

# SHIRE OF MERREDIN

## *Heart of the Wheatbelt*



## **ANNUAL REPORT**

For the Financial Year ending 30 June 2006

# Index

## ANNUAL REPORT

For the Financial Year ending 30 June 2006

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FB Ludovico  
CHIEF EXECUTIVE OFFICER



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## **PRESIDENT'S REPORT**

The President's Report for 2005/2006 provides me with an opportunity to reflect upon a period of significant achievement and the fruition of years of planning by successive Members of Council and the Merredin community.

The new Merredin Regional Community and Leisure Centre commenced construction this year and it is worthwhile considering the number of people involved in its concept and development over a long period of time. Initially conceived around 20 years ago as an indoor sports centre, the concept has grown to the point where the new Centre will provide both recreational and community based facilities and services not previously enjoyed by the community, or the region. That the Merredin Telecentre this year decided to collocate to the new Centre highlights the significance of a facility that will draw the community to one location for a variety of purposes.

Council embarked on the development of Whitfield Way, a semi-rural subdivision which will provide 13 rural lifestyle blocks to a market lacking this type of land. Council is aware of the reliance placed on local government to develop land for residential and industrial purposes and the heavy load this places upon staff and resources. Council continues to work with government agencies to form partnerships for future land developments that will meet the needs of a growing regional centre.

This year saw the retirement Cr Rob Endersbee and we welcomed David Morley onto Council. Rob contributed much to Council at a time of growth and change within our community and I thank him for his dedication during his time as a Councillor. David Morley brings to Council considerable experience and environmental knowledge, most particularly in his role as Chair of the Land Conservation District Committee (LCDC).

The Council's commitment to improving the roads network continued in 2005-2006. The establishment of a grain receival network, negotiated with Main Roads, WestNet Rail and CBH, was completed with upgrades to Goldfields Road, Chandler Road, Crooks Road and Gabo Road. This will alleviate the reliance on transport of grain through the Merredin townsite itself and is designed to fit within the planned redevelopment of the CBH receival point.

Townsite roads were improved with the most significant project being the upgrade of Caw Street. Council also supported the private development of 13 strata title units on Golf Road by agreeing to upgrade drainage on Haines Street.

In summing up my report, I must thank all shire staff for their efforts. There are numerous people who make a contribution whether in administration, parks and gardens, road work or delivery of other services such as the Library, the Medical Centre, Visitor Centre, Cummins Theatre, Swimming Pool or ranger services. These people are as committed as are your Councillors in improving the quality of services available in Merredin. This can't be achieved without the support and input of the community.

Once again, thank you, and I wish you a prosperous twelve months and beyond.

Cr Ken Hooper  
PRESIDENT

## CHIEF EXECUTIVE OFFICER'S REPORT

It has been a year of development and consolidation across the organisation in the past 12 months, with a number of capital works projects and operational activities commencing or reaching their conclusion.

### **Merredin Regional Community and Leisure Centre**

2005/2006 was a significant year to the community with many years of planning coming to fruition with the start of construction on the new Merredin Regional Community and Leisure Centre. Initially conceived over 10 years ago with the aim of permitting many clubs and groups to operate from a common location, the Centre will feature a number of new facilities and services not previously available to the community including :

- 2 indoor all purpose courts
- hydrotherapy pool
- 2 synthetic lawn bowling greens
- indoor early years playground
- community meeting room
- function centre

This facility is funded from a variety of sources, including a considerable community contribution of cash and in-kind works. Project managed by the Shire of Merredin, the Centre provided local trades and businesses with the opportunity to provide goods and services for the construction project ensuring a significant proportion of expenditure is retained within the region.

### **Completed Projects**

In respect to road works, the following projects were achieved :

- Haines Street drainage
- Bates Street reseal
- Upgrades for grain receival :
  - Crooks Road
  - Goldfields Road
  - Chandler Road
  - Gabo Road
- Burracoppin South Road construct and seal
- Caw Street reconstruction
- Hines Hill South Road upgrade of floodways

Also completed was the construction of a professional staff residence at 69 Coronation Street, partially funded with a grant from the Country Housing Authority. This residence was constructed under supervision of the Shire's Building Project Manager, alleviating difficulties previously encountered when seeking interest for private construction under public tender.

Council continued with its association with the Rural Towns Liquid Assets project, the aim of which is the abstraction and treatment of saline groundwater, use and reuse of local water sources, harvesting town catchment run off and salinity control. Council is now in the middle of its 3 year commitment to provide \$70,000 per year in the joint partnership with the Department of Agriculture and CSIRO.

Associated with this project, in 2005/2006 the Shire successfully negotiated with the A-Line East consortium to provide saline water for the Great Eastern Highway road construction project over the next two financial years. The Shire will receive an income from this association.

The Shire of Merredin commenced development of a major land release at Whitfield Way this financial year. Services will be delivered to 13 semi-rural blocks with the land to go on the market in 2006-2007. Strong interest in the release of land, particularly of this type, offering unique rural lifestyle blocks between 6,000 m<sup>2</sup> and 10,000 m<sup>2</sup>, indicates this subdivision will quickly sell. Council has elected to place the land on the market under private treaty.

Council allocated funding for a new financial management system, with IT Vision's *SynergySoft* selected as the most suitable program. The Shire of Merredin worked closely with regional local governments to form partnerships for the implementation of a common accounting and business system with Shire due to instal this new program next financial year, together with the Shires of Narembeen, Trayning and Mount Marshall.

Council supported a restructure of staffing resources in 2005/2006, introducing a second Community and Economic Development Officer to work principally via the Business and Community Development Committee on major projects and initiatives. A major project made possible with additional resources was the planning of a major outdoor concert and return of the Strategic Plan to an in-house project.

Additional changes in staffing include the recruitment of the Merredin Regional Community and Leisure Centre Manager in order to ensure that procedures, policies and programs are in place prior to the opening of the Centre. Council also supported the Tourism WA Indigenous Tourism Traineeship and was successful in gaining a traineeship placement with additional funding support from the Department of Education and Training.

Staff within Council continued to provide excellent customer service in all aspects of our operations, be it Parks and Gardens, Library, Administration, Medical Centre, Cummins Theatre or Road Construction/Maintenance.

Finally I would like to thank Councillors and staff for all their hard work and dedication to the Shire of Merredin as without their collective commitment we would not have been able to achieve the outcomes that we have and it's through their continued dedication, often above and beyond the call of duty, that we will continue to realise the opportunities before us.

F B Ludovico  
CHIEF EXECUTIVE OFFICER

# Plan for the Future

## Introduction

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

## Activities Commenced or Continued:

The following major planning activities commenced or were continued, as identified in the draft Strategic Plan:

- *Town Planning Scheme* – The development of a new Town Planning Scheme has been progressing under guidance of senior staff and Council.
- *Local Planning Strategy* – This strategy will lead the development of the new Town Planning Scheme, and was delivered in draft form in 2005/2006
- *Regional Tourism Strategy* – The Central Eastern Wheatbelt Regional Tourism Strategy continued this year together with a number of associated tourism oriented initiatives and ongoing involvement with the Wheatbelt Tourism Association.
- *Financial Management System* – The Shire selected Synergy Soft as its new financial management system and worked with neighbouring local governments under WEROC and NEWROC to negotiate a beneficial package and coordinated installation, to be completed in 2006/2007.

## Overview of Activities Proposed to Commence or Continue:

- *Whitfield Way Sub-division* – This semi rural sub-division will result in the release of 13 semi-rural lifestyle lots on the outskirts of the Merredin townsite.
- *East Barrack Street Light Industrial Land* – This light industrial land sub-division is part of a current Town Planning Scheme amendment which has had to undergo a number of environmental assessments before developing further. It is proposed to purchase this land from the Public Transport Authority once the sub-division is approved.
- *Carrington Way Sub-division* – This residential sub-division development within the Merredin townsite, likely to commence in the 2007/2008 financial year, will provide much needed residential land to the market.
- *Recreation Facilities* – The Merredin Regional Community and Leisure Centre Planning is currently under construction with alterations to the Merredin Recreation Ground planned for coming years, resulting in a vast improvement to recreation facilities.
- *Housing* – The construction of professional staff housing remains a priority of Council. Construction of a 2 x 1 dwelling in Coronation Street was completed in the 2005-2006 financial year.

## National Competition Policy

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

## **State Records Act**

### 2005/2006 Achievements

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

### Future Objectives – Compliance with SRO Principle 6

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

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

## **Disability Services Plan**

The Disability Services Amendment Act (1999) requires Council to report on its Disability Services Plan achievements within its Annual Report. The Shire of Merredin Disability Services Plan was adopted in 1995 and Revised in February 2001. Many of the outcomes and strategies identified within the plan are being implemented on an ongoing basis or have been fully implemented. Currently the Manager of Development Services is responsible for the implementation of the principles and projects within the Plan. When Council are addressing the issue of accessibility to Council's facilities and functions they are aware that by providing better access for people with disabilities they are providing better access for the whole community. Work continues to improve footpaths and accessways around the townsite as part of recognising the Disability Services Plan. Further information can be obtained by contacting Mr Warren Bow, Manager of Development Services at the Council administration centre on 08 9041 1611 or email [warren@merredin.wa.gov.au](mailto:warren@merredin.wa.gov.au).

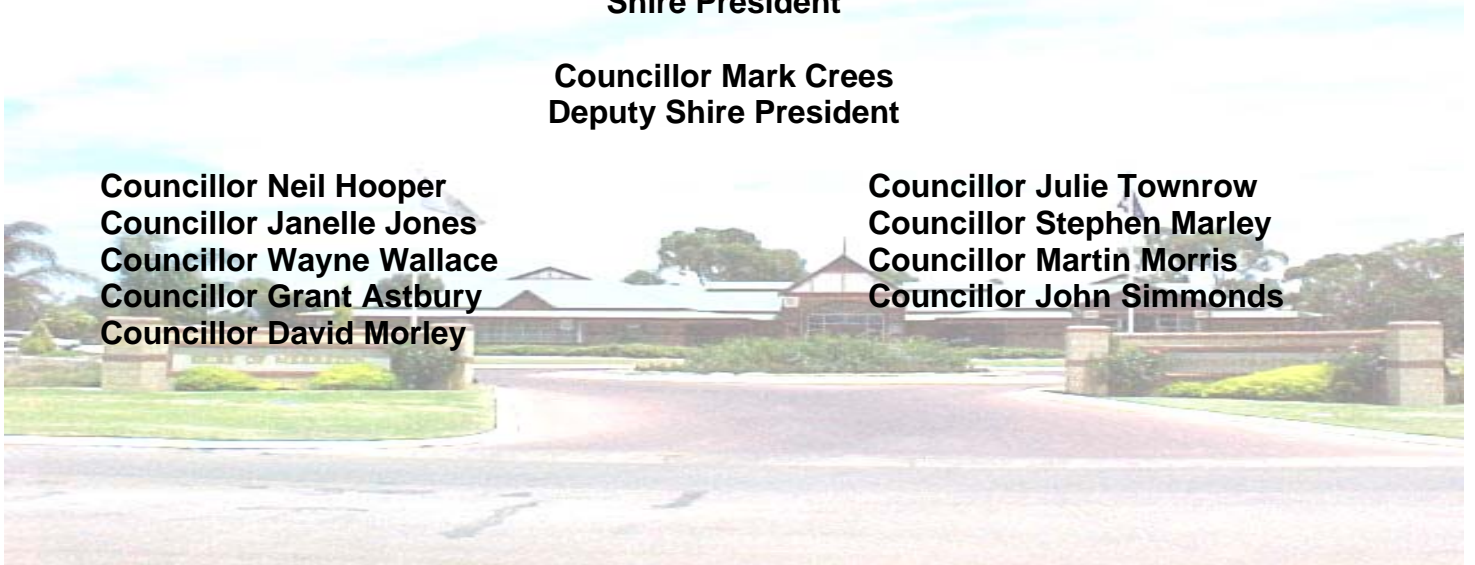
# Merredin Shire Council

**Councillor Ken Hooper  
Shire President**

**Councillor Mark Crees  
Deputy Shire President**

**Councillor Neil Hooper  
Councillor Janelle Jones  
Councillor Wayne Wallace  
Councillor Grant Astbury  
Councillor David Morley**

**Councillor Julie Townrow  
Councillor Stephen Marley  
Councillor Martin Morris  
Councillor John Simmonds**



## **Council Offices:**

**Situated on the Cnr King/Barrack Street, Merredin**

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**Website: [www.merredin.wa.gov.au](http://www.merredin.wa.gov.au)**

## **SENIOR MANAGEMENT:**

<b>Chief Executive Officer Mr Frank Ludovico</b>	<b>Deputy Chief Executive Officer Mr James McGovern</b>	<b>Manager of Works Mr James Garrett</b>	<b>Manager of Development Services Mr Warren Bow</b>
<b>Executive Management, Statutory Functions, Strategic Planning, Policies, Local Laws</b>	<b>Administration, Finance &amp; Community Services</b>	<b>Engineering Works, Construction &amp; Maintenance, Parks &amp; Gardens</b>	<b>Health, Building, Development &amp; Environmental Services</b>

## **SUPERVISORS, MANAGERS & SPECIALISED STAFF:**

**Works Supervisor:** Rodney Robertson

**Construction Supervisor:** Troy Davey

**Swimming Pool Manager:** Terry Robartson

**Community and Economic Development Officers**

Debbie Morris and Jeff Walker

**Manager Cummins Theatre:** Richard Salisbury-Sexton

**Visitor Centre Manager :** Pam Masters

**Mechanic:** Mick Fiegert

**Recreation Ground Curator:** Graham Motzel

**Regional Librarian:** Ian Stone

**Senior Finance Officer:** Natalie Purdy

**Ranger:** Brian Willcox



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

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**SHIRE OF MERREDIN**

**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 Merredin 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 Merredin 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                      day of                      2006.

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Frank Ludovico  
Chief Executive Officer

## SHIRE OF MERREDIN

## INCOME STATEMENT

## BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	22	1,780,192	1,762,868	1,710,616
Grants and Subsidies	28	1,331,161	1,672,742	1,365,551
Contributions Reimbursements and Donations		1,144,954	901,846	129,072
Fees and Charges	27	841,336	633,693	1,031,705
Interest Earnings	2(a)	65,511	51,711	51,408
Other Revenue		479,316	96,695	775,855
		<u>5,642,470</u>	<u>5,119,555</u>	<u>5,064,207</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		(2,293,259)	(2,500,912)	(2,103,756)
Materials and Contracts		(1,371,779)	(1,490,757)	(1,367,828)
Utilities		(268,963)	(173,967)	(302,056)
Depreciation	2(a)	(1,206,186)	(1,142,838)	(1,268,360)
Interest Expenses	2(a)	(45,353)	(66,117)	(55,201)
Insurance		(207,494)	(188,496)	0
Other Expenditure		0	(57,350)	(622,558)
		<u>(5,393,034)</u>	<u>(5,620,437)</u>	<u>(5,719,759)</u>
		249,436	(500,882)	(655,552)
Grants and Subsidies - non-operating	28	1,754,736	2,750,161	1,095,026
Profit on Asset Disposals	20	62,933	133,813	49,724
Loss on Asset Disposals	20	<u>(471,592)</u>	<u>(154,963)</u>	<u>(49,293)</u>
<b>NET RESULT</b>		<u>1,595,513</u>	<u>2,228,129</u>	<u>439,905</u>

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

## SHIRE OF MERREDIN

## INCOME STATEMENT

## BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		6,470	20,908	12,213
General Purpose Funding		3,289,561	3,274,605	3,155,185
Law, Order, Public Safety		169,793	298,000	158,027
Health		13,635	10,002	50,707
Education and Welfare		2,161	2,471	1,276
Housing		32,980	8,607	13,226
Community Amenities		676,877	373,791	362,853
Recreation and Culture		1,148,250	1,944,117	513,318
Transport		1,050,994	972,236	707,092
Economic Services		657,312	704,777	653,193
Other Property and Services		412,106	391,609	581,869
	2 (a)	<u>7,460,139</u>	<u>8,001,129</u>	<u>6,208,959</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		(352,603)	(373,387)	(365,096)
General Purpose Funding		(71,962)	(61,063)	(61,454)
Law, Order, Public Safety		(246,131)	(223,430)	(214,175)
Health		(131,268)	(153,658)	(164,791)
Education and Welfare		(406,924)	(48,488)	(43,233)
Housing		(26,971)	(22,173)	(29,742)
Community Amenities		(470,726)	(522,001)	(440,852)
Recreation & Culture		(1,190,632)	(1,236,685)	(1,017,383)
Transport		(1,507,192)	(1,531,320)	(1,612,670)
Economic Services		(1,019,445)	(1,039,727)	(1,056,205)
Other Property and Services		(391,123)	(494,944)	(706,001)
	2 (a)	<u>(5,814,977)</u>	<u>(5,706,876)</u>	<u>(5,711,602)</u>
<b>BORROWING COSTS EXPENSE</b>				
Governance		(15,575)	(15,575)	(20,601)
Health		(1,814)	(1,814)	(1,872)
Recreation & Culture		(9,415)	(8,847)	(9,388)
Economic Services		(20,272)	(37,309)	(20,919)
Other Property & Services		(2,573)	(2,573)	(4,672)
	2 (a)	<u>(49,649)</u>	<u>(66,118)</u>	<u>(57,452)</u>
<b>NET RESULT</b>		<u>1,595,513</u>	<u>2,228,129</u>	<u>439,905</u>

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

## SHIRE OF MERREDIN

## BALANCE SHEET

AS AT 30TH JUNE 2006

	NOTE	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	2,650,782	1,783,439
Trade and Other Receivables	4	1,019,476	364,053
Inventories	5	13,126	18,947
<b>TOTAL CURRENT ASSETS</b>		<u>3,683,384</u>	<u>2,166,439</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	47,006	33,254
Inventories	5	834,488	147,186
Property, Plant and Equipment	6	8,577,996	8,227,432
Infrastructure	7	38,989,338	38,910,129
<b>TOTAL NON-CURRENT ASSETS</b>		<u>48,448,828</u>	<u>47,318,001</u>
<b>TOTAL ASSETS</b>		<u>52,132,212</u>	<u>49,484,440</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	245,551	77,538
Long Term Borrowings	9	159,068	210,366
Provisions	10	191,489	200,959
<b>TOTAL CURRENT LIABILITIES</b>		<u>596,108</u>	<u>488,863</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	1,561,734	651,075
Provisions	10	246,685	212,330
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,808,419</u>	<u>863,405</u>
<b>TOTAL LIABILITIES</b>		<u>2,404,527</u>	<u>1,352,268</u>
<b>NET ASSETS</b>		<u>49,727,685</u>	<u>48,132,172</u>
<b>EQUITY</b>			
Retained Surplus		21,435,916	20,809,424
Reserves - Cash Backed	11	2,481,771	1,512,750
Reserves - Asset Revaluation	12	25,809,998	25,809,998
<b>TOTAL EQUITY</b>		<u>49,727,685</u>	<u>48,132,172</u>

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

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

	NOTE	2006 \$	2005 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2005		20,809,424	20,772,180
Net Result		1,595,513	439,905
Transfer from/(to) Reserves		(969,021)	(402,661)
Balance as at 30 June 2006		<u>21,435,916</u>	<u>20,809,424</u>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2005		1,512,750	1,110,089
Retained Surplus		969,021	402,661
Balance as at 30 June 2006	11	<u>2,481,771</u>	<u>1,512,750</u>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2005		25,809,998	16,638,216
Revaluation Increment		0	9,171,782
Balance as at 30 June 2006	12	<u>25,809,998</u>	<u>25,809,998</u>
<b>TOTAL EQUITY</b>		<u><u>49,727,685</u></u>	<u><u>48,132,172</u></u>

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

## SHIRE OF MERREDIN

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$	2005 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,777,889	1,762,868	1,749,056
Grants and Subsidies - operating		1,331,161	1,672,742	1,365,551
Contributions, Reimbursements & Donations		944,954	901,846	129,072
Fees and Charges		841,336	931,202	1,031,705
Interest Earnings		65,511	51,711	51,408
Goods and Services Tax		413,970	896,240	288,372
Other		4,316	96,695	791,526
		<u>5,379,137</u>	<u>6,313,304</u>	<u>5,406,690</u>
<b>Payments</b>				
Employee Costs		(2,268,374)	(2,500,912)	(2,052,307)
Materials and Contracts		(1,012,614)	(1,490,578)	(1,461,534)
Utilities (gas, electricity, water, etc)		(268,963)	(173,967)	(302,056)
Insurance		(207,494)	(188,496)	0
Interest		(45,353)	(66,117)	(51,408)
Goods and Services Tax		(417,557)	(896,240)	(301,587)
Other		0	(57,350)	(638,524)
		<u>(4,220,355)</u>	<u>(5,373,660)</u>	<u>(4,807,416)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	13(b)	<u>1,158,782</u>	<u>939,644</u>	<u>599,274</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development and purchase of Land Held for Resale		(687,302)	(422,000)	(7,728)
Payments for Purchase of Property, Plant & Equipment		(1,659,144)	(4,548,803)	(982,951)
Payments for Construction of Infrastructure		(924,239)	(1,338,749)	(719,793)
Grants/Contributions for the Development of Assets		1,754,736	2,750,161	1,095,026
Proceeds from Sale of Plant & Equipment		353,434	451,000	496,123
		<u>353,434</u>	<u>451,000</u>	<u>496,123</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		<u>(1,162,515)</u>	<u>(3,108,391)</u>	<u>(119,323)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(160,639)	(182,841)	(151,694)
Proceeds from Self Supporting Loans		11,715	6,006	6,868
Proceeds from New Debentures		1,020,000	1,300,000	0
		<u>1,020,000</u>	<u>1,300,000</u>	<u>0</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Financing Activities</b>		<u>871,076</u>	<u>1,123,165</u>	<u>(144,826)</u>
<b>Net Increase (Decrease) in Cash Held</b>		867,343	(1,045,582)	335,125
Cash at Beginning of Year		1,783,439	1,783,223	1,448,314
Cash at End of Year	13(a)	<u>2,650,782</u>	<u>737,641</u>	<u>1,783,439</u>

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

## SHIRE OF MERREDIN

## RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2006 \$	2006 Budget \$
<b>REVENUES</b>			
Governance		6,470	20,908
General Purpose Funding		1,525,226	1,511,737
Law, Order, Public Safety		169,793	248,050
Health		13,635	10,002
Education and Welfare		2,161	2,471
Housing		32,980	8,607
Community Amenities		676,877	373,791
Recreation and Culture		1,148,250	134,065
Transport		1,050,994	182,127
Economic Services		657,312	607,133
Other Property and Services		412,106	391,609
		<u>5,695,804</u>	<u>3,490,500</u>
<b>EXPENSES</b>			
Governance		(368,178)	(388,962)
General Purpose Funding		(71,962)	(61,063)
Law, Order, Public Safety		(246,131)	(223,480)
Health		(133,082)	(155,472)
Education and Welfare		(406,924)	(48,488)
Housing		(26,971)	(22,173)
Community Amenities		(470,726)	(522,001)
Recreation & Culture		(1,200,047)	(1,245,532)
Transport		(1,507,192)	(1,531,320)
Economic Services		(1,039,717)	(1,079,392)
Other Property and Services		(393,696)	(497,517)
		<u>(5,864,626)</u>	<u>(5,775,400)</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		408,659	21,150
Movement in Accrued Interest		12,445	0
Movement in Accrued Salaries and Wages		(2,864)	0
Movement in Employee Provisions		24,885	0
Correction of Land For Resale		185,331	0
Depreciation on Assets		1,206,186	1,142,838
<b>Capital Expenditure and Revenue</b>			
Grants/Contributions Asset Development		0	2,750,161
Purchase - Footpaths		(634)	(75,293)
Purchase - Land Held for Resale		(687,302)	(422,000)
Purchase Land and Buildings		(1,185,250)	(3,935,803)
Purchase Infrastructure Assets - Roads/Drains		(909,178)	(1,251,456)
Purchase Infrastructure Assets - Parks		(14,427)	(12,000)
Purchase Plant and Equipment		(462,493)	(552,000)
Purchase Furniture and Equipment		(11,401)	(61,000)
Proceeds from Disposal of Assets		353,434	451,000
Repayment of Debentures		(160,639)	(182,841)
Proceeds from New Debentures		1,000,000	1,300,000
Self-Supporting Loan Principal Income		8,640	6,006
Transfers to Reserves (Restricted Assets)		(2,177,535)	(733,481)
Transfers from Reserves (Restricted Assets)		1,208,514	1,340,588
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		647,016	619,281
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,038,900	(116,882)
Amount Req'd to be Raised from Rates	22	<u>(1,764,335)</u>	<u>(1,762,868)</u>

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



## SHIRE OF MERREDIN

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 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.

SHIRE OF MERREDIN

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 MERREDIN

### 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.

## SHIRE OF MERREDIN

### 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.

## SHIRE OF MERREDIN

### 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 Merredin 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 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 MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. REVENUES AND EXPENSES	2006	2005	
	\$	\$	
<b>(a) Result from Ordinary Activities</b>			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
<b>Auditors Remuneration</b>			
- Audit	10,400	6,750	
- Other Services	6,484	3,050	
<b>Depreciation</b>			
Buildings	129,869	127,890	
Furniture and Equipment	27,316	26,293	
Plant and Equipment	203,971	200,766	
Roads	798,924	875,140	
Footpaths	25,000	25,115	
Drainage	21,001	13,050	
Parks & Ovals	105	106	
	<u>1,206,186</u>	<u>1,268,360</u>	
<b>Interest Expenses</b>			
Debentures (refer Note 21(a))	45,353	55,201	
	<u>45,353</u>	<u>55,201</u>	
<b>Rental Charges</b>			
- Operating Leases	10,131	4,903	
	<u>10,131</u>	<u>4,903</u>	
<b>Lease on Berringa Lodge</b>			
- Lease surrendered	365,292	0	
	<u>365,292</u>	<u>0</u>	
(ii) Crediting as Revenue:			
	2006	2006	2005
	\$	Budget	\$
		\$	
<b>Interest Earnings</b>			
<b>Investments</b>			
- Reserve Funds	714	10,500	13,395
- Other Funds	40,589	25,000	29,935
Other Interest Revenue (refer note 26)	24,208	16,211	8,078
	<u>65,511</u>	<u>51,711</u>	<u>51,408</u>

## SHIRE OF MERREDIN

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

##### **GOVERNANCE**

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

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

##### **GENERAL PURPOSE FUNDING**

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

**Activities:** Rates, general purpose grants and interest revenue

##### **LAW, ORDER, PUBLIC SAFETY**

**Objective:** To provide services to help ensure a safer community

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

##### **HEALTH**

**Objective:** To provide an operational framework for good community health

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

##### **EDUCATION AND WELFARE**

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

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

##### **HOUSING**

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

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

##### **COMMUNITY AMENITIES**

**Objective:** Provide sanitary and essential services required by the community

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

##### **RECREATION AND CULTURE**

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

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

##### **TRANSPORT**

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

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

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

**ECONOMIC SERVICES**

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

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

**OTHER PROPERTY & SERVICES**

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

	2006 \$	2005 \$
<b>(c) Conditions Over Contributions</b>		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Medical Centre Grant	22,000	22,000
Roads to Recovery Grant	0	20,000
	<u>22,000</u>	<u>42,000</u>
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Roads to Recovery Grant	152,093	0
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Roads to Recovery Grant	0	(20,000)
Medical Centre Grant	(22,000)	0
	<u>152,093</u>	<u>22,000</u>
Closing balances of unexpended grants		
Comprises:		
Medical Centre Grant	0	22,000
Roads to Recovery	152,093	0
	<u>152,093</u>	<u>22,000</u>



## SHIRE OF MERREDIN

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2005 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	16,918	248,689
Restricted	2,633,864	1,534,750
	<u>2,650,782</u>	<u>1,783,439</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Long Service Leave Reserve	137,871	136,736
Plant Reserve	257,929	0
Cummins Theatre Reserve	4,316	5,651
Annual Leave Reserve	122,601	101,756
General Building Reserve	76,241	3,416
Burracoppin Sports Pavilion Reserve	0	84
Recreation Ground Lighting Reserve	0	1,755
Land and Development Reserve	232,103	150,481
Doctors Housing Reserve	11,207	11,106
Meat Inspectors Reserve	0	21,523
Heritage Reserve	3,674	14,218
Medical Centre Reserve	0	1,103
Disaster Relief Reserve	5,471	5,426
Recreation Facilities Reserve	1,125,527	498,217
Road Reinstatement Reserve	17,885	17,738
Cummings Street Units Reserve	36,018	33,533
Carried Over Projects Reserve	388,388	479,945
Building Maintenance Reserve	62,540	30,062
Unspent Grants	152,093	22,000
	<u>2,633,864</u>	<u>1,534,750</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	155,611	103,145
Sundry Debtors	892,244	293,229
GST Receivable	5,260	1,673
Loans - Clubs/Institutions	6,361	6,006
Less Provision for Doubtful Debts	(40,000)	(40,000)
	<u>1,019,476</u>	<u>364,053</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	22,743	20,351
Loans - Clubs/Institutions	24,263	12,903
	<u>47,006</u>	<u>33,254</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	13,126	18,947
	<u>13,126</u>	<u>18,947</u>
<b>Non-Current</b>		
Land Held for Resale - Cost		
Cost of Acquisition	587,977	147,186
Development Costs	246,511	0
	<u>834,488</u>	<u>147,186</u>

**SHIRE OF MERREDIN**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006	2005
	\$	\$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	7,521,044	7,197,044
Less Accumulated Depreciation	<u>(1,392,058)</u>	<u>(1,482,720)</u>
	6,128,986	5,714,324
Furniture and Equipment - Cost	590,552	583,553
Less Accumulated Depreciation	<u>(436,160)</u>	<u>(411,277)</u>
	154,392	172,276
Plant and Equipment - Cost	3,932,717	3,845,748
Less Accumulated Depreciation	<u>(1,638,099)</u>	<u>(1,504,916)</u>
	2,294,618	2,340,832
	<u>8,577,996</u>	<u>8,227,432</u>

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

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 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	5,714,324	172,276	2,340,832	8,227,432
Additions	1,185,250	11,401	462,493	1,659,144
(Disposals)	(455,388)	(1,969)	(304,736)	(762,093)
Depreciation (Expense)	(129,869)	(27,316)	(203,971)	(361,156)
Other Movements	(185,331)	0	0	(185,331)
Balance as at 30 June 2006	<u>6,128,986</u>	<u>154,392</u>	<u>2,294,618</u>	<u>8,577,996</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	65,259,448	64,364,573
Less Accumulated Depreciation	<u>(27,703,800)</u>	<u>(26,904,876)</u>
	37,555,648	37,459,697
Footpaths - Cost	705,601	704,967
Less Accumulated Depreciation	<u>(324,751)</u>	<u>(299,751)</u>
	380,850	405,216
Drainage - Cost	774,569	760,267
Less Accumulated Depreciation	<u>(330,756)</u>	<u>(309,756)</u>
	443,813	450,511
Parks & Ovals - Cost	609,430	595,002
Less Accumulated Depreciation	<u>(403)</u>	<u>(297)</u>
	609,027	594,705
	<u>38,989,338</u>	<u>38,910,129</u>

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

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other infrastructure asset classes (other than roads), are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF MERREDIN

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 \$	Total \$
Balance as at 1 July 2005	37,459,697	405,216	450,511	594,705	38,910,129
Additions	894,875	634	14,303	14,427	924,239
Depreciation (Expense)	(798,924)	(25,000)	(21,001)	(105)	(845,030)
Balance as at 30 June 2006	<u>37,555,648</u>	<u>380,850</u>	<u>443,813</u>	<u>609,027</u>	<u>38,989,338</u>

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

	2006	2005
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	185,456	27,024
Accrued Interest on Debentures	18,224	5,779
Accrued Salaries and Wages	41,871	44,735
	<u>245,551</u>	<u>77,538</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge Debentures	<u>159,068</u>	<u>210,366</u>
	<u>159,068</u>	<u>210,366</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	<u>1,561,734</u>	<u>651,075</u>
	<u>1,561,734</u>	<u>651,075</u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	109,860	118,413
Provision for Long Service Leave	81,629	82,546
	<u>191,489</u>	<u>200,959</u>
<b>Non-Current</b>		
Provision for Annual Leave	149,361	100,899
Provision for Long Service Leave	97,324	111,431
	<u>246,685</u>	<u>212,330</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006 \$	2006 Budget \$	2005 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Long Service Leave Reserve</b>			
Opening Balance	136,736	136,736	90,426
Amount Set Aside / Transfer to Reserve	1,135	20,000	46,310
Amount Used / Transfer from Reserve	0	(8,300)	0
	<u>137,871</u>	<u>148,436</u>	<u>136,736</u>
<b>(b) Plant Reserve</b>			
Opening Balance	0	0	64,857
Amount Set Aside / Transfer to Reserve	427,858	280,000	105,551
Amount Used / Transfer from Reserve	(169,929)	(240,000)	(170,408)
	<u>257,929</u>	<u>40,000</u>	<u>0</u>
<b>(c) Cummins Theatre Reserve</b>			
Opening Balance	5,651	5,651	5,622
Amount Set Aside / Transfer to Reserve	38	650	29
Amount Used / Transfer from Reserve	(1,373)	(5,801)	0
	<u>4,316</u>	<u>500</u>	<u>5,651</u>
<b>(d) Annual Leave Reserve</b>			
Opening Balance	101,756	101,756	61,354
Amount Set Aside / Transfer to Reserve	20,845	20,000	40,402
Amount Used / Transfer from Reserve	0	0	0
	<u>122,601</u>	<u>121,756</u>	<u>101,756</u>
<b>(e) General Building Reserve</b>			
Opening Balance	3,416	3,416	77,057
Amount Set Aside / Transfer to Reserve	72,825	140,095	403
Amount Used / Transfer from Reserve	0	0	(74,044)
	<u>76,241</u>	<u>143,511</u>	<u>3,416</u>
<b>(f) Burracoppin Sports Pavilion Reserve</b>			
Opening Balance	84	83	83
Amount Set Aside / Transfer to Reserve	0	5	1
Amount Used / Transfer from Reserve	(84)	(88)	0
	<u>0</u>	<u>0</u>	<u>84</u>
<b>(g) Recreation Ground Lighting Reserve</b>			
Opening Balance	1,755	1,755	1,746
Amount Set Aside / Transfer to Reserve	8	65	9
Amount Used / Transfer from Reserve	(1,763)	(1,820)	0
	<u>0</u>	<u>0</u>	<u>1,755</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

11. RESERVES - CASH BACKED cont.

(h) Land and Development Reserve

Opening Balance	150,481	150,481	132,975
Amount Set Aside / Transfer to Reserve	81,622	230,000	192,730
Amount Used / Transfer from Reserve	0	(122,000)	(175,224)
	<u>232,103</u>	<u>258,481</u>	<u>150,481</u>

(i) Doctors Housing Reserve

Opening Balance	11,106	11,106	11,048
Amount Set Aside / Transfer to Reserve	101	355	58
Amount Used / Transfer from Reserve	0	0	0
	<u>11,207</u>	<u>11,461</u>	<u>11,106</u>

(j) Meat Inspectors Reserve

Opening Balance	21,523	21,524	30,881
Amount Set Aside / Transfer to Reserve	94	640	161
Amount Used / Transfer from Reserve	(21,617)	(22,164)	(9,519)
	<u>0</u>	<u>0</u>	<u>21,523</u>

(k) Recreation Facilities Reserve

Opening Balance	498,217	498,216	63,908
Amount Set Aside / Transfer to Reserve	1,125,527	0	452,597
Amount Used / Transfer from Reserve	(498,217)	(498,216)	(18,288)
	<u>1,125,527</u>	<u>0</u>	<u>498,217</u>

(l) Heritage Reserve

Opening Balance	14,218	14,218	14,144
Amount Set Aside / Transfer to Reserve	118	740	74
Amount Used / Transfer from Reserve	(10,662)	0	0
	<u>3,674</u>	<u>14,958</u>	<u>14,218</u>

(m) Medical Centre Reserve

Opening Balance	1,103	1,104	1,098
Amount Set Aside / Transfer to Reserve	5	70	5
Amount Used / Transfer from Reserve	(1,108)	(1,174)	0
	<u>0</u>	<u>0</u>	<u>1,103</u>

(n) Disaster Relief Reserve

Opening Balance	5,426	5,426	5,397
Amount Set Aside / Transfer to Reserve	45	220	29
Amount Used / Transfer from Reserve	0	0	0
	<u>5,471</u>	<u>5,646</u>	<u>5,426</u>

(o) Road Reinstatement Reserve

Opening Balance	17,738	17,737	17,646
Amount Set Aside / Transfer to Reserve	147	641	92
Amount Used / Transfer from Reserve	0	0	0
	<u>17,885</u>	<u>18,378</u>	<u>17,738</u>



**SHIRE OF MERREDIN**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**11. RESERVES - CASH BACKED cont.**

**(p) Carried Over Projects Reserve**

Opening Balance	479,945	479,945	501,294
Amount Set Aside / Transfer to Reserve	396,619	0	482,931
Amount Used / Transfer from Reserve	<u>(488,176)</u>	<u>(431,025)</u>	<u>(504,280)</u>
	<u>388,388</u>	<u>48,920</u>	<u>479,945</u>

**(q) Cummings Street Units Reserve**

Opening Balance	33,533	33,533	30,554
Amount Set Aside / Transfer to Reserve	2,485	10,000	2,979
Amount Used / Transfer from Reserve	<u>0</u>	<u>(5,000)</u>	<u>0</u>
	<u>36,018</u>	<u>38,533</u>	<u>33,533</u>

**(r) Building Maintenance Reserve**

Opening Balance	30,062	30,061	0
Amount Set Aside / Transfer to Reserve	48,063	30,000	30,062
Amount Used / Transfer from Reserve	<u>(15,585)</u>	<u>(5,000)</u>	<u>0</u>
	<u>62,540</u>	<u>55,061</u>	<u>30,062</u>

TOTAL CASH BACKED RESERVES	<u>2,481,771</u>	<u>905,641</u>	<u>1,512,750</u>
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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:

**Annual Leave Reserve**

- to be used to fund employees accrued annual leave.

**Cummins Theatre Reserve**

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

**Long Service Leave Reserve**

- to be used to fund employees long service leave.

**Plant Reserve**

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

**General Building Reserve**

- to be used to fund council building construction.

**Recreation Ground Lighting Reserve**

- to be used to fund capital lighting works at the Merredin Recreation Ground.

**Burracoppin Sports Pavilion Reserve**

- to be used to fund Burracoppin Sports Pavilion capital works.

**Land and Development Reserve**

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

**Doctors Housing Reserve**

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

**SHIRE OF MERREDIN**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**11. RESERVES - CASH BACKED (Continued).**

Meat Inspectors Reserve

- established and to be used in accordance with section 246F of the Health Act 1911.

Recreation Facilities Reserve

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

Heritage Reserve

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

Medical Centre Reserve

- to be used for the purpose of operating the Merredin Medical Centre

Disaster Relief Reserve

- Contingency Reserve for disasters.

Road Reinstatement Reserve

- to be used for emergency road reinstatements.

Carried Over Projects Reserve

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

Cummings Street Units Reserve

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

Building Maintenance Reserve

- to be used to fund upgrade & maintenance of council buildings.

**12. RESERVES - ASSET REVALUATION**

**2006**

**2005**

\$

\$

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

**(b) Roads**

Balance as at 1 July 2005

25,809,998

16,638,216

Revaluation Increment

0

9,171,782

Balance as at 30 June 2006

25,809,998

25,809,998

**TOTAL ASSET REVALUATION RESERVES**

25,809,998

25,809,998

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2006 \$	2006 Budget \$	2005 \$
Cash and Cash Equivalents	<u>2,650,782</u>	<u>737,461</u>	<u>1,783,439</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	1,595,513	2,228,129	439,905
Depreciation	1,206,186	1,142,838	1,268,360
Correction to Land Held For Resale	185,331	0	0
(Increase)/Decrease in Receivables	(680,890)	297,509	31,727
(Profit)/Loss on Sale of Asset	408,659	21,150	3,786
(Increase)/Decrease in Inventories	5,821	0	(10,835)
Increase/(Decrease) in Payables	168,013	179	(90,092)
Increase/(Decrease) in Employee Provisions	24,885	0	51,449
Grants/Contributions for the Development of Assets	<u>(1,754,736)</u>	<u>(2,750,161)</u>	<u>(1,095,026)</u>
<b>Net Cash from Operating Activities</b>	<u>1,158,782</u>	<u>939,644</u>	<u>599,274</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank Overdraft limit	200,000		140,000
Bank Overdraft at Balance Date	0		0
Credit Card limit	3,000		3,000
Credit Card Balance at Balance Date	0		0
<b>Total Amount of Credit Unused</b>	<u>203,000</u>		<u>143,000</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	159,068		210,366
Loan Facilities - Non-Current	1,561,734		651,075
<b>Total Facilities in Use at Balance Date</b>	<u>1,720,802</u>		<u>861,441</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>		<u>0</u>

**SHIRE OF MERREDIN**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

	2006	2005
	\$	\$
<b>14. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Finance Lease Commitments</b>		
Council had no finance lease commitments at 30 June 2006.		
<b>(b) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	13,557	2,135
- later than one year but not later than five years	27,115	0
	40,672	2,135
<b>(c) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects	793,000	479,945
- plant & equipment purchases	0	0
Payable:		
- not later than one year	793,000	479,945

The capital expenditure projects outstanding at the end of the current reporting period represents Recreation Centre capital projects not completed within the current financial year, carried forward to next financial year.

**15. CONTINGENT LIABILITIES**

There are no known contingent liabilities at 30 June 2006.

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

16. JOINT VENTURE

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

	2006	2005
	\$	\$
<b>17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>		
Governance	1,590,635	1,566,250
General Purpose Funding	0	0
Law, Order, Public Safety	160,457	190,487
Health	235,619	238,420
Education and Welfare	281,106	660,348
Housing	132,795	36,910
Community Amenities	1,228,856	734,015
Recreation and Culture	2,514,601	1,718,545
Transport	39,224,499	39,161,039
Economic Services	913,824	1,121,530
Other Property and Services	1,845,785	1,886,174
Unallocated	4,004,035	2,170,722
	<u>52,132,212</u>	<u>49,484,440</u>

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

	2006	2005	2004
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	2.59	2.19	2.23
Untied Cash to Trade Creditors Ratio	0.09	9.20	2.17
Debt Ratio	0.05	0.03	0.04
Debt Service Ratio	0.04	0.04	0.03
Gross Debt to Revenue Ratio	0.23	0.14	0.18
Gross Debt to Economically Realisable Assets Ratio	0.13	0.08	0.10
Rate Coverage Ratio	0.24	0.28	0.29
Outstanding Rates Ratio	0.08	0.06	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  $\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

Prior to 30 June 2006 Council elected to transfer funds of \$1,125,527 to the Recreation Facilities Reserve. Had this transfer not taken place the Untied Cash to Trade Creditors Ratio would have been 6.16.

## SHIRE OF MERREDIN

## 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
	\$	\$	(\$)	\$
Community Bus Fund	512	0	0	512
Housing Bonds	3,879	3,550	(2,240)	5,189
Recreation Hall Bonds	500	0	0	500
Possum Trap Bonds	63	695	(640)	118
Sale of Land for Rates	(2,119)	0	2,119	0
Unclaimed Monies	300	0	0	300
Hall/Gym Bonds	115	0	0	115
BCITF Levy	(120)	12,562	(12,549)	(107)
SBS Transmitter Fund	2,220	0	0	2,220
Overpayment of Rates	4,105	0	0	4,105
LCDC Treeplanter Fund	0	550	0	550
Poetry Book Fund	400	0	0	400
Other Bonds	2,216	1,000	0	3,216
Builders Reg. Board Levy	120	2,440	(2,453)	107
Councillor Nomination Fee	320	80	(80)	320
Youth Advisory Council	154	0	0	154
Pioneer Park Contribution	750	0	0	750
Australian Open Garden Scheme	15	0	0	15
Skeleton Weed	19,010	0	(16,581)	2,429
Envirofund	23	0	(23)	0
	<u>32,463</u>			<u>20,893</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

## 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 \$
<b>Plant &amp; Equipment</b>						
Deputy CEO's Vehicle	26,381	32,632	27,273	32,000	892	(632)
Rangers Vehicle	30,888	29,050	28,182	29,000	(2,706)	(50)
Rangers Vehicle	30,078	0	27,273	0	(2,805)	0
Manager of Dev. Services	28,076	0	24,637	0	(3,439)	0
Manager of Dev. Services	27,156	24,888	28,314	20,000	1,158	(4,888)
Manager of Works Vehicle	26,735	26,144	27,661	21,000	926	(5,144)
Manager of Works Vehicle	27,385	0	24,926	0	(2,459)	0
Works Supervisor Utility	21,570	21,243	19,546	19,000	(2,024)	(2,243)
Construction Supervisor Ute	21,570	21,743	19,546	20,000	(2,024)	(1,743)
Mechanics Utility	17,699	20,492	15,763	20,000	(1,936)	(492)
John Deere 6010 Tractor	19,808	20,210	31,549	10,000	11,741	(10,210)
John Deere 6300 Tractor	27,390	23,500	23,764	15,000	(3,626)	(8,500)
<b>Furniture &amp; Equipment</b>						
Old Desktop computers	1,969	0	0	0	(1,969)	0
<b>Land &amp; Buildings</b>						
Trotting Track Lights	6,726	6,726	0	0	(6,726)	(6,726)
Recreation Hall & Kitchen	43,738	43,738	0	(25,000)	(43,738)	(68,738)
Grandstand	26,570	26,570	0	0	(26,570)	(26,570)
Trotting Track Office	3,273	3,273	0	0	(3,273)	(3,273)
Old netball lights	647	647	0	0	(647)	(647)
Bookmakers Stand	810	810	0	0	(810)	(810)
Loc 16979 - Lot 1 Narem. Rd	300	0	10,000	0	9,700	0
Berringa Lodge	365,292	0	0	0	(365,292)	0
Judges Box - Rec Ground	1,548	0	0	0	(1,548)	0
Lot 19 Gabo Ave	4,798	0	12,500	0	7,702	0
Lot 21 Gabo Ave	848	0	27,500	0	26,652	0
Lot 23 Bungulla Road	838	0	5,000	0	4,162	0
	<b>762,093</b>	<b>301,666</b>	<b>353,434</b>	<b>161,000</b>	<b>(408,659)</b>	<b>(140,666)</b>



**SHIRE OF MERREDIN**  
**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 \$
<b>Governance</b>	182,923		31,672	31,672	151,251	149,498	11,133	11,133
Loan 197b - Admin Cnt. Const.								
<b>Housing</b>	79,407		10,387	10,387	69,020	69,020	2,295	4,442
Loan 202 - 9 Cummings Street - DCEO								
Loan 204 - 56 Kitchener Road - MDS	66,382		2,234	2,234	64,148	64,146	3,626	3,628
<b>Recreation &amp; Culture</b>	7,915		2,514	2,514	5,401	5,401	350	350
Loan 206 (*) Muntadgin Tennis Club								
Loan 207 (*) Merredin Golf Club	10,994		3,492	3,492	7,502	7,502	486	486
Loan 208 - Staff House	122,774		3,395	3,395	119,379	119,379	8,011	8,011
Loan 212 - Burracoppin Progress Assoc.		20,000	759	0	19,241	0	568	0
Loan 210 - Merredin Recreation Centre	0	700,000	0	0	700,000	1,300,000	0	0
<b>Economic Services</b>	79,407		10,387	10,387	69,020	69,020	2,295	4,442
Loan 202 - 13 Cummings Street - Doctor								
Loan 205 - Merredin Medical Centre	141,236		4,752	4,752	136,484	136,485	7,718	7,718
Loan 211 - Mackenzie Crescent Industrial	115,705		36,349	36,349	79,356	79,356	6,298	6,298
Loan 209 - Whitfield Way Res.		300,000	0	22,962	300,000	277,038	0	17,037
<b>Other Property &amp; Services</b>	54,698		54,698	54,698	0	0	2,573	2,573
Loan 203 - Heavy Plant Items								
	861,441	1,020,000	160,639	182,842	1,720,802	2,276,845	45,353	66,118

(\*) 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 \$	
Loan 209 - Whitfield Way Land	300,000	300,000	WATC	Debenture	10	98,092	5.70	300,000	300,000	0
Loan 212 - Burracoppin Progress	20,000	0	WATC	Debenture	10	6,530	5.62	20,000	0	0
Loan 210 - Merredin Recreation Cnt	700,000	1,300,000	WATC	Debenture	20	543,601	6.29	700,000	1,300,000	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

There were no unspent debentures at 30 June 2006.

## (d) Overdraft

Council established an overdraft facility of \$140,000 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 \$
<b>Borrowings</b>		
Fixed interest rate maturing		
- within one year	0	54,698
- one to five years	381,550	317,537
- over five years	1,339,252	489,206
Total Borrowings	<u>1,720,802</u>	<u>861,441</u>
Weighted average effective interest rate	<u>6.07%</u>	<u>6.01%</u>

SHIRE OF MERREDIN

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 \$
<b>Differential General Rate</b>											
GRV Residential 1	0.10510	1,064	5,542,524	582,515	0	0	582,515	583,487	0	0	583,487
GRV Residential 2	0.05996	9	161,980	9,712	0	0	9,712	9,712	0	0	9,712
GRV Tourist	0.08519	11	298,844	25,458	0	0	25,458	25,458	0	0	25,458
GRV Hotel	0.05926	4	170,300	10,092	0	0	10,092	10,092	0	0	10,092
GRV Shop	0.09445	44	732,576	69,192	0	0	69,192	69,904	0	0	69,904
GRV Office	0.11525	6	78,648	9,064	0	0	9,064	9,064	0	0	9,064
GRV Showroom	0.11481	17	211,848	24,322	0	0	24,322	24,322	0	0	24,322
GRV Civic & Culture	0.09747	11	79,836	7,782	0	0	7,782	7,782	0	0	7,782
UV General Farming	0.02059	382	40,552,000	834,965	0	0	834,965	833,566	0	0	833,566
GRV Light Industry	0.10971	55	539,656	59,205	0	0	59,205	59,205	0	0	59,205
GRV General Industry	0.11851	8	95,368	11,302	0	0	11,302	11,302	0	0	11,302
GRV Public Purpose	0.11491	1	12,688	1,458	0	0	1,458	1,458	0	0	1,458
GRV Recreation	0.11759	2	30,024	3,531	0	0	3,531	3,531	0	0	3,531
UV Urban Farmland	0.01750	12	465,000	8,115	0	0	8,551	8,114	0	0	8,114
UV Mining Tenements	0.03490	1	12,500	436	0	0	436	426	0	0	426
<b>Sub-Totals</b>		<b>1,627</b>	<b>48,983,792</b>	<b>1,657,149</b>	<b>0</b>	<b>0</b>	<b>1,657,585</b>	<b>1,657,423</b>	<b>0</b>	<b>0</b>	<b>1,657,423</b>
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV Residential 1	350	131	127,016	45,850	0	0	45,850	43,400	0	0	43,400
GRV Residential 2	350	17	58,568	5,950	0	0	5,950	5,250	0	0	5,250
GRV Tourist	350	9	8,587	3,150	0	0	3,150	3,850	0	0	3,850
GRV Shop	350	6	7,748	2,100	0	0	2,100	2,100	0	0	2,100
GRV Civic & Culture	350	4	2,950	1,400	0	0	1,400	1,750	0	0	1,750
UV General Farming	350	99	757,400	34,650	0	0	34,650	35,350	0	0	35,350
GRV Light Industry	350	11	7,970	3,850	0	0	3,850	3,150	0	0	3,150
GRV General Industry	350	2	1,550	700	0	0	700	1,050	0	0	1,050
GRV Recreation	350	4	8,268	1,400	0	0	1,400	1,750	0	0	1,750
UV Urban Farmland	350	0	67,300	2,800	0	0	5,250	4,200	0	0	4,200
UV Mining Tenements	350	0	10,787	2,450	0	0	2,450	1,400	0	0	1,400
<b>Sub-Totals</b>		<b>283</b>	<b>1,058,144</b>	<b>104,300</b>	<b>0</b>	<b>0</b>	<b>106,750</b>	<b>103,250</b>	<b>0</b>	<b>0</b>	<b>103,250</b>
Interim Charges							<b>1,764,335</b>				<b>1,760,673</b>
Rates Written Off							<b>0</b>				<b>6,695</b>
Discounts (refer note 25)							<b>0</b>				<b>(4,500)</b>
<b>Totals</b>							<b>1,764,335</b>				<b>1,762,868</b>
							<b>0</b>				<b>0</b>
							<b>1,764,335</b>				<b>1,762,868</b>

**SHIRE OF MERREDIN**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR**

The Shire of Merredin had no specified area rate for rates received in the 2005/2006 financial year.

**24. SERVICE CHARGES - 2005/06 FINANCIAL YEAR**

No service charges were applicable within the Shire of Merredin for the 2005/2006 financial year.

SHIRE OF MERREDIN

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		0	0
Minimum Rate	Discount		0	0
			0	0
Photocopy Charge	Waiver	100	0	0
Rate Assessment	Write-Off		0	0

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

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		11,278	5,150
Interest on Instalments Plan	5.5		12,930	10,000
Charges on Instalment Plan		10	6,300	5,450
			30,508	20,600

Ratepayers had the option of paying rates in four equal instalments, due on 10th October 2005, 10th December 2005, 10th February 2006 and 10th April 2006. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES

	2006 \$	2005 \$
Governance	7,864	9,513
General Purpose Funding	38,854	38,454
Law, Order, Public Safety	6,247	16,668
Health	2,014	71,731
Education & Welfare	1,318	1,862
Housing	33,384	0
Community Amenities	319,498	303,380
Recreation & Culture	123,762	62,852
Economic Services	11,646	14,993
Other Property & Services	296,749	512,252
	<u>841,336</u>	<u>1,031,705</u>

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

SHIRE OF MERREDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

<b>28. GRANT REVENUE</b>	<b>2006</b>	<b>2005</b>
	\$	\$
<b>By Nature and Type:</b>		
Grants and Subsidies - operating	1,331,161	1,365,551
Grants and Subsidies - non-operating	1,754,736	1,095,026
	<u>3,085,897</u>	<u>2,460,577</u>
<b>By Program:</b>		
General Purpose Funding	1,424,817	1,381,234
Law, Order, Public Sector	25,000	29,575
Recreation and Culture	540,517	399,731
Transport	981,919	623,928
Economic Services	22,474	26,109
Other Property & Services	91,170	0
	<u>3,085,897</u>	<u>2,460,577</u>

<b>29. COUNCILLORS' REMUNERATION</b>	<b>2006</b>	<b>2006</b>	<b>2005</b>
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	31,250	33,000	33,000
President's Allowance	7,298	7,300	6,739
Deputy President's Allowance	2,250	2,250	2,250
Travelling Expenses	0	550	629
	<u>40,798</u>	<u>43,100</u>	<u>42,618</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:

<b>Salary Range</b>		
\$		
160,000 - 169,999	<u>1</u>	<u>1</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent Employees at balance date	<u>52</u>	<u>52</u>
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**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.

**SHIRE OF MERREDIN**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2006**

**33. MAJOR LAND TRANSACTIONS**

The Shire of Merredin did not participate in any major land transactions during 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 Australian equivalents to IFRSs balance sheet and the Equity presented in the 1 July 2004 balance sheet 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 Australian equivalents to IFRSs and the equity presented in the 30 June 2005 balance sheet 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 Australian equivalents to IFRSs 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 Australian equivalents to IFRSs and the Cash Flow Statement presented under previous GAAP.



11 September 2006

The Shire President  
Shire of Merredin  
PO Box 42  
MERREDIN WA 6415

SHIRE OF MERREDIN		
DATE RECEIVED:	13 SEP 2006	
ACKN	CEO	
INFO BIN	DCEO	
AGENDA	MGR DEV	
FIN OFFICER	MGR WKS	
PROJECT MGR	PRES/CRS	✓
RATES/PAY	CEDO	
FILE REF	Fm	2/1

Dear Cr Hooper

**MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2006**

We advise that we have completed our audit procedures for the year ended 30 June 2006 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We noted no matters we wish to draw to Council's attention.

We take this opportunity to thank the Chief Executive Officer, the Deputy Chief Executive Officer, Senior Finance Officer and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



DAVID TOMASI  
PARTNER  
Encl

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

**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 Merredin 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.

**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 Merredin as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

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INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE SHIRE OF MERREDIN (continued)

**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 Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**Power to Borrow**

Council did not give one month's local public notice to borrow money, the details of which were not included in the annual budget, as required by Section 6.20 (2) (a) of the Local Government Act.

**Annual Budget**

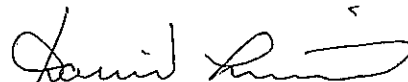
The budget for the year ended 30 June 2006 was not submitted to the Executive Director of the Department of Local Government and Regional Development within 30 days of its adoption by Council as required by Financial Management Regulation 33.

**Other Matters**

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

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

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS



DAVID TOMASI  
PARTNER

Date: 11 September 2006  
Perth, WA

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