

The cover features a collage of images: a dam on a river in the top left, sunflowers in the top right, a stylized green map of the shire in the center, and a person on horseback with sheep in the bottom right. A large, bright orange and yellow sunburst graphic is in the bottom left corner. The title text is overlaid on the map.

Financial Report 2005/2006

Wyndham - East Kimberley
WESTERN AUSTRALIA
The Frontiers

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire Wyndham East Kimberley 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 Wyndham East Kimberley 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 14th day of November 2006.



Peter Stubbs
Chief Executive Officer



INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	3,581,787	3,571,500	3,270,996
Grants and Subsidies	28	4,027,332	3,416,500	4,149,259
Contributions Reimbursements and Donations		336,404	607,100	67,441
Fees and Charges	27	1,666,096	1,709,250	1,865,215
Interest Earnings	2(a)	276,090	217,000	256,296
Other Revenue		<u>1,615,004</u>	<u>1,093,950</u>	<u>1,575,688</u>
		11,502,713	10,615,300	11,184,895
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(3,315,266)	(4,014,433)	(3,249,664)
Materials and Contracts		(4,074,602)	(3,652,917)	(3,646,272)
Utilities		(588,981)	(245,400)	(623,118)
Depreciation	2(a)	(2,519,785)	(2,576,000)	(2,459,273)
Interest Expenses	2(a)	(62,444)	(110,900)	(100,947)
Insurance		(440,851)	(297,600)	(518,314)
Other Expenditure		<u>(1,134,005)</u>	<u>(104,200)</u>	<u>(902,261)</u>
		<u>(12,135,934)</u>	<u>(11,001,450)</u>	<u>(11,499,849)</u>
		(633,221)	(386,150)	(314,954)
Grants and Subsidies - non-operating	28	2,816,283	4,006,200	1,179,702
Profit on Asset Disposals	20	418,801	931,090	115,636
Loss on Asset Disposals	20	<u>(87,413)</u>	<u>(8,100)</u>	<u>(53,279)</u>
NET RESULT		<u>2,514,450</u>	<u>4,543,040</u>	<u>927,105</u>

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

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		885	2,000	28,232
General Purpose Funding		6,957,854	6,946,500	6,817,318
Law, Order, Public Safety		81,355	91,500	184,515
Health		142,069	121,650	130,946
Education and Welfare		678,324	1,510,600	96,213
Housing		491,376	629,040	80,363
Community Amenities		968,943	820,300	818,691
Recreation and Culture		1,092,932	2,223,500	1,001,796
Transport		3,747,700	1,496,600	3,091,059
Economic Services		113,670	85,100	87,756
Other Property and Services		462,690	1,617,700	143,344
		<u>14,737,798</u>	<u>15,544,490</u>	<u>12,480,233</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		563,687	602,850	871,797
General Purpose Funding		221,322	247,300	262,169
Law, Order, Public Safety		364,313	338,050	344,087
Health		347,657	364,250	323,565
Education and Welfare		252,578	256,000	267,612
Housing		174,169	210,400	167,578
Community Amenities		1,509,167	1,353,200	1,437,333
Recreation & Culture		2,885,262	2,876,550	2,721,090
Transport		4,989,074	3,122,150	4,588,969
Economic Services		370,321	389,200	305,091
Other Property and Services		483,354	1,130,600	162,890
	2 (a)	<u>12,160,904</u>	<u>10,890,550</u>	<u>11,452,181</u>
BORROWING COSTS EXPENSE				
Education and Welfare		0	6,500	0
Housing		6,008	9,200	0
Recreation & Culture		50,717	82,900	79,989
Transport		709	1,400	2,069
Economic Services		2,360	4,000	4,179
Other Property and Services		2,650	6,900	14,710
	2 (a)	<u>62,444</u>	<u>110,900</u>	<u>100,947</u>
NET RESULT		<u>2,514,450</u>	<u>4,543,040</u>	<u>927,105</u>

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

BALANCE SHEET

AS AT 30TH JUNE 2006

	NOTE	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	5,438,941	3,775,606
Trade and Other Receivables	4	1,125,934	1,311,028
Inventories	5	9,669	12,975
TOTAL CURRENT ASSETS		<u>6,574,544</u>	<u>5,099,609</u>
NON-CURRENT ASSETS			
Other Receivables	4	72,964	160,181
Property, Plant and Equipment	6	12,519,833	10,908,507
Infrastructure	7	33,159,092	32,827,507
Other Financial Assets		6,682	6,682
TOTAL NON-CURRENT ASSETS		<u>45,758,571</u>	<u>43,902,877</u>
TOTAL ASSETS		<u>52,333,116</u>	<u>49,002,486</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,201,595	1,182,013
Long Term Borrowings	9	157,020	152,373
Provisions	10	180,861	177,484
TOTAL CURRENT LIABILITIES		<u>1,539,476</u>	<u>1,511,870</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	2,176,453	1,393,672
Provisions	10	223,003	217,210
TOTAL NON-CURRENT LIABILITIES		<u>2,399,456</u>	<u>1,610,882</u>
TOTAL LIABILITIES		<u>3,938,932</u>	<u>3,122,752</u>
NET ASSETS		<u>48,394,184</u>	<u>45,879,734</u>
EQUITY			
Retained Surplus		45,705,494	42,888,578
Reserves - Cash Backed	11	2,688,690	2,991,156
TOTAL EQUITY		<u>48,394,184</u>	<u>45,879,734</u>

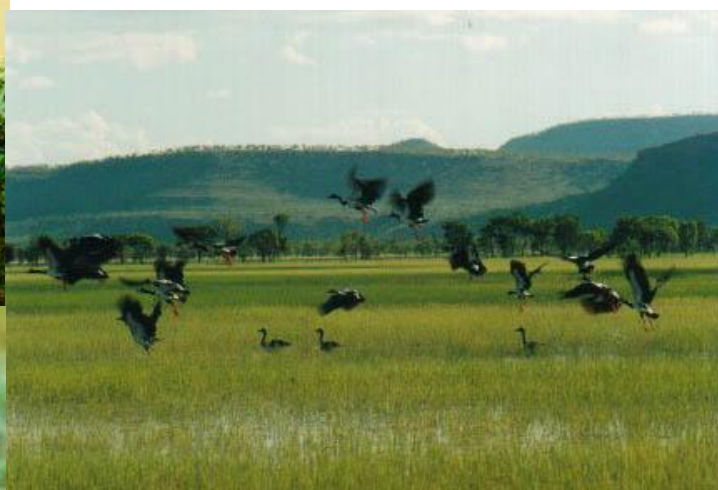
This statement is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2005 \$
RETAINED SURPLUS			
Balance as at 1 July 2005		42,888,578	41,837,818
Net Result		2,514,450	927,105
Transfer from/(to) Reserves		302,466	123,655
Balance as at 30 June 2006		<u>45,705,494</u>	<u>42,888,578</u>
 RESERVES - CASH BACKED			
Balance as at 1 July 2005		2,991,156	3,114,811
Amount Transferred (to)/from Retained Surplus		<u>(302,466)</u>	<u>(123,655)</u>
Balance as at 30 June 2006	11	<u>2,688,690</u>	<u>2,991,156</u>
 TOTAL EQUITY		 <u>48,394,184</u>	 <u>45,879,734</u>

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



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,719,340	3,642,930	3,588,421
Grants and Subsidies - operating		4,027,332	3,348,170	4,149,259
Contributions, Reimbursements & Donations		336,404	207,100	67,441
Fees and Charges		1,443,507	1,623,788	2,311,467
Interest Earnings		335,180	217,000	256,296
Goods and Services Tax		963,034	0	812,039
Other		1,615,004	1,148,647	1,626,656
		<u>12,439,801</u>	<u>10,187,635</u>	<u>12,811,579</u>
Payments				
Employee Costs		(3,249,664)	(3,934,144)	(2,814,717)
Materials and Contracts		(3,981,749)	(3,579,859)	(3,672,851)
Utilities (gas, electricity, water, etc)		(588,981)	(225,768)	(623,118)
Insurance		(440,851)	(297,600)	(518,314)
Interest		(62,444)	(110,900)	(101,801)
Goods and Services Tax		(912,402)	0	(867,752)
Other		(1,054,475)	(109,410)	(1,957,571)
		<u>(10,290,566)</u>	<u>(8,257,681)</u>	<u>(10,556,124)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,149,235</u>	<u>1,929,954</u>	<u>2,255,455</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(2,832,007)	(6,845,900)	(878,094)
Payments for Construction of Infrastructure		(1,916,332)	(2,007,750)	(2,098,282)
Grants/Contributions for the Development of Assets		2,816,283	4,406,200	1,179,702
Proceeds from Sale of Plant & Equipment		617,032	1,389,700	237,146
Net Cash Provided By (Used In) Investing Activities		<u>(1,315,024)</u>	<u>(3,057,750)</u>	<u>(1,559,528)</u>
Cash Flows from Financing Activities				
Loans to Community Groups		0	0	(30,000)
Repayment of Debentures		(162,572)	(169,000)	(188,391)
Proceeds from Self Supporting Loans		41,693	31,100	37,780
Proceeds from New Debentures		950,000	1,650,000	30,000
Net Cash Provided By (Used In) Financing Activities		<u>829,121</u>	<u>1,512,100</u>	<u>(150,611)</u>
Net Increase (Decrease) in Cash Held		1,663,332	384,304	545,316
Cash at Beginning of Year		3,775,609	3,327,941	3,230,290
Cash at End of Year	13(a)	<u>5,438,941</u>	<u>3,712,245</u>	<u>3,775,606</u>

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

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$
REVENUES			
Governance		885	2,000
General Purpose Funding		3,357,732	3,375,000
Law, Order, Public Safety		73,384	91,500
Health		142,069	121,650
Education and Welfare		678,324	1,510,600
Housing		491,376	629,040
Community Amenities		968,943	820,300
Recreation and Culture		1,033,790	2,223,500
Transport		3,747,700	1,504,700
Economic Services		118,670	85,100
Other Property and Services		456,408	1,617,700
		11,069,281	11,981,090
EXPENSES			
Governance		(588,687)	(602,850)
General Purpose Funding		(251,669)	(247,300)
Law, Order, Public Safety		(362,072)	(338,050)
Health		(347,657)	(364,250)
Education and Welfare		(252,578)	(262,500)
Housing		(181,778)	(219,600)
Community Amenities		(1,498,949)	(1,353,200)
Recreation & Culture		(2,890,356)	(2,959,450)
Transport		(4,952,986)	(3,131,650)
Economic Services		(372,681)	(393,200)
Other Property and Services		(413,660)	(1,137,500)
		(12,113,073)	(11,009,550)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(331,388)	(922,990)
Movement in Accrued Salaries and Wages		31,206	0
Movement in Non-Current Employee Provisions		(462)	0
Depreciation on Assets		2,519,785	2,576,000
Capital Expenditure and Revenue			
Purchase Land and Buildings		(2,174,130)	(6,255,000)
Purchase Infrastructure Assets - Roads		(1,472,008)	(1,545,700)
Purchase Infrastructure Assets - Parks		(24,742)	(295,550)
Infrastructure Assets - Drainage		(594)	(25,000)
Infrastructure Assets - Footpaths		(65,617)	(50,000)
Infrastructure Assets - Other		(353,371)	(91,500)
Purchase Plant and Equipment		(550,693)	(467,500)
Purchase Furniture and Equipment		(107,184)	(123,400)
Proceeds from Disposal of Assets		617,032	1,389,700
Repayment of Debentures		(162,572)	(169,000)
Proceeds from New Debentures		950,000	1,650,000
Self-Supporting Loan Principal Income		41,693	31,100
Transfers to Reserves (Restricted Assets)		(392,320)	(1,232,900)
Transfers from Reserves (Restricted Assets)		694,786	728,900
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		926,440	259,800
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,683,857	0
Amount Req'd to be Raised from Rates	22	(3,581,788)	(3,571,500)

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

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)). 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.



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.

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

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) 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 16.

(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.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Superannuation

The Shire of Wyndham East Kimberley contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both 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 21(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

(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.

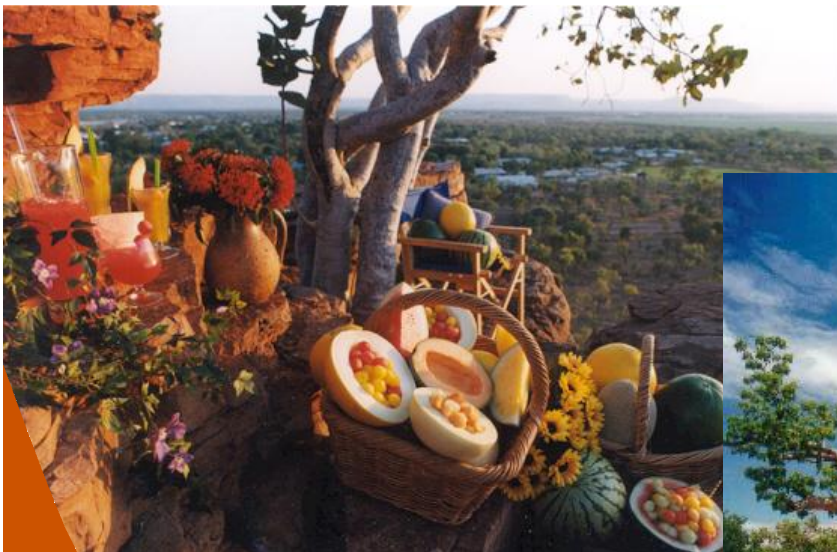
The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report.

(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.



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	15,649	15,629
- Other Services	3,000	1,248

Depreciation

Buildings	464,861	483,536
Furniture and Equipment	83,059	82,234
Plant and Equipment	387,117	386,766
Roads	1,316,137	1,268,620
Footpaths	33,874	33,384
Drainage	105,813	103,141
Parks and Ovals	69,117	58,530
Other	59,807	43,062
	<u>2,519,785</u>	<u>2,459,273</u>

Interest Expenses

Debentures (refer Note 21(a))	62,444	100,947
	<u>62,444</u>	<u>100,947</u>

(ii) Crediting as Revenue:

2006
\$

2006
Budget
\$

2005
\$

Interest Earnings

Investments			
- Reserve Funds	158,454	130,000	150,037
- Other Funds	80,668	70,000	55,157
Other Interest Revenue (refer note 26)	36,968	17,000	51,102
	<u>276,090</u>	<u>217,000</u>	<u>256,296</u>



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

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

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

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue

GOVERNANCE

Administration and operation of facilities and services to members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

Food quality and pest control, immunisation services, inspection of abattoir and operation of child health clinic

EDUCATION AND WELFARE

Operation of senior citizen's centre, day care centres and pre-school facilities; assistance to playgroups, retirement villages and other voluntary services

HOUSING

Provision of staff and residential housing

COMMUNITY AMENITIES

Rubbish Collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, maintenance of rest centre and storm water drainage maintenance

RECREATION AND CULTURE

Maintenance of halls, aquatic centres, recreation centres and various reserves; operation of library and community development services

TRANSPORT

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets, traffic lights; depot maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, noxious weeds and vermin control.

OTHER PROPERTY & SERVICES

Private works operation, plant repairs, operations and administrative costs

AIRPORTS

The provision and operation of airport services

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).		
Roads to Recovery (Transport)	532,577	0
Youth Centre Funding (Recreation and Culture)	600,000	0
Sustainable Regions Grant (Transport)	88,887	0
	1,221,464	0
Add: New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Roads to Recovery (Transport)	647,900	532,577
Youth Centre Funding (Recreation and Culture)	550,000	600,000
Sustainable Regions Grant (Transport)	0	88,887
Ord Catchment NRM (Enviro Officer)	125,260	0
	1,323,160	1,221,464
Less: Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Roads to Recovery (Transport)	532,577	0
Sustainable Regions Grant (Transport)	62,587	0
	595,164	0
Closing balances of unexpended grants	1,949,460	1,221,464
Comprises:		
Roads to Recovery (Transport)	647,900	532,577
Youth Centre Funding (Recreation and Culture)	1,150,000	600,000
Sustainable Regions Grant (Transport)	26,300	88,887
Ord Catchment NRM (Enviro Officer)	125,260	0
	1,949,460	1,221,464



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

3. CASH AND CASH EQUIVALENTS

Municipal Reserves	2,750,251	784,450
	<u>2,688,690</u>	<u>2,991,156</u>
	<u>5,438,941,</u>	<u>3,775,606</u>
Municipal		
Unrestricted	<u>753,787</u>	<u>(437,014)</u>
Restricted		
Unspent Grants (note 2(c))	1,949,460	1,221,464
Unspent Loans (note 21(c))	47,004	0
	<u>1,996,464</u>	<u>1,221,464</u>
	<u>2,750,251</u>	<u>784,450</u>

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

Waste Management	103,391	240,931
Airport General	1,782,187	1,756,490
Plant and Equipment	338,285	321,267
Tourism Infrastructure	4,914	4,667
Recreation Participation	15,164	14,401
Leisure Centre	55,221	52,443
Parking	125,274	185,084
Non-Portable Water	59,860	56,849
East Kimberly Tourism	56,512	44,604
Foreshore Reserve	18,081	11,753
Information Technology	7,221	30,600
Staff Entitlement	75,885	72,067
Staff Housing	15,595	200,000
Recreation Hardcourts	31,100	0
	<u>2,688,690</u>	<u>2,991,156</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	206,371	333,137
Sundry Debtors	963,073	740,484
Less Provision for Doubtful Debts	(220,245)	(220,245)
GST Receivable	80,763	131,395
Loans - Clubs/Institutions	47,620	40,400
Accrued Income	0	30,712
Bonds and Prepayments	48,352	255,145
	<u>1,125,934</u>	<u>1,311,028</u>

Non-Current

Loans - Clubs/Institutions	52,175	101,088
Kimberley Tourism Association	0	40,155
Deferred Pensioner Rebates	20,789	18,938
	<u>72,964</u>	<u>160,181</u>

INVENTORIES

5. Current

Fuel	9,669	12,975
	<u>9,669</u>	<u>12,975</u>



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

6. PROPERTY, PLANT AND EQUIPMENT

Land and Buildings - Cost	14,931,945	12,981,163
Less Accumulated Depreciation	<u>(4,642,948)</u>	<u>(4,291,280)</u>
	10,288,997	8,689,883
Furniture and Equipment - Cost	1,025,077	925,565
Less Accumulated Depreciation	<u>(596,814)</u>	<u>(519,744)</u>
	428,263	405,821
Plant and Equipment - Cost	3,342,613	3,382,424
Less Accumulated Depreciation	<u>(1,540,040)</u>	<u>(1,569,621)</u>
	1,802,573	1,812,803
	<u>12,519,833</u>	<u>10,908,507</u>

Effective from 1 July 2004, Council deemed the carrying amount of land and buildings previously 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 other plant and equipment 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".



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 \$	Total \$
Balance as at 1 July 2005	8,689,883	405,821	1,812,803	10,908,507
Additions	2,174,130	107,184	550,693	2,832,007
(Disposals)	(109,365)	(2,473)	(173,806)	(285,644)
Revaluation - Increments - (Decrements)				0 0
Impairment - (losses) - reversals				0 0
Depreciation (Expense)	(465,651)	(82,269)	(387,117)	(935,037)
Other Movements				0
Balance as at 30 June 2006	<u>10,288,997</u>	<u>428,263</u>	<u>1,802,573</u>	<u>12,519,833</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

7. INFRASTRUCTURE

	2006 \$	2005 \$
7. INFRASTRUCTURE		
Roads - Cost	41,144,498	39,672,490
Less Accumulated Depreciation	<u>(10,032,413)</u>	<u>(8,716,277)</u>
	31,112,085	30,956,213
Footpaths - Cost	733,260	667,644
Less Accumulated Depreciation	<u>(234,079)</u>	<u>(200,206)</u>
	499,181	467,438
Drainage - Cost	1,061,616	1,061,023
Less Accumulated Depreciation	<u>(895,174)</u>	<u>(789,362)</u>
	166,442	271,661
Parks & Ovals - Cost	1,328,583	1,303,842
Less Accumulated Depreciation	<u>(366,798)</u>	<u>(297,682)</u>
	961,785	1,006,160
Other Infrastructure - Cost	710,823	357,452
Less Accumulated Depreciation	<u>(291,224)</u>	<u>(231,417)</u>
	419,599	126,035
	<u>33,159,092</u>	<u>32,827,507</u>

All infrastructure asset classes, are 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".



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.

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Other Infrastructure \$	Total \$
Balance as at 1 July 2005	30,956,213	467,438	271,661	1,006,160	126,035	32,827,507
Additions	1,472,008	65,617	594	24,742	353,371	1,916,332
(Disposals)	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0
- reversals	0	0	0	0	0	0
Depreciation (Expense)	(1,316,136)	(33,874)	(105,813)	(69,117)	(59,807)	(1,584,747)
Other Movements	0	0	0	0	0	0
Balance as at 30 June 2006	<u>31,112,085</u>	<u>499,181</u>	<u>166,442</u>	<u>961,785</u>	<u>419,599</u>	<u>33,159,092</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

8. TRADE AND OTHER PAYABLES

Current

Sundry Creditors	845,992	749,832
Accrued Expenses	140,267	196,463
Sundry Creditors - ATO	70,626	73,769
Accrued Interest on Loans	0	30,542
Accrued Salaries and Wages Retentions	83,430	52,224
	61,280	79,183
	<u>1,201,595</u>	<u>1,182,013</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	157,020	152,373
	<u>157,020</u>	<u>152,373</u>

Non-Current

Secured by Floating Charge Debentures	2,176,453	1,393,672
	<u>2,176,453</u>	<u>1,393,672</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Current

Provision for Annual Leave	153,798	152,076
Provision for RDO	7,280	8,519
Provision for Long Service Leave	19,783	16,889
	<u>180,861</u>	<u>177,484</u>

Non-Current

Provision for Annual Leave	30,844	45,366
Provision for Long Service Leave	192,159	171,844
	<u>223,003</u>	<u>217,210</u>



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

11.RESERVES - CASH BACKED	2006 \$	2006 Budget \$	2005 \$
(a)Waste Management			
Opening Balance	240,931	378,454	300,500
Amount Set Aside / Transfer to Reserve	12,763	11,500	14,474
Amount Used / Transfer from Reserve	(150,303)	(54,600)	(74,043)
	<u>103,391</u>	<u>335,354</u>	<u>240,931</u>
(b)Airport General			
Opening Balance	1,756,490	1,825,460	1,813,564
Amount Set Aside / Transfer to Reserve	275,565	536,700	87,357
Amount Used / Transfer from Reserve	(249,868)	(158,500)	(144,431)
	<u>1,782,187</u>	<u>2,203,660</u>	<u>1,756,490</u>
(c)Plant and Equipment			
Opening Balance	321,267	320,641	306,503
Amount Set Aside / Transfer to Reserve	17,018	11,400	14,764
Amount Used / Transfer from Reserve	0	0	0
	<u>338,285</u>	<u>332,041</u>	<u>321,267</u>
(d)Tourism Infrastructure			
Opening Balance	4,667	4,657	4,452
Amount Set Aside / Transfer to Reserve	247	200	215
Amount Used / Transfer from Reserve	0	0	0
	<u>4,914</u>	<u>4,857</u>	<u>4,667</u>
(e)Recreation Participation			
Opening Balance	14,401	14,373	13,739
Amount Set Aside / Transfer to Reserve	763	500	662
Amount Used / Transfer from Reserve	0	0	0
	<u>15,164</u>	<u>14,873</u>	<u>14,401</u>
(f)Leisure Centre			
Opening Balance	52,443	52,341	50,033
Amount Set Aside / Transfer to Reserve	2,778	1,900	2,410
Amount Used / Transfer from Reserve	0	0	0
	<u>55,221</u>	<u>54,241</u>	<u>52,443</u>
(g)Parking			
Opening Balance	185,084	259,581	248,135
Amount Set Aside / Transfer to Reserve	9,805	9,200	61,699
Amount Used / Transfer from Reserve	(69,615)	0	(124,750)
	<u>125,274</u>	<u>268,781</u>	<u>185,084</u>
(h)Non-Potable Water			
Opening Balance	56,849	56,738	54,236
Amount Set Aside / Transfer to Reserve	3,011	2,000	2,613
Amount Used / Transfer from Reserve	0	0	0
	<u>59,860</u>	<u>58,738</u>	<u>56,849</u>

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 \$
(i)Kununurra Preschool			
Opening Balance	0	0	6,345
Amount Set Aside / Transfer to Reserve	0	0	306
Amount Used / Transfer from Reserve	0	0	(6,651)
	<u>0</u>	<u>0</u>	<u>0</u>
(j)Civic Buildings			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	301,800	0
Amount Used / Transfer from Reserve	0	(250,000)	0
	<u>0</u>	<u>51,800</u>	<u>0</u>
(k)East Kimberley Tourism			
Opening Balance	44,604	44,517	42,554
Amount Set Aside / Transfer to Reserve	11,908	1,600	2,050
Amount Used / Transfer from Reserve	0	0	0
	<u>56,512</u>	<u>46,117</u>	<u>44,604</u>
(l)Staff Entitlements/Housing			
Opening Balance	0	0	274,750
Amount Set Aside / Transfer to Reserve	0	0	13,235
Amount Used / Transfer from Reserve	0	0	(287,985)
	<u>0</u>	<u>0</u>	<u>0</u>
(m)Foreshore Reservation			
Opening Balance	11,753	12,295	0
Amount Set Aside / Transfer to Reserve	6,328	12,600	11,753
Amount Used / Transfer from Reserve	0	0	0
	<u>18,081</u>	<u>24,895</u>	<u>11,753</u>
(n)Public Open Space			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	310,600	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>310,600</u>	<u>0</u>
(o)Information Technology			
Opening Balance	30,600	32,011	0
Amount Set Aside / Transfer to Reserve	1,621	200	30,600
Amount Used / Transfer from Reserve	(25,000)	(25,000)	0
	<u>7,221</u>	<u>7,211</u>	<u>30,600</u>
(p)Staff Entitlement			
Opening Balance	72,067	86,567	0
Amount Set Aside / Transfer to Reserve	3,818	1,600	72,067
Amount Used / Transfer from Reserve	0	(40,800)	0
	<u>75,885</u>	<u>47,367</u>	<u>72,067</u>
(q)Staff Housing			
Opening Balance	200,000	200,856	0
Amount Set Aside / Transfer to Reserve	15,595	0	200,000
Amount Used / Transfer from Reserve	(200,000)	(200,000)	0
	<u>15,595</u>	<u>856</u>	<u>200,000</u>

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 \$
(r)Recreation Hard courts			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	31,100	31,100	0
Amount Used / Transfer from Reserve	0	0	0
	<u>31,100</u>	<u>31,100</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>2,688,690</u>	<u>3,792,491</u>	<u>2,991,156</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:

Waste Management Reserve

This reserve is for the upgrade and rationalisation of refuse disposal facilities within the Shire.

Airport General Reserve

This reserve is for the improvement of Council's airport facilities, and also acts as the 'float' for transferring the profit or loss on the operations of the airports in line with Council Policy F4.

Plant and Equipment Reserve

This reserve is for the purchase of major plant and equipment.

Tourism Infrastructure Reserve

This reserve is for infrastructure projects intended to improve the attractiveness of the Shire to visitors.

Recreation Participation Reserve

This reserve is for projects that encourage and increase in recreation participation for the residents of the Shire.

Leisure Centre Reserve

This reserve is for the capital maintenance and upgrading of the Kununurra Leisure Centre.

Parking Reserve

This reserve is for land purchases and/or the construction and maintenance of vehicle parking facilities within the Shire.

Non-Potable Water Reserve

This reserve is for the development of non-potable water supply in Wyndham.

Kununurra Preschool Reserve

This reserve is for the maintenance of the Kununurra Pre-School building.

Civic Building Reserve

This reserve is for the construction and/or capital maintenance of Civic Buildings within the Shire.

East Kimberley Tourism Reserve

This reserve is for the capital maintenance and/or upgrading of East Kimberley Tourism House.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

11. RESERVES - CASH BACKED (continued)

Staff Entitlements/Housing Reserve

This reserve is for the Shire employee's entitlements and housing.

Foreshore Reserve

This reserve is for maintaining the foreshore of Lake Kununurra, funded from the contributions of leases on portion of reserve 41812.

Public Open Space Reserve

This reserve is for the purpose of maintaining and developing Public Open Space within the townsites of Kununurra and Wyndham.

Information Technology Replacement

This reserve is for the purpose of replacing the shire's information technology network, communication equipment, hardware and software.

Staff Entitlement

This reserve is to provide for Shire employee entitlements.

Staff Housing

This reserve is for the purpose of providing for staff housing requirements.

Recreation Hardcourts

This reserve is for the purpose of providing for future capital upgrade of Recreational Hardcourts

The Waste Management Reserve, Airport General Reserve, Plant and Equipment Reserve, Tourism Infrastructure Reserve, Recreation Participation Reserve, Leisure Centre Reserve, Parking Reserve, Non-Potable Water Reserve, Kununurra Pre-School Reserve, Civic Building Reserve, East Kimberley Tourism Reserve, Staff Entitlements/Housing Reserve, Foreshore Reserve, Public Open Space, Information Technology Replacement are not expected to be used. Information Technology Replacement, Staff entitlement, Staff Housing and Recreation hardcourts are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

12. RESERVES - ASSET REVALUATION

The Shire of Wyndham East Kimberley did not perform an asset revaluation for the financial period 2005/2006 and no asset revaluation reserve exists.

13. 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:

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

13. NOTES TO THE CASH FLOW STATEMENT (continued)	2006 \$	2006 Budget \$	2005 \$
Cash and Cash Equivalents	<u>5,438,941</u>	<u>3,712,245</u>	<u>3,775,606</u>

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

Net Result	2,514,450	4,543,040	927,105
Depreciation	2,519,785	2,576,000	2,459,273
(Increase)/Decrease in Receivables	159,188	(27,665)	327,184
(Profit)/Loss on Sale of Asset	(331,389)	(922,990)	(62,357)
(Increase)/Decrease in Inventories	3,306	0	(5,292)
Increase/(Decrease) in Payables	19,582	87,480	(212,370)
Increase/(Decrease) in GST	51,632	0	5,713
Increase / (Decrease) in Interest	19,794	0	25,075
Increase/(Decrease) in Employee Provisions	9,170	80,289	(29,174)
Grants/Contributions for the Development of Assets	<u>(2,816,283)</u>	<u>(4,406,200)</u>	<u>(1,179,702)</u>
Net Cash from Operating Activities	<u>2,149,235</u>	<u>1,929,954</u>	<u>2,255,455</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	1,000,000	1,000,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	9,000	5,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u>1,009,000</u>	<u>1,005,000</u>

Loan Facilities

Loan Facilities - Current	157,020	152,373
Loan Facilities - Non-Current	<u>2,176,453</u>	<u>1,393,672</u>
Total Facilities in Use at Balance Date	<u>2,333,473</u>	<u>1,546,045</u>

Unused Loan Facilities at Balance Date	<u>47,004</u>	<u>0</u>
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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

14. CAPITAL AND LEASING COMMITMENTS

The Shire of Wyndham East Kimberley has no significant nor material leasing commitments for the ended 30th June 2006.

(a) Capital Expenditure Commitments	2006 \$	2005 \$
Contracted For:		
Kununurra Child Care	989,919	0
Kununurra Youth Centre	1,812,166	0
	<u>2,802,085</u>	<u>0</u>
Payable:		
not later than 1 year		
Kununurra Child Care	989,919	0
Kununurra Youth Centre	750,000	0
	<u>1,739,919</u>	<u>0</u>

The capital expenditure projects outstanding at the end of the current reporting period represents the construction of the new Kununurra Child Care Centre and the new Kununurra Youth Centre.

15. CONTINGENT LIABILITIES

The Shire of Wyndham East Kimberley has no Contingent Liabilities for the 2005/2006 financial year.

16. JOINT VENTURE

The Shire of Wyndham East Kimberley was not involved in any Joint Ventures in the 2005/2006 financial year.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2006 \$	2005 \$
Governance	10,879	10,080
Law, Order, Public Safety	215,169	202,586
Health	57,643	81,052
Education and Welfare	1,249,666	281,503
Housing	1,013,714	1,116,624
Community Amenities	256,197	280,365
Recreation and Culture	4,690,310	4,630,610
Transport	33,760,005	34,599,974
Economic Services	478,036	464,386
Other Property and Services	3,947,308	2,689,715
Unallocated	6,654,188	4,645,591
	<u>52,333,116</u>	<u>49,002,486</u>



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005	2004
18.FINANCIAL RATIOS			
Current Ratio	1.336	0.616	1.115
Untied Cash to Trade Creditors Ratio	0.764	0.000	2.553
Debt Ratio	0.075	0.031	0.073
Debt Service Ratio	0.019	0.023	0.026
Gross Debt to Revenue Ratio	0.126	0.124	0.143
Gross Debt to			
Economically Realisable Assets Ratio	0.122	0.294	0.338
Rate Coverage Ratio	0.255	0.262	0.288
Outstanding Rates Ratio	0.058	0.102	0.209

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	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

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 \$
House Bond - Ossie Henry	260	0	0	260
ASIC - Airport Security Card	0	1,600	0	1,600
	<u>260</u>			<u>1,860</u>

20. 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 \$
Hilux - Knx retic	7,640	9,400	10,454	13,800	2,814	4,400
Hilux - WY10357	11,640	0	0	0	(11,640)	0
Holden Utility - Airport	8,643	10,600	12,727	13,300	4,084	2,700
Holden Utility - WY 10354	13,154	0	0	0	(13,154)	0
Hilux Utility - Knx Depot	8,075	10,200	10,909	16,900	2,834	6,700
Hilux Utility - WY10427	12,759	0	0	0	(12,759)	0
Hilux Utility - 1BGT779	6,405	8,400	8,636	11,300	2,231	2,900
Hilux Utility - 1BOC881	12,112	0	11,818	0	(294)	0
Toyota Dual Cab - 1AY1056	2,057	3,600	14,500	13,300	12,443	9,700
Hilux - Dual Cab 1BOC882	14,973	17,900	19,091	20,300	4,118	2,400
Landcruiser - WY101	23,947	36,700	29,545	40,100	5,598	3,400
Toyota 4x4 - 1BPT319	16,668	19,700	19,091	21,400	2,423	1,700
Ride on Mower - WY9412	0	0	6,364	0	6,364	0
Hilux Dual Cab - WY9821	1,024	2,600	13,646	13,300	12,622	10,700
Hilux 4x4 - WY10406	8,415	8,100	11,818	11,300	3,403	3,200
Hilux S/CAB	10,139	0	0	0	(10,139)	0
Hilux 4x4 - WY10405	16,155	0	0	0	(16,155)	0
Kodak i60 -Copier Scanner	2,473	0	0	0	(2,473)	0
Cannon - Laser Printer	0	0	0	0	0	0
3 Kwinana St Wyndham	7,868	8,000	61,445	65,000	53,577	57,000
11 Kwinana St Wyndham	19,667	9,910	78,018	85,000	58,351	75,090
17 Beefwood St Knx	61,033	60,000	308,970	340,000	247,937	280,000
Lot 1064 Carbeen St - Knx	3,104	0	0	0	(3,104)	0
14 Kwinana St - Wyndham	17,693	0	0	0	(17,693)	0
33 Koojarra St - Wyndham	0	12,100	0	75,000	0	62,900
POS Reserve	0	0	0	300,000	0	300,000
3 Ton Truck - WY9719	0	22,400	0	20,000	0	(2,400)
Bomg Roller - WY9372	0	15,700	0	10,000	0	(5,700)
	0				0	0
	<u>285,644</u>	<u>255,310</u>	<u>617,032</u>	<u>1,070,000</u>	<u>331,388</u>	<u>814,690</u>

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 \$	
Welfare and Education		950,000	0	13,800	950,000	936,200	0	6,500
L117 Kununurra Childcare Centre								
Housing			7,393	7,300	142,322	142,415	6,008	9,200
L115 Staff Housing	149,715							
Recreation and Culture								
*L109 Ord River Sports Club	47,462		17,800	17,800	29,411	29,662	1,966	3,100
L111 KNX Historical Society	13,361		13,200	13,200	0	161	378	700
L113 KNX Aquatic Centre Refurbishment	836,534		40,900	40,900	795,223	795,634	33,571	51,100
L114 Wyndham Recreation Centre	350,895		17,200	17,200	333,567	333,695	14,802	21,500
Transport								
L112 Parking Land	25,051		24,700	24,700	0	351	709	1,400
Economic Services								
*L104 Tourism House	41,774		11,000	11,000	30,694	30,774	1,148	2,300
*L116 Agricultural Society Caravan Park	28,871		2,300	2,300	16,309	26,571	1,212	1,700
Other Property and Services								
L96 KNX Depot	52,383		16,435	16,000	35,947	36,383	2,650	3,300
	1,546,046	950,000	162,572	164,200	2,333,473	2,331,846	62,444	100,800

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

All other loan repayments were financed by general purpose revenue.

(**) Accruals not used in 2005/2006 for interest repayments.

(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 \$	
L117 Kununurra Childcare Centre	950,000	950,000	WATC	Debenture	20	680,331	5.91	950,000	950,000	0

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-05 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-2006 \$
L117 Kununurra Childcare Centre	1/17/2006	0	950,000	902,996	47,004
			950,000	902,996	47,004

(d) Overdraft

Council established an overdraft facility of \$1,000,000 in 2005/2006 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2005 and 30 June 2006 was \$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:

	2006 \$	2005 \$
Borrowings		
Floating interest rates	0	0
Fixed interest rate maturing		
- within one year	0	38,412
- one to five years	112,361	141,618
- over five years	2,221,112	1,366,015
Non interest bearing		
Total Borrowings	2,333,473	1,546,045
Weighted average effective interest rate	6.07%	6.16%

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 \$
Differential General Rate											
GRV TOWNSITES	0.102644	1,298	22,443,669	2,279,837	23,871		2,303,708	2,307,100	50,000		2,357,100
GRV OTHER	0.102644	2	87,156	8,946			8,946	8,900			8,900
UV 1	0.006128	81	59,047,977	354,915	6,931		361,846	361,700	2,500		364,200
UV 2	0.009819	99	17,660,862	173,412			173,412	162,900			162,900
RURAL LIVING	0.011478	91	10,098,798	115,914			115,914	87,300			87,300
PASTORAL	0.067027	27	2,544,616	170,558			170,558	100,400			100,400
MINING	0.083883	120	3,080,672	235,690	22,726		258,416	271,200	15,000		286,200
Sub-Totals		1,718	114,963,749	3,339,272	53,528	0	3,392,800	3,299,500	67,500	0	3,367,000
Minimum Rates	Minimum \$										
GRV TOWNSITES	600.0000	341	1,153,265	204,600			204,600	193,200			193,200
UV1	750.0000	15	893,172	11,250			11,250	12,000			12,000
PASTORAL	750.0000	8	31,049	6,000			6,000	5,300			5,300
MINING	750.0000	126	276,676	94,500			94,500	111,000			111,000
Sub-Totals		490	2,354,162	316,350	0	0	316,350	321,500	0	0	321,500
Discounts (refer note 25)							3,709,150				3,688,500
Totals							(127,363)				(117,000)
							3,581,787				3,571,500

23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR

The Shire of Wyndham East Kimberley conducted no specified area rating for 2005/2006

24. SERVICE CHARGES - 2005/06 FINANCIAL YEAR

The Shire of Wyndham East Kimberley collected no service charges for the 2005/2006 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5	109,277	100,000
Minimum Rate	Discount	5	18,086	17,000
			127,363	117,000

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.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		25,215	40,000
Interest on Installments Plan	5		7,668	10,000
Administration Charges		15	4,085	7,000
			36,968	57,000

Ratepayers had the option of paying rates in four equal installments, due on 27th September 2005, 29th November 2005, 31st January 2006 and 27th March 2006. Administration charges and interest applied for the final three installments.

27. FEES & CHARGES

	2006 \$	2005 \$
Governance	0	1,515
General Purpose Funding	55	12,305
Law, Order, Public Safety	15,547	14,825
Health	41,664	35,776
Education & Welfare	37,432	59,653
Housing	0	64,156
Community Amenities	43,669	138,801
Recreation & Culture	227,596	284,865
Transport	1,226,910	1,090,429
Economic Services	70,971	85,136
Other Property & Services	2,252	77,754
	<u>1,666,096</u>	<u>1,865,215</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

28. GRANT REVENUE

	2006 \$	2005 \$
By Nature and Type:		
Grants and Subsidies - operating	4,027,332	4,149,259
Grants and Subsidies - non-operating	2,816,283	1,179,702
	<u>6,843,615</u>	<u>5,328,961</u>
By Program:		
General Purpose Funding	3,066,399	3,104,244
Law, Order, Public Sector	56,983	137,551
Health	96,038	61,550
Education and Welfare	637,612	33,426
Community Amenities	0	6,018
Housing	50,000	0
Recreation and Culture	815,772	653,219
Transport	2,098,880	1,332,953
Other Property and Services	21,931	0
	<u>6,843,615</u>	<u>5,328,961</u>

29. COUNCILLORS' REMUNERATION

	2006 \$	2006 Budget \$	2005 \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	43,250	45,000	34,644
President's Allowance	10,000	10,000	5,000
Deputy President's Allowance	2,500	2,500	1,250
Traveling Expenses	13,850	10,000	3,546
Telecommunications Allowance	12,845	13,500	13,500
IT Allowance	9,000	9,000	0
	<u>91,445</u>	<u>90,000</u>	<u>57,940</u>

30. EMPLOYEES' REMUNERATION

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

Salary Range \$	2006	2005
100,000 - 109,999	1	1

31. EMPLOYEE NUMBERS

	2006	2005
The number of full-time equivalent Employees at balance date	<u>57</u>	<u>54</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

No Major Land Transaction was undertaken by the Shire of Wyndham East Kimberley in the 2005/2006 financial year.

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.

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.



Doc. No.	056873
Date	
Officer	CEO YML
Response	
File	61.3A.01

5 November 2006

Mr P Stubbs
Chief Executive Officer
Shire of Wyndham-East Kimberley
PO Box 614
KUNUNURRA WA 6745

Dear Peter

**AUDIT OF SHIRE OF WYNDHAM-EAST KIMBERLEY
FOR THE YEAR ENDED 30TH JUNE 2006**

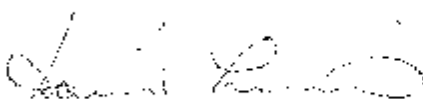
We advise that we have completed the audit of your Shire for the year ended 30th June 2006 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely



DAVID THOMAS
PARTNER

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**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF WYNDHAM - EAST KIMBERLEY (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 Wyndham-East Kimberley as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

Statutory Compliance

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

Annual Financial Reports

The annual financial report for the year ended 30 June 2005 was not submitted to the Director General of the Department of Local Government within 30 days of receipt by the CEO of the auditor's report, as prescribed by Financial Management Regulation 51(2).

Monthly Financial Reports

The Monthly Financial Reports for the months of July 2005 through to April 2006 were presented to Council as required by Financial Management Regulation 36 however they did not contain the following information as required:

- (1) Budget estimates to the end of the month to which the statement relates. (Financial Management Regulation 34(1)(3))
- (2) Material variances between the year to date actual and budgeted income and expenditure. (Financial Management Regulation 34(1)(4))
- (3) An explanation of each of the variances referred to in (2) above. (Financial Management Regulation 34(2)(3))

The Monthly Financial Reports for the months of May 2006 and June 2006 were presented to Council as required by Financial Management Regulation 36 however they did not contain the following information as required:

- (1) An explanation of each of the variances referred to in (2) above. (Financial Management Regulation 34(2)(3)).

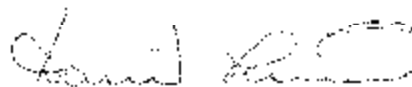
INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF WYNDHAM - EAST KIMBERLEY (continued)

Other Matters

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no 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



DAVID THOMAS
PARTNER

Date: 6 November 2006
Perth, WA

55 The Esplanade, Perth/Wyndham - East Kimberley UHY Haines Norton Audit Report