

INGLEWOOD SHIRE COUNCIL
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

Inglewood Shire Council

Table of Contents

For the year ended 30 June 2007

Income Statement

Balance Sheet

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

- 1 Summary of significant accounting policies
- 2 Analysis of results by function
- 3 Revenue analysis
- 4 Grants, subsidies, contributions and donations
- 5 Capital income
- 6 Employee benefits
- 7 Materials and services
- 8 Finance costs
- 9 Depreciation and amortisation
- 10 Loss on impairment
- 11 Revaluation decrement
- 12 Provision for restoration of land
- 13 Cash and cash equivalents
- 14 Trade and other receivables
- 15 Inventories
- 16 Other financial assets
- 17 Non-current assets classified as held for sale
- 18 Property, plant and equipment
- 19 Capital work in progress
- 20 Intangible assets
- 21 Trade and other payables
- 22 Provisions
- 23 Borrowings
- 24 Loans
- 25 Asset revaluation reserve
- 26 Retained surplus
- 27 Other reserves
- 28 Contingent liabilities
- 29 Capital Commitment
- 30 Superannuation
- 31 Trust funds
- 32 Commitments for expenditure
- 33 Reconciliation of result from ordinary activities to net cash inflow (outflow)
- 34 Financial instruments
- 35 Correction of Error
- 36 Changes in accounting policy

Management Certificate

Independent Audit Report

Inglewood Shire Council

Income Statement

For the year ended 30 June 2007

	Notes	2007 Actual	2006 Actual
Income			
Revenue			
Recurrent revenue			
Net rate and utility charges	3	1,981,342	1,734,969
Fees and charges	3	113,525	84,789
Rental income	3	27,507	27,661
Interest received	3	269,248	260,868
Sales - contract and recoverable works	3	3,100,373	2,544,414
Profit from investments	3	0	0
Other recurrent income	3	131,245	29,264
Grants, subsidies, contributions and donations	4	<u>2,214,608</u>	<u>1,897,766</u>
Total recurrent revenue		<u>7,837,849</u>	<u>6,579,731</u>
Capital revenue			
Grants, subsidies, contributions and donations	4	<u>218,782</u>	<u>842,216</u>
Total capital revenue		<u>218,782</u>	<u>842,216</u>
Total revenue		<u>8,056,631</u>	<u>7,421,947</u>
Gain/(loss) on disposal of non-current assets	5	<u>60,208</u>	<u>(30,913)</u>
Reduction in provision for land restoration		<u>0</u>	<u>0</u>
Total income		<u>8,116,839</u>	<u>7,391,034</u>
Expenses			
Recurrent expenses			
Employee benefits	6	(3,577,170)	(3,156,497)
Materials and services	7	(3,132,159)	(2,583,961)
Finance costs	8	(9,584)	(10,985)
Depreciation and amortisation	9	<u>(2,301,604)</u>	<u>(2,079,315)</u>
Total recurrent expenses		<u>(9,020,518)</u>	<u>(7,830,757)</u>
Capital expenses			
Impairment losses	10	0	0
Provision for restoration of land	12	0	0
Revaluation decrements	11	<u>0</u>	<u>0</u>
Total expenses		<u>(9,020,518)</u>	<u>(7,830,757)</u>
Net result attributable to council		<u>(903,679)</u>	<u>(439,723)</u>

The above Statement should be read in conjunction with the accompanying notes and the Summary of Significant Accounting Policies.

Inglewood Shire Council

Balance Sheet

As at 30 June 2007

	Notes	2007 Actual	2006 Actual
Current Assets			
Cash and cash equivalents	13	3,219,887	4,092,976
Trade and other receivables	14	581,020	763,181
Inventories	15	160,654	160,093
Other financial assets	16	81,787	62,401
		4,043,349	5,078,650
Non-current assets classified as held for sale	17	237,270	237,270
Total current assets	2	4,280,619	5,315,920
Non-current Assets			
Receivables	14	10,092	15,418
Investments		0	0
Investment property		0	0
Property, plant and equipment	18	55,137,287	48,869,749
Capital works in progress	19	432,378	140,961
Intangible assets	20	0	0
Total non-current assets	2	55,579,757	49,026,127
TOTAL ASSETS		59,860,376	54,342,048
Current Liabilities			
Trade and other payables	21	432,106	422,936
Borrowings	23	17,578	16,494
Provisions	22	217,112	318,623
Other		154,115	89,971
Total current liabilities		820,911	848,024
Non-current Liabilities			
Trade and other payables	21	0	0
Borrowings	23	59,126	76,731
Provisions	22	695,888	499,555
Other		0	0
Total non-current liabilities		755,014	576,286
TOTAL LIABILITIES		1,575,925	1,424,310
NET COMMUNITY ASSETS		58,284,451	52,917,737
Non-current Liabilities			
		0	0
TOTAL LIABILITIES		0	0
Community Equity			
Asset revaluation reserve	25	44,390,130	38,119,737
Retained surplus/(deficiency)	26	12,145,222	13,049,804
Other reserves	27	1,749,100	1,748,197
TOTAL COMMUNITY EQUITY		58,284,451	52,917,737

The above Statement should be read in conjunction with the accompanying notes and the Summary of Significant Accounting Policies.

Inglewood Shire Council

Statement of Changes in Equity

For the year ended 30 June 2007

	Notes	Asset revaluation reserve		Retained surplus		Other reserves		Total	
		Note 25 2007 Actual	2006 Actual	2007 Actual	2006 Actual	Note 27 2007 Actual	2006 Actual	2007 Actual	2006 Actual
Opening balance	25 27	38,119,737	38,250,929	13,049,804	13,490,343	1,748,197	1,747,381	52,917,737	53,488,653
Adjustments to opening equity		0	0	0	0	0	0	0	0
Adjusted opening equity		38,119,737	38,250,929	13,049,804	13,490,343	1,748,197	1,747,381	52,917,737	53,488,653
Revaluations of property, plant and equipment		6,270,393	(131,193)	0	0	0	0	6,270,393	(131,193)
Available for sale investments:									
Valuation gains/(losses)		0	0	0	0	0	0	0	0
Transferred to income statement on sale		0	0	0	0	0	0	0	0
Impairment losses		0	0	0	0	0	0	0	0
Change in value of future rehabilitation costs		0	0	0	0	0	0	0	0
Net income recognised directly in equity	25 27	6,270,393	(131,193)	0	0	0	0	6,270,393	(131,193)
Surplus for the period		0	0	(903,679)	(439,723)	0	0	(903,679)	(439,723)
Total recognised income and expense		6,270,393	(131,193)	(903,679)	(439,723)	0	0	5,366,714	(570,916)
Transfers to and from reserves									
Transfers to general reserves		0	0	(903)	(816)	903	816	0	0
Transfers from general reserves		0	0	0	0	0	0	0	0
Total transfers to and from reserves	25 27	0	0	(903)	(816)	903	816	0	0
Closing balance		44,390,130	38,119,737	12,145,222	13,049,804	1,749,100	1,748,197	58,284,451	52,917,737

The above Statement should be read in conjunction with the accompanying notes and the Summary of Significant Accounting Policies.

Inglewood Shire Council

Statement of Cash Flows

For the year ended 30 June 2007

	Notes	2007 Actual	2006 Actual
Cash flows from operating activities:			
Receipts from customers		7,988,022	7,676,827
Payments to suppliers and employees		<u>(6,605,591)</u>	<u>(5,382,557)</u>
		1,382,431	2,294,270
Dividends received		0	0
Interest received		269,248	260,868
Rental income		27,507	27,661
Income from investments		0	0
Borrowing costs		<u>(5,797)</u>	<u>(6,848)</u>
Net cash inflow (outflow) from operating activities	33	<u>1,673,390</u>	<u>2,575,950</u>
Cash flows from investing activities:			
Payments for property, plant and equipment		(2,838,152)	(2,396,820)
Payments for intangible assets		0	0
Net movement on loans and advances		0	0
Proceeds from sale of property, plant and equipment	5	<u>308,194</u>	<u>25,768</u>
Net cash inflow (outflow) from investing activities		<u>(2,529,958)</u>	<u>(2,371,053)</u>
Cash flows from financing activities:			
Grants, subsidies, contributions and donations		0	0
Proceeds from borrowings		0	0
Repayment of borrowings	24	(16,521)	(15,469)
Repayments made on finance leases		<u>0</u>	<u>0</u>
Net cash inflow (outflow) from financing activities		<u>(16,521)</u>	<u>(15,469)</u>
Net increase (decrease) in cash held		(873,089)	189,428
Cash at beginning of reporting period		4,092,976	3,903,548
Cash at end of reporting period	13	<u>3,219,887</u>	<u>4,092,976</u>

The above Statement should be read in conjunction with the accompanying notes and the Summary of Significant Accounting Policies.

Inglewood Shire Council

Note 1: Summary of significant accounting policies

For the year ended 30 June 2007

1.A Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the Local Government Act 1993 and the Local Government Finance Standard 2005.

1.B Statement of Compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Because the Council is a not-for-profit entity and the Australian accounting standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS), to the extent these inconsistencies are applied this Report does not comply with IFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

This financial report has been prepared under the historical cost convention except for the revaluation of certain non-current assets.

1.C Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Inglewood Shire Council as at 30 June 2007 and the results of all controlled entities for the year then ended. The Council and its controlled entities together form the economic entity which is referred to in this financial report as the consolidated entity.

In the process of reporting the Council as a single economic entity, all transactions with entities controlled by the Council have been eliminated.

1.D Early Adoption of New Accounting Standards.

The following Australian Accounting Standards, issued on the dates shown, are not mandatory for the financial year 2006-07 but, as permitted, have been applied in preparing this report where applicable:

AASB7 (August 2005)
AASB8 (February 2007)
AASB101 (October 2006)
AASB119 (April 2006)
AASB1048 (March 2007)
AASB1049 (September 2006)
AASB2005-10 (September 2005)
AASB2007-1 (February 2007)
AASB2007-2 (February 2007)
AASB2007-3 (February 2007)

None of these Standards makes a material difference to the information reported.

1.E Currency

The Council uses the Australian Dollar as its functional currency and its presentation currency.

1.F Constitution

The Inglewood Shire Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

1.G Date of Authorisation

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the management certificate is signed.

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

1.H Changes to Accounting Policies

Unless otherwise stated, accounting policies are the same as for the previous year.

The accounting policy has been changed in respect of Assets arising from Restoration Provisions (see notes 35 and 1.Z)

1.I Rates, Grants and Other Revenue

Rates, Grants and Other Revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

(i) Rates

Where rate monies are received prior to the commencement of the rating period, the amount is recognised as revenue in the period in which they are received.

(ii) Grants and subsidies

Where the Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.

(iii) Non-cash contributions

Non-cash contributions in excess of the recognition thresholds set out in note 1.Q in value, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue only.

(iv) Other revenue including contributions

Other Revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

1.J Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked as well as deposits at call with financial institutions. It also includes bank overdrafts and liquid investments with short periods to maturity that are readily convertible to cash at the Council's option without penalty and that are subject to a low risk of changes in value.

The Council considers all its term deposits, being for periods of less than one year to be cash equivalents.

1.K Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off at 30 June.

Loans and advances are recognised at cost. Terms are usually a maximum of five years with interest charged at commercial rates. Security is not normally obtained.

1.L Other Financial Assets

Other Financial Assets are recognised at cost.

1.M Inventories

Stores, raw materials and water held for resale are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no, or nominal, charge, and
 - Goods to be used for the provision of services at no, or nominal, charge.
- These goods are valued at the lower of cost and replacement cost.

1.N Land Held for Resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

Profit arising upon sale of land is recognised in the Statement of Financial Performance on the signing of a valid unconditional contract of sale.

1.O Investments

Financial institution deposits at call and term deposits are treated as cash equivalents.

Interest and dividend revenues are recognised on an accrual basis.

The controlled entity is accounted for at cost in the Council's separate financial statements

1.P Investment Property

Investment property, which is property held for the primary purpose of earning rentals and/or capital appreciation. Property which is held for future development and sale, and property held by the Council without any specific purpose (such as land no longer required for its original purpose) is investment property.

Investment property is measured using the fair value model. This means it is initially recognised at cost including transaction costs. Where investment property is acquired at no or nominal cost it is recognised at fair value. Investment property is subsequently carried at fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise. Investment property is not depreciated and is not tested for impairment.

Rental revenue from investment property is recognised as income on a periodic straight line basis over the lease term.

1.Q Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of plant and equipment with a total value of less than \$5,000, and infrastructure assets, and buildings with a total value of less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

(i) Major plant

The Council has determined that plant which has an individual cost in excess of \$150,000 is of high value to the Council. Plant which meets this criteria is major plant if it is prone to a high degree of price fluctuations or in danger of becoming obsolete.

(ii) Acquisition of assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a local government restructure, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(iii) Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

The Council has determined that individual items of plant and equipment with a cost in excess of \$150,000 are of high value to the local government. All other items of plant and equipment are measured on the cost basis.

(iv) Valuation

Land, buildings, major plant and equipment, infrastructure and heritage and cultural assets are measured on the revaluation basis, at fair value, in accordance with *AASB116 Property, Plant and Equipment and the Local Government Finance Standard 2005*. All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Details of valuers and methods of valuations are disclosed in Note 19(c).

Plant and equipment, other than major plant and equipment, are measured at depreciated cost. The carrying amounts for plant and equipment measured at depreciated cost should not differ materially from their fair value.

(v) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

The estimated useful lives of property, plant and equipment are reviewed annually. For each class of depreciable asset the following useful life was used.

Asset	Range of Estimated Useful Life in Years
Land	Not Depreciated
Buildings	40-70
Other Structures	5-80
Plant & Equipment	
- Road Making Plant	6-20
- Other Equipment	10-40
- Motor Vehicles	4-8
Furniture & Equipment	2-10
Infrastructure	
- Road Network	10-100
- Water Supply Network	5-100
- Sewerage Network	5-100

(vi) Unfunded depreciation

Inglewood Shire Council has elected not to fund depreciation expenses for assets that will not be replaced or external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works.

1.R Intangible Assets

Only intangible assets which have a cost exceeding \$10,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by the Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval is taken to

indicate that the project meets the criteria for recognition in AASB138.57

Expenditure on internally generated assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised.

It has been determined that there is not an active market for any of the Council's intangible assets. Therefore, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

1.S Capital Work in Progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

1.T Biological Assets

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Councils general operations as they are incurred.

1.U Impairment of Non Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.V Leases

Leases of plant and equipment under which the Council assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

(i) Finance leases

Finance leases are capitalised in that a lease asset and a liability equal to the fair value of the leased property (or the present value of the minimum lease payments, if lower) are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

(ii) Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.W Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

1.X Liabilities - Employee Benefits

Employee benefits are accrued for such items as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are

assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(i) Salaries and wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability is treated as a payable and not as a provision.

(ii) Annual leave

A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non current portion is based on projected future wage and salary levels and related employee on-costs, discounted to present values. This liability is treated as a payable and not as a provision.

(iii) Sick leave

Provisions have been made on the basis that employees are entitled to a maximum of 4 weeks sick leave upon resignation. Council is liable for the full payment of this amount. Per *AAB 119 Employee Benefits*, sick leave is a short term benefit expected to be paid within the next twelve months. The balance of the maximum of weeks not expected to be paid in the next twelve months provided as a non-current liability.

(iv) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees.

Details of those arrangements are set out in Note 29

(v) Long service leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs. This liability is treated as a payable and not as a provision.

1.Y Borrowings

Loans payable are measured at amortised cost. Interest is recognised as it accrues.

Borrowing costs are treated as an expense, as assets constructed by the council are generally completed within one year and therefore are not considered to be qualifying assets.

1.Z Restoration Provision

A provision is made for the cost of restoration of assets and other future restoration costs where it is probable the Council will be liable, or required, to incur such a cost on the cessation of use of the facility. This liability is provided in respect of Gravel Pits and Refuse dumps.

The provision is measured at the expected cost of the work required discounted to current day values using an appropriate rate. The current QTC lending rate is considered an appropriate rate.

Refuse dumps are on State reserves which the council does not control. The cost of the provisions for restoration of these is therefore be treated as an expense in the year the provision is first recognised. Changes in the provision not arising from the passing of time are treated as an expense or income.

Gravel pits are land. The cost of the restoration provision is therefore be added to the cost of the land as an improvement and amortised over the expected useful life of the pit. Changes in the provision not arising from the passing of time are added to or deducted from the asset revaluation reserve for land. If there is no available reserve increases in the provision are treated as an expense and recovered out of future decreases if any.

Changes to the provision resulting from the passing of time (the unwinding of the discount) are treated as a finance cost.

1.AA Asset Revaluation Reserve

The asset revaluation reserve comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of

classes of non-current assets since their initial recognition are accumulated in this reserve.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation reserve in respect of that class. Any excess is treated as an expense.

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.

1.AB Reserves

The following reserves are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future capital asset needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

(i) Reserve Held for Future Capital Expenditure

Constrained Works Reserve

This Reserve has all grants, subsidies and contributions of monetary revenue received during the reporting period which are constrained for the purpose of funding specific capital expenditure.

As the expenditure is incurred on specific capital assets, the equivalent amounts are transferred to Retained Surplus. The closing balance reported at the period end represents amounts not yet expended and must be retained until expended in the manner specified by the contributor or relevant legislation.

Capital Works Reserve

This reserve was created for a range of capital works projects as required.

Asset replacement reserve

The Council is required to set funds aside each year in this reserve to meet Council's capital asset replacement. There are three reserves for this purpose:

- a) Plant Reserve - This reserve was created for the replacement and / or supply of additional council plant
- b) Sewerage and Water Reserve - This reserve was created to provide a contingency amount in the event of unforeseen sewerage and water supply works which may be required, and to provide funds to assist with any upgrading of the utilities infrastructure.
- c) Infrastructure Reserve - This reserve was created to provide a contingency amount in the event of unforeseen capital construction and capital maintenance requirements for Council owned buildings and other Shire infrastructure.

(ii) Reserve held for Future Recurrent Expenditure

Pariagara Units Reserve

This reserve was created to record and isolate funds received for the maintenance and upkeep of the Pariagara Aged Care Units.

Non-Capital Grants Reserve

This reserve has been created to enable the recording and isolation of unspent recurrent funding relating to future Council projects and State and Federal Government programs.

Wet Weather Reserve

This reserve was created to provide for extended wet periods during which time work crews would be unable to perform productive tasks, but for which salaries and wages would continue to be paid.

1.AC Retained Surplus

This represents the amount of Council's net funds not set aside in reserves to meet specific future needs. The main part of this amount is not available for Council to spend as it has already been invested in assets used to provide services.

1.AD National Competition Policy

The Council has reviewed its activities and has identified that no activities are business activities.

1.AE Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1 or, where that amount is \$0.50 or less, to zero.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1.AF Financial Risk Management

The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year.

The Council does not invest in derivatives or other risky investments.

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk.

Details of financial instruments and the associated risks are shown at note 33

1.AG Trust Funds Held for Outside Parties

Funds held in the Trust Account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the Trust Account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only.

1.AH Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively.

The controlled entity of the Council pays an income tax equivalent to the Council in accordance with the requirements of the Local Government Act 1993.

Where an activity of the controlled entity of the Council is subject to the National Tax Equivalent Regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

The Council pays Payroll Tax to the Queensland Government on certain activities.

Inglewood Shire Council

Note 2a:

For the year ended 30 June 2007

The activities relating to the Council's components reported on in Note 3. (a) are as follows :

Corporate Services

This comprises the support functions for the Mayor and Councillors, Council and committee meetings and statutory requirements.

Financial Services

The support functions of Management of the Council's Finance, Information technology and administration.

Shire Development

Includes strategic (town) planning, building, subdivision, economic development, regional development, and tourism.

Engineering Services

Includes road construction and maintenance, stormwater drainage, footpaths, private works, contract work, council depot, plant operations and stores.

Environmental Services

Includes natural and constructed environmental matters, health inspections and local law enforcement, animal control, pest and vermin control, immunisation and disease control, health education, health and safety matters, hazardous waste, rural lands protection and landcare management.

Community Services

Includes libraries, community halls, cultural activities and facilities, sport and recreational facilities, swimming pools, parks and gardens and cemeteries.

Utilities

Includes sewerage treatment, pumping and reticulation systems, sewerage disposal and waste water quality control, refuse collection and disposal, water supply, pumping and distribution, water treatment and quality control.

Inglewood Shire Council
Note 2b: Analysis of Results by Function

For the year ended 30 June 2007

	Gross recurring income	Gross capital income	Eliminate inter-fn trans.	Total income	Gross recurring expenses	Gross capital expenses	Eliminate inter-fn trans.	Total expenses	Net result from recurring	Net result attributable to council	Assets
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Income and expenses defined between recurring and capital are attributed to the following functions:											
Corporate Governance	109,368	0	0	109,368	1,593,606	0	0	1,593,606	0	(1,484,238)	764,535
Finance and Information	2,803,711	0	0	2,803,711	3,787	0	0	3,787	0	2,799,924	3,901,218
Community Services	153,522	23,784	0	177,305	1,299,537	0	0	1,299,537	0	(1,122,232)	8,397,356
Planning and Development	25,757	(3,250)	0	22,507	106,569	0	0	106,569	0	(84,062)	387,822
Transport Infrastructure	3,830,897	258,457	0	4,089,354	5,067,410	0	0	5,067,410	0	(978,056)	40,455,487
Waste Management	168,426	0	0	168,426	220,003	0	0	220,003	0	(51,577)	234,469
Water Infrastructure	484,678	0	0	484,678	454,185	0	0	454,185	0	30,493	2,957,462
Sewerage Infrastructure	261,491	0	0	261,491	275,420	0	0	275,420	0	(13,929)	2,762,028
Total Council	7,837,849	278,990	0	8,116,840	9,020,517	0	0	9,020,517	0	(903,678)	59,860,376
Controlled entity net of eliminations	0	0	0	0	0	0	0	0	0	0	0
Total consolidated	7,837,849	278,990	0	8,116,840	9,020,517	0	0	9,020,517	0	(903,678)	59,860,376

	Gross recurring income	Gross capital income	Eliminate inter-fn trans.	Total income	Gross recurring expenses	Gross capital expenses	Eliminate inter-fn trans.	Total expenses	Net result from recurring	Net result attributable to council	Assets
	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006

Income and expenses defined between recurring and capital are attributed to the following functions:

Corporate Governance	54,459	0	0	54,459	1,373,562	0	0	1,373,562	0	(1,319,103)	789,302
Finance and Information	2,633,920	0	0	2,633,920	4,147	0	0	4,147	0	2,629,774	4,928,445
Community Services	68,881	0	0	68,881	1,105,768	0	0	1,105,768	0	(1,036,887)	8,545,629
Planning and Development	20,966	3,727	0	24,693	106,475	0	0	106,475	0	(81,782)	391,072
Transport Infrastructure	3,290,279	575,420	0	3,865,699	4,395,502	0	0	4,395,502	0	(529,803)	34,170,690
Waste Management	162,574	0	0	162,574	193,498	0	0	193,498	0	(30,925)	232,269
Water Infrastructure	336,414	0	0	336,414	407,578	0	0	407,578	0	(71,164)	2,439,593
Sewerage Infrastructure	244,660	0	0	244,660	242,326	0	0	242,326	0	2,333	2,845,047
Total Council	6,812,152	579,147	0	7,391,299	7,828,855	0	0	7,828,855	0	(437,556)	54,342,048
Controlled entity net of eliminations	0	0	0	0	0	0	0	0	0	0	0
Total consolidated	6,812,152	579,147	0	7,391,299	7,828,855	0	0	7,828,855	0	(437,556)	54,342,048

Inglewood Shire Council

Note 3: Revenue analysis

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
(a) Rates and charges		
General rates	1,296,946	1,182,598
Separate rates	0	0
Water	399,294	375,168
Water consumption, rental and sundries	99,846	0
Sewerage	295,001	277,544
Sewerage trade waste	0	0
Garbage charges	193,223	185,430
Total rates and utility charge revenue	2,284,311	2,020,740
Less: Discounts	(345,963)	(330,558)
Less: Pensioner remissions	42,994	44,787
Net rates and utility charges	1,981,342	1,734,969
(b) Fees and charges		
Fees and Charges	113,525	84,789
	113,525	84,789
(c) Rental income		
Investment property rentals	27,507	27,661
	27,507	27,661
(d) Interest received		
Interest received from investments	260,267	250,681
Other sources	0	0
Interest from overdue rates and utility charges	8,981	10,186
	269,248	260,868
(e) Sales - Contract and recoverable works		
Sales - Contracts and recoverable works	3,100,373	2,544,414
	3,100,373	2,544,414
<p>The amount recognised as revenue for contract revenue during the period is the amount receivable in respect of invoices issued during the period. There are no contracts in progress at the year end. The contract work carried out is not subject to retentions.</p>		
(f) Profit from investments		
Share of Joint Venture profit/loss	0	0
	0	0
(g) Other recurrent income		
Dividend	13,531	0
Other income	117,714	29,264
	131,245	29,264

Inglewood Shire Council

Note 4: Grants, Subsidies, Contributions and Donations

For the year ended 30 June 2007

	Notes	2007 Actual	2006 Actual
(a) Recurrent - government grants, subsidies, and other contributions are analysed as follows			
General purpose grants		1,474,192	1,360,432
State Government subsidies and grants		740,416	523,841
Donations		0	0
Contributions		0	13,493
Total recurrent revenue		<u>2,214,608</u>	<u>1,897,766</u>

(b) Capital - government grants and subsidies, and other contributions are analysed as follows			
State Government subsidies and grants		218,782	842,216
Contributions		0	0
Total capital revenue		<u>218,782</u>	<u>842,216</u>

(c) Conditions over contributions

Contributions and grants which were recognised as revenues during the reporting period and which were obtained on the condition they be expended in a manner specified by the contributor but had not been expended at the reporting date.

Grants for expenditure on infrastructure	0	0
Contributions for infrastructure	0	0

Contributions and grants which were recognised as revenues during a previous reporting period and were expended during the current reporting period in accordance with Council's obligations.

Grants expended on infrastructure	0	0
Contributions expended on infrastructure	<u>0</u>	<u>0</u>
	0	0

Inglewood Shire Council

Note 5: Capital income

For the year ended 30 June 2007

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Gain (loss) on the disposal of non-current assets		
(a) Proceeds from the sale of property, plant and equipment	308,194	25,768
Less: Book value of property, plant and equipment disposed	<u>(247,985)</u>	<u>(56,680)</u>
	<u>60,208</u>	<u>(30,913)</u>
(b) Proceeds from the sale of land and improvements	0	0
Less: Book value of land sold	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Revaluation up of property, plant and equipment reversing previous revaluation down	0	0
Revaluation up of investment property	0	0
Total gain (loss) on the disposal of non-current assets	<u>60,208</u>	<u>(30,913)</u>

Inglewood Shire Council

Note 6: Employee costs

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Total staff wages and salaries		2,894,305	2,650,275
Councillors' remuneration		108,073	119,217
Annual, sick and long service leave entitlements		412,976	453,682
Superannuation	30	<u>274,235</u>	<u>248,367</u>
		<u>3,689,589</u>	<u>3,471,541</u>
Other employee related expenses		<u>211,145</u>	<u>201,042</u>
		<u>3,900,735</u>	<u>3,672,583</u>
Less: Capitalised employee expenses		<u>(323,564)</u>	<u>(516,086)</u>
		<u>3,577,170</u>	<u>3,156,497</u>

Councillor remuneration represents salary, superannuation contributions and other allowances paid in respect of carrying out their duties.

Total Council employees at period end

Elected members	9	9
Administrative staff	15	13
Depot and outdoors staff	39	42
Total full time equivalent employees	<u>63</u>	<u>64</u>

Inglewood Shire Council
Note 7: Materials and services

For the year ended 30 June 2007

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Advertising and marketing	5,542	0
Administration supplies and consumables	249,605	0
Audit services	17,796	18,711
Communications and IT	4,173	0
Consultants	39,404	0
Contractors	0	0
Donations paid	35,360	18,182
Investment property expenses (property generating income)	0	0
Investment property expenses (property not generating income)	0	0
Power	0	0
Repairs and maintenance	998,204	0
Rentals - Operating leases	0	0
Town Plan	0	0
Travel	0	0
Other material and services	<u>1,782,076</u>	<u>2,547,068</u>
	<u>3,132,159</u>	<u>2,583,961</u>

Inglewood Shire Council

Note 8: Finance costs

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Finance costs charged by Queensland Treasury Corporation		5,797	6,848
Interest on finance leases		0	0
Finance costs relating to other bank loans		0	0
Bank charges		3,787	4,136
Impairment of debts		0	0
Quarry rehabilitation		0	0
Refuse restoration		0	0
		<u>9,584</u>	<u>10,985</u>

Inglewood Shire Council

Note 9: Depreciation and amortisation

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
(a) Depreciation of non-current assets		
Land improvements	6,203	1,947
Buildings	242,696	245,315
Major plant	343,397	323,792
Other plant and equipment	53,116	56,614
Road, drainage and bridge network	1,381,916	1,199,785
Water	87,696	72,540
Sewerage	100,787	95,793
Other infrastructure assets	85,793	83,528
Total depreciation of non-current assets	<u>2,301,604</u>	<u>2,079,315</u>
(b) Amortisation of intangible assets		
Software	0	0
Total depreciation and amortisation	<u>2,301,604</u>	<u>2,079,315</u>

Unfunded depreciation

Accumulated unfunded depreciation

The accumulated unfunded depreciation represents the accumulated shortfall in funding being provided from operating revenue to replace the assets at some future time.

It is anticipated that external borrowings will be required as the assets are replaced resulting in higher future operating costs. Recognition of unfunded depreciation represents a decline in the capital value of the shire.

Net adjusted unfunded depreciation is calculated by taking the gross unfunded depreciation and deducting the amount of depreciation that will not require future funding due to: non-replacement of the asset; contributions becoming available for funding the replacement; the replacement asset will cost less than the existing asset; or, the engineer's assessment of depreciation funding is less than the depreciation expense in the period.

The gross unfunded depreciation across all assets for the period is \$1,147,422 (2006 - 2007)

The net adjusted unfunded depreciation across all assets for the period is \$794,324 (2005 - 2006)

Road, drainage and bridge network

Balance at beginning of period	0	0
Net adjusted unfunded depreciation in the period	0	0
Accumulated unfunded depreciation at period end	<u>0</u>	<u>0</u>

Inglewood Shire Council

Note 10: Loss on impairment

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
<p>The loss on impairment of assets classified as held for sale arises because on transfer of the land from property, plant and equipment it is no longer measured at its fair value but at fair value less disposal costs. The impairment loss of \$10,000 is the estimated amounts of the disposal costs.</p>		
Loss on impairment of assets classified as held for sale	0	0
<p>Impairment losses also arose in respect of the "Big Window". During the year it was recognised that the original expected income from this project would not be recognised and the decision to lease it out to an independent operator was made. The assets had a value before recognition of the impairment of \$1,386,479. The value in use was calculated at \$802,894 using a discount rate of 6.00%, resulting in an impairment loss of</p>		
Loss on impairment of non-current assets	<u>0</u>	<u>0</u>
Total impairment losses	<u>0</u>	<u>0</u>
<p>Impairment losses treated as capital expense</p>		
Loss on impairment of assets classified as held for sale	0	0
Loss on impairment of non-current assets	0	0
Impairment loss set against asset revaluation reserve	<u>0</u>	<u>0</u>
Total impairment loss treated as capital expense	<u>0</u>	<u>0</u>

Inglewood Shire Council
Note 11: Revaluation decrement

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Revaluation down of property, plant and equipment		0	0
		0	0

Inglewood Shire Council

Note 12: Provision for Restoration of Land

For the year ended 30 June 2007

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
To the extent a provision arises in respect of assets not controlled by council, the cost of such provision and any increments to that provision are treated as an expense at the time the provision is recognised.		
Amounts recognised in respect of the restoration of Refuse Tips	0	0
Expenses recognised as expenses where they exceed the revaluation reserve in respect of the class of assets	0	0
	<u>0</u>	<u>0</u>

Inglewood Shire Council

Note 13: Cash and cash equivalents

For the year ended 30 June 2007

	Notes	2007 Actual	2006 Actual
Cash at bank and on hand		247,472	547,426
Deposits at call		2,972,415	3,545,549
Term deposits		0	0
Less: Bank overdraft		0	0
Balance per Statement of Cash Flows	34	3,219,887	4,092,976
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:			
Unspent government grants and subsidies		0	0
Unspent developer contributions		0	0
Unspent loan monies		0	0
Total unspent restricted cash for capital projects		0	0

Deposits at call are with Queensland Treasury Corporation and Adelaide Bank AAA Savers. They are considered to be low risk investments.

Inglewood Shire Council

Note 14: Trade and other receivables

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
(a) Current		
Rateable revenue and utility charges	56,699	61,547
Water charges not yet levied	0	0
Other debtors	525,134	701,162
Less: Provision for doubtful debts	(1,000)	(1,000)
GST recoverable	0	0
Loans and advances to controlled entities and associates	187	1,471
	<u>581,020</u>	<u>763,181</u>
(b) Non-current		
Loans and advances to community organisations	10,092	15,418
Loans and advances to controlled entities and associates	0	0
	<u>10,092</u>	<u>15,418</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

Loans relate to advances made to various sporting bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

Inglewood Shire Council

Note 15: Inventories

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Current			
Inventories for consumption:			
Miscellaneous salable items		0	0
Other trading stocks		<u>0</u>	<u>0</u>
Total inventories for consumption		<u>0</u>	<u>0</u>
Valued at the lower of cost and selling price less cost to sell.			
Inventories for distribution:			
Quarry and road materials		0	0
Plant and equipment stores		<u>160,654</u>	<u>160,093</u>
Total inventories for distribution		<u>160,654</u>	<u>160,093</u>
Valued at the lower of cost and replacement value			
Land purchased for development and sale		0	0
Total inventories		<u>160,654</u>	<u>160,093</u>

Inglewood Shire Council
Note 16: Other financial assets

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Current			
Prepayments	34	81,787	62,401
Other		<u>0</u>	<u>0</u>
		<u>81,787</u>	<u>62,401</u>

Inglewood Shire Council

Note 17: Non-current assets classified as held for sale

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Internal transfer from land and improvements		237,270	237,270
Impairment adjustment in period		0	0
		<u>237,270</u>	<u>237,270</u>

Council has decided to sell this land as it is no longer required. It has been placed with real estate agents and is expected to be sold within one year.

The land is valued at the lower of cost and selling price less cost to sell.

Inglewood Shire Council

Note 18a: Property, Plant and Equipment Valuations

For the year ended 30 June 2007

Property, plant and equipment valuations were determined by reference to the following:

Land

Land has been included at current market value as at 30 June 2005 as determined by Australian Pacific Valuers.

Land under infrastructure and reserve land does not have a value for the purpose of the Inglewood Shire Council's financial statements.

Buildings

Buildings have been included at their written down current replacement cost as valued by Australian Pacific Valuers, as at 30 June 2005.

Plant and Equipment

Plant and equipment purchased in the 2006/2007 financial year is measured at original cost less accumulated depreciation. For previous financial years the valuation of plant and equipment at their fair value as valued by Australian Pacific Valuers as at 30 March 2005.

Infrastructure

Water and Sewerage Infrastructure -

Included at the written down replacement cost as at 30 June 2007 as determined by Mr. David Killen, Inglewood Shire Council's Technical Officer.

Road and Drainage Infrastructure -

Included at the written down replacement cost as at 30 June 2007 as determined by Mr. Steven Park, reviewed by Gary Cook of Brandon & Associates Pty Ltd, Consulting Engineers.

An assessment of the relevant indicators have confirmed that the values as the 30 June 2007 are not materially different from these values.

Inglewood Shire Council

Note 18b: Council Property, Plant and Equipment

For the year ended 30 June 2007

	LAND AND IMPROVEMENT	BUILDINGS	OTHER STRUCTURES	PLANT AND EQUIPMENT	FURNITURE AND EQUIPMENT	ROAD NETWORK	WATER NETWORK	SEWERAGE NETWORK	Total
Asset Values									
Basis of measurement	Valuation	Valuation	Cost	Valuation	Cost	Valuation	Valuation	Valuation	
Opening gross value	933,370	12,921,390	3,045,784	4,796,410	588,056	52,054,052	6,038,324	6,364,682	86,742,066
Additions at cost	41,834	10,965	101,716	831,038	48,503	1,255,076	174,585	0	2,463,716
Disposals	(8,000)	0	(7,525)	(710,502)	0	0	0	0	(726,027)
Revaluation adjustment to the ARR	1,000	0	0	0	0	(1,022,935)	326,111	0	(695,824)
Revaluation adjustment to income	0	0	0	0	0	0	0	0	0
Assets classified as held for sale	0	0	0	0	0	0	0	0	0
Assets transferred to investment property	0	0	0	0	0	0	0	0	0
Internal transfers	0	0	0	0	0	0	0	0	0
Closing gross value	968,204	12,932,354	3,139,975	4,916,946	636,558	52,286,193	6,539,019	6,364,682	87,783,931
Accumulated Depreciation									
Opening balance	7,509	5,306,839	1,395,408	2,754,024	413,901	20,803,113	3,661,888	3,529,634	37,872,317
Depreciation provided in period	6,203	242,696	85,793	344,227	52,286	1,381,916	87,696	100,787	2,301,604
Depreciation on disposals	0	0	(2,202)	(558,858)	0	0	0	0	(561,060)
Revaluation adjustment to the ARR	0	0	0	0	0	(6,905,617)	(60,590)	(10)	(6,966,217)
Impairment adjustment to the ARR	0	0	0	0	0	0	0	0	0
Impairment adjustment to income	0	0	0	0	0	0	0	0	0
Assets classified as held for sale	0	0	0	0	0	0	0	0	0
Assets transferred to investment property	0	0	0	0	0	0	0	0	0
Internal transfers	0	0	0	0	0	0	0	0	0
Accumulated depreciation at period end	13,713	5,549,535	1,478,999	2,539,393	466,187	15,279,411	3,688,995	3,630,412	32,646,644
Total written down value at period end	954,491	7,382,819	1,660,976	2,377,552	170,371	37,006,782	2,850,024	2,734,270	55,137,287
Residual value	2,701	161,483	10,520	403,635	0	0	0	0	578,339
Estimated useful life (years)	Improve 5-80	40-70 years	5-80 years	4-40 years	2-10 years	10-100 years	5-100 years	5-100 years	

Inglewood Shire Council
Note 19: Capital works in progress

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Capital works in progress		432,378	140,961
		<u>432,378</u>	<u>140,961</u>

Inglewood Shire Council

Note 20: Intangible Assets

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Software			
Opening gross carrying value		0	0
Closing gross carrying value		0	0
Accumulated amortisation			
Opening balance		0	0
Amortisation in the period		0	0
Closing balance		0	0
Net carrying value at the period end		0	0
The software has a finite life estimated at 10 years.			
Straight line amortisation has been used with no residual value.			
Total intangible assets		0	0

Inglewood Shire Council
Note 21: Trade and other payables

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Current			
Creditors and accruals		432,106	422,936
Other entitlements		0	0
	34	<u>432,106</u>	<u>422,936</u>

Inglewood Shire Council

Note 22: Provisions

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Current			
Annual leave		110,102	165,312
Sick leave		15,167	86,342
Long service leave		16,792	24,660
Other entitlements		72,298	41,391
FBT		2,753	918
	34	<u>217,112</u>	<u>318,623</u>
Non-current			
Annual leave		202,980	119,709
Long service leave		380,943	341,355
Sick Leave		111,965	38,491
		<u>695,888</u>	<u>499,555</u>

Inglewood Shire Council

Note 23: Borrowings

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Current			
Loans QTC		17,578	16,494
Loans - Other		0	0
Finance leases		0	0
		<u>17,578</u>	<u>16,494</u>
Non-current			
Loans		59,126	76,731
Loans - Other		0	0
Finance leases		0	0
		<u>59,126</u>	<u>76,731</u>

Inglewood Shire Council

Note 24: Loans

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
(i) Queensland Treasury Corporation			
Opening balance		93,225	108,694
Loans raised		0	0
Principal repayments		<u>(16,521)</u>	<u>(15,469)</u>
Book value at period end		<u>76,704</u>	<u>93,225</u>
Classified as:			
Current		17,578	16,494
Non-current		59,126	76,731
	34	<u>76,704</u>	<u>93,225</u>

The loan market value at the reporting date was \$77,065.84. This represents the value of the debt if the Council repaid it at that date. As it is the intention of Council to hold the debt for its term, no provision is required to be made in these accounts.

(ii) Other Bank Loans			
Opening balance		0	0
Loans raised		0	0
Principal repayments		<u>0</u>	<u>0</u>
Book value at period end		<u>0</u>	<u>0</u>
Classified as:			
Current		0	0
Non-current		0	0
	34	<u>0</u>	<u>0</u>

The loans are guaranteed by the Queensland State Government.

Inglewood Shire Council

Note 25: Asset revaluation reserve

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
(i) Asset revaluation reserve		
Movements in the asset revaluation reserve were as follows:		
Balance at beginning of the period	38,119,737	38,250,929
Net adjustment to non-current assets at end of period to reflect a change in current fair value:		
Land and improvements	1,000	0
Buildings	0	0
Plant and equipment	0	0
Furniture and Equipment	0	0
Road, drainage and bridge network	5,882,682	0
Water	386,701	(64,007)
Sewerage	10	(67,186)
Other Structures	0	0
Impairment provision:		
Buildings	0	0
	6,270,393	(131,193)
Balance at end of the year	44,390,130	38,119,737
(ii) Asset revaluation reserve analysis		
The closing balance of the asset revaluation reserve is comprised of the following asset categories:		
Land and improvements	520,463	519,463
Buildings	3,693,467	3,693,467
Plant and equipment	0	0
Furniture and Equipment	0	0
Road, drainage and bridge network	34,496,220	28,613,538
Water	1,929,040	1,542,340
Sewerage	3,084,802	3,084,793
Other Structures	666,137	666,137
	44,390,130	38,119,737

Inglewood Shire Council

Note 26: Retained surplus

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
Movements in the retained surplus were as follows:		
Retained surplus/(deficit) at the beginning of the financial year	13,049,804	13,490,343
Result from ordinary activities	(903,679)	(439,723)
Transfers (to) from capital reserves for future capital project funding, or from reserves funds that have been expended:		
Future capital works reserve	0	0
Asset replacement reserve	(903)	(816)
Constrained public contributions reserve	0	0
Constrained works reserve	0	0
Transfers (to) from recurrent reserves for future project funding, or from reserves funds that have been expended:		
Recurrent expenditure reserve	0	0
Transfers (to)/from Shire Capital	0	0
Retained surplus at the end of the financial year	<u>12,145,222</u>	<u>13,049,804</u>

Inglewood Shire Council

Note 27: Other reserves

For the year ended 30 June 2007

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
(a) Summary of reserves held for future capital expenditure:		
(i) Constrained works reserve - Planning & Development	3,280	3,280
(ii) Capital Works Reserve - Market & Development	0	0
(iii) Plant Purchase Reserve	75,000	75,000
(iv) Garbage Reserve	14,426	14,426
(v) Sewerage and Water Reserve (Capital)	607,314	607,314
(vi) Infrastructure Reserve	378,551	378,551
	<u>1,078,571</u>	<u>1,078,571</u>
(b) Summary of reserves held for future recurrent expenditure:		
(i) Pariagara Units Reserve	37,767	36,864
(ii) Non-Capital Projects Reserve	632,761	632,761
	<u>670,529</u>	<u>669,625</u>
Total reserves	<u>1,749,100</u>	<u>1,748,197</u>
(c) Movements in capital reserves are analysed as follows:		
(i) Constrained Works Reserve - Planning & Development		
Balance at the beginning of period	3,280	3,280
Transfer from retained earnings for future expenditure	0	0
Transfer to retained earnings funds expended in the period	<u>0</u>	<u>0</u>
Balance at the end of period	<u>3,280</u>	<u>3,280</u>
(ii) Capital Works Reserve - Market and Development		
Balance at the beginning of period	0	0
Transfer from retained earnings for future expenditure	0	0
Transfer to retained earnings funds expended in the period	<u>0</u>	<u>0</u>
Balance at the end of period	<u>0</u>	<u>0</u>
(iii) Plant Purchase Reserve (Capital)		
Balance at the beginning of period	75,000	75,000
Transfer from retained earnings for future expenditure	0	0
Transfer to retained earnings funds expended in the period	<u>0</u>	<u>0</u>
Balance at the end of period	<u>75,000</u>	<u>75,000</u>
(iv) Garbage Reserve		
Balance at the beginning of period	14,426	14,426
Transfer from retained earnings for future expenditure	0	0
Transfer to the retained earnings funds expended in the period	0	0

Notes	2007 Actual	2006 Actual
Balance at the end of period	<u>14,426</u>	<u>14,426</u>
(iv) Sewerage and Water Reserve (Capital)		
Balance at the beginning of period	607,314	566,422
Transfer from retained earnings for future expenditure	0	42,949
Transfer to the retained earnings funds expended in the period	0	(14,057)
Correction of prior period opening balance error	<u>0</u>	<u>12,000</u>
Balance at the end of period	<u>607,314</u>	<u>607,314</u>
(iv) Infrastructure Reserve (Capital)		
Balance at the beginning of period	378,551	378,551
Transfer from retained earnings for future expenditure	0	0
Transfer to the retained earnings funds expended in the period	<u>0</u>	<u>0</u>
Balance at the end of period	<u>378,551</u>	<u>378,551</u>
(d) Movements in recurrent reserves are analysed as follows:		
(i) Pariagara Units Reserve		
Balance at the beginning of period	36,864	36,048
Transfer from retained earnings for future expenditure	903	816
Transfer to retained earnings	<u>0</u>	<u>0</u>
Balance at the end of period	<u>37,767</u>	<u>36,864</u>
(iv) Non-Capital Projects Reserve		
Balance at the beginning of period	632,761	488,202
Transfer from retained earnings for future expenditure	0	197,679
Transfer to the retained earnings funds expended in the period	<u>0</u>	<u>(53,120)</u>
Balance at the end of period	<u>632,761</u>	<u>632,761</u>

Inglewood Shire Council

Note 28: Contingent liabilities

For the year ended 30 June 2007

Details and estimates of maximum amounts of contingent liabilities are as follows:

Local Government Mutual:

The Inglewood Shire Council is a member of the local government mutual liability self-insurance pool, LGM Queensland. In the event of the pool being wound up or being unable to meet its debts as they fall due, the trust deed and rules provide that any accumulated deficit will be met by the individual pool members in the same proportion as their contribution is to the total pool contributions in respect of any year that a deficit arises.

Local Government Workcare:

The Inglewood Shire Council is a member of the Queensland local government workers compensation self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided an indemnity towards a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled and there was insufficient funds available to cover outstanding liabilities. Only the Queensland Government's workers compensation authority may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure to the bank guarantee is \$120,000

(ii) Deed of Covenant

On 27th October 1994 Council entered into a Deed of Covenant whereby an amount of \$20,000 was received by Council towards the purchase, by Council, of Lot 1 on RP 818445 (36 Albert Street Inglewood). Under the Deed of Covenant, the contribution, which was to be used solely in the acquisition of the above named land, is subject to a number of conditions in relation to use, ownership and damage to the property.

To meet the conditions as set by the Deed of Covenant, Council must retain the existing building on the land, and use the land and buildings for the purpose of a museum or other purpose of similar nature provided that such other purpose or use shall not detract from the historical significance of the land. Should an event occur that contravenes these conditions, Council will be obliged to repay \$20,000. It is not anticipated that such an event will occur.

The land was previously the site of a 'Cobb & Co' Coach Depot and is of historical significance to the town of Inglewood. On the 1st of November 1994, Council entered into a lease agreement under which the whole of the land, described as Lot 1 on RP 818445, was leased for a term of 30 years to the Inglewood and District Historical Society Incorporated. The term of the lease is due to expire on the 20th day of June 2027.

Inglewood Shire Council
Note 29: Capital Commitment
For the year ended 30 June 2007

At June 30 Inglewood Shire Council has an outstanding commitment to purchase a T350 Kenworth Truck to the value of \$252,721.09.

Inglewood Shire Council

Note 30: Superannuation

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
<p>The Inglewood Shire Council contributes to the Local Government Superannuation Scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme. Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASB119 Employee Benefits. Council has no liability to, or interest in, the scheme, besides the payment of statutory contributions.</p> <p>Any amount by which either scheme is over- or under- funded would only affect future benefits and is not an asset or liability of the Council.</p> <p>Accordingly there is no recognition in the financial statements of any over- or under-funding of the scheme. The audited general purpose financial report of the scheme as at 30 June 2005 (the most recent available) which were not subject to any audit qualification, indicates that the assets of the plan are sufficient to meet the accrued benefits.</p> <p>The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at 30 June 2005. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.</p> <p>The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation fund for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.</p> <p>The amount of superannuation contributions paid by the Inglewood Shire Council to the superannuation scheme in this period for the benefit of employees was:</p>		
Contributions	<u>274,235</u>	<u>248,367</u>

Inglewood Shire Council

Note 31: Trust funds

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Monies collected or held on behalf of other entities			
yet to be paid out to or on behalf of those entities		29,267	21,450
Building Completion Bonds		37,300	36,400
		<u>66,567</u>	<u>57,850</u>

The Inglewood Shire Council performs only a custodial role in respect of these monies. As these funds cannot be used by the Council, they are not brought to account in these financial statements.

Inglewood Shire Council
Note 32: Commitments for expenditure

For the year ended 30 June 2007

	<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Operating leases			
Minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year		25,193	0
One to five years		16,254	0
		<u>41,447</u>	<u>0</u>
Other Expenses			
Within one year		74,724	0
One to five years		0	0
		<u>74,724</u>	<u>0</u>

Inglewood Shire Council

Note 33: Reconciliation of result from ordinary activities to net cash inflow (outflow) from operating activities

For the year ended 30 June 2007

<u>Notes</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
Result from ordinary activities	(903,679)	(439,723)
Non-cash operating items:		
Depreciation and amortisation	2,301,604	2,079,315
Revaluation down of property, plant and equipment	0	0
Loss on impairment of property, plant and equipment	0	0
Loss on impairment of assets classified as land held for sale	0	0
Change in future rehabilitation costs	0	0
	<u>2,301,604</u>	<u>2,079,315</u>
Investing and development activities:		
Net (profit) loss on disposal of non-current assets	(60,208)	30,913
Payment for land for sale and development costs in the period	0	0
Payment for restoration added to asset	0	0
Profit retained in joint venture	0	0
	<u>(60,208)</u>	<u>30,913</u>
Financing activities:		
Capital grants and contributions	0	0
	<u>0</u>	<u>0</u>
<u>Changes in operating assets and liabilities:</u>		
(Increase) decrease in receivables	188,392	472,557
(Increase) decrease in other operating assets	(17,154)	(1,945)
Increase (decrease) in payables	100,292	399,946
Increase (decrease) in other provisions	0	0
Increase (decrease) in other liabilities	64,144	34,888
	<u>335,673</u>	<u>905,446</u>
Net cash inflow from operating activities	<u>1,673,390</u>	<u>2,575,950</u>

Inglewood Shire Council

Note 34: Financial instruments

For the year ended 30 June 2007

(a) Credit risk exposures

The credit risk on financial assets of the Council (consolidated) which have been recognised on the Balance Sheet is generally the carrying amount, net of provision for doubtful debts. The Council (consolidated) has no major concentration of credit risk to any single debtor or group of debtors.

(b) Interest rate risk

The Council's (consolidated) exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market rates and the weighted average interest rate by maturity periods is set out in the table below. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Council (consolidated) intends to hold fixed assets and liabilities to maturity.

(c) Net fair value of financial assets and liabilities

The net fair value of cash, cash equivalents and non-interest bearing monetary financial assets and liabilities of the Council (consolidated), approximates their carrying amounts.

The net fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The net fair value of non-traded equity investments is an assessment by the Council based on the underlying assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

Inglewood Shire Council

Note 34: Financial instruments

For the year ended 30 June 2007

	<u>Notes</u>	<u>Floating interest rate</u>		<u>Fixed interest rate</u>		<u>Non-interest bearing</u>		<u>Total</u>	
		2007 Actual	2006 Actual	2007 Actual	2006 Actual	2007 Actual	2006 Actual	2007 Actual	2006 Actual
Financial assets									
Cash and cash equivalents	13	246,972	546,976	2,972,415	3,545,549	500	450	3,219,887	4,092,976
Receivables	14	0	0	2,205	5,688	588,908	772,910	591,112	778,598
Prepayments	16	0	0	0	0	81,787	62,401	81,787	62,401
		<u>246,972</u>	<u>546,976</u>	<u>2,974,620</u>	<u>3,551,238</u>	<u>671,195</u>	<u>835,761</u>	<u>3,892,787</u>	<u>4,933,975</u>
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Financial liabilities									
Payables	21	0	0	0	0	0	0	0	0
	22								
Loans - Queensland Treasury Corporation	24	76,704	93,225	0	0	0	0	76,704	93,225
Other bank loans	24	0	0	0	0	0	0	0	0
Finance leases		0	0	0	0	0	0	0	0
		<u>76,704</u>	<u>93,225</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,704</u>	<u>93,225</u>
Weighted average interest rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Net financial assets		<u>170,267</u>	<u>453,751</u>	<u>2,974,620</u>	<u>3,551,238</u>	<u>671,195</u>	<u>835,761</u>	<u>3,816,082</u>	<u>4,840,750</u>

Inglewood Shire Council

Note 36: Changes in accounting policy

For the year ended 30 June 2007

Notes	2007 Actual	2006 Actual
ASSETS ARISING FROM RESTORATION PROVISIONS		
Previously, assets arising from restoration provisions for refuse dumps and quarries were treated as intangible assets and amortised over their useful lives.		
On advice received, it has been decided that the more appropriate treatment for these assets under the Accounting Standards, is as follows.		
Refuse dumps are on State reserves which the council does not control. The cost of the provisions for restoration of these should therefore be treated as an expense in the year the provision is first recognised.		
Gravel pits are land. The cost of the restoration provision should therefore be added to the cost of the land as an improvement and amortised over the expected useful life of the pit.		
These changes have been made. The effect is:		
Reduce council's opening equity	0	0
Reduce opening intangible assets	0	0
Increase opening land improvements	0	0
Decrease surplus for the year ended 30 June 2007	0	0
	<u>0</u>	<u>0</u>

Inglewood Shire Council

Management Certificate

For the year ended 30 June 2007

This general purpose financial report has been prepared pursuant to section 532 of the Local Government Act 1993(the Act), the Local Government Finance Standard 2005 (the Standard) and other prescribed requirements.

In accordance with Section 48 of the Standard we certify that:-

- (i) the local government considers the relevant recording and reporting procedures have been complied with in the preparation of the financial statements; and
- (ii) the financial statements for the year ended 30 June 2007 and supporting notes present the Council's income, equity, balance sheet and cash flows as required by the Local Government Act 1993.

.....
Evelyn J White
Mayor

Date:

.....
Don H Ramsland
Chief Executive Officer

Date:

Inglewood Shire Council

Independent Audit Report

For the year ended 30 June 2007

Scope

I have audited the general purpose financial statements of the Inglewood Shire Council prepared by the Council for the year ended 30 June 2006 in terms of the Local Government Act 1993 and the Local Government Finance Standard 1994. The financial statements comprise the Income Statement, Balance Sheet, Statement of Change in Equity, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the the Mayor and the Chief Executive Officer.

The Inglewood Shire Council is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with QAO Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed requirements in Australia which include Australian Accounting Standards so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In accordance with s.532 of the Local Government Act 1993, I certify that I have received all the information and explanations I have required and, in my opinion:

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards and other mandatory professional reporting requirements in Australia, of the transactions of the Inglewood Shire Council for the financial year ended 30 June 2006 and of the financial position as at the end of that year.

John Gosper, B.Com, ACA, CPA
Toowoomba
(As Delegate of the Auditor General of Queensland)