

SHIRE OF QUAIRADING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

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SHIRE OF QUAIRADING

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	1,012,317	1,022,195	936,100
Grants and Subsidies	28	1,124,906	1,109,060	1,089,984
Contributions Reimbursements and Donations		97,942	108,820	111,579
Service Charges	24	-	-	-
Fees and Charges	27	541,181	493,055	510,126
Interest Earnings	2(a)	72,745	42,850	49,884
Other Revenue		53,424	33,700	25,334
		<u>2,902,515</u>	<u>2,809,680</u>	<u>2,723,007</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,186,363)	(1,185,665)	(1,095,375)
Materials and Contracts		(577,835)	(582,208)	(561,872)
Utilities		(91,349)	(95,010)	(36,737)
Depreciation	2(a)	(1,321,358)	(1,320,820)	(1,295,788)
Interest Expenses	2(a)	(18,923)	(21,190)	(25,389)
Insurance		(136,635)	(108,242)	(111,422)
Other Expenditure		(85,431)	(54,600)	(45,938)
		<u>(3,417,894)</u>	<u>(3,367,735)</u>	<u>(3,172,521)</u>
		(515,379)	(558,055)	(449,514)
Grants and Subsidies - non-operating	28	1,021,360	1,023,990	254,341
Contributions Reimbursements and Donations - non-operating		90,377	-	-
Profit on Asset Disposals	20	96,519	2,000	2,688
Loss on Asset Disposals	20	(20,210)	(12,450)	(34,578)
NET RESULT		<u>672,667</u>	<u>455,485</u>	<u>(227,063)</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 2006

NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES			
Governance	13,366	6,500	5,916
General Purpose Funding	2,103,759	2,077,885	1,970,377
Law, Order, Public Safety	39,749	33,600	33,101
Health	342,933	314,300	321,999
Education and Welfare	2,091	4,000	1,816
Housing	95,429	84,830	33,154
Community Amenities	169,114	145,300	125,454
Recreation and Culture	108,173	80,515	68,038
Transport	1,121,198	1,026,960	345,188
Economic Services	54,708	37,780	24,139
Other Property and Services	60,251	24,000	50,854
	<u>4,110,771</u>	<u>3,835,670</u>	<u>2,980,036</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE			
Governance	313,892	342,672	293,017
General Purpose Funding	49,017	56,440	71,632
Law, Order, Public Safety	41,539	51,588	35,790
Health	495,619	429,618	454,208
Education and Welfare	19,776	24,892	5,305
Housing	72,338	94,294	68,669
Community Amenities	262,232	224,973	205,658
Recreation & Culture	318,130	338,726	303,229
Transport	1,693,044	1,618,279	1,549,399
Economic Services	126,477	156,052	123,502
Other Property and Services	27,117	21,461	71,301
	<u>3,419,181</u>	<u>3,358,995</u>	<u>3,181,710</u>
BORROWING COSTS EXPENSE			
Housing	5,078	5,440	6,653
Community Amenities	758	1,105	1,926
Recreation & Culture	11,997	13,355	14,734
Economic Services	1,090	1,290	2,076
2(a)	<u>18,923</u>	<u>21,190</u>	<u>25,389</u>
NET RESULT	<u><u>672,667</u></u>	<u><u>455,485</u></u>	<u><u>(227,063)</u></u>

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

SHIRE OF QUAIRADING

BALANCE SHEET

AS AT 30TH JUNE 2006

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,529,088	719,915
Trade and Other Receivables	4	218,171	64,342
Inventories	5	14,521	5,396
TOTAL CURRENT ASSETS		<u>1,761,780</u>	<u>789,653</u>
NON-CURRENT ASSETS			
Other Receivables	4	40,418	15,078
Inventories	5	17,735	161,735
Property, Plant and Equipment	6	4,348,765	4,338,260
Infrastructure	7	26,598,196	26,856,875
TOTAL NON-CURRENT ASSETS		<u>31,005,114</u>	<u>31,371,948</u>
TOTAL ASSETS		<u>32,766,894</u>	<u>32,161,601</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	207,115	126,448
Current Portion of Long Term Borrowings	9	83,403	81,869
Provisions	10	137,267	103,156
TOTAL CURRENT LIABILITIES		<u>427,785</u>	<u>311,473</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	187,540	242,581
Provisions	10	87,621	55,864
TOTAL NON-CURRENT LIABILITIES		<u>275,161</u>	<u>298,445</u>
TOTAL LIABILITIES		<u>702,946</u>	<u>609,918</u>
NET ASSETS		<u>32,063,948</u>	<u>31,551,683</u>
EQUITY			
Retained Surplus		28,844,431	28,258,229
Reserves - Cash Backed	11	616,943	530,478
Reserves - Asset Revaluation	12	2,602,574	2,602,574
TOTAL EQUITY		<u>32,063,948</u>	<u>31,391,281</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 2006

	NOTE	2006 \$	2005 \$
RETAINED SURPLUS			
Balance as at 1 July 2005		28,258,229	28,424,753
Changes in Accounting Policy		0	0
Restated Balance		<u>28,258,229</u>	<u>28,424,753</u>
Net Result		672,667	(227,063)
Transfer from/(to) Reserves		(86,465)	60,539
Balance as at 30 June 2006		<u>28,844,431</u>	<u>28,258,229</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2005		530,478	591,017
Interest transfer to Reserve		29,074	24,947
Transfers to Reserve		294,850	260,000
Transfers from Reserve		(237,459)	(345,486)
		<u>86,465</u>	<u>(60,539)</u>
Balance as at 30 June 2006	11	<u>616,943</u>	<u>530,478</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2005		2,602,574	2,602,574
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2006	12	<u>2,602,574</u>	<u>2,602,574</u>
TOTAL EQUITY		<u><u>32,063,948</u></u>	<u><u>31,391,281</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 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,020,797	1,016,995	926,208
Grants and Subsidies - operating		1,124,906	1,074,060	1,089,984
Contributions, Reimbursements & Donations		97,942	116,820	111,579
Fees and Charges		381,882	578,055	512,768
Interest Earnings		72,745	45,950	49,884
Goods and Services Tax		163,301	170,450	186,015
Other		53,433	33,755	24,885
		<u>2,915,006</u>	<u>3,036,085</u>	<u>2,901,323</u>
Payments				
Employee Costs		(1,093,296)	(1,200,915)	(1,169,624)
Materials and Contracts		(518,391)	(533,308)	(524,436)
Utilities (gas, electricity, water, etc)		(91,349)	(95,010)	(36,737)
Insurance		(136,635)	(106,192)	(111,422)
Interest		(20,282)	(20,965)	(27,474)
Goods and Services Tax		(179,330)	(169,450)	(128,893)
Other		(85,431)	(54,600)	(45,938)
		<u>(2,124,714)</u>	<u>(2,180,440)</u>	<u>(2,044,524)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	790,292	855,645	856,799
Cash Flows from Investing Activities				
Payments for Development of Land held for Resale		0	0	0
Payments for Purchase of Property Plant & Equipment		(476,007)	(840,310)	(672,766)
Payments for Construction of Infrastructure		(942,251)	(1,434,350)	(571,433)
Advances to Community Groups		(45,417)	(25,416)	0
Grants/Contributions for the Development of Assets		1,111,737	1,023,990	254,341
Proceeds from Sale of Plant & Equipment/Land Held for Resale		404,981	226,550	231,519
Proceeds from Advances		45,417	25,416	
Net Cash Provided By (Used In) Investing Activities		<u>98,460</u>	<u>(1,024,120)</u>	<u>(758,339)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(98,924)	(83,885)	(89,134)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		19,345	0	2,157
Proceeds from New Debentures		0	150,000	0
Net Cash Provided By (Used In) Financing Activities		<u>(79,579)</u>	<u>66,115</u>	<u>(86,977)</u>
Net Increase (Decrease) in Cash Held		809,173	(102,360)	11,483
Cash at Beginning of Year		719,915	719,915	708,432
Cash at End of Year	13(a)	<u><u>1,529,088</u></u>	<u><u>617,555</u></u>	<u><u>719,915</u></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 2006

	NOTE	2006 Actual \$	2006 Budget \$
REVENUES			
Governance		13,366	6,500
General Purpose Funding		1,091,442	1,055,690
Law, Order, Public Safety		39,749	33,600
Health		342,933	314,300
Education and Welfare		2,091	4,000
Housing		95,429	84,830
Community Amenities		169,114	145,300
Recreation and Culture		108,173	80,515
Transport		1,121,198	1,026,960
Economic Services		54,708	37,780
Other Property and Services		60,251	24,000
		<u>3,098,454</u>	<u>2,813,475</u>
EXPENSES			
Governance		(313,892)	(342,672)
General Purpose Funding		(49,017)	(56,440)
Law, Order, Public Safety		(41,539)	(51,588)
Health		(495,619)	(429,618)
Education and Welfare		(19,776)	(24,892)
Housing		(77,416)	(99,734)
Community Amenities		(262,990)	(226,078)
Recreation & Culture		(330,127)	(352,081)
Transport		(1,693,044)	(1,618,279)
Economic Services		(127,567)	(157,342)
Other Property and Services		(27,117)	(21,461)
		<u>(3,438,104)</u>	<u>(3,380,185)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Income			
(Profit)/Loss on Asset Disposals	20	(76,309)	10,450
Depreciation on Assets	2 (a)	1,321,358	1,320,820
Capital Expenditure and Income			
Purchase Land Held for Resale		-	-
Purchase Land and Buildings		(121,485)	(451,015)
Purchase Plant and Equipment		(333,009)	(368,715)
Purchase Furniture and Equipment		(21,512)	(20,580)
Purchase Infrastructure Assets - Roads		(933,601)	(1,349,850)
Purchase Infrastructure Assets - Footpaths		-	-
Purchase Infrastructure Assets - Other		(8,650)	(84,500)
Proceeds from Disposal of Assets	20	404,981	226,550
Repayment of Debentures	21(a)	(98,924)	(83,885)
Proceeds from New Debentures	21	45,417	175,416
Advances to Community Groups		(45,417)	(25,416)
Self-Supporting Loan Principal Income		19,346	-
Transfers to Reserves (Restricted Assets)	11	(323,924)	(245,000)
Transfers from Reserves (Restricted Assets)	11	237,459	348,700
Transfers to Other (Restricted Assets)		(1,479)	-
Transfers from Other (Restricted Assets)		-	176,024
Estimated Surplus/(Deficit) July 1 B/Fwd		66,800	(84,467)
Estimated Surplus/(Deficit) June 30 C/Fwd		803,718	17
Amount Req'd to be Raised from Rates	22	<u><u>(1,012,317)</u></u>	<u><u>(1,022,195)</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 2006

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.

First AIFRSs Financial Report

This is the Shire's first Australian equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASB1 "First Time Adoption of Australian equivalents to International Financial Reporting Standards".

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in Note 35.

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.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

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.

(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) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Balance Sheet. Land under roads are excluded from infrastructure in accordance with legislative requirements.

As of 1 July 2004, Council elected to revert to the cost basis for measuring land and buildings and 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 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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.

(f) 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.

(g) 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.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) 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 statement of financial position and operating statement. Information about the joint venture is set out in Note 16.

(j) 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.

(k) 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.

(l) Superannuation

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

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 21(e).

(n) 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 statement of financial position and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

(o) Fair Value

The net fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Council intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

(p) Rounding Off Figures

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

(q) Comparative Figures

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

(r) Impairment

In accordance with Australian Accounting Standards the Shire'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.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. REVENUES AND EXPENSES

(a) Result from Ordinary Activities

The result from ordinary activities includes:

(i) Charging as an Expense:

	2006	2005
	\$	\$
Auditors Remuneration		
- Audit	6,400	8,100
- Other Services	1,800	23,112
Bad and Doubtful Debts		
Rates	3,963	1,968
Sundry Debtors	126	0
Depreciation		
Buildings	68,149	52,040
Furniture and Equipment	23,917	36,142
Plant and Equipment	184,707	187,122
Infrastructure - Roads	1,028,460	987,250
Infrastructure - Footpaths	1,887	33,234
Infrastructure - Other	14,238	0
	1,321,358	1,295,788
	1,321,358	1,295,788
Interest Expenses		
Finance Lease Charges	0	0
Debentures (<i>refer Note 21(a)</i>)	18,923	25,389
	18,923	25,389
	18,923	25,389
Rental Charges		
- Operating Leases	0	0
	0	0
(ii) Crediting as Revenue:		
Interest Earnings		
Investments		
- Reserve Funds	29,074	24,947
- Other Funds	39,898	20,362
Other Interest Revenue (<i>refer note 26</i>)	3,773	4,575
	72,745	49,884
	72,745	49,884

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

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 2006

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.

	2006	2005
	\$	\$
(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).		
Unspent Grant - Grant for Youth (Education and Welfare)	0	1,338
Unspent Grant - Grant for Drainage Strategy (Community Amenities)	0	0
Joint Venture Housing (Homeswest)	27,974	26,809
Unspent Grant - Rabbit Proof Fence Project	0	5,312
Unspent Grant - Conservation Grants	0	4,364
Unspent Grant - Ministry of Transport	66,665	0
Unspent Grant - Roads to Recovery	68,613	0
Unspent Grant - Indigenous Heritage	2,500	0
Unspent Grant - Roadwise	8,500	0
Unspent Grant - Drainage Strategy - 2002-2003	<u>1,772</u>	<u>0</u>
	176,024	37,823
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)	1,479	1,165
Unspent Grant - Ministry of Transport	0	66,665
Unspent Grant - Roads to Recovery	248,370	68,613
Unspent Grant - Indigenous Heritage	0	2,500
Unspent Grant - Roadwise	0	8,500
Unspent Grant - Drainage Strategy - 2002-2003	0	1,772
Unspent Grant - Community Water Grant	3,773	0
Unspent Grant - NAIDOC Week	500	0
Unspent Grant - Community Safety & Crime Prevention	<u>6,200</u>	<u>0</u>
	260,322	149,215

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

2. REVENUES AND EXPENSES (Continued)

(c) Conditions Over Contributions (Continued)

	2006	2005
	\$	\$
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 - Grant for Youth (Education and Welfare)	0	(1,338)
Unspent Grant - Ministry of Transport	(66,665)	0
Unspent Grant - Roads to Recovery	(68,613)	(4,364)
Unspent Grant - Rabbit Proof Fence Project	0	(5,312)
Unspent Grant - Indigenous Heritage	(2,500)	0
Unspent Grant - Roadwise	(8,500)	0
	<u>(146,278)</u>	<u>(11,014)</u>
Closing balances of unexpended grants	<u>290,068</u>	<u>176,024</u>
Joint Venture Housing (Homeswest)	29,453	27,974
Unspent Grant - Ministry of Transport	0	66,665
Unspent Grant - Roads to Recovery	248,370	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
	<u>290,068</u>	<u>176,024</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	622,077	13,413
Restricted	907,011	706,502
	<u>1,529,088</u>	<u>719,915</u>
<p>The following restrictions have been imposed by regulations or other externally imposed requirements:</p>		
Building Reserve	177,316	97,654
Furniture, Fittings & Equipment Reserve	12,282	14,705
Plant Reserve	217,288	201,358
Swimming Pool Reserve	97,259	79,276
Long Service Leave Reserve	60,574	57,424
Sustainable Environment Reserve	48,878	30,061
Health Reserve	3,346	50,000
Restricted Cash - J/V Housing (Homewest)	29,453	27,974
Unspent Grants	260,615	148,050
	<u>907,011</u>	<u>706,502</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	6,086	15,008
Sundry Debtors	207,089	47,664
Less: Provision for Doubtful Debts	(744)	(618)
Self Supporting Loan Debtors	5,740	2,288
	<u>218,171</u>	<u>64,342</u>
Non-Current		
Rates Outstanding - Pensioners	12,789	10,069
Self Supporting Loan Debtors	27,629	5,009
	<u>40,418</u>	<u>15,078</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	14,521	5,396
	<u>14,521</u>	<u>5,396</u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	17,735	161,735
	<u>17,735</u>	<u>161,735</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	3,364,171	3,248,863
Less Accumulated Depreciation	<u>(824,424)</u>	<u>(758,226)</u>
	2,539,747	2,490,637
Furniture and Equipment - Cost	464,964	472,054
Less Accumulated Depreciation	<u>(366,868)</u>	<u>(372,420)</u>
	98,096	99,634
Plant and Equipment - Cost	2,883,508	2,768,884
Less Accumulated Depreciation	<u>(1,172,586)</u>	<u>(1,020,895)</u>
	1,710,922	1,747,989
	<u>4,348,765</u>	<u>4,338,260</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

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 2005	2,490,637	1,747,989	99,634	4,338,260
Additions	121,485	333,009	21,512	476,006
(Disposals)	(9,301)	(185,370)		(194,671)
Revaluation - Increments				0
- (Decrements)				0
Impairment (losses) /reversals				0
Write-downs				0
Depreciation (Expense)	(68,149)	(184,706)	(23,918)	(276,773)
Transfers (to)/from Other Asset Classes	5,075		868	5,943
Balance as at 30 June 2006	<u>2,539,747</u>	<u>1,710,922</u>	<u>98,096</u>	<u>4,348,765</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

7. INFRASTRUCTURE

	2006	2005
	\$	\$
Roads at cost	37,795,335	36,688,686
Less Accumulated Depreciation	<u>(12,492,950)</u>	<u>(11,475,553)</u>
	<u>25,302,385</u>	<u>25,213,133</u>
Footpaths at cost	229,557	229,557
Less Accumulated Depreciation	<u>(71,042)</u>	<u>(69,155)</u>
	<u>158,515</u>	<u>160,402</u>
Other Community & Recreation Facilities	1,687,080	2,081,036
Less Accumulated Depreciation	<u>(549,784)</u>	<u>(597,696)</u>
	<u>1,137,296</u>	<u>1,483,340</u>
Summary		
Infrastructure		
Costs	39,711,972	38,999,279
Less Accumulated Depreciation	<u>(13,113,776)</u>	<u>(12,142,404)</u>
	<u>26,598,196</u>	<u>26,856,875</u>

The valuations of the municipality's infrastructure were originally based on the written down replacement cost performed in accordance with Statement of Accounting Practice SAP 1 'Current Cost Accounting'.

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, along with all infrastructure asset classes 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 2006

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 2005	25,213,133	160,402	1,322,938	26,696,473
Additions	933,601	0	8,650	942,251
(Disposals)	0	0	0	0
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment (losses) /reversals	0	0	0	0
Write-downs	(1)	0	0	(1)
Depreciation (Expense)	(1,028,460)	(1,887)	(14,238)	(1,044,585)
Transfers (to)/from Other Asset Classes	184,112	0	(180,054)	4,058
Balance as at 30 June 2006	<u>25,302,385</u>	<u>158,515</u>	<u>1,137,296</u>	<u>26,598,196</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	152,635	96,970
GST Payable	0	16,029
Payroll Creditors	22,997	0
ESL Liability	19	10
Excess Rates	3,074	796
Accrued Expenses	12,904	0
Accrued Interest on Loans	6,381	7,740
Accrued Salaries and Wages	9,105	4,903
	<u>207,115</u>	<u>126,448</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	<u>83,403</u>	<u>81,869</u>
	<u>83,403</u>	<u>81,869</u>
Non-Current		
Secured by Floating Charge		
Debentures	<u>187,540</u>	<u>242,581</u>
	<u>187,540</u>	<u>242,581</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	83,061	44,424
Provision for Long Service Leave	54,206	58,732
	<u>137,267</u>	<u>103,156</u>
Non-Current		
Provision for Annual Leave	27,712	9,037
Provision for Long Service Leave	59,909	46,827
	<u>87,621</u>	<u>55,864</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2006 Budget \$	2005 \$
11. RESERVES - CASH BACKED			
(a) Building Reserve			
Opening Balance	97,654	97,654	208,950
Amount Set Aside / Transfer to Reserve	79,662	3,500	48,704
Amount Used / Transfer from Reserve	0	(100,000)	(160,000)
	<u>177,316</u>	<u>1,154</u>	<u>97,654</u>
(b) Furniture, Fittings & Equipment Reserve			
Opening Balance	14,705	14,705	14,202
Amount Set Aside / Transfer to Reserve	777	550	503
Amount Used / Transfer from Reserve	(3,200)	(3,200)	0
	<u>12,282</u>	<u>12,055</u>	<u>14,705</u>
(c) Plant Reserve			
Opening Balance	201,358	201,358	230,870
Amount Set Aside / Transfer to Reserve	171,078	172,500	129,730
Amount Used / Transfer from Reserve	(155,148)	(174,500)	(159,242)
	<u>217,288</u>	<u>199,358</u>	<u>201,358</u>
(d) Swimming Pool Upgrade Reserve			
Opening Balance	79,276	79,276	47,267
Amount Set Aside / Transfer to Reserve	24,472	22,900	32,009
Amount Used / Transfer from Reserve	(6,489)	(6,000)	0
	<u>97,259</u>	<u>96,176</u>	<u>79,276</u>
(e) Long Service Leave Reserve			
Opening Balance	57,424	57,424	57,046
Amount Set Aside / Transfer to Reserve	3,150	2,600	22,498
Amount Used / Transfer from Reserve	0	-	(22,120)
	<u>60,574</u>	<u>60,024</u>	<u>57,424</u>
(f) Sustainable Environment Reserve			
Opening Balance	30,061	30,061	32,682
Amount Set Aside / Transfer to Reserve	41,439	41,100	1,503
Amount Used / Transfer from Reserve	(22,622)	(15,000)	(4,124)
	<u>48,878</u>	<u>56,161</u>	<u>30,061</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

11. RESERVES - CASH BACKED (Continued)

(g) Health Reserve

Opening Balance	50,000	50,000	0
Amount Set Aside / Transfer to Reserve	3,346	1,850	50,000
Amount Used / Transfer from Reserve	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
	<u>3,346</u>	<u>1,850</u>	<u>50,000</u>

TOTAL CASH BACKED RESERVES	<u>616,943</u>	<u>426,778</u>	<u>530,478</u>
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SUMMARY OF CASH BACKED RESERVES

Opening Balance	530,478	530,478	591,017
Amount Set Aside / Transfer to Reserve	323,924	245,000	284,947
Amount Used / Transfer from Reserve	<u>(237,459)</u>	<u>(348,700)</u>	<u>(345,486)</u>
	<u>616,943</u>	<u>426,778</u>	<u>530,478</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.

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.

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 2006

12. RESERVES - ASSET REVALUATION	2006	2005
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Roads		
Balance as at 1 July 2005	2,602,574	2,602,574
Revaluation Increment		
Revaluation Decrement		
Balance as at 30 June 2006	<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 2006

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:

	2006	2005	2005
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>1,529,088</u>	<u>617,555</u>	<u>719,915</u>
 (b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	672,667	455,485	(227,063)
Depreciation	1,321,358	1,320,820	1,295,788
Bad and Doubtful Debts	4,089	0	1,968
(Increase)/Decrease in Receivables	(157,186)	56,505	34,529
(Profit)/Loss on Sale of Asset	(76,309)	10,450	31,890
(Increase)/Decrease in Inventories	(9,125)	(1,100)	10,040
Increase/(Decrease) in Payables	80,667	52,725	(10,866)
Increase/(Decrease) in Employee Provisions	65,868	(15,250)	(25,146)
Grants/Contributions for the Development of Assets	<u>(1,111,737)</u>	<u>(1,023,990)</u>	<u>(254,341)</u>
Net Cash from Operating Activities	<u><u>790,292</u></u>	<u><u>855,645</u></u>	<u><u>856,799</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	83,403		81,869
Loan Facilities - Non-Current	<u>187,540</u>		<u>242,581</u>
Total Facilities in Use at Balance Date	<u><u>270,943</u></u>		<u><u>324,450</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 2006

	2006	2005
	\$	\$
14. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments	nil	nil
(b) Operating Lease Commitments	nil	nil

(c) Capital Expenditure Commitments

There were no capital expenditure projects outstanding at the end of the current reporting period.

15. CONTINGENT LIABILITIES

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

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 preceeding 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.

	2006	2005
	\$	\$
Net Surplus		
Suburban Road duplex	29,453	27,974

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,036,597	380,944
General Purpose Funding	18,875	0
Law, Order, Public Safety	38,933	44,726
Health	180,019	180,818
Education and Welfare	29,526	24,497
Housing	1,359,227	1,275,793
Community Amenities	179,708	138,341
Recreation and Culture	1,816,402	1,643,849
Transport	26,069,095	26,436,725
Economic Services	271,254	278,325
Other Property and Services	1,500,339	1,501,061
Unallocated	266,919	96,120
	<u>32,766,894</u>	<u>32,001,199</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

18. FINANCIAL RATIOS	2006	2005	2004
Current Ratio	2.33	0.37	0.63
Untied Cash to Trade Creditors Ratio	3.30	0.14	1.14
Debt Ratio	0.02	0.02	0.02
Debt Service Ratio	0.04	0.04	0.04
Gross Debt to Revenue Ratio	0.09	0.12	0.17
Gross Debt to Economically Realisable Assets Ratio	0.04	0.06	0.08
Rate Coverage Ratio	0.25	0.31	0.28
Outstanding Rates Ratio	0.02	0.03	0.02

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 2006

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-05	Amounts Received	Amounts Paid	Balance 30-Jun-06
	\$	\$	(\$)	\$
Bond - Factory Unit	1,000	0	0	1,000
Police Licensing	15,628	709,307	(711,762)	13,173
Deposits - land sales	18,450	8,040	(26,490)	0
Donations - Winmar	135	0	(135)	0
Envirofund Balance	226	0	0	226
Donation - Hall Upgrade	0	115	0	115
Wheatbelt Youth Project	0	2,500	0	2,500
	<u>35,439</u>	<u>719,962</u>	<u>(738,387)</u>	<u>17,014</u>

20. DISPOSALS OF ASSETS - 2005/06 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)	56,177	51,600	51,136	50,000	(5,041)	(1,600)
Ford Wagon - Q360	28,782	22,900	22,909	21,750	(5,873)	(1,150)
Spirit 486 Computer	0	0	0	0	0	0
Abalon Personal Computer	0	0	0	0	0	0
2 Spirit Personal Computers	0	0	0	0	0	0
Telecom Fax Machine	0	0	0	0	0	0
Computer, modem, monitor, printers, 3 X Terminals.	0	0	0	0	0	0
F800T Laser Printer	0	0	0	0	0	0
Health						
Toyota Landcruiser - P335	41,306	43,000	41,818	41,800	512	(1,200)
Housing						
26 Forrest Street	9,301	0	73,000	0	63,699	0
Community Amenities						
Reid Street - Sale of Land	134,000	40,000	158,299	40,000	24,299	0
CLC Utility Q465	20,809	15,000	16,364	17,000	(4,445)	2,000
Transport						
Multi Tyred Roller Q3910	11,991	12,300	20,000	10,000	8,009	(2,300)
Works Supervisors Ute - Q190.	26,306	26,300	21,455	23,000	(4,851)	(3,300)
Leading Hand Ute - Q676	0	25,900	0	23,000	0	(2,900)
	<u>328,672</u>	<u>237,000</u>	<u>404,981</u>	<u>226,550</u>	<u>76,309</u>	<u>(10,450)</u>

By class of asset	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
Land & Buildings	143,301	40,000	231,299	40,000	87,998	0
Plant & Equipment	185,371	197,000	173,682	186,550	(11,689)	(10,450)
Furniture & Equipment	0	0	0	0	0	0

328,672	237,000	404,981	226,550	76,309	(10,450)
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SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-05 \$	New Loans		Principal Repayments		Principal 30-Jun-06		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing									
Loan 75 - Teacher Housing	2,992			788	790	2,204	2,202	170	180
Loan 108 - Staff Housing	56,904			12,951	12,950	43,953	43,954	3,070	3,330
Loan 109 - Doctor Housing	33,437			4,786	4,790	28,651	28,647	1,838	1,930
Loan 113 - New Residence	0	0	150,000	0	0	0	150,000	0	0
Community Amenities									
Loan 110 - Reid St Sub-division	20,273			13,298	13,300	6,975	6,973	758	1,105
Recreation & Culture									
Loan 105 - Various	182,691			41,262	41,260	141,429	141,431	10,542	11,565
Loan 106 - Golf Club *	7,297			2,289	2,290	5,008	5,007	386	410
Loan 111 - Golf Club *	0	8,800	8,800	440	910	8,360	7,890	364	472
Loan 112 - Tennis Club *	0	16,617	16,616	16,617	1,100	0	15,516	228	908
Loan 114 - Tennis Club *	0	20,000	0	0	0	20,000	0	477	0
Economic Services									
Loan 98 - Factory Unit	20,856			6,493	6,495	14,363	14,361	1,090	1,290
	324,450	45,417	175,416	98,924	83,885	270,943	415,981	18,923	21,190

(*) 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 2006

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2005/06

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 111 - Golf Club	8,800	8,800	WATC	Debenture	8	2,364	5.80%	8,800	8,800	NIL
Loan 112 - Tennis Club	16,617	16,616	WATC	Debenture	7	3,904	5.80%	16,617	16,616	NIL
Loan 113 - New Residence	0	150,000	Unknown	Debenture	10	53,817	6.14%	0	150,000	NIL
Loan 114 - Tennis Club	20,000	0	WATC	Debenture	7	4,698	5.80%	20,000	0	NIL

(c) Unspent Debentures

Nil.

(d) Overdraft

Nil.

(e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is as follows:

<u>Borrowings</u>	2006	2005
	\$	\$
Floating interest rates	nil	nil
Fixed interest rate maturing		
- within one year	6,975	0
- one to five years	235,608	291,013
- over five years	28,360	33,437
Non interest bearing	0	0
Total Borrowings	<u>270,943</u>	<u>324,450</u>

Weighted average effective interest rate

6.40%

6.50%

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

22. RATING INFORMATION - 2005/06 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	13.2343	287	1,116,221	147,724	793	0	148,517	147,724	0	0	147,724
GRV - Industrial	13.2343	21	157,439	20,836	837	0	21,673	20,836	0	0	20,836
GRV - Commercial	13.2343	9	169,208	22,394	(255)	0	22,139	22,392	0	0	22,392
Unimproved Values											0
UV - Rural Small Farms	1.7127	89	3,753,398	47,870	0	0	47,870	0	0	0	0
UV - Rural	1.7127	243	47,613,611	830,848	2,584	0	833,432	878,643	0	0	878,643
Sub-Totals		649	52,809,877	1,069,672	3,959	0	1,073,631	1,069,595	0	0	1,069,595
Minimum Rates	Minimum \$										
GRV - Residential	300	79	25,426	23,700	0	0	23,700	23,700	0	0	23,700
GRV - Industrial	300	8	4,542	2,400	0	0	2,400	2,400	0	0	2,400
GRV - Commercial	300	0	0	0	0	0	0	0	0	0	0
UV - Rural Small Farms	300	11	42,602	3,300	0	0	3,300	0	0	0	0
UV - Rural	300	4	9,064	1,200	0	0	1,200	4,500	0	0	4,500
Sub-Totals		102	81,634	30,600	0	0	30,600	30,600	0	0	30,600
Specified Area Rates (refer note 23)							1,104,231				1,100,195
							0				0
Discounts (refer note 25)							1,104,231				1,100,195
Rating Concession							(72,297)				(62,000)
Rates Written Off							(15,654)				(15,000)
							(3,963)				(1,000)
Totals							1,012,317				1,022,195

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR

No Specified Area Rate was imposed for the year ended 30 June 2006.

24. SERVICE CHARGES - 2003/04 FINANCIAL YEAR

No Service Charge was imposed for the year ended 30 June 2006.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2005/06 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	7.5	72,297	62,000
Unimproved Rates	Concess.	25	15,654	15,000
			87,951	77,000
Rate Assessment	Write-Off		3,963	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 - 2005/06 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		1,913	2,000
Interest on Instalments Plan	5.5		988	750
Interest on Deferred Pensioners			872	100
Sub - total - interest			3,773	2,850
Charges on Instalment Plan		15	905	750
			4,678	3,600

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 2006

27. FEES & CHARGES	2006	2005
	\$	\$
Governance	1,275	214
General Purpose Funding	4,651	1,493
Law, Order, Public Safety	3,049	60
Health	342,757	321,999
Education & Welfare	2,000	1,816
Housing	28,781	30,609
Community Amenities	72,094	74,511
Recreation & Culture	22,021	24,258
Transport	11	180
Economic Services	35,003	18,709
Other Property & Services	29,539	36,277
	<u>541,181</u>	<u>510,126</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	1,124,906	1,089,984
Grants and Subsidies - non-operating	1,021,360	254,341
	<u>2,146,266</u>	<u>1,344,325</u>

By Program:

General Purpose Funding	1,005,687	975,138
Law, Order, Public Sector	34,200	28,000
Community Amenities	4,313	8,342
Recreation and Culture	5,010	9,580
Transport	1,093,734	323,265
Economic Services	3,322	0
Other Property & Services	0	0
	<u>2,146,266</u>	<u>1,344,325</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

29. COUNCILLORS' REMUNERATION	2006	2006	2005
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	22,800	27,850	19,425
Travelling Expenses	0	0	594
	<u>22,800</u>	<u>27,850</u>	<u>20,019</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	2006	2005
\$		
210,000 - 219,999	1	1

31. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

2006	2005
<u>24</u>	<u>24</u>

32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

33. MAJOR LAND TRANSACTIONS

There were no major land transactions for the year ended 30 June 2006.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2005/06 financial year.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

(a) Reconciliation of Equity at 1 July 2004

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

(b) Reconciliation of Equity at 30 June 2005

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

(c) Reconciliation of Net Result for the Year Ended 30 June 2005

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

(d) Explanation of Material Adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.