



Annual Report 2005/2006
Shire of Boyup Brook

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1. Shire President's Message



This will be my final Shire president's Message allied to the Annual Report as I have decided not to re-nominate when my current term expires in October 2007. I enjoy the role and could go on but I think it is time for a change.

It has been a challenging 8 years and because I have been fortunate to have a group of Councillors and Council staff all working to a common goal of the best thing for the community that we all love it has not been a difficult time.

We have achieved much and stayed independent in spite of rumblings of amalgamations at various times and we have been able to do so because we have been able to demonstrate our capacity to run our Shire in a well managed and independent manner.

I take particular pride in our Medical services and the manner in which we have not only been able to retain our Hospital, Senior Citizen's Lodge and Medical services; but have also purchased the Medical Centre and employed a Doctor and support staff.

This decision by Council has been recognised both at State and Federal level as a somewhat unique achievement and one that has been used as a benchmark by other Shires who wish to provide Medical Services to their Community.

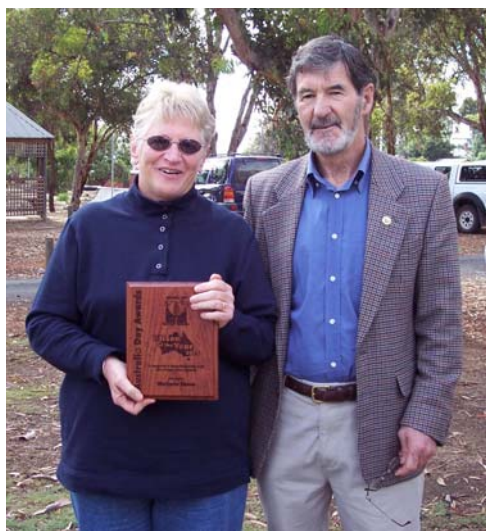
Our unique relationship with the Sandakan Municipal Council in Sabah, Malaysia is growing and Mr Yeo Boon Hai, Shire President, has advised me that the proposal that I put to him to develop a Sister City relationship between our Towns has been approved in principle by the Malaysian Government and that he will be visiting Boyup Brook for the Sandakan Memorial in September 2007 as our guest.

The Country Music Festival for 2006 was very successful and now is a significant event for Boyup Brook and Western Australia. The club and the community are to be congratulated for achieving this recognition for the Shire.

I thank my fellow Councillors for their support and tireless energy in representing the Community; our loyal and enthusiastic staff members; and our volunteers who make Boyup Brook what it is, a great place to work and live.

**Terry Ginnane JP
SHIRE PRESIDENT**

2. Boyup Brook at a Glance



2006 Citizen of the Year Marjorie Shone with Shire President Terry Ginnane.

President Terry Ginnane JP (re-elected May 2005)
Deputy President Roger Downing (elected May 2005)

Councillors

| | |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Benjinup Ward | M (Mario) Martin (term expires 2009) KJ (Kevin) Moir (term expires 2007) |
| Boyup Brook Ward | S (Shirley) Broadhurst (term expires 2009) R (Roger) Downing (term expires 2007) TJ (Terry) Ginnane (term expires 2009) |
| Dinninup Ward | TJ (Tom) Oversby (term expires 2007) A (Aaron) Piper (term expires 2009) |
| Scotts Brook Ward | J (Jan) Florey (term expires 2009) PE (Peter) Marshall (term expires 2007) |

LOCALITIES

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

SIGNIFICANT LOCAL EVENTS

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

FULL COUNCIL MEETING

Meets on the third Thursday of each month.

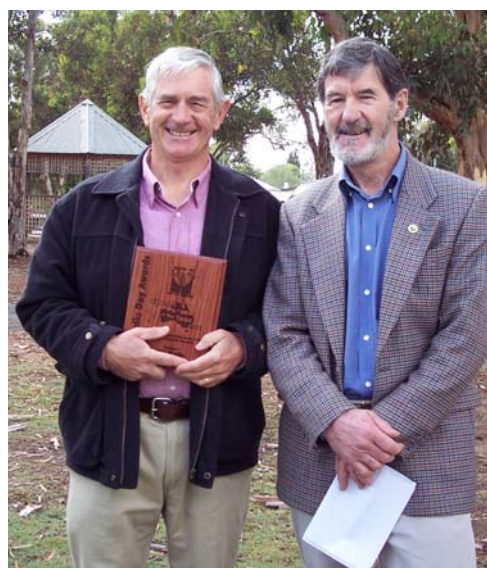
TOURIST ATTRACTIONS

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

LOCAL INDUSTRIES

Woollen garments; vineyards; 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 | 788 km |
| Population | 1,620 |
| Number of Electors | 1,400 |
| Number of Dwellings | 805 |
| Total Rates Levied | \$1,346,060 |
| Total Revenue | \$4,189,670 |
| Number of Employees | 28 |



2006 Sportsman of the Year Eric Biddle and Shire President Terry Ginnane.

Address: P O Box 2 Boyup Brook 6244
Phone: 97651200 Fax: 9765 1485 Email: shire@boyupbrook.wa.gov.au
Website: www.boyupbrook.wa.gov.au



Colin Rohrlach the 1996 Citizen of the Year celebrates his birthday on Australia Day.

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.

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).



Street banners done by school children

3. Elected Members

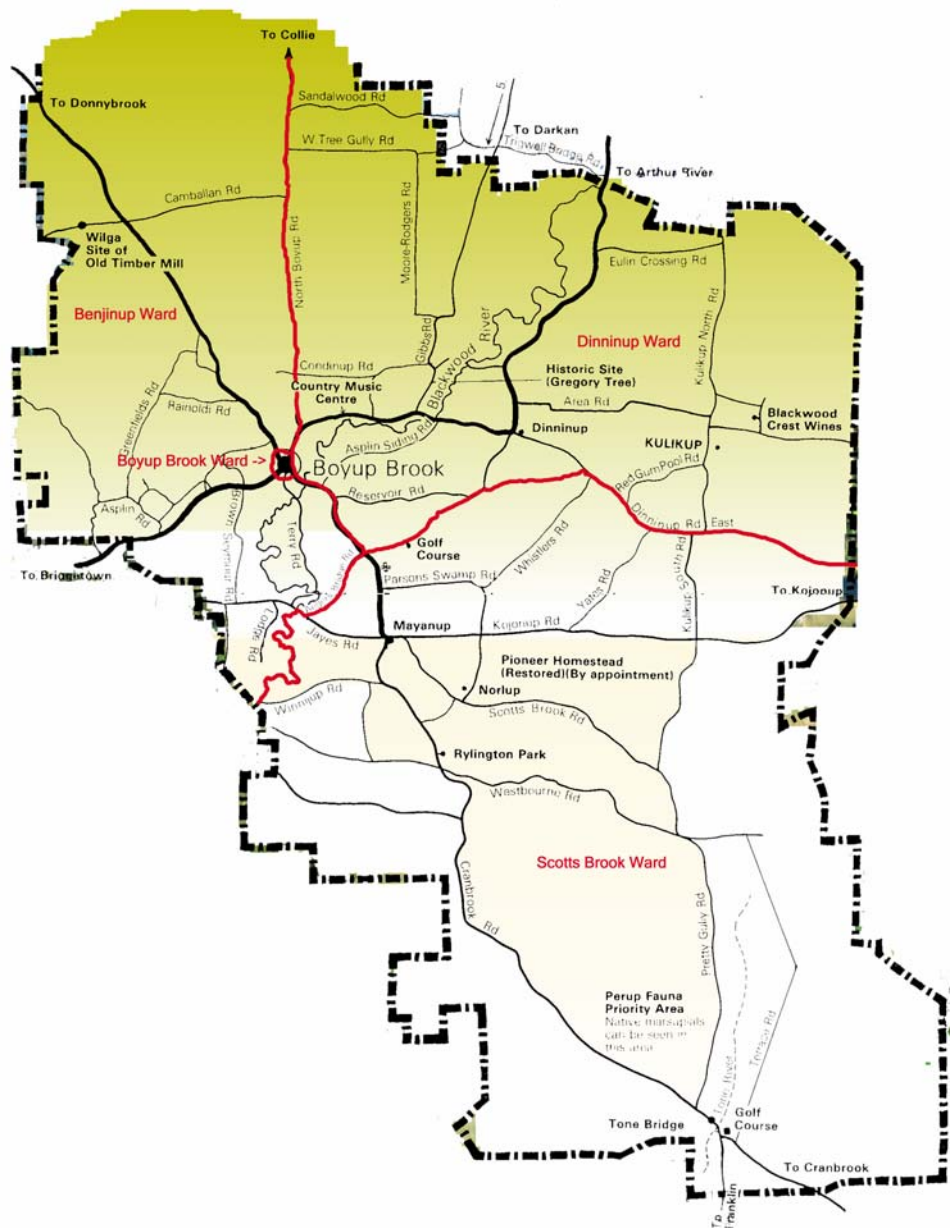
BENJINUP WARD



Cr Martin



Cr Moir



BOYUP BROOK WARD



Cr Ginnane



Cr Downing



Cr Broadhurst

3. Elected Members ... continued

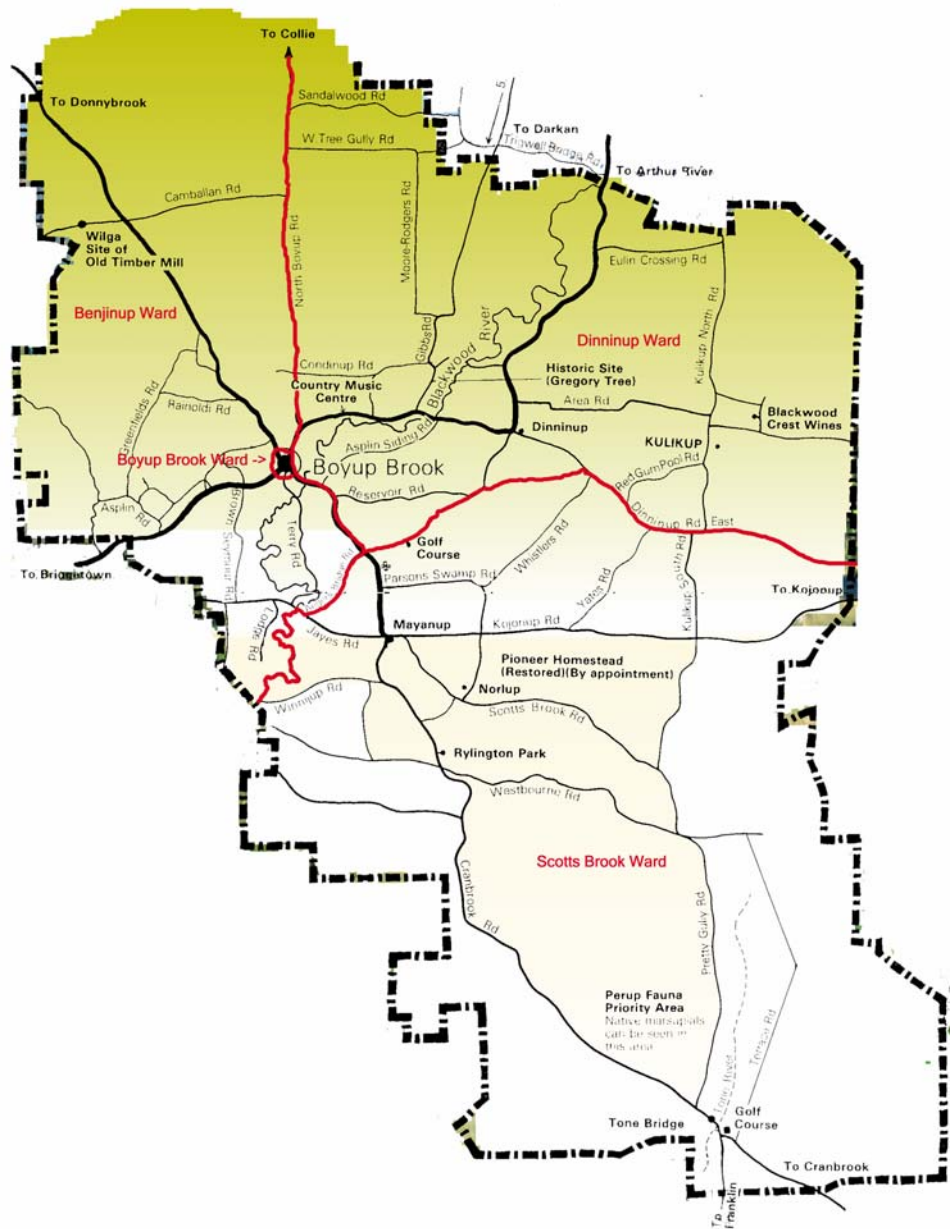
SCOTTS BROOK WARD



Cr Marshall



Cr Florey



DINNINUP WARD



Cr Oversby



Cr Piper

4. Acting Chief Executive Officer's Report

As the report relates to the year 2005/06, it has been prepared recognising that I have been Acting Chief Executive Officer since the 20th November 2006, following the resignation of the past CEO, Mr Will Pearce on 17th November 2006.

In preparing this report reference to the major projects and programmes completed/undertaken by the Shire during the year are outlined in Department Reports under Section (8) of the Annual Report.

Again there have been changes within the Administration Staff with the appointment of Heather Lloyd, Customer Service Officer, Vanessa Ward, Relief CEO's Secretary/Rates Officer and Wayne Jolley, part time Environmental Health/Building Officer.

The Auditor's report has highlighted a number of deficiencies in relation to compliance and those matters will be attended to ensuring the requirements of Legislation are complied with. I am concerned about the delay in the completion of the audit and the consequential date for the Annual Electors Meeting being nine months after the end of the financial year. Again the matters relating to this will be addressed to make sure the Annual Meeting is held as soon as possible after the end of the financial year.

I would like to thank all the staff for their contribution and work during the year under review. The Shire is fortunate to have staff that are committed to providing the Community with a high level of service.

In closing I wish to thank the Shire President and Councillors for the support they have provided and their contribution to the development of the Shire.

Tony Doust
ACTING CHIEF EXECUTIVE OFFICER

5. Senior Management Team



Tony Doust – Acting Chief Executive Officer

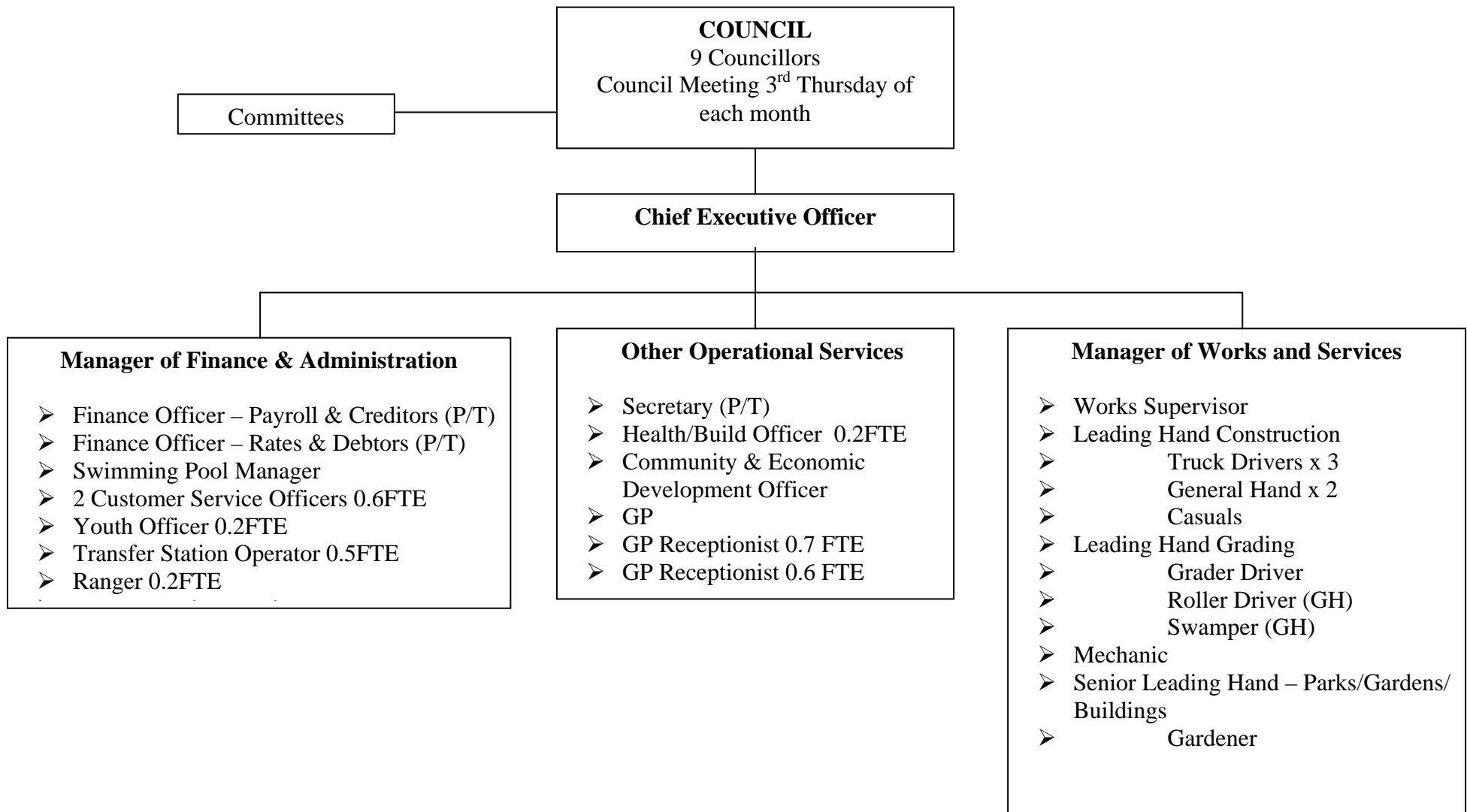


Keith Jones – Manager Finance & Administration



John Eddy – Manager Works & Services

6. SHIRE OF BOYUP BROOK - ORGANISATIONAL STRUCTURE



7. Long Standing Members of Staff

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

Over 30Years

Mr David Millington

Over 20 Years

Mr Tony Bogar

Mr Joe Fenwick

Over 10 Years

Mr Calvin Brown

Mr John Shepherdson

Mr Justin Fallon



Banners in street created by schoolchildren

8. Department Reports

8.1 CORPORATE SERVICES

Councillors

There were 11 ordinary meetings and 5 special meetings of the Council held during the year.

Standing and advisory committees comprising of Councillors and community representatives met during the year. Many more meetings took place for single purpose issues.

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, Boyup Brook Book Bonanza, Agricultural Show and Country Music Festival.

Human Resources

The Enterprise Bargaining Agreement (EBA) for the outside workforce continues to provide incentives to improve performance.

The Occupational Health and Safety Committee continued to address issues of concern either immediately or, if not urgent in nature, referred matters through management to address as budget issues.

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

The regional Occupational Health, Safety and Risk Co-ordinator provides management with specialised support in this most important of areas.

Councillors and employees attended relevant conferences and forums to keep up to date with current issues. Forums attended included Local Government Week, Local Government Manager's, Road forums, Records Management forums and Economic Development conferences.

Finance

| | |
|-------------------------|--------------|
| Total Operating Revenue | \$4,189,670 |
| Operating Expenditure | \$3,538,443 |
| Net Assets | \$53,970,862 |
| Total Rates Levied | \$1,346,060 |
| Rateable Properties | 1,113 |
| Loans | \$639,328 |
| Borrowing Cost Expense | \$32,216 |



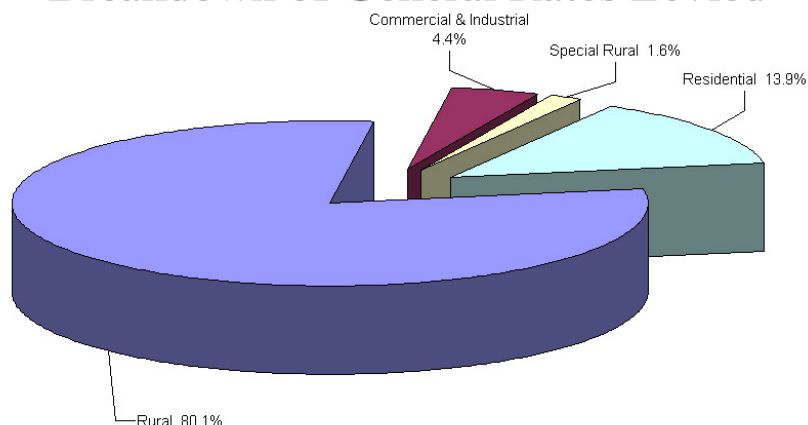
Town walk trail



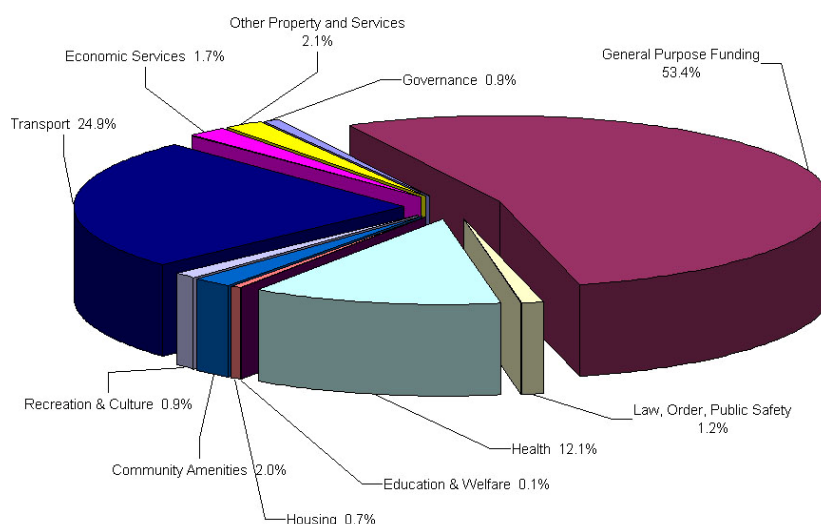
Country Music weekend Feb 2006

This year saw a rate rise of 2.45% a considerable reduction on the previous year's 6.12%, which was largely due to acquiring the services of a doctor and providing him with a house and surgery.

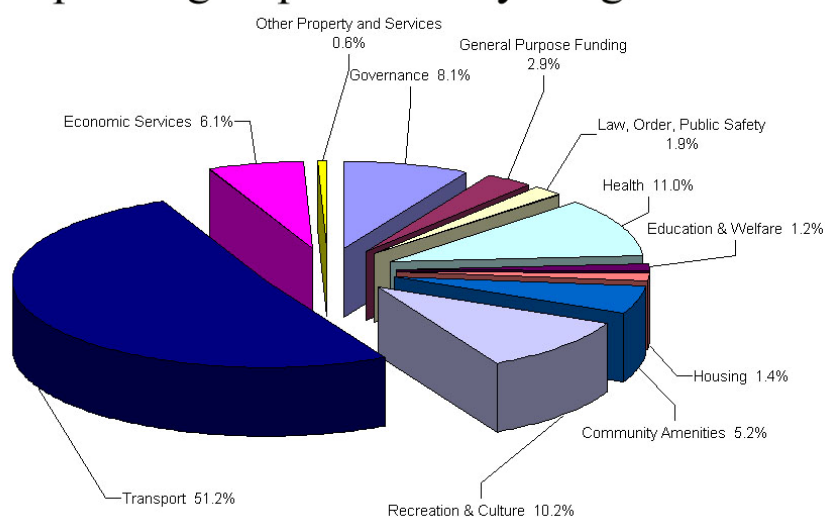
Breakdown of General Rates Levied



Operating Income by Programme



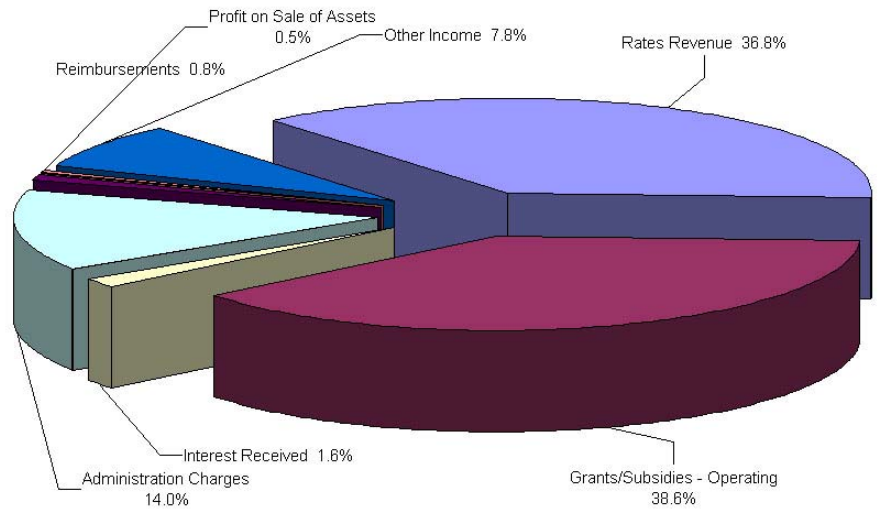
Operating Expenditure by Programme



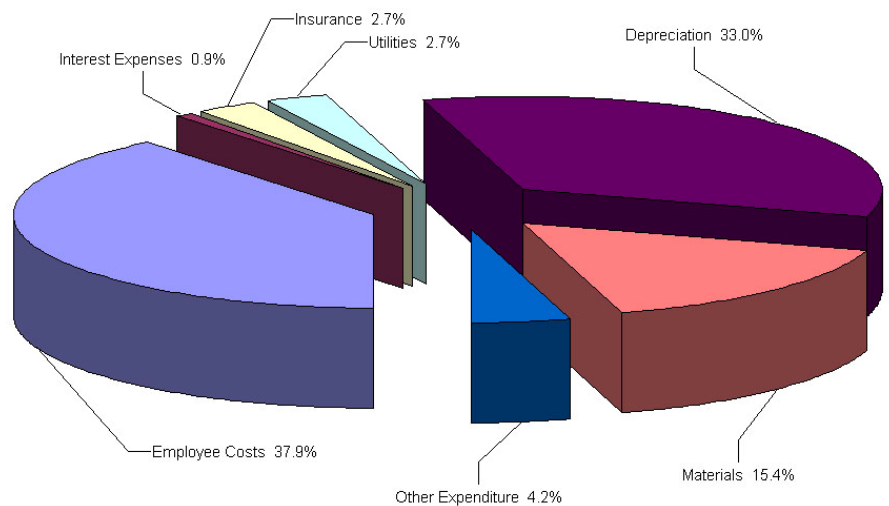


Cyclone Jason and the Hurricanes at the Country Music Weekend Feb 06

Revenue by Nature and Type



Expenditure by Nature and Type



During the year: -

Successful grant applications were submitted for youth, fire prevention, industrial land development, townscape infrastructure items, recreation equipment and medical building upgrade.

Reserve funds totaled \$861,509 as at 30 June 2006.

Council provided donations or sponsorships with a value (including in kind) in excess of \$61,720, a slight increase on the previous year.

Council continued to manage the Boyup Brook Flax Mill Caravan Park.

Blackwood Landcare Zone environmental initiatives \$7,000.



Recoating the pool prior to painting

Extensive refurbishment commenced at the Medical Centre resulting in the Physiotherapist relocating to a larger area and a further two consulting rooms being created.

The pool was in need of attention and an upgrade of the pool bowl and surrounds was undertaken at a cost of \$210,000. A special loan was obtained from WA Treasury for this purpose.

Council purchased a new residence in Rogers Avenue for CEO accommodation but it will not be available for Shire use until 2008 as the Government Employees Housing Association is leasing it for this period.

National Competition Policy

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

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

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

Records Management

Compliance

The shire is committed to good record keeping practices and complies with relevant legislation including the State Records Act 2000.

Under this Act, a Records Keeping Plan was submitted and approved by the State Records Commission for a period of five years from March 2005.

Record keeping issues are discussed at the monthly staff meetings.

Record Keeping Plan Review

A review of the effectiveness and efficiency of the Record Keeping Plan will be done as required by 2010.

Improvements and Developments

Record keeping practices within the shire are continually evolving and improving. We saw the completion of the retention and disposal process of old files. The retention and disposal will continue on a yearly basis with the recently closed files.

In the year ahead, vital maps, plans and corporate library will be registered on the electronic system. The Cemetery still has to be surveyed and plots will be numbered and cross referenced with the cemetery database. Cemetery procedures will be put in place.



Boyup Brook Recycling and Transfer Station

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.

Recycling continued to be managed jointly by the shire and the Lions Club enabling funds raised from selling the materials to recycling companies to be circulated back into the community.

Animal Control

Our contract ranger is continuing to do periodic surveillance around the town and impounds dogs that are roaming free. Due to budgetary restrictions this is only a part-time position and it is not always possible to access his services.

Bushfire Control

The Chief Bushfire Control Officer, Mr Michael Giles resigned in May 2006 and Mr Kevin Henderson has taken on the role. The CBFCO continues to be ably assisted in the administration role by a part-time Fire Administration Assistant.

We are very fortunate that most fire incidents are controlled promptly by the brigades. The shire commends and values the many hours that volunteer brigade members invest in ensuring that our lives are safe from the menace of bushfires.

Library Services

Council continues to provide a computer to access the Worldwide Web for the purpose of obtaining additional library resources. Our access to any book available in Western Australia is of enormous benefit to local residents.



Shire Library



A fully reconditioned swimming pool



Skatepark and YAC Shack



Bookbinding workshop at the
Boyup Brook Book Bonanza

Membership continues to increase and our book exchange program ensures that there is always something different on the shelf.

Recreation and Leisure

The walk trail on the outskirts of town continues to be an asset to health conscious community members. This has been augmented with the introduction of a pony/walk bridle trail from town to Skeleton Bridge.

The main ovals continue to be renovated to maintain the cohesiveness of the surface.

The swimming pool had a major upgrade to the pool bowl and surrounding paving. Underground piping was replaced, cracks were repaired and a special coating was applied to ensure that no further leaks occurred. This work has a guarantee of 15 years but it is not likely to need such major attention for at least 20 or more years.

Youth Activities

The Youth Advisory Committee (YAC) has once again participated in some very worthwhile activities this year. These activities include, tree planting, workshops, youth trips, volunteer programs and music education.

YAC is about providing skills that will help them after leaving school, the committee members chair and manage their own regular meetings.

Web Site

The shire has its own website for the purpose of promoting the area and providing relevant information to visitors, residents and potential residents.

Further work continues to ensure that the service is as functional and effective as possible.

Community Groups and Events

The Council continued to provide cash and in-kind support for selected events and activities including –

- State Country Music Awards and Festival
- Upper Blackwood Agricultural Show
- Blackwood Marathon
- Boyup Brook Book Bonanza
- Harvey Dickson's Rodeo
- Mayanup Campdraft.

Disability Services Plan

The Disability Service Plan was reviewed.

8.3 DEVELOPMENT SERVICES

Development applications were up with 23 being processed.

There were 6 subdivision /amalgamation applications.

There were 58 building licenses issued with the total value of construction being \$2,211,023.

Five demolition licenses were issued.

The following chart provides comparisons with previous years.

| <u>APPLICATIONS</u> | 97/98 | 98/99 | 99/2000 | 00/01 | 01/02 | 02/03 | 03/04 | 04/05 | 05/06 |
|-----------------------------|--------------|------------|--------------|------------|-------------|-------------|-------------|-------------|-------------|
| Planning (inc. plantations) | 16 | 17 | 43 | 29 | 25 | 15 | 10 | 18 | 23 |
| Plantations | N/A | 11 | 34 | 15 | 4 | 1 | 1 | 3 | 13 |
| Subdivision | 13 | 11 | 13 | 13 | 4 | 1 | 4 | 2 | 6 |
| Building (inc. dwellings) | 45 | 43 | 48 | 45 | 58 | 68 | 53 | 70 | 58 |
| New Dwellings | 13 | 13 | 20 | 10 | 14 | 12 | 10 | 6 | 11 |
| Building – Value | \$1,002, 446 | \$949, 356 | \$2,159, 981 | \$899, 922 | \$2,613,121 | \$1,926,874 | \$1,730,149 | \$1,905,327 | \$2,211,023 |
| Demolitions | N/A | 1 | 4 | 5 | 2 | 2 | 4 | 3 | 5 |
| Septic Tanks | 14 | 14 | 20 | 11 | 23 | 17 | 12 | 12 | 12 |

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

Twelve septic tank licenses were issued.

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

The shire's Local Rural Strategy is still awaiting approval from the WA Planning Commission. The commission requires the shire to incorporate rural subdivision criteria that the shire objects to before being approved.

The Council is pursuing the matter with the Minister for Planning and Infrastructure to resolve the impasse.



Komatsu Loader in operation



Area Road – widened to 6.0m



New culvert crossing – Condinup Crossing Road

The Economic Development Committee continues to meet with members coming from local industries/business and peak community groups.

The Economic Development Committee promotes sustainable economic, environmental and social development strategies that enhance the quality of life for all Boyup Brook residents and reverse the shire's population decline.

The Committee is appointed by the Council to advocate for the implementation of the Shire's Strategic Plan. It also serves as a sounding board for various business and community interests and as the "eyes and ears" for the Council in the business community.

8.4 Works and Services

The 2005/2006 works program was based on maintaining and improving Shire infrastructure including roads, bridges, drainage, town gardens, recreation areas and footpaths.

Once again the Shire of Boyup Brook was successful in obtaining Timber Industry Road Evaluation Study (T.I.R.E.S.) funding to help maintain and improve local roads affected by the harvesting of plantation timber.

The Federal Government funded Roads to Recovery (R.T.R.) program was extended for another four year period commencing in July 2005 and finishing in June 2009. Major road and bridge construction projects are undertaken with R.T.R. funding.

Major Federal and State Government funded projects completed in the 2005/2006 financial year included:-

ROADS TO RECOVERY (Federal Government)

- Area Road - widen and seal to 6.0m wide.
- New culvert crossing – Condinup Crossing Road

REGIONAL ROAD GROUP (State Government)

- Boyup Brook/Arthur River Road – widen and seal to 7.0m wide

T.I.R.E.S. FUNDING (State Government)

- McAlinden Road – re-sheeting works
- Camballan Road – re-sheeting works
- Asplins Road – re-sheeting works
- Condinup Road – re-sheeting works
- Corbalup Road – re-sheeting works
- Jayes Road – re-sheeting works
- Scotts Brook Road – pavement repairs and stabilisation
- Mayanup/Tonebridge Road – pavement repairs and stabilisation

BLACK SPOT FUNDING (State Government)

- Dinninup East Road – re-sheeting works and signage



Boyup Brook-Arthur River Road, widened to 7.0m



Footpath – Abel Street

Bridge Works

Bridge preservation and improvement works were completed on –

- Bridge No 0270 – Mayanup-Tonebridge Road – emergency repairs
- Bridge No 0268A – Mayanup-Tonebridge Road – structural repairs
- Bridge No 3311A- Dwalganup Road – structural repairs

Capital Works Rural Road Construction

Re-sheeting and remedial works were completed on –

- Westbourne Road – re-sheeting works
- Knudson Road – re-sheeting works
- Reservoir Road – prune and re-sheet
- Condinup Crossing Road – re-sheeting works
- Lee Steere Road – form and construct
- Corker Road – form and construct

Capital Works – Town and Townscape Projects

Town streets, recreation area upgrades and townscape projects completed included –

- Footpath Abel St - bank lane to Inglis St
- Recreation Ground – internal drainage works
- Bridge St – median strip landscaping

Rural Road and Town Maintenance

Major areas of maintenance expenditure were:-

- Grading of unsealed roads
- Drains and culverts
- Repairs and maintenance of road infrastructure
- Verge spraying and pruning
- Town gardens
- Rubbish removal
- Maintenance of recreation grounds and town reserves
- Replacement and maintenance of traffic and information signs
- Emergency works



New Isuzu 14 tonne truck with water tank installed

Plant Replacement

The plant replacement program was funded with the following being purchased-

- 1 x new Isuzu 14 tonne truck
- 1 x new Isuzu 4 tonne truck
- 1 x new Holden Adventura station wagon
- 1 x new traffic sign trailer
- 1 x second hand – Holden Rodeo utility

General

The 2005/2006 financial year was once again a very productive year for the Works and Services division of the Boyup Brook Shire.

The Federal Government committed Roads to Recovery funding for another program, providing 1.2 million dollars over a four year period to the Shire.

T.I.R.E.S. funding of \$205,000 was provided by the State Government for the maintenance and preservation of local roads affected by the harvesting of plantation timber.

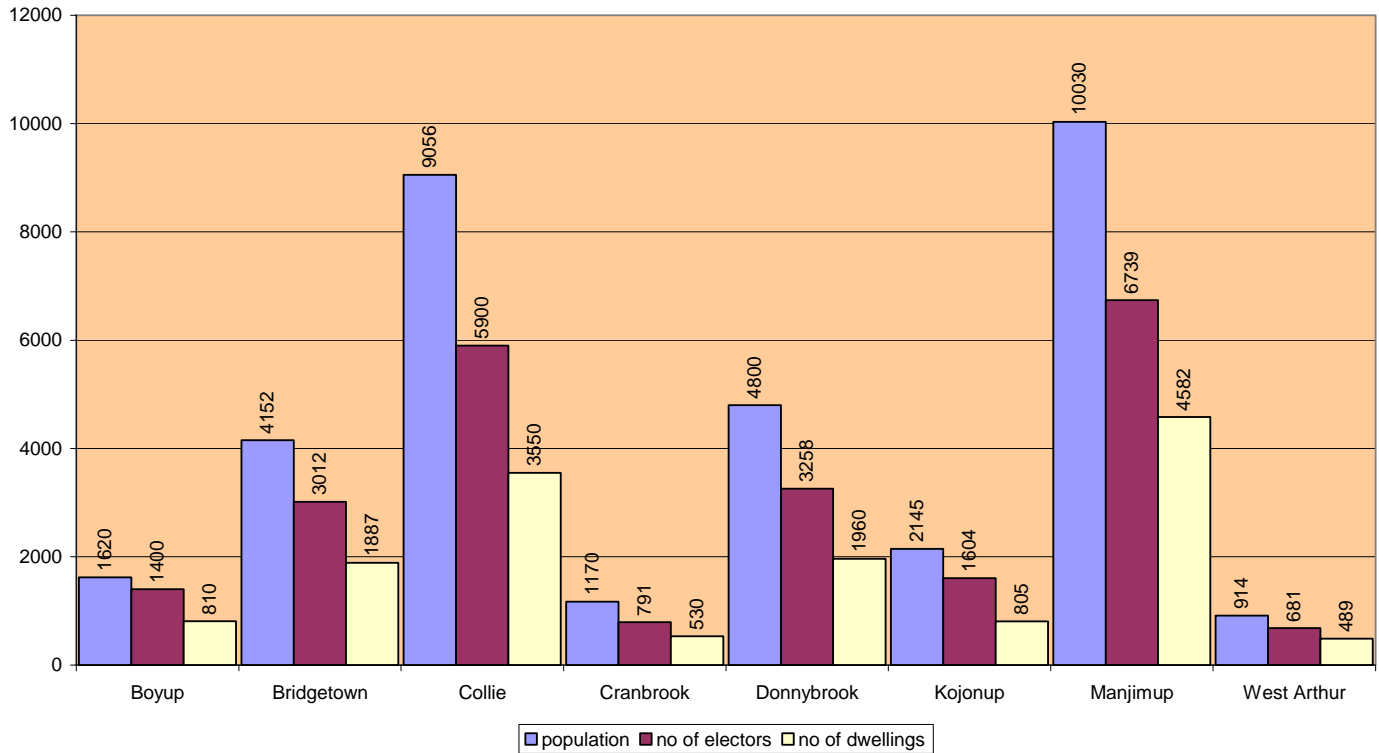
'Black Spot' funding of \$36,000 was also provided by the State Government for remedial works and signage to the Dinninup East Road.

Further to infrastructure damage caused by severe storms and local flooding in May and June 2005, the Shire was successful in claiming \$40,000 special funding assistance from the State Government.

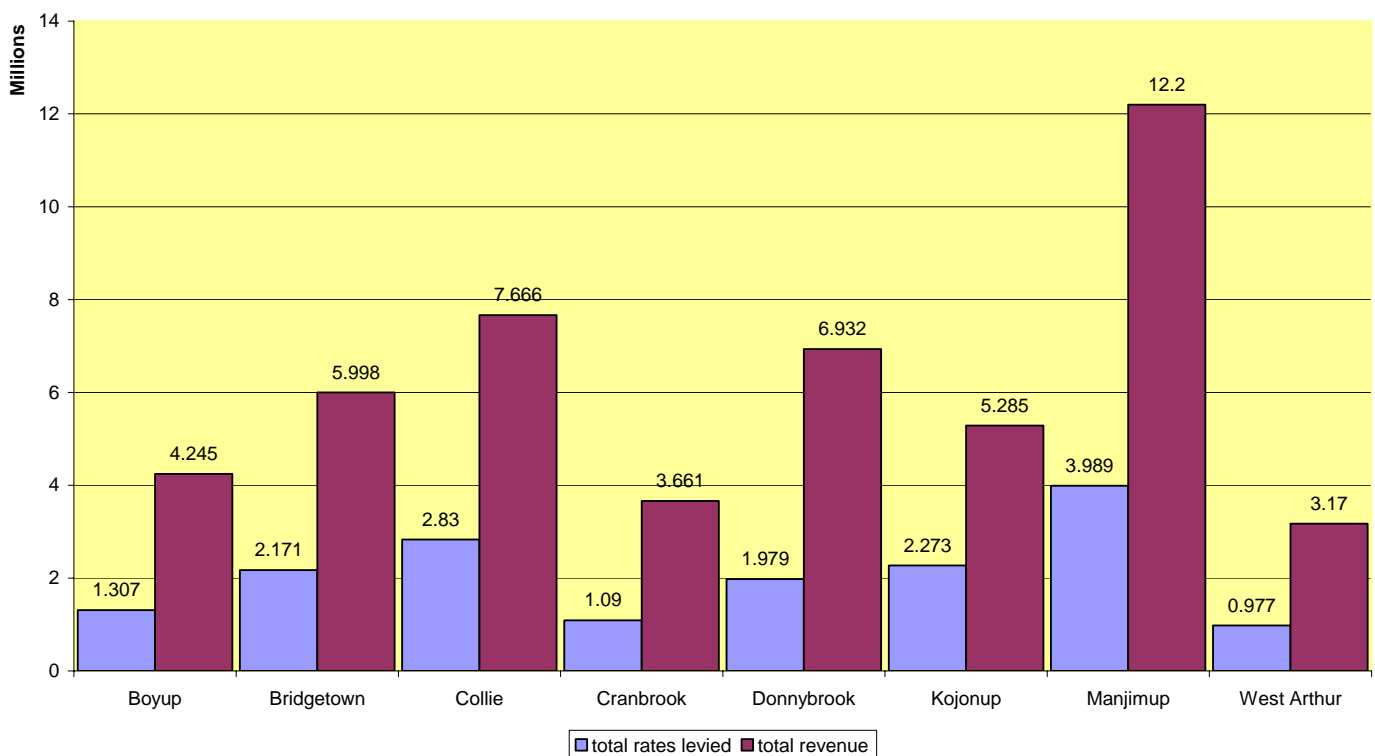
Once again the Shire would like to thank all farmers involved in clearing trees and storm debris from roadways to assist Works and Services staff in keeping roads open to traffic.

9. COMPARISON OF STANDARD INDICATORS BETWEEN ADJOINING SHIRES

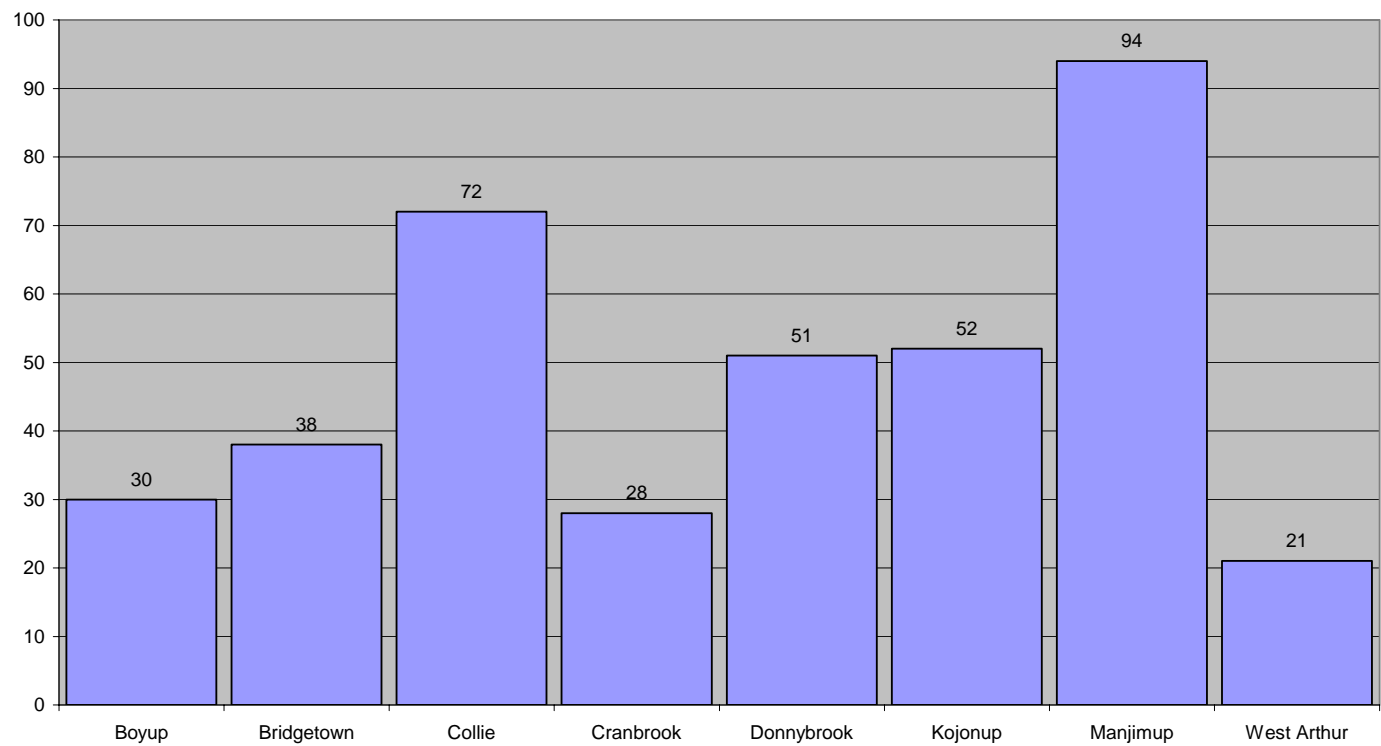
population, electors, dwellings



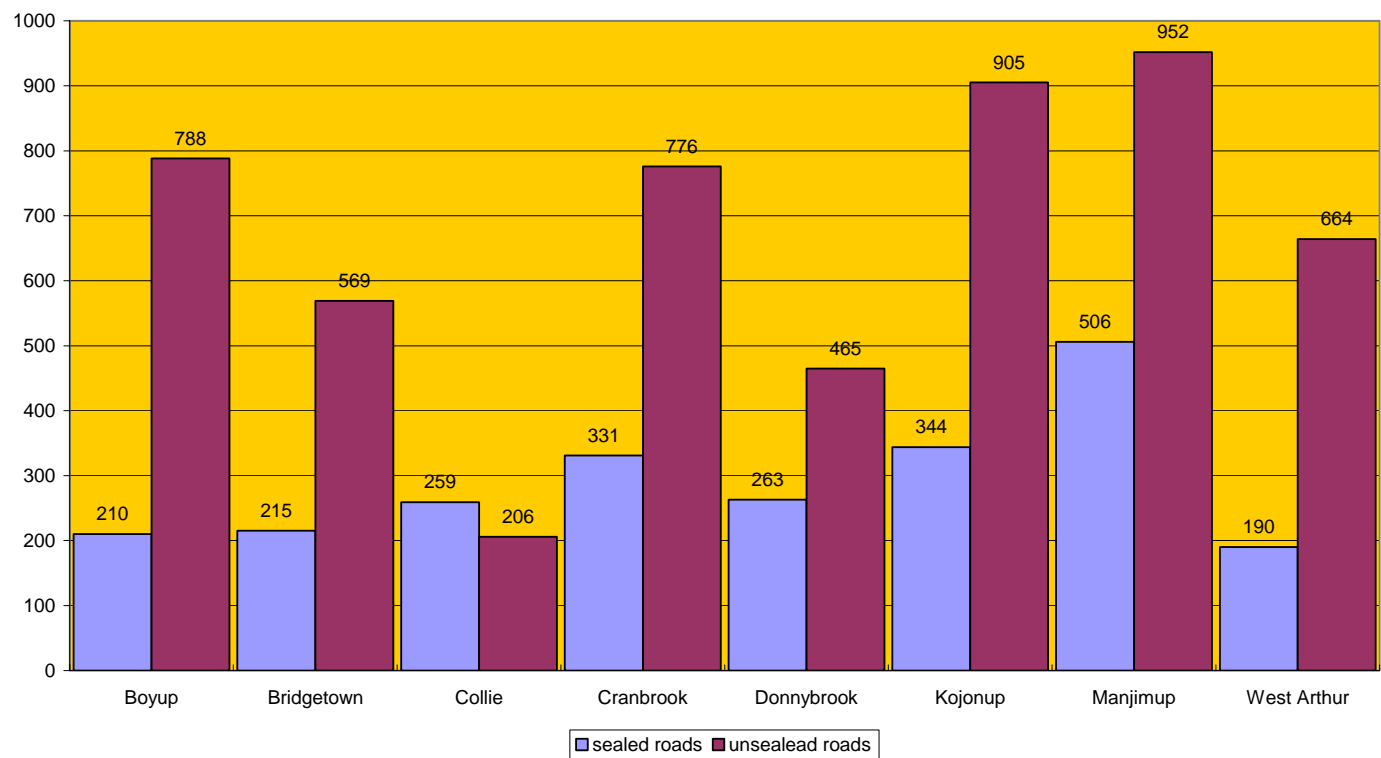
rates & revenue



no of employees



sealed & unsealed roads



10. CUSTOMER SERVICE PERFORMANCE INDICATORS

The Annual Report contains performance indicators, particularly as they relate to financial ratios, required by legislation.

In addition, the Council has identified results from an annual survey of residents as a key component to measure the organisation's performance.

Please note that the Council will carry out Bi-annual surveys from 2006 the next one being in 2008.

An inaugural survey was undertaken in 1999. This year brought about the seventh survey which was undertaken in April 2006.

The services and facilities measured have been selected due to their representing substantial expenditure of the shire's total budget.

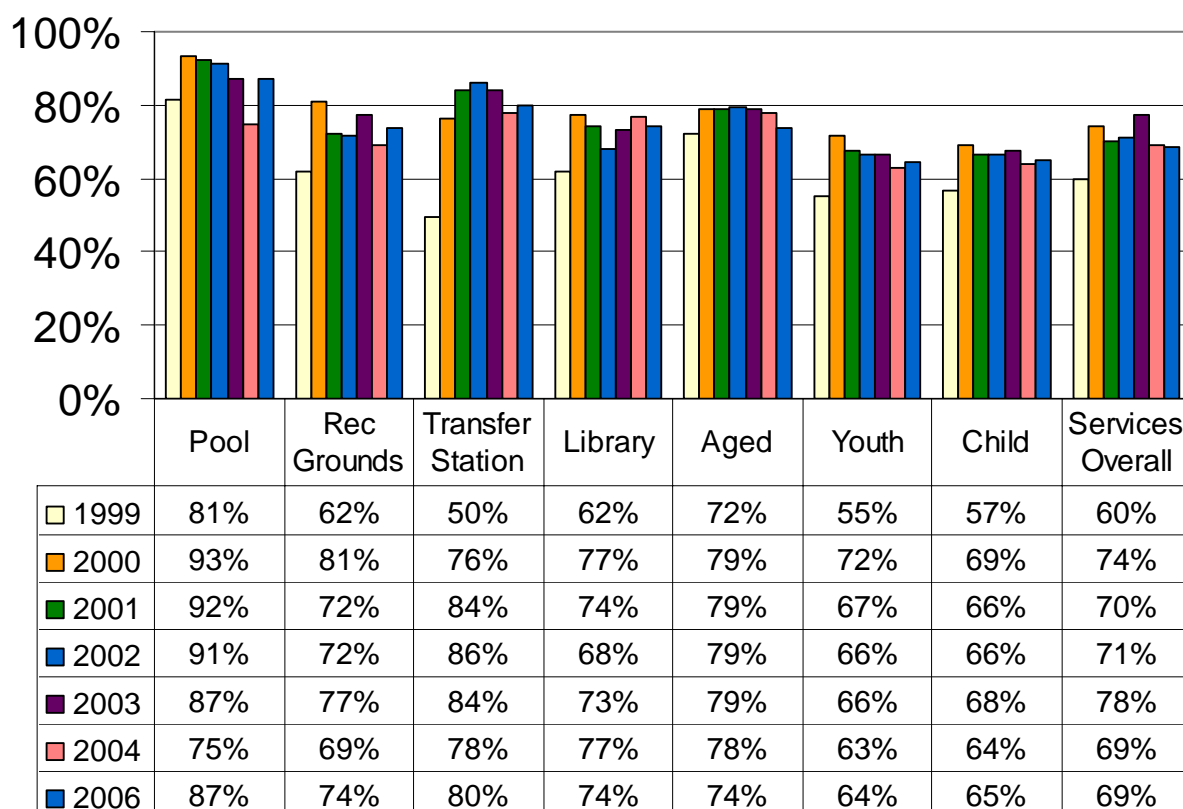
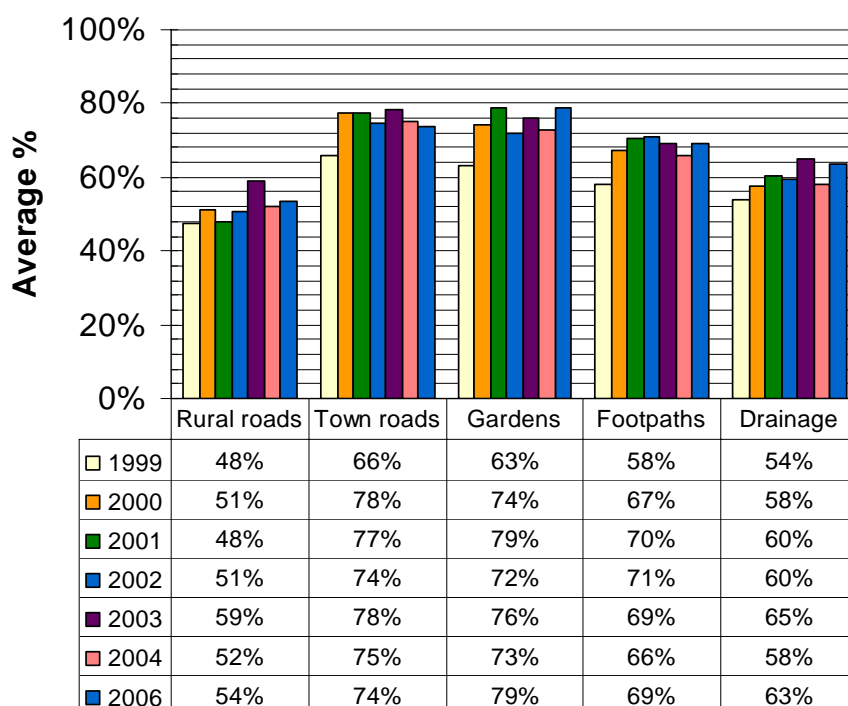
The 2006 survey and comparisons to the previous years' results are intended to determine: -

- how satisfied residents are with services relating to key program areas such as roads
- how satisfied residents are with the quality of customer service provided by Councillors and employees
- satisfaction with Council efforts to communicate to and receive feedback from residents
- changes in averaged satisfaction levels, thereby providing an indicator to the Council as to whether its direction and utilisation of resources is appropriate.

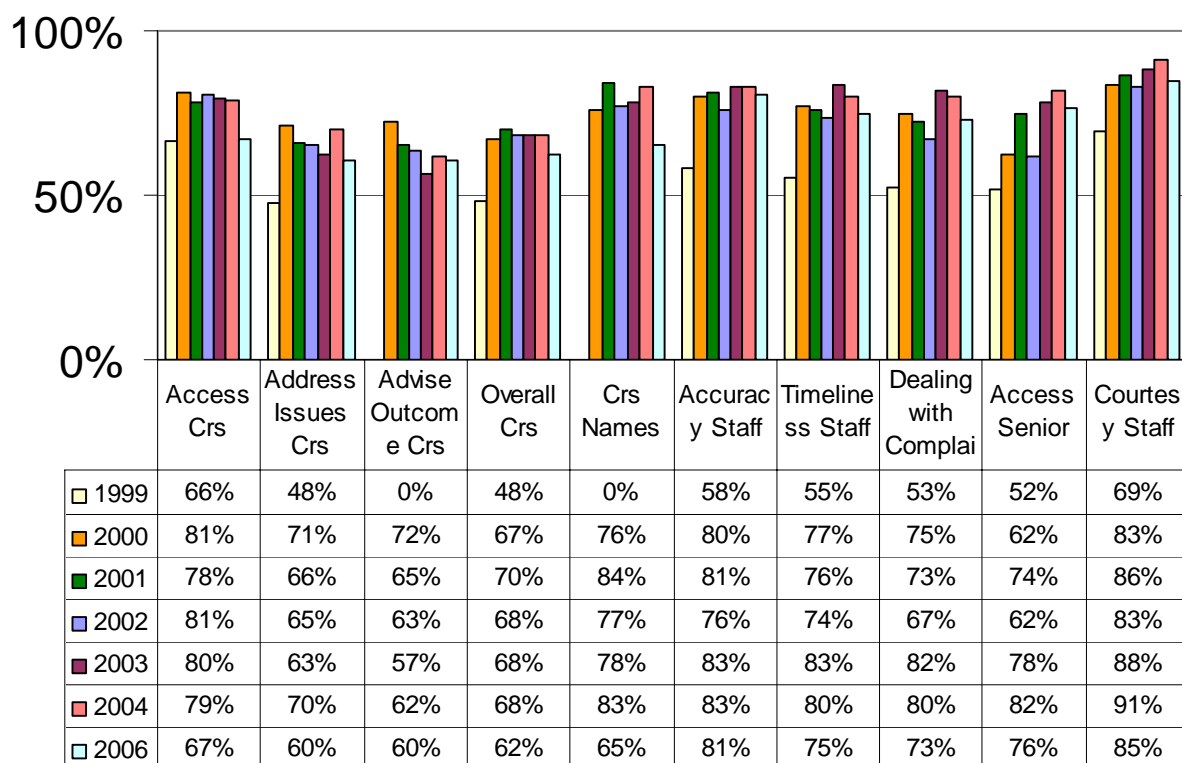
The survey graphs are a summary of the performance improvements measured from changes to the mean scores recorded over the past seven survey years.

Averaged satisfaction
with facilities and services
provided

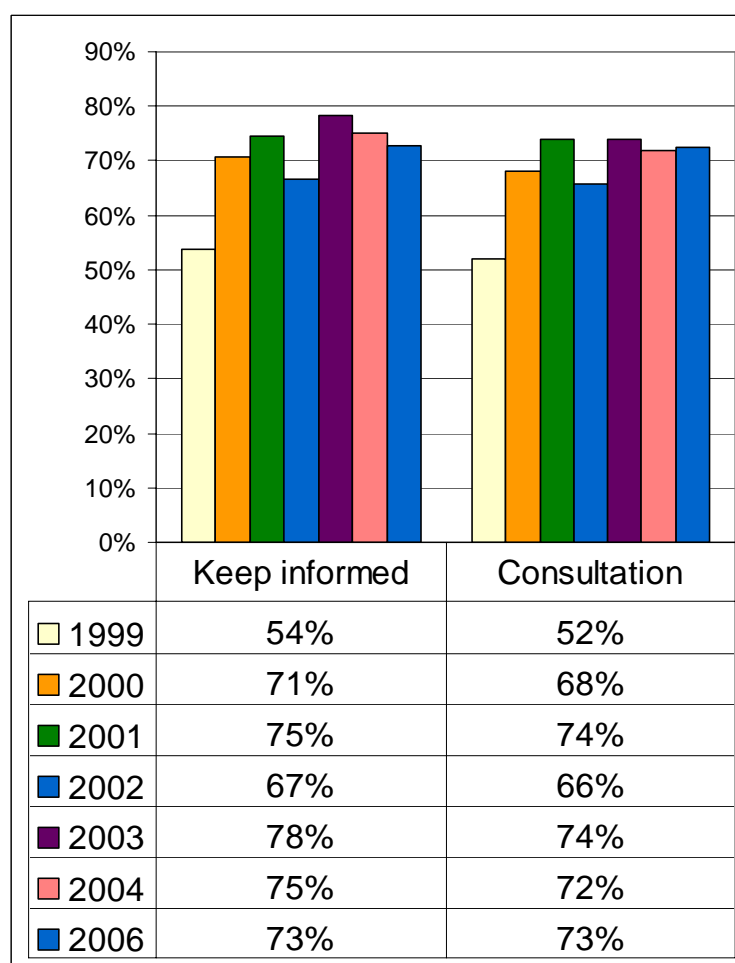
Current Service Provision



Averaged
satisfaction with
contact with
Councillors and
Staff



Averaged
satisfaction with
communication
effort



SHIRE OF BOYUP BROOK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2006

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SHIRE OF BOYUP BROOK

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Boyup Brook being the annual financial report and other information for the financial year ended 30th June 2006 are in my opinion properly drawn up to present fairly the financial position of the Shire of Boyup Brook at 30th June 2006 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the day of 2007.

Tony Doust
Acting Chief Executive Officer

SHIRE OF BOYUP BROOK

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2006

| | NOTE | 2006 \$ | 2006 Budget \$ | 2005 \$ |
|-----------------------------------------------|------|-----------------------|-----------------------|-----------------------|
| REVENUES FROM ORDINARY ACTIVITIES | | | | |
| Rates | 22 | 1,346,060 | 1,340,016 | 1,307,580 |
| Grants and Subsidies | 28 | 1,409,801 | 812,819 | 1,238,709 |
| Contributions Reimbursements and Donations | | 28,801 | 23,300 | 0 |
| Fees and Charges | 27 | 510,075 | 500,678 | 475,996 |
| Interest Earnings | 2(a) | 56,729 | 52,975 | 85,229 |
| Other Revenue | | 286,234 | 76,460 | 180,976 |
| | | <u>3,637,700</u> | <u>2,806,248</u> | <u>3,288,490</u> |
| EXPENSES FROM ORDINARY ACTIVITIES | | | | |
| Employee Costs | | (1,384,234) | (1,545,624) | (1,149,925) |
| Materials and Contracts | | (562,706) | (419,839) | (887,549) |
| Utilities | | (98,087) | (60,612) | (119,433) |
| Depreciation | 2(a) | (1,206,144) | (885,967) | (1,181,235) |
| Interest Expenses | 2(a) | (32,216) | (40,096) | (29,146) |
| Insurance | | (99,016) | (119,951) | (125,476) |
| Other Expenditure | | (154,880) | (9,565) | |
| | | <u>(3,537,283)</u> | <u>(3,081,654)</u> | <u>(3,492,764)</u> |
| | | 100,417 | (275,406) | (204,274) |
| Grants and Subsidies - non-operating | 28 | 534,374 | 740,094 | 890,077 |
| Profit on Asset Disposals | 20 | 17,596 | 0 | 67,081 |
| Loss on Asset Disposals | 20 | <u>(4,160)</u> | <u>0</u> | <u>0</u> |
| NET RESULT | | <u><u>648,227</u></u> | <u><u>464,688</u></u> | <u><u>752,884</u></u> |

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

SHIRE OF BOYUP BROOK

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2006

| | NOTE | 2006 \$ | 2006 Budget \$ | 2005 \$ |
|--------------------------------------------------------------------------------|------|-----------------------|-----------------------|-----------------------|
| REVENUES FROM ORDINARY ACTIVITIES | | | | |
| Governance | | 36,865 | 29,000 | 34,383 |
| General Purpose Funding | | 2,239,277 | 2,225,310 | 2,291,025 |
| Law, Order, Public Safety | | 48,944 | 44,271 | 41,982 |
| Health | | 509,027 | 405,950 | 337,893 |
| Education and Welfare | | 5,310 | 6,000 | 19,742 |
| Housing | | 27,786 | 25,960 | 20,750 |
| Community Amenities | | 82,375 | 88,763 | 85,773 |
| Recreation and Culture | | 37,672 | 32,665 | 138,622 |
| Transport | | 1,043,841 | 622,023 | 1,173,529 |
| Economic Services | | 71,991 | 51,900 | 68,256 |
| Other Property and Services | | 86,583 | 14,500 | 33,693 |
| | 2 | <u>4,189,670</u> | <u>3,546,342</u> | <u>4,245,648</u> |
| EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE | | | | |
| Governance | | (285,229) | (310,188) | (331,593) |
| General Purpose Funding | | (102,325) | (76,599) | (48,898) |
| Law, Order, Public Safety | | (68,239) | (79,678) | (92,682) |
| Health | | (387,189) | (367,395) | (292,895) |
| Education and Welfare | | (43,305) | (100,862) | (64,093) |
| Housing | | (49,962) | (56,755) | (53,971) |
| Community Amenities | | (184,216) | (177,501) | (176,872) |
| Recreation & Culture | | (359,025) | (339,884) | (347,194) |
| Transport | | (1,796,440) | (1,301,610) | (1,644,599) |
| Economic Services | | (213,381) | (224,986) | (202,177) |
| Other Property and Services | | (19,916) | (6,099) | (208,644) |
| | 2 | <u>(3,509,227)</u> | <u>(3,041,557)</u> | <u>(3,463,618)</u> |
| BORROWING COSTS EXPENSE | | | | |
| Governance | | (2,175) | (2,192) | (2,255) |
| Health | | (6,077) | (6,278) | (6,273) |
| Housing | | (8,255) | (11,990) | (6,300) |
| Community Amenities | | (2,338) | (2,354) | (2,441) |
| Recreation & Culture | | (6,001) | (9,619) | (4,024) |
| Transport | | (944) | (1,139) | (1,443) |
| Economic Services | | (6,426) | (6,525) | (6,410) |
| | 2(a) | <u>(32,216)</u> | <u>(40,097)</u> | <u>(29,146)</u> |
| NET RESULT | | <u><u>648,227</u></u> | <u><u>464,688</u></u> | <u><u>752,884</u></u> |

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

SHIRE OF BOYUP BROOK

BALANCE SHEET

AS AT 30TH JUNE 2006

| | NOTE | 2006 \$ | 2005 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 1,037,647 | 911,490 |
| Trade and Other Receivables | 4 | 316,665 | 240,455 |
| Inventories | 5 | 20,796 | 29,018 |
| TOTAL CURRENT ASSETS | | <u>1,375,108</u> | <u>1,180,963</u> |
| NON-CURRENT ASSETS | | | |
| Other Receivables | 4 | 0 | 3,385 |
| Property, Plant and Equipment | 6 | 5,776,614 | 5,387,299 |
| Infrastructure | 7 | 48,026,149 | 47,614,437 |
| TOTAL NON-CURRENT ASSETS | | <u>53,802,763</u> | <u>53,005,121</u> |
| TOTAL ASSETS | | <u>55,177,871</u> | <u>54,186,084</u> |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 8 | 312,690 | 241,932 |
| Long Term Borrowings | 9 | 38,334 | 63,152 |
| Provisions | 10 | 124,626 | 129,362 |
| TOTAL CURRENT LIABILITIES | | <u>475,650</u> | <u>434,446</u> |
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | 9 | 600,994 | 322,264 |
| Provisions | 10 | 130,365 | 106,739 |
| TOTAL NON-CURRENT LIABILITIES | | <u>731,359</u> | <u>429,003</u> |
| TOTAL LIABILITIES | | <u>1,207,009</u> | <u>863,449</u> |
| NET ASSETS | | <u>53,970,862</u> | <u>53,322,635</u> |
| EQUITY | | | |
| Retained Surplus | | 51,518,972 | 50,944,453 |
| Reserves - Cash Backed | 11 | 861,509 | 787,801 |
| Reserves - Asset Revaluation | 12 | 1,590,381 | 1,590,381 |
| TOTAL EQUITY | | <u>53,970,862</u> | <u>53,322,635</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 2006

| | NOTE | 2006 \$ | 2005 \$ |
|--------------------------------------------------|------|--------------------------|--------------------------|
| RETAINED SURPLUS | | | |
| Balance as at 1 July 2005 | | 50,944,453 | 50,235,136 |
| Net Result | | 648,227 | 752,884 |
| Transfer from/(to) Reserves | | (73,708) | (43,567) |
| Balance as at 30 June 2006 | | <u>51,518,972</u> | <u>50,944,453</u> |
| RESERVES - CASH BACKED | | | |
| Balance as at 1 July 2005 | | 787,801 | 744,234 |
| Amount Transferred (to)/from Retained Surplus | | 73,708 | 43,567 |
| Balance as at 30 June 2006 | 11 | <u>861,509</u> | <u>787,801</u> |
| RESERVES - ASSET REVALUATION | | | |
| Balance as at 1 July 2005 | | 1,590,381 | 1,590,381 |
| Revaluation Increment | | 0 | 0 |
| Revaluation Decrement | | 0 | 0 |
| Balance as at 30 June 2006 | 12 | <u>1,590,381</u> | <u>1,590,381</u> |
| TOTAL EQUITY | | <u><u>53,970,862</u></u> | <u><u>53,322,635</u></u> |

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

**SHIRE OF BOYUP BROOK
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2006**

| | NOTE | 2006 \$ | 2006 Budget \$ | 2005 \$ |
|------------------------------------------------------------|-------|-------------------------|-----------------------|-----------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 1,266,395 | 1,329,677 | 1,315,555 |
| Grants and Subsidies - operating | | 1,409,801 | 816,094 | 1,238,709 |
| Contributions, Reimbursements & Donations | | 28,801 | 23,300 | 0 |
| Fees and Charges | | 510,075 | 493,678 | 485,972 |
| Interest Earnings | | 56,729 | 52,975 | 85,229 |
| Goods and Services Tax | | 6,840 | 29,420 | 36,578 |
| Other | | 341,325 | 76,460 | 185,976 |
| | | <u>3,619,966</u> | <u>2,821,604</u> | <u>3,348,019</u> |
| Payments | | | | |
| Employee Costs | | (1,365,344) | (1,529,604) | (1,108,985) |
| Materials and Contracts | | (483,722) | (474,751) | (799,618) |
| Utilities (gas, electricity, water, etc) | | (98,087) | (60,612) | (119,434) |
| Insurance | | (99,016) | (119,951) | (125,477) |
| Interest | | (32,216) | (40,097) | (29,146) |
| Goods and Services Tax | | 0 | 0 | 0 |
| Other | | (149,852) | (4,175) | 0 |
| | | <u>(2,228,237)</u> | <u>(2,229,190)</u> | <u>(2,182,660)</u> |
| Net Cash Provided By (Used In) Operating Activities | 13(b) | <u>1,391,729</u> | <u>592,414</u> | <u>1,165,359</u> |
| | | 1,391,729 | 592,414 | 1,165,359 |
| Cash Flows from Investing Activities | | | | |
| Payments for Development of Land Held for Resale | | | | |
| Payments for Purchase of Property, Plant & Equipment | | (813,902) | (927,812) | (716,655) |
| Payments for Construction of Infrastructure | | (1,298,978) | (1,210,568) | (1,389,523) |
| Advances to Community Groups | | | | |
| Grants/Contributions for the Development of Assets | | 534,374 | 736,819 | 890,077 |
| Proceeds from Sale of Plant & Equipment | | 59,027 | 163,700 | 207,336 |
| Proceeds from Advances | | | | |
| Net Cash Provided By (Used In) Investing Activities | | <u>(1,519,479)</u> | <u>(1,237,861)</u> | <u>(1,008,765)</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | | (56,088) | (63,153) | (57,325) |
| Repayment of Finance Leases | | | 0 | 0 |
| Proceeds from Self Supporting Loans | | | 0 | 0 |
| Proceeds from New Debentures | | 310,000 | 350,000 | 0 |
| Net Cash Provided By (Used In) Financing Activities | | <u>253,912</u> | <u>286,847</u> | <u>(57,325)</u> |
| Net Increase (Decrease) in Cash Held | | 126,162 | (358,600) | 99,269 |
| Cash at Beginning of Year | | 911,485 | 876,017 | 812,221 |
| Cash at End of Year | 13(a) | <u><u>1,037,647</u></u> | <u><u>517,417</u></u> | <u><u>911,490</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 2006

| | NOTE | 2006 \$ | 2006 Budget \$ |
|--------------------------------------------------|-----------|---------------------------|---------------------------|
| REVENUES | | | |
| Governance | | 36,865 | 29,000 |
| General Purpose Funding | | 893,217 | 885,294 |
| Law, Order, Public Safety | | 48,944 | 44,271 |
| Health | | 509,027 | 405,950 |
| Education and Welfare | | 5,310 | 6,000 |
| Housing | | 27,786 | 25,960 |
| Community Amenities | | 82,375 | 88,763 |
| Recreation and Culture | | 37,672 | 32,665 |
| Transport | | 1,043,841 | 622,023 |
| Economic Services | | 71,991 | 51,900 |
| Other Property and Services | | 86,583 | 14,500 |
| | | <u>2,843,610</u> | <u>2,206,326</u> |
| EXPENSES | | | |
| Governance | | (287,404) | (314,380) |
| General Purpose Funding | | (102,325) | (76,600) |
| Law, Order, Public Safety | | (68,239) | (79,678) |
| Health | | (393,266) | (373,673) |
| Education and Welfare | | (43,305) | (100,862) |
| Housing | | (58,217) | (68,745) |
| Community Amenities | | (186,554) | (179,855) |
| Recreation & Culture | | (365,026) | (347,503) |
| Transport | | (1,797,384) | (1,302,749) |
| Economic Services | | (219,807) | (231,511) |
| Other Property and Services | | (19,916) | (6,099) |
| | | <u>(3,541,443)</u> | <u>(3,081,655)</u> |
| Adjustments for Cash Budget Requirements: | | | |
| Non-Cash Expenditure and Revenue | | | |
| (Profit)/Loss on Asset Disposals | | (13,436) | 0 |
| Movement in Non-Current Receivables | | 3,385 | 0 |
| Movement in Non-Current Employee Provisions | | 23,623 | 0 |
| Depreciation on Assets | | 1,206,144 | 885,967 |
| Capital Expenditure and Revenue | | | |
| Purchase Land Held for Resale | | | |
| Purchase Land and Buildings | | (497,684) | (482,000) |
| Purchase Infrastructure Assets - Roads | | (1,298,979) | (1,210,568) |
| Purchase Plant and Equipment | | (258,792) | (405,850) |
| Purchase Furniture and Equipment | | (57,426) | (39,962) |
| Proceeds from Disposal of Assets | | 119,146 | 163,700 |
| Repayment of Debentures | | (56,088) | (63,153) |
| Proceeds from New Debentures | | 310,000 | 350,000 |
| Self-Supporting Loan Principal Income | | 0 | 0 |
| Transfers to Reserves (Restricted Assets) | | (670,538) | (217,199) |
| Transfers from Reserves (Restricted Assets) | | 596,829 | 567,130 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | | 21,868 | (12,752) |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | | 76,279 | 0 |
| Amount Req'd to be Raised from Rates | 22 | <u><u>(1,346,060)</u></u> | <u><u>(1,340,016)</u></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 2006

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, the Local Government Act 1995 (as amended and accompanying regulations (as amended)). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

First AIFRSs Financial Report

This is the Shire's first Australian equivalents to International Financial Reporting Standards ("AIFRSs") annual financial report covered by AIFRSs and AASB1 "First Time Adoption of Australian equivalents to International Financial Reporting Standards".

The preparation of the annual financial report in accordance with AIFRSs resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP").

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRSs balance sheet as at 1 July 2004 for the purposes of the transition to Australian Accounting Standards - AIFRSs as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in Note 35.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
- the definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

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

(d) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost or independent or management valuation less, where applicable, any accumulated depreciation, amortisation or impairment losses.

The value of all infrastructure assets (other than land under roads) has been recorded in the Balance Sheet. Land under roads are excluded from infrastructure in accordance with legislative requirements.

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

General

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

(f) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

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

| | |
|----------------------------------------|-----------------|
| Buildings | 50 to 100 years |
| Furniture and Equipment | 5 to 10 years |
| Plant and Equipment | 5 to 10 years |
| Sealed roads and streets | |
| clearing and earthworks | not depreciated |
| construction/road base | 40 years |
| original surfacing and | |
| major re-surfacing | |
| - bituminous seals | 15 years |
| - asphalt surfaces | 20 years |
| Gravel roads | |
| clearing and earthworks | not depreciated |
| construction/road base | 15 years |
| gravel sheet | 10 years |
| Formed roads (unsealed) | |
| clearing and earthworks | not depreciated |
| construction/road base | 10 years |
| Footpaths - slab | 20 years |
| Sewerage piping | 75 years |
| Water supply piping & drainage systems | 75 years |

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Impairment

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

(j) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 16.

(k) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

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

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

(l) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Superannuation

The Shire of Boyup Brook contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

(n) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 21(e).

(o) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

(p) Fair Value

The fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds fair value have not been written down as the Council intends to hold these assets to maturity.

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

(q) Rounding Off Figures

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

(r) Comparative Figures

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

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

2. REVENUES AND EXPENSES

2006

2005

\$

\$

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Auditors Remuneration

| | | |
|------------------|-------|-------|
| - Audit | 6,000 | 9,050 |
| - Other Services | 2,175 | 0 |

Depreciation

| | | |
|-------------------------|------------------|------------------|
| Buildings | 94,961 | 94,448 |
| Furniture and Equipment | 18,782 | 20,803 |
| Plant and Equipment | 205,134 | 192,514 |
| Roads | 887,267 | 873,470 |
| | <u>1,206,144</u> | <u>1,181,235</u> |

Interest Expenses

| | | |
|-------------------------------|---------------|---------------|
| Finance Lease Charges | | |
| Debentures (refer Note 21(a)) | 32,216 | 29,146 |
| | <u>32,216</u> | <u>29,146</u> |

Rental Charges

| | | |
|--------------------|--|--|
| - Operating Leases | | |
|--------------------|--|--|

(ii) Crediting as Revenue:

2006

2006

2005

\$

Budget

\$

\$

Interest Earnings

| | | | |
|----------------------------------------|---------------|---------------|---------------|
| Investments | | | |
| - Reserve Funds | 32,121 | 22,199 | 30,640 |
| - Other Funds | 5,908 | 14,776 | 37,066 |
| Other Interest Revenue (refer note 26) | 18,700 | 16,000 | 17,523 |
| | <u>56,729</u> | <u>52,975</u> | <u>85,229</u> |

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Members of Council, civic receptions and functions, public relations, electoral, general administration.

GENERAL PURPOSE FUNDING

Rates, general purpose grants, interest revenue.

LAW, ORDER, PUBLIC SAFETY

Fire prevention, including the WA Fire Brigade Levy, clearing for fire hazards, animal control, dog pound, by-law control, public security, civil emergency services, park rangers, neighbourhood watch.

HEALTH

Food control, health inspections.

EDUCATION AND WELFARE

Rylington Park, aged and disabled, senior citizen's centres, welfare administration, donations to welfare organisations.

HOUSING

Public and staff housing.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

Tourism and promotions, parades and festivals, Christmas decorations, building control.

OTHER PROPERTY & SERVICES

Public works overhead, plant/vehicle operations, stock and materials, depot operations, sundry property.

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

2. OPERATING REVENUES AND EXPENSES (Continued)

| | 2006 | 2005 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| (c) Conditions Over Contributions | | |
| Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances). | | |
| Roads to Recovery (transport) | 0 | 197,581 |
| Grant for "Fit for your Shape" (recreation & culture) | 4,000 | 0 |
| Grants for T.I.R.E.S. (transport) | 232,830 | 0 |
| | <u>236,830</u> | <u>197,581</u> |
| Add: | | |
| New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor. | | |
| Grant for "Fit for your Shape" (recreation & culture) | 0 | 4,000 |
| Grants for T.I.R.E.S. (transport) | 0 | 232,830 |
| Roads to Recovery (transport) | 285,318 | 0 |
| Less: | | |
| Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor. | | |
| Roads to Recovery (transport) | 0 | (197,581) |
| Grant for "Fit for your Shape" (recreation & culture) | (4,000) | 0 |
| Grants for T.I.R.E.S. (transport) | (232,830) | 0 |
| Closing balances of unexpended grants | <u><u>285,318</u></u> | <u><u>236,830</u></u> |
| Comprises: | | |
| Roads to Recovery (transport) | 285,318 | 0 |
| Grant for "Fit for your Shape" (recreation & culture) | 0 | 4,000 |
| Grants for T.I.R.E.S. (transport) | 0 | 232,830 |
| | <u><u>285,318</u></u> | <u><u>236,830</u></u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 \$ | 2005 \$ |
|-------------------------------------------------------------------------------------------------------|------------------|----------------|
| 3. CASH AND CASH EQUIVALENTS | | |
| Cash on Hand - Municipal | 820 | 620 |
| Cash at Bank - Municipal | 175,318 | 123,069 |
| Cash on Investment - Reserves - Restricted | 861,509 | 787,801 |
| | <u>1,037,647</u> | <u>911,490</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | |
| Plant Reserve | 136,311 | 158,983 |
| Leave Reserve | 29,658 | 38,683 |
| Depot Reserve | 15,994 | 10,460 |
| Housing Reserve | 18,137 | 16,071 |
| Emergency Reserve | 22,404 | 16,558 |
| Insurance Claim Reserve | 11,467 | 11,861 |
| Flax Mill Sheds Reserve | 17,042 | 11,457 |
| Recreation Improvement Reserve | 3,209 | 3,053 |
| Commercial Reserve | 117,124 | 154,245 |
| Bush Fire Radios Reserve | 10,333 | 9,830 |
| Rylington Park Reserve | 13,418 | 14,669 |
| Infrastructure Reserve | 294,542 | 239,830 |
| Bridges Reserve | 22,370 | 102,101 |
| Medical Services Reserve | 87,500 | 0 |
| Admin Office Building Reserve | 45,000 | 0 |
| Building Maintenance Reserve | 0 | 0 |
| Aged Accommodation Reserve | 17,000 | 0 |
| | <u>861,509</u> | <u>787,801</u> |
| Cash at Bank - Municipal | | |
| Unrestricted | 168,918 | 119,069 |
| Unspent Grants - Restricted | 6,400 | 4,000 |
| | <u>175,318</u> | <u>123,069</u> |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates Outstanding | 59,232 | 74,996 |
| Sundry Debtors | 194,899 | 110,057 |
| Provision for Doubtful Debts | (11,514) | (13,197) |
| Other current assets | 12,289 | 0 |
| GST Receivable | 59,609 | 66,449 |
| Loans - Clubs/Institutions | 2,150 | 2,150 |
| | <u>316,665</u> | <u>240,455</u> |
| Non-Current | | |
| Rates Outstanding - Pensioners | 0 | 3,385 |
| Loans - Clubs/Institutions | 0 | 0 |
| | <u>0</u> | <u>3,385</u> |
| 5. INVENTORIES | | |
| Current | | |
| Fuel and Materials | 20,796 | 29,018 |
| | <u>20,796</u> | <u>29,018</u> |

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

| | 2006 | 2005 |
|-----------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| 6. PROPERTY, PLANT AND EQUIPMENT | | |
| Land and Buildings - Cost | 5,281,142 | 4,783,458 |
| Less Accumulated Depreciation | <u>(1,068,445)</u> | <u>(973,484)</u> |
| | 4,212,697 | 3,809,974 |
| Furniture and Equipment - Cost | 495,122 | 437,696 |
| Less Accumulated Depreciation | <u>(353,265)</u> | <u>(334,483)</u> |
| | 141,857 | 103,213 |
| Plant and Equipment - Cost | 2,302,074 | 2,175,923 |
| Less Accumulated Depreciation | <u>(880,014)</u> | <u>(701,811)</u> |
| | 1,422,060 | 1,474,112 |
| | <u><u>5,776,614</u></u> | <u><u>5,387,299</u></u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Land & Buildings \$ | Furniture & Equipment \$ | Plant & Equipment \$ | Total \$ |
|----------------------------|--------------------------------------------|-------------------------------------------------|---------------------------------------------|-------------------------|
| Balance as at 1 July 2005 | 3,809,974 | 103,213 | 1,474,112 | 5,387,299 |
| Additions | 497,684 | 57,426 | 258,792 | 813,902 |
| (Disposals) | 0 | 0 | (105,710) | (105,710) |
| Revaluation - Increments | 0 | 0 | 0 | 0 |
| - (Decrements) | 0 | 0 | 0 | 0 |
| Impairment - (losses) | 0 | 0 | 0 | 0 |
| - reversals | 0 | 0 | 0 | 0 |
| Depreciation (Expense) | (94,961) | (18,782) | (205,134) | (318,877) |
| Other Movements | 0 | 0 | 0 | 0 |
| Balance as at 30 June 2006 | <u><u>4,212,697</u></u> | <u><u>141,857</u></u> | <u><u>1,422,060</u></u> | <u><u>5,776,614</u></u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 | 2005 |
|-------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| 7. INFRASTRUCTURE | | |
| Roads - Cost | 60,919,883 | 59,620,904 |
| Less Accumulated Depreciation | <u>(12,996,222)</u> | <u>(12,114,260)</u> |
| | 47,923,661 | 47,506,644 |
| Tip Site - cost | 135,676 | 135,676 |
| Less Accumulated Depreciation | <u>(33,188)</u> | <u>(27,883)</u> |
| | 102,488 | 107,793 |
| | <u><u>48,026,149</u></u> | <u><u>47,614,437</u></u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

| | <u>Roads</u> \$ | <u>Tip Site</u> \$ | <u>Total</u> \$ |
|----------------------------|--------------------|-----------------------|--------------------|
| Balance as at 1 July 2005 | 47,506,644 | 107,793 | 47,614,437 |
| Additions | 1,298,979 | 0 | 1,298,979 |
| (Disposals) | 0 | 0 | 0 |
| Revaluation - Increments | 0 | 0 | 0 |
| - (Decrements) | 0 | 0 | 0 |
| Impairment - (losses) | 0 | 0 | 0 |
| - reversals | 0 | 0 | 0 |
| Depreciation (Expense) | (881,962) | (5,305) | (887,267) |
| Other Movements | 0 | 0 | 0 |
| Balance as at 30 June 2006 | <u>47,923,661</u> | <u>102,488</u> | <u>48,026,149</u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 \$ | 2005 \$ |
|---------------------------------------------------------|----------------|----------------|
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | 199,147 | 230,729 |
| Accrued Interest on Debentures | 12,112 | 6,222 |
| Other accruals | 63,922 | 0 |
| Accrued Salaries and Wages | 37,509 | 4,981 |
| | <u>312,690</u> | <u>241,932</u> |
| 9. LONG-TERM BORROWINGS | | |
| Current | | |
| Secured by Floating Charge | | |
| Debentures | 38,334 | 63,152 |
| Lease Liability | | |
| | <u>38,334</u> | <u>63,152</u> |
| Non-Current | | |
| Secured by Floating Charge | | |
| Debentures | 600,994 | 322,264 |
| Lease Liability | | |
| | <u>600,994</u> | <u>322,264</u> |
| Additional detail on borrowings is provided in Note 21. | | |
| 10. PROVISIONS | | |
| Current | | |
| Provision for Annual Leave | 91,674 | 92,373 |
| Provision for Long Service Leave | 32,952 | 36,989 |
| | <u>124,626</u> | <u>129,362</u> |
| Non-Current | | |
| Provision for Annual Leave | 22,784 | 22,784 |
| Provision for Long Service Leave | 107,581 | 83,955 |
| | <u>130,365</u> | <u>106,739</u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 | 2006 | 2005 |
|-------------------------------------------|------------------|------------------|------------------|
| | \$ | Budget | \$ |
| | | \$ | |
| 11. RESERVES - CASH BACKED | | | |
| (a) Plant Reserve | | | |
| Opening Balance | 158,983 | 158,983 | 124,668 |
| Amount Set Aside / Transfer to Reserve | 134,686 | 136,359 | 370,523 |
| Amount Used / Transfer from Reserve | <u>(157,357)</u> | <u>(210,300)</u> | <u>(336,208)</u> |
| | <u>136,312</u> | <u>85,042</u> | <u>158,983</u> |
| (b) Leave Reserve | | | |
| Opening Balance | 38,683 | 38,683 | 36,772 |
| Amount Set Aside / Transfer to Reserve | 1,976 | 1,547 | 1,911 |
| Amount Used / Transfer from Reserve | <u>(11,000)</u> | <u>(11,000)</u> | <u>0</u> |
| | <u>29,659</u> | <u>29,230</u> | <u>38,683</u> |
| (c) Depot Reserve | | | |
| Opening Balance | 10,460 | 10,460 | 5,170 |
| Amount Set Aside / Transfer to Reserve | 5,534 | 5,418 | 5,290 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>15,994</u> | <u>15,878</u> | <u>10,460</u> |
| (d) Housing Reserve | | | |
| Opening Balance | 16,071 | 16,071 | 10,505 |
| Amount Set Aside / Transfer to Reserve | 5,821 | 5,643 | 5,566 |
| Amount Used / Transfer from Reserve | <u>(3,755)</u> | <u>0</u> | <u>0</u> |
| | <u>18,137</u> | <u>21,714</u> | <u>16,071</u> |
| (e) Emergency Reserve | | | |
| Opening Balance | 16,558 | 16,558 | 10,967 |
| Amount Set Aside / Transfer to Reserve | 5,846 | 5,662 | 5,591 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>22,404</u> | <u>22,220</u> | <u>16,558</u> |
| (f) Insurance Reserve | | | |
| Opening Balance | 11,861 | 11,861 | 11,274 |
| Amount Set Aside / Transfer to Reserve | 606 | 474 | 587 |
| Amount Used / Transfer from Reserve | <u>(1,000)</u> | <u>0</u> | <u>0</u> |
| | <u>11,467</u> | <u>12,335</u> | <u>11,861</u> |
| (g) Flax Mill Sheds Reserve | | | |
| Opening Balance | 11,457 | 11,457 | 6,117 |
| Amount Set Aside / Transfer to Reserve | 5,585 | 5,458 | 5,340 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>17,042</u> | <u>16,915</u> | <u>11,457</u> |
| (h) Recreation Improvement Reserve | | | |
| Opening Balance | 3,053 | 3,053 | 2,902 |
| Amount Set Aside / Transfer to Reserve | 156 | 122 | 151 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>3,209</u> | <u>3,175</u> | <u>3,053</u> |
| (i) Commercial Reserve | | | |
| Opening Balance | 154,245 | 161,245 | 301,398 |
| Amount Set Aside / Transfer to Reserve | 52,879 | 36,450 | 92,361 |
| Amount Used / Transfer from Reserve | <u>(90,000)</u> | <u>(32,000)</u> | <u>(239,514)</u> |
| | <u>117,124</u> | <u>165,695</u> | <u>154,245</u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 \$ | 2006 Budget \$ | 2005 \$ |
|-----------------------------------------------|----------------|----------------------|----------------|
| 11. RESERVES - CASH BACKED (Continued) | | | |
| (j) Bush Fire Radios Reserve | | | |
| Opening Balance | 9,830 | 9,830 | 9,344 |
| Amount Set Aside / Transfer to Reserve | 503 | 393 | 486 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>10,333</u> | <u>10,223</u> | <u>9,830</u> |
| (k) Rylington Park Reserve | | | |
| Opening Balance | 14,669 | 14,669 | 15,376 |
| Amount Set Aside / Transfer to Reserve | 749 | 587 | 793 |
| Amount Used / Transfer from Reserve | (2,000) | (2,000) | (1,500) |
| | <u>13,418</u> | <u>13,256</u> | <u>14,669</u> |
| (l) Infrastructure Reserve | | | |
| Opening Balance | 239,830 | 232,830 | 0 |
| Amount Set Aside / Transfer to Reserve | 287,542 | 0 | 239,830 |
| Amount Used / Transfer from Reserve | (232,832) | (232,830) | 0 |
| | <u>294,540</u> | <u>0</u> | <u>239,830</u> |
| (m) Bridges Reserve | | | |
| Opening Balance | 102,101 | 102,101 | 209,741 |
| Amount Set Aside / Transfer to Reserve | 19,156 | 19,084 | 10,360 |
| Amount Used / Transfer from Reserve | (98,887) | (79,000) | (118,000) |
| | <u>22,370</u> | <u>42,185</u> | <u>102,101</u> |
| (n) Medical Services Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 87,500 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>87,500</u> | <u>0</u> | <u>0</u> |
| (o) Swimming Pool Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| (p) Town Hall Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| (q) Admin Office Building Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 45,000 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>45,000</u> | <u>0</u> | <u>0</u> |
| (r) Building Maintenance Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 \$ | 2006 Budget \$ | 2005 \$ |
|-----------------------------------------------|----------------|----------------------|----------------|
| 11. RESERVES - CASH BACKED (Continued) | | | |
| (s) Aged Accommodation Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 17,000 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>17,000</u> | <u>0</u> | <u>0</u> |
| TOTAL CASH BACKED RESERVES | <u>861,509</u> | <u>437,868</u> | <u>787,801</u> |

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

Plant Reserve

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

Housing Reserve

- to be used in the long term maintenance of the Homeswest Housing Units.

Emergency Reserve

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

Insurance Claim Reserve

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

Flax Mill Sheds Reserve

- to be used to fund future requirements relating to maintenance and upgrade of Flax Mill Sheds.

Recreation Improvement Reserve

- to be used to fund capital improvements to the Recreation facilities and grounds. Originally these funds were partly set aside for reticulation upgrade at the ovals which has been done.

Commercial Reserve

- to be available for future economic development, enhancement and promotion of the district including Topoclimate type concepts.

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.

Rylington Park Reserve

- previously set up from funds received from Rylington Park for the lease of the farm.
A new lease agreement now exists which means no further income will be received in this fund.

Infrastructure Reserve

- unspent grant money received from State and Federal government sources for specific infrastructure costs.

Bridges Reserve

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

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

11. RESERVES - CASH BACKED (Continued)

Medical Services Reserve

- to be used to fund future medical services requirements and provision of GP bonus

Swimming Pool Reserve

- to be used to fund future requirements of swimming pool

Town Hall Reserve

- to be used to fund future requirements of Town Hall

Admin Office Building Reserve

- to be used to fund future requirements of Office Building

Building Maintenance Reserve

- to be used to fund future requirements of Shire owned buildings

Aged Accommodation Reserve

- to be used to fund future requirements of Aged Accommodation

12. RESERVES - ASSET REVALUATION

2006

2005

\$

\$

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

(a) Roads

| | | |
|----------------------------|------------------|------------------|
| Balance as at 1 July 2005 | 1,590,381 | 1,590,381 |
| Revaluation Increment | 0 | 0 |
| Revaluation Decrement | 0 | 0 |
| Balance as at 30 June 2006 | <u>1,590,381</u> | <u>1,590,381</u> |

TOTAL ASSET REVALUATION RESERVES

1,590,381

1,590,381

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

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

| | 2006 \$ | 2006 Budget \$ | 2005 \$ |
|---------------------------|--------------------------|-------------------------------------------|--------------------------|
| Cash and Cash Equivalents | <u>1,037,647</u> | <u>517,417</u> | <u>911,490</u> |

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

| | | | |
|-------------------------------------------------------|------------------|----------------|------------------|
| Net Result | 648,227 | 464,688 | 752,884 |
| Depreciation | 1,206,144 | 885,967 | 1,181,235 |
| Impairment (Loss)/Reversal | | | |
| (Increase)/Decrease in Receivables | (72,825) | (17,339) | 54,527 |
| (Profit)/Loss on Sale of Asset | 46,683 | - | (67,081) |
| (Increase)/Decrease in Inventories | 8,226 | - | (2,506) |
| Increase/(Decrease) in Payables | 70,758 | (20,103) | 95,437 |
| Increase/(Decrease) in Employee Provisions | 18,890 | 16,020 | 40,940 |
| Grants/Contributions for the Development of Assets | (534,374) | (736,819) | (890,077) |
| Net Cash from Operating Activities | <u>1,391,729</u> | <u>592,414</u> | <u>1,165,359</u> |

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

| | | |
|--------------------------------------|---------------|---------------|
| Bank Overdraft limit | 50,000 | 50,000 |
| Bank Overdraft at Balance Date | <u>0</u> | <u>0</u> |
| Total Amount of Credit Unused | <u>50,000</u> | <u>50,000</u> |

Loan Facilities

| | | |
|------------------------------------------------|----------------|----------------|
| Loan Facilities - Current | 38,334 | 63,152 |
| Loan Facilities - Non-Current | <u>600,994</u> | <u>322,264</u> |
| Total Facilities in Use at Balance Date | <u>639,328</u> | <u>385,416</u> |

| | | |
|-----------------------------------------------|----------|----------|
| Unused Loan Facilities at Balance Date | <u>0</u> | <u>0</u> |
|-----------------------------------------------|----------|----------|

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 | 2005 |
|---------------------------------------------------------------------------------------------------|-------------|-------------|
| 14. CAPITAL AND LEASING COMMITMENTS | \$ | \$ |
| (a) Finance Lease Commitments | | |
| nil | | |
| (b) Operating Lease Commitments | | |
| nil | | |
| (c) Capital Expenditure Commitments | | |
| Contracted for: | | |
| - capital expenditure projects | | |
| - plant & equipment purchases | | |
| Payable: | | |
| - not later than one year | | |
| The capital expenditure project outstanding at the end of the current reporting period represents | | |
| 15. CONTINGENT LIABILITIES | | |
| nil | | |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 | 2005 |
|-------------------------------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| 16. JOINT VENTURE | | |
| nil | | |
| 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY | | |
| Governance | 453,666 | 364,701 |
| General Purpose Funding | 47,718 | 362,538 |
| Law, Order, Public Safety | 97,330 | 110,574 |
| Health | 339,439 | 260,570 |
| Education and Welfare | 1,493,454 | 1,493,000 |
| Housing | 588,975 | 388,224 |
| Community Amenities | 125,446 | 185,679 |
| Recreation and Culture | 1,072,009 | 869,822 |
| Transport | 48,546,923 | 46,542,193 |
| Economic Services | 398,542 | 402,717 |
| Other Property and Services | 863,883 | 880,933 |
| Unallocated | 1,150,486 | 2,325,133 |
| | <u>55,177,871</u> | <u>54,186,084</u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

| | 2006 | 2005 | 2004 |
|-------------------------------------------------------|------|------|------|
| 18. FINANCIAL RATIOS | | | |
| Current Ratio | 1.14 | 1.00 | 1.58 |
| Untied Cash to Trade Creditors Ratio | 0.85 | 0.53 | 0.51 |
| Debt Ratio | 0.02 | 0.01 | 0.01 |
| Debt Service Ratio | 0.02 | 0.02 | 0.03 |
| Gross Debt to Revenue Ratio | 0.15 | 0.09 | 0.13 |
| Gross Debt to Economically Realisable Assets Ratio | 0.09 | 0.06 | 0.07 |
| Rate Coverage Ratio | 0.32 | 0.31 | 0.36 |
| Outstanding Rates Ratio | 0.04 | 0.06 | 0.07 |

The above rates are calculated as follows:

| | |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Current Ratio | $\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$ |
| Untied Cash to Trade Creditors Ratio | $\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$ |
| Debt Ratio | $\frac{\text{Total liabilities}}{\text{Total assets}}$ |
| Debt Service Ratio | $\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$ |
| Gross Debt to Revenue Ratio | $\frac{\text{Gross debt}}{\text{Total revenue}}$ |
| Gross Debt to Economically Realisable Assets Ratio | $\frac{\text{Gross debt}}{\text{Economically realisable assets}}$ |
| Rate Coverage Ratio | $\frac{\text{Net rate revenue}}{\text{Operating revenue}}$ |
| Outstanding Rates Ratio | $\frac{\text{Rates outstanding}}{\text{Rates collectable}}$ |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

19. TRUST FUNDS

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

| | Balance 1-Jul-05 \$ | Amounts Received \$ | Amounts Paid (\$) | Balance 30-Jun-06 \$ |
|------------------------|------------------------------------|------------------------------------|----------------------------------|-------------------------------------|
| Police Licensing | 14,916 | 0 | (14,916) | 0 |
| Road contributions | 15,010 | 0 | 0 | 15,010 |
| Relocatable House Bond | 8,498 | 5,000 | (2,197) | 11,301 |
| Shire Rental Bond | 1,000 | 600 | (200) | 1,400 |
| Fruit Fly Program | 5,670 | 0 | 0 | 5,670 |
| | <u>45,094</u> | | | <u>33,381</u> |

20. DISPOSALS OF ASSETS - 2005/06 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Net Book Value | | Sale Price | | Profit (Loss) | |
|--------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Mitsubishi Canter - 4T | 31,499 | 0 | 36,527 | 0 | 5,028 | 0 |
| Fuel Trailer | 1,405 | 0 | 0 | 0 | (1,405) | 0 |
| Mitsubishi Canter - 4T + crane | 47,551 | 0 | 60,119 | 0 | 12,568 | 0 |
| Nissan X-Trail (MOW) | 25,255 | 0 | 22,500 | 0 | (2,755) | 0 |
| | <u>105,710</u> | <u>0</u> | <u>119,146</u> | <u>0</u> | <u>13,436</u> | <u>0</u> |

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

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

| Particulars | Principal 1-Jul-05 \$ | New Loans \$ | Principal Repayments | | Principal 30-Jun-06 | | Interest Repayments | |
|---------------------------------|-----------------------------|--------------------|-------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Governance | | | | | | | | |
| 110 Admin Roof/Bldg Upgrade | 34,245 | | 1,051 | 1,051 | 33,194 | 33,194 | 2,175 | 2,192 |
| Health | | | | | | | | |
| 107 Hospital Upgrade | 95,729 | | 9,387 | 9,387 | 86,342 | 86,342 | 6,077 | 6,278 |
| Housing | | | | | | | | |
| 50 Teacher's House | 2,384 | | 2,384 | 2,384 | 0 | 0 | 63 | 114 |
| 102 House - Manager of Works | 77,583 | | 3,973 | 3,973 | 73,610 | 73,610 | 6,258 | 6,366 |
| 115 House - new employee | 0 | 110,000 | 0 | 2,803 | 110,000 | 197,197 | 1,933 | 5,510 |
| Community Amenities | | | | | | | | |
| 112 Transfer Station | 33,623 | | 1,318 | 1,318 | 32,305 | 32,305 | 2,338 | 2,354 |
| Recreation & Culture | | | | | | | | |
| 100 Const. Rec Ground Dam | 1,901 | | 1,901 | 1,901 | 0 | 0 | 45 | 43 |
| 101 Pool Changerooms | 23,894 | | 23,894 | 23,894 | 0 | 0 | 1,368 | 1,368 |
| 114 Pool Bowl upgrade | 0 | 200,000 | 0 | 1,127 | 200,000 | 145,737 | 4,588 | 0 |
| Transport | | | | | | | | |
| 105 Depot Workshop Constr. | 18,860 | | 7,175 | 7,175 | 11,685 | 11,685 | 944 | 1,139 |
| Economic Services | | | | | | | | |
| 106 FlaxMill Upgrade | 50,375 | | 2,602 | 2,602 | 47,773 | 47,773 | 3,495 | 3,571 |
| 109 FlaxMill Water Upgrade | 46,821 | | 2,402 | 2,402 | 44,419 | 44,419 | 2,932 | 2,954 |
| | 385,415 | 310,000 | 56,087 | 60,017 | 639,328 | 672,262 | 32,216 | 31,889 |

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2005/06

| Particulars/Purpose | Amount Borrowed | | Institution | Loan Type | Term (Years) | Interest Rate % | Amount Used Actual \$ | | Balance Unspent \$ |
|------------------------|-----------------|--------------|-------------|--------------|-----------------|-----------------------|--------------------------------|--------------|--------------------------|
| | Actual \$ | Budget \$ | | | | | | Budget \$ | |
| 114 Pool Bowl Upgrade | 200,000 | 150,000 | WATC | Debenture | 20 | 5.89 | 200,000 | 150,000 | 0 |
| 115 New employee house | 110,000 | 200,000 | WATC | Debenture | 20 | 5.88 | 110,000 | 200,000 | 0 |

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

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

nil

(d) Overdraft

Council established an overdraft facility of \$50,000 in 1992 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2005 and 30 June 2006 was \$Nil.

(e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is as follows:

| Borrowings | 2006 \$ | 2005 \$ |
|------------------------------------------|--------------------------|--------------------------|
| Floating interest rates | 0 | 0 |
| Fixed interest rate maturing | | |
| - within one year | 85,294 | 28,178 |
| - one to five years | 0 | 18,860 |
| - over five years | 554,034 | 338,377 |
| Non interest bearing | 0 | 0 |
| Total Borrowings | <u>639,328</u> | <u>385,415</u> |
| Weighted average effective interest rate | <u>6.46%</u> | <u>7.22%</u> |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

22. RATING INFORMATION - 2005/06 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim & Back Rates \$ | | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|-------------------------------------|-----------------------|-------------------------------------|----------------------------------|--------------------------------|------------------------------------------------|--|---------------------------------|-------------------------------------------|-------------------------------------------|----------------------------------------|--------------------------------------------|
| General Rate - GRV | | | | | | | | | | | |
| T - Residential - Town | 0.127265 | 269 | 1,379,508 | 175,563 | 1,696 | | 177,259 | 175,563 | 0 | 0 | 175,563 |
| C - Commercial | 0.127265 | 27 | 344,308 | 43,818 | (2,567) | | 41,251 | 43,818 | 0 | 0 | 43,818 |
| I - Industrial | 0.127265 | 9 | 65,300 | 8,310 | 872 | | 9,182 | 8,310 | 0 | 0 | 8,310 |
| General Rate - UV | | | | | | | | | | | |
| M - Mining | 0.005809 | 0 | | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| S - Special Rural | 0.005809 | 11 | 2,065,000 | 11,996 | (8,229) | | 3,767 | 11,996 | 0 | 0 | 11,996 |
| R - Rural | 0.005809 | 557 | 171,451,000 | 995,959 | 12,592 | | 1,008,551 | 995,959 | 0 | 0 | 995,959 |
| O - Outside Rural | 0.005809 | 0 | | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Sub-Totals | | 873 | 175,305,116 | 1,235,646 | 4,364 | | 1,240,010 | 1,235,646 | 0 | 0 | 1,235,646 |
| Minimum Rates | Minimum \$ | | | | | | | | | | |
| General Rate - GRV | | | | | | | | | | | |
| Residential | 455.00 | 22 | 17,184 | 10,010 | 90 | | 10,100 | 10,010 | 0 | 0 | 10,010 |
| Commercial | 455.00 | 2 | 5,720 | 910 | 425 | | 1,335 | 910 | 0 | 0 | 910 |
| Industrial | 455.00 | 6 | 7,340 | 2,730 | (60) | | 2,670 | 2,730 | 0 | 0 | 2,730 |
| General Rate - UV | | | | | | | | | | | |
| Mining | 455.00 | 9 | 155,492 | 4,095 | 355 | | 4,450 | 4,095 | 0 | 0 | 4,095 |
| Special Rural | 455.00 | 42 | 1,975,500 | 19,110 | (1,310) | | 17,800 | 19,110 | 0 | 0 | 19,110 |
| Broad Acre Rural | 455.00 | 112 | 5,966,440 | 50,960 | 6,379 | | 57,339 | 50,960 | 0 | 0 | 50,960 |
| Outside Rural | 385.00 | 43 | 190,000 | 16,555 | (4,199) | | 12,356 | 16,555 | 0 | 0 | 16,555 |
| Sub-Totals | | 236 | 8,317,676 | 104,370 | 1,680 | | 106,050 | 104,370 | 0 | 0 | 104,370 |
| Specified Area Rate (refer note 23) | | | | | | | 1,346,060 | | | | 1,340,016 |
| Discounts (refer note 25) | | | | | | | 1,346,060 | | | | 1,340,016 |
| Totals | | | | | | | 1,346,060 | | | | 1,340,016 |

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

23. SPECIFIED AREA RATE - 2005/06 FINANCIAL YEAR

nil

24. SERVICE CHARGES - 2005/06 FINANCIAL YEAR

nil

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

nil

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

| | Interest Rate % | Admin. Charge \$ | Revenue \$ | Budgeted Revenue \$ |
|------------------------------|-----------------------|------------------------|---------------|---------------------------|
| Interest on Unpaid Rates | 11% | 0 | 12,341 | 7,000 |
| Interest on Instalments Plan | 5.5% | 0 | 5,890 | 4,000 |
| Charges on Instalment Plan | | 22.50 | 469 | 5,000 |
| | | | 18,700 | 16,000 |

Ratepayers had the option of paying rates in four equal instalments, due on 5th September 2005, 7th November 2005, 9th January 2006 and 13th March 2006. Administration charges and interest applied for the final three instalments.

| 27. FEES & CHARGES | 2006 \$ | 2005 \$ |
|---------------------------|----------------|----------------|
| Governance | 7,026 | 0 |
| General Purpose Funding | 4,900 | 3,600 |
| Law, Order, Public Safety | 6,474 | 3,804 |
| Health | 304,245 | 336,232 |
| Education & Welfare | 886 | 0 |
| Housing | 20,191 | 0 |
| Community Amenities | 77,115 | 81,005 |
| Recreation & Culture | 22,062 | 27,404 |
| Economic Services | 50,360 | 12,698 |
| Other Property & Services | 16,816 | 11,253 |
| | <u>510,075</u> | <u>475,996</u> |

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

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

28. GRANT REVENUE

| | 2006 | 2005 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| By Nature and Type: | | |
| Grants and Subsidies - operating | 1,409,801 | 1,238,709 |
| Grants and Subsidies - non-operating | 534,374 | 890,077 |
| | <u>1,944,175</u> | <u>2,128,786</u> |
| By Program: | | |
| General Purpose Funding | 811,672 | 692,077 |
| Governance | 2,941 | |
| Law, Order, Public Sector | 39,230 | 32,000 |
| Health | 94,500 | |
| Education & Welfare | 3,418 | 1,000 |
| Recreation and Culture | 7,909 | 108,216 |
| Transport | 969,505 | 1,295,493 |
| Economic Services | 15,000 | |
| | <u>1,944,175</u> | <u>2,128,786</u> |

29. COUNCILLORS' REMUNERATION

| | 2006 | 2006 | 2005 |
|------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| | \$ | Budget | \$ |
| | | \$ | |
| The following fees, expenses and allowances were paid to council members and/or the president. | | | |
| Meeting Fees | 39,700 | 39,700 | 37,800 |
| President's Allowance | 3,935 | 3,970 | 3,570 |
| Deputy President's Allowance | 999 | 993 | 893 |
| Conference Expenses | 9,950 | 6,000 | 7,475 |
| Travelling Expenses | 2,502 | 6,000 | 4,537 |
| Telecommunications Allowance | 751 | 1,000 | 572 |
| | <u>57,837</u> | <u>57,663</u> | <u>54,847</u> |

30. EMPLOYEES' REMUNERATION

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

| Salary Range | 2006 | 2005 |
|---------------------|-------------|-------------|
| \$ | | |
| 130,000 - 139,999 | 0 | 1 |
| 150,000 - 159,999 | 1 | 0 |

31. EMPLOYEE NUMBERS

| | 2006 | 2005 |
|--------------------------------------------------------------|-------------|-------------|
| The number of full-time equivalent Employees at balance date | <u>26</u> | <u>26</u> |

32. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

33. MAJOR LAND TRANSACTIONS

nil

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2005/06 financial year.

SHIRE OF BOYUP BROOK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2006

35. FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRSs)

(a) Reconciliation of Equity at 1 July 2004

There were no material differences between Equity in the opening AIFRSs Balance Sheet and the equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

(b) Reconciliation of Equity at 30 June 2005

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRSs and the equity in the 30 June 2005 Balance Sheet presented under previous GAAP.

(c) Reconciliation of Net Result for the Year Ended 30 June 2005

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRSs and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

(d) Explanation of Material Adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under AIFRSs and the Cash Flow Statement presented under previous GAAP.

INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF BOYUP BROOK

Scope

The financial report and Council's responsibility

The financial report comprises the income statement by nature or type, income statement by program, balance sheet, statement of changes in equity, cash flow statement, rate setting statement and accompanying notes to the financial statements for the Shire of Boyup Brook for the year ended 30 June 2006.

Council is responsible for the preparation and true and fair presentation of the financial report in accordance with the Local Government Act 1995 (as amended). This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the electors of the Shire. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 (as amended), including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Shire's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedure, our audit was not designed to provide assurance on internal controls.

Independence

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

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF BOYUP BROOK (continued)**

Audit Opinion

In our opinion, the financial report presents, fairly in accordance with the requirements of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Shire of Boyup Brook as at 30 June 2006 and the results of its operations and its cash flows for the year then ended.

Statutory Compliance

During the course of our audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Submission of Financial Report

The accounts and financial report for the year ended 30 June 2006 were not submitted to the auditor by 30 September 2006 as required by Section 6.4(3) of the Act.

Raising of Loan 114

During the year, Council raised Loan 114 for an amount of \$200,000, of which only \$150,000 was included in the original budget for the year ended 30 June 2006.

30 days local public notice for the additional amount of the loan was not given as required by Section 6.20(2)(b) of the Act.

Review of Budget

A copy of the budget review was not submitted to the Director General of the Department of Local Government within 30 days of its adoption by council, as prescribed by Financial Management Regulation 33A(4).

Monthly Financial Reports

The Monthly Financial Reports for each month were presented to Council as required by Financial Management Regulation 34 however they did not contain the following information as required:

- (1) Material variances between the year to date actual and budgeted income and expenditure. (Financial Management Regulations 34(1)(d)).
- (2) An explanation of each of the variances referred to in (2) above. (Financial Management Regulations 34(2)(b)).

Adoption of Material Variance

Council did not adopt a percentage or value to be used in statements of financial activity for reporting material variances as required by Financial Management Regulation 34(5).

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF BOYUP BROOK (continued)**

Statutory Compliance (continued)

Annual Financial Report

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

Other Matters

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

- a)
 - i) There are no matters that in our opinion indicate significant adverse trends in the financial position of the Shire.
 - ii) A significant adverse trend in the financial management practices of the Shire was evidenced by:
 - difficulty in balancing 30 June 2006 accounts for the purposes of the 2005/06 audit and annual financial report;
 - the number of non-compliance matters listed above; and
 - the late completion of the 2005/06 annual financial report.
- b) Except as detailed above, no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

Date: 19 February 2007
Perth, WA

DAVID TOMASI
PARTNER

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