

SHIRE OF WAGIN



2005/2006 ANNUAL REPORT



Shire of Wagin

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Shire Statistics

Population	1,845
Number of Electors	1,310
Number of Dwellings	889
Distance from Perth (km)	227
Area (sq km)	1,950
Suburbs and Localities	Piesseville, Wagin
Library	Trent St, Wagin
Kindergarten	Johnston St, Wagin
Pre-school	Ranford St, Wagin
Secondary School	Ranford St, Wagin
Length of Sealed Roads (km)	260
Length of Unsealed Roads (km)	626
Rates Levied	\$1,181,110
Total Revenue	\$4,790,582
Council Employees	65

Tourist Attractions

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Corralyn Emu Farm, Norring Lake, Marrobbie Bird Place, Heritage Walk Trail, Puntapin Rock and Mount Latham

Local Industries

Wool, Grain, Engineering Manufacture, Seedworking and Pet Food Production

Significant Local Events

Wagin Woolorama — is held on the 2nd weekend in March each year, Australia Day Breakfast — in Wetlands Park, Foundation Day Celebration — at Wagin Historical Village includes Vintage Car Club Rally, Apex Christmas Street Carnival — December.

Cover Page

This photo is of a replica 1880's cottage displayed in the early settlers section of the Wagin Historical Village.

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GENERAL INFORMATION

Your Elected Members

The Shire of Wagin is a corporate body consisting of eleven elected Councillors. The Council members elect the Shire President and Deputy Shire President every two years.

The Shire of Wagin elected members as at 30th June 2006 are -

Cr MJ (Marilyn) Brockway — Shire President

Elected to office in 1997, Retiring 2009

- Finance & General Purposes Committee
- Telecentre Committee
- Stay on Your Feet Management Program
- Roadwise Committee
- LEMAC & Safer WA Committee
- Civic Awards Committee
- Audit Committee
- Wagin/Woodanilling Landcare Zone
- Economic Development Committee
- Land Conservation District Committee
- Health Building & Town Planning Committee
- Rural Towns Rescue Committee
- Swimming Pool Redevelopment Committee
- WALGA Central Zone
- Lakes Sub-Regional Road Group
- Landcare Project Management Committee

Cr RP (Raymond) Johnson — Deputy Shire President

Elected to office in 1999, Retiring 2007

- Works & Services Committee
- Finance & General Purposes Committee
- Sportsground Advisory Community Centre Management Committee
- WALGA Central Zone
- Woolorama Committee
- Lakes Sub-Regional Road Group
- Civic Awards Committee
- Audit Committee
- Economic Development Committee

Cr IC (Ian) Cumming

Elected to office in 1990, Retiring 2009

- Works & Services Committee
- Finance & General Purposes Committee
- Cottage Homes Committee
- School Bus Committee
- Audit Committee

Cr PJ (Phillip) Blight

Elected to office in 1992, Retiring 2007

- Finance & General Purposes Committee
- Rural Towns Rescue Committee
- Sportsground Advisory Community Centre Management Committee
- Audit Committee
- Telecentre Committee
- Land Conservation District Committee
- Lakes Sub-Regional Road Group (Proxy)

Cr EN (Ted) Pugh

Elected to office in 2003, Retiring 2007

- Works & Services Committee
- Finance & General Purposes Committee
- Swimming Pool Redevelopment Committee
- Cottage Homes Committee
- Roadwise Committee
- LEMAC & Safer WA Committee
- Audit Committee
- Rural Towns Rescue Committee
- Community Bus Committee

Cr KM (Keith) Draper

Elected to office in 2003, Retiring 2007

- Works & Services Committee
- Finance & General Purposes Committee
- Health, Building & Town Planning Committee
- Townscape & Tidy Towns Advisory Committee
- Swimming Pool Redevelopment Committee
- Sportsground Advisory Community Centre Management Committee
- Frail Aged Hostel Committee
- Economic Development Committee
- Audit Committee

Cr DK (Dean) Morgan

Elected to office in 2003, Retiring 2009

- Works & Services Committee
- Finance & General Purposes Committee
- Townscape & Tidy Towns Advisory Committee
- Rural Towns Rescue Committee
- Audit Committee
- Swimming Pool Redevelopment Committee
- Sportsground Advisory Community Centre Management Committee
- Bushfire Advisory Committee
- Economic Development Committee

Cr AC (Austin) Dohle

Elected to office in 2005, Retiring 2009

- Works & Services Committee
- Swimming Pool Redevelopment Committee
- Bushfire Advisory Committee
- Wagin/Woodanilling Landcare Zone

Cr JLC (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2009

- Works & Services Committee
- Health, Building & Town Planning Committee
- Swimming Pool Redevelopment Committee
- Economic Development Committee

Cr AP (Andrew) Scanlon

Elected to office in 2005, Retiring 2007

- Health, Building & Town Planning Committee
- Economic Development Committee
- Sportsground Advisory Community Centre Management Committee

Elections are normally held biennially on the third Saturday in October and are subject to electoral procedures as governed by the Local Government Act. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Council Meetings are generally held on the third Tuesday of each month except in January where no meeting is planned. All meetings commence at 7pm and are open to the public. Minutes of the meetings are available at the Council offices in Wagin, or by visiting our website www.wagin.wa.gov.au.

Management

Chief Executive Officer	Braden Fisher
Deputy Chief Executive Officer	Brian Roderick
Principal Environmental Health Officer & Building Surveyor	Steve Friend
Manager of Works	Allen Hicks
Recreation Centre Manager	Stuart Johansson
Auditor	UHY Haines Norton 16 Lakeside Corporate 24 Parkland Road Osborne Park WA 6017
Solicitor	Peter Marks Tudhoe St Wagin WA 6315
Bank	National Australia Bank Tudor St Wagin WA 6315

Presidents Report

I have pleasure in presenting to you my report for the 2005/06 financial year and Council's Annual Report for the same period.

Council's aim during the year has been to maintain and improve the facilities within the townsite and this included the provision of additional playground equipment at the Wetlands park, pool blankets for the 50m Swimming Pool, vermin proof fencing of the airstrip, and the construction of a gazebo at the Caravan Park. Two significant projects in the construction of a CEO's residence and renovations to the Administration centre were both put on hold pending further investigation.

Council again hosted a New Residents Reception in the Eric Farrow Pavilion in February 2006, this again proved to be a very popular and successful function with some sixty three people attending including thirty six new residents.

The Pederick Drive subdivision has proved to be very successful with Council selling all seven lots during the year. One lot remains which Council has decided to retain for its own building requirements. Already in motion is the release of the second stage of this subdivision with a further 6 lots being developed. This will be funded from the sale proceeds of stage one.

The Shire of Wagin remains in a strong financial position with solid reserve levels and long term plans either in place or being developed to help ensure high quality and affordable services and facilities are available for all resident and visitors.

Throughout the year Council has been represented by various Councillors and Community members on various committees. As volunteers devoting their time for the wellbeing of our community I thank them very much for their efforts and look forward to their continued support.

Council and I receive support from our staff and I would like to acknowledge the efforts of our Senior Management team over the past 12 months. I would also like to take this opportunity to thank my fellow Councillors for their support and for the time and effort they put in to representing the community.

Cr MJ Brockway
Shire President

Chief Executive Officer's Report

I have pleasure in presenting my report on the activities of the 2005/06 financial year.

Administration and Finance

The 2005/06 annual budget was adopted by Council at the July ordinary Council meeting with an increase in rate revenue of 4%. Minor changes were made to the rubbish collection charges and the minimum rate charge levied by Council. Council retained the option of offering a 5% discount for rates paid in full within 35 days of being issued and this proved popular, with over 70% of rates being collected during this period.

Staff

There have been a number of staff changes again this year and this always puts pressure on the existing staff. During the year Ian Fitzgerald (CEO) resigned, Denis Archer (Principal Environmental Health Officer / Building Surveyor) retired, and as the incumbent Deputy CEO I was appointed to the vacant position of CEO. Subsequently the Deputy CEO vacancy was then filled by Brian Roderick.

With extensive changes to the core Management of the Shire of Wagin it has been very demanding at times to continue to deliver quality services to our community. I would personally like to thank Council for their support and the staff for their commitment during these times.

Loans

During 2005/06 Council did not raise any new loans. The outstanding principal on all loans as at 30 June 2006 was \$365,306.

Reserve Accounts

The overall balance of our reserve accounts as at 30th June 2006 was \$582,473 as compared to \$525,196 at the same time in 2005. The major change was in the Recreation and Development Reserve with funds set aside for future redevelopment of the Wagin Swimming Pool.

Health Building and Town Planning

This financial year a total of 40 building licenses with a value of \$952,929 were issued including licenses for 3 new residences. Council also dealt with a number of applications for planning approval and worked through a review of their Town Planning Scheme for the district.

The Principal Environmental Health Officer conducted periodic inspections of food premises and continued a program of submitting random food products for testing as well as conducting a water sampling program.

Council conducted a successful DrumMuster collection for used chemical drums and this program continues to be well supported by the community.

Works and Services

The Manager of Works and his staff again carried out another successful works program in 2005/2006.

Some of the projects completed during the year included:

- rural tree pruning program using a mulching head machine
- continued surface corrections and widening on Ballagin Road
- various upgrade work on Beaufort, Jaloran, Bullock Hills, Rowells, Warup West, Spriggs Fraser and Boyalling Road.
- construction of footpaths in Khedive and Upland Streets
- drainage and asphalt work at the Wagin Recreation Complex
- reseal of a number of town streets

Major plant purchases during the year were a new Case backhoe, Isuzu six tonne truck and John Deere tractor. A number of light vehicles were upgraded during the year.

Freedom of Information

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2005/06 no applications were received for information under the terms of this legislation.

Wagin Medical Centre

Council continued its direct management of the Wagin Medical Centre, this included the recruitment of Dr Reg Bullen following the departure of Dr Chris Lewis. A wide range of services are provided at the Medical Centre and Council is very appreciative of the commitment by the staff in delivering this essential service to our community.

National Competition Policy

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest.

A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for competitive neutrality requirements.

Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed the conclusions of those reviews and a forward strategy for all local laws still to be reviewed.

No new Local Laws were created in 2005/2006 or any existing Local Laws reviewed.

Structural Reform

The Shire of Wagin did not privatise any activities in 2005/06 consequently there were no obligations to report in this area.

Conclusion

I would like to take this opportunity to acknowledge the support that I have received from the Shire President Cr Marilyn Brockway and Council. It is a pleasure to work with a group of volunteers that are dedicated to the current and future wellbeing of the Shire of Wagin.

Braden Fisher
Chief Executive Officer

Disability Services Plan

It is a requirement under section 29m (2) of the Disabilities Services Act 1993 to report on the following outcomes in Council's approach to assisting disabled people.

Outcome 1: Existing functions, facilities and services are adopted to meet the needs of people with disabilities.

Council continued its policy of taking into consideration the needs of people with disabilities wherever practical.

Outcome 2: Access to buildings and facilities are improved.

During 2005/06 Council constructed a dual use path along Khedive and Upland Streets.

Outcome 3: Information about functions, facilities and services is provided in formats which will meet the communications requirements of people with disabilities.

Council is mindful of the need to keep outgoing information in an easy to understand manner for all its residents and visitors.

Outcome 4: Staff awareness of the needs of people with disabilities and skills in delivering advice and services are improved.

Staff at the Shire of Wagin are aware of the need to provide appropriate services and advice to people within disabilities.

Outcome 5: Opportunities for people with disabilities to participate in public consultation grievance mechanisms and decision making processes are provided.

Access is available for people with disabilities at the recreation centre, town hall and Council Chambers where public meetings, forums, elections and Council Meetings are held.

State Records Act 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report.

The Shire of Wagin Recordkeeping Plan was endorsed by the Commission during 2003/04. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2005/06.

Council's Executive Assistant is delegated the task of maintaining the filing and record system of the shire and attends appropriate training courses and seminars to help build skills and knowledge of this function.

Plan for the Future

In 2005/06 the Shire of Wagin formally adopted a 10 year plan for the future of the district. This process was conducted with community consultation to assist in identifying the future needs of our community.

A review of the plan for the future will be completed in 2007/08.

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

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

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Wagin being the annual financial report and other information for the financial year ended 30th June 2006 are in my opinion properly drawn up to present fairly the financial position of the Shire of Wagin at 30th June 2006 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 29th day of September 2006.



Braden Fisher
Chief Executive Officer

Shire of Wagin
Annual Report 2005/2006

SHIRE OF WAGIN
INCOME STATEMENT
BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	21	1,181,110	1,180,013	1,131,730
Grants and Subsidies	27	2,117,644	1,650,808	1,368,256
Contributions Reimbursements and Donations		299,269	336,393	273,746
Fees and Charges	26	627,528	651,270	239,862
Interest Earnings	2(a)	70,665	56,650	60,850
Other Revenue		297,602	124,758	579,972
		<u>4,593,818</u>	<u>3,999,892</u>	<u>3,654,416</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(1,972,369)	(1,924,605)	(1,814,914)
Materials and Contracts		(99,601)	(1,186,324)	(389,771)
Utilities		(74,870)	(184,800)	(92,142)
Depreciation	2(a)	(896,374)	(831,288)	(839,874)
Interest Expenses	2(a)	(24,871)	(24,928)	(19,535)
Insurance		(69,916)	(78,752)	(84,026)
Other Expenditure		(1,208,189)	(171,835)	(843,221)
		<u>(4,346,190)</u>	<u>(4,402,532)</u>	<u>(4,083,483)</u>
		247,628	(402,640)	(429,067)
Grants and Subsidies - non-operating	28	146,200	147,897	680,196
Profit on Asset Disposals	19	50,564	43,955	13,042
Loss on Asset Disposals	19	<u>(42,162)</u>	<u>(14,500)</u>	<u>(34,695)</u>
NET RESULT		<u>402,230</u>	<u>(225,288)</u>	<u>229,476</u>

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

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SHIRE OF WAGIN
INCOME STATEMENT
BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2006

NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES			
Governance	4,319	8,500	37,990
General Purpose Funding	2,218,074	2,190,183	2,068,385
Law, Order, Public Safety	33,973	31,950	141,220
Health	42,086	40,770	37,876
Education and Welfare	262,307	298,500	274,154
Community Amenities	135,829	137,200	133,965
Recreation and Culture	48,662	58,250	433,834
Transport	702,750	480,681	400,243
Economic Services	591,665	277,780	259,164
Other Property and Services	750,917	662,430	560,822
2 (a)	<u>4,790,582</u>	<u>4,186,244</u>	<u>4,347,653</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE			
Governance	(209,953)	(228,231)	(301,483)
General Purpose Funding	(219,106)	(214,281)	(259,193)
Law, Order, Public Safety	(91,113)	(95,670)	(53,612)
Health	(110,368)	(142,077)	(132,553)
Education and Welfare	(326,467)	(367,546)	(297,349)
Community Amenities	(176,900)	(220,267)	(153,636)
Recreation & Culture	(540,012)	(522,734)	(560,873)
Transport	(1,282,281)	(1,260,778)	(1,193,651)
Economic Services	(565,757)	(536,944)	(472,634)
Other Property and Services	(822,405)	(778,713)	(673,657)
2 (a)	<u>(4,344,362)</u>	<u>(4,367,241)</u>	<u>(4,098,642)</u>
BORROWING COSTS EXPENSE			
Governance	0	0	(353)
Health	(17,008)	(17,008)	(11,311)
Community Amenities	(6,000)	(6,000)	0
Recreation & Culture	(20,982)	(21,283)	(4,633)
Other Property & Services	0	0	(3,238)
2 (a)	<u>(43,990)</u>	<u>(44,291)</u>	<u>(19,535)</u>
NET RESULT	<u>402,230</u>	<u>(225,288)</u>	<u>229,476</u>

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

Shire of Wagin
Annual Report 2005/2006

SHIRE OF WAGIN
BALANCE SHEET
AS AT 30TH JUNE 2006

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	988,804	774,856
Trade and Other Receivables	4	456,759	320,315
Inventories	5	46,868	25,083
TOTAL CURRENT ASSETS		<u>1,492,431</u>	<u>1,120,254</u>
NON-CURRENT ASSETS			
Other Receivables	4	98,177	119,431
Property, Plant and Equipment	6	5,822,572	5,817,620
Infrastructure	7	16,101,954	16,193,613
TOTAL NON-CURRENT ASSETS		<u>22,022,703</u>	<u>22,130,664</u>
TOTAL ASSETS		<u>23,515,134</u>	<u>23,250,918</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	257,507	303,305
Long Term Borrowings	9	46,811	44,291
Provisions	10	140,006	181,817
TOTAL CURRENT LIABILITIES		<u>444,324</u>	<u>529,413</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	318,495	365,306
Provisions	10	124,542	130,656
TOTAL NON-CURRENT LIABILITIES		<u>443,037</u>	<u>495,962</u>
TOTAL LIABILITIES		<u>887,361</u>	<u>1,025,375</u>
NET ASSETS		<u>22,627,773</u>	<u>22,225,543</u>
EQUITY			
Retained Surplus		22,045,300	21,700,347
Reserves - Cash Backed	11	582,473	525,196
TOTAL EQUITY		<u>22,627,773</u>	<u>22,225,543</u>

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

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SHIRE OF WAGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2005 \$
RETAINED SURPLUS			
Balance as at 1 July 2005		21,700,347	21,432,473
Net Result		402,230	229,476
Transfer from/(to) Reserves		<u>(57,277)</u>	<u>38,398</u>
Balance as at 30 June 2006		<u>22,045,300</u>	<u>21,700,347</u>
 RESERVES - CASH BACKED			
Balance as at 1 July 2005		525,196	563,594
Amount Transferred (to)/from Retained Surplus		<u>57,277</u>	<u>(38,398)</u>
Balance as at 30 June 2006	11	<u>582,473</u>	<u>525,196</u>
TOTAL EQUITY		<u>22,627,773</u>	<u>22,225,543</u>

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

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SHIRE OF WAGIN
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,181,110	1,231,571	1,121,338
Grants and Subsidies - operating		2,117,644	1,650,808	1,368,256
Contributions, Reimbursements & Donations		299,269	336,393	273,746
Fees and Charges		500,187	651,270	239,862
Interest Earnings		70,665	20,650	60,850
Goods and Services Tax		188,372	250,000	315,856
Other		298,647	109,200	446,863
		<u>4,655,894</u>	<u>4,249,892</u>	<u>3,826,771</u>
Payments				
Employee Costs		(2,020,294)	(1,924,605)	(1,760,222)
Materials and Contracts		(167,184)	(1,186,324)	(219,131)
Utilities (gas, electricity, water, etc)		(74,870)	(184,800)	(92,142)
Insurance		(69,916)	(78,752)	(84,028)
Interest		(24,871)	(25,128)	(19,428)
Goods and Services Tax		(200,693)	(250,000)	(315,856)
Other		(1,208,189)	(200,963)	(666,959)
		<u>(3,766,017)</u>	<u>(3,850,572)</u>	<u>(3,157,764)</u>
Net Cash Provided By (Used In)				
Operating Activities	12(b)	<u>889,877</u>	<u>399,320</u>	<u>669,007</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	(225,000)	0
Payments for Purchase of Property, Plant & Equipment		(832,323)	(1,654,221)	(1,344,668)
Payments for Construction of Infrastructure		(407,536)	(427,035)	(436,963)
Grants/Contributions for the Development of Assets		146,200	147,897	680,196
Proceeds from Sale of Land & Buildings		18,000	0	16,000
Plant & Equipment		420,595	472,455	377,297
		<u>(655,064)</u>	<u>(1,685,904)</u>	<u>(708,138)</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(655,064)</u>	<u>(1,685,904)</u>	<u>(708,138)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(44,291)	44,291	(41,707)
Proceeds from Self Supporting Loans		23,426	29,097	(42,929)
Proceeds from New Debentures		0	775,000	205,000
		<u>(20,865)</u>	<u>848,388</u>	<u>120,364</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>(20,865)</u>	<u>848,388</u>	<u>120,364</u>
Net Increase (Decrease) in Cash Held		213,948	(438,196)	81,233
Cash at Beginning of Year		774,856	726,315	693,623
Cash at End of Year	12(a)	<u>988,804</u>	<u>288,119</u>	<u>774,856</u>

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

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SHIRE OF WAGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$
REVENUES			
Governance		4,319	8,500
General Purpose Funding		1,036,964	1,010,170
Law, Order, Public Safety		33,974	31,950
Health		42,086	40,770
Education and Welfare		262,307	298,500
Community Amenities		135,829	137,200
Recreation and Culture		48,662	61,750
Transport		702,749	482,681
Economic Services		591,665	277,780
Other Property and Services		750,917	662,430
		<u>3,609,472</u>	<u>3,011,731</u>
EXPENSES			
Governance		(209,953)	(228,231)
General Purpose Funding		(219,106)	(214,281)
Law, Order, Public Safety		(91,113)	(95,670)
Health		(127,376)	(159,085)
Education and Welfare		(326,467)	(367,546)
Community Amenities		(182,900)	(226,267)
Recreation & Culture		(560,994)	(547,517)
Transport		(1,282,281)	(1,262,778)
Economic Services		(565,757)	(536,944)
Other Property and Services		(822,405)	(748,375)
		<u>(4,388,352)</u>	<u>(4,386,694)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(8,402)	(29,455)
Movement in Accrued Interest		(757)	0
Movement in Accrued Salaries and Wages		2,622	0
Movement in Employee Provisions		(47,925)	0
Depreciation on Assets		896,374	831,288
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	(225,000)
Purchase Land and Buildings		(64,321)	(733,826)
Purchase Infrastructure Assets - Roads		(407,536)	(427,035)
Purchase Plant and Equipment		(706,695)	(831,245)
Purchase Furniture and Equipment		(61,307)	(89,150)
Proceeds from Disposal of Assets		438,595	472,455
Repayment of Debentures		(44,291)	(69,219)
Proceeds from New Debentures		0	775,000
Self-Supporting Loan Principal Income		23,426	23,426
Transfers to Reserves (Restricted Assets)		(97,277)	(103,689)
Transfers from Reserves (Restricted Assets)		40,000	257,400
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		300,671	344,000
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		665,407	0
Amount Req'd to be Raised from Rates	21	<u><u>(1,181,110)</u></u>	<u><u>(1,180,013)</u></u>

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

SHIRE OF WAGIN
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, the Local Government Act 1995 (as amended) and accompanying regulations (as amended). He 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 WAGIN
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 Balance Sheet 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.

SHIRE OF WAGIN
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 Income 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 separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

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

Buildings	40 years
Furniture and Office Equipment	10 years
Computer and Electronic Equipment	4 years
Plant and Equipment	
- Construction Plant (Graders, FE Loaders, Tractors, & Rollers)	10 years
- Trucks	5 years
- Sedans	1 years
- Other Plant and Equipment	10 years
Infrastructure Assets	
- Roads	30 years
- Footpaths and Walkways - Slabs	20 years
- Insitu concrete	40 years
- Bitumen	50 years
- Pavers	40 years
- Drainage - below ground	60 years
- off road	20 years
- Pedestrian bridges (wood)	20 years
- Vehicle bridges and culverts (wood)	20 years

The following infrastructure assets are not depreciated due to the high ongoing cost of maintenance;

- Parks and playing field surfaces
- Reticulation systems
- Drainage reserves

The following infrastructure assets are not capitalised owing to their cost being immaterial;

- Street Furniture
- Pedestrian / Bus shelters
- Street signs

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(h) Investments

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

(i) 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.

(j) 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 15.

(k) 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.

SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) Superannuation

The Shire of Wagin contributes to complying Superannuation Schemes. These funds are defined contribution schemes.

(n) 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 20(e).

(o) 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 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.

(p) Fair Value

The 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 fair value have not been written down as the Council intends to hold these assets to maturity.

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

(q) Rounding Off Figures

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

(r) Comparative Figures

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

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

2. REVENUES AND EXPENSES	2006	2005	
	\$	\$	
(a) Result from Ordinary Activities			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit	7,070	5,500	
- Other Services	500	0	
Depreciation			
Buildings	105,163	96,138	
Furniture and Equipment	48,422	31,367	
Plant and Equipment	242,576	223,038	
Infrastructure	499,195	488,248	
Tools	1,018	1,083	
	<u>896,374</u>	<u>839,874</u>	
Interest Expenses			
Debentures (refer Note 20(a))	<u>24,871</u>	<u>19,535</u>	
	<u>24,871</u>	<u>19,535</u>	
(ii) Crediting as Revenue:			
	2006	2006	2005
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	25,508	29,000	29,694
- Other Funds	36,518	20,650	23,325
Other Interest Revenue (refer note 25)	<u>8,639</u>	<u>7,000</u>	<u>7,831</u>
	<u>70,665</u>	<u>56,650</u>	<u>60,850</u>

SHIRE OF WAGIN

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 Wagin is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

Governance

Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.

General Purpose Funding

Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.

Law, Order, Public Safety

Includes costs associated with fire prevention and control, control of dogs and other animals, abandoned vehicles and supervision of associated local laws.

Health

Includes costs associated with maternal and infant health, analytical expenses ie water sampling, the running of the Regional Health Scheme together with the Shires of Dumbleyung and Woodanilling, pest control ie mosquitoes and the running costs of the Wagin Medical Centre.

Education and Welfare

Includes costs associated with the running of the Wagin Pre-School, maintenance of the Wagin District High School oval, the running of the Wagin Home and Community Care Program, including Community Aged Care Packages and Wagin Frail Aged Lodge.

Community Amenities

Includes provision for the collection and disposal of residential, commercial and industrial refuse, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.

Recreation and Culture

Includes costs associated with public halls, the Wagin Memorial Swimming Centre, sportsground maintenance and sportsground buildings maintenance, the provision of library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.

Transport

Includes upgrading, constructing, sealing, resealing and ongoing maintenance costs associated with roads, footpaths and parking facilities, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.

Economic Services

Includes control of declared flora and fauna, works associated with Council's inclusion as part of the Rural Town's programme, LCDC projects, tourism and area promotion, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.

Other Property and Services

Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside work crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.

SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. REVENUES AND EXPENSES (Continued)

	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).		
Community Aged Care Packages (Education & Welfare)	32,857	36,653
FACS Small Equipment (Economic Services)	0	1,213
Envirofund Projects (Economic Services)	37,630	69,312
Crime Prevention Grant	6,200	0
Integrated Catchment Management Fund (Economic Services)	4,950	0
	81,637	107,178
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Community Aged Care Packages (Education & Welfare)	9,957	15,588
Envirofund Projects (Economic Services)	49,794	48,833
Integrated Catchment Management Fund (Economic Services)	94,003	4,950
Crime Prevention Grant	0	6,200
Roads To Recovery	223,297	0
Raising Bed Furrows (Economic Services)	16,630	0
SWCC Weed Management Project (Economic Services)	1,133	0
Farms Vision Monitoring (Economic Services)	15,000	0
Small Land Holders Field Day (Economic Services)	376	0
Red Tailed Phascogale (Economic Services)	4,205	0
SIF Analysis Grant (Economic Services)	63,340	0
Revege of Beckwith (Economic Services)	1,260	0
	478,995	75,571

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

2. REVENUES AND EXPENSES (Continued)

	2006	2005
	\$	\$
(c) Conditions Over Contributions (Continued)		
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.		
Community Aged Care Packages (Education & Welfare)	32,857	30,587
FACS Small Equipment (Economic Services))	0	1,213
Envirofund Projects (Economic Services)	37,630	69,312
HVPA (Economic Services)	4,950	0
	75,437	101,112
Closing balances of unexpended grants	485,195	81,637
Comprises:		
Community Aged Care Packages (Education & Welfare)	9,957	32,857
Envirofund Projects (Economic Services)	49,794	37,630
Integrated Catchment Management Fund (Economic Services)	94,003	4,950
Crime Prevention Grant	6,200	6,200
Roads To Recovery (Transport)	223,297	0
Raising Bed Furrows (Economic Services)	16,630	0
SWCC Weed Management Project (Economic Services)	1,133	0
Farms Vision Monitoring (Economic Services)	15,000	0
Small Land Holders Field Day (Economic Services)	376	0
Red Tailed Phascogale (Economic Services)	4,205	0
SIF Analysis Grant (Economic Services)	63,340	0
Revege of Beckwith (Economic Services)	1,280	0
	485,195	81,637

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand-Municipal	406,331	249,660
Restricted	582,473	525,196
	<u>988,804</u>	<u>774,856</u>
The following is a reconciliation of the municipal funds above:		
Municipal Cash at Bank - Unrestricted	(78,864)	168,023
Municipal Cash at Bank - Restricted	485,195	81,637
	<u>406,331</u>	<u>249,660</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	124,909	119,254
Plant Reserve	62,929	69,195
Municipal Buildings Reserve	157,343	150,118
Recreation & Development Reserve	117,682	79,126
Administration Centre Furniture & Equipment Reserve	24,354	23,153
Recreation Centre Equipment Reserve	12,235	9,961
Aerodrome Maintenance & Development Reserve	1,097	1,014
Land Development Reserve	23,995	22,893
Community Bus Reserve	24,032	18,197
HACC Plant & Leave Reserve	33,897	32,285
	<u>582,473</u>	<u>525,196</u>
Other:		
Municipal Cash at Bank - Restricted:		
Unspent Grants - refer note 2(c)	<u>485,195</u>	<u>81,637</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	74,870	76,481
Sundry Debtors	388,677	234,778
GST Receivable	16,434	29,021
Self Supporting Loans	24,472	23,426
Provision for Doubtful Debts	(47,694)	(43,391)
	<u>456,759</u>	<u>320,315</u>
Non-Current		
Rates Outstanding - Pensioners	27,697	24,479
Loans - Clubs/Institutions	70,480	94,952
	<u>98,177</u>	<u>119,431</u>
5. INVENTORIES		
Current		
Fuel and Materials	46,868	25,083
	<u>46,868</u>	<u>25,083</u>

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

	2006	2005
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	4,889,345	4,848,150
Less Accumulated Depreciation	<u>(1,127,096)</u>	<u>(1,021,934)</u>
	3,762,249	3,826,216
Furniture and Equipment - Cost	659,583	598,275
Less Accumulated Depreciation	<u>(342,791)</u>	<u>(294,933)</u>
	316,792	303,342
Plant and Equipment - Cost	2,552,213	2,466,232
Less Accumulated Depreciation	<u>(813,817)</u>	<u>(784,322)</u>
	1,738,396	1,681,910
Tools - Cost	11,355	11,355
Less Accumulated Depreciation	<u>(6,220)</u>	<u>(5,202)</u>
	5,135	6,153
	<u>5,822,572</u>	<u>5,817,620</u>

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

SHIRE OF WAGIN
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.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Tools \$	Total \$
Balance as at 1 July 2005	3,826,216	303,342	1,681,910	6,153	5,817,621
Additions	64,321	61,307	706,695	0	832,323
(Disposals)	(23,125)	0	(407,068)	0	(430,193)
Depreciation (Expense)	(105,163)	(47,857)	(243,141)	(1,018)	(397,179)
Balance as at 30 June 2006	<u>3,762,249</u>	<u>316,792</u>	<u>1,738,396</u>	<u>5,135</u>	<u>5,822,572</u>

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

	2006	2005
	\$	\$
7. INFRASTRUCTURE		
Infrastructure - Cost	20,374,890	19,967,354
Less Accumulated Depreciation	<u>(4,272,936)</u>	<u>(3,773,741)</u>
	<u>16,101,954</u>	<u>16,193,613</u>
	<u>16,101,954</u>	<u>16,193,613</u>

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

SHIRE OF WAGIN
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.

	Infrastructure \$
Balance as at 1 July 2005	16,193,613
Additions	407,536
Depreciation (Expense)	(499,195)
Balance as at 30 June 2006	<u>16,101,954</u>

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SHIRE OF WAGIN
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	247,777	295,440
Accrued Interest on Debentures	3,257	4,014
Accrued Salaries and Wages	6,473	3,851
	<u>257,507</u>	<u>303,305</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>46,811</u>	<u>44,291</u>
Non-Current		
Secured by Floating Charge Debentures	<u>318,495</u>	<u>365,306</u>
Additional detail on borrowings is provided in Note 20.		
10. PROVISIONS		
Current		
Provision for Annual Leave	95,080	131,907
Provision for Long Service Leave	44,926	49,910
	<u>140,006</u>	<u>181,817</u>
Non-Current		
Provision for Annual Leave	21,335	38,032
Provision for Long Service Leave	103,207	92,624
	<u>124,542</u>	<u>130,656</u>

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SHIRE OF WAGIN

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) Leave Reserve			
Opening Balance	119,254	118,833	89,444
Amount Set Aside / Transfer to Reserve	5,655	6,417	29,810
Amount Used / Transfer from Reserve	0	(12,400)	0
	<u>124,909</u>	<u>112,850</u>	<u>119,254</u>
(b) Plant Reserve			
Opening Balance	69,195	68,348	179,726
Amount Set Aside / Transfer to Reserve	3,734	3,691	9,469
Amount Used / Transfer from Reserve	(10,000)	(50,000)	(120,000)
	<u>62,929</u>	<u>22,039</u>	<u>69,195</u>
(c) Municipal Buildings Reserve			
Opening Balance	150,118	149,446	142,604
Amount Set Aside / Transfer to Reserve	7,225	8,070	7,514
Amount Used / Transfer from Reserve	0	(120,000)	0
	<u>157,343</u>	<u>37,516</u>	<u>150,118</u>
(d) Recreation & Development Reserve			
Opening Balance	79,126	79,108	3,919
Amount Set Aside / Transfer to Reserve	68,556	69,272	75,207
Amount Used / Transfer from Reserve	(30,000)	(30,000)	0
	<u>117,682</u>	<u>118,380</u>	<u>79,126</u>
(e) Administration Centre Furniture & Equipment Reserve			
Opening Balance	23,153	22,935	46,408
Amount Set Aside / Transfer to Reserve	1,201	1,238	2,445
Amount Used / Transfer from Reserve	0	(20,000)	(25,700)
	<u>24,354</u>	<u>4,173</u>	<u>23,153</u>
(f) Recreation Centre Equipment Reserve			
Opening Balance	9,961	9,925	7,753
Amount Set Aside / Transfer to Reserve	2,274	2,336	2,208
Amount Used / Transfer from Reserve	0	(11,000)	0
	<u>12,235</u>	<u>1,261</u>	<u>9,961</u>
(g) Aerodrome Maintenance & Development Reserve			
Opening Balance	1,014	965	10,463
Amount Set Aside / Transfer to Reserve	83	5,052	551
Amount Used / Transfer from Reserve	0	0	(10,000)
	<u>1,097</u>	<u>6,017</u>	<u>1,014</u>

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

11. RESERVES - CASH BACKED (Continued)

	2006 \$	2006 Budget \$	2005 \$
(h) Land Development Reserve			
Opening Balance	22,893	22,790	21,748
Amount Set Aside / Transfer to Reserve	1,102	1,231	1,145
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>23,995</u>	<u>24,021</u>	<u>22,893</u>
(i) Community Bus Reserve			
Opening Balance	18,197	18,130	14,255
Amount Set Aside / Transfer to Reserve	5,835	3,707	3,942
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>24,032</u>	<u>21,837</u>	<u>18,197</u>
(j) HACC Plant & Leave Reserve			
Opening Balance	32,285	49,542	47,274
Amount Set Aside / Transfer to Reserve	1,612	2,675	2,491
Amount Used / Transfer from Reserve	<u>0</u>	<u>(14,000)</u>	<u>(17,480)</u>
	<u>33,897</u>	<u>38,217</u>	<u>32,285</u>
TOTAL CASH BACKED RESERVES	<u>582,473</u>	<u>386,311</u>	<u>525,196</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:

Leave Reserve

The purpose of Council's Leave Reserve Account is to provide provisions to meet Council's Long Service Leave and Accrued Annual Leave liabilities so as to minimise the effect on Council's budget from year to year.

Plant Reserve

The purpose of the Plant reserve account is to provide funds for the ongoing replacement and upgrading of motor vehicles, heavy machinery, light machinery and other equipment necessary in the performance of Council's core functions.

Municipal Buildings Reserve

The purpose of the Municipal Buildings Reserve is to provide funds for the upgrading, renovating or restoration of existing Council owned buildings and the construction of new Council owned buildings, including fences and Council houses.

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

11. RESERVES (Continued)

Recreation & Development Reserve

The purpose of the Recreation & Development Reserve is to provide funds for the expansion, upgrading and development of Council's Recreation facilities. This includes the upgrading of water supplies and the like for recreation areas within the Shire of Wagin.

Administration Centre Furniture & Equipment Reserve

The purpose of this Reserve is to provide for the purchase of furniture, fittings and equipment with the Council's entire administration building.

Recreation Centre Equipment Reserve

The purpose of the Recreation Centre Equipment Reserve is to provide funds for the purchase of additional or replacement equipment utilised at the Wagin Community Recreation Centre including the upgrading or replacement of fixtures and fittings.

Aerodrome Maintenance & Development Reserve

The purpose of this Reserve is to provide for major maintenance type works (eg resealing of apron area, replacing lights etc) and development type work (such as reconstruction runways, sealing roadways, upgrading buildings, fences etc) at the Wagin Airstrip.

Land Development Reserve

The purpose of this Reserve is to provide funds for the development of land within the Wagin Shire for the benefit of residents and the good Government of the local authority, as determined by Council. This includes the purchase, subdivision and development of land for industrial, residential, commercial and other purposes, as the need arises and as Council sees fit.

Community Bus Reserve

The purpose of this Reserve is to provide funds to allow for the maintenance, upgrade and changeover of the Wagin Community Bus as required from time to time.

HACC Pant & Leave Reserve

The purpose of this Reserve is to provide provisions to meet the HACC long service leave and accrued annual leave liabilities so as to minimise the effect on the HACC budget from year to year and to provide for the replacement of vehicles, should grant monies not be provided or are insufficient to meet requirements.

No Council Reserves will be fully utilised in the 2006/2007 financial year.

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

12. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, 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 statement of financial position as follows:

	2006 \$	2006 Budget \$	2005 \$
Cash and Cash Equivalents	<u>988,804</u>	<u>288,119</u>	<u>774,856</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	402,230	(225,288)	229,476
Depreciation	896,374	831,288	839,874
(Increase)/Decrease in Receivables	(138,617)	184,526	32,761
(Profit)/Loss on Sale of Asset	(8,402)	(29,455)	21,653
(Increase)/Decrease in Inventories	(21,785)	8,598	8,515
Increase/(Decrease) in Payables	(45,798)	(133,609)	140,187
Increase/(Decrease) in Employee Provisions	(47,925)	(88,843)	76,737
Grants/Contributions for the Development of Assets	(146,200)	(147,897)	(680,196)
Net Cash from Operating Activities	<u>889,877</u>	<u>399,320</u>	<u>669,007</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		0
Credit Card limit	13,000		15,000
Credit Card Balance at Balance Date	(603)		(1,477)
Total Amount of Credit Unused	<u>12,397</u>		<u>13,523</u>

Loan Facilities

Loan Facilities - Current	46,811		44,291
Loan Facilities - Non-Current	318,495		365,306
Total Facilities in Use at Balance Date	<u>365,306</u>		<u>409,597</u>

Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>
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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

13. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

Council has no Finance Leases of Hire Purchase Commitments at 30th June 2006

(b) Operating Lease Commitments

Council has no Operating Lease Commitments at 30th June 2006

(c) Capital Expenditure Commitments

Council has no Capital Expenditure Commitments at 30th June 2006

14. CONTINGENT LIABILITIES

Council has no Contingent Liabilities as at 30th June 2006

15. JOINT VENTURE

The Shire together with the Shires of West Arthur and Williams have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service.

	2006	2005
	\$	\$
16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	487,465	521,850
Law, Order, Public Safety	109,542	129,177
Health	485,479	560,454
Education and Welfare	204,290	247,214
Community Amenities	79,305	88,514
Recreation and Culture	2,504,084	2,920,269
Transport	17,293,642	17,413,836
Economic Services	116,938	129,919
Unallocated	2,234,389	1,239,685
	<u>23,515,134</u>	<u>23,250,918</u>

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

17. FINANCIAL RATIOS	2006	2005	2004
Current Ratio	2.86	1.25	1.75
Untied Cash to Trade Creditors Ratio	1.64	0.57	0.17
Debt Ratio	0.04	0.04	0.03
Debt Service Ratio	0.01	0.02	0.01
Gross Debt to Revenue Ratio	0.08	0.09	0.06
Gross Debt to Economically Realisable Assets Ratio	0.01	0.06	0.04
Rate Coverage Ratio	0.24	0.26	0.18
Outstanding Rates Ratio	0.06	0.08	0.08

The above rates are calculated as follows:

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

Shire of Wagin
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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

18. 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 \$
Deposits - Town Hall	625	1,750	(1,350)	1,025
Deposits - Community Bus	100	2,400	(2,200)	300
Deposits - Rec Centre	50	1,750	(1,550)	250
Deposits - Animal Trap	0	50	(50)	0
BCITF	155	1,373	(1,373)	155
BRB	150	1,190	(1,054)	286
Pre Paid Rates	752	5,660	(5,030)	1,382
Other Deposits	500	7,534	(334)	7,700
Unclaimed Money	1,452	0	(53)	1,399
Licensing Takings	8,167	6,830	(8,167)	6,830
	<u>11,951</u>			<u>19,327</u>

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

19. DISPOSALS OF ASSETS - 2005/06 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land						
Other Property & Services						
Lot 61 Pederick Drive	23,125	0	18,000	0	(5,125)	0
Plant & Equipment						
Governance						
Fairmont Sedan W.001	28,283	22,000	28,790	24,000	507	2,000
Fairlane Sedan W.1	33,740	31,500	33,323	33,000	(417)	1,500
Falcon Sedan W.001	23,005	22,000	23,045	24,000	40	2,000
Ford Fairlane Sedan W.1	35,697	32,500	35,093	33,000	(604)	500
Ford Fairlane Sedan W.1	0	32,500	0	34,000	0	1,500
Health						
Fairmont Sedan W.1479	26,659	26,000	28,276	27,000	1,617	1,000
Falcon Sedan W.401	23,139	22,000	23,075	24,000	(64)	2,000
Ford Fairmont Sedan W.1479	26,347	26,000	25,489	27,000	(858)	1,000
Falcon Sedan W.401	21,877	22,000	18,182	24,000	(3,695)	2,000
Education & Welfare						
Falcon Sedan W.468	21,046	20,500	22,670	24,000	1,624	3,500
Recreation & Culture						
Gianni Ferrari Mower	40,946	41,000	17,000	30,000	(23,946)	(11,000)
Mitsubishi Triton Utility W.1001	13,411	13,500	9,545	12,000	(3,866)	(1,500)
Holden Rodeo Utility W.1007	6,139	6,500	8,000	10,000	1,861	3,500
Economic Services						
Holden Rodeo Dual Cabb W.1044	16,277	0	13,636	0	(2,641)	0
Transport						
Ford Courier W.1008	22,614	25,000	21,668	27,000	(946)	2,000
Ford Courier W.1008	0	25,000	0	27,000	0	2,000
Mitsubishi Canter W.676	12,271	12,000	15,455	15,455	3,184	3,455
John Deere Tractor W.8443	6,449	7,000	20,490	5,000	14,041	(2,000)
Mitsubishi 6 Tonne Truck	22,953	26,000	35,494	30,000	12,541	4,000
Agrizzi Road Broom	0	0	1,364	2,000	1,364	2,000
Case Backhoe/Loader	26,215	30,000	40,000	40,000	13,785	10,000
	430,193	443,000	438,595	472,455	8,402	29,455

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

20. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal	New	Principal		Principal		Interest	
	1-Jul-05	Loans	Repayments	30-Jun-06	Repayments	Actual	Budget	Actual
	\$	\$	Actual	Budget	Actual	Budget	\$	\$
124 Medical Centre	148,059	0	17,008	17,008	131,051	131,051	10,170	10,170
126 Wagin Bowling Club ***	40,378	0	3,710	3,710	36,668	36,367	2,268	2,290
127 Frail Aged Lodge ***	18,000	0	6,000	6,000	12,000	12,000	0	0
128 Wagin Agricultural Society ***	60,000	0	13,716	13,716	46,284	46,284	3,346	3,381
131 Wagin Recreation Centre	143,160	0	3,857	3,357	139,303	139,303	9,087	9,087
	409,597	0	44,291	44,291	365,306	365,005	24,871	24,928

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

(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	
	\$	\$				\$	%	\$	\$	\$
129 CEO Residence	0	300,000	Unknown	Debenture	0	0	0	0	0	0
130 Admin Centre	0	250,000	Unknown	Debenture	0	0	0	0	0	0
132 LIA Development	0	225,000	Unknown	Debenture	0	0	0	0	0	0

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

20. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

There were no unspent Loan Debenture Funds as at 30th June 2006.

(d) Overdraft

Council did not use a overdraft facility during 2005 / 2006 Financial Year and does not have any overdraft facility in place.

(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:

Borrowings	2006 \$	2005 \$
Fixed interest rates maturing		
- one to five years	177,335	60,000
- over five years	175,971	331,597
Non interest bearing	12,000	18,000
Total Borrowings	365,306	409,597
Weighted average effective interest rate	6.52%	6.50%

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

21. 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 \$
Differential General Rate											
GRV	10.3346	695	4,294,338	443,851	5,212	0	449,063	443,777	2,000	500	446,277
UV	1.3491	347	55,181,500	744,454	921	0	745,375	744,453	500	0	744,953
Sub-Totals		1,042	59,475,838	1,188,305	6,133	0	1,194,438	1,188,230	2,500	500	1,191,230
Minimum Rates											
GRV	205	159	85,982	32,595	0	0	32,595	32,595	0	0	32,595
UV	205	14	79,215	2,870	0	0	2,870	2,870	0	0	2,870
Sub-Totals		173	165,197	35,465	0	0	35,465	35,465	0	0	35,465
Specified Area Rate (refer note 23)							1,228,903				1,228,903
Discounts (refer note 25)							0				0
Totals							1,229,903				1,226,695
							(48,793)				(48,793)
							1,181,110				1,180,073

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

22. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR

The Shire of Wagin did not levy a Specified Area Rate for the 2005 / 2006 Financial Year.

23. SERVICE CHARGES - 2005/06 FINANCIAL YEAR

The Shire of Wagin did not levy any Service Charges for the 2005 / 2006 Financial Year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5	48,793	46,682

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

25. INTEREST CHARGES AND INSTALMENTS - 2005/06 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		6,558	5,800
Interest on Instalments Plan	6		2,081	1,200
Charges on Instalment Plan		5	3,426	2,500
			<u>12,065</u>	<u>9,500</u>

Ratepayers had the option of paying rates in four equal instalments, due on 9th September 2005, 9th November 2005, 9th January 2006 and 9th March 2006. Administration charges and interest applied for the final three instalments.

26. FEES & CHARGES	2006 \$	2005 \$
General Purpose Funding	36,670	39,203
Law, Order, Public Safety	4,304	3,276
Education & Welfare	18,276	13,926
Health	32,771	12,783
Community Amenities	10,874	109,681
Recreation & Culture	32,065	24,099
Transport	0	10
Economic Services	25,353	25,387
Other Property & Services	466,615	11,497
	<u>627,528</u>	<u>239,862</u>

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

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SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

27. GRANT REVENUE	2006	2005
	\$	\$
By Nature and Type:		
Grants and Subsidies - operating	2,117,644	1,368,256
Grants and Subsidies - non-operating	146,200	680,196
	<u>2,263,844</u>	<u>2,048,452</u>
By Program:		
General Purpose Funding	867,736	818,638
Law, Order, Public Sector	23,650	132,445
Education & Welfare	229,043	237,757
Recreation and Culture	3,000	326,875
Transport	654,485	365,983
Economic Services	485,930	166,754
	<u>2,263,844</u>	<u>2,048,452</u>

28. COUNCILLORS' REMUNERATION	2006	2006	2005
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	5,575	7,500	5,043
President's Allowance	5,200	5,200	5,000
Deputy President's Allowance	1,300	1,300	1,250
Travelling Expenses	1,274	4,000	2,558
Telecommunications Allowance	0	600	514
	<u>13,349</u>	<u>18,600</u>	<u>14,365</u>

29. EMPLOYEES' REMUNERATION

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

Salary Range	2006	2005
\$		
200,000 - 209,999	<u>1</u>	<u>1</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

2006	2005
<u>45</u>	<u>43</u>

31. 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 27.

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

32. MAJOR LAND TRANSACTIONS

Council did not participate in any Major land Transactions during the 2005 / 2006 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Wagin Medical Centre

Council's objective is to provide an efficient and quality Medical service to it's community. Operating costs are met by consultation fees charged to patients.

	2006 \$	2006 Budget \$	2005 \$
(a) Operating Statement			
Operating Revenues			
Surgery Visits	375,288	307,000	287,761
Hospital Visits	64,171	82,000	113,254
Practice Incentive Payments	42,141	45,000	48,088
Contribution from the Shire of Dumbleyung	10,000	10,000	0
WACRRM Practice Support	9,300	1,200	1,000
Interest	1,454	650	718
Reimbursements	8596	2,750	3,461
	510,950	448,600	454,282
Less Operating Expenses			
Employee Expenses	452,306	370,830	363,332
Insurance	6,506	15,110	17,695
Medical Stock	9,164	10,000	10,226
Administration	0	0	19,119
Medical Centre Maintenance	6,078	4,000	8,890
Other	41679	48,660	13,115
	515,733	448,600	432,377
Operating Result	(4,783)	0	21,905

SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

34. 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.



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

Scope

The financial report and Council's responsibility

The financial report comprises the income statement by nature or type, income statement by program, balance sheet, statement of changes in equity, cash flow statement, rate setting statement and accompanying notes to the financial statements for the Shire of Wagin for the year ended 30 June 2006.

Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Local Government Act 1995 (as amended). This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the electors of the Shire. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 (as amended), including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Shire's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedure, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF WAGIN (continued)**

Audit Opinion

In our opinion, the financial report presents, fairly in accordance with the requirements of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Shire of Wagin as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

Other Matters

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

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

A handwritten signature in blue ink, appearing to read 'David Tomasi', written over a light blue horizontal line.

DAVID TOMASI
PARTNER

Date: 20 November 2006
Perth, WA

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