



SHIRE OF BOYUP BROOK

ANNUAL FINANCIAL REPORT

30 JUNE 2013

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**SHIRE OF BOYUP BROOK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

**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 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Boyup Brook as at 30th June 2013 and the results of the operations for the financial year ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the Regulations under the Act.

Signed on the 29th day of November 2013



**Alan Lamb
Chief Executive Officer**

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2011/12 ACTUAL	2012/13 BUDGET	2012/13 ACTUAL
EXPENSES		\$	\$	\$
General Purpose Funding		(499,838)	(99,072)	(94,082)
Governance		(91,511)	(469,587)	(250,547)
Law, Order, Public Safety		(135,062)	(189,445)	(166,461)
Health		(684,350)	(692,088)	(728,015)
Education and Welfare		(91,726)	(88,729)	(100,670)
Housing		(68,627)	(91,203)	(81,100)
Community Amenities		(368,183)	(338,851)	(291,024)
Recreation and Culture		(633,642)	(703,672)	(647,828)
Transport		(2,019,221)	(1,807,587)	(2,550,665)
Economic Services		(317,876)	(642,477)	(304,659)
Other Property and Services		(11,200)	(47,755)	(93,959)
		(4,921,236)	(5,170,466)	(5,309,011)
REVENUE				
General Purpose Funding		3,320,841	2,708,201	3,141,319
Governance		1,500	1,320	(1,448)
Law, Order, Public Safety		83,294	55,114	52,569
Health		617,125	645,455	628,005
Education and Welfare		16,136	8,132	17,957
Housing		55,548	59,254	44,186
Community Amenities		128,175	111,560	111,166
Recreation and Culture		106,117	49,776	74,655
Transport		340,677	124,350	143,415
Economic Services		150,404	163,498	97,495
Other Property & Services		140,343	34,110	88,515
		4,960,160	3,960,770	4,397,834
		<u>Increase(Decrease)</u>	(1,209,696)	(911,177)
Finance Costs				
Health		(3,953)	(3,240)	(3,951)
Housing		(5,368)	(5,243)	(3,462)
Education & Welfare		0	0	(3,078)
Community Amenities		(1,673)	(1,529)	(1,619)
Recreation and Culture		(9,654)	(9,551)	(9,364)
Economic Services		(3,829)	(3,535)	(3,388)
Other Property & Services		(1,705)	(1,604)	(1,617)
		<u>Increase(Decrease)</u>	(24,702)	(26,480)
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
		0	0	0
		<u>Increase(Decrease)</u>		
Profit/(Loss) on Disposal of Assets				
Health		0	(18,317)	0
Transport - Profit		115,838	32,665	66,865
Transport - Loss		0	0	(47,798)
Other Property & Services		(7,155)	0	0
		<i>Profit/(Loss) on Disposal</i>	14,348	19,067
Non-Operating Grants, Subsidies & Contributions				
Community Amenities		649,348	0	0
Recreation & Culture		253,700	45,000	0
Transport		461,720	787,705	460,690
Economic Services		0	10,000	0
	32	1,364,768	842,705	460,690
Net Result		1,486,193	(377,345)	(457,900)
Other Comprehensive Income				
Changes on revaluation of non-current assets	7	0	0	27,008,606
TOTAL COMPREHENSIVE INCOME		1,486,193	(377,345)	26,550,706

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

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE/TYPE
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2011/12 ACTUAL	2012/13 BUDGET	2012/13 ACTUAL
Expenses				
Employee Costs		(1,863,990)	(2,409,668)	(1,933,269)
Materials and Contracts		(1,563,474)	(1,137,199)	(1,288,085)
Utility Charges		(100,373)	(137,558)	(131,381)
Depreciation on Non-Current Assets	2(a)	(1,111,222)	(800,875)	(1,672,787)
Interest Expenses	2(a)	(26,182)	(24,702)	(26,480)
Insurance Expenses		(186,471)	(198,180)	(215,353)
Other Expenditure		(95,708)	(447,635)	(68,135)
		(4,947,420)	(5,155,817)	(5,335,490)
Revenue				
Rates		1,920,253	2,024,019	2,024,488
Operating Grants, Subsidies and Contributions		1,788,464	702,276	1,264,256
Fees and Charges	15	964,176	999,351	951,863
Service Charges		0	0	0
Interest Earnings	2(a)	161,383	179,723	131,720
Other Revenue		125,886	16,050	25,506
		4,960,162	3,921,419	4,397,833
		12,742	(1,234,398)	(937,657)
Non-Operating Grants, Subsidies & Contributions	32	1,364,768	842,705	460,690
Fair Value Adjustments to financial assets at fair value through profit/loss		0	0	0
Profit on Asset Disposals		115,838	72,016	66,865
Loss on Asset Disposals		(7,155)	(57,668)	(47,798)
		1,473,451	857,053	479,757
Net Result		1,486,193	(377,345)	(457,900)
Other Comprehensive Income				
Changes on revaluation of non-current assets	7	0	0	27,008,606
Total Other Comprehensive Income		0	0	27,008,606
TOTAL COMPREHENSIVE INCOME		1,486,193	(377,345)	26,550,706

**SHIRE OF BOYUP BROOK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Note	2011/12 \$	2012/13 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,460,368	2,793,811
Trade and other receivables	26	165,124	254,103
Inventories	27	9,685	9,051
TOTAL CURRENT ASSETS		3,635,177	3,056,965
Non-current assets			
Property, infrastructure, plant and equipment	4	5,996,508	14,624,287
Infrastructure	4	53,644,146	72,763,060
TOTAL NON-CURRENT ASSETS		59,640,654	87,387,347
TOTAL ASSETS		63,275,831	90,444,312
CURRENT LIABILITIES			
Trade and other payables	28	256,202	500,987
Interest-bearing loans and borrowings	29	45,693	48,869
Provisions	30	350,521	455,327
TOTAL CURRENT LIABILITIES		652,416	1,005,183
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	29	361,767	716,714
Provisions	30	125,652	35,713
TOTAL NON-CURRENT LIABILITIES		487,419	752,427
TOTAL LIABILITIES		1,139,835	1,757,610
NET ASSETS		62,135,996	88,686,702
EQUITY			
Retained surplus		51,728,668	52,352,419
Reserves - other (cash/investment backed)	6	2,138,379	1,056,728
Reserve - asset revaluation	7	8,268,949	35,277,555
TOTAL EQUITY		62,135,996	88,686,702

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 30 JUNE 2013

	Note	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		50,822,439	1,558,415	8,268,949	60,649,803
Comprehensive Income					
Net Result		1,486,193	0	0	1,486,193
Changes on Revaluation of Non-Current Assets	7	0	0	0	0
Total Comprehensive Income		1,486,193	0	0	1,486,193
Transfer from /(to) reserves	6	(579,964)	579,964	0	0
Balance as at 30 June 2012		51,728,668	2,138,379	8,268,949	62,135,996
Comprehensive Income					
Net Result		(457,900)	0	0	(457,900)
Changes on Revaluation of Non-Current Assets	7	0	0	27,008,606	27,008,606
Total Comprehensive Income		(457,900)	0	27,008,606	26,550,706
Transfer from /(to) reserves	6	1,081,651	(1,081,651)	0	0
Balance as at 30 June 2013		52,352,419	1,056,728	35,277,555	88,686,702

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

SHIRE OF BOYUP BROOK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2011/12 ACTUAL	2012/13 BUDGET	2012/13 ACTUAL
		\$	\$	\$
Cash Flows from operating activities				
PAYMENTS				
Employee Costs		(1,833,475)	(2,449,154)	(1,940,224)
Materials & Contracts		(1,504,254)	(1,140,834)	(1,053,371)
Utilities		(100,373)	(137,558)	(131,381)
Insurance		(186,471)	(198,181)	(215,353)
Interest Expenses		(26,182)	(24,702)	(21,816)
Goods and Services Tax		1,156	0	(320,614)
Other		(95,708)	(449,120)	(70,682)
		(3,745,307)	(4,399,549)	(3,753,441)
RECEIPTS				
Rates		1,931,474	2,037,525	2,104,214
Operating Grants, Subsidies and Contributions		1,784,064	706,276	1,264,256
Fees and Charges		1,016,975	1,019,789	897,593
Interest Received		161,383	179,723	130,351
Goods and Services Tax		(31,190)	0	229,832
Other		125,886	16,050	33,632
		4,988,592	3,959,363	4,659,878
Net cash provided by/(used in) operating activities	8(b)	1,243,285	(440,186)	906,437
Cash flows from investing activities				
Payments				
Purchase Land and Buildings		(94,003)	(390,834)	(474,569)
Purchase Infrastructure Assets- Roads		(804,420)	(1,010,056)	(816,183)
Purchase Infrastructure Assets - Recreational Facilities		(37,044)	(20,300)	(11,675)
Purchase Infrastructure Assets - Footpaths		(16,380)	(21,600)	(13,669)
Purchase Infrastructure Assets - Drainage		(359,839)	(271,166)	(253,700)
Purchase Infrastructure Assets - Other		0	(272,000)	(61,082)
Purchase Plant and Equipment		(297,036)	(816,750)	(822,817)
Purchase Furniture and Equipment		(3,944)	(152,550)	(193,716)
Receipts				
Proceeds from Sale of Plant & Equipment		157,351	288,500	255,605
Non-Operating Grants, Subsidies & Contributions		1,356,642	842,705	460,690
Net cash used in investing activities		(98,673)	(1,824,051)	(1,931,116)
Cash flows from financing activities				
Loan Repayments -Principal		(42,875)	(45,693)	(41,878)
Advances to Community Groups		0	(150,000)	0
Proceeds from New Debentures		0	450,000	400,000
Proceeds from Self Supporting Loans		0	0	0
Net cash provided by/(used in) financing activities		(42,875)	254,307	358,122
Net Increase/(Decrease) in Cash Held		1,101,737	(2,009,930)	(666,557)
Cash at the Beginning of Reporting Period		2,358,631	3,460,367	3,460,368
Cash and Cash Equivalents				
at the End of the Year	8(a)	3,460,368	1,450,437	2,793,811

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

**SHIRE OF BOYUP BROOK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	NOTES	2011/12 ACTUAL	2012/13 BUDGET	2012/13 ACTUAL
REVENUE			\$	\$
General Purpose Funding		1,400,589	684,182	1,116,831
Governance		1,500	1,320	(1,448)
Law, Order Public Safety		83,295	55,114	52,569
Health		617,125	645,455	628,005
Education and Welfare		16,136	8,132	17,957
Housing		55,548	59,254	44,186
Community Amenities		777,523	111,560	111,166
Recreation and Culture		359,817	94,776	74,655
Transport		918,235	102,016	210,280
Economic Services		150,404	173,498	97,495
Other Property and Services		140,343	34,110	88,515
		4,520,515	1,969,417	2,440,210
LESS EXPENDITURE				
General Purpose Funding		(91,512)	(99,072)	(94,082)
Governance		(499,838)	(469,587)	(250,547)
Law, Order, Public Safety		(135,062)	(189,445)	(166,461)
Health		(688,303)	(713,645)	(731,966)
Education and Welfare		(91,726)	(88,729)	(104,132)
Housing		(73,996)	(96,446)	(84,178)
Community Amenities		(369,856)	(340,380)	(292,643)
Recreation and Culture		(616,985)	(713,222)	(657,192)
Transport		(2,019,220)	(1,807,587)	(2,598,463)
Economic Services		(348,016)	(646,012)	(308,048)
Other Property & Services		(20,060)	(49,360)	(95,576)
		(4,954,574)	(5,213,485)	(5,383,288)
Net Result Excluding Rates		(434,059)	(3,244,068)	(2,943,077)
Adjustments for Cash Budget Requirements:				
Movement in Employee Entitlements Accrued		30,515	0	14,867
Movement in Inventory		0	0	633
Movement in Accrued Salaries & Wages		3,505	0	(21,723)
Movement in Accrued Interest		0	0	4,664
Movement in Accrued Expenses		1,156	0	4,184
Profit/ Loss on the disposal of assets	4	(108,683)	(14,348)	(19,066)
Depreciation Written Back	2(a)	1,111,222	800,875	1,672,787
		1,037,715	786,527	1,656,346
	<u>Sub Total</u>	603,656	(2,457,541)	(1,286,732)
LESS CAPITAL PROGRAMME				
Purchase Land & Buildings		(94,003)	(390,834)	(474,569)
Infrastructure Assets - Roads		(830,257)	(1,010,056)	(816,183)
Infrastructure Assets - Footpaths		(16,380)	(21,600)	(13,669)
Infrastructure Assets - Recreation Facilities		(37,044)	(20,300)	(11,675)
Infrastructure Assets - Drainage		(359,839)	(271,166)	(253,700)
Infrastructure Assets - Other		0	(272,000)	(61,082)
Purchase Plant and Equipment		(297,036)	(816,750)	(822,817)
Purchase Furniture and Equipment		(3,944)	(152,550)	(193,716)
Proceeds from Sale of Assets	4	157,351	288,500	255,604
Contributions towards the Development of Assets	32	0	842,705	460,690
Repayment of Debt - Loan Principal	5(c)	(42,875)	(45,693)	(41,878)
Proceeds from New Debentures	5(b)	0	450,000	400,000
Loan Advances to Community Groups		0	(150,000)	0
Transfer to Reserves	6	(664,361)	(248,947)	(214,886)
Transfer from Reserves	6	84,397	1,005,642	1,296,539
Unspent Restricted Funds		(1,096,282)	1,056,303	0
	<u>Sub Total</u>	(3,200,273)	243,254	(891,344)
LESS FUNDING FROM				
Opening Funds - July 1 B/Fwd		938,955	243,755	1,323,453
Other Adjustments		(35,421)	0	0
Closing Funds - June 30 C/Fwd	23(a)	(227,171)	(53,487)	(1,569,866)
AMOUNT TO BE MADE UP FROM RATES		(1,920,253)	(2,024,019)	(2,024,488)

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

SHIRE OF BOYUP BROOK
STATEMENT OF RATING INFORMATION
FOR THE YEAR ENDED 30 JUNE 2013

	CURRENT YEAR ESTIMATED 2012/13				CURRENT YEAR ACTUAL 2012/13				
	No. of Prop.	General Rate Rateable Value \$	Rate Yield \$	Minimum Rate Rateable Value \$	No.	General Rate Rateable Value \$	Rate Yield \$	Minimum Rate Rateable Value \$	TOTAL \$
General Rate GRV.	305	2,789,731	338.116	116,074	35	2,789,731	338.115	116,074	361,636
General Rate UV - Rural	634	268,301,000	1,462,240	19,846,740	272	268,301,000	1,462,240	19,846,740	1,645,024
General Rate UV - Mining	0	0	0	276,718	21	0	0	276,718	14,112
SUB TOTAL GENERAL RATE	939	271,090,731	1,800,356	20,241,532	328	271,090,731	1,800,356	20,241,532	2,020,772
Interim Rates Ex-Gratia Rates									3,716
SUB TOTAL									3,716
GRAND TOTAL	939	271,090,731	1,800,356	20,241,532	328	271,090,731	1,800,356	20,241,532	2,024,488

NOTE: (1) THE OBJECT AND REASON FOR GENERAL AND MINIMUM RATE

Council has imposed a general GRV rate of \$0.1212 and a general UV rate of \$0.00545 and a minimum rate of \$672.00 pa, as Council perceives it to be a "reasonable" minimum level of rates which all ratepayers in its district should pay. The minimum rate reflects the basic cost incurred by the Council in servicing each lot or dwelling in its district.

(2) RATES LEVIED IF NO MINIMUM RATE OF \$672 PA WAS IMPOSED

Total GRV & U.V. Applicable to Properties that Minimum rate applies	General Rate in Dollar	Rate Levied on Properties that the Minimum Rate Applies
2,905,805	X	\$0.121200 = \$ 352,184
268,147,740	X	\$0.005450 = \$ 1,570,405

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

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

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

(f) Inventories

General

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

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or
 - (II) infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 13.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

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

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

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

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

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the *Initial Recognition* section as detailed above.

Those assets carried at fair value will be carried in accordance with the *Revaluation* methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

Land under Roads

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

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

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

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

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

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included

Capitalisation Threshold

Expenditure on items of furniture & equipment under \$1,000 are generally not capitalised. Rather, it is recorded on an asset inventory listing.

Expenditure on items of plant & equipment under \$2,000 are generally not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Derecognition

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

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

(i) Impairment

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

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

(j) Trade and Other Payables

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

(k) Employee Benefits

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

(l) Borrowing Costs

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

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

Provisions are recognised when:

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

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

(n) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

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

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

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

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

(o) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 18.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(o) for details) in the financial report.

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

(q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Budget Comparative Figures

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

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	01 January 2013 Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	This Standard is not expected to significantly impact on the Council's financial statements. Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

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

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

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

The Council also chose to early adopt AASB 13 – *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2 REVENUES AND EXPENSES

(a) The Net Result includes:

<u>Actual</u> <u>2011/12</u> \$		<u>Budget</u> <u>2012/13</u> \$	<u>Actual</u> <u>2012/13</u> \$
	(l) Charging as Expenses		
	Depreciation on Non-Current Assets		
1,225	Governance	3,085	1,222
10,530	Law, Order, Public Safety	9,516	10,980
15,875	Health	15,720	19,340
8,136	Education and Welfare	7,917	8,114
20,969	Housing	20,585	21,137
12,812	Community Amenities	14,757	13,511
52,627	Recreation and Culture	57,279	58,673
766,916	Transport	447,669	1,293,217
8,435	Economic Services	8,558	11,149
213,697	Other Property and Services	215,789	235,444
<u>1,111,222</u>		<u>800,875</u>	<u>1,672,787</u>
91,140	Buildings	94,084	96,870
19,981	Furniture & Equipment	22,751	36,734
221,301	Plant & Equipment	221,302	231,192
759,247	Roads	440,000	1,281,928
2,202	Footpaths	2,202	2,506
10,017	Recreation	13,192	12,450
3,175	Parks & Gardens	0	3,166
814	Drainage	4,000	3,598
3,345	Other	3,344	4,343
<u>1,111,222</u>		<u>800,875</u>	<u>1,672,787</u>
	Auditors Remuneration		
20,664	Audit	15,000	13,300
0	Other Services	1,000	0
	Borrowing Costs (Interest)		
<u>26,182</u>	Interest Expenses (<i>refer note 5</i>)	<u>24,702</u>	<u>26,480</u>
	Rental Charges		
<u>2,160</u>	Operating Leases	<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 2013**

2 REVENUES AND EXPENSES (continued)

Actual 2011/12 \$	(ii) Crediting as Revenue	Budget 2012/13 \$	Actual 2012/13 \$
	Interest on Earnings		
69,903	Reserve Funds	85,342	51,282
74,956	Other Funds	77,531	55,798
16,524	Other Interest Revenue	16,850	24,640
<u>161,383</u>		<u>179,723</u>	<u>131,720</u>
	Profit/(Loss) on Sale of Non-Current Assets		
0	Buildings	0	0
108,683	Plant and Equipment	14,348	19,066
0	Furniture and Equipment	0	0
<u>108,683</u>		<u>14,348</u>	<u>19,066</u>

(b) DESCRIPTION OF FUNCTIONS/ACTIVITIES

The principal activities of Council for the Local Government of the Shire of Boyup Brook covers the provisions of law, order, public safety services, education services, health services, welfare services, housing services, community amenities, recreation and cultural services, transport services, economic services, and other property services as permitted under the Local Government Act or other written law.

Description of Programs

General Purpose Funding

Rates Levied, Interest on Late Payment of Rates, General Purpose Grants and Interest Received on Investments.

Governance

Member of Council, Civic Functions, Election Expenses, and Administration Expenses.

Law, Order, Public Safety

Fire Prevention and Administration, Animal Control, Dog Pound, Supervision of various Local Laws, Emergency Services.

Health

Environmental Health, Food Control, Pest Control, Immunisation Services, and Medical Services.

Education and Welfare

Pre-Schools and other Education, Rylington Park, Care of Families and Children, Aged and Disabled Services.

Housing

Staff Housing, Aged Housing and Public Housing.

Community Amenities

Refuse Collection Services, Landfill Site Operations, Protection of the Environment, Cemetery and Memorials, Public Conveniences, Administration of the Town Planning Scheme and Urban Stormwater and Drainage Works.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

(b) DESCRIPTION OF FUNCTIONS/ACTIVITIES (continued)

Recreation and Culture

Maintenance of Halls, Swimming Pool, Sports Grounds, Parks and Reserves, Libraries and Other Culture.

Transport

Maintenance of Roads, Drainage Works, Footpaths, Street Lighting, Crossovers, Verge Maintenance and Street Sweeping.

Economic Services

Area Promotion, Caravan Park and Flaxmill, Implementation of Building Controls, Swimming Pool Inspections.

Other Property and Services

Private Works, Public Works Overheads, Plant Operations, Materials, Salaries and Wages Controls, Administration and Other Unclassified Activities.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Grant/Contribution	Function/ Activity	Opening		2011/12		2011/12		Closing		Expended (#) 2012/13	Expended (\$) 2012/13	Received (+) 2012/13	Received (\$) 2012/13	Closing Balance 30-Jun-13
			Balance (*) 1-Jul-11	Balance (*) 30-Jun-12	Received (+) 2011/12	Expended (#) 2011/12	Expended (\$) 2011/12	Balance (*) 30-Jun-12							
DLG - Asset Management		Other Property	80,000	0	0	(76,000)	0	4,000	0	(4,000)	0	0	0	0	
DLG - Financial Planning		Other Property	25,000	0	0	(25,000)	0	0	0	0	0	0	0	0	
DLG - Strategic Planning/Capacity Building		Other Property	0	0	45,000	(2,631)	0	42,369	0	(42,369)	0	0	0	0	
Dry Season Grant		Economic Serv	9,337	0	0	(9,337)	0	0	0	0	0	0	0	0	
WA Local Govt Grants Comm.		GP Funding	237,901	0	497,814	(237,901)	0	497,814	0	(497,814)	0	0	0	0	
Emergency Services Planning		Law, Order	0	0	22,856	0	0	22,856	0	(22,856)	0	0	0	0	
Aged Needs Study		Ed & Welfare	0	0	8,000	0	0	8,000	0	(8,000)	0	0	0	0	
CLGF - 2010/11 Storm Water		Corn Amenities	0	0	321,085	(31,576)	0	289,509	0	(253,700)	0	0	0	35,809	
CLGFR - 2010/11 Ablution Block		Rec & Culture	0	0	150,000	0	0	150,000	0	(79,733)	0	0	0	70,267	
CLGFR - 2010/11 Transportable		Rec & Culture	0	0	66,700	(13,566)	0	53,134	0	(53,134)	0	0	0	0	
Ablutions		Rec & Culture	0	0	25,000	(1,400)	0	23,600	0	(11,589)	0	0	0	12,011	
KidzSports Program		Economic Serv	0	0	5,000	0	0	5,000	0	(5,000)	0	0	0	0	
SWDC - Bunbury Albany Tourist		Law, Order	0	0	0	0	0	0	0	0	0	7,843	0	7,843	
Route Promotion		Other Property	0	0	0	0	0	0	0	(14,123)	0	25,000	0	10,877	
DLG - Cat Management Facility			0	0	0	0	0	0	0	0	0	0	0	0	
DLG - Workforce Planning			0	0	0	0	0	0	0	0	0	0	0	0	
LWA - Youth Centre Improvements		Ed & Welfare	0	0	0	0	0	0	0	(9,545)	0	9,545	0	0	
DfC - National Youth Week Check		Ed & Welfare	0	0	0	0	0	0	0	(1,000)	0	1,000	0	0	
Ill Event		Transport	0	0	0	0	0	0	0	(155,000)	0	155,000	0	0	
MRWA - RRG Grants		Transport	0	0	0	0	0	0	0	(299,973)	0	299,973	0	0	
DIT - Roads to Recovery Grant			0	0	0	0	0	0	0	0	0	0	0	0	
Total			352,238	1,141,455	(397,411)	1,096,282	498,361	(1,457,836)	136,807						

Notes:

- (*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

3 CASH AND CASH EQUIVALENTS

Actual 2011/12		Adopted 2012/13	Actual 2012/13
\$		\$	\$
550	Cash on Hand	550	550
225,157	Cash at Bank	68,203	1,736,533
3,234,661	Investments	1,381,684	1,056,728
3,460,368	Represented by:-	1,450,437	2,793,811
3,234,661	Restricted	1,396,951	1,593,535
225,707	Unrestricted	53,486	1,200,276
3,460,368		1,450,437	2,793,811

(a) Restricted Funds

The following restrictions have been imposed by regulations or other externally imposed requirements:

143,312	Plant Reserve	10,000	7,705
158,242	Leave Reserve	117,306	114,771
21,796	Depot Reserve	10,000	9,651
36,163	Community Housing Reserve	37,878	37,298
36,470	Emergency Services Reserve	37,929	37,345
14,081	Bush Fire Radio Reserve	15,000	14,775
12,726	Insurance Claims Reserve	13,235	13,031
139,524	Recreation Facilities Reserve	120,200	118,048
1,046,889	Commercial Reserve	780,000	469,701
20,806	Infrastructure Reserve	13,638	13,305
47,958	Bridge Maintenance & Construction Reserve	0	273
60,842	Medical Services Reserve	5,679	4,705
9,446	Swimming Pool Reserve	14,856	14,705
38,628	Town Hall Reserve	0	0
1,781	Administration Centre Reserve	1,852	1,824
25,973	Building Maintenance Reserve	1,000	584
23,063	Aged Accommodation Reserve	23,986	23,616
18,836	Road Contributions Reserve	20,000	19,699
79,414	IT/Office Equipment Reserve	20,125	18,851
62,374	Transfer Station Reserve	0	84
109,627	Caravan Park Reserve	115,000	113,244
29,630	Flax Mill Sheds Reserve	23,000	22,526
798	Library Furniture Reserve	1,000	987
1,096,282	Unspent Grants	15,267	136,807
0	Unspent Loan Funds	0	400,000
3,234,661		1,396,951	1,593,535

4 FIXED ASSETS

(a) Disposal of Assets

In accordance with Financial Management Regulation 36(1)(e), the following information is provided in relation to the disposal of Assets by Asset Class:

	Proceeds Sale of Assets		Written Down Value		Gain(Loss) on Disposal	
	2012/13	2012/13	2012/13	2012/13	2012/13	2012/13
	Adopted Budget	Actual	Adopted Budget	Actual	Adopted Budget	Actual
	\$	\$	\$	\$	\$	\$
Asset by Class						
Plant and Equipment	288,500	255,605	274,152	236,539	14,348	19,066
TOTAL BY CLASS OF ASSET	288,500	255,605	274,152	236,539	14,348	19,066

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

4 FIXED ASSETS (continued)
(a) Disposal of Assets (continued)

Asset by Program	Proceeds Sale of Assets 2012/13 \$	Written Down Value 2012/13 \$	Gain/(Loss) on Disposal 2012/13 \$
Governance	0	0	0
Law, Order, Public Safety	0	0	0
Health	0	0	0
Education and Welfare	0	0	0
Housing	0	0	0
Community Amenities	0	0	0
Recreation and Culture	0	0	0
Transport	255,605	236,539	19,066
Economic Services	0	0	0
Other Property and Services	0	0	0
TOTAL BY PROGRAM	255,605	236,539	19,066

(b) Borrowing Costs Incurred and Capitalised as Part of a Qualifying Asset

No Borrowing Costs were Incorporated In the Financial Statement as Assets purchased were funded from General Purpose Funding.

(c) Fixed Assets Classified according to Class

Actual 2011/12			Actual 2012/13	
\$	\$		\$	\$
1,090,420		Property, Plant & Equipment	2,434,500	
<u>0</u>	1,090,420	Land at valuation	<u>0</u>	2,434,500
		Less Accumulated Depreciation		
4,671,978		Buildings at valuation	10,532,950	
<u>(1,497,429)</u>	3,174,549	Less Accumulated Depreciation	<u>0</u>	10,532,950
		Furniture and Equipment at valuation	54,600	
242,972		Less Accumulated Depreciation	<u>0</u>	54,600
<u>(164,732)</u>	78,240	Plant and Equipment at valuation	1,602,237	
		Less Accumulated Depreciation	<u>0</u>	1,602,237
2,942,089				
<u>(1,288,790)</u>	1,653,299			
	<u>5,996,508</u>			
		Infrastructure Assets		
72,270,699		Roads at valuation	106,491,537	
<u>(19,504,143)</u>	52,766,556	Less Accumulated Depreciation	<u>(34,920,131)</u>	71,571,406
		Footpaths at cost	139,331	
125,862		Less Accumulated Depreciation	<u>(13,723)</u>	125,608
<u>(11,217)</u>	114,445	Recreation at cost	348,908	
		Less Accumulated Depreciation	<u>(135,408)</u>	213,500
337,234		Parks & Gardens at cost	121,862	
<u>(122,958)</u>	214,276	Less Accumulated Depreciation	<u>(35,105)</u>	86,757
		Drainage at cost	613,540	
121,862		Less Accumulated Depreciation	<u>(4,411)</u>	609,129
<u>(31,939)</u>	89,923	Other Structures at cost	191,588	
		Less Accumulated Depreciation	<u>(34,928)</u>	156,660
359,839		Rounding		
<u>(814)</u>	359,025			
130,506				
<u>(30,586)</u>	99,920			
82,293,261	<u>53,644,145</u>	TOTAL FIXED ASSETS	<u>72,763,060</u>	
	<u>59,640,653</u>		<u>87,387,347</u>	

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

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

4 FIXED ASSETS (continued)

(c) Fixed Assets Classified according to Class (continued)

Land and Buildings

The Shire's land and buildings were revalued at 30 June 2013 by independent valuers. In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy). With regard to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs). Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs. These Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement. The revaluation resulted in an overall increase of \$8,324,782 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 7 for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

Plant and Equipment

The Shire's Plant and Equipment was revalued at 30 June 2013 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs). The revaluation resulted in an overall decrease of \$406,148 in the net value of the Shire's plant and equipment. All of this decrease was debited to the revaluation surplus in the Shire's equity and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment

The Shire's Furniture and Equipment was revalued at 30 June 2013 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs). The revaluation resulted in an overall decrease of \$180,622 in the net value of the Shire's furniture and equipment. All of this decrease was debited to the revaluation surplus in the Shire's equity and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Road Infrastructure

During 2012/2013, the Shire engaged Howson Management to conduct a desktop update of road inventory. This update resulted in the Shire revaluing its Road Assets to reflect the current replacement valuation less depreciation based on the current known condition.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

4 FIXED ASSETS (continued)
(d) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant, and equipment between the beginning and the end of the current financial year

Description	Land and Buildings	Furniture and Equip.	Plant and Equip.	Roads	Footpaths	Recreation	Parks & Gardens	Drainage	Other Infrastruct.	TOTAL 2012/13
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Balance at the beginning of the year	5,762,398	242,972	2,942,089	72,270,699	125,662	337,234	121,862	359,839	130,506	82,293,261
Assets Acquired during the year	474,570	193,716	822,817	816,183	13,669	11,875	0	253,700	61,083	2,647,413
Assets Disposed during the year	0	0	(618,559)	0	0	0	0	0	0	(618,559)
Revaluation Increments/ (decrements)	6,730,482	(382,088)	(1,544,110)	33,404,655	0	0	0	0	0	38,208,939
Asset Balance at the end of the year	12,967,450	54,600	1,602,237	106,491,537	139,331	348,909	121,862	613,540	191,589	122,531,055
Depreciation at the beginning of the year	(1,497,429)	(164,732)	(1,288,790)	(19,504,143)	(11,217)	(122,958)	(31,939)	(814)	(30,586)	(22,652,608)
Depreciation Expense Raised	(96,870)	(36,734)	(231,192)	(1,281,928)	(2,506)	(12,451)	(3,166)	(3,597)	(4,343)	(1,672,787)
Depreciation Expense Written Back on Disposals	0	0	382,020	0	0	0	0	0	0	382,020
Revaluation Increments/ (decrements)	1,594,299	201,466	1,137,962	(14,134,060)						(11,200,333)
Depreciation at the end of Year	0	0	0	(34,920,131)	(13,723)	(135,409)	(35,105)	(4,411)	(34,929)	(35,143,708)
Net Asset Values at the end of the year	12,967,450	54,600	1,602,237	71,571,406	125,608	213,500	86,757	609,129	156,660	87,387,347

5 BORROWINGS INFORMATION

(a) In accordance with Financial Management regulation 48 the unspent balance of money borrowed in previous years is summarised as follows:

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
0	Loans Unspent	0	0
0	CLOSING BALANCE	0	0

(b) Loans Raised In Current Financial Year

Particulars	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual	Budget						Actual	Budget	
CM Centre	0	300,000		P & I	20	0	0.00%	0	300,000	0
BBCMC - SS	0	150,000		P & I	20	0	0.00%	0	150,000	0
Land Acquisition	400,000	0	WATC	P & I	20	231,415	4.80%	400,000	0	400,000

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

5 BORROWINGS INFORMATION (Continued)
(c) Loan Repayments

Program	Loan No.	Principal	Loans Raised		Interest		Loan Repayment		Principal
		01.07.12	Budget 2012/13	Actual 2012/13	Budget 2012/13	Actual 2012/13	Budget 2012/13	Actual 2012/13	30.6.2013
		\$	\$	\$	\$	\$	\$	\$	\$
Health									
Hospital Upgrade	107	14,909	0	0	756	755	14,909	14,909	0
Medical Practitioner House	102	40,046	0	0	2,484	2,484	7,036	7,036	33,010
Housing									
1 Rogers Avenue	115	89,084	0	0	5,243	5,243	4,249	4,249	84,835
Community Amenities									
Landfill & Transfer Station	112	22,149	0	0	1,529	1,602	2,144	1,053	21,096
Recreation									
Swimming Pool Bowl	114	162,003	0	0	9,551	9,551	7,722	7,721	154,282
Economic									
Flaxmill Complex Upgrade	106	27,647	0	0	1,910	1,912	4,263	4,264	23,383
Flaxmill Site Water Upgrade	109	26,351	0	0	1,625	1,740	3,731	1,839	24,513
Other Property & Services									
Administration Building Roof	110	25,271	0	0	1,604	1,655	1,639	807	24,464
Land Development	118	0	0	400,000	0	0	0	0	400,000
TOTAL		407,480	0	400,000	24,702	24,942	45,693	41,878	765,583
Loan Repayments to be financed by the Shire					24,702	24,942	45,693	41,878	
TOTAL					24,702	24,942	45,693	41,878	

6 RESERVES

In accordance with Financial Management Regulation 38 the following Reserve account information is disclosed.

(a) Plant & Vehicles Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$ 104,974	Opening Balance	\$ 143,312	\$ 143,312
0	Plus Transfer from Accumulated Surplus		
38,338	- Interest Received	5,732	3,437
0	- Transfer to Reserve	111,206	111,206
0	Less Transfer to Accumulated Surplus		
143,312	- Plant Purchases	(250,250)	(250,250)
	CLOSING BALANCE	10,000	7,705

(b) Leave Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$ 175,376	Opening Balance	\$ 158,242	\$ 158,242
7,866	Plus Transfer from Accumulated Surplus		
0	- Interest Received	6,330	3,795
0	- Transfer to Reserve	0	0
(25,000)	Less Transfer to Accumulated Surplus		
158,242	- Transfer from Reserve	(47,266)	(47,266)
	CLOSING BALANCE	117,306	114,771

(c) Depot Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$ 20,860	Opening Balance	\$ 21,796	\$ 21,796
936	Plus Transfer from Accumulated Surplus		
0	- Interest Received	872	523
0	- Transfer to Reserve	7,332	7,332
0	Less Transfer to Accumulated Surplus		
21,796	- Transfer from Reserve	(20,000)	(20,000)
	CLOSING BALANCE	10,000	9,651

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6 RESERVES (Continued)

(d) Community Housing Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
24,102	Opening Balance	36,163	36,163
	Plus Transfer from Accumulated Surplus		
0	- Interest Received	1,447	867
12,061	- Transfer to Reserve	8,268	8,268
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(8,000)	(8,000)
<u>36,163</u>	CLOSING BALANCE	<u>37,878</u>	<u>37,298</u>

(e) Emergency Services Reserve (Cash Backed)

Purpose - 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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
34,905	Opening Balance	36,470	36,470
	Plus Transfer from Accumulated Surplus		
1,565	- Interest Received	1,459	875
0	- Transfer to Reserve	0	0
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	0	0
<u>36,470</u>	CLOSING BALANCE	<u>37,929</u>	<u>37,345</u>

(f) Bushfire Radios Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
13,476	Opening Balance	14,081	14,081
	Plus Transfer from Accumulated Surplus		
605	- Interest Received	563	338
0	- Transfer to Reserve	356	356
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	0	0
<u>14,081</u>	CLOSING BALANCE	<u>15,000</u>	<u>14,775</u>

(g) Insurance Claims Reserve (Cash Backed)

Purpose - This reserve was established after Council agreed to pay an excess on certain Insurance policies. Funds are to be utilised where insurance claims are excessive in any one year.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
14,956	Opening Balance	12,726	12,726
	Plus Transfer from Accumulated Surplus		
670	- Interest Received	509	305
0	- Transfer to Reserve	0	0
	Less Transfer to Accumulated Surplus		
(2,900)	- Transfer from Reserve	0	0
<u>12,726</u>	CLOSING BALANCE	<u>13,235</u>	<u>13,031</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6 RESERVES (Continued)

(h) Recreation Facilities Reserve (Cash Backed)

Purpose - To be used to fund improvements to the Recreation Facilities and Grounds.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
144,062	Opening Balance	139,524	139,524
	Plus Transfer from Accumulated Surplus		
6,462	- Interest Received	5,498	3,346
0	- Transfer to Reserve	478	478
	Less Transfer to Accumulated Surplus		
(11,000)	- Transfer from Reserve	(25,300)	(25,300)
<u>139,524</u>	CLOSING BALANCE	<u>120,200</u>	<u>118,048</u>

(i) Commercial Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
480,140	Opening Balance	1,046,889	1,046,889
	Plus Transfer from Accumulated Surplus		
0	- Interest Received	41,889	25,106
566,749	- Transfer to Reserve	2,428	2,428
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(311,206)	(804,722)
<u>1,046,889</u>	CLOSING BALANCE	<u>780,000</u>	<u>469,701</u>

(j) Rylington Park Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
17,501	Opening Balance	0	0
	Plus Transfer from Accumulated Surplus		
785	- Interest Received	0	0
0	- Transfer to Reserve	0	0
	Less Transfer to Accumulated Surplus		
(18,286)	- Transfer from Reserve	0	0
<u>0</u>	CLOSING BALANCE	<u>0</u>	<u>0</u>

(k) Infrastructure Reserve (Cash Backed)

Purpose - To be used for the development on Infrastructure in the Shire.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
19,913	Opening Balance	20,806	20,806
	Plus Transfer from Accumulated Surplus		
893	- Interest Received	832	499
0	- Transfer to Reserve	0	0
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(8,000)	(8,000)
<u>20,806</u>	CLOSING BALANCE	<u>13,838</u>	<u>13,305</u>

(l) Bridges Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
45,899	Opening Balance	47,958	47,958
	Plus Transfer from Accumulated Surplus		
2,059	- Interest Received	1,877	1,150
0	- Transfer to Reserve	10,165	10,165
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(60,000)	(59,000)
<u>47,958</u>	CLOSING BALANCE	<u>0</u>	<u>273</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6 RESERVES (Continued)

(m) Medical Services Reserve (Cash Backed)

Purpose - To be used to fund future medical services requirements.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
53,792	Opening Balance	60,842	60,842
	Plus Transfer from Accumulated Surplus		
0	- Interest Received	2,433	1,459
7,050	- Transfer to Reserve	5,604	5,604
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(63,200)	(63,200)
<u>60,842</u>	CLOSING BALANCE	<u>5,679</u>	<u>4,705</u>

(n) Swimming Pool Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
9,041	Opening Balance	9,446	9,446
	Plus Transfer from Accumulated Surplus		
405	- Interest Received	378	227
0	- Transfer to Reserve	10,032	10,032
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(5,000)	(5,000)
<u>9,446</u>	CLOSING BALANCE	<u>14,856</u>	<u>14,705</u>

(o) Boyup Brook Town Hall Reserve (Cash Backed)

Purpose - To be used to fund future major improvement/maintenance projects at the Town Hall

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
36,970	Opening Balance	38,628	38,628
	Plus Transfer from Accumulated Surplus		
1,658	- Interest Received	1,545	926
0	- Transfer to Reserve	133	133
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(40,306)	(39,687)
<u>38,628</u>	CLOSING BALANCE	<u>0</u>	<u>0</u>

(p) Administration Centre Reserve (Cash Backed)

Purpose - To be used to fund future major improvements/additions to the Administration Centre.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
1,704	Opening Balance	1,781	1,781
	Plus Transfer from Accumulated Surplus		
77	- Interest Received	71	43
0	- Transfer to Reserve	0	0
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	0	0
<u>1,781</u>	CLOSING BALANCE	<u>1,852</u>	<u>1,824</u>

(q) Building Maintenance Reserve (Cash Backed)

Purpose - To be used to fund future maintenance of Shire owned buildings including heritage buildings.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
50,901	Opening Balance	25,973	25,973
	Plus Transfer from Accumulated Surplus		
2,283	- Interest Received	1,039	623
0	- Transfer to Reserve	5,388	5,388
	Less Transfer to Accumulated Surplus		
(27,211)	- Transfer from Reserve	(31,400)	(31,400)
<u>25,973</u>	CLOSING BALANCE	<u>1,000</u>	<u>584</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6 RESERVES (Continued)

(r) Aged Accommodation Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
22,073	Opening Balance	23,063	23,063
	Plus Transfer from Accumulated Surplus		
990	- Interest Received	923	553
0	- Transfer to Reserve	0	0
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	0	0
<u>23,063</u>	CLOSING BALANCE	<u>23,986</u>	<u>23,616</u>

(s) Road Contributions Reserve (Cash Backed)

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
18,027	Opening Balance	18,836	18,836
	Plus Transfer from Accumulated Surplus		
809	- Interest Received	753	452
0	- Transfer to Reserve	411	411
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	0	0
<u>18,836</u>	CLOSING BALANCE	<u>20,000</u>	<u>19,699</u>

(l) IT/Office Equipment Reserve (Cash Backed)

Purpose - To be used to fund future Information Technology requirements.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
76,004	Opening Balance	79,414	79,414
	Plus Transfer from Accumulated Surplus		
3,410	- Interest Received	3,178	1,904
0	- Transfer to Reserve	247	247
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(62,714)	(62,714)
<u>79,414</u>	CLOSING BALANCE	<u>20,125</u>	<u>18,851</u>

(u) Transfer Station Reserve (Cash Backed)

Purpose - To be used to fund future upgrade to the Transfer Station.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
59,697	Opening Balance	62,374	62,374
	Plus Transfer from Accumulated Surplus		
2,677	- Interest Received	2,412	1,496
0	- Transfer to Reserve	214	214
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(65,000)	(64,000)
<u>62,374</u>	CLOSING BALANCE	<u>0</u>	<u>84</u>

(v) Caravan Park Reserve (Cash Backed)

Purpose - To be used to fund future upgrades to the Caravan Park.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
104,920	Opening Balance	109,627	109,627
	Plus Transfer from Accumulated Surplus		
4,707	- Interest Received	4,385	2,629
0	- Transfer to Reserve	988	988
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	0	0
<u>109,627</u>	CLOSING BALANCE	<u>115,000</u>	<u>113,244</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6 RESERVES (Continued)

(w) Flax Mill Sheds Reserve (Cash Backed)

Purpose - To fund future requirements relating to maintenance and upgrade of the large sheds (storage) at the Flax Mill Complex.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
28,358	Opening Balance	29,630	29,630
	Plus Transfer from Accumulated Surplus		
1,272	- Interest Received	1,185	711
0	- Transfer to Reserve	185	185
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	(8,000)	(8,000)
<u>29,630</u>	CLOSING BALANCE	<u>23,000</u>	<u>22,526</u>

(x) Library Reserve (Cash Backed)

Purpose - To be used to fund future library furniture needs.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
764	Opening Balance	798	798
	Plus Transfer from Accumulated Surplus		
34	- Interest Received	32	19
0	- Transfer to Reserve	170	170
	Less Transfer to Accumulated Surplus		
0	- Transfer from Reserve	0	0
<u>798</u>	CLOSING BALANCE	<u>1,000</u>	<u>987</u>
<u>2,138,379</u>	TOTAL	<u>1,381,684</u>	<u>1,056,728</u>

All of the above Reserve Accounts are Cash Backed with money held in financial institutions and are disclosed as Restricted Cash Assets in Note 3 of the Annual Financial Statements.

It is anticipated that the Reserves will be utilised over the next 1 to 10 years. Council would expect further transfers to be made to most of the Reserves as funds are utilised.

7 RESERVES - ASSET REVALUATION

The Asset Revaluation Reserve is not Cash Backed and future transactions in the Reserve will be in accordance with the Shire of Boyup Brook Accounting Policy.

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

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
0	Land		
0	Opening Balance	0	0
0	Revaluation Increment	0	1,344,080
0	Revaluation Decrement	0	0
<u>0</u>		<u>0</u>	<u>1,344,080</u>
0	Buildings		
0	Opening Balance	0	0
0	Revaluation Increment	0	6,980,702
0	Revaluation Decrement	0	0
<u>0</u>		<u>0</u>	<u>6,980,702</u>
0	Furniture & Equipment		
0	Opening Balance	0	0
0	Revaluation Increment	0	0
0	Revaluation Decrement	0	(180,622)
<u>0</u>		<u>0</u>	<u>(180,622)</u>
0	Plant & Equipment		
0	Opening Balance	0	0
0	Revaluation Increment	0	0
0	Revaluation Decrement	0	(406,148)
<u>0</u>		<u>0</u>	<u>(406,148)</u>
8,268,949	Roads		
0	Opening Balance	8,268,949	8,268,949
0	Revaluation Increment	0	19,270,594
0	Revaluation Decrement	0	(0)
<u>8,268,949</u>		<u>8,268,949</u>	<u>27,539,543</u>
<u>8,268,949</u>	TOTAL ASSET REVALUATION RESERVES	<u>8,268,949</u>	<u>35,277,555</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

8 NOTES TO STATEMENT OF CASH FLOWS

For the purpose of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$

(a) Reconciliation of Cash

1,321,989	Cash at Bank - Operating	53,486	1,200,276
2,138,379	Restricted Reserves	1,381,684	1,056,728
0	Restricted Cash - Unspent Grants	15,267	136,807
0	Restricted Cash - Unspent Loan Funds	0	400,000
3,460,368	TOTAL CASH	1,450,437	2,793,811

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

	Change in net result from Operating Activities		
1,486,193	Net Result	(377,345)	(457,900)
1,111,222	Depreciation	800,875	1,672,787
(108,683)	(Profit) loss on sale of Fixed Assets	(14,348)	(19,067)
(1,364,768)	Grants/Contributions for the Development of Assets	(842,705)	(460,690)
	Change in Assets and Liabilities		
(10,728)	(Increase)/Decrease in Inventory	0	633
30,515	(Increase)/Decrease in Employee Provisions	0	14,867
28,430	(Increase)/Decrease in Receivables	37,944	(112,034)
71,104	(Increase)/Decrease in Payables	(44,607)	267,840
1,243,285	Net Cash from Operating Activities	(440,186)	906,437

(c) Undrawn Borrowing Facilities - Credit Standby Arrangements

50,000	Bank Overdraft Limit	50,000	50,000
0	Bank Overdraft at Balance Date	0	0
10,000	Credit Card Limit	10,000	10,000
0	Credit Card Balance at Balance Date	0	145
60,000	Total Amount of Credit Unused	60,000	59,855

9 TRUST FUND INFORMATION

In accordance with Financial Management Regulation 37 the transactions of the Trust Fund are summarised as follows:

TRUST FUND
FOR THE PERIOD ENDED 30 JUNE 2013

PARTICULARS	OPENING	RECEIPTS		PAYMENTS		CLOSING BALANCE	
	BALANCE	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
	1/07/2012	2012/2013	2012/2013	2012/2013	2012/2013	2012/2013	2012/2013
	\$	\$	\$	\$	\$	\$	\$
DEPOSITS							
Bonds - Relocated Houses	24,407	0	0	(7,500)	(2,851)	16,907	21,556
Bonds - Council Houses	3,588	0	0	0	(336)	3,588	3,252
Deposits - Hall Hirings	75	2,000	420	(2,000)	0	75	495
Bonds - Hall Hire	0	0	350	0	(350)	0	0
Fruit Fly Baiting Scheme	5,397	0	0	(660)	0	4,737	5,397
Deposits - Kerbing	800	0	600	0	0	800	1,400
BB Community Foundation	315	0	0	0	0	315	315
Road Contributions	0	0	9	0	0	0	9
Interest on Trust Monies	0	1,650	87	(500)	0	1,150	87
TOTAL	34,582	3,650	1,466	(10,660)	(3,537)	27,572	32,511

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

10 COMPARISON WITH RATE SETTING STATEMENT

The following information provides details of all income and expenditure together with movements to and from Reserve Accounts which have been included in the Rate Setting Statement but which have not been included in the Comprehensive Income Statement.

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
0	Non Operating Income		
	Self Supporting Loan Principal Income	0	0
0	Proceeds from Disposal of Assets		
	- Furniture and Equipment	0	0
157,351	- Plant and Equipment	288,500	255,604
84,397	Transfer from Reserves	1,005,642	1,296,539
0	Loan Borrowings	450,000	400,000
<u>241,748</u>	TOTAL	<u>1,744,142</u>	<u>1,952,143</u>
	Non Operating Expenditure		
94,003	Purchase Land and Buildings	390,834	474,569
297,036	Purchase Plant and Equipment	816,750	822,817
3,944	Purchase Furniture and Equipment	152,550	193,716
830,257	Infrastructure Assets - Roads	1,010,056	816,183
16,380	Infrastructure Assets - Footpaths	21,600	13,669
37,044	Infrastructure Assets - Recreation	20,300	11,675
359,839	Infrastructure Assets - Drainage	271,166	253,700
0	Infrastructure Assets - Other	272,000	61,082
42,875	Repayments of Debt - Loan Principal	45,693	41,878
0	Loan Advances to Community Groups	150,000	0
664,361	Transfer to Reserves	248,947	214,886
<u>2,345,739</u>	TOTAL	<u>3,399,896</u>	<u>2,904,175</u>

11 RATING INFORMATION

In accordance with Financial Management Regulation 39 Council has imposed the following Rates:

(a) General and Minimum Rate

Actual 2011/12		Actual 2012/13
\$		\$
0.11548	- GRV General Rate in the dollar	0.121200
0.004902	- UV General Rate in the dollar	0.005450
0.004902	- UV Mining General Rate in the dollar	0.005450
\$640.00 pa	- Minimum Rate	\$672.00 pa

11 RATING INFORMATION (continued)

The Objects and Reasons for General and Minimum Rate

Council has imposed a general GRV rate of 0.1212 and a general UV rate of 0.005450, and a minimum rate of \$672.00 pa, as Council perceives it to be a "reasonable" minimum level of rates which all ratepayers in its district should pay. The minimum rate reflects the basic cost incurred by the Council in servicing each lot or dwelling in its district.

For additional information on the rates levied refer to the "Statement of Rating Information".

(b) Specified Area Rates

No specified area rates were levied during the 2012/2013 financial year.

12 SERVICE CHARGES

The Shire of Boyup Brook does not impose any Service Charges as described in Section 6.38(1) of the Local Government 1995 and Regulation 54 of the Local Government (Financial Management) Regulations.

13 INFORMATION ABOUT DISCOUNTS, INCENTIVES, CONCESSIONS AND WRITE OFFS

The Shire of Boyup Brook wrote off a range of small balances less than \$10, relating to rates for the 2012-13 reporting period totalling \$146.15.

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

14 INTEREST CHARGES FOR THE LATE PAYMENT OF RATES CHARGES

(a) Pursuant to Section 6.51 of the Local Government Act and Financial Management Regulation 43(a) the Shire of Boyup Brook imposed the following rate of Interest applicable for the late payment of rates, ESL and rubbish charge to apply as follows:

(i) Where no election has been made to pay the rate, ESL and rubbish charge by Instalments due:

(I) after it becomes due and payable;

or

(II) 35 days after the date of issue of the rate notice which ever is the later.

(ii) Where an election has been made to pay the rate, ESL & rubbish charge by instalments and an instalment remains unpaid after its due and payable.

The rate of Interest applied was 11% and the revenue derived from the imposition of the Interest amounts to \$14,846 for the 2012/2013 financial year.

(b) Pursuant to Section 6.45 of the Local Government Act and Financial Management Regulation 27(c) the due date of each instalment was as follows:

1st Instalment	Monday 18th October 2012
2nd Instalment	Monday 20th December 2012
3rd Instalment	Monday 21st February 2013
4th Instalment	Monday 18th April 2013

Charges for Instalment plans are \$12.00 per instalment notice issued and an instalment rate of Interest of 5.5%; the revenue derived from the imposition amounted to \$9,794 for the 2012/2013 financial year.

(c) No Interest is charged under Section 6.13 of the Local Government 1995 for the late payment of money other than rates.

15 FEES AND CHARGES INFORMATION

(a) In accordance with Financial Management Regulation 41, the total revenue from Fees and Charges for each program is summarised as follows:

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
12,700	General Purpose Funding	14,600	7,141
30	Governance	320	439
8,478	Law, Order, Public Safety	12,864	6,666
617,125	Health	645,454	628,005
0	Education and Welfare	0	0
48,849	Housing	48,005	44,186
93,768	Community Amenities	104,900	103,332
47,487	Recreation and Culture	45,776	47,177
30,334	Transport	32,062	31,222
81,276	Economic Services	81,370	74,696
24,129	Other Property and Services	14,000	8,999
964,176	TOTAL FEES AND CHARGES	999,351	951,863

(b) Fees and Charges amended during the financial year are as follows:

No amendments were made during the 2012/2013 financial year.

16 COUNCIL MEMBERS - FEES, EXPENSES AND ALLOWANCES

In accordance with Financial Management Regulation 44 Fees, Expenses or Allowances paid to Council Members are summarised as follows:

Actual 2011/12		Budget 2012/13	Actual 2012/13
\$		\$	\$
52,967	Annual Attendance Fee Meeting Fees	59,535	59,535
9,641	Telecommunication, Travel, and Information Technology Allowances	9,300	9,145
0	- Telecommunication	0	0
5,231	- Information Technology	5,351	5,277
	- Travel Expenses		
5,750	Annual Local Government Allowance	6,000	6,000
1,438	- President	1,500	1,500
	- Deputy President		

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

17 MAJOR LAND TRANSACTIONS

Council did not participate in any major land transaction during the 2012/2013 financial year.

18 JOINT VENTURE

Council did not participate in any joint ventures during the 2012/2013 financial year.

19 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/2013 financial year.

20 CONTINGENT LIABILITIES

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

21 CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

Council did not have any finance lease commitment during the 2012/2013 financial year.

(b) Operating Lease Commitments

Council did not have any operating lease commitment during the 2012/2013 financial year.

(c) Capital Expenditure Commitments

Council did not have any outstanding capital expenditure commitments at the end of the reporting period.

22 FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011/2012	2012/2013	2011/2012	2012/2013
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	3,460,368	2,793,811	3,460,368	2,793,811
Receivables	165,124	254,103	165,124	254,103
Investments	0	0	0	0
	<u>3,625,492</u>	<u>3,047,914</u>	<u>3,625,492</u>	<u>3,047,914</u>
Financial Liabilities				
Payables	256,202	500,987	256,202	500,987
Borrowings	407,460	765,583	322,931	551,694
	<u>663,662</u>	<u>1,266,570</u>	<u>579,133</u>	<u>1,052,681</u>

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

22 FINANCIAL RISK MANAGEMENT (continued)

Fair value is determined as follows:

Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value, which approximates net market value.

Investments – based on quoted market prices at the reporting date or at independent valuation.

Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

(a) Cash and Cash Equivalents

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

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

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

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

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

Actual 2011/12		Actual 2012/13
\$		\$
	Impact of a 10% (*) movement in interest rates on cash and investments:	
346,037	- Equity	279,381
346,037	- Statement of Comprehensive Income	279,381
	Notes:	
	(*) Sensitivity percentages based on management's expectation of future possible market movements.	
	Recent market volatility has seen large market movements for certain types of investments.	
	Impact of a 1% (*) movement in interest rates on cash and investments:	
34,604	- Equity	27,938
34,604	- Statement of Comprehensive Income	27,938

(b) Receivables

Council's major receivables are classified as Rates and Annual Charges, Goods and Services Tax, and General Debtors. Rates and Annual Charges are charges that are considered as charges against the property and as such are considered being secured by the Property to which they relate. Goods and Services Tax represents monies owed by the Australian Taxation Office to the Shire. The Shire's General Debtors include receivables for goods and services provided to members of the community, government departments and businesses. The Shire has exposure to credit risk in that debtors may not be able to meet their commitments to repay debts. The Shire reviews its outstanding debts regularly and commences a variety of recovery techniques in accordance with its Debt Recovery Procedures. The Shire reviews outstanding debts annually and provides a provision should debts become doubtful.

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

Actual 2011/12		Actual 2012/13
\$		\$
	Percentage of Rates and Annual Charges	
0.00%	Current	0.00%
100.00%	Overdue	100.00%
	Percentage of Other Receivables	
45.04%	Current	87.13%
54.96%	Overdue	12.87%

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23 POSITION AT COMMENCEMENT OF FINANCIAL YEAR

(a) Determination of Opening Funds

2012 (30 June 2012 Carried Forward) \$		2013 (1 July 2012 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
<u>227,171</u>	Surplus/(Deficit) - Rate Setting Statement	<u>227,171</u>	<u>1,569,866</u>
	Current Assets		
225,707	Cash at Bank - Unrestricted	225,707	1,200,276
3,234,661	Cash - Restricted	3,234,661	1,593,535
165,124	Receivables	165,124	254,103
9,685	Stock on Hand	9,685	9,051
<u>3,635,177</u>		<u>3,635,177</u>	<u>3,056,965</u>
	Less Current Liabilities		
(256,201)	Payables	(256,201)	(500,987)
(45,693)	Current Debenture Repayments	(45,693)	(48,869)
<u>(350,521)</u>	Employee Entitlements	<u>(350,521)</u>	<u>(455,327)</u>
(652,415)		(652,415)	(1,005,183)
<u>2,982,762</u>	SURPLUS OF CURRENT ASSETS OVER CURRENT LIABILITIES	<u>2,982,762</u>	<u>2,051,782</u>
	LESS: Exclusions		
(2,138,379)	Less Cash Backed Reserves	(2,138,379)	(1,056,728)
(1,096,282)	Less Unspent Grants & Contributions	0	0
(9,685)	Less Stock on Hand	(9,685)	(9,051)
7,496	Add Accrued Interest on Debentures	7,496	12,160
74,529	Add Accrued Salaries and Wages	74,529	52,807
350,521	Add Current Employee Benefits Provision	350,521	455,327
45,693	Add Current Debenture Repayments	45,693	48,869
10,516	Add Accrued Expenses	10,516	14,700
<u>227,171</u>	OPENING/CLOSING FUNDS	<u>1,323,453</u>	<u>1,569,866</u>

There was a difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report. This difference was due to the separation of unspent grants and contributions of \$1,096,282 from the Closing Funds in 2012.

24 CAPITAL EXPENDITURE BY PROGRAM

Actual Capital Expenditure Incurred by Program is summarised as follows:

Program	Land and Buildings	Furniture and Equipment	Plant and Equipment	Infrastructure					Total
				Roads	Footpaths	Recreation Facilities	Drainage	Other	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance	6,955	0	0	0	0	0	0	0	6,955
Law, Order, Public Safety	0	0	0	0	0	0	0	0	0
Health	260,450	56,500	0	0	0	0	0	0	316,950
Education and Welfare	0	0	0	0	0	0	0	0	0
Housing	5,150	0	0	0	0	0	0	0	5,150
Community Amenities	142,429	0	0	0	0	0	253,700	50,766	446,895
Recreation and Culture	35,709	20,406	6,780	0	0	11,675	0	0	74,570
Transport	21,657	0	763,346	816,183	13,669	0	0	1,540	1,616,395
Economic Services	2,220	0	0	0	0	0	0	8,776	10,996
Other Property & Services	0	116,810	52,691	0	0	0	0	0	169,501
TOTAL	474,570	193,716	822,817	816,183	13,669	11,675	253,700	61,082	2,647,412

**SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

25 FINANCIAL INFORMATION BY RATIO

In accordance with Financial Management Regulation 50 the following Financial Information by Ratio is provided.

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
(a) Current Ratio $\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$	1.61	0.81	1.64
(b) Asset Sustainability Ratio $\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$	0.75	1.02	0.94
(c) Debt Service Cover Ratio $\frac{\text{annual operating surplus before Interest \& depreciation}}{\text{principal and Interest}}$	1.93	9.13	8.19
(d) Operating Surplus Ratio $\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$	(0.32)	(0.15)	(0.35)
(e) Own Source Revenue Coverage Ratio $\frac{\text{own source operating revenue}}{\text{operating expense}}$	0.61	0.66	0.60
(f) Asset Consumption Ratio $\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$	0.73	0.72	0.71
(g) Asset Renewal Funding Ratio $\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of projected capital renewals over 10 years}}$	N/A*	N/A*	0.21

* - N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.

DEFINITIONS

"available operating revenue" means the operating revenue-

- (a) plus any contributions towards the repayment of money borrowed which have not been included in the operating revenue; and
- (b) minus specific purpose grants, contributions and donations of a capital nature;

"current assets" means the total current assets as shown in the statement of financial position;

"debt service cost" means all principal and interest expenses for borrowings under Section 6.20 of the Local Government Act 1995;

"restricted assets" - those assets which are committed or set aside for a specific purpose (e.g. unspent grants, unspent loans, cash reserve balances etc.).

"total assets" means all current and non-current assets as shown in the Statement of Financial Position;

"total liabilities" means all current and non-current liabilities as shown in the Statement of Financial Position;

"total revenue" means the total operating revenue excluding all specific purpose grants;

"own source operating revenue" means operating revenue minus operating grants and contributions.

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

26 TRADE AND OTHER RECEIVABLES

Receivables due to the Shire include the following:

Actual 2011/12		Actual 2012/13
\$		\$
	Current	
63,506	Rates	59,935
70,438	Sundry Debtors	49,921
0	Less Provision for Doubtful Debts	-
8,126	Accrued Income	-
0	Loan Receivable	0
23,054	Goods and Services Tax	144,247
<u>165,124</u>		<u>254,103</u>
	Non Current	
0	Rates Outstanding-Pensioner Deferred	0
0	Long Term Loans-Clubs/Institutions	0
<u>0</u>		<u>0</u>

27 INVENTORIES

Actual 2011/12		Actual 2012/13
\$		\$
<u>9,685</u>	Comprises of Fuels	<u>9,051</u>

All inventories at balance date have been valued at cost.

28 TRADE AND OTHER PAYABLES

Actual 2011/12		Actual 2012/13
\$		\$
131,114	Sundry Creditors	373,164
32,546	ATO Liabilities	62,857
7,496	Accrued Interest on Debentures	12,160
7,452	Accrued Salaries and Wages	52,806
10,516	Other Accruals	0
<u>256,201</u>	Total	<u>500,887</u>

29 LONG - TERM BORROWINGS

Actual 2011/12		Actual 2012/13
\$		\$
<u>45,693</u>	Current - secured by a floating charge debenture	<u>48,889</u>
<u>361,767</u>	Non - Current - secured by a floating charge debenture	<u>716,714</u>

30 PROVISIONS

Provision for Employees' entitlements at balance date are as follows:

Actual 2011/12		Actual 2012/13
\$		\$
	Current	
225,499	Provision for Annual Leave	236,593
125,021	Provision for Long Service Leave	218,734
<u>350,520</u>		<u>455,327</u>
	Non - Current	
125,652	Provision for Long Service Leave	35,713
<u>125,652</u>		<u>35,713</u>

SHIRE OF BOYUP BROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

31 EMPLOYEE NUMBERS AND REMUNERATION

In accordance with the Local Government (Administration) Regulation 19B the following information is provided in relation to annual salaries paid to employees.

<u>ACTUAL</u> <u>2011/12</u>	Annual Salary Range	<u>ACTUAL</u> <u>2012/13</u>
1	\$100,000 or more per annum	1
28	Total Number of Employees The number of full time equivalent employees at 30 June	28

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 as follows:

<u>Actual</u> <u>2011/12</u>		<u>Actual</u> <u>2012/13</u>
\$		\$
1,788,464	By Nature and Type:	
1,364,768	Operating Grants	1,160,229
<u>3,153,232</u>	Non-Operating Grants	<u>460,690</u>
	Total	<u>1,620,919</u>
	By Program:	
0	Governance	0
1,220,558	General Purpose Funding	970,453
74,106	Law, Order, Public Safety	44,343
0	Health	0
10,000	Education and Welfare	10,545
0	Housing	0
677,205	Community Amenities	0
306,389	Recreation and Culture	0
769,974	Transport	570,578
50,000	Economic Services	0
45,000	Other Property and Services	25,000
<u>3,153,232</u>	Total	<u>1,620,919</u>

33 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

11,826	Governance	2,000
0	General Purpose Funding	0
14,914	Law, Order, Public Safety	30,050
486,196	Health	1,307,450
1,200,218	Education and Welfare	2,405,800
1,071,109	Housing	2,995,000
690,559	Community Amenities	794,019
1,108,233	Recreation and Culture	4,303,881
52,798,471	Transport	73,572,816
340,657	Economic Services	925,831
1,976,353	Other Property and Services	757,500
3,577,295	Unallocated	3,349,965
<u>83,275,831</u>	Total	<u>90,444,312</u>

PARTNERS

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

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF BOYUP BROOK**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Boyup Brook, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2013, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Council's responsibility for the financial report

Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), and for such internal control as Council determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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



**Chartered
Accountants**

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BKR
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Opinion

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

- i. gives a true and fair view of the Shire of Boyup Brook's financial position as at 30 June 2013 and of its performance for the financial year ended 30 June 2013;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following:
 - The 2012 Annual Compliance Audit Return was not lodged by 31 March 2013 as required by Section 15(1) of the Local Government (Audit) Regulations 1996; and
 - The auditor was not provided with the accounts of the Shire of Boyup Brook, balanced up to the last day of the preceding financial year; and the annual financial report of the local government for the preceding financial year by 30 September as required by section 6.4(3) of the Local Government Act 1995.
- iii. All necessary information and explanations were obtained by us.
- iv. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE
Partner

Bunbury, Western Australia

Dated this 5th day of December 2013