

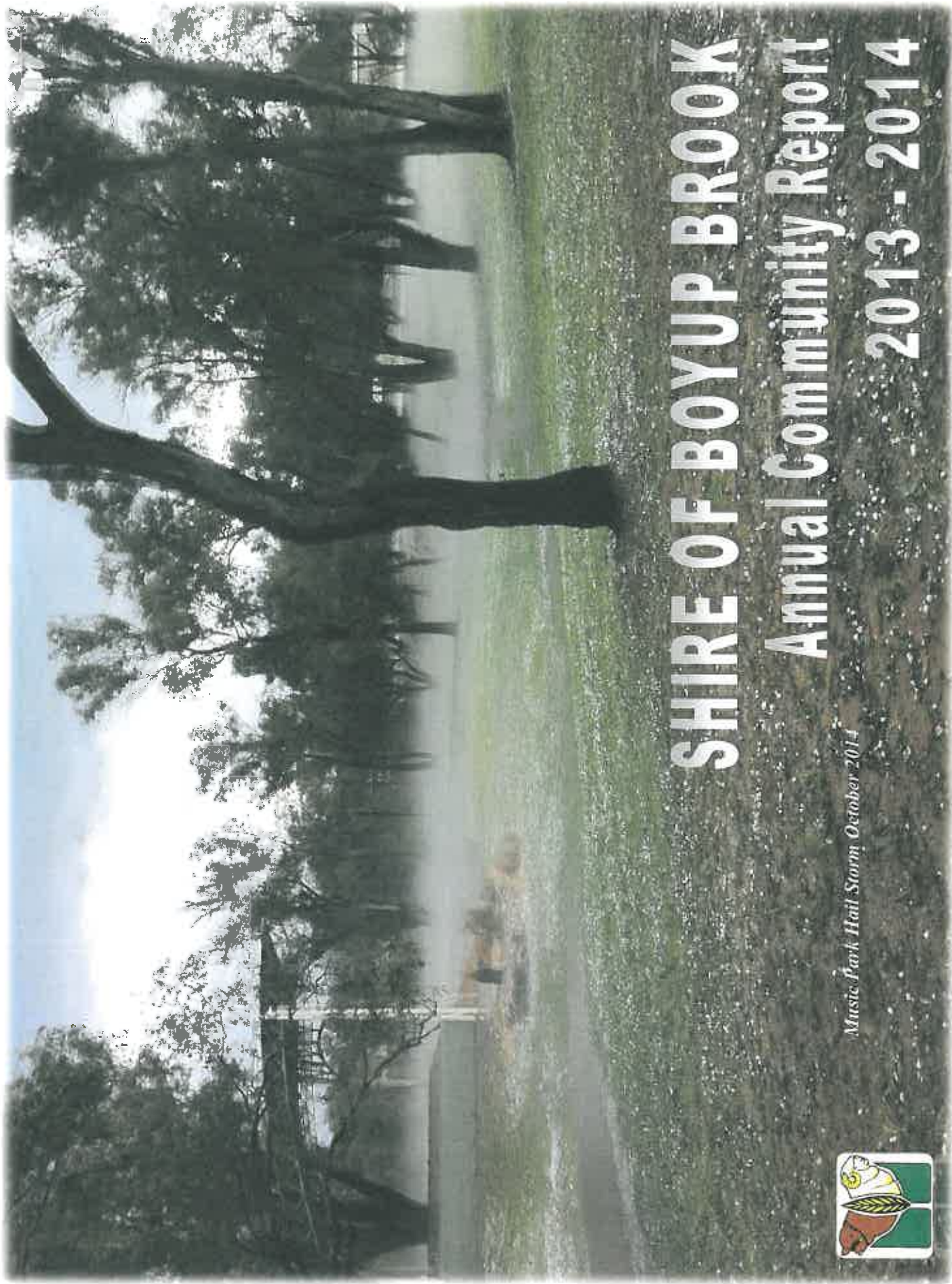


Music Park Hail Storm October 2014

SHIRE OF BOYUP BROOK

Annual Community Report

2013 - 2014



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1.0 Statement of Compliance

For the year ended 30 June 2014

Residents and rate payers of the Shire of Boyup Brook,

in accordance with section 5.53 of the *Local Government Act 1996*, I hereby submit for your information, the Annual Report for the Shire of Boyup Brook for the financial year ended 30 June 2014.

The Annual Report has been prepared in accordance with the provisions of the *Local Government Act 1995*, and *Local Government (Administration) Regulations 1996*.

Alan Lamb

Accountable Authority

30 January 2015

2.0 President's Report



It is with pleasure that I provide my report to you as your Shire President on the 2013/14 year.

The role of being your Shire President has included the privilege of annual attendance at Sandakan services in Sandakan, Malaysia, and hosting guests, from Sandakan and Australia, for the Boyup Brook Lions annual Sandakan Day services. Seeing the high level of significance afforded, by the Malaysian Government and Sandakan community, to this tragic event in our joint WW2 history, I believe there is a need to continue to build on our relationship with this city, and continue to formally recognise the sacrifices of so many. I have self-funded my annual visits but see a continued need for Council to support the President and Councillors to attend. It is not easy to show a tangible benefit for the annual expenditure, on both official visits to Sandakan and the annual Sandakan Day in Boyup Brook, however the interaction with other dignitaries, at both the Sandakan and Boyup Brook services, does provide exposure for our Shire that should lead to opportunities.

Council continues to focus the majority of its resources on infrastructure assets (roads, bridges, drainage and footpaths). In 2013/14 more than 51% of the total operating expenditure, and over 80% of capital expenditure, was directed to maintaining and improving the Shire's infrastructure. To facilitate this focus, Council ensures the works teams have appropriate and serviceable plant and equipment, through it's long term plant replacement program, and has directed grant funds to depot improvements.

The Royalties for Regions Country Local Government Fund (CLGF), part of the Royalties for Regions initiative, provided over \$320K of direct funding, each year, and the opportunity to be a part of regional initiatives. As reported previously, Council primarily utilised this funding opportunity to improve the towns drainage system and to do major works to town dams, in order to collect and retain more storm water for use on playing fields and the like. The plan was to tap into the 2013/14 regional portion of the funding, and Council had agreement from its partner Councils to do so (just under \$1m), use the direct grant and apply the funds to a sewerage scheme for Boyup Brook. Unfortunately, this funding ceased in 2013/14 and so the project stalled.

As I reported last year, Council focussed on getting projects ready to take advantage of future funding opportunities. To this end, Council partnered with the South West Development Commission (SWDC) and Landcorp, to fund a pre-feasibility study for a sewerage scheme. Each partner committed \$15,000 to the project (Council leveraged \$30,000 from its \$15,000 contribution). The study was completed and presented to Council last year and we now have defendable detail and costs to better pursue funding for a sewerage scheme. Many residents will know that a sewerage scheme has been on the agenda for many years and so, whilst we will continue to push, it is unlikely to come to fruition in the short run.

Council continues to work with the Bunbury Wellington Group of Councils (BWGC) on regional matters and this has enabled us to promote our needs, such as a sewerage scheme, more broadly, and with the support of the other 6 Councils in the group. One significant regional project the BWGC has been working on, and had CLGF monies committed to, was a regional waste facility. The plan was to purchase the Shire of Dardanup landfill site, with grant funding, but the BWGC was not successful and it appears the site will be sold to another entity. The BWGC has been working with the SWDC, and other Councils in the southwest, on identifying an alternative site.

Despite very good efforts by the Boyup Brook Lions over many years, the economics of dealing with small quantities of recyclables have forced the need to look at a regional approach and so in 2014/15 Council will take up its option to participate in a regional waste collection scheme developed by BWGC. This will include a recycling collection service in town and it may enable expansion of collection services to other areas.

As I reported last year, the threat of amalgamations continues. The Government will be amalgamating, and adjusting boundaries, of metropolitan Councils over the next few years. The Minister for Local Government has announced, on a number of occasions, that he has his hands full with the metro area changes and is unlikely to have any time to look at Country Local Governments in the current term of office. It is clear though that the matter is not off the agenda, and that it may just be a matter of time.

The year saw changes to Council membership. Councillor Eric Biddle resigned, an extraordinary election was held, and Councillor Norm Blackburn was elected. I take this opportunity to sincerely thank Eric for his dedication and service to the community, through his time on Council, and warmly welcome Norm to another stint on Council.

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

Before closing, I would also like to sincerely thank all my fellow Councillors for their commitment, efforts, and involvement on all the issues which have come before Council during the last financial year, and for what we have before us for the 2014/15 year. I also record my thanks to my and their spouses, who help us fulfil our civic roles.

Councillor Michael Giles

Shire President

3.0 Operational Structure

The Western Australian Constitution (1889) recognises Local Government under section 52. Our constitution states that:

- (1) *The Legislature shall maintain a system of local governing bodies elected and constituted in such manner as the Legislature may from time to time provide.*
- (2) *Each elected local governing body shall have such powers as the Legislature may from time to time provide being such powers as the Legislature considers necessary for the better government of the area in respect of which the body is constituted.*

When developed, the *Local Government Act 1995* (the Act) was written in contemporary style, and so is comparably more easy to understand. The Act brought with it a degree of autonomy, and conveys general competence powers to local governments. At the same time, accountability is a feature of many areas of the Act. For example, for a number of local issues it is only with Ministerial approval that local governments can make decisions at a local level, and often this will be in consultation with their communities.










Sections 2.7 through 2.10 of the Act define the roles of our Council (e.g. govern the local government's affairs), President, Deputy President and Councillors (e.g. to represent the interests of the electors, ratepayers and residents of the district; and provide leadership and guidance to the community), while section 5.41 defines the functions of our CEO (e.g. advise the Council; cause Council decisions to be implemented; and manage the day to day operations of the local government).

Note. Section 5.42 allows a local government to delegate the exercise of its powers to the CEO.



3.1 Council (Elected Members) Structure

The Shire comprises of four wards as follows: Benjinup to the north west (two representatives); Boyup Brook Townsite (three representatives); Dinninup to the north east (two representative); and Scotts Brook to the south (two representatives). At the commencement of a new term of Council, Council elect the Shire President and Deputy President. Currently Council's structure is as follows:

Shire President		Deputy Shire President	
 <p>Michael Giles Scotts Brook Ward Term Expires: 2017</p>		 <p>Graham Aird Scotts Brook Ward Term Expires: 2015</p>	
 <p>Cr. Walker Boyup Brook Term Expires 2015</p>	 <p>Cr. Kaltenreider Boyup Brook Term Expires 2017</p>	 <p>Cr. Blackburn Boyup Brook Term Expires 2015</p>	 <p>Cr. Oversby Dinninup Term Expires 2017</p>
	 <p>Cr. Moir Dinninup Term Expires 2015</p>	 <p>Cr. O'Hare Benjinup Term Expires 2015</p>	 <p>Cr. Imrie Benjinup Term Expires 2017</p>

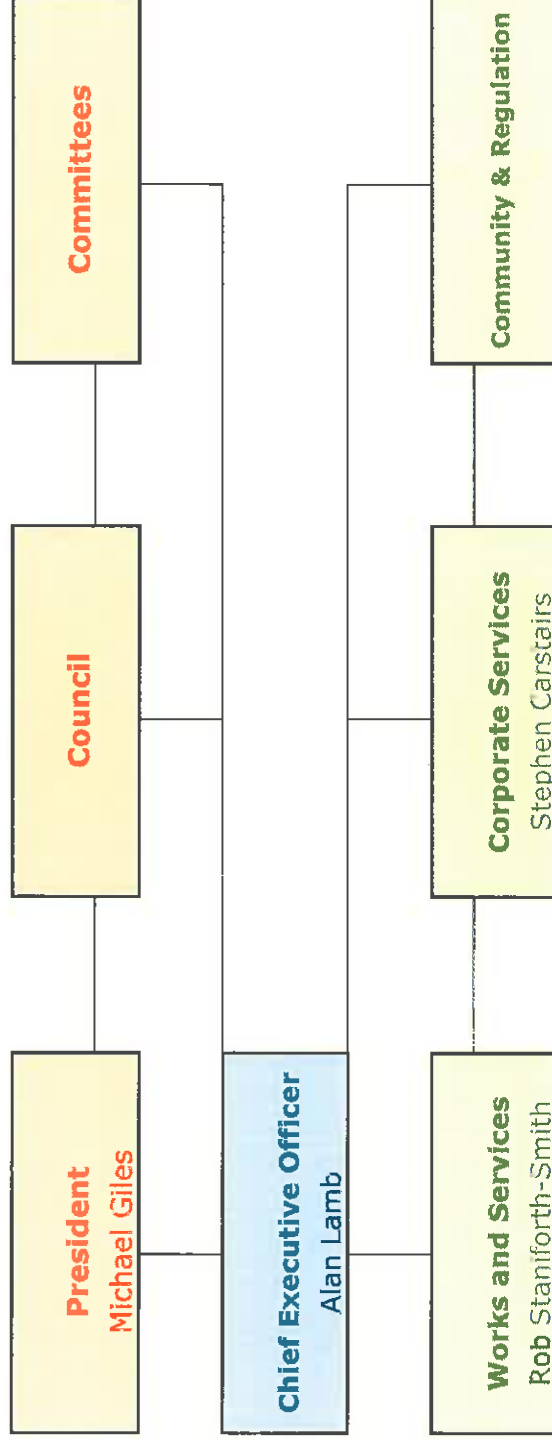
Cr. Biddle resigned during 2014, and in his stead Councillor (Norm) Blackburn was elected to represent Boyup Brook.

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

3.2 Organisational Structure

With the resignation of Geoff Carberry (Manager Administration) early in 2014, the Shire Council's organisational structure took on its current format.

Table A – Organisational structure as at 01 July 2014



3.3 Senior Executive

Alan Lamb (FLGMA, BBus, Dip LG (C), Dip LG (T)) joined the Shire of Boyup Brook in 2008. Since taking up the role of Chief Executive Officer, Alan has focused on improving the Local Government's sustainability through financial management and planning, and improving services.

Alan has 39 years experience in the Local Government sector, 31 of this at senior management level including 20 at CEO level. His Local Government work has included stints in the Metropolitan Area, Pilbara, Murchison, Great Southern, External Territories (he was the first CEO appointed by the newly formed Cocos (Keeling) Islands Shire Council for 4 years in the nineties), and now the South West. At various stages, of his working life, he has held finance/management positions in transport, merchant banking and mining

Rob Staniforth-Smith (BEng Civil, MIEAUST, CP ENG, Builders Reg, Dip Project Management) joined the Shire of Boyup Brook in 2011. Since joining the Shire, Rob has focussed on sourcing additional funding to increase the level of service on the Shires 1100km of roads plus increasing the amenity of the towns' parks and streetscapes.

Following Geoff Carberry's resignation, Rob took on the role of Building Management and is striving to get the level of maintenance on the Shires numerous buildings up to an acceptable level

Prior to his current role, Rob ran the family farm (2007-2010) and worked in management on High Rise Construction and commercial Projects for 18 years including management roles on Central Park, St John of God Hospital, Karrinyup and Morley Galleria Shopping Centres, East Perth Redevelopment, Subiaco Railway Tunnel, Subiaco Redevelopment, Fremantle Maritime Museum, Raffles redevelopment, Perth Convention and Exhibition Centre, and finishing up as Project Manager on the 178 million Perth Central Law Courts.

Stephen Carstairs (BSc Hons, Dip Company Director and Dip Accounting) joined the Shire of Boyup Brook in 2014. Since taking up the role of Director Corporate Services, Stephen has focused on financial compliance matters generally, with some emphasis on financial sustainability and integrated planning processes for local government.

Prior to his current role, Stephen served as Executive Manager Corporate Services at the Shire of Bridgetown-Greenbushes for 4 years. Since joining the local government sector in 1999, Stephen has worked throughout the state including: the Shire's of Carnamah (Manager Finance) and Wiluna (Corporate Services Contractor); the Town of Port Hedland (Manager of Finance); and the Shire of Coolgardie (Manager Corporate Services). Previous to this Stephen worked in the private sector, and for agencies including: The University of WA; Curtin University; Department of Agriculture and Food; and DEC.

4.0 Chief Executive Officer's Report & Overview



4.1 Chief Executive Officer's Report

It is with pleasure that I present this report on the 2013/14 Financial Year.

The resignation of a key employee, to take up a more senior position with another Council, facilitated the appointment of a Manager of Corporate Services. I formally welcome Stephen Carstairs to this new position.

Town Planning services were reviewed during the year, and a new consultant engaged. I take this opportunity to thank Mr Geoffrey Lush of TME for the many years of excellent Town Planning services he provided Council, the community and staff. The decision to change was purely economic and I welcome Mr Adrian Nicoll as the Shire's new Town Planning adviser. Members of the community may remember Adrian from his time living in the Shire.

I take this opportunity to sincerely thank my fellow staff members who have maintained and improved the Shire's infrastructure (roads, gardens, parks, facilities and the like), provided services (licensing, library, health/building/planning etc) and kept the necessary back room operations (accounting/bookkeeping, depot maintenance, works planning, and the like) in order. I especially thank the Manager for Works, Mr Rob Staniforth Smith, and the Manager of Corporate Services, Mr Stephen Carstairs, for their tireless efforts and dedication.

I also thank the Shire President, Cr Michael Giles, who I have worked closely with, for his assistance and for his commitment to the often difficult role as leader of the organisation. I also thank all Councillors for the good working relationship. Each year we are faced with the need to further improve services and reduce costs, and a team approach is vital to the success of these goals.

Alan Lamb

CHIEF EXECUTIVE OFFICER

4.2 Overview of Agency's Plan for the Future

As local government in Western Australia (WA) is different to local government in other states, local government in Boyup Brook distinguishes itself from other Western Australian local governments.

WA has the highest per capita expenditure in the country for law and order and public safety, and for recreation and culture, and is second highest for transport. Contrasting with this, WA has the lowest per capita expenditure for housing, community amenities, and general public services. Relative to most other Western Australian local governments, however, Boyup Brook invests substantially in ensuring that its community has quality health and medical services, and contemporary aged and community housing.

Council has adopted both a Shire of Boyup Brook *Strategic Community Plan 2013-23* and a *Corporate Business Plan 2014-17*, and together these plans comprise the shire's 'plan for the future' under the *Local Government Act 1996*.

4.2.1 Strategic Community Plan 2013-23

The Shire of Boyup Brook's *Strategic Community Plan 2013-23* sets out the vision, aspirations and objectives of the community in our district so as to guide the work of the Council, and to define Council's role in 'Growing Our Community Together'.

The Boyup Brook community's vision is for our shire to be a place:

- for people, with a sense of community, one that is active, vibrant, engaged and connected;
- that is safe and secure;
- that nurtures its youth and aging population, and retains its health and medical services; and
- that grows and has employment opportunities, through commercial diversity based on our comparative advantage.

This will be achieved through Council exercising its leadership and influence, and through Council collaboration, partnerships and empowerment, facilitation, coordination, and regulation.

Given that the Boyup Brook community is a growing and changing one, the Shire Council has determined to align the way it works so as to respond to the changing needs of our community. The strategic community plan has a strong focus on building closer collaboration and stronger partnerships with community service (e.g. not-for-profit clubs and associations) organisations, our neighbour local governments and industry agencies, and the State Government.

The Council's focus is on strengthening and supporting the community through capacity building programs (e.g. the Community Grants Program and its Community Development Services), and by providing: a sound road and footpath network; quality health and medical services; contemporary aged and community housing; quality sport, recreation and landscaped facilities; that waste is managed; library and licensing services; information; advice; and planning, building and environmental health regulation.

By strengthening good governance (local leadership), the Council improves the way it works with community service groups in building a stronger and more cohesive community. The Council will continue to focus on supporting our aged, youth, volunteers and carers, and children and the early years. These are all valued members of our community who rely on the services, facilities and support of the Shire Council.

The Council provides funding to more than 20 community organisations (including clubs, our schools and agencies), to support a diverse range of community interests. During 2013-14 the Shire's Community Grants Program distributed \$58,226 to community organisations in the district, and see Appendix 1.

Our strategic community plan identifies five outcome areas to focus (focal areas) the energy and expertise of Councillors and shire employees to achieve the following:

- | | |
|-------------------------|---|
| 1 Social. | That our people will have a <i>'sense of community'</i> . |
| 2 Natural Environment. | That our natural environment will be <i>'preserved and sustained'</i> . |
| 3 Built Environment. | That our people will have <i>'enhanced lifestyle choices'</i> . |
| 4 Economic Development. | That <i>'business and employment opportunities will be maximised'</i> . |
| 5 Governance. | That <i>'local leadership will be strengthened'</i> . |

4.2.2 Corporate Business Plan 2014-17

Boyup Brook's *Corporate Business Plan 2014-17* sets out, in a way consistent with priorities identified in the strategic community plan, the Shire Council's priorities for dealing with the objectives and aspirations of the community. Further, priority outcomes in the business plan (and also see section 6.0 *Agency Performance* in this report), express the administration's reference to the Shire Council's capacity to resource (asset manage, human resource manage, and finance manage) its operations.

5.0 Performance Management Framework

5.1 Toward an Outcome Based Management Framework

Regulations 22.(1) *Form and content of annual budget* and 34.(3) *Financial activity statement required each month* and Schedule 1 of the *Local Government (Financial Management) Regulations 1996*, are very prescriptive about how local governments may go about presenting information in budgets and making progress reports on performance against those budgets.

The community's 5 broader focal areas and 11 specific outcomes were actioned through 9 services programs. Schedule 1 identifies 11 (service) programs, and for simplicity three of them (Governance, General Purpose Funding, and Other Property and Services) were combined in the (Leadership &) Governance service program (and refer to the table below).

Focal Area	Service Programs									Outcomes
	1	2	3	4	5	6	7	8	9	
Focus 1: Social	x	x	x	x				x	x	1.1 Community needs for services and facilities are met. 1.2 Sustainable Community.
Focus 2: Natural Environment	x						x			2.1 Preserved and enhanced natural environment. 2.2 Sustainable resources.
Focus 3: Built Environment	x	x	x	x	x	x	x	x	x	3.1 Sustainable infrastructure. 3.2 Planned development. 3.3 Housing needs are met.
Focus 4: Economic Development	x					x	x		x	4.1 Economic Growth. 4.2 Increased visitors and residents.
Focus 5: (Leadership &) Governance	x									5.1 Council and Community leadership. 5.2 Sustainable governance.

Service Programs

1. (Leadership &) Governance
2. Law Order & Public Safety
3. Health
4. Education & Welfare
5. Housing
6. Community Amenities
7. Recreation & Culture
8. Transport
9. Economic Services

This attempted Outcome Based Management (OBM) framework represents a combining of the frameworks of the Financial Management Regulations and the Shire's Strategic Community Plan, and is the framework to which this annual report presents the performance of the local government. Going forward, a revised OBM framework will be implemented which includes effectiveness as well as service indicators.

6.0 Performance

6.1 Overview of Agency's Performance

The local government's 2013–14 funding was allocated to 9 (operational) service areas. The key financial indicators are presented below with a summary of the results for the Shire's efficiency indicators. The remainder of this chapter describes from the Shire's Corporate Business Plan, the noteworthy achievements and initiatives of the local government.

Key Financial Indicators in 2013-14	Actual (\$'000)	Budget (\$'000)
Total (operating) cost of services	6,507	5,224
Net (operating) cost of services **	715	-639
Total Equity	87,989	88,690
Revenue from Rates	-2,128	-2,131

** A negative value indicates a surplus to costs

Efficiency Indicator Summary

The summary results for the local government's efficiency indicators are presented over page. The Australian Bureau of Statistics' (ABS) 2011 census provided the number of families in Boyup Brook (444 families), and to it was added an estimate for lone person households in our district (148 single households, as per the WA Planning Commission 2009).

Service	Focal Areas					KPI	2013-14	
	1	2	3	4	5		Actual	Budget
Service 1: Leadership & Governance	x	x	x	x	x	Average Cost (inc depreciation) per Family	\$656	\$936
Service 2: Law Order & Public Safety	x		x				\$247	\$292
Service 3: Health	x		x				\$1,386	\$1,133
Service 4: Education and Welfare	x		x				\$242	\$208
Service 5: Housing			x				\$298	\$103
Service 6: Community Amenities			x	x			\$522	\$549
Service 7: Recreation & Culture		x	x	x			\$1,336	\$1,177
Service 8: Transport	x		x				\$5,679	\$3,358
Service 9: Economic Services	x		x	x		Average Cost (inc depreciation) per Family	\$627	\$1,065
Rates Raised						Average Cost Calculated on a per Family Basis	\$3,595	\$3,600
Funding from other Sources						Average Funds Calculated on a per Family Basis	\$3,071	\$2,397
Depreciation						Average Calculated on a per Family Basis	\$4,326	\$2,826

Focal Areas 1. Social

2. Natural Environment

3. Built Environment

4. Economic Development

5. (Leadership &) Governance

6.2 Strategic Focus Areas

6.2.1 Focus Area 1 - Social

Vision: Building a Sense of Community

Building a sense of community is central to the Shire of Boyup Brook's future. The Shire of Boyup Brook focus is developing an active, vibrant, safe, caring and secure community, including access to services and facilities that meet our requirements.

Shire Goals

- ⇒ Improve community safety.
- ⇒ Strengthen community participation, interactions and connections
- ⇒ Build and strengthen an active and vibrant community.

Objective 1.1

Build community participation, interactions and connections.

PRIORITY	ACTION	LTPP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Engagement with community in promotion of Boyup Brook.	1.1.1.1 Assist Boyup Brook Tourism Association implement Strategy to enhance promotion of local tourist attractions & events.	Section 8.10.1 - Operations - Tourism & Area Promotion	\$15,000	Included in the 2013-14 budget - contributions made to Associations. Provision made in the 2014-15 budget.
	1.1.1.2 Liaise with community groups on the implement promotional strategies for events.	Section 8.10.1 - Operations - Tourism & Area Promotion		See Action 4.3.3
	1.1.1.3 Develop policy to support and fund the implementation of a grant program to support events and community activities.	Section 8.2.1 - Operations - Members of Council	\$1,000	Not included in the 2013-14 budget - Council has an existing policy that will be reviewed as part of a policy review process.

Increase Volunteer Support	1.1.4	Conduct Thank a Volunteer Day Morning Tea and promote volunteering.	Section 8.2.1 – Operations – Members of Council	\$0	Plan provides for this activity to commence in 2014-15 and provision made in that year's budget.
	1.1.5	Provide administrative support to Chief Bush Fire Control Officer and Local fire brigades in the delivery of fire control services.	Section 8.3.1 – Operations – Fire Prevention	\$39,011	\$39,485 (Administration allocation) Included in the 2013-14 budget and \$38,885 provided for in the 2014-15 budget.
	1.1.6	Conduct Annual Fire Brigade Debrief function to foster and develop volunteer participation in local brigades.	Section 8.3.1 – Operations – Fire Prevention	\$1,000	Included in the 2013-14 budget and in the 2014-15 budget.
	1.1.7	Continue to work with the SWDC and the Bunbury-Wellington Group of Councils on the development of an Aging Strategy for the Region.	Section 8.5.1 – Operations – Aged and Disabled	\$9,236	Council commissioned a Boyup Brook Aged Housing Plan, Boyup Brook Aged Friendly Community Study and a Boyup Brook Age Friendly Report, with State Government funding support, and received these in June 2013. Provision was made in the 2013-14 budget for an Administration allocation to this Priority and \$9,720 in 2014-15. The 2014-15 budget also contains provision for an aged accommodation initiative to be actioned.

Objective 1.2

Enhance Youth Services

PRIORITY	ACTION		LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Expand Operation of youth services.	1.2.1	Expand hours of Youth Officer to meet demand for youth programs and facilities.	Section 8.5.1 – Operations – Welfare – Other	\$24,400	Officer resigned and was not replaced immediately. Now looking at alternative service delivery options.
Investigate collocation of youth centre with sporting facilities	1.2.2	Examine collocation of youth centre at sporting complex as part of Sporting Precinct Plan.	Section 8.2.1 – Operations – Members of Council	\$30,000	Included in the 2013-14 budget – this is part of the Sporting Facilities planning project that stalled during the year, funding carried forward to 2014-15.

Objective 1.3

Develop a safe, secure community.

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Advocate for increased access to Police services.	1.3.1 Liaise with OIC of local Police Station on the practicalities of increasing administrative staffing at Boyup Brook Police Station.	Section 8.11.1 – Operations Administration	\$500	Not specifically included in the 2013-14 budget – part of the Administration costs, entailed periodic discussions with the local OIC. Not a part of the current WAP model to have manned stations, instead Police are more mobile and contactable via radio etc.
	1.3.2 Lobby Minister for Police, Shadow Minister for Police and local member of Parliament on the need for increased administrative staffing at Boyup Brook Police Station.	Section 8.11.1 – Operations Administration	Ongoing	This task was set as an ongoing matter that should be raised when and where appropriate/possible. The matter was not raised by Administration at a political level.
Advocate for improved hazard reduction in state forests, national parks and road reserves.	1.3.3 Lobby Minister for Parks and Wildlife, Shadow Minister and local member of Parliament on the need for a strategic approach to hazard reduction in state forest and national parks within the Shire of Boyup Brook.	Section 8.11.1 – Operations Administration	Ongoing	This task was set as an ongoing matter that should be raised when and where appropriate/possible. The matter was raised as part of the hazard reduction pilot project.

Objective 1.4

Ensure access to services and facilities as needs change within the community.

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Develop and implement service plans that detail aim of service, level and frequency of service, and partnerships required to deliver services	1.4.1	Section 8.11.1 – Operations Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2016-17
	1.4.2	Section 8.11.1 – Operations Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.
	1.4.3	Section 8.2.1 – Operations Members of Council	\$0	Not funded in 2013-14, Plan provides for ongoing implementation from 2015-16
Advocate for improved banking services.	1.4.4	Section 8.11.1 – Operations Administration	Ongoing	This task was set as an ongoing matter that should be raised when and where appropriate/possible.

6.2.2 Focus Area 2 – Natural Environment

Vision: Preserve and Sustain our Natural Environment

Preserving and enhancing our natural environment is a key aspect to the Shire of Boyup Brook's future to retain its 'river and forest' identity. The Shire will focus on valuing natural resources, managing use of water and energy.

Shire Goals

- ⇒ Maintain and preserve the natural environment, enhancing the 'river and forest' experience of Boyup Brook.
- ⇒ Sustain and promote the natural environment through the use of green energy solutions.

Objective 2.1

Maintain the natural environment

PRIORITY	ACTION		LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Beautification of parklands and gardens, utilising native species.	2.1.1	Prepare Reserve Plan highlighting key parks and gardens for landscaping design.	Section 8.2.1 – Operations – Members of Council	\$20,000	Included in the 2013-14 budget – preliminary planning done and will be used as the template for future planning. Project funded for further work in 2014-15.



Objective 2.2

Support the use of sustainable, renewable resources.

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Support the use of sustainable and renewable resources.	2.2.1 Develop Policy position on how Council will support the use of sustainable and renewable resources.	Section 8.11.1 – Operations – Administration	\$1,500	No specific provision included in the 2013-14 budget - No policy developed as yet but is to be included in the policy review process.
	2.2.2 Undertake efficiency audit on Council operational areas that are major water consumers and identify practical water efficiency measures for implementation.	Section 8.11.1 – Operations – Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.
	2.2.3 Undertake energy efficiency audit on Council operational areas that are major electricity consumers and identify practical energy efficiency measures for implementation.	Section 8.11.1 – Operations – Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.

6.2.3 Focus Area 3 – Built Environment Vision: Enhanced Lifestyle Choices

The shire will focus on enhancing the town through improved streetscaping and infrastructure. The shire will focus on land-use, including local roads, parks, reserves and facilities will meet the future needs of the growing community, and create employment opportunities through commercial and industrial land-use.

Shire Goals

⇒ Improve road infrastructure.

Objective 3.1

Beautification of community spaces

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Develop and implement landscaping/ streetscaping plan	3.1.1 Develop a Landscaping/ Street scaping Strategy for the entire town, with a specific themed approach for the Main Street.	Section 8.11.1 – Operations – Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2017-18.
Develop and implement an active and passive recreation parklands strategy.	3.1.2 Examine active and passive recreation parklands as part of Sporting Precinct Plan.	Section 8.2.1 – Operations – Members of Council	See Action 1.2.2	
	3.1.3 Cost active and passive parklands requirements from Sporting Precinct Plan & develop priority works projects listing for inclusion in the LTFP and CBP.	Section 8.8.1 – Operations Other Recreation & Sport	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.

Objective 3.2

Strengthen road safety and local infrastructure

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Develop and implement asset management plans for roads, footpaths, and buildings & structures.	3.2.1 Update existing Road asset management plan by undertaking collection of road inventory and condition data collection.	Section 8.9.1 – Operations Transport	\$0	Not funded in 2013-14, Plan provides for funding in 2017-18.
	3.2.2 Update existing Building & Asset Structures Plan by undertaking collection of more specific data relating to component works required for financial modelling purposes.	Section 8.11.1 –Operations Administration	\$0	Not funded in 2013-14, Plan provides for funding from 2014-15.
	3.2.3 Collect paths inventory and condition data for footpath network and prepare asset management plan.	Section 8.9.1 – Operations Transport	\$0	Not funded in 2013-14, Plan provides for funding from 2014-15.
Investigate and implement improved rural road maintenance and construction techniques, particularly on school bus routes and commodity routes.	3.2.4 Investigate contemporary road maintenance and construction techniques that will extend the life of road assets.	Section 8.9.1 – Operations - Transport	\$0	Not funded in 2013-14, Plan provides for funding in 2017-18.
	3.2.5 Undertake review of road maintenance and construction operations and deliver training programs to facilitate implementation of applicable contemporary road maintenance and construction techniques.	Section 8.9.1 – Operations – Transport	\$0	Not funded in current Plan however has been actioned as part of on going , continual improvement.

PRIORITY	ACTION		LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Advocate for reduced restrictions relating to control of road vegetation.	3.2.6	Continue to pursue reduced restrictions relating to control of road vegetation via WALGA Country Zone and Local Member of Parliament.	Section 8.2.1 – Operations – Governance	\$0	Not funded in current Plan however, President has regularly, and strongly, perused this matter at Zone meetings, with political representatives and State Government officers.
Implement improved disabled access in town (gopher access and disabled parking).	3.2.7	Prepare report on number and location of existing disabled parking bays in town and the assessed need for additional bays.	Section 8.11.1 – Operations – Administration	\$2,000	No specific provision included in the 13/14 budget – position on parking spaces reported to Council and new marking works completed. This work included disabled bays in streets and at the Town Hall parking area.
	3.2.8	Continue to address gopher access on a case by case basis	Section 8.9.1 – Operations – Transport	Ongoing	The new parking bay marking included exclusion points at pram ramps.
Investigate the expansion of street lighting.	3.2.9	Undertake audit of street lighting in town, cost expansion requirements and include costs in LTFP.	Section 8.11.1 – Operations – Administration	\$0	Not funded in 2013/14, Plan provides for funding from 2015/16.

Objective 3.3

Enhanced refuse and recycling opportunities

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Investigate the expansion of the Shire's refuse collection service.	3.3.1 Prepare feasibility study on expansion of waste collection service including service delivery options and estimated cost per service.	Section 8.11.1 – Operations – Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15. Moving to a regional collection service in 2015/16 that should offer more scope.
Examine potential to introduce free waste transfer station vouchers as part of annual refuse collection service.	3.3.2 Prepare feasibility study on introduction of free waste transfer station vouchers including funding options for additional costs.	Section 8.11.1 – Operations – Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.

Objective 3.4

Create land use capacity for Industry

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Review land-use planning to ensure commercial and industrial opportunities are maximised.	3.4.1 Finalise Local Planning Strategy and Town Planning Scheme Review and ensure there is adequate zoning provision for commercial and industrial land.	Section 8.7.1 – Operations – Town Planning & Regional Development	\$24,000	Included in the 2013-14 budget – Both have been completed, have been before Council and are now with the WAPC.
Advocate for provision of sewerage solutions to permit more intensive land use in town.	3.4.2 Work with South West Development Commission (SWDC), Landcorp and local member to prepare design study on cost effective sewerage solution to permit more intensive land use.	Section 8.2.1 – Operations Members of Council	\$15,000	Not included in the 2013-14 budget but funded by Council with a budget amendment – Matching funds gained, tender for works progressed, tender awarded and project underway. Project time line has the report to Council in October 2014.
	3.4.3 Advocate and lobby for funding to construct sewerage solution via State Government meetings with relevant departmental agencies and Ministers/Shadow Ministers.	Section 8.2.1 – Operations Governance	\$0	Not funded in current Plan however, has been actioned at every opportunity.

Objective 3.5

Facilitate affordable and diverse housing options

PRIORITY	ACTION		LTPP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Review land-use planning to provide housing and land size choices.	3.5.1	Prepare reviews of Local Planning Strategy and town Planning Scheme and ensure there is adequate zoning provision for a range of housing and land choices are available.	Section 8.7.1 – Operations – Town Planning & Regional Development		See Action 3.4.1
Develop a range of aged accommodation opportunities.	3.5.2	Continue to work with the SWDC and the Bunbury-Wellington Group of Councils on the development of an Aging Strategy for the Region, including aged accommodation.	Section 8.5.1 – Operations Welfare-Aged and Disabled		See Action 1.1.7

6.2.4 Focus Area 4 – Economic Development

Vision: Maximise Business and Employment Opportunities

The economy will thrive through diversifying business and employment opportunities, through attracting industrial and commercial opportunities for the growing community, by actively supporting all local businesses.

Shire Goals

- ⇒ Build the economic base through diversification and actively supporting local businesses.
- Objective 4.1**

Build and support new businesses.

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Encourage new businesses through information, incentives and land-use provision.	4.1.1 Develop Policy position on incentives Council will offer to attract new business to the district.	Section 8.10.1 – Operations Economic Development	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.
	4.1.2 Prepare reviews of Local Planning Strategy and town Planning Scheme and ensure there is adequate zoning provision for commercial and industrial land.	Section 8.7.1 – Operations Town Planning & Regional Development		See Action 3.4.1
Advocate for new business start-up support.	4.1.3 Continue partnership with Business Enterprise Centre and obtain agreed service levels regarding support provided to small businesses.	Section 8.10.1 – Operations Economic Development	\$0	Not funded in 2013-14, Plan provides for funding from 2014-15.
Examine potential for buy local campaign supported by local price preference policy.	4.1.4 Engage with local businesses on opportunities, strategies and incentives for development of a buy local campaign.	Section 8.10.1 – Operations Economic Development	\$0	Not funded in 2013/14, Plan provides for funding in 2014/15.

Objective 4.2

Promote Commercial Centre

PRIORITY	ACTION		LTSP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Investigate development of the music park.	4.2.1	Engage with Country Music Club, as part of the Sporting Precinct Planning, on a long term vision for Music Park.			See Action 1.2.2
	4.2.2	Assist Country Music Club develop feasibility study on development of Music Park	Section 8.11.1 – Operations Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2015-16.
Develop and implement Street/landscaping plan.	4.2.3	Develop a Landscaping/Street scaping Strategy for the entire town, with a specific themed approach for the Main Street.			See Action 3.1.1
Investigate options to encourage owners of business houses to renovate shop frontages.	4.2.4	Develop Policy position on incentives Council will offer existing business houses to renovate shop frontages.	Section 8.2.1 – Operations Governance	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.



Objective 4.3

Develop Tourism Industry

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Support tourism capability through events, fairs, arts, produce, history and cultural experiences.	4.3.1 Continue to financially support the Boyup Brook Tourism Association in promotion of the district.	Section 8.10.1 – Operations – Tourism & Area Promotion		See Action 1.1.1
	4.3.2 Continue to financially support local community organisations in coordination and promotion of local events.	Section 8.2.1 – Operations Members of Council	\$42,176	Included in the 2013-14 budget. Operating contribution to the Tourism Association, operating costs associated with the Association's premises, and donation of one day per week of the CDO. Also, annual support for the local rodeo event and the Country Music Club's annual event. Provided for in the 2014/15 budget.
	4.3.3 Continue to fund the Community Development Officer position.	Section 8.10.1 – Operations Tourism & Area Promotion	\$82,300	Included in the 2013-14 budget – and actioned. Included in the 2014-15 budget.

Objective 4.4

Attract Permanent Residents

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Promote the family friendly lifestyle of Boyup Brook.	4.4.1 Continue TV advertising campaign to promote the lifestyle available in Boyup Brook.	Section 8.10.1 – Operations Tourism & Area Promotion	\$0	Not funded in 2013-14, Plan provides for funding from 2014-15.



6.2.5 Focus Area 5 – Governance
Vision: Strengthen Local Leadership

The Shire will focus on sustainability through leadership and regional partners, making informed resource decisions, engaging and listening to community, advocating on the community behalf, be accountable and manage within governance and legislative framework.

Shire Goals

- ⇒ Strong leadership, governance and planning that makes the best use of our physical, financial and human resources.
Objective 5.1

Provide Leadership on behalf of the Community

PRIORITY	ACTION	LTP LINKAGE	2013-14	Actions 2013-14 plan for 2014-15
Lobby and advocate for improved services, infrastructure and access.	5.1.1 Continue to maintain political relationship with local member, South West Development Commission and other political affiliations	Section 8.11.1 – Operations – Administration	Ongoing	Council and CEO have continued to foster strong and good relationships and ensure periodic interaction.
Advocate for the regional strengthening of health and education services.	5.1.2 Continue to lobby for retention and improvement to health & education services.	Section 8.11.1 – Operations – Administration	Ongoing	Council and CEO have continued make these (especially the retention of the Hospital) a major focus of discussions with relevant politicians and bureaucrats.
Develop partnerships with stakeholders to enhance community services and infrastructure.	5.1.3 Coordinate meetings with local police and State Government agencies to discuss local issues of importance on an as needs basis.	Section 8.11.1 – Operations – Administration	Ongoing	The CEO met with relevant people as and when possible/appropriate. Sewerage, Hospital and aged accommodation were the major services pushed. Others included mobile phone services, electricity supply services in town, regional waste initiatives, water supply services in town, and the like.

Objective 5.2

Foster Community Participation and Collaboration

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Develop a community engagement strategy and provide opportunities for community participation.	5.2.1	Section 8.11.1 – Operations – Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.
	5.2.2	Section 8.10.1 – Operations Community & Economic Development.	\$0	Not funded in 2013-14, Plan provides for funding in 2014-15.
	5.2.3	Section 8.10.1 – Operations Community & Economic Development		See Action 1.1.4
Support volunteers and encourage community involvement.				

Objective 5.3

Manage Resources Effectively

PRIORITY	ACTION	LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Develop and maintain strategic financial plan and asset management plans to inform decisions.	5.3.1 Undertake annual review of Long Term Financial Plan and review actual performance against that forecast.	Section 8.11.1 – Operations – Administration	\$0	Not funded in 2013-14, Plan provides for funding from 2014-15.
	5.3.2 Update existing Road asset management plan by undertaking collection of road inventory and condition data collection.			See Action 3.2.1
	5.3.3 Update existing Building & Structures Asset Management Plan by undertaking collection of more specific data relating to component works required for financial modelling purposes.			See Action 3.2.2
	5.3.4 Collect footpath inventory and condition data for footpath network and prepare asset management plan.			See Action 3.2.3
	5.3.5 Prepare service plans for key services detailing aim of service, level and frequency of service and partnerships required to deliver services.			See Action 1.4.1
Develop and implement service plans that detail aim of service, level and frequency of service, and partnerships required to deliver service.				

PRIORITY	ACTION		LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Ensure governance and legislative requirements are met.	5.3.6	Develop and implement Annual Compliance Checklist.	Section 8.11.1.1 – Operations Administration	\$3,000	No specific provision included in the 2013-14 budget –Arranged to be done, as part of the four yearly Financial Management review, in October 2014.
	5.3.7	Complete Annual Compliance Audit.	Section 8.11.1.1 – Operations Administration	\$3,000	No specific provision included in the 2013-14 budget – Completed internally on an annual basis.
	5.3.8	Undertake Financial Management Review once every 4 years	Section 8.11.1.1 – Operations Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2014/15.
	5.3.9	Undertake Risk, Internal Control and Legislative Compliance Review once every 2 years (Audit Reg 17).	Section 8.11.1.1 – Operations Administration	\$0	Not funded in 2013-14, Plan provides for funding from 2014-15.
	5.3.10	Complete reviews of local laws.	Section 8.11.1.1 – Operations Administration	\$10,000	Included in the 2013-14 budget – Commenced and will be completed in 2015-16.
	5.3.11	Complete annual review of delegations.	Section 8.11.1.1 – Operations Administration	\$1,500	Included in the 2013-14 budget –review completed to Council.
	5.3.12	Undertake review of Strategic Community Plan.	Section 8.11.1.1 – Operations Administration	\$0	Not funded in 2013-14, Plan provides for funding in 2015-16.

Objective 5.4

Develop Workforce Capability

PRIORITY	ACTION		LTFP LINKAGE	2013-14	Actions 2013-14, plan for 2014-15
Develop workforce plan. Ensures human resources are available and future skill requirements are identified and developed.	5.4.1	Undertake annual review of workforce plan that meets statutory requirements.	Section 8.11.1.1 – Operations – Administration	\$0	Not funded in 2013-14, Plan provides for funding from 2014-15.

7.0 Legislative Environment

7.1 Administered Legislation – Local Laws

As at 30 June 2014 the following legislation was administered by the Shire of Boyup Brook:

- Activities in Thoroughfares and Public Places and Trading Local Law;
- Bush Fire Brigades Local Law;
- Cemetery Local Law;
- Dogs Local Law;
- Local Laws Relating to Fencing;
- Health Local Laws;
- Local Government Property Local Law;
- Parking and Parking Facilities Local Law;
- Standing Orders Local Law

7.2 Significant Legislation Relevant to Local Government

Local Governments operate in a complex legislative environment. In performing much of its functions, the shire adheres with the following relevant laws:

- Bush Fires Act 1954;
- Caravan Parks and Camping Grounds Act 1995;
- Cat Act 2011;
- Cemeteries Act 1986;
- Control of Vehicles (Off-road) Act 1978;
- Dog Act 1976;
- Environmental Protection Act 1986;
- Fire and Emergency Services Authority of Western Australia Act 1998;
- Health Act 1911;
- Local Government Act 1995;
- Main Roads Act 1930; and
- Waste Avoidance and Resource Recovery Act 2007.

7.3 Regulatory Reporting Requirements

Listed below is the Shire's performance against some of the more prominent legislative requirements.

7.3.1 Elected Members Conduct

In the financial year ending 2013-14 no complaints were recorded under section 5.121 of the *Local Government Act 1995* as they relate to Elected Members' conduct.

7.3.2 Local Government (Financial Management) Regulations 1996

The CEO is required to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures regularly (not less than once in every four financial years), and report the results of those reviews to the local government. The last such a review was completed in 2010-11 and the report from this review was tabled with the Audit and Finance Committee. The next review will be undertaken during 2014-15.

7.3.3 Information about Modifications to Certain Plans

Regulation 19CA of the Local Government (Administration) Regulations 1996 requires local governments to report, in their annual reports, on modifications to certain of their plans. In the financial year ending 30 June 2014 no modifications were made to the Shire's strategic community plan. Further, the Shire's corporate business plan was not significantly modified during 2013-14.

7.3.4 Review of Local Laws

Section 3.16 of the *Local Government Act 1995* requires that all Local Laws of a Local Government will be reviewed within an eight-year period after their commencement, to determine if they should remain unchanged, be amended, or repealed. It is proposed that in 2014-15 Financial Year such a review will take place.

7.3.5 State Records Act 2000

The Shire's Record Keeping Plan has been reviewed and forwarded to the State Records Commission. Subsequent to that the Commission advised the Shire that it had met all its requirements and that the next review would be due in July 2015. As a local government authority, the Shire is required under the *State Records Act 2000* to address in its annual reports, certain matters as outlined in the Record Keeping Plan.

While the Shire's records keeping systems are being continuously reviewed and developed, a more detailed evaluation of them will take place in 2014-15. The system centralises all corporate documents, and so increases efficiency in document retrieval, storage and retention.

When practicable the Shire's Records Officer participates in meetings held by the *South West Information Management (SWIM) Committee*. Additionally, the officer receives the minutes of each meeting held throughout the year. As a part of the Staff Induction Program and Record Keeping Training Plan, new employees are informed of their record-keeping obligations during an information session. Further, training sessions for the Shire's electronic document-management system are performed on an as needs basis. Measures to evaluate the efficiency and effectiveness of these programs will be reviewed in 2014-15.

7.3.6 Freedom of Information Act 1992

In accordance with Section 96(1) of the *Freedom of Information Act 1992*, residents have the right to access records (which are not otherwise exempt) held by State and Local Government agencies. Applications may be made to the Shire to access such information upon payment of a standard fee. In the financial year ending 2013-14 the Shire received no applications to access non-exempt information held by the Shire of Boyup Brook.

7.3.7 Food Safety Standards

When it came into effect (23 September 2009) *The Food Act 2008* was applied to all food premises within the Shire based on the Australian and New Zealand Food Standards Code and a risk assessment approach to food safety. All registered food businesses are given risk classifications (high, medium, and low), and the frequency of inspections of food businesses will vary depending upon risk classification and compliance standards.

7.3.8 Occupational Safety and Health

The Shire participates in the Local Government Insurance Services' (LGIS) SW Regional Co-ordination Project, engages the services of a Shared Regional (OSH) Co-ordinator, and prides itself on its positive and safe workplace. During 2014-15 the Shire's comprehensive safety systems will be accredited against AS 4801 and the requirements of the *Occupational Safety and Health Act 1984*.

7.3.9 Disability Access and Inclusion

The shire is continuing to work towards implementing the strategies identified against the seven outcomes as listed in Schedule 3 of the WA Disability Services Regulations 2004, through the implementation of the Disability Access Inclusion Plan 2013-2018.

Progress continues to be made across all outcomes. Some examples include inspections of event venues conducted to ensure compliance, including the gathering of feedback from patrons post event. Assessment of building plans for compliance with the legislative requirements, this included the museum display shed and hockey rest facilities. New road marking designating clear and improved access for people with disability, between shire buildings, spaces and facilities within the town site.

Contractors have also been informed of their expectations to ensure they are aware of legislative requirements and work towards achieving the principles adopted by the shire. This was achieved by providing a copy of the shire's policy, the "Guide for Procurement and Contract Mangers", and reference to the Shire of Boyup Brook's Disability Access and Inclusion Plan on the web site.

7.3.10 Competitive Neutrality

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

For the purposes of Competitive Neutrality, a significant business activity is defined as an activity with an income in excess of \$200,000 pa, which is not a regulatory service (community service obligation) and is not already contracted out. Accordingly, it has been determined that Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 statement.

8.0 Legal Compliance

8.1 2013-14 Financial Statements

The Shire's 2013-14 Annual Financial Statements and the independent auditor's report of Tim Partridge (Partner) of AMD Chartered Accountants, are included at Appendix 2.

FUNDING TO ORGANISATIONS

Organisation Name	Council Contribution (\$)
Boyup Brook Arts & Craft Society	500
Blackwood Valley Wine Industry Association	500
Rylington Park Management Committee	1,000
Rylington Park Management Committee	1,000
Henri Nouwen House	1,500
Community Resource Centre	1,346
Boyup Brook Country Music Club	10,000
Blackwood Basin Group	10,000
Harvey Dickson Country Music Centre	5,000
SW Group of Affiliated Agricultural Societies	250
Boyup Brook Tourism Association	15,000
Museum Committee	5,000
Boyup Brook Club	2,500
Local Schools	200
Tone Bridge Country Club	1,000
Blackwood River Valley Marketing Assoc	200
Country Women's Association	730
Lions Club Boyup Brook	2,500

SHIRE OF BOYUP BROOK

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business: Abel Street Boyup Brook	

**SHIRE OF BOYUP BROOK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Boyup Brook at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

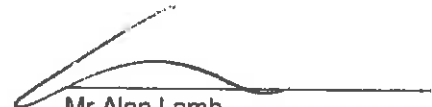
Signed as authorisation of issue on the

4th

day of

December

2014



Mr Alan Lamb
Chief Executive Officer

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	2,128,241	2,131,351	2,024,488
Operating Grants, Subsidies and Contributions	28	946,195	773,096	1,264,256
Fees and Charges	27	985,749	973,949	951,863
Interest Earnings	2(a)	119,554	115,340	131,720
Other Revenue		35,072	6,500	25,506
		<u>4,214,811</u>	<u>4,000,236</u>	<u>4,397,833</u>
Expenses				
Employee Costs		(2,013,259)	(2,219,327)	(1,933,269)
Materials and Contracts		(1,305,362)	(1,689,607)	(1,288,085)
Utility Charges		(132,922)	(156,369)	(131,381)
Depreciation on Non-Current Assets	2(a)	(2,561,098)	(805,519)	(1,672,787)
Interest Expenses	2(a)	(40,759)	(42,023)	(26,480)
Insurance Expenses		(226,263)	(289,540)	(215,353)
Other Expenditure		(224,769)	(21,662)	(68,135)
		<u>(6,504,432)</u>	<u>(5,224,047)</u>	<u>(5,335,490)</u>
		<u>(2,289,621)</u>	<u>(1,223,811)</u>	<u>(937,657)</u>
Non-Operating Grants, Subsidies and Contributions	28	1,576,674	1,862,372	460,690
Profit on Asset Disposals	20	67	868	66,865
Loss on Asset Disposals	20	<u>(2,550)</u>	<u>0</u>	<u>(47,798)</u>
NET RESULT		(715,430)	639,429	(457,900)
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	0	0	27,008,606
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>27,008,606</u>
Total Comprehensive Income		<u>(715,430)</u>	<u>639,429</u>	<u>26,550,706</u>

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

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance	20		1,400	(1,448)
General Purpose Funding		2,768,085	2,812,603	3,141,319
Law, Order, Public Safety		60,567	43,650	52,569
Health		653,778	662,575	628,005
Education and Welfare		10,358	8,329	17,957
Housing		42,387	44,185	44,186
Community Amenities		120,669	108,006	111,166
Recreation and Culture		55,948	56,950	74,655
Transport		329,465	149,155	143,415
Economic Services		96,917	88,383	97,495
Other Property and Services		76,617	25,000	88,514
		<u>4,214,811</u>	<u>4,000,236</u>	<u>4,397,833</u>
Expenses				
Governance		(317,122)	(446,552)	(250,547)
General Purpose Funding		(82,460)	(100,130)	(94,082)
Law, Order, Public Safety		(146,422)	(173,130)	(166,461)
Health		(818,515)	(668,311)	(728,015)
Education and Welfare		(123,979)	(104,069)	(100,670)
Housing		(171,347)	(56,248)	(81,100)
Community Amenities		(307,871)	(323,924)	(291,024)
Recreation & Culture		(781,701)	(687,904)	(647,828)
Transport		(3,361,757)	(1,988,012)	(2,550,665)
Economic Services		(368,075)	(626,782)	(304,659)
Other Property and Services		15,576	(6,962)	(93,959)
		<u>(6,463,673)</u>	<u>(5,182,024)</u>	<u>(5,309,010)</u>
Financial Costs				
Health		(1,883)	(2,484)	(3,952)
Education and Welfare		(19,226)	(19,054)	(3,462)
Housing		(4,930)	(4,990)	(3,078)
Community Amenities		(1,388)	(1,374)	(1,619)
Recreation & Culture		(8,949)	(9,089)	(9,364)
Economic Services		(2,870)	(3,535)	(3,388)
Other Property and Services		(1,513)	(1,497)	(1,617)
	2(a)	<u>(40,759)</u>	<u>(42,023)</u>	<u>(26,480)</u>
Non-Operating Grants, Subsidies and Contributions				
Transport		1,576,674	1,862,372	460,690
		<u>1,576,674</u>	<u>1,862,372</u>	<u>460,690</u>
Profit/(Loss) on Disposal of Assets				
Transport		67	0	19,067
Other Property and Services		(2,550)	868	0
		<u>(2,483)</u>	<u>868</u>	<u>19,067</u>
Net Result		<u>(715,430)</u>	<u>639,429</u>	<u>(457,900)</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	27,008,606
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>27,008,606</u>
Total Comprehensive Income		<u>(715,430)</u>	<u>639,429</u>	<u>26,550,706</u>

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

**SHIRE OF BOYUP BROOK
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,440,552	2,793,811
Trade and Other Receivables	4	367,736	254,103
Inventories	5	3,388	9,051
TOTAL CURRENT ASSETS		<u>2,811,676</u>	<u>3,056,965</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	14,366,825	14,624,287
Infrastructure	7	72,505,774	72,763,060
TOTAL NON-CURRENT ASSETS		<u>86,872,599</u>	<u>87,387,347</u>
TOTAL ASSETS		<u>89,684,275</u>	<u>90,444,312</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	427,308	500,987
Current Portion of Long Term Borrowings	9	47,763	48,869
Provisions	10	516,998	455,327
TOTAL CURRENT LIABILITIES		<u>992,069</u>	<u>1,005,183</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	668,951	716,714
Provisions	10	34,619	35,713
TOTAL NON-CURRENT LIABILITIES		<u>703,570</u>	<u>752,427</u>
TOTAL LIABILITIES		<u>1,695,639</u>	<u>1,757,610</u>
		<u>87,988,636</u>	<u>88,686,702</u>
EQUITY			
Retained Surplus		50,812,506	52,352,419
Reserves - Cash Backed	11	1,311,805	1,056,728
Revaluation Surplus	12	35,864,325	35,277,555
TOTAL EQUITY		<u>87,988,636</u>	<u>88,686,702</u>

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

**SHIRE OF BOYUP BROOK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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	12	0	0	27,008,606	27,008,606
Total Comprehensive Income		(457,900)	0	27,008,606	26,550,706
Transfer to/(from) Reserves		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
Comprehensive Income					
Net Result		(715,430)	0	0	(715,430)
Correction of Errors		(569,406)	0	586,770	17,364
Total Comprehensive Income		(1,284,836)	0	586,770	(698,066)
Transfer to/(from) Reserves		(255,077)	255,077	0	0
Balance as at 30 June 2014		50,812,506	1,311,805	35,864,325	87,988,636

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

* The correction of error adjustments relates to the following:

1. Reversal of negative balances held on the Revaluation surplus for Furniture & Equipment, and Plant & Equipment. Negative Asset Revaluation Reserves are not able to be held, therefore the negative amounts were adjusted against the Accumulated Surplus, as they related to the closing balance as at 30 June 2013.

2. The omission of a Fair Value amount for an item of Plant as at 30 June 2013, for \$17,364, which was then subsequently disposed during 2013/14.

**SHIRE OF BOYUP BROOK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,042,700	2,131,351	2,104,214
Operating Grants, Subsidies and Contributions		946,195	773,096	1,264,256
Fees and Charges		901,611	973,949	897,593
Service Charges		0	0	0
Interest Earnings		119,554	115,340	130,351
Goods and Services Tax		254,910	200,000	229,832
Other Revenue		35,072	6,500	33,632
		<u>4,300,042</u>	<u>4,200,236</u>	<u>4,659,878</u>
Payments				
Employee Costs		(2,186,292)	(2,219,327)	(1,940,224)
Materials and Contracts		(1,111,633)	(1,159,607)	(1,053,371)
Utility Charges		(132,922)	(156,369)	(131,381)
Interest Expenses		(43,568)	(42,023)	(21,816)
Insurance Expenses		(226,263)	(289,540)	(215,353)
Goods and Services Tax		(224,192)	(200,000)	(320,614)
Other Expenditure		(224,767)	(551,663)	(70,682)
		<u>(4,149,637)</u>	<u>(4,618,529)</u>	<u>(3,753,441)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>150,405</u>	<u>(418,293)</u>	<u>906,437</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(405,246)	(449,484)	(1,491,102)
Payments for Construction of Infrastructure		(1,686,496)	(2,277,398)	(1,156,309)
Advances to Community Groups		0		
Non-Operating Grants, Subsidies and Contributions		1,576,674	1,862,372	460,690
Proceeds from Sale of Fixed Assets		60,273	17,360	255,605
Proceeds from Advances		0	0	
Net Cash Provided by (Used in) Investment Activities		<u>(454,795)</u>	<u>(847,150)</u>	<u>(1,931,116)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(48,869)	(45,049)	(41,878)
Proceeds from Self Supporting Loans		0	0	
Loan Advances provided		0	(150,000)	0
Proceeds from New Debentures		0	450,000	400,000
Net Cash Provided By (Used In) Financing Activities		<u>(48,869)</u>	<u>254,951</u>	<u>358,122</u>
Net Increase (Decrease) in Cash Held		<u>(353,259)</u>	<u>(1,010,492)</u>	<u>(666,557)</u>
Cash at Beginning of Year		<u>2,793,811</u>	<u>2,794,269</u>	<u>3,460,368</u>
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>2,440,552</u></u>	<u><u>1,783,777</u></u>	<u><u>2,793,811</u></u>

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

**SHIRE OF BOYUP BROOK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		20	1,400	(1,448)
General Purpose Funding		639,614	681,252	1,116,831
Law, Order, Public Safety		60,567	43,650	52,569
Health		653,778	662,575	628,005
Education and Welfare		10,358	8,329	17,957
Housing		42,387	44,185	44,186
Community Amenities		120,669	108,006	111,166
Recreation and Culture		55,948	56,950	74,655
Transport		329,533	149,155	210,280
Economic Services		96,917	88,383	97,495
Other Property and Services		76,618	25,868	88,514
		<u>2,086,409</u>	<u>1,869,753</u>	<u>2,440,210</u>
Expenses				
Governance		(317,122)	(446,552)	(250,547)
General Purpose Funding		(82,230)	(100,130)	(94,082)
Law, Order, Public Safety		(146,422)	(173,130)	(166,461)
Health		(820,398)	(670,795)	(731,967)
Education and Welfare		(143,205)	(123,123)	(104,132)
Housing		(176,277)	(61,238)	(84,178)
Community Amenities		(309,259)	(325,298)	(292,643)
Recreation and Culture		(790,650)	(696,993)	(657,192)
Transport		(3,361,758)	(1,988,012)	(2,598,463)
Economic Services		(370,945)	(630,317)	(308,047)
Other Property and Services		11,513	(8,459)	(95,576)
		<u>(6,506,753)</u>	<u>(5,224,047)</u>	<u>(5,383,288)</u>
Net Result Excluding Rates		(4,420,344)	(3,354,294)	(2,943,078)
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	20	2,483	(868)	(19,067)
Movement in accrued interest		(2,809)	0	4,664
Movement in Inventory		5,663	0	633
Movement in Accrued Salaries & Wages		17,358	0	(21,723)
Movement in Accrued Expenses		(15,793)	0	4,184
Movement in Employee Benefit Provisions		61,671	0	14,867
Depreciation and Amortisation on Assets	2(a)	2,561,098	805,519	1,672,787
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(194,049)	(305,433)	(474,569)
Purchase Furniture and Equipment	6(a)	(64,150)	(7,451)	(193,716)
Purchase Plant and Equipment	6(a)	(147,047)	(136,600)	(822,817)
Purchase Roads	7(a)	(1,255,783)	(2,101,772)	(816,183)
Purchase Footpaths	7(a)	0	(28,000)	(13,669)
Purchase Drainage	7(a)	(41,068)	0	(253,700)
Purchase Bridges	7(a)	(364,000)	0	0
Purchase Other Infrastructure	7(a)	(25,646)	(147,626)	(61,082)
Purchase Recreation Infrastructure	7(a)	0		(11,675)
Advances to Community Groups		0	(150,000)	
Contribution for the development of Assets	28	1,576,674	1,862,372	460,690
Proceeds from Disposal of Fixed Assets	20	60,273	17,360	255,605
Repayment of Debentures	21(a)	(48,869)	(45,049)	(41,878)
Proceeds from New Debentures	21(a)	0	450,000	400,000
Transfers to Reserves (Restricted Assets)	11	(301,077)	(260,272)	(214,888)
Transfers from Reserves (Restricted Assets)	11	46,000	0	1,296,539
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,569,866	1,274,199	1,323,453
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,148,692	3,434	1,569,866
Total Amount Raised from General Rate	22(a)	<u>(2,128,241)</u>	<u>(2,131,351)</u>	<u>(2,024,487)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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 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.

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. A separate statement of those monies appears at Note 19. to these financial statements.

(b) 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 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 reported as short term borrowings in current liabilities in the statement of financial position.

(d) 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.

(e) 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 Sale

Land held for development and sale 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 profit or loss 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 sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and 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.

In 2013, Council 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 was 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 the 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 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Transitional Arrangements

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 only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	5 to 40 years
Furniture and Equipment	2 to 10 years
Plant and Equipment	2 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	67 years
seal	
- bituminous seals	28 years
- asphalt surfaces	28 years
Gravel roads	
formation	not depreciated
pavement	67 years
Formed roads (unsealed)	
formation	not depreciated
pavement	67 years
Footpaths - slab	40 years
Water supply piping and drainage systems	75 years

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (continued)

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (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.

The effective interest 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 are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

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

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 that 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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 (a "loss event") 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 assets, 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 to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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 continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. 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 of Assets

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) whereby 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(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 until such time as the asset is substantially ready for its intended use or sale.

(m) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. 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. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, 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.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

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

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 sale where it is held as non-current based on the 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, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(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 2014

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 pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	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 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2017	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).
[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]			

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii)	AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv)	AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation 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. This Standard is not expected to significantly impact the Council's financial statements.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v)	AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	<p>This standard makes amendment: to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.</p> <p>It is not expected to have a significant impact on Council.</p>
(vi)	AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	<p>This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.</p> <p>It is not expected to have a significant impact on Council.</p>
(vii)	AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

Notes:

⁽¹⁾ 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 2014

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 were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 8	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

"Growing our Community Together"

Our Shire will be a Place:

- For people, with a sense of community, one that is active, vibrant, engaged and connected;
- That is safe and secure;
- That nurtures its youth and aging population, and retains its health and medical services;
- That grows and has employment opportunities, through commercial diversity, which is based on comparative advantage.

Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance
		1/07/12 \$	2012/13 \$	2012/13 \$	30/06/13 \$	2013/14 \$	2013/14 \$	30/06/14 \$
DLG - Asset Management	Other Property	4,000	0	(4,000)	0	0	0	0
Building	Other Property	42,369	0	(42,369)	0	0	0	0
WA Local Govt Grants Comm.	GP Funding	497,814	0	(497,814)	0	0	0	0
Emergency Services Planning	Law, Order	22,856	0	(22,856)	0	0	0	0
Aged Needs Study	Ed & Welfare	8,000	0	(8,000)	0	0	0	0
CLGF - 2010/11 Storm Water	Com Amenities	289,509	0	(253,700)	35,809	0	(35,809)	0
CLGFR - 2010/11 Ablution Block	Rec & Culture	150,000	0	(79,733)	70,267	0	(70,267)	0
CLGFR - 2010/11 Transportable Ablutions	Rec & Culture	53,134	0	(53,134)	0	0	0	0
KidzSports Program	Rec & Culture	23,600	0	(11,589)	12,011	15,000	(5,225)	21,786
SWDC - Bunbury Albany Tourist Route Promotion	Economic Serv	5,000	0	(5,000)	0	0	0	0
DLG - Cat Management Facility	Law, Order	0	7,843	0	7,843	0	(5,270)	2,573
DLG - Workforce Planning	Other Property	0	25,000	(14,123)	10,877	0	(10,195)	682
LWA - Youth Centre Improvements	Ed & Welfare	0	9,545	(9,545)	0	0	0	0
DfC - National Youth Week Check It! Event	Ed & Welfare	0	1,000	(1,000)	0	0	0	0
MRWA - RRG Grants	Transport	0	155,000	(155,000)	0	404,666	(404,666)	0
DIT - Roads to Recovery Grant	Transport	0	299,973	(299,973)	0	299,462	(299,462)	0
WA Local Govt Grants Comm.	Transport	0	0	0	0	534,000	(364,000)	170,000
DLG - Cat Sterilisation Grant	Law, Order	0	0	0	0	2,500	0	2,500
CLGF 13/14 - Depot Transportable	Transport	0	0	0	0	100,000	(16,160)	83,840
CLGF 13/14 - Railway Pde	Transport	0	0	0	0	161,085	(161,085)	0
CLGF 13/14 - Saleyard Upgrade	Economic Serv	0	0	0	0	60,000	(773)	59,227
Total		1,096,282	498,361	(1,457,836)	136,807	1,576,713	(1,372,912)	340,608

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - 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.
- (3) - 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 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		388,141	1,200,276
Restricted		<u>2,052,411</u>	<u>1,593,535</u>
		<u><u>2,440,552</u></u>	<u><u>2,793,811</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	72,223	114,771
Plant & Vehicle Reserve	11	245,397	7,705
Building Reserve	11	601	584
Depot Reserve	11	9,941	9,651
Community Housing Reserve	11	50,253	37,298
Emergency Reserve	11	38,468	37,345
Insurance Claim Reserve	11	13,424	13,031
Flaxmill Sheds Reserve	11	23,203	22,526
Recreation Reserve	11	121,599	118,048
Commercial Reserve	11	483,828	469,701
Bush Fire Radios Reserve	11	15,219	14,775
Infrastructure Reserve	11	13,705	13,305
Bridges Reserve	11	281	273
Medical Services Reserve	11	4,847	4,705
Swimming Pool Reserve	11	35,147	14,705
Town Hall Reserve	11	1	0
Admin Office Building Reserve	11	1,878	1,824
Aged Accommodation Reserve	11	24,327	23,616
Road Contributions Reserve	11	20,291	19,699
IT Reserve	11	19,418	18,851
Transfer Station Reserve	11	87	84
Caravan Park Reserve	11	116,650	113,244
Library Furniture Reserve	11	1,017	987
Unspent Grants	2(c)	340,608	136,807
Unspent Loans	21(c)	<u>400,000</u>	<u>400,000</u>
		<u><u>2,052,411</u></u>	<u><u>1,593,535</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		150,207	59,935
Sundry Debtors		129,328	49,921
GST Receivable		79,981	144,247
Prepaid Expenses		<u>8,220</u>	<u>0</u>
		<u><u>367,736</u></u>	<u><u>254,103</u></u>
Non-Current			
		<u><u>0</u></u>	<u><u>0</u></u>
5. INVENTORIES			
Current			
Fuel and Materials		<u>3,388</u>	<u>9,051</u>
		<u><u>3,388</u></u>	<u><u>9,051</u></u>
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		0	0
Development Costs		<u>0</u>	<u>0</u>
		<u><u>0</u></u>	<u><u>0</u></u>

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

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Fair Value	<u>2,434,500</u>	<u>2,434,500</u>
	2,434,500	2,434,500
 Total Land	 <u>2,434,500</u>	 <u>2,434,500</u>
 Specialised Buildings at:		
- Fair Value	10,532,950	10,532,950
- Additions	194,049	0
Less: Accumulated Depreciation	<u>(540,051)</u>	<u>0</u>
	10,186,948	10,532,950
 Total Buildings	 <u>10,186,948</u>	 <u>10,532,950</u>
 Total Land and Buildings	 <u>12,621,448</u>	 <u>12,967,450</u>
 Furniture and Equipment at:		
- Fair Value	54,600	54,600
- Additions	64,150	0
Less Accumulated Depreciation	<u>(23,877)</u>	<u>0</u>
	94,873	54,600
 Plant and Equipment at:		
- Fair Value	1,555,865	1,602,237
- Additions	147,047	0
Sales not yet finalised	0	0
Less Accumulated Depreciation	<u>(52,408)</u>	<u>0</u>
	1,650,504	1,602,237
	<u>14,366,825</u>	<u>14,624,287</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Shire's Land was revalued at 30 June 2013 by independent valuation. All of the valuations were made on the basis of open market values of similar assets (Level 2 inputs in the fair value hierarchy) and residual values.

The revaluation resulted in an overall increase of \$1,344,080 in the net value of the Shire's land. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(b) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

The Shire's Buildings were revalued at 30 June 2013 by independent valuation. All of the valuations were made on the basis of open market values of similar assets (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs).

The revaluation resulted in an overall increase of \$6,980,702 in the net value of the Shire's land. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(b) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment

Plant and Equipment:

The Shires Furniture and Equipment were revalued at 30 June 2013 by management valuation having regard for the their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (level 3 inputs).

Given the significance of level 3 inputs into the overall fair value measurement, the 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 Shire's Plant & Equipment was revalued at 30 June 2013 by management valuation. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall decrease of \$406,148 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(b) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) 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.

		Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	(Level 2)	2,434,500	0	0	0	0	0	2,434,500
Total Land		2,434,500	0	0	0	0	0	2,434,500
Specialised Buildings	(Level 3)	10,532,950	194,049	0	0	0	(540,051)	10,186,948
Total Buildings		10,532,950	194,049	0	0	0	(540,051)	10,186,948
Total Land and Buildings		12,967,450	194,049	0	0	0	(540,051)	12,621,448
Furniture and Equipment	(Level 3)	54,600	64,150	0	0	0	(23,877)	94,873
Plant and Equipment	(Level 2)	1,602,237	147,047	(62,757)	17,364	0	(53,387)	1,650,504
Total Property, Plant and Equipment		14,624,287	405,246	(62,757)	17,364	0	(617,315)	14,366,825

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

	2014 \$	2013 \$
7. INFRASTRUCTURE		
Roads		
- Fair Value	106,491,537	105,675,354
- Additions	1,255,783	816,183
Less Accumulated Depreciation	<u>(36,811,432)</u>	<u>(34,920,131)</u>
	70,935,888	71,571,406
Footpaths		
- At Cost	139,331	125,662
- Additions	0	13,669
Less Accumulated Depreciation	<u>(16,510)</u>	<u>(13,723)</u>
	122,821	125,608
Drainage		
- At Cost	613,540	359,839
- Additions	41,068	253,700
Less Accumulated Depreciation	<u>(13,117)</u>	<u>(4,411)</u>
	641,491	609,128
Bridges		
- At Cost	0	0
- Additions	364,000	0
Less Accumulated Depreciation	<u>(1,660)</u>	<u>0</u>
	362,340	0
Parks & Ovals		
- At Cost	121,862	121,862
Less Accumulated Depreciation	<u>(40,352)</u>	<u>(35,105)</u>
	81,510	86,757
Other Infrastructure		
- Fair Value	191,589	130,506
- Additions	25,646	61,083
Less Accumulated Depreciation	<u>(49,682)</u>	<u>(34,929)</u>
	167,553	156,660
Recreation Infrastructure		
- At Cost	348,908	337,234
- Additions	0	11,675
Less Accumulated Depreciation	<u>(154,737)</u>	<u>(135,408)</u>
	194,171	213,501
	<u>72,505,774</u>	<u>72,763,060</u>

Roads:

The Shire's Roads were revalued at 30 June 2013 by independent valuation. This independent valuation consisted of a desktop update of the road inventory and 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 2014

7. INFRASTRUCTURE (Continued)

Movements In Carrying Amounts

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

		Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	(Level 3)	71,571,406	1,255,783	0	0	0	(1,891,301)	70,935,888
Footpaths	(Level 3)	125,608	0	0	0	0	(2,787)	122,821
Drainage	(Level 3)	609,128	41,068	0	0	0	(8,706)	641,490
Bridges	(Level 3)	0	364000	0	0	0	(1,660)	362,340
Parks & Ovals	(Level 3)	86,757	0	0	0	0	(5,247)	81,510
Other Infrastructure	(Level 3)	156,660	25,646	0	0	0	(14,753)	167,553
Recreation Infrastructure	(Level 3)	213,501	0	0	0	0	(19,329)	194,172
Total		72,763,060	1,686,497	0	0	0	(1,943,783)	72,505,774

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

	2014 \$	2013 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	308,324	373,164
Accrued Interest on Debentures	9,351	12,160
Accrued Salaries and Wages	70,164	52,806
ATO Liabilities	39,469	62,857
	<u>427,308</u>	<u>500,987</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	<u>47,763</u>	<u>48,869</u>
	<u>47,763</u>	<u>48,869</u>
Non-Current		
Secured by Floating Charge Debentures	<u>668,951</u>	<u>716,714</u>
	<u>668,951</u>	<u>716,714</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	516,998	455,327
Non-Current	<u>34,619</u>	<u>35,713</u>
	<u>551,617</u>	<u>491,040</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	236,593	254,447	491,040
Additional provision	162,403	90,480	252,883
Amounts used	<u>(149,389)</u>	<u>(42,917)</u>	<u>(192,306)</u>
Balance at 30 June 2014	<u>249,607</u>	<u>302,010</u>	<u>551,617</u>

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

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	114,771	114,771	158,242
Amount Set Aside / Transfer to Reserve	3,452	5,165	3,795
Amount Used / Transfer from Reserve	(46,000)	0	(47,266)
	<u>72,223</u>	<u>119,936</u>	<u>114,771</u>
(b) Plant & Vehicle Reserve			
Opening Balance	7,705	7,705	143,312
Amount Set Aside / Transfer to Reserve	237,692	181,247	114,643
Amount Used / Transfer from Reserve	0	0	(250,250)
	<u>245,397</u>	<u>188,952</u>	<u>7,705</u>
(c) Building Reserve			
Opening Balance	584	584	25,973
Amount Set Aside / Transfer to Reserve	17	25	6,011
Amount Used / Transfer from Reserve	0	0	(31,400)
	<u>601</u>	<u>609</u>	<u>584</u>
(d) Depot Reserve			
Opening Balance	9,651	9,651	21,796
Amount Set Aside / Transfer to Reserve	290	434	7,855
Amount Used / Transfer from Reserve	0	0	(20,000)
	<u>9,941</u>	<u>10,085</u>	<u>9,651</u>
(e) Community Housing Reserve			
Opening Balance	37,298	37,298	36,163
Amount Set Aside / Transfer to Reserve	12,955	13,511	9,135
Amount Used / Transfer from Reserve	0	0	(8,000)
	<u>50,253</u>	<u>50,809</u>	<u>37,298</u>
(f) Emergency Reserve			
Opening Balance	37,345	37,345	36,470
Amount Set Aside / Transfer to Reserve	1,123	1,680	875
Amount Used / Transfer from Reserve	0	0	0
	<u>38,468</u>	<u>39,025</u>	<u>37,345</u>
(g) Insurance Claim Reserve			
Opening Balance	13,031	13,031	12,726
Amount Set Aside / Transfer to Reserve	393	587	305
Amount Used / Transfer from Reserve	0	0	0
	<u>13,424</u>	<u>13,618</u>	<u>13,031</u>
(h) Flaxmill Sheds Reserve			
Opening Balance	22,526	22,526	29,630
Amount Set Aside / Transfer to Reserve	677	1,013	896
Amount Used / Transfer from Reserve	0	0	(8,000)
	<u>23,203</u>	<u>23,539</u>	<u>22,526</u>
(i) Recreation Reserve			
Opening Balance	118,048	118,048	139,524
Amount Set Aside / Transfer to Reserve	3,551	5,312	3,824
Amount Used / Transfer from Reserve	0	0	(25,300)
	<u>121,599</u>	<u>123,360</u>	<u>118,048</u>

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

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (continued)			
(j) Commercial Reserve			
Opening Balance	469,701	469,701	1,046,889
Amount Set Aside / Transfer to Reserve	14,127	21,137	27,534
Amount Used / Transfer from Reserve	0	0	(604,722)
	<u>483,828</u>	<u>490,838</u>	<u>469,701</u>
(k) Bush Fire Radios Reserve			
Opening Balance	14,775	14,775	14,081
Amount Set Aside / Transfer to Reserve	444	665	694
Amount Used / Transfer from Reserve	0	0	
	<u>15,219</u>	<u>15,440</u>	<u>14,775</u>
(l) Infrastructure Reserve			
Opening Balance	13,305	13,305	20,806
Amount Set Aside / Transfer to Reserve	400	599	499
Amount Used / Transfer from Reserve	0	0	(8,000)
	<u>13,705</u>	<u>13,904</u>	<u>13,305</u>
(m) Bridges Reserve			
Opening Balance	273	273	47,958
Amount Set Aside / Transfer to Reserve	8	0	11,315
Amount Used / Transfer from Reserve	0	0	(59,000)
	<u>281</u>	<u>273</u>	<u>273</u>
(n) Medical Services Reserve			
Opening Balance	4,705	4,705	60,842
Amount Set Aside / Transfer to Reserve	142	212	7,063
Amount Used / Transfer from Reserve	0	0	(63,200)
	<u>4,847</u>	<u>4,917</u>	<u>4,705</u>
(o) Swimming Pool Reserve			
Opening Balance	14,705	14,705	9,446
Amount Set Aside / Transfer to Reserve	20,442	20,661	10,259
Amount Used / Transfer from Reserve	0	0	(5,000)
	<u>35,147</u>	<u>35,366</u>	<u>14,705</u>
(p) Town Hall Reserve			
Opening Balance	0	0	38,628
Amount Set Aside / Transfer to Reserve	1	0	1,059
Amount Used / Transfer from Reserve	0	0	(39,687)
	<u>1</u>	<u>0</u>	<u>0</u>
(q) Admin Office Building Reserve			
Opening Balance	1,824	1,824	1,781
Amount Set Aside / Transfer to Reserve	54	82	43
Amount Used / Transfer from Reserve	0	0	0
	<u>1,878</u>	<u>1,906</u>	<u>1,824</u>
(r) Aged Accommodation Reserve			
Opening Balance	23,616	23,616	23,063
Amount Set Aside / Transfer to Reserve	711	1,063	553
Amount Used / Transfer from Reserve	0	0	0
	<u>24,327</u>	<u>24,679</u>	<u>23,616</u>

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

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (continued)			
(s) Road Contributions Reserve			
Opening Balance	19,699	19,699	18,836
Amount Set Aside / Transfer to Reserve	592	886	863
Amount Used / Transfer from Reserve	0	0	0
	<u>20,291</u>	<u>20,585</u>	<u>19,699</u>
(t) IT Reserve			
Opening Balance	18,851	18,851	79,414
Amount Set Aside / Transfer to Reserve	567	849	2,151
Amount Used / Transfer from Reserve	0	0	(62,714)
	<u>19,418</u>	<u>19,700</u>	<u>18,851</u>
(u) Transfer Station Reserve			
Opening Balance	84	84	62,374
Amount Set Aside / Transfer to Reserve	3	3	1,710
Amount Used / Transfer from Reserve	0	0	(64,000)
	<u>87</u>	<u>87</u>	<u>84</u>
(v) Caravan Park Reserve			
Opening Balance	113,244	113,244	109,627
Amount Set Aside / Transfer to Reserve	3,406	5,096	3,617
Amount Used / Transfer from Reserve	0	0	0
	<u>116,650</u>	<u>118,340</u>	<u>113,244</u>
(w) Library Furniture Reserve			
Opening Balance	987	987	798
Amount Set Aside / Transfer to Reserve	30	45	189
Amount Used / Transfer from Reserve	0	0	0
	<u>1,017</u>	<u>1,032</u>	<u>987</u>
TOTAL RESERVES	<u>1,311,805</u>	<u>1,317,000</u>	<u>1,056,728</u>
Total Opening Balance	1,056,728	1,056,728	2,138,379
Total Amount Set Aside / Transfer to Reserve	301,077	260,272	214,888
Total Amount Used / Transfer from Reserve	(46,000)	0	(1,296,539)
TOTAL RESERVES	<u>1,311,805</u>	<u>1,317,000</u>	<u>1,056,728</u>

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

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

11. RESERVES - CASH BACKED (continued)

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

- (a) Leave Reserve
 - to be used to fund annual, sick and long service leave requirements
- (b) Plant & Vehicle Reserve
 - to be used for the purchase of items of plant including graders, trucks, utes, sedans, etc
- (c) Building Reserve
 - to be used to fund future maintenance of Shire owned buildings including heritage buildings.
- (d) Depot Reserve
 - to be used to fund future requirements relating to the upgrade of depot facilities.
- (e) Community Housing Reserve
 - to be used for the maintenance of the Homeswest housing units in Forrest & Proctor Sts.
- (f) Emergency Reserve
 - to be used 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
- (g) Insurance Claim Reserve
 - to be used fund insurance claims **excesses**, where insurance claims are **excessive** in any one year.
- (h) Flaxmill Sheds Reserve
 - to be used to fund future requirements relating to maintenance and upgrade of the large sheds (storage) at the Flax Mill Complex.
- (i) Recreation Reserve
 - to be used to fund improvements to the Recreation Facilities and Grounds.
- (j) Commercial Reserve
 - to be used for future economic development, enhancement and promotion of the district.
- (k) Bush Fire Radios Reserve
 - to be used to fund bush fire radio changeover and future radio requirements and for the maintenance of the bush fire radio tower.
- (l) Infrastructure Reserve
 - to be used for the development on infrastructure in the Shire.
- (m) Bridges Reserve
 - to be used to fund future requirements of bridge works.
- (n) Medical Services Reserve
 - to be used to fund future medical services requirements.
- (o) Swimming Pool Reserve
 - to be used to fund future major improvement/maintenance projects at the swimming pool.
- (p) Town Hall Reserve
 - to be used to fund future major improvement/maintenance projects at the Town Hall.
- 0 Admin Office Building Reserve
 - to be used to fund future major improvements/additions to the Administration Centre.
- (q) Aged Accommodation Reserve
 - to be used to fund future requirements of Aged Accommodation.
- 0 Road Contributions Reserve
 - to be used to set aside contributions from developers for road development when required.
- (r) IT Reserve
 - to be used to fund future Information Technology requirements.
- 0 Transfer Station Reserve
 - to be used to fund future upgrade to the Transfer Station.
- (s) Caravan Park Reserve
 - to be used to fund future upgrades to the Caravan Park.
- 0 Library Furniture Reserve
 - to be used to fund future library furniture needs.

The Reserves are not expected to be used within a set period as further transfers to the reserve are expected as funds are utilised.

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

12. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land & Buildings		
Opening Balance	8,324,782	0
Revaluation Increment	0	8,324,782
Revaluation Decrement	0	0
	<u>8,324,782</u>	<u>8,324,782</u>
(b) Furniture & Equipment		
Opening Balance	(180,622)	0
Revaluation Increment	180,622	201,466
Revaluation Decrement	0	(382,088)
	<u>0</u>	<u>(180,622)</u>
(c) Plant & Equipment		
Opening Balance	(406,148)	0
Revaluation Increment	406,148	1,137,962
Revaluation Decrement	0	(1,544,110)
	<u>0</u>	<u>(406,148)</u>
(d) Roads		
Opening Balance	27,539,543	0
Revaluation Increment	0	27,539,543
Revaluation Decrement	0	0
	<u>27,539,543</u>	<u>27,539,543</u>
 TOTAL ASSET REVALUATION SURPLUS	 <u><u>35,864,325</u></u>	 <u><u>35,277,555</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>2,440,552</u>	<u>1,783,777</u>	<u>2,793,811</u>

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

Net Result	(715,430)	639,429	(457,900)
Depreciation	2,561,098	805,519	1,672,787
(Profit)/Loss on Sale of Asset	2,483	(868)	(19,067)
(Increase)/Decrease in Receivables	(113,633)	0	(112,034)
(Increase)/Decrease in Inventories	5,663	0	633
Increase/(Decrease) in Payables	(73,679)	0	267,840
Increase/(Decrease) in Employee Provisions	60,577	0	14,868
Grants Contributions for the Development of Assets	(1,576,674)	(1,862,373)	(460,690)
Net Cash from Operating Activities	<u>150,405</u>	<u>(418,293)</u>	<u>906,437</u>

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	50,000	50,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	10,000
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	<u>60,000</u>	<u>60,000</u>
Loan Facilities		
Loan Facilities - Current	47,763	48,869
Loan Facilities - Non-Current	668,951	716,714
Total Facilities in Use at Balance Date	<u>716,714</u>	<u>765,583</u>
Unused Loan Facilities at Balance Date	<u>400,000</u>	<u>400,000</u>

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

14. CONTINGENT LIABILITIES

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

	2014	2013
15. CAPITAL AND LEASING COMMITMENTS	\$	\$

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

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

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	2,339	2,000
Law, Order, Public Safety	32,199	30,050
Health	1,196,939	1,307,450
Education and Welfare	901,854	2,405,800
Housing	2,623,141	2,995,000
Community Amenities	81,185	794,019
Recreation and Culture	4,034,079	4,303,881
Transport	72,569,680	73,572,816
Economic Services	735,738	925,831
Other Property and Services	2,260,944	757,500
Unallocated	5,246,177	3,349,965
	<u>89,684,275</u>	<u>90,444,312</u>

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

	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	0.83	1.64	0.81
Asset Sustainability Ratio	0.81	1.43	1.31
Debt Service Cover Ratio	3.38	11.42	17.85
Operating Surplus Ratio	(0.70)	(0.29)	0.04
Own Source Revenue Coverage Ratio	(0.50)	0.59	0.66

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

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

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Bonds - Relocated Houses	21,556	0	(5,121)	16,435
Bonds - Council Houses	3,252	0	(1,620)	1,632
Deposits - Hall Hirings	495	970	(275)	1,190
Fruit Fly Baiting Scheme	5,397	0	0	5,397
Deposits - Kerbing	1,400	0	0	1,400
BB Community Foundation	315	0	0	315
Road Contributions	9	0	0	9
Interest on Trust Monies	87	355	0	442
Nomination Deposits	0	480	(480)	0
Police Licensing	0	636,757	(636,757)	0
Bonds - Commercial	0	390	0	390
	<u>32,511</u>			<u>27,210</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Transport						
CAT Traxcavator	9,933	0	10,000	0	67	0
Other Property and Services						
Holden Equippe Sedan	17,364	16,492	17,364	17,360	0	868
Holden Colorado LTZ	35,460	0	32,910	0	(2,550)	0
	<u>62,757</u>	<u>16,492</u>	<u>60,274</u>	<u>17,360</u>	<u>(2,483)</u>	<u>868</u>

Profit	67	868
Loss	(2,550)	0
	<u>(2,483)</u>	<u>868</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

			Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
Particulars					Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Health										
Medical Practitioner House	Loan 102		33,010		7,492	7,492	25,518	25,518	2,028	2,484
Education and Welfare										
Land Development	Loan 118		400,000		12,280	12,280	387,720	387,720	19,291	19,054
Housing										
1 Rogers Avenue	Loan 115		84,835		4,503	4,502	80,332	80,332	4,990	4,990
Community Amenities										
Landfill & Transfer Station	Loan 112		21,096		3,389	2,298	17,707	17,707	2,120	1,374
Recreation and Culture										
Swimming Pool Bowl	Loan 114		154,282		8,183	8,183	146,099	146,099	9,090	9,089
Economic Services										
Flaxmill Complex Upgrade	Loan 106		23,383		4,575	4,574	18,808	18,809	1,598	1,910
Flaxmill Site Water Upgrade	Loan 109		24,513		5,867	3,973	18,646	18,647	2,166	1,625
Other Property and Services										
Admin Building Roof Replacement	Loan 110		24,464		2,580	1,747	21,884	21,885	2,286	1,497
			765,583	0	48,869	45,049	716,714	716,717	43,569	42,023

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

All other loan repayments were financed by general purpose revenue.

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

The Shire did not take up any new debentures during the year ended 30 June 2014.

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 13 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 14 \$
Land Acquisition	26/04/2013	400,000	0	0	400,000
		400,000	0	0	400,000

(d) Overdraft

Council has an overdraft facility of \$50,000 to assist with short term liquidity requirements.
The balance of the bank overdraft at 1 July 2013 and 30 June 2014 was \$nil.

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

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Uniform General Rate											
GRV Properties	0.1275	300	2,757,179	351,540	1,108		352,648	351,540	2,500	0	354,040
GRV Urban Townsite Properties	0.1275	9	64,582	8,234			8,234	8,234	0	0	8,234
UV Rural	0.005854	615	260,485,994	1,524,886	(1,718)		1,523,168	1,524,886	0	0	1,524,886
UV Urban Townsites	0.005854	1	168,000	983			983	983	0	0	983
UV - Mining	0.005854	0	0	0			0	0			0
Sub-Totals		925	263,475,755	1,885,643	(610)	0	1,885,033	1,885,643	2,500	0	1,888,143
Minimum Payment	Minimum \$										
GRV Properties	707	35	115,374	24,745			24,745	24,745			24,745
GRV Urban Townsite Properties	707	2	10,500	1,414			1,414	1,414			1,414
UV Rural	707	234	21,878,946	165,438			165,438	165,438			165,438
UV Urban Townsites	707	52	2,680,500	36,764			36,764	36,764			36,764
UV - Mining	707	21	374,722	14,847			14,847	14,847			14,847
Sub-Totals		344	25,060,042	243,208	0	0	243,208	243,208	0	0	243,208
Discounts (refer note 25.)							2,128,241				2,131,351
Total Amount Raised From General Rate							0				0
Specified Area Rate (refer note 23.)							2,128,241				2,131,351
Totals							0				0
							2,128,241				2,131,351

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

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>1,148,692</u>	<u>1,569,866</u>	<u>1,569,866</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	388,141	1,200,276	1,200,276
Restricted	2,052,411	1,593,535	1,593,535
Receivables			
Rates Outstanding	150,512	59,935	59,935
Sundry Debtors	129,328	49,921	49,921
GST Receivable	79,981	144,247	144,247
Prepaid Expenses	8,220	0	0
Inventories			
Fuel and Materials	3,388	9,051	9,051
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(308,629)	(373,164)	(373,164)
Accrued Interest on Debentures	(9,351)	(12,160)	(12,160)
Accrued Salaries and Wages	(70,164)	(52,806)	(52,806)
ATO Liabilities	(39,469)	(62,857)	(62,857)
0	0	0	0
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(47,763)	(48,869)	(48,869)
Provisions			
Provision for Annual Leave	(249,607)	(236,593)	(236,593)
Provision for Long Service Leave	(267,391)	(218,734)	(218,734)
<u>Net Current Assets</u>	<u>1,819,607</u>	<u>2,051,782</u>	<u>2,051,782</u>
Less:			
Reserves - Restricted Cash	(1,311,803)	(1,056,728)	(1,056,728)
Fuel and Materials	(3,388)	(9,051)	(9,051)
Add:			
Secured by Floating Charge Debentures	47,763	48,869	48,869
Leave Provisions	516,998	455,327	455,327
Accrued Interest on Debentures	9,351	12,160	12,160
Accrued Expenses	70,164	67,507	67,507
Surplus/(Deficit)	<u>1,148,692</u>	<u>1,569,866</u>	<u>1,569,866</u>

Difference

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

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

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
			0	0

No discount on rates is available.

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		20,107	12,800
Interest on Instalments Plan	5.50%		6,273	5,000
Charges on Instalment Plan		12	7,344	8,000
			33,724	25,800

Ratepayers had the option of paying rates in four equal instalments, due on 18 October 2013, 18 December 2013, 18 February 2014 and 18 April 2014. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	20	439
General Purpose Funding	14,994	7,141
Law, Order, Public Safety	9,640	6,666
Health	653,778	628,005
Housing	42,386	44,186
Community Amenities	112,704	103,332
Recreation and Culture	40,878	47,177
Transport	1,856	31,222
Economic Services	82,582	74,696
Other Property and Services	26,911	8,999
	<u>985,749</u>	<u>951,863</u>

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

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

28. GRANT REVENUE

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

	2014	2013
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	946,195	1,264,256
Non-Operating Grants, Subsidies and Contributions	1,576,674	460,690
	<u>2,522,869</u>	<u>1,724,946</u>
By Program:		
General Purpose Funding	505,296	977,970
Law, Order, Public Safety	50,926	44,016
Education and Welfare	10,358	17,957
Recreation and Culture	15,000	27,477
Transport	1,904,284	570,578
Economic Services	5,000	20,999
Other Property and Services	32,005	65,949
	<u>2,522,869</u>	<u>1,724,946</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>28</u>	<u>28</u>
-----------	-----------

30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	60,913	62,215	59,535
President's Allowance	6,270	6,270	6,000
Deputy President's Allowance	1,568	1,568	1,500
Travelling Expenses	6,220	5,350	5,277
Telecommunications Allowance	9,239	9,450	9,145
	<u>84,210</u>	<u>84,853</u>	<u>81,457</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,440,552	2,793,811	2,440,552	2,793,811
Receivables	367,736	254,103	367,736	254,103
	<u>2,808,288</u>	<u>3,047,914</u>	<u>2,808,288</u>	<u>3,047,914</u>
Financial Liabilities				
Payables	427,308	500,987	427,308	500,987
Borrowings	716,714	765,583	535,962	551,694
	<u>1,144,022</u>	<u>1,266,570</u>	<u>963,270</u>	<u>1,052,681</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation.

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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 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 investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	24,406	27,938
- Statement of Comprehensive Income	24,406 ⁽²⁾	27,938 ^(*)

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

⁽²⁾ Maximum impact.

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

33. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	76%	87%
- Overdue	24%	13%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
Payables	427,308	0	0	427,308	427,308
Borrowings	85,837	319,934	628,384	1,034,155	716,714
	<u>513,145</u>	<u>319,934</u>	<u>628,384</u>	<u>1,461,463</u>	<u>1,144,022</u>
<u>2013</u>					
Payables	500,987	0	0	500,987	500,987
Borrowings	86,301	332,601	708,704	1,127,606	765,583
	<u>587,288</u>	<u>332,601</u>	<u>708,704</u>	<u>1,628,593</u>	<u>1,266,570</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2014								
Borrowings								
Fixed Rate								
Debentures	0	26,586	59,071	0	17,707	613,350	716,714	5.26%
Weighted Average Effective Interest Rate		5.37%	5.32%		5.19%	5.16%		
Year Ended 30 June 2013								
Borrowings								
Fixed Rate								
Debentures	0	0	33,010	69,365	0	663,208	765,583	5.32%
Weighted Average Effective Interest Rate			5.44%	5.32%		5.19%		



AMD
CHARTERED ACCOUNTANTS

**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 2014, 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 2014, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

Management 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 Management 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**

Independent Member of
B K R
INTERNATIONAL

Liability limited by a scheme approved under Professional Standards Legislation

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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 2014 and of its performance for the financial year ended 30 June 2014;
- 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 to the following:
 - The 2013 Annual Compliance Audit Return was adopted by Council on 17 April 2014 and lodged with the Departmental CEO on 29 April 2014. This represents a breach of Section 15(1) of the Local Government (Audit) Regulations 1996, which requires the return to be lodged by 31 March.
 - The 2013/2014 Annual Budget was adopted by Council on 28 August 2013 and was forwarded to the Department CEO on 3 October 2013. This represents a breach of Section 33 of the Local Government (Financial Management) Regulations 1996, whereby the budget was not forwarded to the Departmental CEO within 30 days of its adoption by Council.
 - The 2013/2014 Annual Budget did not include related information on borrowings, including an estimate of the term of the repayment and an estimate of the interest rate and other charges payable in accordance with Section 29 (d) of the Local Government (Financial Management) Regulations 1996.
- iii. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE
Partner

Bunbury, Western Australia

Dated this 5th day of December 2014

**SHIRE OF BOYUP BROOK
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2014	2013	2012
Asset Consumption Ratio	0.59	0.71	0.72
Asset Renewal Funding Ratio	0.19	0.21	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

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