

Shire of Boyup Brook



ANNUAL REPORT 2011/2012



country choice

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1. Shire President's Message

It is with pleasure that I provide my second report to you as your Shire President, with the 2011/12 year having involved a number of important issues and accomplishments by the Boyup Brook Shire Council.

During the 2011/12 year Council constructed a better drainage water system, with new underground drains being installed in Railway Parade, and then diverted to the Harvest Dam. Works were also carried out on the lining of the Dams. The total costs of these in the 2011/12 year was just over \$360,000. Further stages will be completed over the next few years. Storm Water Harvesting works will enable a greater volume of storm water to be collected and channelled to our Shire dams, which will enable the Council to keep the town's gardens and ovals green in the summer months.

The threat of amalgamations continues, with the Minister for Local Government and the Premier stating that it is their preference for larger Councils, with their belief that this will produce more sustainable local governments. This does not appear to have always been the case in Victoria, where a number of amalgamated Councils still struggle to provide adequate services, and they still have many financial challenges even 18 years after amalgamations. Quite a few people in that State have indicated that they believe that a larger Council could still be unsustainable, with assets still deteriorating and there being no timely replacements. It appears that bigger is not necessarily better. Our concern is the move towards regionalism, and the government appears to be 'taking the local out of local government'.

It is interesting that in Queensland, where forced amalgamations occurred in 2008, there are now a number of 'de-amalgamations' that could occur. It is my belief that any amalgamations should only be voluntary, and should only occur after adequate investigations have been carried out, and that those show that it would be in the best interests of the communities involved. Voters in each community should be given the opportunity to vote on any such proposals before they are introduced. We live in a democracy, and the people should have a say on what affects their towns and communities.

On Sustainability, it should be understood that regional and rural Councils throughout Australia are struggling, and this could be as high as 80%-90% of Councils. This is due to many additional services being devolved down to Councils by the Federal and State Governments without adequate financial assistance to enable the Councils to provide such services, particularly for the longer term. What is needed is for the 2 higher tiers of government to recognise that this needs to change. The Financial Assistance Grants need to be increased, perhaps with a mandatory portion allocated to the replacement of infrastructure assets, and for Councils to clearly show what has occurred.

In the 2010/11 year Council attracted substantial funding assistance to develop integrated plans to meet the new statutory requirements, and to enable Council to have a better focus on assets replacements and renewals for its future actions.

Consultants were engaged for the planning processes, and they have worked with the community on building a strategic plan, which will be supported by a long term financial plan and an asset management plan.

Council will review the integrated planning in the first half of 2013 and may have to rationalise the plans based on affordability.

Without pre-empting what will be included in the final 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 plans to be adopted will set the direction for the next ten years. In addition to, and in support of, the required integrated plans, we have developed a range of long term plans for roads, bridges buildings, facilities etc. As with any plans, resource factors will dictate changes as we work through the plans, their affordability, and the financial impacts over future years.

In the year just completed there were significant capital works carried out, and those are listed a little later in this report. The total costs for such works was \$1.639 million, and this was a 65.4% increase over that of the previous year. Much of the new work was funded by the Royalty for Regions Country Local Government Fund, which has proven to be an enormous benefit to rural communities.

My thanks to staff for their hard work over the past year, and I am sure that people of the Shire are appreciative of their efforts, and standard of services are a compliment to them.

My thanks likewise to the retired Councillors, being Cr Ginnane, Cr Doust and Cr Marshall. They were excellent contributors, brought a great deal of experience to the table, and added greatly to the debates that occurred.

Before closing, I would also like to thank all my fellow Councillors for their commitment, efforts, and involvement on all these issues which have come before Council during the last financial year, and for what we have before us for the 2012/13 year.

Councillor Michael Giles
SHIRE PRESIDENT

2. Boyup Brook at a Glance

President	Michael Giles
Deputy President	Kevin Moir

Councillors

Benjinup Ward	J (John) Imrie (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; Mayanup Camp Draft – Feb;.
Power Dinghy Race – Sept; Harvey Dickson's Music Festivals – Sept; Harvey Dickson's
Rodeo – Oct; Blackwood Marathon – Oct

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; Tulips with a Difference.

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	1,619 [2010 Census]; 1,576 [2006 ABS issue]
Number of Electors	1,287
Number of Dwellings	837
Number of Rateable Properties	1,257
Total Rates Levied	\$1,920,253
Total Revenue	\$6,440,768 [Includes Capital & Extra-Ordinary Grants]
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.

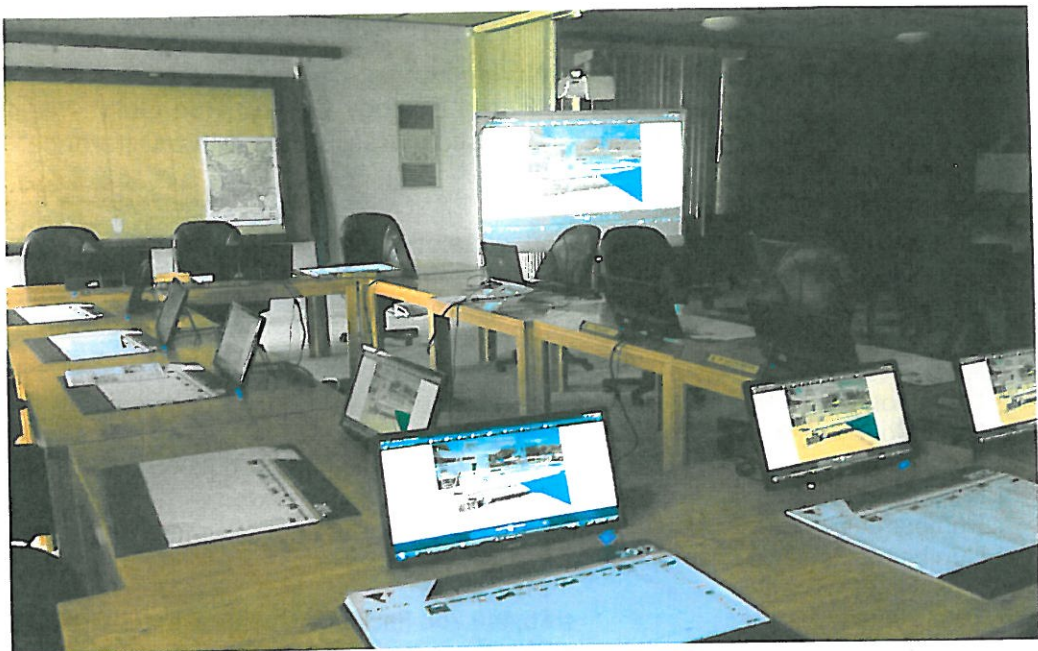
However, there is a current trend toward more intensive agricultural pursuits including viticulture, aquaculture, vegetable production, olive production and tree farming.

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).



New Council Chambers Equipment

3. Elected Members (For 2011/12 Year)

Cr Giles



Scotts Brook Ward

Cr Moir



Dinninup Ward

Cr Walker



Boyup Brook Ward

Cr Kaltenrieder



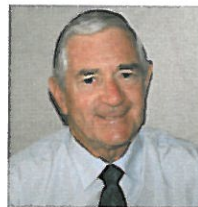
Boyup Brook Ward

Cr Oversby



Dinninup Ward

Cr Biddle



Boyup Brook Ward

Cr O'Hare



Benjinup Ward

Cr Aird



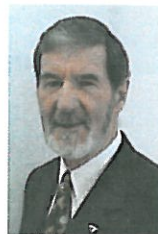
Scotts Brook

Cr Doust
Retired March 2012



Benjinup Ward

Cr Ginnane
Retired October 2011

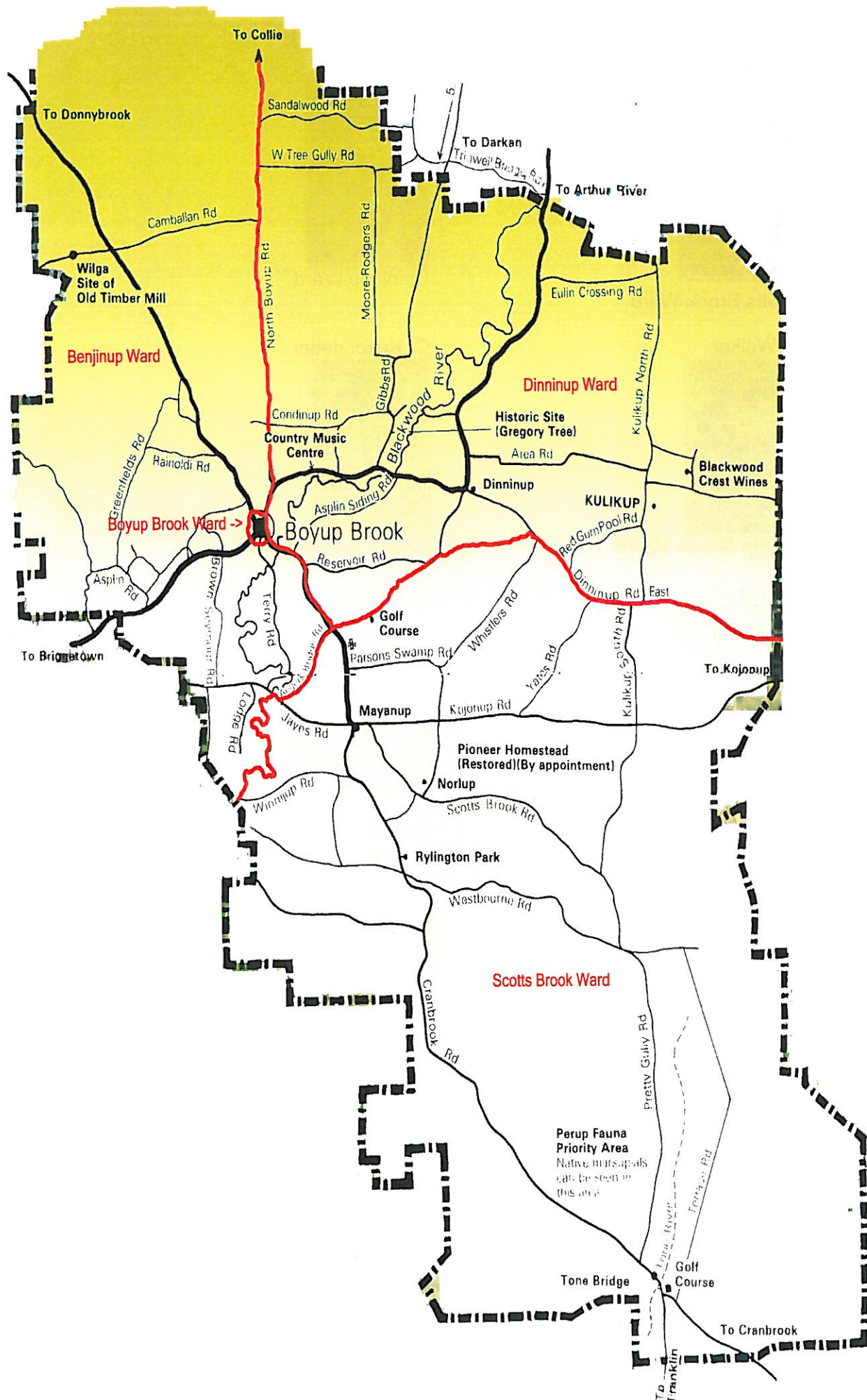


Boyup Brook Ward

Cr Marshall
Retired October 2011



Scotts Brook Ward



4. Chief Executive Officer's Report

It is with pleasure that I present this report on the 2011/12 Financial Year.

During the 2011/12 year a great deal of progress was made in a wide variety of areas, and the various capital expenditures are mentioned in other parts of this report.

New Management Plans were legislated earlier this year, with most requirements to become mandatory from 1 July 2013. Council authorised the preparation of a new Community Strategic Plan, as well as further investigatory work on improving its Asset Management planning, and long term financial planning. These were all funded from grants allocated to Council by the Department of Local Government to meet the new integrated planning requirements.

New Ratios are being introduced by the Department, and these will give quick indications of the extent of Council's actions on renewal of various assets.

Council also received Country Local Government Funding (part of the Royalties for Regions initiative) in the year under review to improve the town's drainage and water harvesting. This project commenced with Studies, and then construction of underground Storm Water Drainage in Railway Parade to replace the open drains, with the excess water then diverted to Council's Dams. The dry conditions of recent years have highlighted the need for better collection and storage of water in order to maintain gardens and grassed facilities. In the prior year Council has also funded a bore near the sports ground dam that should provide an opportunity to keep topping up the Recreation Dam. Further works are projected to occur over the next 2 years.

The financial results for the year were within the range expected, however they were distorted due to late June receipts of additional Federal Grant funds of pre-payments applicable to the 2012-13. The past year looks better, but the current year will appear to have less revenue.

More land sub-divisions are occurring in the rural areas, and new amendments to Council's Town Planning Scheme were completed, and the Rural Strategy has now been approved. Work commenced on a new Townsite Strategy, and this will be completed in the 2012/13 year.

During the 2012 year there were 2 long servicing employees who resigned and went elsewhere, being Calvin Brown [16 years service], and Keith Jones [14 years service] and we thank them for their efforts and dedication over those years, and wish them well for the future.

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 Shire President, Cr Michael Giles, who I have worked closely with, for his assistance and commitment. I also thank all Councillors for their good working relationship. We will all be working diligently to advance the Shire of Boyup Brook and the township, for the better enjoyment of the people of the area.

Alan Lamb
CHIEF EXECUTIVE OFFICER

5. Senior Management Team



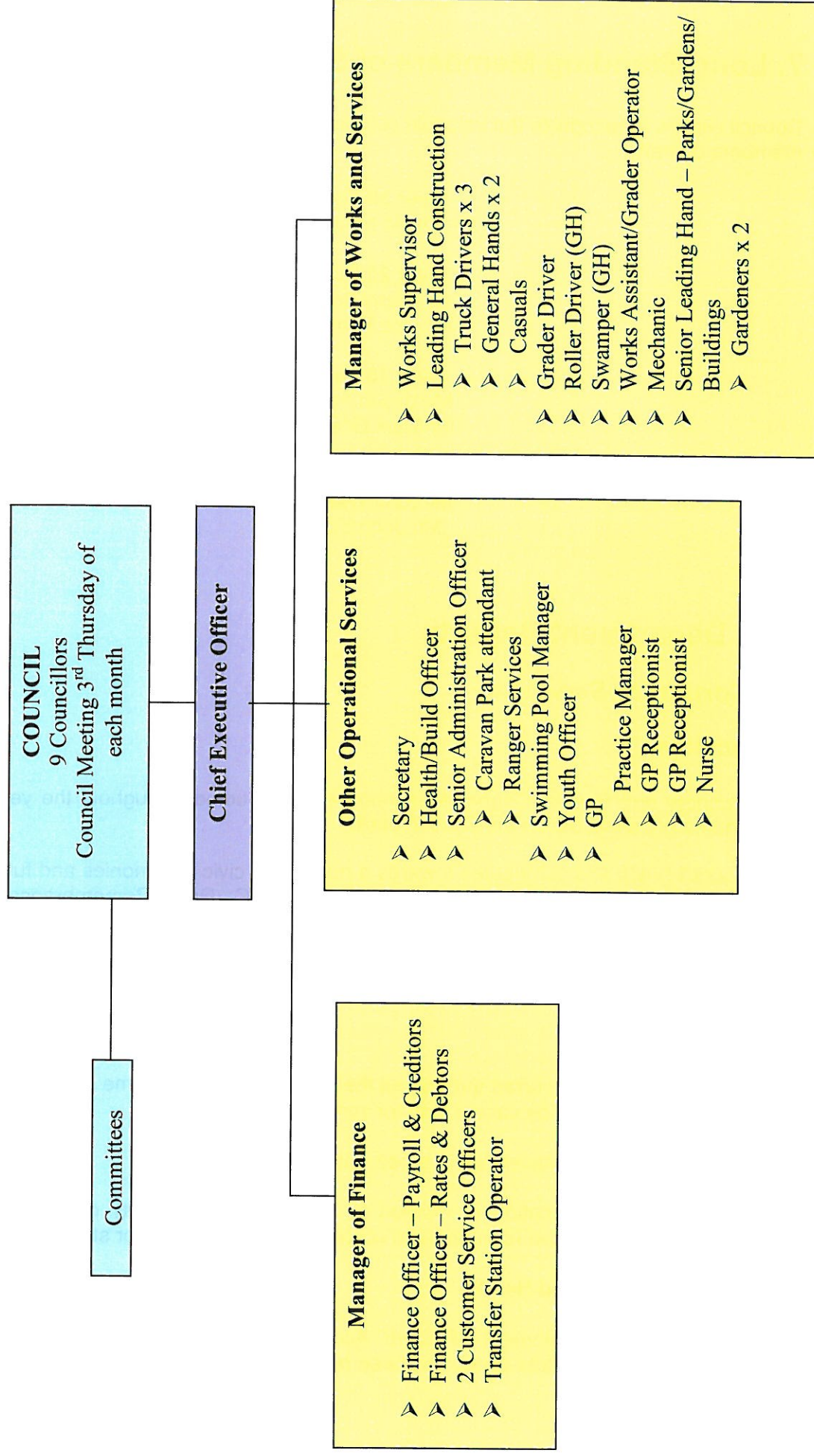
Alan Lamb – Chief Executive Officer

[The Position of Manager of Finance was not filled during the 2011/12 year]



John Eddy – Manager Works & Services
[John retired in early July 2012]

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

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 3 full time persons leaving and these were replaced by casual staff for various parts of the year.

Workers Compensation issues again arose, with 5 claims occurring.

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

Last year saw the attainment of Silver Accreditation from the Local Government Insurance Services, and this status has been retained for the 2011/12 year.

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 \$	2012	2011
100,000 – 109,999	1	1
210,000 – 219,999	1	1

Finance

Total Operating Revenue	\$6,440,768* [Includes Capital & Extra-Ordinary Grants]
Operating Expenditure	\$4,954,575
Net Assets	\$63,275,830
Total Rates Levied	\$1,920,253
Rateable Properties	1257
Loans	\$407,460
Borrowing Costs - Interest	\$26,182
Borrowing Costs - Principal	\$42,875

[Note: No new Borrowings occurred during the 2011/12 financial year]

The 2011/12 year saw a rate rise of 3.0% compared to the previous year's 5%.

A number of successful grant applications were submitted during the year.

Reserve funds totalled \$2,138,379 as at 30 June 2012. Separate listing of these are included in Note 11 of the Annual Financial Report, at the back of this document.

Major Capital Works/Asset Additions & Improvements

- ✓ Interactive IT systems, & connections – Council Chambers
- ✓ Fire Prevention - Minor assets
- ✓ Swimming Pool – Solar Units, to reduce electricity consumption
- ✓ Town Hall – Installation of new Air Conditioning
- ✓ Drainage/Storm Water Harvesting – Studies; Stage 1 works
- ✓ Recreation Ground Building – Replace Hot Water Service
- ✓ Tourist Centre – new Aerobic Treatment Unit
- ✓ Three Phase Generator set for Administration back up
- ✓ Various Road Works [See Works & Services section within this report]
- ✓ Replacement of loader and 3 vehicles

Competitive Neutrality

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

For the purposes of Competitive Neutrality, 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. 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.

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..

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 that 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

However, these items are expected to be replaced with new plans during the 2012/13 year, with the more detailed issues to be put into effect in the following, 2013/14 year, as per the new statutory requirements.

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 completed in the 2011/12 financial year. New Perimeter Fencing is planned for the 2012/13 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 continued to be provided under a contractual arrangement with the Bridgetown-Greenbushes Shire. 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.

Ranger Services will be provided under a contractual arrangement with the Donnybrook Balingup Shire Council from the 2012/13 year. The Boyup Brook Council will be providing the vehicle, with the Donnybrook Council providing the staff members.

Bushfire Control

Mr Kevin Henderson continued as Chief Bushfire Control Officer until May 2012 when Grant Robertson took over the position.

The volunteers in the Fire Brigades continue to respond quickly and efficiently to any outbreak of fire, fortunately the 2011/2012 fire season was reasonably quiet.

The Water Bomber reloading facility continues to be a valuable asset in the Shires preparation against wild fires .

There are still concerns with the number of non-compliant landowners when it comes to providing firebreaks, but this number is reducing with the number of infringements down on 2010/2011.

Emergency Management

The Shire received Natural Disaster Resilience Program Funding for the provision of a Emergency Generator to service both the Town Hall and the Administration building.



Generator – 3 Phase UPS for Hall and Council Offices

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 continues to have high usage and we have new members joining each week.

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 where 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.

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

Recreation

With the assistance of CLGF Grant monies, new Solar Units were installed at the Swimming Pool, which has reduced electricity consumption by over 7%.

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.

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.

- Community Christmas Carols in the Music Park
- Australia Day Breakfast
- Sandakan Memorial Service
- Anzac Day
- Country Music Festival each February

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 ongoing improvements to footpaths was continued improving access with in the town site.

8.3 Building, Environmental Health, & Development Services

BUILDING

There were 43 building licenses issued in the 2011/2012 financial year. The majority of building permits issued were for new sheds.

New Building Act and Regulations came into effect on 1 April 2012. Changes to administrative procedures and processing have been smoothly implemented across all areas within the shire.

Below are listed Building Statistics for the Shire, with comparisons of previous years:

Applications	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Building (Inc Dwellings)	58	65	79	58	62	46	43
New Dwellings	11	12	16	7	10	8	7
Building Value	\$2,211,023	\$2,951,805	\$4,121,001	\$2,640,122	\$4,304,867	\$2,465,275	\$2,799,875
Demolitions	5	2	0	1	0	2	4
Septic Tanks	12	22	21	11	13	11	7

ENVIRONMENTAL HEALTH

Environmental health inspections were carried out on building additions and newly constructed buildings, this includes inspection of new septic installations and upgrades to existing systems.

As required by the new Food Act 2008, nine (9) food premises were registered, ten (10) notifications were received and inspections of improvements to kitchens were conducted.

Food safety training conducted by the Community Resource Centre was financially supported by the shire.

Inspections of temporary caravan sites were made of the majority of the ten (10) sites issued with licenses for the period covering the Country Music Festival.

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

An outstanding work order is in place for the upgrade and installation of the sewage disposal system at the Boyup Brook Hotel.

Four (4) requests for occasional liquor licenses were supported.

DEVELOPMENT

There has been a steady stream of sub-division applications within the Shire, and these have been predominantly in the rural areas.

During the 2011/12 year Council progressed with the review of its Town Planning Scheme. Following the approval of the Council's proposed Rural Strategy, action then commenced on the Townsite Strategy. This has examined the residential land use requirements, potential industrial sites, and reviewed all unallocated crown land and reserves.

Recent changes to the Health Department's policies relating to on-site effluent disposal will continue to be a challenge for additional development within the Boyup Brook town area.

A major amendment to the Planning Scheme has been adopted by Council and this updates many of the Scheme provisions, so as to be consistent with the current statutory Town Planning Regulations. The amendments will also introduce a wider range of tourist accommodation uses, and standardise the discretionary uses of the Special Rural zones.

In accordance with the recommendations of the Rural Strategy, a new zone is being introduced. This is titled the "Rural Small Holdings" zone, which will allow for the sub-division of land into small holdings of 4 hectare lots. The policy area for this new zone is on the eastern side of the Blackwood River, extending from near the Terry Road, and then north for approximately 5 kms from the Boyup Brook township.

8.4 Works and Services

In the 2011/2012 financial year the Shire's works and services program continued the important works of re-graveling and improving the road base of our network. This provides a sound gravel foundation for maintenance grading, to provide better road conditions to the travelling public.

The financial year also saw major improvements to town site drainage improvements with emphasis on a greater level of Storm Water Harvesting. Stage 1 of the works involved carrying out the Studies, Surveying, and design works, and then construction of a new underground system along Railway Parade, with the water then to flow to the Recreation Dam off Henry Street. Also carried out was refurbishment of Dams, with new lining, as well as removal of unwanted vegetation.



New Underground Drainage in Railway Parade

These works cost almost \$360,000 and were funded from the WA State Government's Royalties for Regions 'Country Local Government Fund' [CLGF] programs.

As in past years, the Shire's public amenities infrastructure and services of parks, gardens and recreational areas were given operational and remedial maintenance. It is now planned for these to receive extra attention in the 2012/13 year.

Shire Funded Capital Works – Gravel Re-sheeting

Terry Road
Foster Glen Road
Six Mile Road
Asplin Siding Road
Greenfields Road
Aegers Bridge Road

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

Westbourne Road – Gravel Re-sheeting
Camballan Road – Gravel Re-sheeting
Condinup Road – Gravel Re-sheeting
McAlinden Road – Gravel Re-sheeting
Scotts Brook Road – Gravel Re-sheeting
North Boyup Brook Road – Gravel Re-sheeting

It is extremely disappointing that the TIRES program has been discontinued for the 2012/13 year. This will now require the Council to reassess its efforts on such roads.

Flowcon Edging

Boyup Brook – Cranbrook Road
Scotts Brook Road

Regional Roads Group (RRG) Funded Capital Works Program

Boyup Brook Arthur River Road [East] – Widen and seal to 7.0m

Road to Recovery (R2R) Funded Capital Works Program

McAlinden Road – Widen and seal to 6.0m
Kulikup North Road – Widen and seal to 6.0m

Bridge and Drainage Program

Bridge repairs were carried out on the Trigwell Bridge, as well as maintenance on other bridges. These involved costs of \$71,690.

The Shire also carried out the routine maintenance of towns and rural open drains costing almost \$45,000.

Other works carried out involved:

Rural Road and Town Maintenance
Routine maintenance grading of unsealed roads
Edging to sealed roads [pulling gravel up to bitumen seal]
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 town site rubbish removal
Emergency maintenance works – from 2011 storms
Clean up works of Trees – after June 2012 storm
Ongoing maintenance and replacement of traffic, street name and direction signs
Seasonal town garden maintenance and planting.

General

The Works and Services section of the Shire is responsible for:

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

The major road grants for the 2011/2012 financial years were:

- Roads to Recovery - \$311,720
- Regional Road Group - \$150,000
- Main Roads Direct Grant - \$98,254
- TIRES Grant - \$210,000

The Shire's road and pathway network consists of:

- 189 roads totalling 1058km
- 213 kms of sealed roads
- 444 kms of gravel roads
- 383 kms of formed roads
- 18 kms of unformed roads
- 18 Timber bridges
- 8.6 kms of footpaths

The total replacement value of the Shire's roads, bridges and paths is calculated at some \$72.27million with depreciation valued at approximately some \$759,000 per year.

Plant & Vehicle Fleet Replacements

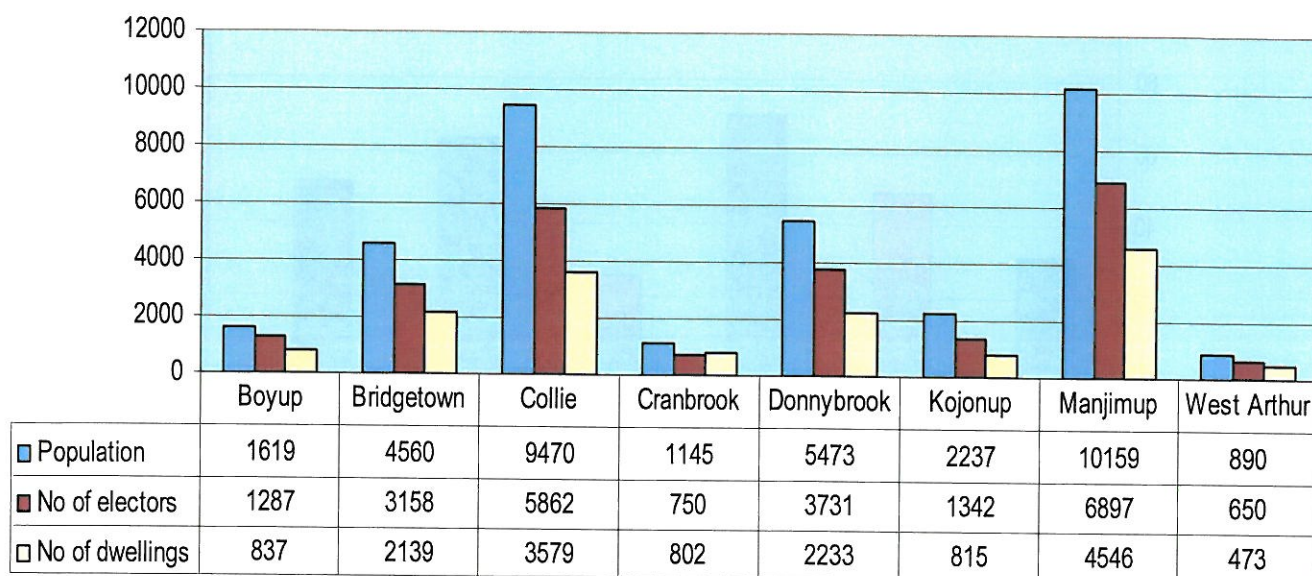
During the 2011/12 year the following Plant and vehicles were purchased, replacing older items:

- Loader – Komatsu
- Truck – 3 Tonne [Swamping]
- Utility 4x4 – Dual Cab
- Utility 4x4 – Single Cab, Tipping Tray type
- Commodore Station Wagon

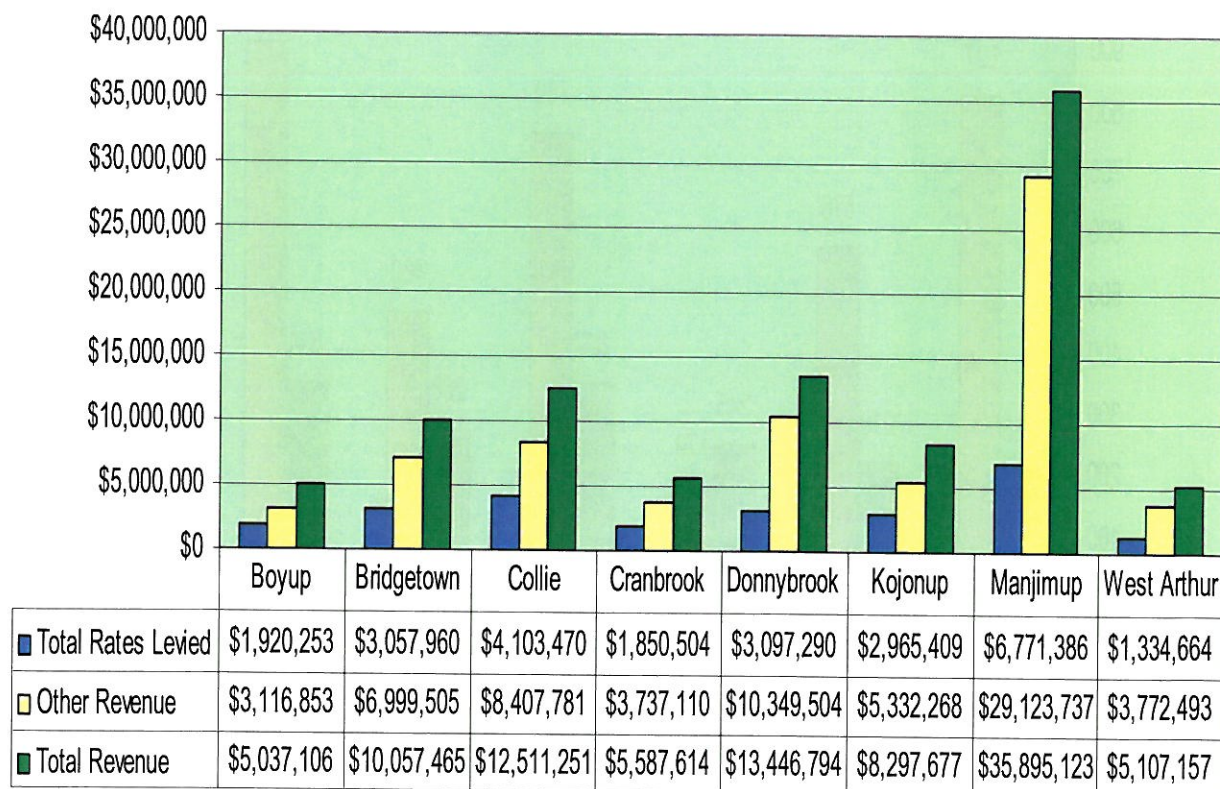


9. Comparison of Standard Indicators Between Adjoining Shires

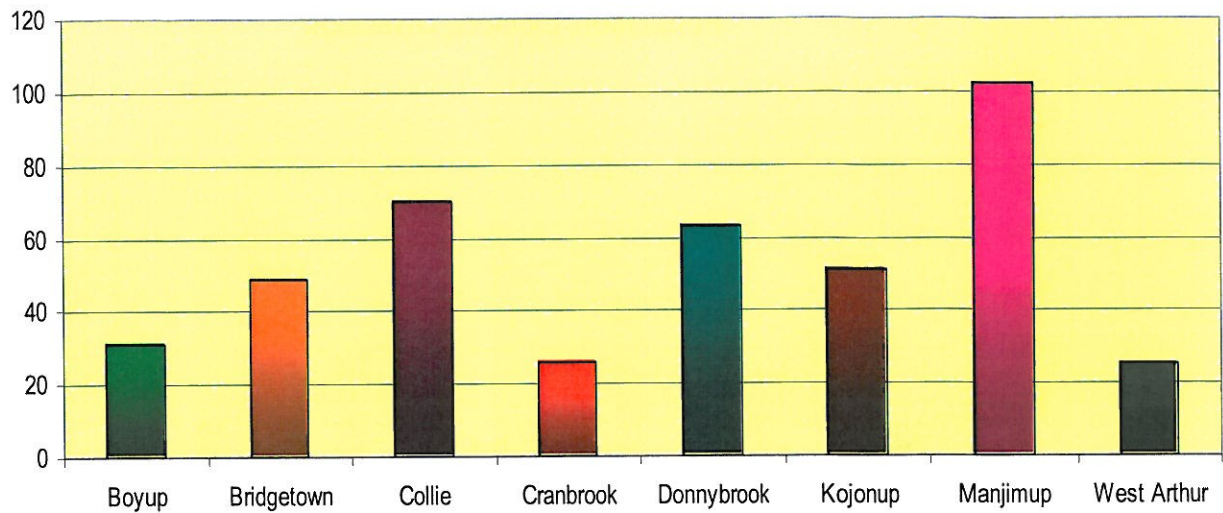
Population, Electors, Dwellings



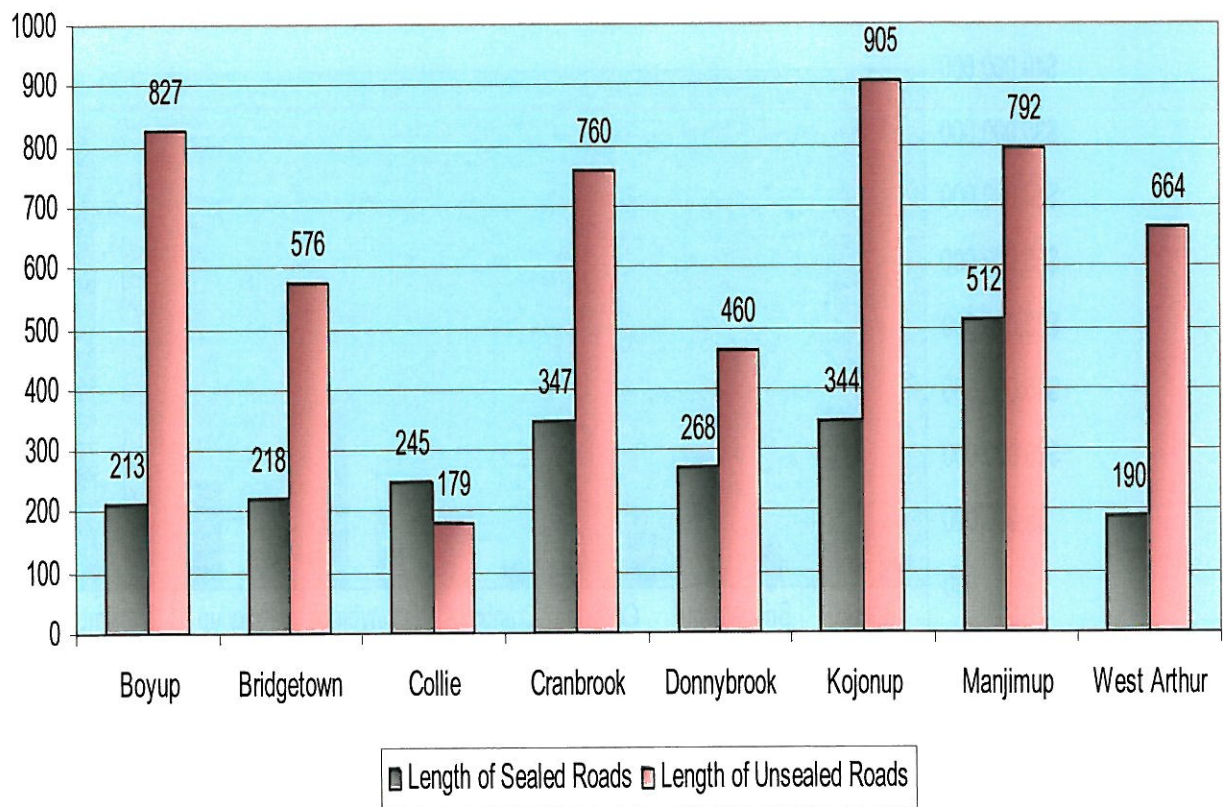
Rates, Revenue



No of Employees



Sealed, Unsealed Roads

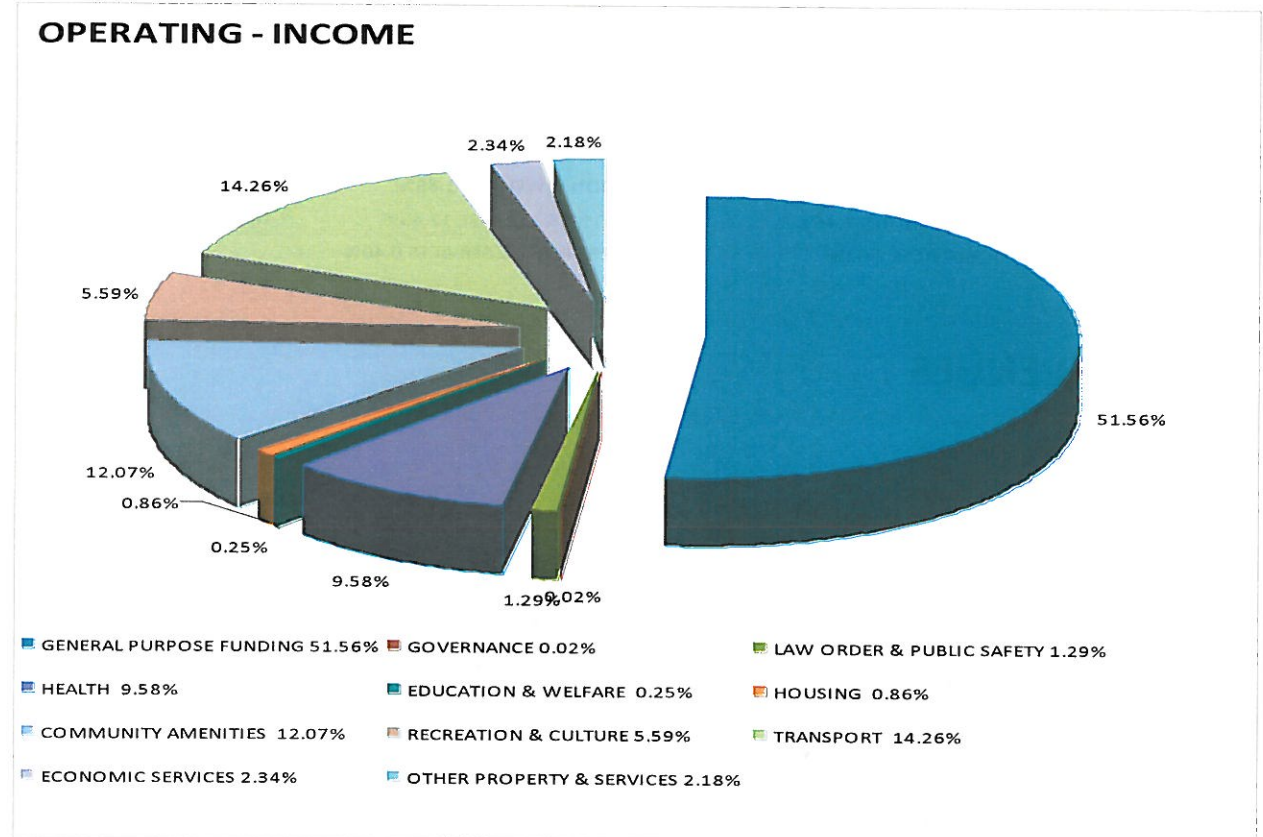


10. Financial Results - Operations

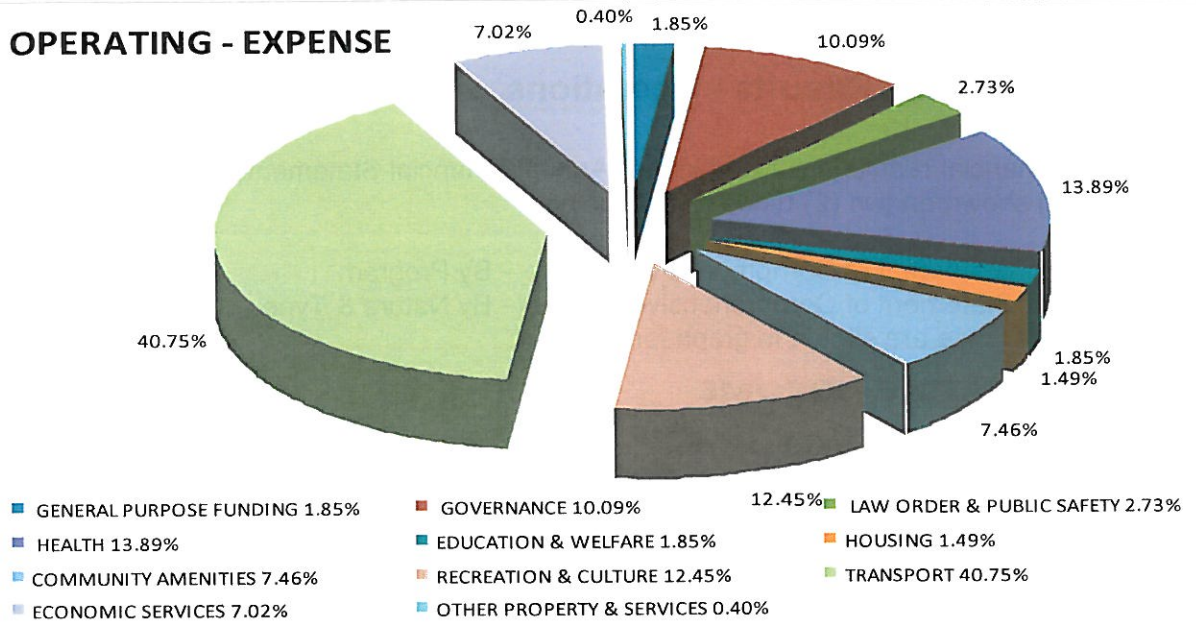
The financial results are listed in the "Annual Financial Statements", with the Operational results being shown on two (2) types of lists, being :-

- Statement of Comprehensive Income – By Program
- Statement of Comprehensive Income – By Nature & Type

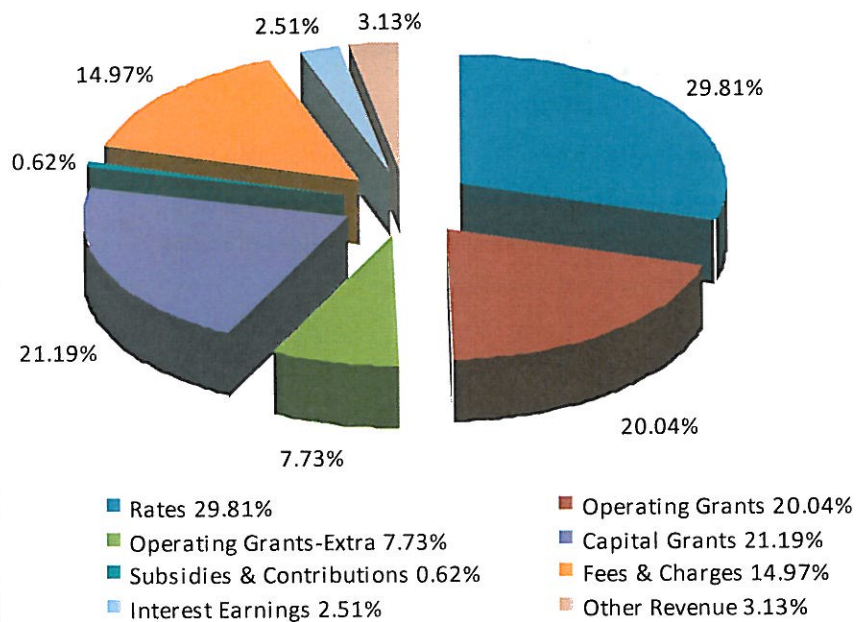
Both of these are shown in graph form, below:



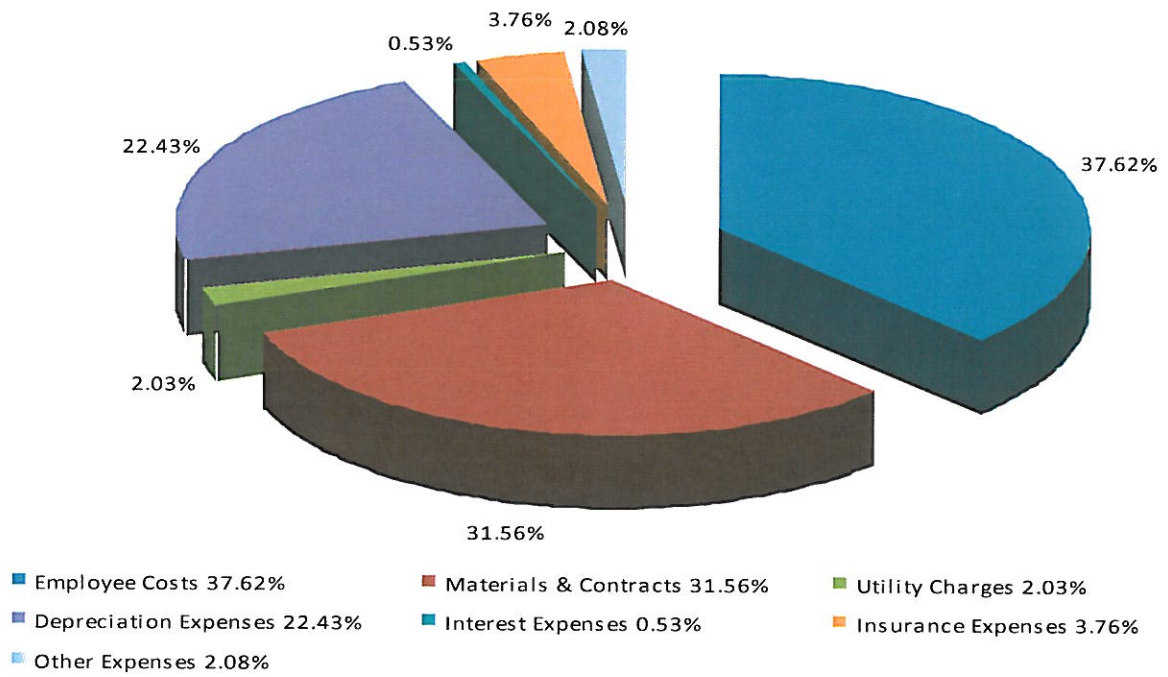
OPERATING - EXPENSE



REVENUES



EXPENSES



11. Annual Financial Statements

The Annual Financial Statements follow on from this section of the Annual Report.

There are also detailed notes [numbering from 1 to 55] included as supporting items for the Annual Financial Statements.

SHIRE OF BOYUP BROOK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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Statement of Financial Position	5
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SHIRE OF BOYUP BROOK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Boyup Brook at 30th June 2012 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 8th day of November 2012


Alan Lamb
Chief Executive Officer

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	22	1,920,253	1,924,314	1,865,973
Operating Grants, Subsidies and Contributions	28	1,788,464	1,216,981	1,416,320
Fees and Charges	27	964,176	966,476	930,702
Service Charges	24	0	0	0
Interest Earnings	2(a)	161,383	124,337	150,232
Other Revenue		125,886	2,043	109,125
		<u>4,960,162</u>	<u>4,234,151</u>	<u>4,472,352</u>
Expenses				
Employee Costs		(1,863,990)	(2,890,467)	(2,147,306)
Materials and Contracts		(1,563,474)	(1,424,711)	(1,445,056)
Utility Charges		(100,373)	(114,896)	(92,100)
Depreciation on Non-Current Assets	2(a)	(1,111,222)	(795,180)	(1,148,377)
Interest Expenses	2(a)	(26,182)	(27,522)	(32,540)
Insurance Expenses		(186,471)	(183,216)	(111,856)
Other Expenditure		(95,708)	0	(6,593)
		<u>(4,947,420)</u>	<u>(5,435,992)</u>	<u>(4,983,828)</u>
		12,742	(1,201,841)	(511,476)
 Non-Operating Grants, Subsidies and Contributions	28	1,364,768	738,399	487,066
Profit on Asset Disposals	20	115,838	0	23,408
Loss on Asset Disposal	20	(7,155)	0	(39,856)
 Net Result		1,486,193	(463,442)	(40,858)
 Other Comprehensive Income				
Total Other Comprehensive Income		0	0	0
 Total Comprehensive Income		<u>1,486,193</u>	<u>(463,442)</u>	<u>(40,858)</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 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Governance		1,500	440	1,065
General Purpose Funding		3,320,841	2,772,131	2,977,807
Law, Order, Public Safety		83,294	51,600	43,408
Health		617,125	621,750	566,216
Education and Welfare		16,136	15,974	9,313
Housing		55,548	59,243	50,782
Community Amenities		128,175	148,224	149,941
Recreation and Culture		106,117	46,795	66,497
Transport		340,677	342,854	258,902
Economic Services		150,404	121,067	135,006
Other Property and Services		140,343	54,073	223,093
	2(a)	<u>4,960,160</u>	<u>4,234,151</u>	<u>4,482,030</u>
Expenses				
Governance		(499,838)	(472,051)	(424,602)
General Purpose Funding		(91,511)	(76,547)	(86,043)
Law, Order, Public Safety		(135,062)	(144,130)	(132,391)
Health		(684,350)	(688,767)	(618,690)
Education and Welfare		(91,726)	(111,686)	(61,966)
Housing		(68,627)	(65,637)	(82,975)
Community Amenities		(368,183)	(451,166)	(302,817)
Recreation and Culture		(633,642)	(1,167,225)	(551,949)
Transport		(2,019,221)	(1,869,761)	(2,303,215)
Economic Services		(317,875)	(322,173)	(337,747)
Other Property and Services		(11,200)	(39,327)	(58,571)
	2(a)	<u>(4,921,236)</u>	<u>(5,408,470)</u>	<u>(4,960,966)</u>
Finance Costs				
Health		(3,953)	(4,622)	(5,917)
Housing		(5,368)	(5,483)	(5,708)
Community Amenities		(1,673)	(1,672)	(1,807)
Recreation and Culture		(9,654)	(9,987)	(12,772)
Economic Services		(3,829)	(4,053)	(4,537)
Other Property and Services		(1,705)	(1,705)	(1,799)
	2(a)	<u>(26,182)</u>	<u>(27,522)</u>	<u>(32,540)</u>
Non-Operating Grants, Subsidies and Contributions				
Community Amenities		649,348	0	0
Recreation and Culture		253,700	276,249	0
Transport		461,720	462,150	487,066
Economic Services				
	28	<u>1,364,768</u>	<u>738,399</u>	<u>487,066</u>
Profit/(Loss) on Disposal of Assets				
Law, Order, & Public Safety				(25,637)
Health				(4,541)
Transport		115,838	0	13,730
Other Property & Services		(7,155)	0	
	20	<u>108,683</u>	<u>0</u>	<u>(16,448)</u>
Net Result		<u>1,486,193</u>	<u>(463,442)</u>	<u>(40,858)</u>
Other Comprehensive Income				
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u>1,486,193</u>	<u>(463,442)</u>	<u>(40,858)</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 2012

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,460,368	2,358,631
Trade and Other Receivables	4	165,124	185,428
Inventories	5	9,685	20,413
TOTAL CURRENT ASSETS		<u>3,635,177</u>	<u>2,564,472</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	5,996,508	5,982,616
Infrastructure	7	53,644,146	53,179,424
TOTAL NON-CURRENT ASSETS		<u>59,640,653</u>	<u>59,162,040</u>
TOTAL ASSETS		<u>63,275,830</u>	<u>61,726,512</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	256,202	180,718
Long Term Borrowings	9	45,693	42,874
Provisions	10	350,521	358,920
TOTAL CURRENT LIABILITIES		<u>652,416</u>	<u>582,512</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	361,767	407,460
Provisions	10	125,652	86,737
TOTAL NON-CURRENT LIABILITIES		<u>487,419</u>	<u>494,197</u>
TOTAL LIABILITIES		<u>1,139,834</u>	<u>1,076,709</u>
NET ASSETS		<u>62,135,996</u>	<u>60,649,803</u>
EQUITY			
Retained Surplus		51,728,668	50,822,439
Reserves - Cash/Investments Backed	11	2,138,379	1,558,415
Reserves - Asset Revaluation	12	8,268,949	8,268,949
TOTAL EQUITY		<u>62,135,996</u>	<u>60,649,803</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 2012

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		50,871,177	1,550,535	8,268,949	60,690,661
Net Result		(40,858)	0	0	(40,858)
Total Other Comprehensive Income					0
Reserve Transfers		(7,880)	7,880	0	0
Balance as at 30 June 2011		50,822,439	1,558,415	8,268,949	60,649,803
Net Result		1,486,193	0	0	1,486,193
Total Other Comprehensive Income					0
Reserve Transfers		(579,964)	579,964	0	0
Balance as at 30 June 2012		51,728,668	2,138,379	8,268,949	62,135,996

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 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,931,474	1,874,944	1,953,121
Operating Grants, Subsidies and Contributions		1,784,064	1,216,981	1,416,320
Fees and Charges		1,016,975	966,475	930,702
Service Charges		0	0	0
Interest Earnings		161,383	124,337	150,232
Goods and Services Tax		(31,190)	18,723	(12,477)
Other Revenue		125,886	2,045	109,125
		<u>4,988,592</u>	<u>4,203,505</u>	<u>4,547,023</u>
Payments				
Employee Costs		(1,833,475)	(3,012,037)	(2,065,403)
Materials and Contracts		(1,504,254)	(1,191,006)	(1,634,761)
Utility Charges		(100,373)	(114,896)	(92,100)
Interest Expenses		(26,182)	(27,522)	(32,540)
Insurance Expenses		(186,471)	(183,216)	(111,856)
Goods and Services Tax		1,156	0	0
Other Expenditure		(95,708)	0	(6,592)
		<u>(3,745,307)</u>	<u>(4,528,677)</u>	<u>(3,943,252)</u>
Net Cash Provided By (Used In) Operating Activities	13 (b)	<u>1,243,285</u>	<u>(325,172)</u>	<u>603,771</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(394,983)	(808,980)	(547,105)
Payments for Construction of Infrastructure		(1,217,683)	(847,661)	(443,545)
Advances to Community Groups				
Payments for Purchase of Investments				
Non-Operating Grants, Subsidies and Contributions		1,356,642	738,399	487,066
Proceeds from Sale of Plant & Equipment		157,351	213,400	115,249
Proceeds from Sale of Investments				
Net Cash Provided By (Used In) Investing Activities		<u>(98,673)</u>	<u>(704,842)</u>	<u>(388,335)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(42,875)	(42,874)	(65,229)
Repayment of Finance Leases		0	0	
Proceeds from Self Supporting Loans		0	0	25,000
Proceeds from New Debentures		0	450,000	
Net Cash Provided By (Used In) Financing Activities		<u>(42,875)</u>	<u>407,126</u>	<u>(40,229)</u>
Net Increase (Decrease) in Cash Held		<u>1,101,737</u>	<u>(622,888)</u>	<u>175,207</u>
Cash at Beginning of Year		2,358,631	2,358,631	2,183,424
Cash and Cash Equivalents at the End of the Year	13 (a)	<u><u>3,460,368</u></u>	<u><u>1,735,743</u></u>	<u><u>2,358,631</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 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
Revenue				
Governance		1,500	440	1,065
General Purpose Funding		1,400,589	847,818	1,111,834
Law, Order, Public Safety		83,295	51,600	43,408
Health		617,125	621,750	566,216
Education and Welfare		16,136	15,975	9,313
Housing		55,548	59,243	50,782
Community Amenities		777,523	148,224	149,941
Recreation and Culture		359,817	323,044	66,497
Transport		918,235	805,004	759,698
Economic Services		150,404	121,067	135,006
Other Property and Services		140,343	54,073	223,093
		<u>4,520,515</u>	<u>3,048,238</u>	<u>3,116,853</u>
Expenses				
Governance		(499,838)	(472,052)	(424,602)
General Purpose Funding		(91,512)	(76,547)	(86,043)
Law, Order, Public Safety		(135,062)	(144,130)	(158,028)
Health		(688,303)	(693,389)	(629,148)
Education and Welfare		(91,726)	(111,686)	(61,966)
Housing		(73,996)	(71,120)	(88,683)
Community Amenities		(369,856)	(452,838)	(304,624)
Recreation and Culture		(616,985)	(1,177,212)	(564,721)
Transport		(2,019,220)	(1,869,761)	(2,303,215)
Economic Services		(348,016)	(326,226)	(342,284)
Other Property and Services		(20,060)	(41,032)	(60,370)
		<u>(4,954,574)</u>	<u>(5,435,993)</u>	<u>(5,023,684)</u>
Net Result Excluding Rates		<u>(434,059)</u>	<u>(2,387,755)</u>	<u>(1,906,831)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	(108,683)	0	16,448
Movement in ATO Liability	9	1,156		6,964
Movement in Accrued Salaries & Wages	9	3,505		(12,373)
Movement in Employee Benefit Provisions	9	30,515		87,311
Depreciation and Amortisation on Assets	2(a)	1,111,222	795,180	1,148,377
Capital Expenditure and Revenue				
Purchase Land and Buildings	7(a)	(94,003)	(343,480)	(109,763)
Purchase Plant and Equipment	7(a)	(297,036)	(447,500)	(418,947)
Purchase Furniture and Equipment	7(a)	(3,944)	(18,000)	(18,392)
Purchase Infrastructure Assets - Roads	8(a)	(830,257)	(559,661)	(430,978)
Purchase Infrastructure Assets - Recreation	8(a)	(37,044)	(20,000)	(12,567)
Purchase Infrastructure Assets - Footpaths	8(a)	(16,380)	(20,000)	
Purchase Infrastructure Assets - Drainage	8(a)	(359,839)	(248,000)	
Proceeds from Disposal of Assets	21	157,351	213,400	115,249
Repayment of Debentures	22(a)	(42,875)	(42,874)	(65,231)
Proceeds from New Debentures	22	0	450,000	0
Self-Supporting Loan Principal Income			0	1,889
Transfers to Reserves (Restricted Assets)	12	(664,361)	(95,967)	(292,562)
Transfers from Reserves (Restricted Assets)	12	84,397	84,141	284,682
Unspent Restricted Grants	2 c	(1,096,282)	479,600	
Unspent Restricted Muni Funds			275,401	
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		938,955	513,400	679,706
Other Adjustments		(35,421)	(513,400)	0
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		(227,171)	(38,798)	(938,955)
Amount Required to be Raised from Rates	22(a)	<u>(1,920,253)</u>	<u>(1,924,313)</u>	<u>(1,865,973)</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 2012**

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.

Except for cash flow and rate setting information, 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 20 to these financial statements.

(c) Goods and Services Tax

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. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 in the statement of financial position.

(e) Trade and Other Receivables

Collectibility 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.

(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 overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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 recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

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.

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 (excluding freehold land) 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.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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 \$2,000 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.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

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.

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 initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) 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 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 where they are expected to mature within 12 months after the end of the reporting period.

(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. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current.

(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 profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(j) 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.

(k) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(l) 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.

(m) 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; 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.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) Joint Venture

Where applicable, 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 any joint ventures are set out in Note 17.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(p) 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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(r) 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.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

(u) 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 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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 2012.

Council's assessment of these new and amended 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 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.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB [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

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) 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.
(v) 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, 120, 121, 127, 128, 131, 132, 136, 137, 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).
(vi) 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 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) 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	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 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	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 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

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 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 124
AASB 1054
AASB 2009 - 12
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2010- 14
AASB 2011 - 1

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 2012

2. REVENUE AND EXPENSES

2012
\$

2011
\$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	20,664	12,495
- Other Services		4,200

Depreciation

Buildings	91,140	89,707
Furniture and Equipment	19,981	18,444
Plant and Equipment	221,301	268,424
Roads	759,247	754,198
Footpaths	2,202	2,186
Parks & Gardens	3,175	3,164
Recreation	10,017	9,133
Drainage	814	0
Other	3,345	3,121
	<u>1,111,222</u>	<u>1,148,377</u>

Interest Expenses (Finance Costs)

Finance Lease Charges	0	0
Debentures (<i>refer Note 22(a)</i>)	26,182	32,540
	<u>26,182</u>	<u>32,540</u>

Rental Charges

- Operating Leases	2,160	19,712
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(ii) Crediting as Revenue:

2012
\$

2012
Budget
\$

2011
\$

Interest Earnings

Investments			
- Reserve Funds	69,903	62,337	67,798
- Other Funds	74,956	50,000	50,442
Other Interest Revenue (<i>refer note 27</i>)	16,524	12,000	31,992
	<u>161,383</u>	<u>124,337</u>	<u>150,232</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(b) 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 & Functions, Public Relations, Council Elections, General Governance of the Shire

GENERAL PURPOSE FUNDING

Rates, General Purpose Grants, Interest Revenue.

LAW, ORDER, PUBLIC SAFETY

Fire Prevention & Administration, Clearing of Fire Hazards, Animal Control, Dog Pound, Local Laws Control, Public Security, Civil Emergency Services, Rangers.

HEALTH

Food Control, Health Inspections, & Provision of Medical Services.

EDUCATION AND WELFARE

CRC/Telecentre, Rylington Park, Aged & Disabled Services, Senior Citizens services, Youth services.

HOUSING

Public & Staff Housing

COMMUNITY AMENITIES

Rubbish Collections, Recycling, Refuse Site Operations, Litter Control & public bins, Abandoned Vehicles, Town Planning Controls/Studies, Cemetery & Memorials, Public Conveniences.

RECREATION AND CULTURE

Public Halls, Swimming Pool, Civic Centres, Parks, Sports Grounds, Community Recreation, Library, Skate Park, Other Reserves, Museum, Craft Hut

TRANSPORT

Roads, Footpaths, Drainage, Road Verges, Medium Strips, St Lighting, St Cleaning, St Trees, Traffic Management & Surveys, Vehicle Licencing, Airstrip.

ECONOMIC SERVICES

Tourism & Promotions, Festivals, Caravan Park & Flaxmill, Building Controls, Saleyards.

OTHER PROPERTY AND SERVICES

Public Works Overheads, Plant Operating Costs, Administration, Private Works

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (*) 01-Jul-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance (*) 30-Jun-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance 30-Jun-12 \$
DLG - Asset Management	Other Property & Services	0	80,000		80,000		(76,000)	4,000
DLG - Financial Planning	Other Property & Services	0	25,000		25,000		(25,000)	0
DLG - Strategic Planning/Capacity Building	Other Property & Services	0			0	45,000	(2,631)	42,369
Dry Season Grant	Economic Services	0	20,000	(10,663)	9,337		(9,337)	0
Grants Commission	General Purpose Funding	0	237,901		237,901	497,814	(237,901)	497,814
Emergency Services Planning	Law, Order, & Public Safety	0			0	22,856		22,856
Aged Needs Study	Education & Welfare	0			0	8,000		8,000
CLGF-2010/11-Stormwater Harvest	Community Amenities	0			0	321,085	(31,576)	289,509
CLGF-Regional-2010/11-Construct Ablution Block	Recreation & Culture	0			0	150,000		150,000
CLGF-Regional-2010/11-Transportable Ablutions	Recreation & Culture	0			0	66,700	(13,566)	53,134
Kidsport Program	Recreation & Culture	0			0	25,000	(1,400)	23,600
Bunbury-Albany Tourist Route-SWDC	Economic Services				0	5,000		5,000
Total		0	362,901	(10,663)	352,238	1,141,455	(397,411)	1,096,282

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 2012

	2012 \$	2011 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	225,707	447,978
Restricted	<u>3,234,661</u>	<u>1,910,653</u>
	<u>3,460,368</u>	<u>2,358,631</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant Reserve	143,312	104,974
Leave Reserve	158,242	175,376
Depot Reserve	21,796	20,860
Community Housing Reserve	36,163	24,102
Emergency Services Reserve	36,470	34,905
Bush Fire Radio Reserve	14,081	13,476
Insurance Claims Reserve	12,726	14,956
Recreation Facilities Reserve	139,524	144,062
Commercial Reserve	1,046,889	480,140
Rylington Park Reserve	0	17,501
Infrastructure Reserve	20,806	19,913
Bridge Maintenance & Construction	47,958	45,899
Medical Services Reserve	60,842	53,792
Swimming Pool Reserve	9,446	9,041
Town Hall Reserve	38,628	36,970
Administration Centre Reserve	1,781	1,704
Building Maintenance Reserve	25,973	50,901
Aged Accommodation Reserve	23,063	22,073
Road Contributions Reserve	18,836	18,027
IT/Office Equipment Reserve	79,414	76,004
Transfer Station Reserve	62,374	59,697
Caravan Park Reserve	109,627	104,920
Flax Mill Sheds Reserve	29,630	28,358
Library Furniture Reserve	798	764
Sub-Total	<u>2,138,379</u>	<u>1,558,415</u>
Unspent Grants	1,096,282	352,238
Unspent Loans	<u>3,234,661</u>	<u>1,910,653</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2011 \$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	63,506	74,727
Sundry Debtors	70,438	53,041
Accrued Income	8,126	3,416
GST Receivable	23,054	54,244
Loans - Clubs/Institutions	0	0
	<u>165,124</u>	<u>185,428</u>
Non-Current		
Rates Outstanding - Pensioners		
Loans - Clubs/Institutions	<u>0</u>	<u>0</u>
5. INVENTORIES		
Current		
Fuel and Materials	<u>9,685</u>	<u>20,413</u>
	<u>9,685</u>	<u>20,413</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	5,762,398	5,668,395
Less Accumulated Depreciation	<u>(1,497,429)</u>	<u>(1,406,289)</u>
	<u>4,264,969</u>	<u>4,262,106</u>
Furniture and Equipment - Cost	242,972	239,028
Less Accumulated Depreciation	<u>(164,732)</u>	<u>(144,750)</u>
	<u>78,240</u>	<u>94,278</u>
Plant and Equipment - Cost	2,942,089	2,961,019
Less Accumulated Depreciation	<u>(1,288,790)</u>	<u>(1,334,787)</u>
	<u>1,653,299</u>	<u>1,626,232</u>
Plant and Equipment Under Lease		
Less Accumulated Amortisation	<u>0</u>	<u>0</u>
	<u>5,996,508</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 2012

6(a). 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 \$	Leased Plant & Equipment \$	Total \$
Balance as at the beginning of the year	4,262,106	94,278	1,626,232		5,982,616
Additions	94,003	3,944	297,036		394,983
(Disposals)			(48,668)		(48,668)
Revaluation - Increments - (Decrements)					0 0
Impairment - (Losses) - Reversals					0 0
Depreciation (Expense)	(91,140)	(19,982)	(221,301)		(332,423) 0
Carrying amount at the end of year	<u>4,264,969</u>	<u>78,240</u>	<u>1,653,299</u>	<u>0</u>	<u>5,996,508</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2011 \$
7. INFRASTRUCTURE		
Roads - Management Valuation 2012	72,270,699	71,440,442
Less Accumulated Depreciation	<u>(19,504,143)</u>	<u>(18,744,896)</u>
	<u>52,766,556</u>	<u>52,695,546</u>
 Footpaths - Cost	 125,662	 109,281
Less Accumulated Depreciation	<u>(11,217)</u>	<u>(9,015)</u>
	<u>114,445</u>	<u>100,266</u>
 Drainage - At Cost	 359,839	 0
Less Accumulated Depreciation	<u>(814)</u>	<u>0</u>
	<u>359,026</u>	<u>0</u>
 Recreation - Cost	 337,234	 300,190
Less Accumulated Depreciation	<u>(122,958)</u>	<u>(112,941)</u>
	<u>214,276</u>	<u>187,249</u>
 Parks, Gardens, & Ovals - Cost	 121,862	 121,862
Less Accumulated Depreciation	<u>(31,939)</u>	<u>(28,764)</u>
	<u>89,923</u>	<u>93,098</u>
 Other Infrastructure - Cost	 130,506	 130,506
Less Accumulated Depreciation	<u>(30,586)</u>	<u>(27,241)</u>
	<u>99,920</u>	<u>103,265</u>
	<u><u>53,644,146</u></u>	<u><u>53,179,424</u></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. The new Revaluations are projected for 30 June 2015

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 2012

7 (a). 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 \$	Drainage \$	Recreation \$	Parks and Ovals \$	Other Infrastructure \$	Total \$
Balance at the beginning of the year	52,695,546	100,266	0	187,249	93,098	103,265	53,179,424
Additions	830,257	16,380	359,839	37,044			1,243,520
(Disposals)							0
Revaluation - Increments - (Decrements)							0
							0
Impairment - (Losses) - Reversals							0
Depreciation (Expense)	(759,247)	(2,201)	(814)	(10,017)	(3,175)	(3,345)	(778,798)
							0
Carrying amount at the end of year	52,766,556	114,445	359,026	214,276	89,923	99,920	53,644,146

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2011 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	131,114	61,359
ATO Liabilities	32,546	31,390
Accrued Interest on Debentures	7,496	9,313
Accrued Salaries and Wages	74,529	71,024
Other Accruals	10,516	7,632
	<u>256,202</u>	<u>180,718</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	45,693	42,874
Lease Liability	<u>45,693</u>	<u>42,874</u>
Non-Current		
Secured by Floating Charge		
Debentures	361,767	407,460
Lease Liability	<u>361,767</u>	<u>407,460</u>
Additional detail on borrowings is provided in Note 22.		
10. PROVISIONS		
Current		
Provision for Annual Leave	225,499	193,797
Provision for Long Service Leave	125,021	165,123
	<u>350,521</u>	<u>358,920</u>
Non-Current		
Provision for Long Service Leave	125,652	86,737
	<u>125,652</u>	<u>86,737</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	175,376	175,376	68,112
Amount Set Aside / Transfer to Reserve	7,866	7,015	107,264
Amount Used / Transfer from Reserve	(25,000)	(25,000)	0
	<u>158,242</u>	<u>157,391</u>	<u>175,376</u>
(b) Plant Reserve			
Opening Balance	104,974	104,974	99,209
Amount Set Aside / Transfer to Reserve	38,338	37,829	5,765
Amount Used / Transfer from Reserve			
	<u>143,312</u>	<u>142,803</u>	<u>104,974</u>
(c) Depot Reserve			
Opening Balance	20,860	20,860	19,912
Amount Set Aside / Transfer to Reserve	936	834	948
Amount Used / Transfer from Reserve			
	<u>21,796</u>	<u>21,694</u>	<u>20,860</u>
(d) Community Housing Reserve			
Opening Balance	24,102	24,102	23,007
Amount Set Aside / Transfer to Reserve	12,061	964	1,095
Amount Used / Transfer from Reserve			
	<u>36,163</u>	<u>25,066</u>	<u>24,102</u>
(e) Emergency Services Reserve			
Opening Balance	34,905	34,905	33,319
Amount Set Aside / Transfer to Reserve	1,565	1,396	1,586
Amount Used / Transfer from Reserve			
	<u>36,470</u>	<u>36,301</u>	<u>34,905</u>
(f) Bush Fire Radio Reserve			
Opening Balance	13,476	13,476	12,864
Amount Set Aside / Transfer to Reserve	605	539	612
Amount Used / Transfer from Reserve			
	<u>14,081</u>	<u>14,015</u>	<u>13,476</u>
(g) Insurance Claims Reserve			
Opening Balance	14,956	14,956	14,276
Amount Set Aside / Transfer to Reserve	670	598	680
Amount Used / Transfer from Reserve	(2,900)		
	<u>12,726</u>	<u>15,554</u>	<u>14,956</u>
(h) Recreation Facilities reserve			
Opening Balance	144,062	144,062	137,517
Amount Set Aside / Transfer to Reserve	6,462	5,762	6,545
Amount Used / Transfer from Reserve	(11,000)	(11,000)	
	<u>139,524</u>	<u>138,824</u>	<u>144,062</u>
(i) Commercial Reserve			
Opening Balance	480,140	480,140	458,325
Amount Set Aside / Transfer to Reserve	566,749	19,206	21,815
Amount Used / Transfer from Reserve			
	<u>1,046,889</u>	<u>499,346</u>	<u>480,140</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
(j) Rylington Park Reserve			
Opening Balance	17,501	17,501	16,706
Amount Set Aside / Transfer to Reserve	785	700	795
Amount Used / Transfer from Reserve	(18,286)	(18,201)	
	<u>0</u>	<u>0</u>	<u>17,501</u>
(k) Infrastructure Reserve			
Opening Balance	19,913	19,913	19,008
Amount Set Aside / Transfer to Reserve	893	797	905
Amount Used / Transfer from Reserve			
	<u>20,806</u>	<u>20,710</u>	<u>19,913</u>
(l) Bridge Reserve			
Opening Balance	45,899	45,899	221,787
Amount Set Aside / Transfer to Reserve	2,059	1,836	4,112
Amount Used / Transfer from Reserve			(180,000)
	<u>47,958</u>	<u>47,735</u>	<u>45,899</u>
(m) Medical Service Reserve			
Opening Balance	53,792	53,792	51,348
Amount Set Aside / Transfer to Reserve	7,050	2,152	2,444
Amount Used / Transfer from Reserve			
	<u>60,842</u>	<u>55,944</u>	<u>53,792</u>
(n) Swimming Pool Reserve			
Opening Balance	9,041	9,041	8,630
Amount Set Aside / Transfer to Reserve	405	362	411
Amount Used / Transfer from Reserve			
	<u>9,446</u>	<u>9,403</u>	<u>9,041</u>
(o) Town Hall Reserve			
Opening Balance	36,970	36,970	16,050
Amount Set Aside / Transfer to Reserve	1,658	1,479	20,920
Amount Used / Transfer from Reserve		(29,940)	
	<u>38,628</u>	<u>8,509</u>	<u>36,970</u>
(p) Administration Centre Reserve			
Opening Balance	1,704	1,704	1,627
Amount Set Aside / Transfer to Reserve	77	68	77
Amount Used / Transfer from Reserve			
	<u>1,781</u>	<u>1,772</u>	<u>1,704</u>
(q) Building Maintenance Reserve			
Opening Balance	50,901	50,901	48,588
Amount Set Aside / Transfer to Reserve	2,283	2,036	2,313
Amount Used / Transfer from Reserve	(27,211)		
	<u>25,973</u>	<u>52,937</u>	<u>50,901</u>
(r) Aged Accommodation Reserve			
Opening Balance	22,073	22,073	21,070
Amount Set Aside / Transfer to Reserve	990	883	1,003
Amount Used / Transfer from Reserve			
	<u>23,063</u>	<u>22,956</u>	<u>22,073</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
(s) Road Contributions Reserve			
Opening Balance	18,027	18,748	17,208
Amount Set Aside / Transfer to Reserve	809		819
Amount Used / Transfer from Reserve	<u>18,836</u>	<u>18,748</u>	<u>18,027</u>
(t) IT Reserve			
Opening Balance	76,004	76,004	72,551
Amount Set Aside / Transfer to Reserve	3,410	3,040	3,453
Amount Used / Transfer from Reserve	<u>79,414</u>	<u>79,044</u>	<u>76,004</u>
(u) Transfer Station Reserve			
Opening Balance	59,697	59,697	56,985
Amount Set Aside / Transfer to Reserve	2,677	2,388	2,712
Amount Used / Transfer from Reserve	<u>62,374</u>	<u>62,085</u>	<u>59,697</u>
(v) Caravan Park Reserve			
Opening Balance	104,920	104,920	103,644
Amount Set Aside / Transfer to Reserve	4,707	4,197	104,920
Amount Used / Transfer from Reserve	<u>109,627</u>	<u>109,117</u>	<u>(103,644)</u> <u>104,920</u>
(w) Flaxmill Sheds Reserve			
Opening Balance	28,358	28,358	27,069
Amount Set Aside / Transfer to Reserve	1,272	1,134	1,289
Amount Used / Transfer from Reserve	<u>29,630</u>	<u>29,492</u>	<u>28,358</u>
(x) Library Furniture Reserve			
Opening Balance	764	764	729
Amount Set Aside / Transfer to Reserve	34	31	35
Amount Used / Transfer from Reserve	<u>798</u>	<u>795</u>	<u>764</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
(y) Roads to Recovery Supplementary Reserve			
Opening Balance			994
Amount Set Aside / Transfer to Reserve			44
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(1,038)</u>
	0	0	0
<u>OVERALL SUMMARY</u>			
Opening Balance	1,558,415	1,559,136	1,550,535
Amount Set Aside / Transfer to Reserve	664,361	95,246	292,562
Amount Used / Transfer from Reserve	<u>(84,397)</u>	<u>(84,141)</u>	<u>(284,682)</u>
TOTAL CASH BACKED RESERVES	<u><u>2,138,379</u></u>	<u><u>1,570,241</u></u>	<u><u>1,558,415</u></u>

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

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.

Community Housing Reserve

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

Emergency Services 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.

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.

Insurance Claims Reserve

- this reserve was established after Council agreed to pay an Excess on certain Insurance Policies. Funds are to be utilised any year where Insurance Claims are excessive in any one year.

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.

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.

Bridges Reserve

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

Medical Services Reserve

- to be used to fund future medical services requirements.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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.

I T Reserve

- to be used to fund future I T 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.

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.

Library Furniture Reserve

- to be used to fund future Library furniture needs.

12. RESERVES - ASSET REVALUATION

2012
\$

2011
\$

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

(a) Land and Buildings

Opening balance

Revaluation Increment

Revaluation Decrement

0	0
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(b) Roads

Opening Balance

Revaluation Increment

Revaluation Decrement

8,268,949	8,268,949
8,268,949	8,268,949

TOTAL ASSET REVALUATION RESERVES

8,268,949	8,268,949
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SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>3,460,368</u>	<u>2,358,631</u>	<u>2,358,631</u>

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

Net Result	1,486,193	(463,442)	(40,858)
Amortisation	0		0
Depreciation	1,111,222	795,180	1,148,377
(Profit)/Loss on Sale of Asset	(108,683)	0	16,448
(Increase)/Decrease in Receivables	28,430	(30,646)	74,672
(Increase)/Decrease in Inventories	(10,728)	(7,469)	2,118
Increase/(Decrease) in Payables	71,104	119,604	(197,231)
Increase/(Decrease) in Employee Provisions	30,515		87,311
Grants/Contributions for the Development of Assets	(1,364,768)	(738,399)	(487,066)
Net Cash from Operating Activities	<u>1,243,285</u>	<u>(325,172)</u>	<u>603,771</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	45,693	42,874
Loan Facilities - Non-Current	361,767	407,460
Total Facilities in Use at Balance Date	<u>407,460</u>	<u>450,334</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

14. CONTINGENT LIABILITIES

There are no know contingent liabilities which may have financial ramifications to Council.

	2012 \$	2011 \$
15. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Payable:		
- not later than one year		
- later than one year but not later than five years		
- later than five years	<u>0</u>	<u>0</u>
Minimum Lease Payments		
Less Future Finance Charges	<u>0</u>	<u>0</u>
Total Lease Liability	<u>0</u>	<u>0</u>
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year		
- later than one year but not later than five years		
- later than five years	<u>0</u>	<u>0</u>
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	491,738	0
- plant & equipment purchases	32,280	0
Payable:		
- not later than one year	524,018	0
The capital expenditure project outstanding at the end of the current reporting period represents		
Ablution Block - Recreation Area	136,434	
Ablutions - Transportable/Temporary	66,700	
Storm Water Harvesting	<u>288,604</u>	
	491,738	
Plant - Utility, 1 tonne, 4x4 Diesel Tipping Tray back	<u>32,280</u>	
	<u>524,018</u>	

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
16. JOINT VENTURE		
Non-Current Assets		
Plant & Equipment		
Less: Accumulated Depreciation	<u>0</u>	<u>0</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
Governance	11,826	9,107
General Purpose Funding	0	0
Law, Order, Public Safety	14,914	25,444
Health	486,196	502,071
Education and Welfare	1,200,218	1,208,354
Housing	1,071,109	1,088,417
Community Amenities	690,559	323,088
Recreation and Culture	1,108,233	1,079,751
Transport	52,798,471	52,759,749
Economic Services	340,657	322,355
Other Property and Services	1,976,353	2,190,050
Unallocated	3,577,294	2,218,126
	<u>63,275,830</u>	<u>61,726,512</u>

	2012	2011	2010
18. FINANCIAL RATIOS			
Current Ratio	0.81	1.61	1.33
Untied Cash to Unpaid Trade Creditors Ratio	1.72	7.30	2.09
Debt Ratio	0.02	0.02	0.02
Debt Service Ratio	0.01	0.02	0.16
Gross Debt to Revenue Ratio	0.06	0.10	0.12
Gross Debt to Economically Realisable Assets Ratio	0.04	0.05	0.06
Rate Coverage Ratio	0.38	0.38	0.35
Outstanding Rates Ratio	0.03	0.04	0.07

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 2012

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-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
Bonds - Relocated Houses	28,863		(4,729)	24,134
Bonds - Council Houses	4,053		(465)	3,588
Deposits - Hall Hirings	75			75
Fruit Fly Baiting Scheme	6,058		(661)	5,397
Deposits - Kerbing	1,400		(328)	1,072
BB Community Foundation	315			315
	40,764	0	(6,183)	34,581

20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The following assets were disposed of during the year:

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Transport						
Komatsu Loader	0		93,000		93,000	
Isuzu 3T Crewcab Truck	22,534		36,805		14,271	
Transfer Station Truck	4,206		9,545		5,339	
Bedford Truck & Waste Unit	0		1,136		1,136	
Septic Tank Pump Unit	0		0		0	
Roller, Vibrating - Davelco	0		1,046		1,046	
Bedford Truck - 1968 model	0		1,046		1,046	
Other Property & Services						
Holden International	21,928		14,773		(7,155)	
	48,668	0	157,351	0	108,683	0

Profits on Sale of Assets	115,838
Losses on Sale of Assets	(7,155)
	<u>108,683</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 01-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Health								
Hospital Upgrade 107	28,864		13,955	13,955	14,909	14,909	1,297	1,709
Housing - Medical Practitioners 102	46,654		6,608	6,608	40,046	40,046	2,656	2,913
Housing								
Other Housing - 1 Rogers Av. 115	93,094		4,010	4,010	89,084	89,084	5,368	5,483
Community Amenities								
Landfill & Transfer Station 112	24,149		2,000	2,000	22,149	22,149	1,673	1,673
Recreation & Culture								
Swimming Pool - Bowl 114	169,289		7,286	7,286	162,003	162,003	9,654	9,987
Economic Services								
Flaxmill Complex Upgrade 106	31,619		3,973	3,973	27,647	27,646	1,976	2,200
Flaxmill Site Water Supply 109	29,855		3,504	3,504	26,351	26,351	1,853	1,853
Other Property & Services								
Administration Building - Roo 110	26,810		1,539	1,539	25,271	25,271	1,705	1,705
	450,334	0	42,875	42,875	407,460	407,459	26,182	27,523

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

All other loan repayments were financed by general purpose revenue.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2011/12

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

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 01-Jul-11 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-12 \$
		0	0	0	0

(d) Overdraft

Council established an overdraft facility of \$50,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2011 and 30 June 2012 was \$Nil.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(a) Rates

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												
T - Residential - Town		0.11548	263	2,138,084	246,902			246,902	246,902			246,902
C - Commercial		0.11548	26	492,661	56,892			56,892	56,892			56,892
I - Industrial		0.11548	10	108,338	12,511			12,511	12,511			12,511
Urban Townsite		0.11548	6	45,032	5,200			5,200	5,200			5,200
General Rate - UV												
UV - Rural		0.004902	573	273,267,000	1,339,555	1,142		1,340,697	1,339,555	5,250		1,344,805
UV - Special Rural		0.004902	95	15,353,000	75,260			75,260	75,260			75,260
UV - Urban Townsites		0.004902	2	305,000	1,495			1,495	1,495			1,495
UV - Mining		0.004902	0	0	0			0	0			0
Sub-Totals		Minimum \$	975	291,709,115	1,737,815	1,142	0	1,738,957	1,737,815	5,250	0	1,743,065
Minimum Rates												
GRV												
T - Residential - Town		\$640	24	79,506	15,360			15,360	15,360			15,360
C - Commercial		\$640	4	17,934	2,560			2,560	2,560			2,560
I - Industrial		\$640	5	16,990	3,200			3,200	3,200			3,200
Urban Townsite		\$640	2	5,250	1,280			1,280	1,280			1,280
UV												
UV - Rural		\$640	177	17,135,740	113,280			113,280	113,280			113,280
UV - Special Rural		\$640	2	237,000	1,280			1,280	1,280			1,280
UV - Urban Townsites		\$640	50	2,474,000	32,000			32,000	32,000			32,000
UV - Mining		\$640	18	278,718	11,520			11,520	11,520			11,520
Sub-Totals			282	20,245,138	180,480	0	0	180,480	180,480	0	0	180,480
Ex-Gratia Rates												
Specified Area Rate (refer note 24)			1,257					1,919,437				1,923,545
Discounts (refer note 26)								816				769
Totals								1,920,253				1,924,314
								0				0
								1,920,253				1,924,314

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(b) Information on Surplus/(Deficit) Brought Forward

	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
Surplus/(Deficit) 1 July 2011 Brought Forward	<u>227,171</u>	<u>561,070</u>
<u>Comprises:</u>		
<u>Current Assets:</u>		
Cash - Unrestricted	225,707	447,978
Cash - Restricted	3,234,661	1,910,653
Rates - Current	63,506	74,727
Sundry Debtors	78,564	56,457
GST Receivable	23,054	54,244
Inventories	9,685	20,413
- Fuel and Materials	<u>3,635,177</u>	<u>2,564,472</u>
<u>Current Liabilities</u>		
Sundry Creditors	(131,114)	(61,359)
Tax Payable/ATO Liabilities	(32,546)	(31,390)
Accrued Interest on Debentures	(7,496)	(9,313)
Accrued Salaries and Wages	(74,529)	(71,024)
Current Employee Benefits Provision	(350,521)	(358,920)
Current Borrowing Repayments	(45,693)	(42,874)
Accrued Expenses	(10,516)	(7,632)
Surplus/(Deficit)	<u>(652,416)</u>	<u>(582,512)</u>
Net - Before Exclusions	<u>2,982,761</u>	<u>1,981,960</u>
<u>LESS: Exclusions</u>		
Reserves - Restricted Cash		
- As per Note 12, being the total for the 2012, & 2011 years	(2,138,379)	(1,558,415)
Unspent Grants & Contributions	(1,096,282)	(352,238)
Stock	(9,685)	
Accrued Interest on Debentures	7,496	9,313
Accrued Salaries and Wages	74,529	71,024
Current Employee Benefits Provision	350,521	358,920
Current Borrowing Repayments	45,693	42,874
Accrued Expenses	10,516	7,632
	<u>227,171</u>	<u>561,070</u>

Difference:

There was a difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report. The difference was \$15,853 which is not considered significant. It was related to allowances made for certain End-Of-Year operating expenses.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
NONE LEVIED - Rate							
				0	0	0	0

24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
NONE LEVIED					
		0	0	0	0

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
NONE APPLICABLE	Discount			
			0	0

26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		12,478	8,000
Interest on Instalments Plan	5.50%		4,046	4,000
			16,524	12,000
Charges on Instalment Plan		\$10	6,668	6,500
			23,192	18,500

Ratepayers had the option of paying rates in four equal instalments, due on 13th September 2011, 15th November 2011, 17th January 2012 and 14th March 2012. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2012 \$	2011 \$
Governance	30	1,066
General Purpose Funding	12,700	6,130
Law, Order, Public Safety	8,478	11,465
Health	617,125	566,216
Education and Welfare	0	3,214
Housing	48,849	40,579
Community Amenities	93,768	108,752
Recreation and Culture	47,487	45,108
Transport	30,334	35,690
Economic Services	81,276	100,007
Other Property and Services	24,129	12,475
	<u>964,176</u>	<u>930,702</u>

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

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

28. GRANT REVENUE

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

	2012	2011
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,788,464	1,416,320
Non-Operating Grants, Subsidies and Contributions	<u>1,364,768</u>	<u>487,066</u>
	<u><u>3,153,232</u></u>	<u><u>1,903,386</u></u>
By Program:		
Governance	1,220,558	
General Purpose Funding	0	952,007
Law, Order, Public Safety	74,106	27,997
Health	0	0
Education and Welfare	10,000	0
Housing	0	10,130
Community Amenities	677,205	43,125
Recreation and Culture	306,389	-4,862
Transport	769,974	701,307
Economic Services	50,000	33,500
Other Property and Services	<u>45,000</u>	<u>140,182</u>
	<u><u>3,153,232</u></u>	<u><u>1,903,386</u></u>

29. ELECTED MEMBERS REMUNERATION

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

	2012	2012	2011
	\$	Budget	\$
		\$	
Meeting Fees	52,967	54,133	59,143
President's Allowance	5,750	5,750	6,125
Deputy President's Allowance	1,438	1,438	1,532
Travelling Expenses	5,231	3,000	3,792
Telecommunications Allowance	<u>9,641</u>	<u>7,834</u>	<u>9,883</u>
	<u><u>75,027</u></u>	<u><u>72,155</u></u>	<u><u>80,475</u></u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2012	2011
<u>28</u>	<u>31</u>

31. MAJOR LAND TRANSACTIONS

None Applicable

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,460,368	2,358,631	3,460,368	2,358,631
Receivables	165,124	185,428	165,124	185,428
Investments				
	<u>3,625,492</u>	<u>2,544,059</u>	<u>3,625,492</u>	<u>2,544,059</u>
Financial Liabilities				
Payables	256,202	180,718	256,202	180,718
Borrowings	407,460	450,334	407,460	450,334
	<u>663,662</u>	<u>631,052</u>	<u>663,662</u>	<u>631,052</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 of their issuers 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.

	2012 \$	2011 \$
Impact of a (*) movement in interest rates on cash and investments at the following rate: 2%		
- Equity	69,207	47,173
- Statement of Comprehensive Income	69,207	47,173

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.

Impact of a (*) movement in interest rates on cash and investments at the following rate: 1%

- Equity	34,604	23,586
- Statement of Comprehensive Income	34,604	23,586

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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.

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 all debts are monitored for acceptable collection performance.

Where necessary, 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:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	45.04%	10.00%
- Overdue	54.96%	90.00%

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	<u>2012</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	256,202			256,202	256,202
Borrowings	70,395	219,224	73,072	362,691	253,521
	<u>326,597</u>	<u>219,224</u>	<u>73,072</u>	<u>618,893</u>	<u>509,723</u>
	<u>2011</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	180,718	0		180,718	180,718
Borrowings	70,395	234,587	339,306	644,288	450,335
	<u>251,113</u>	<u>234,587</u>	<u>339,306</u>	<u>825,006</u>	<u>631,053</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012								
Payables								
Borrowings								
Fixed Rate								
Debentures	14,909			7,036	339,822		361,767	
Weighted Average Effective Interest Rate	6.72%			6.38%	6.40%			6.55%
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%



AMD
CHARTERED ACCOUNTANTS

PARTNERS

Clifton M Anderson FCA, JP	Stuart Fricker CPA, GAICD
Stephen FJ Down CA	Tim Partridge FCA
Shaun G O'Callaghan CA	Maria Cavallo CA
Peter Manolas CPA, CTA (Master of Taxation Law)	

ASSOCIATES

Steven Cluning CA	Shane Kaurin CPA
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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 2012, 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 2012, 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.



**Chartered
Accountants**

Independent Member of

B K R
INTERNATIONAL

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Independence

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

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 2012 and of its performance for the financial year ended 30 June 2012; 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 adopted the 2011 Annual Compliance Audit Return on the 17th May 2012 and subsequently forwarded to the Department on 22 May 2012, representing a breach of Section 15(1) of the Local Government (Audit) Regulations 1996 which requires lodgement of the Return by 31 March each year.
 - July 2012 Council minutes had not been signed at October 2012, as per requirements of Section 5.22(3) of the Local Government Act 1995.
 - Council did not adopt a percentage or value to be used in statements of financial activity for reporting material variances, per Section 34(5) of the Local Government (Financial Management) Regulations 1996, for the 2011/12 year until 10 May 2012.
- III. All necessary information and explanations were obtained by us.
- IV. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE
Partner

Bunbury, Western Australia Dated this 9th day of November 2012