753</u>	<u>0</u>
(i) Homeswest Joint Venture Housing			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	32,639	32,253	0
Amount Used / Transfer from Reserve	-6,250	-6,250	0
	<u>26,389</u>	<u>26,003</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>1,207,158</u>	<u>756,905</u>	<u>616,943</u>
SUMMARY OF CASH BACKED RESERVES			
Opening Balance	616,943	616,943	530,478
Amount Set Aside / Transfer to Reserve	979,730	565,212	323,924
Amount Used / Transfer from Reserve	-389,515	-425,250	-237,459
	<u>1,207,158</u>	<u>756,905</u>	<u>616,943</u>

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:

Building Reserve

To assist in funding the construction of new Council buildings and to provide for future maintenance and upgrading of Council commercial and residential properties.

Furniture, Fittings & Equipment Reserve

To be used in funding the various furniture, fittings and equipment installed in Council buildings.

Plant Reserve

To be used To assist in funding the purchase of major plant items.

Swimming Pool Upgrade Reserve

To be used to assist in funding future major capital/upgrade works at the Quairading Memorial Swimming Pool.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

11. RESERVES - CASH BACKED (Continued)

Long Service Leave Reserve

To be used to fund future long service leave commitments.

Sustainable Environment Reserve

To be used to assist in funding projects and initiatives which foster a sustainable environment. Such areas include waste management, recycling, water usage, gravel supplies, energy conservation and environmentally sound projects.

Health Reserve

To be used to assist Council and the community in the financing of health related capital projects and programmes.

Town Planning and Development Reserve

To be used to assist in funding of planning and implementation of the development of Council land and the purchase of land for future development.

HomesWest Joint Venture Housing Reserve

To be used to assist in compliance with Council's Joint Venture Agreement held with State Housing Commission and to provide funds for the maintenance, management and improvement of the Joint Venture Units.

The Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

12. RESERVES - ASSET REVALUATION	2007	2006
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Roads		
Balance as at 1 July 2006	2,602,574	2,602,574
Revaluation Increment		
Revaluation Decrement		
Balance as at 30 June 2007	<u>2,602,574</u>	<u>2,602,574</u>
 TOTAL ASSET REVALUATION RESERVES	 <u><u>2,602,574</u></u>	 <u><u>2,602,574</u></u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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 in banks and investments, 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:

	2007	2007	2006
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>1,956,379</u>	<u>907,293</u>	<u>1,529,088</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	460,153	60,866	672,667
Depreciation	1,357,086	1,337,990	1,321,358
Bad and Doubtful Debts	481	0	4,089
Non-Cash Donation Adjustment	1,000	0	0
(Increase)/Decrease in Receivables	59,862	23,885	-157,186
(Profit)/Loss on Sale of Asset	54,677	0	-76,309
(Increase)/Decrease in Inventories	5,101	-1,240	-9,125
Increase/(Decrease) in Payables	-50,631	61,658	80,667
Increase/(Decrease) in Employee Provisions	39,654	-8,500	65,868
Grants/Contributions for the Development of Assets	<u>-797,483</u>	<u>-688,020</u>	<u>-1,111,737</u>
Net Cash from Operating Activities	<u><u>1,129,900</u></u>	<u><u>786,639</u></u>	<u><u>790,292</u></u>
(c) Credit Standby Arrangements			
Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		0
Credit Card limit	0		0
Credit Card Balance at Balance Date	<u>0</u>		<u>0</u>
Total Amount of Credit Unused	<u><u>0</u></u>		<u><u>0</u></u>
(d) Loan Facilities			
Loan Facilities - Current	81,497		83,403
Loan Facilities - Non-Current	<u>106,041</u>		<u>187,540</u>
Total Facilities in Use at Balance Date	<u><u>187,538</u></u>		<u><u>270,943</u></u>
Unused Loan Facilities at Balance Date	<u><u>0</u></u>		<u><u>0</u></u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
14. CAPITAL AND LEASING COMMITMENTS	\$	\$
(a) Finance Lease Commitments	nil	nil
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	1,168	1,297
- later than one year but not later than five years	3,503	0
- later than five years	0	0
	<u>4,671</u>	<u>1,297</u>
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	142,963	nil
Payable:		
- not later than one year	142,963	nil
The capital expenditure project outstanding at the end of the current reporting period represents the construction of a new residence to house an electrician in town.		

15. CONTINGENT LIABILITIES

Council has no known contingent liabilities as at the date of this report.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

16. JOINT VENTURE

The Shire of Quairading has participated in a joint venture with Homeswest for the construction of a three bedroom duplex in Suburban Road, Quairading. The provision of this housing aims to provide accommodation for low income families. The Shire of Quairading has a 21.7% interest in the assets and liabilities of this joint venture. Council manages the operation of the joint venture under the auspices of Homeswest. All revenue and expenses of the joint venture are recognised in the relevant financial statements of Council.

Council is required to maintain a Contingency Reserve for maintenance equal to 25% of the gross rental for the preceding 12 months, calculated as at 30 June each year.

All profits derived from the operation of the Joint Venture Housing are to be recognised as Restricted Assets to provide for future maintenance or the provision of future housing.

	2007	2006
	\$	\$
Suburban Road duplex financial activity		
- Opening Balance	29,453	27,974
- 25% of Gross Rent Restricted	1,800	1,479
- Interest Earned	1,386	0
- Funds Utilised	<u>-6,250</u>	<u>0</u>
- Closing Balance	<u><u>26,389</u></u>	<u><u>29,453</u></u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	918,600	1,036,597
General Purpose Funding	26,374	18,875
Law, Order, Public Safety	147,789	38,933
Health	170,428	180,019
Education and Welfare	28,704	29,526
Housing	1,530,950	1,359,227
Community Amenities	581,740	179,708
Recreation and Culture	2,056,330	1,816,402
Transport	25,653,270	26,069,095
Economic Services	279,582	271,254
Other Property and Services	1,536,378	1,500,339
Unallocated	<u>202,520</u>	<u>266,919</u>
	<u><u>33,132,665</u></u>	<u><u>32,766,894</u></u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

18. FINANCIAL RATIOS	2007	2006	2005
Current Ratio	1.72	2.33	0.37
Untied Cash to Trade Creditors Ratio	3.74	3.30	0.14
Debt Ratio	0.02	0.02	0.02
Debt Service Ratio	0.04	0.04	0.04
Gross Debt to Revenue Ratio	0.09	0.09	0.12
Gross Debt to Economically Realisable Assets Ratio	0.03	0.04	0.06
Rate Coverage Ratio	0.27	0.25	0.31
Outstanding Rates Ratio	0.02	0.02	0.03

The above rates are calculated as follows:

Current Ratio equals
$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Untied Cash to Trade Creditors Ratio
$$\frac{\text{Untied Cash}}{\text{Unpaid Trade Creditors}}$$

Debt Ratio equals
$$\frac{\text{Total liabilities}}{\text{Total assets}}$$

Debt Service Ratio equals
$$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$$

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 equals
$$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$$

Outstanding Rates Ratio equals
$$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$$

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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-06	Amounts Received	Amounts Paid	Balance 30-Jun-07
	\$	\$	(\$)	\$
Bond - Factory Unit	1,000	0	0	1,000
Police Licensing	13,173	656,469	-658,635	11,007
Donations - Enviro Loo	0	700	0	700
Hire Bonds	0	2,850	-2,500	350
Donation Medical Practice	0	2,500	-2,500	0
Centenary Luncheon	0	1,900	0	1,900
Building Bond - T Gresty	0	2,500	0	2,500
Envirofund Balance	226	0	-226	0
Donation - Hall Upgrade	115	0	0	115
Wheatbelt Youth Project	2,500	0	0	2,500
	<u>17,014</u>	<u>666,919</u>	<u>-663,861</u>	<u>20,072</u>

20. DISPOSALS OF ASSETS - 2006/07 FINANCIAL YEAR

The following assets were disposed of during the year.

By function of Council	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Governance						
Ford Sedan - Q0 (x2)	56,826	50,000	50,707	50,000	-6,119	0
Ford Wagon - Q360	25,892	20,000	17,727	20,000	-8,165	0
Law, Order & Public Safety						
International D1640 - Q1299	0	0	1,000	0	1,000	0
Health						
Toyota Landcruiser - Q335	0	40,000	0	40,000	0	0
Transport						
Grader	110,057	60,000	73,000	60,000	-37,057	0
Works Supervisors Ute - Q190.	28,700	20,000	24,364	20,000	-4,336	0
Leading Hand Ute - Q676	0	20,000	0	20,000	0	0
	<u>221,475</u>	<u>210,000</u>	<u>166,798</u>	<u>210,000</u>	<u>-54,677</u>	<u>0</u>

By class of asset	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Plant & Equipment	221,475	210,000	166,798	210,000	-54,677	0
	<u>221,475</u>	<u>210,000</u>	<u>166,798</u>	<u>210,000</u>	<u>-54,677</u>	<u>0</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-06 \$	New Loans		Principal Repayments		Principal 30-Jun-07		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing									
Loan 75 - Teacher Housing	2,204			840	840	1,364	1,364	119	128
Loan 108 - Staff Housing	43,953			13,766	13,766	30,187	30,187	2,251	2,515
Loan 109 - Doctor Housing	28,651			5,077	5,077	23,574	23,574	1,533	1,637
Community Amenities									
Loan 110 - Reid St Sub-division	6,975			6,975	6,975	0	0	42	225
Recreation & Culture									
Loan 105 - Various	141,429			44,073	44,073	97,356	97,356	7,602	8,749
Loan 106 - Golf Club *	5,008			2,429	2,430	2,579	2,578	246	268
Loan 111 - Golf Club *	8,360			919	919	7,441	7,441	465	477
Loan 114 - Tennis Club *	20,000			2,391	2,391	17,609	17,609	1,081	1,137
Economic Services									
Loan 98 - Factory Unit	14,363			6,935	6,934	7,428	7,429	632	850
	270,943	0	0	83,405	83,405	187,538	187,538	13,971	15,986

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose income.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2006/07

The Shire of Quairading did not take out any new debentures in 2006/07 nor did it budget to take out any new debentures in 2006/07.

(c) Unspent Debentures

Nil.

(d) Overdraft

Nil.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

22. RATING INFORMATION - 2006/07 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Gross Rental Values											
GRV - Residential	13.7648	288	1,124,595	154,798	(679)	0	154,119	154,798	0	0	154,798
GRV - Industrial	13.7648	22	160,556	22,100	0	0	22,100	22,100	0	0	22,100
GRV - Commercial	13.7648	12	164,996	22,711	0	0	22,711	22,711	0	0	22,711
Unimproved Values											
UV - Rural Small Farms	1.4038	88	4,873,500	68,414	0	0	68,414	0	0	0	0
UV - Rural	1.4038	251	60,038,500	842,820	781	0	843,601	911,234	0	0	911,234
Sub-Totals		661	66,362,147	1,110,843	102	0	1,110,945	1,110,843	0	0	1,110,843
Minimum Rates	Minimum \$										
GRV - Residential	315	85	24,355	26,775	0	0	26,775	26,775	0	0	26,775
GRV - Industrial	315	8	4,545	2,520	0	0	2,520	2,520	0	0	2,520
GRV - Commercial	315	1	2,288	315	0	0	315	315	0	0	315
UV - Rural Small Farms	315	12	134,400	3,780	0	0	3,780	0	0	0	0
UV - Rural	315	6	53,542	1,890	0	0	1,890	5,670	0	0	5,670
Sub-Totals		112	219,130	35,280	0	0	35,280	35,280	0	0	35,280
Specified Area Rates (refer note 23)							1,146,225				1,146,123
							0				0
Discounts (refer note 25)							1,146,225				1,146,123
Rating Concession							(71,269)				(75,000)
Rates Written Off							(16,771)				(16,771)
							(681)				(1,000)
Totals							1,057,504				1,053,352

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

23. SPECIFIED AREA RATE - 2006/07 FINANCIAL YEAR

No Specified Area Rate was imposed for the year ended 30 June 2007.

24. SERVICE CHARGES - 2006/07 FINANCIAL YEAR

No Service Charge was imposed for the year ended 30 June 2007.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2006/07 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	7.5	71,269	75,000
Unimproved Rates	Concess.	25	16,771	16,771
			88,040	91,771
Rate Assessment	Write-Off		681	1,000

A discount of 7.5% is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

A concession of 25% is granted to all Unimproved Valuation rate assessments where the land area is equal to 200 hectares or less.

Requests to waive or write off debts are dealt with when received and resolved by an absolute majority decision of Council.

26. INTEREST CHARGES AND INSTALMENTS - 2006/07 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		1,808	1,750
Interest on Instalments Plan	5.5		1,694	900
Interest on Deferred Pensioners			685	200
Sub - total - interest			4,187	2,850
Charges on Instalment Plan		15	880	900
			5,067	3,750

Ratepayers had the option of paying rates in four equal instalments with the first due 35 days after issue of rate notice and thereafter three instalments at two monthly intervals.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

27. FEES & CHARGES	2007	2006
	\$	\$
Governance	530	1,275
General Purpose Funding	5,410	4,651
Law, Order, Public Safety	1,041	3,049
Health	374,569	342,757
Education & Welfare	22,732	2,000
Housing	25,546	28,781
Community Amenities	78,583	72,094
Recreation & Culture	25,492	22,021
Transport	231	11
Economic Services	34,635	35,003
Other Property & Services	36,464	29,539
	<u>605,233</u>	<u>541,181</u>

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

28. GRANT REVENUE

By Nature and Type:

Grants and Subsidies - operating	1,155,214	1,124,906
Grants and Subsidies - non-operating	666,746	1,021,360
	<u>1,821,960</u>	<u>2,146,266</u>

By Program:

General Purpose Funding	1,035,608	1,005,687
Governance	10,000	0
Law, Order, Public Safety	12,704	34,200
Housing	25,000	0
Community Amenities	0	4,313
Recreation and Culture	89,650	5,010
Transport	628,998	1,093,734
Economic Services	455	3,322
Other Property & Services	19,545	0
	<u>1,821,960</u>	<u>2,146,266</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

29. COUNCILLORS' REMUNERATION	2007	2007	2006
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	27,800	31,450	22,800
Travelling Expenses	0	0	0
	<u>27,800</u>	<u>31,450</u>	<u>22,800</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 package of \$100,000 or more:

Salary Range	2007	2006
\$		
210,000 - 219,999	0	1
290,000 - 299,999	1	0

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2007	2006
<u>24</u>	<u>24</u>

32. MAJOR LAND TRANSACTIONS

There were no major land transactions for the year ended 30 June 2007.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2006/07 financial year.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

34. INTEREST RATE RISK

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

Year Ended 30 June 2007	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
FINANCIAL ASSETS								
Fixed Rate								
Other Financial Assets	0	0	0	0	0	0	0	
Weighted Average Effective Interest Rate								
Floating Rate								
Cash and Cash Equivalents	1,956,379	0	0	0	0	0	1,956,379	3.75%
Weighted Average Effective Interest Rate	3.75%							
FINANCIAL LIABILITIES								
Fixed Rate								
Debentures	10,006	128,908	0	23,574	0	25,050	187,538	6.40%
Weighted Average Effective Interest Rate	6.54%		6.58%		5.97%		5.80%	
Year Ended 30 June 2006	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Effective Interest Rate %
FINANCIAL ASSETS								
Fixed Rate								
Other Financial Assets	0	0	0	0	0	0	0	
Weighted Average Effective Interest Rate								
Floating Rate								
Cash and Cash Equivalents	1,529,088	0	0	0	0	0	1,529,088	3.25%
Weighted Average Effective Interest Rate	3.25%							
FINANCIAL LIABILITIES								
Fixed Rate								
Debentures	6,975	19,370	187,587	0	28,651	28,360	270,943	6.40%
Weighted Average Effective Interest Rate	6.39%		6.51%		6.56%		5.87%	5.80%

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF QUAIRADING**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Quairading, which comprises the balance sheet as at 30 June 2007 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement, rate setting statement, expenditure and cash flow 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 controls 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 Quairading 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 2007 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).

N. David Local Government 2007/08 Audit Report.doc

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