

SHIRE OF BOYUP BROOK ANNUAL REPORT 2010/2011



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1. Shire President's Message

This is my first report to you as your Shire President. I acknowledge the significant contribution made to our community by the outgoing Shire President Terry Ginnane. Terry has served the community as a Councillor for sixteen years and nine years of this as President. His leadership qualities, knowledge and people skills have gained him wide ranging respect with Local Governments, Politicians and senior staff of Government Agencies.

I was elected by Council to the President's position in October this year and so it is difficult for me to report as your President on the year that has past other than in broad terms. The dry winter followed by a dry spring and summer taxed the Shire's water resources and made it difficult to maintain gardens and grassed sporting facilities. Current water harvesting works will enable a greater volume of storm water to be collected and channelled to our Shire dams.

The extra workload imposed on local government by the threat of amalgamations has also been a hindrance to progress.

Council attracted significant funding assistance to develop integrated plans to meet recently introduced requirements and to enable it to have a better focus of future direction. Consultants, engaged for the planning processes, have worked with the community on building a strategic plan that will feed into the long term financial and asset management plans. Council will review the integrated planning in the first half of 2012 and may have to rationalise the plans based on affordability. Without pre-empting what will be included in the strategic plan it was heartening to note that the majority of the things identified and put forward by the community early in the consultation phase were things that Council had also identified and either are considering or intended to consider. The planning processes we are working on now will set the direction for the next ten years. In addition to, and in support of, the required integrated plans we will develop a range of long term plans for roads, bridges buildings, facilities etc. As with any plan, factors may dictate changes as we work through the plans but they will give a clear direction.

I look forward to my first term of office as your Shire President and to working with my fellow Councillors in service of the community.

Councillor Michael Giles
SHIRE PRESIDENT

2. Boyup Brook at a Glance

(Please note the following is the Council following the 2011 Local Government Elections and not the Council as it was for the 2010/11 year)

President Michael Giles
Deputy President Kevin Moir

Councillors

Benjinup Ward	T (Tony) Doust (term expires 2013)
	B (Brian) O'Hare (term expires 2015)
Boyup Brook Ward	E (Eric) Biddle (term expires 2013)
	R (Richard) Walker (term expires 2015)
	P (Philippe) Kaltenrieder (term expires 2013)
Dinninup Ward	K (Kevin) Moir (term expires 2015)
	T (Tom) Oversby (term expires 2013)
Scotts Brook Ward	M (Michael) Giles (term expires 2013)
	G (Graham) Aird (term expires 2015)

LOCALITIES

Boyup Brook; Dinninup; Kulikup; Mayanup; Tonebridge; Wilga

SIGNIFICANT LOCAL EVENTS

State Country Music Awards and Festival – Feb; Blackwood Marathon – Oct; Upper Blackwood Agricultural Show – Nov; Harvey Dickson's Music Festivals – Sept; Harvey Dickson's Rodeo – Oct; Mayanup Camp Draft – Feb; Power Dinghy Race – Sept.

FULL COUNCIL MEETING

Council sets its meeting dates prior to the start of each calendar year and ordinary meetings are generally held on the third Thursday of each month (except where other factors make this impractical) excepting for January where no meeting is held.

TOURIST ATTRACTIONS

Gregory Tree; Blackwood River; Norlup House; Sandy Chambers – local artist; Harvey Dickson's Country Music Centre; Perup Ecology Centre; Roo Gully Wildlife Sanctuary; Carnaby Beetles and Butterflies; town sculptures.

LOCAL INDUSTRIES

Woollen garments; vineyards and wine; timber plantations; general farming; sheep, cattle, grain; trees; pigs; various cottage industries; olives.

Distance to Perth	270 km
Area	2,838 sq km
Length of Sealed Roads	210 km
Length of Unsealed Roads	790 km
Population	1,585
Number of Electors	1,157
Number of Dwellings	818
Total Rates Levied	\$1,865,973
Total Revenue	\$4,982,826
Number of Employees	31

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Website: www.boyupbrook.wa.gov.au

The Shire of Boyup Brook is located on the raised inland Darling Plateau with the main population base and the administrative centre located in the Boyup Brook townsite (which has a population of approximately 600).

It is situated on the upper reaches of the Blackwood River approximately 270 kilometres (by road) south/south-east of Perth.

The Shire is predominantly rural in nature and consists of a transition area ranging from smaller holdings near the western boundary to large broad acre farms to the east.

However, there is a current trend toward more intensive agricultural pursuits including viticulture, aquaculture, vegetable production, olive production and tree farming.

The Shire of Boyup Brook occupies an area of 283,800 hectares and has within its boundaries several smaller localities including Wilga, Mayanup, Dinninup, Chowerup, Tonebridge, McAlinden and Kulikup. Approximately 30 percent of the Shire is National Parks, Water Catchment, Conservation Reserves and Forests.

During the late 1980's through to today, there have been an increasing number of more intensive agricultural pursuits becoming established in the shire.

Vineyards at Kulikup were introduced in the 1970's and in Dinninup and Mayanup in the late 1980's as well as substantial deer and goat farms. There have been significant plantings of wine and table grape vines between 1994 and 1997.

During the period 1997 to 2003 with returns from wool and cattle diminishing, a significant proportion of the shire's arable land was planted to eucalyptus globulus (Tasmanian blue gums).

3. Elected Members (For 2010/11)

Cr Doust



Benjinup Ward

Cr O'Hare



Benjinup Ward

Cr Ginnane



Boyup Brook Ward

Cr Downing
Retired on 17 January 2011



Boyup Brook Ward

Cr Biddle



Boyup Brook Ward

Cr Marshall



Scotts Brook Ward

Cr Giles



Scotts Brook Ward

Cr Muncey

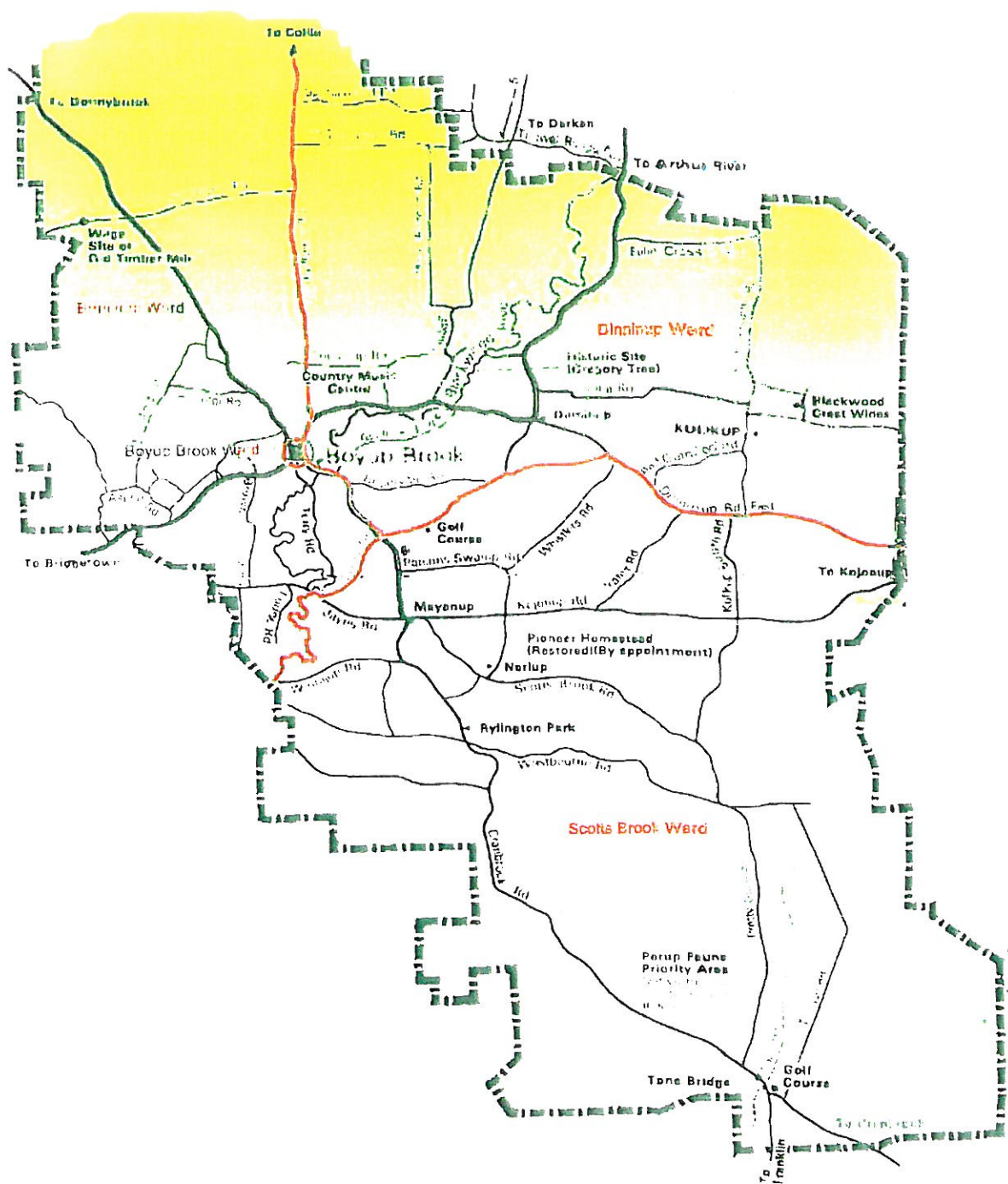


Dinninup Ward

Cr Oversby



Dinninup Ward



4. Chief Executive Officer's Report

It is with great pleasure that I write this report on the 2010/11 Financial Year.

Council had already done a lot on improving its asset management planning and late in the financial year Council was able to access Department of Local Government grant funding to move this to a higher level. Council also obtained funding from the same source for financial and strategic planning to better enable it to meet its new integrated planning requirements.

Country Local Government Funding (part of the Royalties for Regions initiative) in the year under review was used, in part, to improve the town's drainage and water harvesting. This project commenced with some works on the sports ground dam. Funding was carried forward to 2011/12 to complete the project with pipes to replace open drains to the dam behind the Council depot. The dry conditions of last summer highlighted the need for better collection and storage of water in order to maintain gardens and grassed facilities. The currently funded works will not address all of the issues but Council may pursue funding options as opportunities present themselves to make more improvements. Council has also funded a bore near the sports ground dam that should provide an opportunity to keep topping that dam up. It was disappointing to me and other Council staff that we could not maintain the desired service levels with grassed sports facilities last summer and we hope that the current works will better insulate against dry conditions.

I take this opportunity to sincerely thank my fellow staff members who have maintained and improved the Shire's infrastructure (roads, gardens, parks, facilities and the like), provided services (licensing, library, health/building/planning etc) and kept the necessary back room operations (accounting/bookkeeping, depot maintenance, works planning, and the like) in order.

I also thank the past Shire President, Mr Terry Ginnane, who I worked closely with during the year under review, for his assistance and guidance. I also thank all Councillors for the good working relationship. Looking to the year ahead I look forward to working with the new President Councillor Michael Giles and the new Council.

Alan Lamb
CHIEF EXECUTIVE OFFICER

5. Senior Management Team



Alan Lamb – Chief Executive Officer

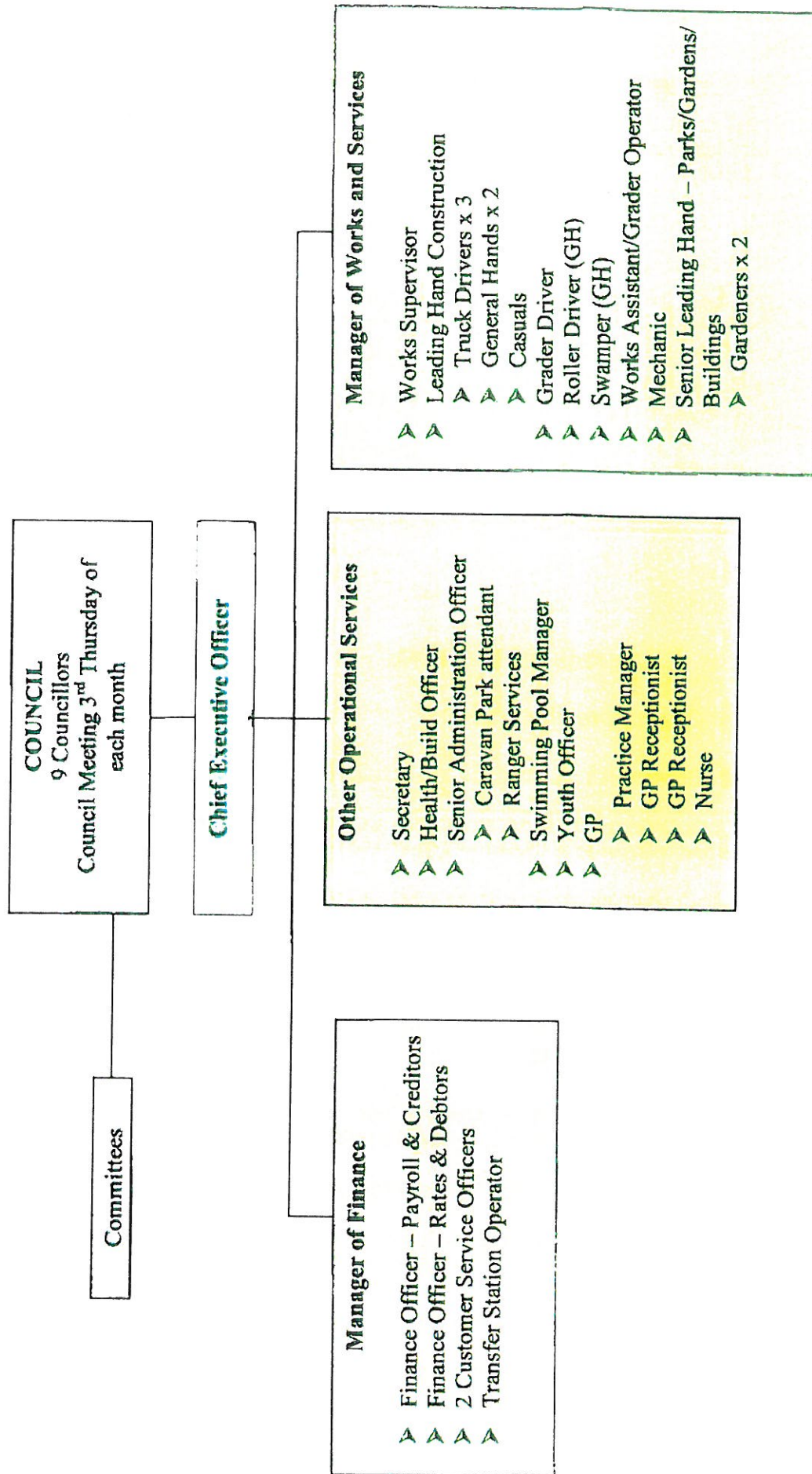


Keith Jones – Manager of Finance
(Mr Jones resigned after the end of the year under review)



John Eddy – Manager Works & Services

6. Shire Of Boyup Brook - Organisational Structure (for the year under review)



7. Long Standing Members of Staff

Council wishes to recognize the valuable contribution of the following long serving members of staff.

Over 35 Years

Mr. David Millington

Over 25 Years

Mr. Tony Bogar

Mr. Joe Fenwick

Over 15 Years

Mr. Justin Fallon

Mr Mark Brlevich

Over 10 Years

Mr John Watters

Mr. John Eddy

Mr. Keith Jones

8. Department Reports

8.1 Corporate Services

Councillors

The Ordinary and Special Council Meetings were conducted throughout the year and the minutes are available on the Shire Website.

The Council hosts and contributes towards a number of civic ceremonies and functions annually including the Sandakan Memorial, ANZAC Day, Remembrance Day, Christmas Carols in the Park, Christmas function, Citizenships, Australia Day, Agricultural Show and Country Music Festival.

Human Resources

Minimal staff changes occurred throughout the year with only one full time person leaving and a couple of casual staff appointed to full time positions.

Workers Compensation issues were also very minimal resulting in only three claims.

Safety training and education in relation to manual handling, duty of care, hazard identification and legislative requirements continued to be provided for staff.

Occupational Safety and Health

This year saw the attainment of Silver Accreditation from the Local Government Insurance Services; a first for this Shire. Improved Chemical Storage facilities were installed at the Shire Depot.

Employee Remuneration

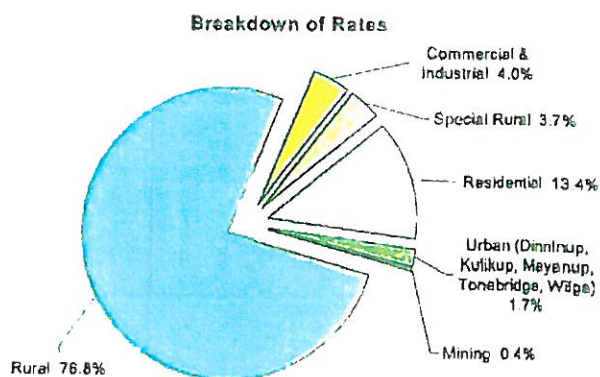
Set out below in bands of \$10,000 is the number of employees entitled to an annual salary of \$100,000 or more.

Salary Range \$	2010	2009
100,000 – 109,999	1	1
210,000 – 219,999	1	1

Finance

Total Operating Revenue	\$4,982,826
Operating Expenditure	\$4,991,144
Net Assets	\$60,649,803
Total Rates Levied	\$1,865,973
Rateable Properties	1252
Loans	\$450,334
Borrowing Cost Expense	\$32,540

This year saw a rate rise of 5.0% compared to the previous year's 5.4%.



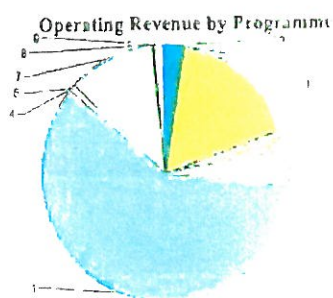
During the year: -

Successful grant applications were submitted for youth, fire prevention, and recreation equipment.

Reserve funds totalled \$1,558,415 as at 30 June 2011.

Asset improvements

- ✓ Disability access upgrade to Shire Administration Office
- ✓ Completion of Administration Office upgrade
- ✓ Hot water system upgrade in Chambers
- ✓ Cabinet works completed in Chambers
- ✓ Sealing of Swimming Pool Car Park
- ✓ Upgrade of Town Hall kitchen to meet new Health Regulations
- ✓ Three Phase Generator set for Administration back up
- ✓ Replacement of loader and various Depot work vehicles



1 .. Governance	0.02%
4 .. General Purpose Funding	59.76%
5 .. Law, Order, Public Safety	0.87%
7 .. Health	11.36%
8 .. Education & Welfare	0.19%
9 .. Housing	1.02%
10 .. Community Amenities	3.01%
11 .. Recreation & Culture	1.33%
12 .. Transport	15.25%
13 .. Economic Services	2.71%
14 .. Other Property & Services	4.48%

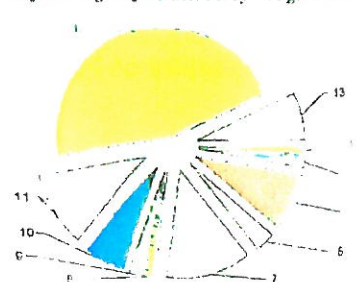
Operating Revenue by Nature & Type



Operating Revenue
by
Nature & Type

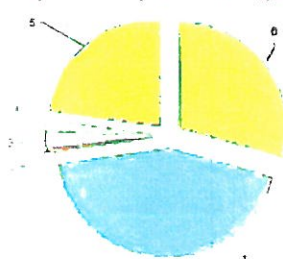
1 ... Rates	41.70%
2 ... Grants & Subsidies	31.70%
3 ... Interest Received	3.40%
4 ... Administration Charges	20.80%
5 ... Other Income	2.40%

Operating Expenditure by Programme



1 .. Governance	8.50%
4 .. General Purpose Funding	1.70%
5 .. Law, Order, Public Safety	3.10%
7 .. Health	12.50%
8 .. Education & Welfare	1.20%
9 .. Housing	1.80%
10 .. Community Amenities	6.10%
11 .. Recreation & Culture	11.20%
12 .. Transport	45.80%
13 .. Economic Services	6.80%
14 .. Other Property & Services	1.20%

Expenditure by Nature & Type



Operating Expenditure
by
Nature & Type

1 ... Employee Costs	43.10%
2 ... Interest Expenses	0.70%
3 ... Insurance	2.20%
4 ... Utilities	1.80%
5 ... Depreciation	23.00%
6 ... Materials	29.10%

The Council has reviewed all areas of operation to determine the existence or otherwise of significant business activities.

A significant business activity is defined as an activity with an income in excess of \$200,000 pa, which is not a regulatory service (community service obligation) and is not already contracted out.

Accordingly, it has been determined that Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 statement.

Records Management

Compliance

The State Records Act 2000 is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires each government organisation have a Record Keeping Plan that has been approved by the State Records Commission.

The purpose of a Record Keeping Plan is to set out which records are to be created by the organization and how it is to keep those records. Record Keeping Plans are to provide an accurate reflection of the record keeping program within the organisation, including information regarding the organisation's record keeping system(s), disposal arrangements, policies, practices and processes. The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and that best practices have been implemented in the organization. In accordance with Section 17 of the Act, the Shire of Boyup Brook and all its employees are legally required to comply with the contents of this plan.

Record Keeping Plan Review

Under the *State Records Act 2000* the Shire of Boyup Brook reviewed its Recordkeeping Plan and a report of the review was submitted to the State Records Commission. The State Records Commission has advised that the Shire has met all the requirements and the next review is due by 14th July 2015.

Training

All new staff members receive an introduction to the records system (Infovision) by the Records Officer. They receive training in the following areas:-

- retrieving incoming and outgoing correspondence.
- accessing an assessment/subject file number.
- viewing and printing scanned documents.
- forwarding correspondence from the user's in-tray to another user.

Improvements and Developments

Record keeping practices within the shire are continually evolving and improving. The retention and disposal continues on a yearly basis. The disposal of archived information is contracted to Records Management and Storage from Bunbury.

Planning For the Future

Amendments, made in 2005, to the Local Government Act 1995 removed the requirement for a local government to prepare a Plan of Principal Activities and introduced Section 5.56 which required 'A local government to plan for the future of the district'.

The Act also required the Annual Report to contain:

'an overview of the plan for the future of the district made in accordance with Section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year'.

Regulations made under the Act were amended in August 2011 to require that Local Governments prepare Strategic Community Plans and Corporate Business Plans (integrated Strategic, Asset Management and Financial Planning) in respect of each financial year after the financial year ending 30 June 2013. These plans are to be for ten years and Council commenced work on them toward the end of 2010/11 with the aim to have them place for the 2012/13 year as required.

As an overview, the current Strategic Plan was not linked back to any long term asset or financial plans, was lengthy and repetitious. The newly required strategic plan will be integrated and Council has made it clear to its consultants that it wants a concise document that is user friendly. The current Strategic Plan was not reviewed in 2010/11 as scheduled because it was going to be replaced by the new Strategic Community Plan which was to be developed in 2011.

It remains a requirement to include an over view of the current Strategic Plan in this report and so the Executive Summary of the plan is provided to meet this requirement the executive summary of the current plan has been included verbatim.

2008 – 2013 STRATEGIC PLAN – PLANNING FOR THE FUTURE

Council adopted the 2008 – 2013 Strategic Plan – Planning for the Future document 7 August 2008. This plan's Executive summary is as follows:

EXECUTIVE SUMMARY (note this is a copy of the summary used in the Plan)

The Shire of Boyup Brook has implemented its commitment to review and develop a Strategic Plan which will provide it with a framework for policy development and a consistent direction for decision making for a five year period of 2008-2013.

Its general thrust is to focus on the development of a regional approach while continuing to provide improved services and service to a community which the Council envisages will grown with the new infrastructure and opportunities initiated by the Shire.

The external consultancy group of South West People Care was engaged to both research and then facilitate the strategic planning process.

While the Planning Team - consisting of Elected Members and two Executive Officers - participated directly in the process, inputs were included from the community, groups and staff of the Shire of Boyup Brook.

In designing the strategic planning workshop, it was agreed that it would be conducted over two days and located in Nelson's of Bridgetown.

Outcomes developed during the strategic planning process included:

*The Shire of Boyup Brook having a Vision to be ...
"Acknowledging our heritage while developing our future."*

The Council identified seven Critical Success Factors that are essential to achieve this Vision. They are:

1. Adoption of a realistic Strategic Plan which the Council has the will to carry out.
2. Gaining community confidence in the Strategic Plan and in Council operations.
3. Establishment of sound management practices and a structure which will enable the delivery of the Strategic Plan.
4. Development of a sound financial management plan and record system.
5. Establishment of effective two-way communications and teamwork.
6. Determination and implementing the agreed level of services and service delivery.
7. Development of sustainable management of the Shire's natural resources, heritage and culture.

It is also acknowledged that in setting Critical Success Factors and Key Actions (which convert the theory into practical solutions), monitoring is required to ensure the objectives are achieved. Detailed Action Plans and an Implementation and Monitoring Framework have been developed which will ensure the Strategic Plan focus is addressed.

Additional to the Strategic Plan is a detailed Report of pre-Strategic Plan research together with recommendations for the future development of the organisation. The Strategic Plan Report and Recommendations, the 2008-2013 Strategic Plan and the 2007-2008 Principal Activities Plan should be read in conjunction.

All documents, except any confidential items, will be made available to the community.

The new plan also set the following:

Our Regional Focus for the Strategic Plan

Our Strategic Plan for the future will have a Regional approach and will focus on:

Economic growth and diversity
Ecological sustainability and environmental management
Quality lifestyle and social well-being
Best practice local government and
Improved services and infrastructure

Our Future Regional Objectives 2025 and Beyond

In looking towards the year 2025 and beyond, the Strategic Plan has been developed in such a way so as to achieve the following objectives.

A united region
A thriving business industry including tourism
Prosperity with a vision for the future
Adequate services to cater for the regional community
A sustainable environment and
The achievement of a proactive regional community

Vision

The revised Vision Statement for Shire of Boyup Brook is to be...

*"Acknowledging our heritage
while developing our future."*

Mission

The Mission Statement for Shire of Boyup Brook Council is ...

**"To enhance sustainable growth, economic
vitality and diversity."**

Values

*In respecting the community, Council and Staff will promote and enhance the following values
in our interactions ...*

*Integrity
Strong transparency
Honesty
Sensitivity and
Financial accountability*

The Strategic Plan may be viewed on Council's web site www.boyupbrook.wa.gov.au

8.2 Community Services**Waste Management**

Domestic waste continued to be collected with Boyup Brook being serviced by Warren Blackwood Waste Disposal and Wilga, Dinninup and Kulikup being serviced by shire staff.

The Drum Muster chemical drums return program continued.

Grant funding for three phase power connection to the Transfer Station was approved with work commencing late in this financial year.

Management of the recycling items is performed jointly by the Shire and the Lions Club enabling funds from selling the materials to recycling companies to be circulated back into the community.

Animal Control

Our Ranger Services continue to be provided under a contractual arrangement with the Shire of Bridgetown-Greenbushes. The instances of dogs in the streets roaming free are being followed up when practicable. Several dog attacks on stock were reported and acted on.

A number of cases of stock roaming on country roads have also been addressed.

Bushfire Control

The Chief Bushfire Control Officer, Mr Kevin Henderson continued in the role.

There are still concerns with the number of non-compliant landowners when it comes to providing firebreaks.

The volunteers in the Fire Brigades continue to respond quickly and efficiently to any outbreak of fire fortunately the number of fires deceased on the previous year.

New WAERN radio network was installed causing some disruption to radio communications

Family Stop Centre

The centre is used by YMCA three days a week for childcare purposes and one day a week by the Boyup Brook Playgroup.

Library Services

The library refurbishment was completed and well received by the library public.

The Library continues to be well used and we have new members joining on a weekly basis.

Each month the Library receives 75 new books and returns 75 of the books that have not been read for at least 1 year, this ensures we have a good rotation of stock.

Many borrowers have been taking advantage of the Inter-library loan system were they can order in any book from another library in WA if it is not on our shelf.

The Shire acknowledges the donation of books in good condition to supplement our stock from the State Library.

We also have a large selection of DVD's, Talking Books and Large Print books which are very popular with the borrowers.

Recreation and Leisure

The swimming pool car park upgrade including line marking and landscaping was completed.

The Flax Mill Conservation plan was presented to Council but not adopted, resulting in the demolition of several buildings due to poor structural condition.

Youth Activities

Boyup Brook again entered the WALGA Banners in the Terrace. Young people designed and completed the Banner.

YAC Members volunteered their time at the Country Music Festival

YAC instigated the "Get Unleashed in the Brook" which received grant funding.

The YAC group meets every Tuesday afternoon at the YAC Shack during school terms.



Community Groups and Events

Council supported the following activities through the role and activities of the Community Development Officer.

- Assistance in successfully seeking grant funding for the Upper Blackwood Agricultural Society
- Community Christmas Carols in the Music Park
- Australia Day Breakfast in Sandakan Park
- Anzac Day
- The annual Country Music Festival

TOURISM

Council supported the Boyup Brook Tourism Association and the Country Music Club through the role and activities of the Community Development Officer. Through this support Council aims to bring more visitors to our town and the region.

Disability Services Plan

The annual Disability Access and Inclusion Plan (DAIP) report was filed in accordance with the Act and Regulations. The Shires stated policy is that all new works will be required to meet the approved standard but existing works or buildings would not be retrofitted.

The access improvements to the Shire Administration Offices was completed along with improvements to several footpaths.

8.3 Development Services

There were 46 building licenses issued in the 2009/2010 financial year.

The following chart provides comparisons with previous years.

Applications	04/05	05/06	06/07	07/08	08/09	09/10	10/11
Planning (inc Planations)	18	23	17				
Planations	3	13	2				
Building (Inc Dwellings)	70	58	65	79	58	62	46
New Dwellings	6	11	12	16	7	10	8
Building Value	\$1,905,327	\$2,211,023	\$2,951,805	\$4,121,001	\$2,640,122	\$4,304,867	\$2,465,275
Demolitions	2	5	2	0	1	0	2
Septic Tanks	17	12	22	21	11	13	11

Environmental health, building and planning inspections were carried out on buildings, newly constructed buildings, proposed development and subdivision sites and dilapidated buildings as well as investigating public health issues.

Water sampling and analysis of the Boyup Brook Swimming Pool was carried out monthly during the October to March period.

8.4 Works and Services

In 2010/2011 financial year the Shire's works and services program invested resources and funding into re-graveling and improving the road base of our network. This provides a sound gravel foundation for maintenance grading and possible future upgrade to seal. A large amount funding from the Federal Government was allocation of structural bridge repairs along with the Shire's maintenance allocations.

This financial year also saw major resource and funding allocations to townsite and rural drainage improvements, and improving the safety and condition of our road verges. Importantly, the Shire's public amenity infrastructure such as parks, gardens and recreational areas were also allocated resources to continue a suitable level of maintenance and appearance.

Shire Funded Capital Works

Gibbs Road – Gravel Resheeting
Howards Road – Gravel Resheeting
Dezotti Road – Gravel Resheeting
Asplin Siding Road – Gravel Resheeting
North Kulikup Road – Gravel Resheeting
Parsons Swamp Road – Gravel Resheeting

Timber Industry Road Evaluation Strategy (TIRES) Funded Capital Works Program

Boyup Brook Cranbrook Road – Gravel Resheeting
Westbourne Road – Gravel Resheeting
Wheatley Road – Gravel Resheeting
McAlinden Road – Gravel Resheeting
Foley Road – Gravel Resheeting
Dwalganup Road – Gravel Resheeting

Regional Roads Group (RRG) Funded Capital Works Program

Boyup Brook Arthur River Road – Widen and seal to 6.0m

Road to Recovery (R2R) Funded Capital Works Program

McAlinden Road – Widen and seal to 6.0m
Abels Road – Widen and seal to 6.0m
Scotts Brook Road – Reconstruction

Bridge and Drainage Program

Major bridge repairs were carried out in the Shire this year with the assistance of \$244,000 from the Federal Assistance Grants Scheme (FAGS) which was administered by Main Roads WA in Bunbury. The Shire continued with the routine maintenance of its bridges to the value of \$30,000.

The Shire also carried out the routine maintenance of towns and rural open drains to the value of \$55,000.

Rural Road and Town Maintenance

Routine maintenance grading of unsealed roads
General road sweeping and cleaning of debris from roads and verges
Maintenance of the town reserves and parks
Verge spraying and pruning, both rural and townsite

General townsite rubbish removal
Emergency maintenance works
Ongoing maintenance and replacement of traffic, street name and direction signs
Seasonal town garden maintenance and planting.

General

Works and Services section of the Shire is responsible for:

- Roads, Bridges, Paths and Trails
- Parks, Gardens, Bushland, public reserves, open spaces and Recreations grounds.
- Cemetery
- Waste
- Shire's vehicle fleet

The Shire's road and pathway network consists of:

- 189 roads totalling 1058km
- 212km of sealed roads
- 445 of gravel roads
- 383 of formed roads
- 18km of unformed roads
- 18 Timber bridges
- 8.4km of footpaths

The total replacement value of the Shire's roads, bridges and paths is calculated at nearly \$83million with depreciation valued at approximately \$1.5million per year. Importantly with the assistance of various State and Federal Government grants, the Shire to Boyup Brook allocates in excess of \$2million per year which keeps up with the depreciation and allows for some capital improvement of the Shire's infrastructure.

The major grants for the 2010/2011 financial years were:

- Roads to Recovery - \$306,000
- Regional Road Group - \$145,000
- Main Roads Direct Grant - \$91,937
- TIRES Grant - \$150,000

General

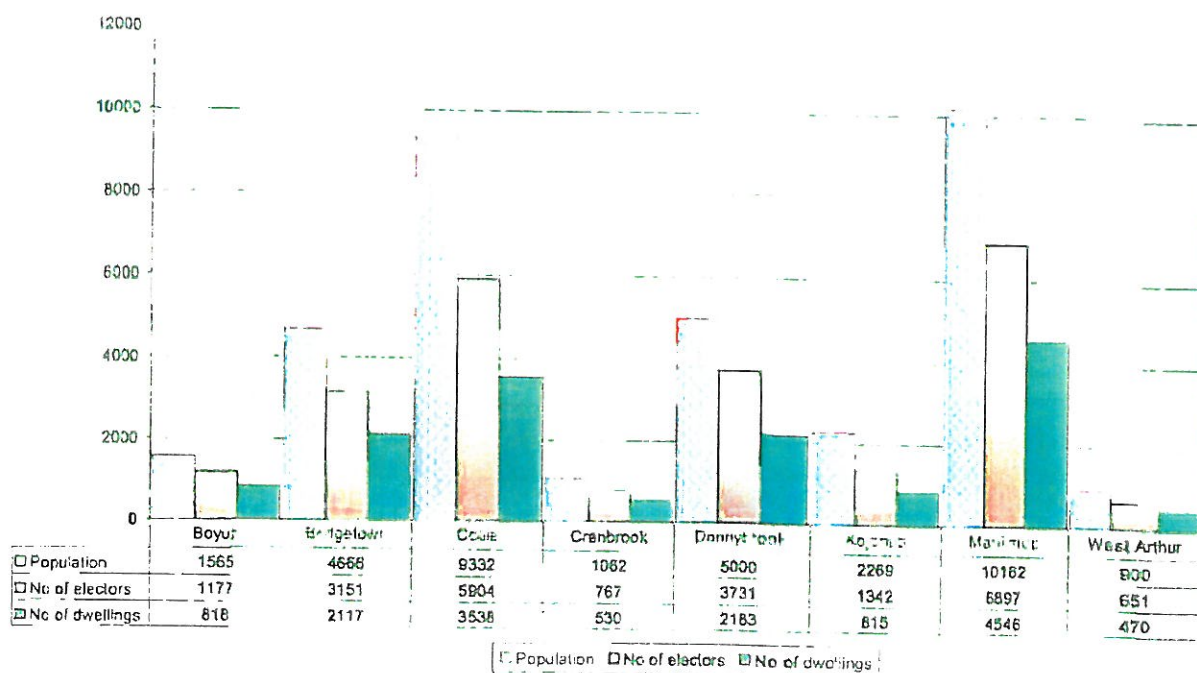
The Department of Regional Development and Land (CLGF) contributed an amount of \$35,000 for the purpose of implementing the Forward Capital Works Strategic plan which has been completed.

The State Government is continuing the T.I.R.E.S. grant funding on a year to year basis with \$165,000 being allocated to Shire of Boyup Brook for the 2010/2011 financial year.

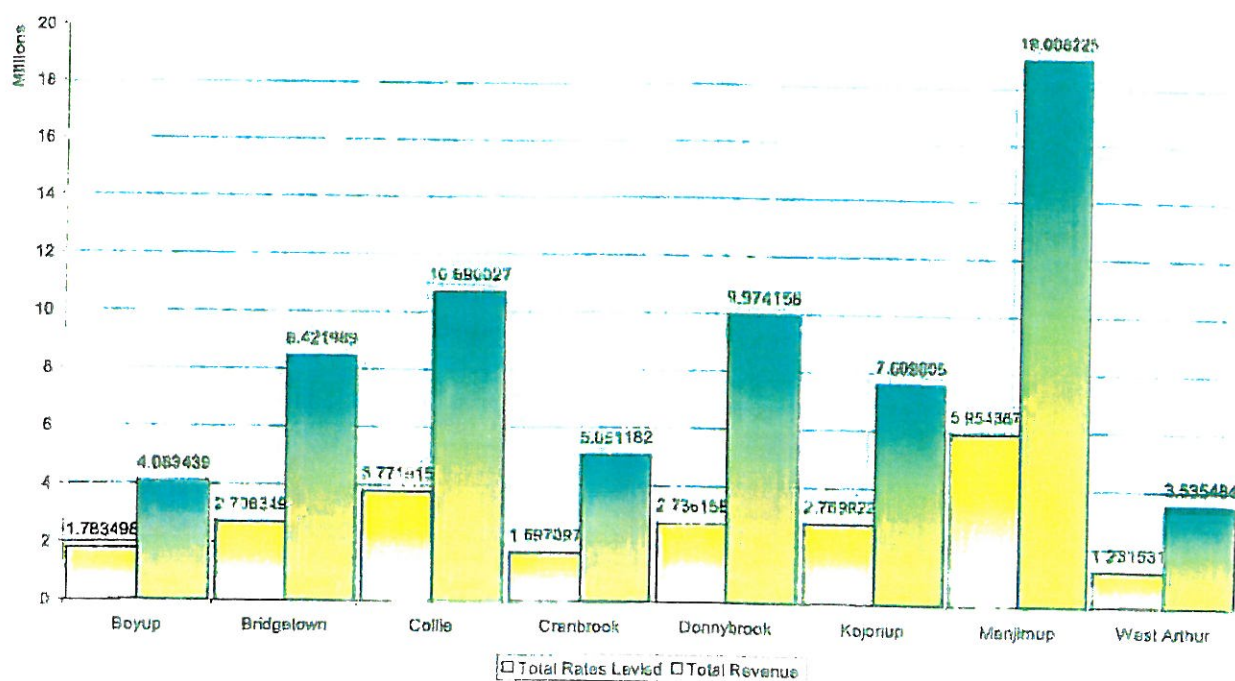
With increasing heavy vehicle traffic on the local road infrastructure it is imperative that both the Federal and State Governments continue their funding for local road maintenance and improvement.

9. Comparison of Standard Indicators Between Adjoining Shires

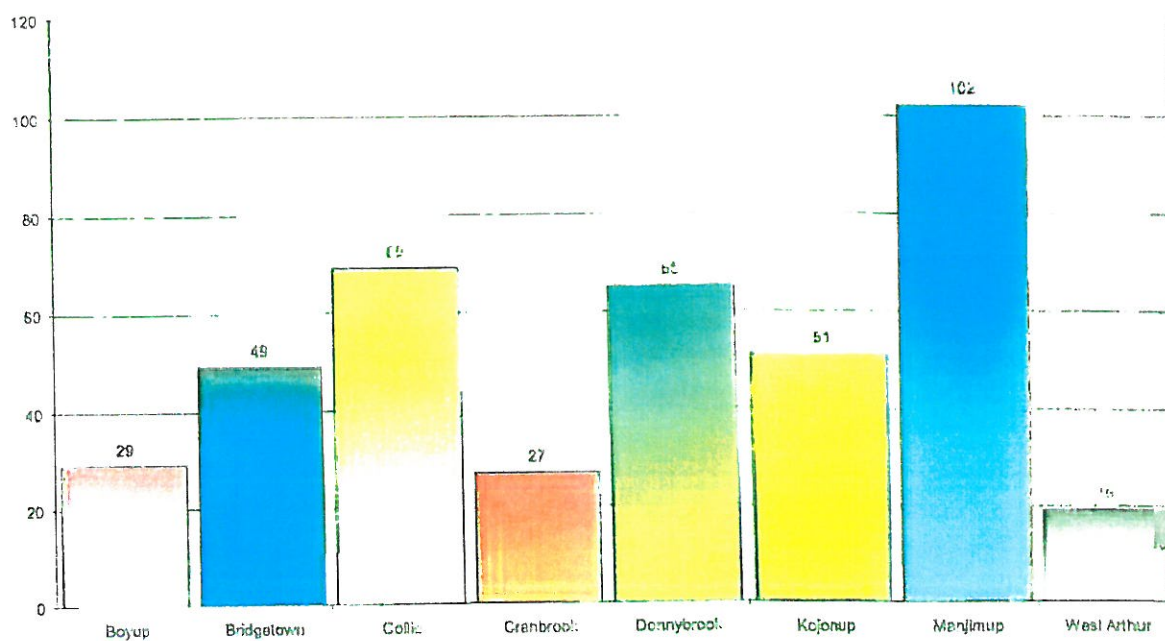
Population, Electors, Dwellings



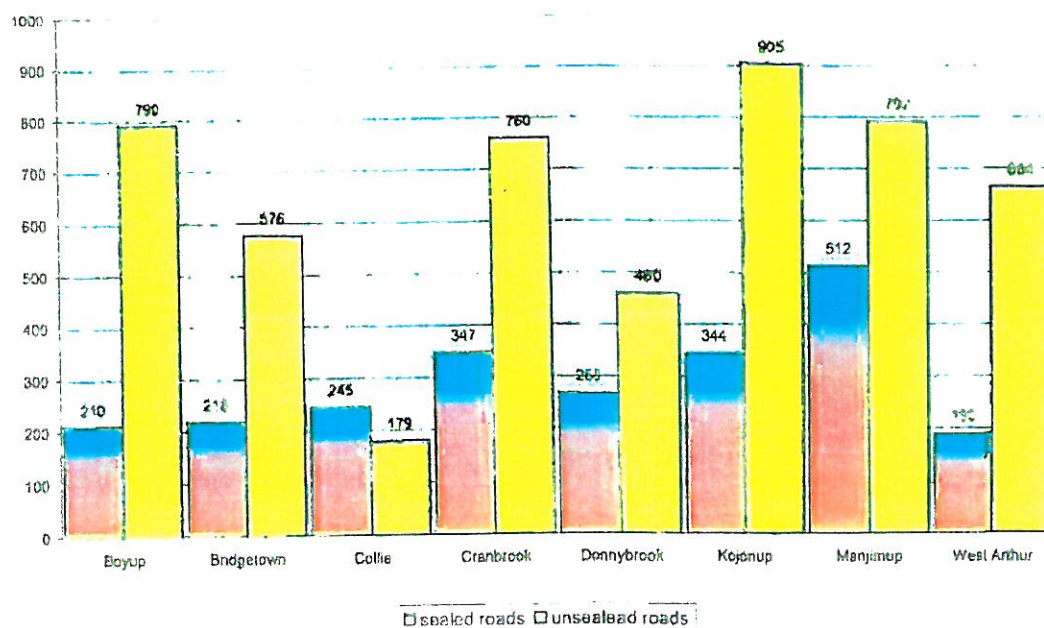
Rates & Revenue



No. of Employees



Sealed & Unsealed Roads



10. Annual Financial Statements

SHIRE OF BOYUP BROOK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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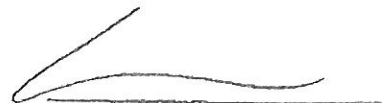
SHIRE OF BOYUP BROOK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Boyup Brook being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Boyup Brook at 30th June 2011 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 the regulations under that Act.

Signed on the 9th day of November 2011



Alan Lemb
Chief Executive Officer

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	22	1,865,973	1,868,265	1,783,498
Operating Grants, Subsidies and Contributions	28	1,416,320	1,763,917	1,295,033
Fees and Charges	27	930,702	917,810	863,786
Service Charges	24	0	0	0
Interest Earnings	2(a)	150,232	96,516	107,691
Other Revenue		109,125	2,046	33,431
		<u>4,472,352</u>	<u>4,648,554</u>	<u>4,083,439</u>
EXPENSES				
Employee Costs		(2,147,305)	(2,629,768)	(1,913,937)
Materials and Contracts		(1,445,057)	(1,145,150)	(1,472,428)
Utility Charges		(92,100)	(83,650)	(97,212)
Depreciation on Non-Current Assets	2(a)	(1,148,377)	(785,742)	(1,149,826)
Interest Expenses	2(a)	(32,540)	(31,652)	(73,024)
Insurance Expenses		(111,856)	(96,968)	(231,345)
Other Expenditure		(6,593)	0	(4,272)
		<u>(4,983,828)</u>	<u>(4,772,930)</u>	<u>(4,942,044)</u>
		(511,476)	(124,376)	(858,605)
Non-Operating Grants, Subsidies and Contributions				
	28	487,066	0	937,587
Profit on Asset Disposals	20	23,408	0	193,566
Loss on Asset Disposal	20	<u>(39,856)</u>	<u>0</u>	<u>(3,755)</u>
NET RESULT		(40,858)	(124,376)	288,773
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	7,841,239
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>7,841,239</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(40,858)</u></u>	<u><u>(124,376)</u></u>	<u><u>8,110,012</u></u>

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

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Governance		1,065	440	1,359
General Purpose Funding		2,977,607	2,697,311	2,918,583
Law, Order, Public Safety		43,408	45,600	42,105
Health		566,216	589,420	565,741
Education and Welfare		9,313	7,692	3,047
Housing		50,782	39,298	403,986
Community Amenities		149,841	132,118	116,543
Recreation and Culture		66,497	52,231	91,742
Transport		759,698	960,381	951,917
Economic Services		135,006	99,562	90,221
Other Property and Services		223,093	24,501	29,328
	2 (a)	<u>4,962,826</u>	<u>4,648,554</u>	<u>5,214,572</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(424,602)	(438,609)	(500,527)
General Purpose Funding		(86,043)	(70,864)	(54,910)
Law, Order, Public Safety		(158,028)	(138,964)	(110,560)
Health		(623,231)	(652,407)	(628,146)
Education and Welfare		(61,966)	(65,843)	(66,105)
Housing		(82,975)	(81,347)	(111,366)
Community Amenities		(302,617)	(323,876)	(255,088)
Recreation & Culture		(551,949)	(566,091)	(531,454)
Transport		(2,303,215)	(2,108,120)	(2,333,698)
Economic Services		(337,747)	(279,891)	(277,484)
Other Property and Services		(58,571)	(15,266)	(3,457)
	2 (a)	<u>(4,991,144)</u>	<u>(4,741,278)</u>	<u>(4,672,775)</u>
FINANCE COSTS				
Health		(5,917)	(5,917)	(6,744)
Housing		(5,708)	(5,708)	(46,457)
Community Amenities		(1,807)	(1,807)	(1,932)
Recreation & Culture		(12,772)	(11,884)	(11,115)
Economic Services		(4,537)	(4,537)	(4,888)
Other Property and Services		(1,799)	(1,799)	(1,888)
	2 (a)	<u>(32,540)</u>	<u>(31,652)</u>	<u>(73,024)</u>
NET RESULT		<u>(40,858)</u>	<u>(124,376)</u>	<u>268,773</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	7,841,239
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>7,841,239</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(40,858)</u></u>	<u><u>(124,376)</u></u>	<u><u>8,110,012</u></u>

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

SHIRE OF BOYUP BROOK
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,358,631	2,183,424
Trade and Other Receivables	4	185,426	281,986
Inventories	5	20,413	22,531
TOTAL CURRENT ASSETS		<u>2,564,472</u>	<u>2,487,943</u>
NON-CURRENT ASSETS			
Other Receivables	4	0	23,111
Property, Plant and Equipment	6	5,982,616	5,943,785
Infrastructure	7	53,179,424	53,507,681
TOTAL NON-CURRENT ASSETS		<u>59,162,040</u>	<u>59,474,577</u>
TOTAL ASSETS		<u>61,726,512</u>	<u>61,942,520</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	180,718	377,949
Long Term Borrowings	9	42,874	42,118
Provisions	10	358,920	302,606
TOTAL CURRENT LIABILITIES		<u>582,512</u>	<u>722,673</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	8	407,480	473,446
Provisions	10	86,737	55,740
TOTAL NON-CURRENT LIABILITIES		<u>494,197</u>	<u>529,186</u>
TOTAL LIABILITIES		<u>1,076,709</u>	<u>1,251,859</u>
NET ASSETS		<u>60,649,803</u>	<u>60,690,661</u>
EQUITY			
Retained Surplus		50,822,438	50,871,177
Reserves - Cash Backed	11	1,558,415	1,550,535
Reserves - Asset Revaluation	12	8,268,949	8,268,949
TOTAL EQUITY		<u>60,649,803</u>	<u>60,690,661</u>

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

SHIRE OF BOYUP BROOK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2011

NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009	50,856,853	1,296,086	0	52,152,939
Net Result	268,773	0	0	268,773
Total Other Comprehensive Income	0	0	8,268,949	8,268,949
Reserve Transfers	(254,449)	254,449	0	0
Balance as at 30 June 2010	50,871,177	1,550,535	8,268,949	50,690,661
Net Result	(40,858)	0	0	(40,858)
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(7,880)	7,880	0	0
Balance as at 30 June 2011	50,822,439	1,558,415	8,268,949	50,649,803

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

**SHIRE OF BOYUP BROOK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,953,121	1,976,595	1,682,496
Operating Grants, Subsidies and Contributions		1,416,320	1,763,917	1,295,033
Fees and Charges		930,702	917,810	863,786
Service Charges		0	0	0
Interest Earnings		150,232	96,516	114,021
Goods and Services Tax		(12,477)	0	246,373
Other Revenue		109,125	2,046	27,101
		<u>4,547,023</u>	<u>4,756,884</u>	<u>4,228,812</u>
Payments				
Employee Costs		(2,065,403)	(2,629,768)	(1,908,948)
Materials and Contracts		(1,634,761)	(981,216)	(1,483,122)
Utility Charges		(92,100)	(83,650)	(97,212)
Insurance Expenses		(111,856)	(96,968)	(231,345)
Interest Expenses		(32,540)	(31,652)	(88,483)
Goods and Services Tax		0	0	(288,140)
Other Expenditure		(6,592)	0	(4,272)
		<u>(3,943,252)</u>	<u>(3,803,254)</u>	<u>(4,100,522)</u>
Net Cash Provided By Operating Activities	13(b)	<u>603,771</u>	<u>953,630</u>	<u>128,290</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(547,105)	(483,550)	(867,550)
Payments for Construction of Infrastructure		(443,545)	(877,116)	(729,195)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		487,066	0	937,567
Proceeds from Sale of Plant & Equipment		115,249	111,700	933,441
Net Cash Provided By (Used In) Investing Activities		<u>(388,335)</u>	<u>(1,248,968)</u>	<u>274,263</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(65,229)	(42,118)	(622,776)
Proceeds from Self Supporting Loans		25,000	0	(25,000)
Proceeds from New Debentures		0	0	25,000
Net Cash Used In Financing Activities		<u>(40,229)</u>	<u>(42,118)</u>	<u>(622,776)</u>
Net Increase (Decrease) in Cash Held		<u>175,207</u>	<u>(337,456)</u>	<u>(220,223)</u>
Cash at Beginning of Year		<u>2,183,424</u>	<u>2,183,523</u>	<u>2,403,847</u>
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>2,358,631</u></u>	<u><u>1,846,067</u></u>	<u><u>2,183,624</u></u>

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

**SHIRE OF BOYUP BROOK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Governance		1,085	440
General Purpose Funding		1,111,634	829,046
Law, Order, Public Safety		43,408	45,600
Health		566,216	589,420
Education and Welfare		9,313	7,692
Housing		50,782	39,298
Community Amenities		148,941	132,118
Recreation and Culture		86,497	52,231
Transport		759,698	960,381
Economic Services		135,006	99,562
Other Property and Services		223,093	24,501
		<u>3,116,853</u>	<u>2,780,289</u>
EXPENSES			
Governance		(424,602)	(438,609)
General Purpose Funding		(86,043)	(70,864)
Law, Order, Public Safety		(156,028)	(138,984)
Health		(629,148)	(658,324)
Education and Welfare		(61,866)	(65,843)
Housing		(88,683)	(87,055)
Community Amenities		(304,624)	(325,683)
Recreation & Culture		(564,721)	(577,975)
Transport		(2,303,215)	(2,108,120)
Economic Services		(342,284)	(284,428)
Other Property and Services		(60,370)	(17,085)
		<u>(5,023,684)</u>	<u>(4,772,930)</u>
Net Operating Result Excluding Rates		(1,906,831)	(1,992,641)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		16,448	0
Movement in ATO Liability		6,984	0
Movement in Accrued Salaries and Wages		(12,373)	0
Movement in Employee Benefit Provisions		87,311	0
Depreciation and Amortisation on Assets		1,146,377	765,742
Capital Expenditure and Revenue			
Purchase Land and Buildings		(109,763)	(35,000)
Purchase Infrastructure Assets - Roads		(430,978)	(418,848)
Purchase Infrastructure Assets - Other		0	(450,270)
Purchase Infrastructure Assets - Recreation		(12,567)	(10,000)
Purchase Plant and Equipment		(418,947)	(440,550)
Purchase Furniture and Equipment		(18,392)	(8,000)
Proceeds from Disposal of Assets		115,249	111,700
Repayment of Debentures		(65,231)	(42,116)
Proceeds from New Debentures		0	0
Self-Supporting Loan Principal Income		1,889	1,889
Transfers to Reserves (Restricted Assets)		(292,562)	(279,617)
Transfers from Reserves (Restricted Assets)		284,682	542,600
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		679,706	387,549
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		938,955	2,701
Amount Required to be Raised from Rates	22	<u>(1,865,873)</u>	<u>(1,866,265)</u>

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

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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 statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

The report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

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 which form the basis of making the judgements about carrying values of assets and liabilities that are 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 these financial statements.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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, borrowing costs and holding costs until Finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(g) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Land under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

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.

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

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	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing, earthworks and formation	not depreciated
gravel pavement	40 to 50 years
original surfacing and major re-surfacing	
- bituminous seals	15 to 20 years
- asphalt surfaces	30 to 40 years
Gravel roads	
clearing, earthworks and formation	not depreciated
gravel pavement	10 to 20 years
Formed roads (unsealed)	
clearing, earthworks and formation	not depreciated
Footpaths - concrete	40 to 50 years
Kerbing	40 to 50 years
Water supply piping & drainage systems	75 years
Infrastructure - Recreation	10 to 100 years
Infrastructure - Parks and Gardens	10 to 50 years
Infrastructure - Other	10 to 67 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$1,200 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount
- (b) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) **Estimation of Fair Value**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

In accordance with Australian Accounting Standards the Council'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 statement of comprehensive income.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) 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 Council has a present obligation to pay resulting from employees services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(m) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result to settle the obligation; and
- c) that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provisions are not recognised for future operating losses.

(o) 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 Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(p) Joint Venture

The Council'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 appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

(q) 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 BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 1053 – Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009- 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009- 14 Amendments to Australian Interpretations -- Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

(*) Applicable to reporting periods commencing on or after the given date.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2009 - 5
AASB 2009 - 8
AASB 2009 - 10
AASB 2009 - 13
AASB 2010 - 1
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES

2011 **2010**
\$ **\$**

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	12,495	10,508
- Other Services	4,200	1,029

Depreciation

Buildings	89,707	89,779
Furniture and Equipment	18,444	18,041
Plant and Equipment	268,424	273,528
Infrastructure - Roads	754,198	754,198
Infrastructure - Parks & Gardens	3,184	3,186
Infrastructure - Recreation	9,133	6,721
Infrastructure - Footpaths	2,186	1,760
Infrastructure - Other	3,121	2,613
	<u>1,148,377</u>	<u>1,149,826</u>

Interest Expenses (Finance Costs)

Debentures (refer Note 21(a))	<u>32,540</u>	<u>73,024</u>
	<u>32,540</u>	<u>73,024</u>

Rental Charges

- Operating Leases	<u>19,712</u>	<u>10,884</u>
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(ii) Crediting as Revenue:

2011 **2011** **2010**
\$ **Budget** **\$**
\$

Interest Earnings

Investments

- Reserve Funds	67,798	46,516	47,234
- Other Funds	50,442	40,000	40,567
Other Interest Revenue (refer note 26)	31,992	10,000	19,890
	<u>150,232</u>	<u>96,516</u>	<u>107,691</u>

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

2. REVENUE AND EXPENSES (Continued)

(h) Statement of Objective

The Shire of Boyup Brook is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Members of Council, civic receptions and functions, public relations, electoral, general governance of the Shire.

GENERAL PURPOSE FUNDING

Rates, general purpose grants, interest revenue.

LAW, ORDER, PUBLIC SAFETY

Fire prevention and administration, clearing for fire hazards, animal control, dog pound, Local law control, public security, civil emergency services, rangers.

HEALTH

Food control, health inspections and provision of medical services.

EDUCATION AND WELFARE

Telecentre, Rylington Park, aged and disabled, senior citizen's services.

HOUSING

Public and staff housing.

COMMUNITY AMENITIES

Rubbish collections, recycling refuse site operations, litter control, public litter bins, abandoned vehicles, town planning control/studies, memorials, public conveniences, cemeteries.

RECREATION AND CULTURE

Public halls, swimming pool, civic centres, parks, sports grounds, community recreation programs, libraries, community arts program.

TRANSPORT

Roads, footpaths, rights of way, drainage, road verges, median strips, street lighting, street cleaning, street trees, traffic surveys, traffic management, vehicle licensing.

ECONOMIC SERVICES

Tourism and promotions, Festivals, building control, Caravan park, Flax Mill Camp, economic development.

OTHER PROPERTY & SERVICES

Public works overhead, plant/vehicle operations, Private works, administration costs.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 01-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
Grant/Contribution	Function/ Activity							
Auslink Roads to Recovery Programme RCLIP Federal Funded Programme	Transport	24,247	311,700	(335,947)	0	312,066	(312,066)	0
	Transport Law Order Public Safety	75,000	0	(75,000)	0	0	0	0
FESA ESL Grant Funding		6,000	0	(6,000)	0	0	0	0
LGCF - Forward Capital Grant RLCIP - Swimming Pool Car Park	Transport	0	35,000	0	35,000	0	(35,000)	0
	Recreation	0	30,000	(21,099)	8,901	0	(8,901)	0
	Other							0
DLG - Asset Management	Property & Services	0	0	0	0	80,000	0	80,000
	Other							
DLG - Financial Planning	Property & Services	0	0	0	0	25,000	0	25,000
	Economic							
Dry Season Grant	Services	0	0	0	0	20,000	(10,663)	9,337
	General Purpose Funding	0	0	0	0	237,901	0	237,901
Grants Commission								
Total		105,247	376,700	(438,046)	43,901	674,967	(366,630)	352,238

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES	2011
	\$
(d) Committed Funds	
Council funded projects carried forward to 2011/12	
Relocate transportable building from Railway Reserve to Shire Depot	27,500
Cemetery - install water tank, gutters and down pipes to existing gazebo	5,000
Bridgel Street Median Strip - Public Art - Lighting	5,000
Lot 1 Forrest Street - purchase State Government's interest in the property	4,000
	<u>41,500</u>
(e) 2010/11 Surplus	
Surplus as per rate Setting Statement	938,955
less	
Conditions Over Grants/Contributions (refer note 2(c))	352,238
Committed Funds (refer note 2(d))	41,500
Surplus available for use in 2011/12	<u>545,217</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2010 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	447,976	586,988
Restricted	1,910,653	1,594,436
	<u>2,358,631</u>	<u>2,183,424</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant Reserve	104,974	99,209
Leave Reserve	175,376	68,112
Depot Reserve	20,860	19,912
Housing Reserve	24,102	23,007
Emergency Reserve	34,905	33,319
Insurance Claim Reserve	14,956	14,276
Flax Mill Sheds Reserve	26,358	27,069
Recreation Improvement Reserve	144,082	137,517
Commercial Reserve	480,140	458,325
Bush Fire Radios Reserve	13,476	12,864
Rylington Park Reserve	17,501	16,706
Infrastructure Reserve	19,913	18,008
Bridges Reserve	45,899	221,787
Medical Services Reserve	53,792	51,348
Swimming Pool Reserve	9,041	8,630
Boyup Brook Town Hall Reserve	36,970	16,050
Admin Office Building Reserve	1,704	1,627
Building Maintenance Reserve	50,901	48,586
Aged Accommodation Reserve	22,073	21,070
R2R Supplementary Reserve	0	994
Road Contribution Reserve	18,027	17,206
IT Reserve	76,004	72,551
Transfer Station Reserve	59,697	56,985
Caravan Park Reserve	104,920	103,644
Library Furniture Reserve	764	729
Unspent Grants (refer note 2(c))	352,236	43,901
	<u>1,910,653</u>	<u>1,594,436</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	74,727	137,016
Sundry Debtors	53,041	105,765
Provision for Doubtful Debts	0	(31,620)
Accrued Income	3,416	7,371
GST Receivable	54,244	41,767
Loans - Clubs/Institutions	0	1,889
	<u>185,428</u>	<u>261,988</u>
Non-Current		
Rates Outstanding - Pensioners	0	0
Loans - Clubs/Institutions	0	23,111
	<u>0</u>	<u>23,111</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2010 \$
5. INVENTORIES		
Current		
Fuel and Materials	20,413	22,531
	<u>20,413</u>	<u>22,531</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	5,668,395	5,582,364
Less Accumulated Depreciation	<u>(1,406,289)</u>	<u>(1,320,465)</u>
	4,262,106	4,261,899
Furniture and Equipment - Cost	239,028	220,635
Less Accumulated Depreciation	<u>(144,750)</u>	<u>(126,303)</u>
	94,278	94,332
Plant and Equipment - Cost	2,961,019	2,856,661
Less Accumulated Depreciation	<u>(1,334,787)</u>	<u>(1,269,107)</u>
	1,626,232	1,587,554
	<u>5,982,616</u>	<u>5,943,785</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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 the beginning of the year	4,261,899	94,332	1,587,554	5,943,785
Additions	109,763	18,390	418,948	547,101
(Disposals)	(19,849)	0	(111,846)	(131,695)
Depreciation (Expense)	(89,707)	(18,444)	(268,424)	(376,575)
Carrying amount at the end of year	<u>4,262,106</u>	<u>94,278</u>	<u>1,626,232</u>	<u>5,982,616</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2010 \$
7. INFRASTRUCTURE		
Roads - management valuation 2011	71,440,442	0
Roads - management valuation 2010	0	71,009,464
Less Accumulated Depreciation	<u>(18,744,896)</u>	<u>(17,990,698)</u>
	52,695,546	53,018,766
 Footpaths - Cost	 109,281	 109,281
Less Accumulated Depreciation	<u>(9,015)</u>	<u>(6,829)</u>
	100,266	102,452
 Recreation - Cost	 300,190	 287,621
Less Accumulated Depreciation	<u>(112,941)</u>	<u>(103,806)</u>
	187,249	183,815
 Parks & Gardens - Cost	 121,862	 121,862
Less Accumulated Depreciation	<u>(28,764)</u>	<u>(25,600)</u>
	93,098	96,262
 Other - Cost	 130,506	 130,506
Less Accumulated Depreciation	<u>(27,241)</u>	<u>(24,120)</u>
	103,265	106,386
	<u>53,179,424</u>	<u>53,507,681</u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy also accords with AASB 116

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Footpaths \$	Parks and Gardens \$	Recreation \$	Other \$	Total \$
Balance at the beginning of the year	53,018,766	102,452	96,262	183,815	108,386	53,507,681
Additions	430,978	0	0	12,567	0	443,545
(Disposals)	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0
- reversals	0	0	0	0	0	0
Depreciation (Expense)	(754,198)	(2,186)	(3,164)	(9,133)	(3,121)	(771,802)
Carrying amount at the end of year	<u>52,695,646</u>	<u>100,266</u>	<u>93,098</u>	<u>187,249</u>	<u>103,265</u>	<u>53,178,424</u>
						0

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2010 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	61,359	256,151
Accrued Interest on Debentures	9,313	9,313
ATO Liabilities	31,390	24,426
Accrued Salaries and Wages	71,024	83,397
Other accruals	7,632	4,662
	<u>180,718</u>	<u>377,949</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	<u>42,874</u>	<u>42,118</u>
	<u>42,874</u>	<u>42,118</u>
Non-Current		
Secured by Floating Charge		
Debentures	<u>407,460</u>	<u>473,446</u>
	<u>407,460</u>	<u>473,446</u>
Additional detail on borrowings is provided in Note 21		
10. PROVISIONS		
Current		
Provision for Annual Leave	193,797	148,648
Provision for Long Service Leave	165,123	153,958
	<u>358,920</u>	<u>302,606</u>
Non-Current		
Provision for Long Service Leave	86,737	55,740
	<u>86,737</u>	<u>55,740</u>
	2011 \$	2011 Budget \$
11. RESERVES - CASH BACKED		2010 \$
(a) Plant and vehicle Reserve		
Opening Balance	99,209	99,209
Amount Set Aside / Transfer to Reserve	5,765	4,000
Amount Used / Transfer from Reserve	0	(29,826)
	<u>104,974</u>	<u>73,383</u>
(b) Leave Reserve		
Opening Balance	68,112	68,112
Amount Set Aside / Transfer to Reserve	107,264	105,687
Amount Used / Transfer from Reserve	0	0
	<u>175,376</u>	<u>173,799</u>
		<u>68,112</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

11. RESERVES - CASH BACKED (continued)	2011 \$	2011 Budget \$	2010 \$
(c) Depot Reserve			
Opening Balance	19,912	19,913	19,212
Amount Set Aside / Transfer to Reserve	946	597	700
Amount Used / Transfer from Reserve	0	0	0
	<u>20,860</u>	<u>20,510</u>	<u>19,912</u>
(d) Community Housing Reserve			
Opening Balance	23,007	23,007	22,199
Amount Set Aside / Transfer to Reserve	1,095	690	808
Amount Used / Transfer from Reserve	0	(1,880)	0
	<u>24,102</u>	<u>21,817</u>	<u>23,007</u>
(e) Emergency Reserve			
Opening Balance	33,319	33,319	32,147
Amount Set Aside / Transfer to Reserve	1,586	1,000	1 172
Amount Used / Transfer from Reserve	0	0	0
	<u>34,905</u>	<u>34,319</u>	<u>33,319</u>
(f) Insurance Claim Reserve			
Opening Balance	14,276	14,276	13,775
Amount Set Aside / Transfer to Reserve	680	428	501
Amount Used / Transfer from Reserve	0	0	0
	<u>14,956</u>	<u>14,704</u>	<u>14,276</u>
(g) Flax Mill Sheds Reserve			
Opening Balance	27,069	27,069	26,117
Amount Set Aside / Transfer to Reserve	1,289	812	952
Amount Used / Transfer from Reserve	0	0	0
	<u>28,358</u>	<u>27,881</u>	<u>27,069</u>
(h) Recreation Facilities Reserve			
Opening Balance	137,517	137,517	43,736
Amount Set Aside / Transfer to Reserve	6,545	4,126	93,781
Amount Used / Transfer from Reserve	0	0	0
	<u>144,062</u>	<u>141,643</u>	<u>137,517</u>
(i) Commercial Reserve			
Opening Balance	458,325	458,324	310,963
Amount Set Aside / Transfer to Reserve	21,815	13,750	147,362
Amount Used / Transfer from Reserve	0	(226,228)	0
	<u>480,140</u>	<u>245,846</u>	<u>458,325</u>
(j) Bush Fire Radios Reserve			
Opening Balance	12,864	12,864	12,411
Amount Set Aside / Transfer to Reserve	612	386	453
Amount Used / Transfer from Reserve	0	0	0
	<u>13,476</u>	<u>13,250</u>	<u>12,864</u>
(k) Ryllington Park Reserve			
Opening Balance	16,706	16,706	16,118
Amount Set Aside / Transfer to Reserve	795	501	568
Amount Used / Transfer from Reserve	0	0	0
	<u>17,501</u>	<u>17,207</u>	<u>16,706</u>
(l) Infrastructure Reserve			
Opening Balance	19,008	19,008	18,340
Amount Set Aside / Transfer to Reserve	905	570	688
Amount Used / Transfer from Reserve	0	0	0
	<u>19,913</u>	<u>19,578</u>	<u>19,008</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED (continued)			
(m) Bridges Reserve			
Opening Balance	221,787	221,787	25,845
Amount Set Aside / Transfer to Reserve	4,112	6,654	195,942
Amount Used / Transfer from Reserve	(180,000)	(180,000)	0
	<u>45,899</u>	<u>48,441</u>	<u>221,787</u>
(n) Medical Services Reserve			
Opening Balance	51,348	51,348	44,719
Amount Set Aside / Transfer to Reserve	2,444	1,540	6,629
Amount Used / Transfer from Reserve	0	0	0
	<u>53,792</u>	<u>52,888</u>	<u>51,348</u>
(o) Swimming Pool Reserve			
Opening Balance	8,630	8,630	10,661
Amount Set Aside / Transfer to Reserve	411	259	5,389
Amount Used / Transfer from Reserve	0	0	(7,420)
	<u>9,041</u>	<u>8,889</u>	<u>8,630</u>
(p) Boyup Brook Town Hall Reserve			
Opening Balance	16,050	16,050	10,661
Amount Set Aside / Transfer to Reserve	20,920	28,914	5,389
Amount Used / Transfer from Reserve	0	0	0
	<u>36,970</u>	<u>44,964</u>	<u>16,050</u>
(q) Administration Centre Reserve			
Opening Balance	1,627	1,627	59,460
Amount Set Aside / Transfer to Reserve	77	49	2,167
Amount Used / Transfer from Reserve	0	0	(60,000)
	<u>1,704</u>	<u>1,676</u>	<u>1,627</u>
(r) Building Maintenance Reserve			
Opening Balance	48,588	48,588	12,407
Amount Set Aside / Transfer to Reserve	2,313	1,458	36,181
Amount Used / Transfer from Reserve	0	0	0
	<u>50,901</u>	<u>50,046</u>	<u>48,588</u>
(s) Aged Accommodation Reserve			
Opening Balance	21,070	21,070	20,330
Amount Set Aside / Transfer to Reserve	1,003	632	740
Amount Used / Transfer from Reserve	0	0	0
	<u>22,073</u>	<u>21,702</u>	<u>21,070</u>
(t) Roads to Recovery Supplementary Reserve			
Opening Balance	994	994	959
Amount Set Aside / Transfer to Reserve	44	30	35
Amount Used / Transfer from Reserve	(1,038)	(1,024)	0
	<u>0</u>	<u>0</u>	<u>994</u>
(u) CEO Housing Reserve			
Opening Balance	0	0	324,981
Amount Set Aside / Transfer to Reserve	0	0	3,100
Amount Used / Transfer from Reserve	0	0	(328,081)
	<u>0</u>	<u>0</u>	<u>0</u>
(v) Road Contributions Reserve			
Opening Balance	17,208	17,208	16,604
Amount Set Aside / Transfer to Reserve	819	516	604
Amount Used / Transfer from Reserve	0	0	0
	<u>18,027</u>	<u>17,724</u>	<u>17,208</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED (continued)			
(w) IT Reserve			
Opening Balance	72,551	72,551	0
Amount Set Aside / Transfer to Reserve	3,453	2,177	72,551
Amount Used / Transfer from Reserve	0	0	0
	<u>76,004</u>	<u>74,728</u>	<u>72,551</u>
(x) Transfer Station Reserve			
Opening Balance	56,985	56,985	0
Amount Set Aside / Transfer to Reserve	2,712	1,710	56,985
Amount Used / Transfer from Reserve	0	0	0
	<u>59,697</u>	<u>58,695</u>	<u>56,985</u>
(y) Caravan Park Reserve			
Opening Balance	103,644	103,644	0
Amount Set Aside / Transfer to Reserve	104,920	103,109	103,644
Amount Used / Transfer from Reserve	(103,644)	(103,644)	0
	<u>104,920</u>	<u>103,109</u>	<u>103,644</u>
(z) Library Furniture Reserve			
Opening Balance	729	729	0
Amount Set Aside / Transfer to Reserve	35	22	20,729
Amount Used / Transfer from Reserve	0	0	(20,000)
	<u>764</u>	<u>751</u>	<u>729</u>
TOTAL CASH BACKED RESERVES	<u>1,558,415</u>	<u>1,287,552</u>	<u>1,550,535</u>

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash of this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

Plant & Vehicles Reserve

- to be used for the purchase of items of plant including graders, trucks, utes, sedans, rollers etc.

Community Housing Reserve

- to be used for the maintenance of the Homeswest Housing Units in Forrest & Proctor Streets.

Emergency Reserve

- for emergency situations during and outside working hours for example trees on roads, minor flooding, car accidents and supply of services and materials deemed necessary in an emergency.

Insurance Claims Reserve

- this reserve was established following the change to "All Properties Risk Policy" and the acceptance of a \$300 voluntary excess on all claims. Funds to be utilised any year where insurance claims are excessive resulting in substantial increases in operating costs of facilities and/or services.

Flax Mill Sheds Reserve

- to be used to fund future requirements relating to maintenance and upgrade of the large sheds (storage) at the Flaxmill complex.

Recreation Facilities Reserve

- to be used to fund improvements to the Recreation facilities and grounds.

Commercial Reserve

- to be used for future economic development, enhancement and promotion of the district.

Bush Fire Radios Reserve

- to be used to fund bush fire radio changeover and future radio requirements and for the maintenance of the bush fire radio tower.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

Rylington Park Reserve

- to be used for the development of facilities at Rylington Park.

Infrastructure Reserve

- to be used for the development of Infrastructure in the Shire.

Roads to Recovery Supplementary Reserve

- to be used for R2R projects in accordance with the supplementary Grant programme.

Leave Reserve

- to be used to fund annual / long service / sick leave and redundancy requirements.

Depot Reserve

- to be used to fund future requirements relating to upgrade of Depot facilities.

Bridges Reserve

- to be used to fund future requirements of bridge works.

Medical Services Reserve

- to be used to fund future medical services requirements

Swimming Pool Reserve

- to be used to fund future major improvement/maintenance projects at the swimming pool.

Boyup Brook Town Hall Reserve

- to be used to fund future major improvements/maintenance at Town Hall.

Administration Centre Reserve

- to be used to fund future major improvements/additions to the administration centre.

Building Maintenance Reserve

- to be used to fund future maintenance of Shire owned buildings including Heritage buildings.

Aged Accommodation Reserve

- to be used to fund future requirements of Aged Accommodation.

Road Contributions Reserve

- to be used to set aside contributions from Developers for road development when required.

CEO Housing Reserve

- to be used to fund future requirements of the CEO's Housing.

IT Reserve

- to be used to fund future IT requirements.

Transfer Station Reserve

- to be used to fund future upgrade to Transfer Station.

Caravan Park Reserve

- to be used to fund future upgrades to Caravan Park.

Library Furniture Reserve

- to be used to fund future Library furniture needs.

12. RESERVES - ASSET REVALUATION

2011
\$

2010
\$

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

(a) Roads

Balance as at 1 July	8,268,949	0
Revaluation Increment	0	8,268,949
Revaluation Decrement	0	0
Balance as at 30 June	<u>8,268,949</u>	<u>8,268,949</u>

TOTAL ASSET REVALUATION RESERVES

8,268,949 8,268,949

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, 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:

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	<u>2,356,631</u>	<u>1,846,067</u>	<u>2,183,424</u>

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

Net Result	(40,858)	(124,376)	268,773
Amortisation	0	0	0
Depreciation	1,148,377	785,742	1,149,826
(Profit)/Loss on Sale of Asset	16,448	0	(189,811)
(Increase)/Decrease in Receivables	74,672	108,330	(142,787)
(Increase)/Decrease in Inventories	2,118	0	8,198
Increase/(Decrease) in Payables	(197,231)	183,934	(64,684)
Increase/(Decrease) in Employee Provisions	87,311	0	36,321
Grants/Contributions for the Development of Assets	(487,066)	0	(937,567)
Net Cash from Operating Activities	<u>603,771</u>	<u>953,630</u>	<u>128,290</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	50,000	50,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	10,000
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	<u>60,000</u>	<u>60,000</u>

Loan Facilities

Loan Facilities - Current	42,874	42,118
Loan Facilities - Non-Current	407,460	473,446
Total Facilities in Use at Balance Date	<u>450,334</u>	<u>515,564</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

14. CONTINGENT LIABILITIES

The Shire has no contingent liabilities at 30 June 2011

	2011 \$	2010 \$
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(a) Finance Lease Commitments

The Shire has no finance lease commitments at 30 June 2011.

(b) Operating Lease Commitments

Non-cancellable operating leases
contracted for but not capitalised in
the accounts.

Payable:

- not later than one year	2,160	14,189
- later than one year but not later than five years	0	2,160
- later than five years	0	0
	2,160	16,349

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	0	0
- plant & equipment purchases	0	0

Payable:

not later than one year	0	0
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The capital expenditure project outstanding at the end of the current reporting period represents

16. JOINT VENTURE

The Shire was not party to any Joint Ventures during the year

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	9,107	1,762
General Purpose Funding	0	0
Law, Order, Public Safety	25,444	51,084
Health	502,071	522,090
Education and Welfare	1,208,354	1,208,354
Housing	1,088,417	1,089,200
Community Amenities	323,088	206,910
Recreation and Culture	1,079,751	1,033,947
Transport	52,759,749	53,922,609
Economic Services	322,355	322,361
Other Property and Services	2,190,050	1,575,662
Unallocated	2,218,126	2,008,501
	61,726,512	61,942,520

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

18. FINANCIAL RATIOS	2011	2010	2009
Current Ratio	1.61	1.33	1.49
Untied Cash to Unpaid Trade Creditors Ratio	7.30	2.09	2.65
Debt Ratio	0.02	0.02	0.03
Debt Service Ratio	0.02	0.16	0.03
Gross Debt to Revenue Ratio	0.10	0.12	0.28
Gross Debt to Economically Realisable Assets Ratio	0.05	0.06	0.13
Rate Coverage Ratio	0.36	0.35	0.35
Outstanding Rates Ratio	0.04	0.07	0.04

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

19. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	Balance 01-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
Relocateable House Bond	22,717	6,146		28,863
Shire Rental Bonds	1,943	2,630	(520)	4,053
Councillor Election Nomination Deposits	0			0
Shire Hall Hire Deposits	75			75
Fruit Fly Program	6,058			6,058
Kerb Deposits	1,400			1,400
Boyup Brook Community Foundation	315			315
	<u>32,508</u>			<u>40,764</u>

20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Health						
Ford Station Wagon - GP	17,723	0	13,182	0	(4,541)	0
Law Order Public Safety						
West BB Brigade Shed & fence	13,791	0	0	0	(13,791)	0
Emergency Generator	5,787	0	0	0	(5,787)	0
Bushfire shed roller door	6,059	0	0	0	(6,059)	0
Transport						
Ford Ranger 2008 model	18,062	20,000	21,818	20,000	3,756	0
Holden Barina Station Wagon	30,727	25,500	22,727	25,500	(8,000)	0
Holden Rodeo	3,496	4,000	1,818	4,000	(1,678)	0
JCB Loader	15,969	30,000	26,250	30,000	10,281	0
Tip Trailer	0	10,000	0	10,000	0	0
Box Trailer	0	200	0	200	0	0
3 Tonne Truck	20,083	22,000	29,454	22,000	9,371	0
	<u>131,697</u>	<u>111,700</u>	<u>115,249</u>	<u>111,700</u>	<u>(16,448)</u>	<u>0</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 01-Jul-10 \$	New Loans \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Health								
107 Hospital Upgrade	41,929		13,063	13,063	28,866	28,865	2,602	2,602
102 House - Medical Practitioner Housing	52,859		6,205	6,205	46,654	46,654	3,315	3,315
115 House - 1 Rogers Ave	96,878		3,784	3,784	93,094	93,094	5,708	5,708
116 Police Housing - Beatty St Community Amenities	0		0	0	0	0	0	0
112 Transfer Station	26,014		1,866	1,866	24,148	24,148	1,807	1,807
Recreation & Culture								
114 Pool Bowl upgrade	176,163		6,875	6,875	169,288	169,289	10,398	10,398
117 Bowling Club - artificial turf (*)	25,000		25,000	1,889	0	23,111	2,374	1,486
Economic Services								
106 Flaxmill Upgrade	35,321		3,702	3,702	31,619	31,619	2,471	2,471
109 Flaxmill Water Upgrade	33,146		3,290	3,290	29,856	29,855	2,066	2,066
Other Property & Services								
110 Admin Roof/Bldg Upgrade	28,254		1,444	1,444	26,810	26,810	1,799	1,799
	515,564	0	65,229	42,118	450,335	473,445	32,540	31,652

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Nil										

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

The Shire does not have any unspent debentures as at 30 June 2011

(d) Overdraft

Council established an overdraft facility of \$50,000 in 1992 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2010 and 30 June 2011 was \$Nil.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

22. RATING INFORMATION - 2010/11 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 \$
General Rate											
GRV - Residential	0.1510	267	1,548,328	232,461			232,461	233,777			233,777
GRV - Commercial	0.1510	28	391,212	59,068			59,068	59,068			59,068
GRV - Industrial	0.1510	11	93,184	14,070			14,070	14,070			14,070
GRV - Urban Townsites	0.1510	6	32,864	4,962			4,962	4,962			4,962
General Rate - UV											
UV - Rural	0.004572	571	287,695,000	1,308,194	11,094		1,319,288	1,315,342	5,000		1,320,342
UV - Rural Residential (Special Rural)	0.004572	94	15,485,000	70,797			70,797	70,797			70,797
UV - Urban Townsites	0.004572	1	190,000	869			869	869			869
UV - Mining	0.004572	0	0	0			0	0			0
Sub-Totals		978	305,435,588	1,690,421	11,094	0	1,701,515	1,698,885	5,000	0	1,703,885
Minimum Rates											
GRV											
GRV - Residential	520.00	22	57,690	13,640			13,640	13,640			13,640
GRV - Commercial	520.00	2	6,000	1,240			1,240	1,240			1,240
GRV - Industrial	520.00	4	11,000	2,480			2,480	2,480			2,480
UV											
UV - Rural	520.00	174	16,899,040	107,880			107,880	107,880			107,880
UV - Rural Residential (Special Rural)	520.00	2	111,000	1,240			1,240	1,240			1,240
UV - Urban Townsites	520.00	48	2,788,500	29,760			29,760	29,760			29,760
UV - Mining	520.00	12	207,698	7,440			7,440	7,440			7,440
Sub-Totals		264	20,080,928	163,680	0	0	163,680	163,680	0	0	163,680
Ex-Gratia Rates											
Specified Area Rate (refer note 23)							1,865,195				1,867,565
							778				700
							0				0
Discounts (refer note 25)											
Totals							1,865,973				1,868,265
							0				0
							1,865,973				1,868,265

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

23. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

Nil

24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

Nil

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR**

Rates written off during the financial year \$3,672 (2010: Nil)

26. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	0	20,924	6,000
Interest on Instalments Plan	5.50%	0	4,708	4,000
Charges on Instalment Plan		22.50	6,360	6,500
			31,992	16,500

Ratepayers had the option of paying rates in four equal instalments, due on 21st September 2010, 23rd November 2010, 25th January 2011 and 22nd March 2011. Administration charges and interest applied for the final three instalments.

	2011 \$	2010 \$
27. FEES & CHARGES		
Governance	1,066	41
General Purpose Funding	6,130	1,945
Law, Order, Public Safety	11,465	10,425
Health	566,216	565,741
Education and Welfare	3,214	993
Housing	40,579	26,075
Community Amenities	108,752	97,393
Recreation and Culture	45,108	37,593
Transport	35,690	33,879
Economic Services	100,007	67,984
Other Property and Services	12,475	21,717
	930,702	863,786

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

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28. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2011	2010
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,416,320	1,295,033
Non-Operating Grants, Subsidies and Contributions	487,066	937,567
	<u>1,903,386</u>	<u>2,232,600</u>
By Program:		
Governance		0
General Purpose Funding	952,007	1,019,127
Law, Order, Public Safety	27,997	31,549
Health	0	0
Education and Welfare	0	2,492
Housing	10,130	241,783
Community Amenities	43,125	19,000
Recreation and Culture	-4,862	54,212
Transport	701,307	840,564
Economic Services	33,500	22,488
Other Property and Services	140,182	1,385
	<u>1,903,386</u>	<u>2,232,600</u>

29. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2011 \$	2011 Budget \$	2010 \$
Meeting Fees	59,143	52,500	51,188
President's Allowance	6,125	5,250	5,250
Deputy President's Allowance	1,532	1,313	1,363
Conference Expenses	13,036	15,000	11,044
Travelling Expenses	3,792	3,000	1,782
Telecommunications Allowance	9,883	11,300	0
	<u>93,511</u>	<u>88,363</u>	<u>70,627</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2011	2010
	<u>31</u>	<u>29</u>

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31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2010/11

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

SHIRE OF BOYUP BROOK
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33. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,358,631	2,183,423	2,358,631	2,183,423
Receivables	185,428	285,099	185,428	285,099
	<u>2,544,059</u>	<u>2,468,522</u>	<u>2,544,059</u>	<u>2,468,522</u>
Financial Liabilities				
Payables	180,718	377,949	180,718	377,949
Borrowings	450,334	515,564	450,334	464,744
	<u>631,052</u>	<u>893,513</u>	<u>631,052</u>	<u>842,693</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF BOYUP BROOK
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33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2011	2010
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	23,586	21,834
- Statement of Comprehensive Income	23,586	21,834

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

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33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2011	2010
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	10.00%	7.00%
- Overdue	90.00%	93.00%

33. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

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FOR THE YEAR ENDED 30TH JUNE 2011

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2011								
Payables								
Borrowings								
Fixed Rate Debentures		28,866				421,469	450,335	
Weighted Average Effective Interest Rate		6.72%				5.78%		6.21%
Year Ended 30 June 2010								
Payables								
Borrowings								
Fixed Rate Debentures			41,927			473,637	515,564	
Weighted Average Effective Interest Rate			8.72%			6.18%		6.22%

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial report of the Shire of Boyup Brook, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2011, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement

Council's responsibility for the financial report

The Council of the Shire of Boyup Brook is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Local Government Act 1995, and for such internal control as Council determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks and material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluation the overall presentation of the financial report.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards so as to present a view which is consistent with our understanding of the Shire of Boyup Brook's financial position, the results of its operations, its changes in equity and its cash flows.

Independence

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



**Chartered
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Opinion

In our opinion, the financial report of the Shire of Boyup Brook:

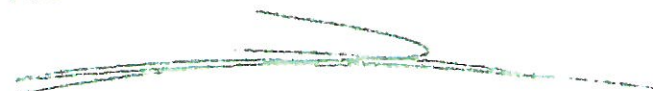
- i. gives a true and fair view of the Shire of Boyup Brook's financial position as at 30 June 2011 and of its performance for the financial year ended 30 June 2011; and
- ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- iii. are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

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

- i. There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Boyup Brook.
- ii. 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 with exception of the following:
 - Council prepared a budget review in accordance with Section 33A of the Local Government (Financial Management) Regulations 1996; however a copy of the review and Council resolution adopting the budget review was not forwarded to the Department within 30 days of the Council resolution as required by Section 33A (4).
 - Council adopted the 2010/2011 budget on the 15 July 2010 however the budget was not submitted to the Department within 30 days of its adoption as required by Section 33 of the Local Government (Financial Management) Regulations 1996.
 - Council adopted the 2010 Compliance Audit Return on the 24 March 2011; however the Compliance Audit Return was not submitted to the Department by 31 March 2011 as required by Section 15(1) of the Local Government (Audit) Regulations 1996.
 - Rate notices issued by the Shire of Boyup Brook makes reference to the Valuation of Land Act 1976 instead of the Valuation of Land Act 1978 as required by Section 56(3)(n) of the Local Government (Financial Management) Regulations 1996.
- iii. All necessary information and explanations were obtained by us.
- iv. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM FARBRIDGE FCA
FEDERAL

Bunbury, Western Australia

Dated this 10th day of November 2011