

**SHIRE OF BOYUP BROOK**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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Principal place of business:  
55 Abel Street  
Boyup Brook WA 6244

**SHIRE OF BOYUP BROOK  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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 supporting and other information for the financial year ended 30 June 2017 are in my opinion properly notes drawn up to present fairly the financial position of the Shire at 30th June 2017 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 13<sup>th</sup> day of December 2017



Alan Lamb  
Chief Executive Officer

**SHIRE OF BOYUP BROOK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	23	2,559,913	2,532,689	2,396,841
Operating grants, subsidies and contributions	30	2,033,696	1,415,305	944,477
Fees and charges	29	1,356,501	1,432,635	1,202,279
Interest earnings	2(a)	76,087	67,245	68,898
Other revenue	2(a)	101,643	81,670	106,657
		<u>6,127,840</u>	<u>5,529,544</u>	<u>4,719,152</u>
<b>Expenses</b>				
Employee costs		(2,516,117)	(2,430,900)	(2,204,452)
Materials and contracts		(1,083,429)	(1,209,800)	(960,473)
Utility charges		(162,579)	(163,855)	(137,705)
Depreciation on non-current assets	2(a)	(2,976,847)	(3,226,635)	(3,309,429)
Interest expenses	2(a)	(31,292)	(32,100)	(34,261)
Insurance expenses		(171,128)	(263,245)	(249,257)
Other expenditure		(161,923)	(253,380)	(238,618)
		<u>(7,103,315)</u>	<u>(7,579,915)</u>	<u>(7,134,195)</u>
		(975,475)	(2,050,371)	(2,415,043)
Non-operating grants, subsidies and contributions	30	2,170,607	6,222,865	2,295,484
Profit on asset disposals	21	2,282	5,405	0
(Loss) on asset disposals	21	(7,035)	(11,100)	(158,074)
<b>Net result</b>		<b>1,190,379</b>	<b>4,166,799</b>	<b>(277,633)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	363,666	0	77,275,896
<b>Total other comprehensive income</b>		<b>363,666</b>	<b>0</b>	<b>77,275,896</b>
<b>Total comprehensive income</b>		<b>1,554,045</b>	<b>4,166,799</b>	<b>76,998,263</b>

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 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Governance		416	400	610
General purpose funding		4,404,503	3,749,025	3,032,502
Law, order, public safety		120,162	116,265	232,771
Health		878,589	833,575	793,623
Education and welfare		7,681	7,595	8,463
Housing		56,559	203,390	44,365
Community amenities		202,637	193,370	186,892
Recreation and culture		54,090	55,655	48,385
Transport		191,659	186,415	181,641
Economic services		107,769	103,495	95,375
Other property and services		103,775	80,360	94,525
		<u>6,127,840</u>	<u>5,529,545</u>	<u>4,719,152</u>
<b>Expenses</b>				
Governance		(293,893)	(347,430)	(324,528)
General purpose funding		(118,384)	(115,715)	(104,251)
Law, order, public safety		(377,970)	(416,445)	(233,502)
Health		(1,007,728)	(1,065,560)	(1,037,133)
Education and welfare		(89,501)	(130,235)	(123,406)
Housing		(117,749)	(193,775)	(195,022)
Community amenities		(345,273)	(324,980)	(291,866)
Recreation and culture		(816,762)	(902,536)	(823,333)
Transport		(3,396,943)	(3,439,945)	(3,396,775)
Economic services		(468,855)	(531,215)	(420,698)
Other property and services		(38,965)	(79,980)	(149,420)
		<u>(7,072,023)</u>	<u>(7,547,816)</u>	<u>(7,099,934)</u>
<b>Finance costs</b>				
Health		(435)	(435)	(793)
Education and welfare		(16,372)	(17,175)	(17,674)
Housing		(4,068)	(4,070)	(4,261)
Community amenities		(830)	(830)	(1,016)
Recreation and culture		(7,412)	(7,410)	(7,708)
Economic services		(1,062)	(1,065)	(1,569)
Other property and services		(1,113)	(1,115)	(1,240)
		<u>(31,292)</u>	<u>(32,100)</u>	<u>(34,261)</u>
		(975,475)	(2,050,371)	(2,415,043)
Non-operating grants, subsidies and contributions	30	2,170,607	6,222,865	2,295,484
Profit on disposal of assets	21	2,282	5,405	0
(Loss) on disposal of assets	21	(7,035)	(11,100)	(158,074)
<b>Net result</b>		<u>1,190,379</u>	<u>4,166,799</u>	<u>(277,633)</u>
<b>Other comprehensive income</b>				
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Changes on revaluation of non-current assets	13	363,666	0	77,275,896
<b>Total other comprehensive income</b>		<u>363,666</u>	<u>0</u>	<u>77,275,896</u>
<b>Total comprehensive income</b>		<u>1,554,045</u>	<u>4,166,799</u>	<u>76,998,263</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 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,170,776	2,077,110
Trade and other receivables	4	249,519	203,483
Inventories	5	6,730	5,860
<b>TOTAL CURRENT ASSETS</b>		<b>3,427,025</b>	<b>2,286,453</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	15,883,118	15,594,502
Infrastructure	7	162,716,810	162,383,279
<b>TOTAL NON-CURRENT ASSETS</b>		<b>178,599,929</b>	<b>177,977,781</b>
<b>TOTAL ASSETS</b>		<b>182,026,954</b>	<b>180,264,234</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	442,916	188,174
Current portion of long term borrowings	9	38,938	53,696
Provisions	10	597,294	606,121
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,079,147</b>	<b>847,991</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	525,676	564,614
Provisions	10	51,192	34,738
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>576,868</b>	<b>599,352</b>
<b>TOTAL LIABILITIES</b>		<b>1,656,015</b>	<b>1,447,343</b>
<b>NET ASSETS</b>		<b>180,370,939</b>	<b>178,816,894</b>
<b>EQUITY</b>			
Retained surplus		52,179,049	51,277,447
Reserves - cash backed	12	1,639,256	1,350,479
Revaluation surplus	13	126,552,634	126,188,968
<b>TOTAL EQUITY</b>		<b>180,370,939</b>	<b>178,816,894</b>

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 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		51,896,498	1,009,061	48,913,072	101,818,631
Comprehensive income					
Net result		(277,633)	0	0	(277,633)
Changes on revaluation of assets	13	0	0	77,275,896	77,275,896
Total comprehensive income		(277,633)	0	77,275,896	76,998,263
Transfers from/(to) reserves		(341,418)	341,418	0	0
<b>Balance as at 30 June 2016</b>		<b>51,277,447</b>	<b>1,350,479</b>	<b>126,188,968</b>	<b>178,816,894</b>
Comprehensive income					
Net result		1,190,379	0	0	1,190,379
Changes on revaluation of assets	13	0	0	363,666	363,666
Total comprehensive income		1,190,379	0	363,666	1,554,045
Transfers from/(to) reserves		(288,777)	288,777	0	0
<b>Balance as at 30 June 2017</b>		<b>52,179,049</b>	<b>1,639,256</b>	<b>126,552,634</b>	<b>180,370,939</b>

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

**SHIRE OF BOYUP BROOK**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,582,324	2,552,668	2,416,819
Operating grants, subsidies and contributions		2,053,541	1,447,573	1,023,092
Fees and charges		1,356,501	1,432,635	1,202,279
Interest earnings		76,087	67,245	68,898
Goods and services tax		(47,592)	108,255	113,738
Other revenue		101,643	81,670	106,657
		<u>6,122,504</u>	<u>5,690,046</u>	<u>4,931,483</u>
<b>Payments</b>				
Employee costs		(2,496,571)	(2,408,908)	(2,294,107)
Materials and contracts		(840,672)	(1,142,912)	(1,067,846)
Utility charges		(162,579)	(163,855)	(137,705)
Interest expenses		(32,096)	(32,810)	(35,136)
Insurance expenses		(171,128)	(263,245)	(249,257)
Goods and services tax		0	(108,255)	0
Other expenditure		(161,923)	(253,380)	(238,618)
		<u>(3,864,969)</u>	<u>(4,373,365)</u>	<u>(4,022,669)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>2,257,535</u>	<u>1,316,681</u>	<u>908,814</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(513,610)	(2,409,295)	(1,119,658)
Payments for construction of infrastructure		(2,769,697)	(7,413,860)	(3,248,260)
Non-operating grants, subsidies and contributions		2,170,607	6,222,865	2,295,484
Proceeds from sale of fixed assets		43,227	164,585	223,362
<b>Net cash provided by (used in) investment activities</b>		<u>(1,069,473)</u>	<u>(3,435,705)</u>	<u>(1,849,072)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(53,696)	(53,696)	(50,638)
Proceeds from new debentures		0	1,290,195	0
<b>Net cash provided by (used in) financing activities</b>		<u>(94,396)</u>	<u>1,236,499</u>	<u>(50,638)</u>
<b>Net increase (decrease) in cash held</b>		1,093,666	(882,525)	(990,896)
<b>Cash at beginning of year</b>		2,077,110	2,084,864	3,068,015
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u>3,170,776</u>	<u>1,202,339</u>	<u>2,077,110</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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		<u>760,376</u>	<u>906,468</u>	<u>2,092,427</u>
		760,376	906,468	2,092,427
<b>Revenue from operating activities (excluding rates)</b>				
Governance		416	400	610
General purpose funding		1,845,480	1,216,086	636,659
Law, order, public safety		120,162	116,265	232,771
Health		878,589	833,575	793,623
Education and welfare		7,681	7,595	8,463
Housing		56,559	203,390	44,365
Community amenities		202,637	193,370	186,892
Recreation and culture		54,090	55,905	48,385
Transport		193,943	191,570	181,641
Economic services		107,769	103,495	95,375
Other property and services		<u>103,775</u>	<u>80,360</u>	<u>94,525</u>
		3,571,101	3,002,011	2,323,309
<b>Expenditure from operating activities</b>				
Governance		(293,893)	(347,430)	(324,528)
General purpose funding		(118,384)	(115,715)	(104,251)
Law, order, public safety		(377,970)	(416,445)	(240,891)
Health		(1,008,163)	(1,065,995)	(1,066,281)
Education and welfare		(105,873)	(147,410)	(141,080)
Housing		(121,817)	(197,845)	(199,283)
Community amenities		(346,103)	(325,810)	(292,882)
Recreation and culture		(831,209)	(915,686)	(840,276)
Transport		(3,396,943)	(3,442,455)	(3,484,800)
Economic services		(469,917)	(532,280)	(430,322)
Other property and services		<u>(40,078)</u>	<u>(83,945)</u>	<u>(167,675)</u>
		(7,110,350)	(7,591,016)	(7,292,269)
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	21	(2,282)	(5,405)	0
Loss on disposal of assets	21	7,035	11,100	158,074
Movement in employee benefit provisions (non-current)		16,454	0	(13,830)
Movement in employee benefit provisions (current)		(8,827)	0	115,427
Movement in Accrued Salaries & Wages		11,919	0	(82,425)
Movement in Accrued Expenses		381,058	0	0
Movement in Inventory		(870)	0	(3,597)
Movement in Accrued Interest		(804)	0	(875)
Depreciation and amortisation on assets	2(a)	<u>2,976,847</u>	<u>3,226,635</u>	<u>3,309,429</u>
<b>Amount attributable to operating activities</b>		601,657	(450,207)	605,670
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		2,170,607	6,222,865	2,295,484
Proceeds from disposal of assets	21	43,227	164,585	223,362
Purchase of property, plant and equipment	6(b)	(513,610)	(2,409,295)	(1,119,658)
Purchase and construction of infrastructure	7(b)	<u>(2,769,699)</u>	<u>(7,413,860)</u>	<u>(3,248,260)</u>
<b>Amount attributable to investing activities</b>		(1,069,475)	(3,435,705)	(1,849,072)
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	22(a)	(53,696)	(53,696)	(50,638)
Proceeds from new debentures	22(a)	0	1,290,195	0
Transfers to reserves (restricted assets)	12	(429,055)	(578,180)	(853,222)
Transfers from reserves (restricted assets)	12	<u>140,278</u>	<u>705,625</u>	<u>511,804</u>
<b>Amount attributable to financing activities</b>		(383,173)	1,363,944	(392,056)
<b>Surplus(deficiency) before general rates</b>		<u>(850,991)</u>	<u>(2,521,968)</u>	<u>(1,635,458)</u>
<b>Total amount raised from general rates</b>	23	<u>2,559,023</u>	<u>2,532,939</u>	<u>2,395,843</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>1,708,032</u></u>	<u><u>10,971</u></u>	<u><u>760,376</u></u>

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



**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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 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 Shire 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 20 to these financial statements.

**(a) 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.

**(b) 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.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) 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.

**(d) 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 the Council's intentions to release for sale.

**(e) 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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), the Shire 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.

***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 Shire 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.

***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 Shire.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***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 50 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	20 to 50 years
Water supply piping and drainage systems	75 years
Bridges	30 to 90 years
Other Infrastructure	10 to 110 years
Recreation	20 to 40 years
Parks and Open Spaces	20 to 40 years

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

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

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

***Capitalisation Threshold***

Computers excepted, expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded in an asset inventory listing.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fair Value of Assets and Liabilities**

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

Fair Value is the price that the Shire 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 or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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.

**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 Shire 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 Shire 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.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fair Value of Assets and Liabilities (Continued)**

**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 Shire 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 are 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 in accordance with the regulatory framework.

**(g) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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.

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.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

***(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 Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

***(iv) Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) 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 Shire no longer has any significant continuing 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.

**(h) Impairment of Assets**

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

Where such an indication exists, an 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.

**(i) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Shire'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 Shire'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 Shire'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 Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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.

**(k) 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.

**(l) Provisions**

Provisions are recognised when the Shire 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.

**(m) 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 Shire, 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 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Investment in Associates**

An associate is an entity over which the Shire 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 Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire'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 Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire 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 Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(o) 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.

**(p) Rates, Grants, Donations and Other Contributions**

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

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

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

**(q) Superannuation**

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire 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 Shire's intentions to release for sale.

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

When the Shire 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.

**(u) Budget Comparative Figures**

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

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(v) 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 Shire.

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.

Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

<sup>(1)</sup> 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 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul>

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

**Notes:**

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date

**(w) Adoption of New and Revised Accounting Standards**

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES		2017	2016
		\$	\$
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report		15,250	14,980
<b>Depreciation</b>			
Buildings - specialised		241,128	540,104
Furniture and equipment		35,306	37,495
Plant and equipment		264,245	213,696
Infrastructure - Roads		1,648,431	1,936,420
Infrastructure - Footpaths		6,633	19,727
Infrastructure - Drainage		553,673	160,317
Infrastructure - Parks and Ovals		25,231	30,327
Infrastructure - Bridges		125,717	273,319
Infrastructure - Other		14,047	25,243
Infrastructure - Recreation		62,436	72,781
		<u>2,976,847</u>	<u>3,309,429</u>
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 22 (a))		32,096	35,136
Accrued Interest on Loans		(804)	(875)
		<u>31,292</u>	<u>34,261</u>
<b>Rental charges</b>			
- Operating leases		5,004	0
		<u>5,004</u>	<u>0</u>
(ii) Crediting as revenue:			
<b>Significant revenue</b>			
Federal Assistance Grants			
2017-18 50% advance payment		609,312	0
		<u>609,312</u>	<u>0</u>
<b>Other revenue</b>			
Other		101,643	106,657
		<u>101,643</u>	<u>106,657</u>
	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>			
- Reserve funds	26,297	25,500	17,983
- Other funds	27,898	18,235	23,294
Other interest revenue (refer note 28)	21,892	23,510	27,621
	<u>76,087</u>	<u>67,245</u>	<u>68,898</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 and for each of its broad activities/programs.

**COMMUNITY VISION**

The Shire of Boyup Brook's vision for the community captures four dimensions as follows:

1. Social - 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.
2. 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.
3. Built Environment - 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.
4. Economic Development - 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 operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

**Objective and Activities:**

Member of Council Allowances and Reimbursements. Civic Functions. Election Expenses and Governance of the Shire.

**GENERAL PURPOSE FUNDING**

**Objective and Activities:**

Rates Levied. Interest on late payment of rates. General Purpose Grants & Interest Received on Investments.

**LAW, ORDER, PUBLIC SAFETY**

**Objective and Activities:**

Fire Prevention. Supervision of various Local Laws. Ranger Services and Animal Control. Civil Emergency Services.

**HEALTH**

**Objective and Activities:**

Environmental Health. Food Control. Pest Control. Immunisation and Provision of Medical Services.

**EDUCATION AND WELFARE**

**Objective and Activities:**

Pre-Schools and other Education. Aged and Disabled. Senior Citizen Services and Youth Welfare.

**HOUSING**

**Objective and Activities:**

Includes the provision of Public (i.e. affordable Community) and Staff Housing.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective and Activities:**

Refuse Collection **Services**. Landfill Site Operations. Protection of the Environment. Administration of the Town Planning Scheme. Cemetery and Memorials Maintenance and Urban and Storm Water Drainage Works.

**RECREATION AND CULTURE**

**Objective and Activities:**

Maintenance of Halls. Swimming Pool. Reserves and Parks & Gardens. Sport and Recreation. Libraries and Other Culture.

**TRANSPORT**

**Objective and Activities:**

Maintenance of Roads. Bridges and Footpaths. Street Lighting. **Crossovers**. **Verge** Maintenance. Street Sweeping. Street Trees. Vehicle Licencing. Traffic Management & Parking. Airstrip.

**ECONOMIC SERVICES**

**Objective and Activities:**

Weed Control. Area Promotion. Caravan Park & Flax Mill. Implementation of Building Controls. Swimming Pool Inspections. Saleyards & Satndpipes.

**OTHER PROPERTY AND SERVICES**

**Objective and Activities:**

Private Works. Public Works Overheads. Plant operations. Materials. Salaries and Wages Controls. Administration Services. Other Unclassified Activities



**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Law, order, public safety</b>							
DFES - Bushfire Risk Defence	0	50,000	(20,678)	29,322	0	(2,490)	26,832
DFES - Bushfire Risk Management	0	154,748	(32,240)	122,508	34,649	(148,105)	9,052
DLGC - Cat Management Facility	1,703	0	(1,703)	0	0	0	0
DLGC - Cat Sterilisation Program	2,500	0	(2,500)	0	0	0	0
<b>Recreation and culture</b>							
DSR - KidSport Program	8,158	6,600	(8,158)	6,600	12,000	(14,497)	4,103
<b>Transport</b>							
CLGF 2012-13 Depot Renew	16,576	0	(16,576)	0	0	0	0
WA LG Grants Commission	170,000	0	(158,985)	11,015	0	(11,015)	0
WA LG Grants Commission	0	464,000	(464,000)	0	0	0	0
DRD - Roads to Recovery	0	1,193,419	(1,120,612)	72,807	1,502,961	(1,480,342)	95,426
Banks Road Development	51,030	0	(45,817)	5,213	0	(5,213)	0
<b>Economic services</b>							
CLGF 2012-13 Saleyards Renew	46,500	0	(46,500)	0	0	0	0
<b>Other property and services</b>							
DLGC - Workforce Planning	682	0	(682)	0	0	0	0
<b>Total</b>	<b>297,149</b>	<b>1,868,767</b>	<b>(1,918,451)</b>	<b>247,465</b>	<b>1,549,610</b>	<b>(1,661,662)</b>	<b>135,413</b>

**Economic Dependency**

A significant portion of revenue is received by way of grants from the State and Federal Governments. Total grant revenue from government sources is disclosed within the Statement of Comprehensive Income.

**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 2017**

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,396,107	479,166
Restricted		1,774,669	1,597,944
		<u>3,170,776</u>	<u>2,077,110</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave Reserve	12	48,377	47,453
Reserves cash backed - Plant Reserve	12	482,961	148,931
Reserves cash backed - Building Reserve	12	17,680	632
Reserves cash backed - Depot Reserve	12	0	10,446
Reserves cash backed - Community Housing Reserve	12	75,194	66,980
Reserves cash backed - Emergency Reserve	12	11,799	10,627
Reserves cash backed - Insurance Claim Reserve	12	14,381	14,106
Reserves cash backed - Flaxmill Shed Reserve	12	0	24,384
Reserves cash backed - Other Recreation Reserve	12	76,395	95,454
Reserves cash backed - Commercial Reserve	12	469,932	479,907
Reserves cash backed - Bushfire Radio Reserve	12	0	947
Reserves cash backed - Infrastructure Reserve	12	0	439
Reserves cash backed - Bridges Reserve	12	145	142
Reserves cash backed - Medical Services Reserve	12	0	114
Reserves cash backed - Swimming Pool Reserve	12	32,000	36,934
Reserves cash backed - Town Hall Reserve	12	0	1
Reserves cash backed - Admin Office Building Reserv	12	0	1,974
Reserves cash backed - Aged Accommodation Resen	12	368,590	364,130
Reserves cash backed - Road Contributions Reserve	12	27,052	26,535
Reserves cash backed - IT / Office Equipment Reserv	12	9,750	11,543
Reserves cash backed - Transfer Station Reserve	12	0	91
Reserves cash backed - Caravan Park Reserve	12	0	7,641
Reserves cash backed - Library Furniture Reserve	12	0	1,068
Reserves cash backed - Civic Receptions Reserve	12	5,000	0
Unspent grants	2(c)	135,413	247,465
Unspent loans	22(b)	354,429	357,059
Less: Unspent loans transferred to Reserve	12	(354,429)	(357,059)
		<u>1,774,669</u>	<u>1,597,944</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	94,242	116,653
Sundry debtors	66,985	100,530
GST receivable	47,592	0
Prepaid Expense	40,700	0
Less: Receipts in Advance	0	(13,700)
	<u>249,519</u>	<u>203,483</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	<u>6,730</u>	<u>5,860</u>
	<u>6,730</u>	<u>5,860</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017 \$	2016 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
- Independent valuation 2016	0	2,154,500
- Independent valuation 2017 - level 2	2,165,272	0
- Additions after valuation - cost	41,531	0
	<u>2,206,803</u>	<u>2,154,500</u>
	<u>2,206,803</u>	<u>2,154,500</u>
Buildings - non-specialised at:		
- Independent valuation 2016	0	10,347,209
- Independent valuation 2017 - level 2	10,460,356	0
- Additions after valuation - cost	149,983	0
Buildings - non-specialised - Less: accumulated depreciation	(1,382)	0
	<u>10,608,957</u>	<u>10,347,209</u>
	<u>10,608,957</u>	<u>10,347,209</u>
Total land and buildings	<u>12,815,760</u>	<u>12,501,709</u>
Furniture and equipment at:		
- Independent valuation 2016	81,537	81,537
- Additions after valuation - cost	86,859	41,545
Furniture and equipment - Less: accumulated depreciation	(37,693)	(2,387)
	<u>130,703</u>	<u>120,695</u>
Plant and equipment at:		
- Independent valuation 2016	2,791,989	2,791,989
- Additions after valuation - cost	411,829	183,925
Plant and equipment - Less: accumulated depreciation	(267,163)	(3,816)
	<u>2,936,655</u>	<u>2,972,098</u>
	<u>15,883,118</u>	<u>15,594,502</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) 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) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	2,154,500	41,531	0	10,772	0	0	0	0	2,206,803
<b>Total land</b>	<b>2,154,500</b>	<b>41,531</b>	<b>0</b>	<b>10,772</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,206,803</b>
Buildings - non-specialised	10,347,209	149,982	0	352,894	0	0	(241,128)	0	10,608,957
<b>Total buildings</b>	<b>10,347,209</b>	<b>149,982</b>	<b>0</b>	<b>352,894</b>	<b>0</b>	<b>0</b>	<b>(241,128)</b>	<b>0</b>	<b>10,608,957</b>
<b>Total land and buildings</b>	<b>12,501,709</b>	<b>191,513</b>	<b>0</b>	<b>363,666</b>	<b>0</b>	<b>0</b>	<b>(241,128)</b>	<b>0</b>	<b>12,815,760</b>
Furniture and equipment	120,695	45,313	0	0	0	0	(35,306)	0	130,703
Plant and equipment	2,972,098	276,784	(47,981)	0	0	0	(264,245)	0	2,936,655
<b>Total property, plant and equipment</b>	<b>15,594,502</b>	<b>513,610</b>	<b>(47,981)</b>	<b>363,666</b>	<b>0</b>	<b>0</b>	<b>(540,679)</b>	<b>0</b>	<b>15,883,118</b>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach	Independent Valuer	June 2017	Recent observable market data for similar properties
<b>Buildings - non-specialised</b>	2	Market approach	Independent Valuer	June 2017	Direct comparison, summation or income approaches. Consideration of market and economic conditions including area, location and site conditions
<b>Buildings - specialised</b>	3	Cost approach	Independent Valuer	June 2017	Useful life, residual value, rate per square metre and current condition applied on a component basis
<b>Furniture and equipment</b>					
	2	Market approach	Independent Valuer	June 2016	Direct comparison, summation or income approaches
	3	Cost approach	Independent Valuer	June 2016	Depreciation methodology and residual value, considering age and condition
<b>Plant and equipment</b>	2	Market approach	Independent Valuer	June 2016	Consideration to type, standard and condition

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.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017 \$	2016 \$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Independent valuation 2016	107,262,403	107,262,403
- Additions after valuation - cost	3,733,162	2,053,876
Infrastructure - Roads - Less: accumulated depreciation	<u>(1,648,431)</u>	<u>0</u>
	109,347,134	109,316,279
Infrastructure - Footpaths		
- Independent valuation 2016	203,326	203,326
- Additions after valuation - cost	68,611	40,079
Infrastructure - Footpaths - Less: accumulated depreciation	<u>(6,633)</u>	<u>0</u>
	265,304	243,405
Infrastructure - Drainage		
- Independent valuation 2016	41,589,577	41,589,577
- Additions after valuation - cost	81,385	34,153
Infrastructure - Drainage - Less: accumulated depreciation	<u>(553,673)</u>	<u>0</u>
	41,117,289	41,623,730
Infrastructure - Parks and Ovals		
- Management valuation 2016	277,280	277,280
- Additions after valuation - cost	35,982	33,645
Infrastructure - Parks and Ovals - Less: accumulated depreciation	<u>(55,752)</u>	<u>(30,521)</u>
	257,510	280,404
Infrastructure - Bridges		
- Management valuation 2016	8,093,027	8,093,027
- Additions after valuation - cost	1,931,257	999,139
Infrastructure - Bridges - Less: accumulated depreciation	<u>(399,036)</u>	<u>(273,319)</u>
	9,625,248	8,818,847
Infrastructure - Other		
- Management valuation 2016	251,672	251,672
- Additions after valuation - cost	241,790	217,365
- Adjustments	774	774
Infrastructure - Other - Less: accumulated depreciation	<u>(40,190)</u>	<u>(26,143)</u>
	454,046	443,668
Infrastructure - Recreation		
- Management valuation 2016	1,357,729	1,357,729
- Additions after valuation - cost	427,747	371,978
Infrastructure - Recreation - Less: accumulated depreciation	<u>(135,197)</u>	<u>(72,761)</u>
	1,650,279	1,656,946
	<u>162,716,810</u>	<u>162,383,279</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires infrastructure to be shown at fair value.

SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

**7. INFRASTRUCTURE (Continued)**

**(b) 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) Transferred to	Revaluation (Loss)/ Reversal Transferred to	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	109,316,279	1,679,286	0	0	0	0	(1,648,431)	0	109,347,134
Infrastructure - Footpaths	243,405	28,532	0	0	0	0	(6,633)	0	265,304
Infrastructure - Drainage	41,623,730	47,232	0	0	0	0	(553,673)	0	41,117,289
Infrastructure - Parks and Ovals	280,404	2,337	0	0	0	0	(25,231)	0	257,510
Infrastructure - Bridges	8,818,847	932,118	0	0	0	0	(125,717)	0	9,625,248
Infrastructure - Other	443,668	24,425	0	0	0	0	(14,047)	0	454,046
Infrastructure - Recreation	1,656,946	55,769	0	0	0	0	(62,436)	0	1,650,279
<b>Total infrastructure</b>	<b>162,383,279</b>	<b>2,769,699</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,436,168)</b>	<b>0</b>	<b>162,716,810</b>



**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
Infrastructure - Roads	3	Depreciated Replacement Cost	Independent Valuer	June 2016	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Footpaths	3	Depreciated Replacement Cost	Independent Valuer	June 2016	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Drainage	3	Depreciated Replacement Cost	Independent Valuer	June 2016	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Parks and Ovals	3	Depreciated Replacement Cost	Independent Valuer	June 2015	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Bridges	3	Depreciated Replacement Cost	Independent Valuer	June 2015	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Other	3	Depreciated Replacement Cost	Independent Valuer	June 2015	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Recreation	3	Depreciated Replacement Cost	Independent Valuer	June 2015	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life

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.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017 \$	2016 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	32,307	169,738
Accrued interest on debentures	6,962	7,766
Accrued salaries and wages	22,589	10,670
Accrued expenses	381,058	0
	<u>442,916</u>	<u>188,174</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	38,938	53,696
	<u>38,938</u>	<u>53,696</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	525,676	564,614
	<u>525,676</u>	<u>564,614</u>

Additional detail on borrowings is provided in Note 22.

**10. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2016</b>			
Current provisions	327,200	278,921	606,121
Non-current provisions	<u>327,200</u>	<u>34,738</u>	<u>34,738</u>
	327,200	313,659	640,859
 Additional provision	 (3,900)	 11,527	 7,627
<b>Balance at 30 June 2017</b>	<u>323,300</u>	<u>325,186</u>	<u>648,486</u>
 <b>Comprises</b>			
Current	323,300	273,994	597,294
Non-current	0	51,192	51,192
	<u>323,300</u>	<u>325,186</u>	<u>648,486</u>

**11 This note left blank intentionally**

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**12. RESERVES - CASH BACKED**

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Leave Reserve	47,453	924	0	48,377	47,450	840	0	48,290	46,622	831	0	47,453
Reserves cash backed - Plant Reserve	148,931	337,030	(3,000)	482,961	148,930	337,030	(108,000)	377,960	96,486	301,605	(249,160)	148,931
Reserves cash backed - Building Reserve	632	32,668	(15,620)	17,680	630	31,815	(30,500)	1,945	621	11	0	632
Reserves cash backed - Depot Reserve	10,446	203	(10,649)	0	10,450	185	(10,635)	0	10,263	183	0	10,446
Reserves cash backed - Community Housing Reserve	66,980	30,559	(22,345)	75,194	66,815	22,660	(28,500)	60,995	68,535	22,715	(24,270)	66,980
Reserves cash backed - Emergency Reserve	10,627	1,172	0	11,799	10,625	1,150	0	11,775	10,441	186	0	10,627
Reserves cash backed - Insurance Claim Reserve	14,106	275	0	14,381	14,105	250	0	14,355	13,859	247	0	14,106
Reserves cash backed - Flaxmill Shed Reserve	24,384	475	(24,859)	0	24,380	430	(24,810)	0	23,955	429	0	24,384
Reserves cash backed - Other Recreation Reserve	95,454	2,611	(21,670)	76,395	95,455	1,690	(53,750)	43,395	131,265	2,339	(38,150)	95,454
Reserves cash backed - Commercial Reserve	479,907	9,345	(19,320)	469,932	481,430	8,515	(33,800)	456,145	499,520	8,902	(28,515)	479,907
Reserves cash backed - Bushfire Radio Reserve	947	18	(965)	0	945	15	(960)	0	931	16	0	947
Reserves cash backed - Infrastructure Reserve	439	9	(448)	0	440	10	(450)	0	431	8	0	439
Reserves cash backed - Bridges Reserve	142	3	0	145	295	11,020	(11,015)	300	290	62,834	(62,982)	142
Reserves cash backed - Medical Services Reserve	114	2	(116)	0	115	0	(115)	0	1,585	29	(1,500)	114
Reserves cash backed - Swimming Pool Reserve	36,934	719	(5,653)	32,000	36,930	655	(37,585)	0	36,287	647	0	36,934
Reserves cash backed - Town Hall Reserve	1		(1)	0	0	0	0	0	1	0	0	1
Reserves cash backed - Admin Office Building Reserve	1,974	38	(2,012)	0	1,975	35	(2,010)	0	1,939	35	0	1,974
Reserves cash backed - Aged Accommodation Reserve	364,130	7,090	(2,630)	368,590	345,960	156,115	(352,075)	150,000	6,947	400,124	(42,941)	364,130
Reserves cash backed - Road Contributions Reserve	26,535	517	0	27,052	21,325	375	0	21,700	20,949	51,403	(45,817)	26,535
Reserves cash backed - IT / Office Equipment Reserve	11,543	225	(2,018)	9,750	11,580	205	(2,035)	9,750	18,575	331	(7,363)	11,543
Reserves cash backed - Transfer Station Reserve	91	2	(93)	0	90	0	(90)	0	90	1	0	91
Reserves cash backed - Caravan Park Reserve	7,641	149	(7,790)	0	8,060	145	(8,205)	0	18,419	328	(11,106)	7,641
Reserves cash backed - Library Furniture Reserve	1,068	21	(1,089)	0	1,070	20	(1,090)	0	1,050	18	0	1,068
Reserves cash backed - Civic Receptions Reserve	0	5,000	0	5,000	0	5,000	0	5,000	0	0	0	0
	1,350,479	429,055	(140,278)	1,639,256	1,329,055	578,180	(705,625)	1,201,610	1,009,061	853,222	(511,804)	1,350,479

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 2017**

**12. RESERVES - CASH BACKED**

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Reserves cash backed - Leave Reserve	*	- to be used to fund annual, sick and long service leave requirements
Reserves cash backed - Plant Reserve	*	- to be used for the purchase of items of plant including graders, trucks, utes, sedans, etc
Reserves cash backed - Building Reserve		- to be used to fund future maintenance of Shire owned buildings including heritage buildings.
Reserves cash backed - Depot Reserve	**	- to be used to fund future requirements relating to the upgrade of depot facilities.
Reserves cash backed - Community Housing Reserve	*	- to be used for the maintenance of the Homestead housing units in Forrest & Proctor Sts.
Reserves cash backed - 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
Reserves cash backed - Insurance Claim Reserve	*	- to be used fund insurance claims excesses, where insurance claims are excessive in any one year.
Reserves cash backed - Flaxmill Shed Reserve	**	- to be used to fund future requirements relating to maintenance and upgrade of the large sheds (storage) at the Flax Mill Complex.
Reserves cash backed - Other Recreation Reserve	*	- to be used to fund improvements to the Recreation Facilities and Grounds.
Reserves cash backed - Commercial Reserve	*	- to be used for future economic development, enhancement and promotion of the district.
Reserves cash backed - Bushfire Radio Reserve	**	- to be used to fund bush fire radio changeover and future radio requirements and for the maintenance of the bush fire radio tower.
Reserves cash backed - Infrastructure Reserve	**	- to be used for the development on infrastructure in the Shire.
Reserves cash backed - Bridges Reserve	*	- to be used to fund future requirements of bridge works.
Reserves cash backed - Medical Services Reserve	**	- to be used to fund future medical services requirements.
Reserves cash backed - Swimming Pool Reserve	*	- to be used to fund future major improvement/maintenance projects at the swimming pool.
Reserves cash backed - Town Hall Reserve	*	- to be used to fund future major improvement/maintenance projects at the Town Hall.
Reserves cash backed - Admin Office Building Reserve	**	- to be used to fund future major improvement/maintenance projects at the Administration Centre.
Reserves cash backed - Aged Accommodation Reserve	*	- to be used to fund future major improvements/additions to the Administration Centre.
Reserves cash backed - Road Contributions Reserve	*	- to be used to fund future requirements of Aged Accommodation.
Reserves cash backed - IT / Office Equipment Reserve	*	- to be used to set aside contributions from developers for road development when required.
Reserves cash backed - Transfer Station Reserve	*	- to be used to fund future Information Technology requirements.
Reserves cash backed - Caravan Park Reserve	**	- to be used to fund future upgrade to the Transfer Station.
Reserves cash backed - Library Furniture Reserve	*	- to be used to fund future upgrades to the Caravan Park.
Reserves cash backed - Civic Reception Reserve	*	- to be used to fund future library furniture needs.
Reserves cash backed - Civic Reception Reserve	*	- to be used to fund future civic receptions and ceremonies

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

\*\* These reserve funds were fully utilised in 2016-17.

SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

13. REVALUATION SURPLUS

	2017				2016			
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Total Movement on Revaluation
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	8,694,361	363,666	0	363,666	9,058,027	8,324,782	369,579	0
Revaluation surplus - Furniture and equipment	26,663	0	0	0	26,663	0	26,663	0
Revaluation surplus - Plant and equipment	697,785	0	0	0	697,785	0	697,785	0
Revaluation surplus - Infrastructure - Roads	66,365,659	0	0	0	66,365,659	0	697,785	0
Revaluation surplus - Infrastructure - Footpaths	103,018	0	0	0	103,018	371,403	38,826,116	0
Revaluation surplus - Infrastructure - Drainage	41,088,432	0	0	0	41,088,432	3,464,318	0	(268,385)
Revaluation surplus - Infrastructure - Parks and Ovals	199,383	0	0	0	199,383	199,383	0	0
Revaluation surplus - Infrastructure - Bridges	7,736,359	0	0	0	7,736,359	7,736,359	0	0
Revaluation surplus - Infrastructure - Other	99,245	0	0	0	99,245	99,221	24	0
Revaluation surplus - Infrastructure - Recreation	1,178,063	0	0	0	1,178,063	1,178,063	0	0
	126,188,968	363,666	0	363,666	126,552,634	48,913,072	77,544,281	(268,385)
								77,275,896
								126,188,968

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**14. 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:

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
Cash and cash equivalents	<u>3,170,776</u>	<u>1,202,339</u>	<u>2,077,110</u>

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

Net result	1,190,379	4,166,799	(277,633)
Non-cash flows in Net result:			
Depreciation	2,976,847	3,226,635	3,309,429
(Profit)/Loss on sale of asset	4,753	5,695	158,074
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(5,336)	52,247	212,331
(Increase)/Decrease in inventories	(870)	0	(3,597)
Increase/(Decrease) in payables	254,742	88,170	(295,903)
Increase/(Decrease) in provisions	7,627	0	101,597
Grants contributions for the development of assets	(2,170,607)	(6,222,865)	(2,295,484)
Net cash from operating activities	<u>2,257,534</u>	<u>1,316,681</u>	<u>908,814</u>

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	50,000	50,000
Bank overdraft at balance date	(27,153)	(3,167)
Credit card limit	10,000	10,000
Credit card balance at balance date	(8,102)	0
<b>Total amount of credit unused</b>	<u>24,745</u>	<u>56,833</u>
<b>Loan facilities</b>		
Loan facilities - current	38,938	53,696
Loan facilities - non-current	525,676	564,614
<b>Total facilities in use at balance date</b>	<u>564,614</u>	<u>618,310</u>
<b>Unused loan facilities at balance date</b>	<u>354,429</u>	<u>357,059</u>

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**15. CONTINGENT LIABILITIES**

There were no know contingent liabilities which might have financial ramifications for Council.

	2017	2016
	\$	\$
<b>16. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Operating Lease Commitments</b>		
The Shire did not have any future operating lease commitments at the reporting date.		
<b>(b) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects (R2R Tone Bridge)	0	41,818
- plant & equipment purchases (Hino FN 2628)	148,400	74,230
Payable:		
- not later than one year	148,400	116,048

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**17. JOINT VENTURE ARRANGEMENTS**

During 2016-17 the Shire was not involved in any joint venture arrangements.

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	23,501	7,583
General purpose funding	1,578,641	0
Law, order, public safety	449,009	409,273
Health	1,002,207	1,069,701
Education and welfare	860,909	2,209,600
Housing	2,786,814	2,538,109
Community amenities	294,474	302,583
Recreation and culture	6,310,479	6,183,554
Transport	161,418,011	160,454,271
Economic services	2,031,163	1,548,475
Other property and services	5,271,747	5,541,085
	<u>182,026,955</u>	<u>180,264,234</u>



**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016	2015
<b>19. FINANCIAL RATIOS</b>			
Current ratio	1.60	0.86	1.82
Asset sustainability ratio	0.66	1.15	0.85
Debt service cover ratio	23.64	8.98	22.82
Operating surplus ratio	(0.25)	(0.70)	(0.19)
Own source revenue coverage ratio	0.56	0.50	0.57

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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**20. 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:

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Bonds - Relocated Houses	29,742	15,000	(7,500)	37,242
Bonds - Council Houses	1,632	0	0	1,632
Deposits - Hall Hire	680	800	(400)	1,080
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
Deposits - Road Contributions	9	0	0	9
Interest on Trust Monies	5,196	49	0	5,245
Police Licencing	15,133	730,071	(737,096)	8,108
Bonds - Commercial	390	0	0	390
Bonds - Landscaping	2,000	0	0	2,000
Construction Training Fund	0	4,563	(4,220)	343
Building Service Levy	459	6,988	(6,512)	935
Equipment	170	575	(450)	295
Unclaimed Monies	36	0	0	36
	<u>62,559</u>			<u>64,426</u>

**21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
Recreation and culture								
Toro Zero Turn Mower	11,226	4,500	0	(6,726)	10,650	10,000	0	(650)
Fleet Vehicle (Parks Utility)	0	0	0	0	6,610	2,000	0	(4,610)
John Deere Ride-On Mower	3,109	2,800	0	(309)	3,480	3,000	0	(480)
Transport								
Isuzu 14T Truck	0	0	0	0	72,510	70,000	0	(2,510)
Isuzu NPR 300 Cab Chassis	30,977	33,259	2,282	0	32,180	36,585	4,405	0
Small Plant Items	2,668	2,668	0	0	0	750	750	0
Other property and services								
Fleet Vehicle (CEO)	0	0	0	0	44,850	42,000	0	(2,850)
	<u>47,980</u>	<u>43,227</u>	<u>2,282</u>	<u>(7,035)</u>	<u>170,280</u>	<u>164,585</u>	<u>5,405</u>	<u>(11,100)</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**22. INFORMATION ON BORROWINGS**

**(a) Repayments - Debentures**

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Health</b>								
L102 Doctor's Housing	9,045	0	9,045	9045	0	0	435	435
<b>Education and welfare</b>								
L118 Aged Accommodation	361,341	0	14,158	14158	347,183	347,183	17,176	17,175
L119A Aged Accommodation	0	0	0	0	0	330,195	0	0
L120 Aged Accommodation - Lodge	0	0	0	0	0	200,000	0	0
L120A Aged Accommodation - Lodge	0	0	0	0	0	310,000	0	0
<b>Housing</b>								
L115 Staff Housing	70,505	0	5,357	5357	65,148	65,148	4,068	4,070
L121 Other Housing - GROH	0	0	0	0	0	450,000	0	0
<b>Community amenities</b>								
L112 Landfill	12,604	0	2,831	2831	9,773	9,773	830	830
<b>Recreation and culture</b>								
L114 Pool	128,236	0	9,740	9740	118,496	118,496	7,412	7,410
<b>Economic services</b>								
L106 Flax Mill Complex	8,632	0	5,653	5653	2,979	2,979	513	515
L109 Flax Mill Water	9,909	0	4,799	4799	5,110	5,110	549	550
<b>Other property and services</b>								
L110 Administration Building	18,041	0	2,113	2113	15,928	15,928	1,113	1,115
	618,313	0	53,696	53,696	564,617	1,854,812	32,096	32,100

All 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 2017**

**22. INFORMATION ON BORROWINGS (Continued)**

**(b) Unspent Debentures**

Particulars	Date Borrowed	Balance	Borrowed		Expended		Balance
		1 July 16 \$	During Year	During Year	During Year	30 June 17 \$	
- L118 Aged Accommodation	26/04/2013	357,059	0	(2,630)		354,429	
		<u>357,059</u>	<u>0</u>	<u>(2,630)</u>		<u>354,429</u>	

**(c) Overdraft**

To assist with short term liquidity requirements, Council has in place a \$50,000 overdraft facility with the Commonwealth Bank of Australia  
The balance of the bank overdraft at 30 June 2017 was \$27,153.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**23. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
General Rate - GRV	0.122440	292	3,184,223	389,876	93	0	389,969	389,876	0	0	389,876
Unimproved value valuations											
Differential General - UV Rural Pursuit	0.007125	677	259,818,246	1,851,205	17,126	(94)	1,868,237	1,851,205	1,445	0	1,852,650
Differential General - UV Mining	0.155393	7	207,292	32,212	10,397	(3)	42,606	32,212	0	0	32,212
Sub-Total		976	263,209,761	2,273,293	27,616	(97)	2,300,812	2,273,293	1,445	0	2,274,738
Minimum payment	Minimum \$										
Gross rental value valuations											
General Rate - GRV	851	56	255,422	47,656	0	0	47,656	47,656	0	0	47,656
Unimproved value valuations											
Differential General - UV Rural Pursuit	790	264	20,525,094	208,560	0	0	208,560	208,560	0	0	208,560
Differential General - UV Mining	530	6	7,790	3,180	0	0	3,180	3,180	0	0	3,180
Sub-Total		326	20,788,306	259,396	0	0	259,396	259,396	0	0	259,396
Discounts/concessions (refer note 27)		1,302	283,998,067	2,532,689	27,616	(97)	2,560,208	2,532,689	1,445	0	2,534,134
Total amount raised from general rate							(1,185)				(1,195)
Specified Area Rate (refer note 25)							2,559,023				2,532,939
Rates: Small Balances Written off (refer note 27)							0				0
Ex-gratia rates							(163)				(250)
Totals							1,053				0
							2,559,913				2,532,689

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**24. NET CURRENT ASSETS**

Composition of net current assets

	2017	2017	2016
	(30 June 2017	(1 July 2016	(30 June 2016
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<b>1,708,032</b>	<b>760,376</b>	<b>760,376</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	1,396,107	479,166	479,166
Restricted	1,774,669	1,597,944	1,597,944
Receivables			
Rates outstanding	94,242	116,653	116,653
Sundry debtors	66,985	100,530	100,530
Less: Receipts in Advance	0	(13,700)	(13,700)
Inventories			
Fuel and Materials	6,730	5,860	5,860
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(32,307)	(169,738)	(169,738)
Accrued interest on debentures	(6,962)	(7,766)	(7,766)
Accrued salaries and wages	(22,589)	(10,670)	(10,670)
ATO liabilities	0	0	0
Accrued expenses	(381,058)	0	0
Prepaid Expenses	0	0	0
Current portion of long term borrowings			
Secured by floating charge	(38,938)	(53,696)	(53,696)
Provisions			
Provision for annual leave	(323,300)	(327,200)	(327,200)
Provision for long service leave	(273,994)	(278,921)	(278,921)
<b>Unadjusted net current assets</b>	<b>2,347,877</b>	<b>1,438,462</b>	<b>1,438,462</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,639,256)	(1,350,479)	(1,350,479)
Less: Inventories	(6,730)	(5,860)	(5,860)
Less: Prepaid Expenses	0	0	0
Add: Accrued expenses	381,058	0	0
Add: Secured by floating charge	38,938	53,696	53,696
Add: Provisions	597,294	606,121	606,121
Add: Accrued Interest on Debentures	6,962	7,766	7,766
Add: Accrued Salaries and Wages	22,589	10,670	10,670
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>1,708,032</b>	<b>760,376</b>	<b>760,376</b>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates were imposed by the Shire during the year ended 2017

**26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Shire during the year ended 2017

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2016/17 FINANCIAL YEAR**

**Rates Write-Offs**

	Balances \$	Actual \$	Budget \$	Circumstances in which Rates were Written Off
Rates Written Off	<\$5.00	163	250	Council wrote off small rates account balances i.e. balances less than \$5.00.
		163	250	

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Actual \$	Budget \$
	Concession		1,185	1,195
			1,185	1,195

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Concession	Assessments A15129,A3270 and A12300	To levy rates equitably on properties which encroach into neighboring shires.	These properties straddle both the Shires of Boyup Brook & Donnybrook-Balingup, and therefore are rated by both shires.



SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan		Instalment Interest Rate %	Unpaid Rates Interest Rate %
		Admin	Charge \$		
<b>Instalment Options</b>					
<b>Option One</b>					
Single full payment	05-Oct-16	0	0	0.00%	11.00%
<b>Option Two</b>					
First Instalment	05-Oct-16	0	0	5.50%	11.00%
Second Instalment	05-Dec-16	13			
Third Instalment	06-Feb-17	13			
Fourth Instalment	05-Apr-17	13			
		Revenue		Budgeted Revenue	
		\$		\$	
Interest on unpaid rates		16,576		17,875	
Interest on instalment plan		5,316		5,635	
Charges on instalment plan		6,175		6,555	
		<u>28,067</u>		<u>30,065</u>	

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2017	2016
	\$	\$
<b>29. FEES &amp; CHARGES</b>		
Governance	416	465
General purpose funding	31,659	14,209
Law, order, public safety	20,838	11,595
Health	877,504	793,623
Housing	55,957	43,655
Community amenities	197,420	182,511
Recreation and culture	42,055	41,315
Transport	5,940	7,795
Economic services	105,854	93,145
Other property and services	18,858	13,966
	<u>1,356,501</u>	<u>1,202,279</u>

During 2016-17 financial year the amount of the fees or charges detailed in the original budget were amended as follows:

1. Saleyards water use charges were amended as per Resolution of Council 140/16.
2. Swimming Pool entry fees were amended as per Resolution of Council 148/16.

**30. GRANT REVENUE**

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

	2017	2016
	\$	\$
<b>By Nature or Type:</b>		
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	1,736,844	552,554
Law, order, public safety	99,324	221,176
Education and welfare	7,681	7,463
Housing	602	710
Recreation and culture	12,035	7,070
Transport	150,591	139,500
Economic services	1,916	2,230
Other property and services	24,703	13,774
	<u>2,033,696</u>	<u>944,477</u>
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	160,116	190,949
Transport	2,010,491	1,905,873
Economic services	0	198,662
	<u>2,170,607</u>	<u>2,295,484</u>
	<u>4,204,303</u>	<u>3,239,961</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>33</u>	<u>29</u>
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**32. ELECTED MEMBERS REMUNERATION**

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	65,202	68,615	68,615
President's allowance	6,627	6,920	6,920
Deputy President's allowance	1,730	1,730	1,730
Travelling expenses	4,183	6,405	4,761
Telecommunications allowance	10,000	10,485	10,485
	<u>87,742</u>	<u>94,155</u>	<u>92,511</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**33. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	793,131
Post-employment benefits	76,042
Other long-term benefits	16,570
	<u>885,743</u>

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

**Post-employment benefits**

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

**Other long-term benefits**

These amounts represent long service benefits accrued during the year.

**Termination benefits**

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**Related Parties**

The Shire's main related parties are as follows:

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

*ii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**33. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

Council has assessed the materiality of disclosure of transactions with related parties on the following criteria:

1. The potential effect of the relationship on the financial statements;
2. Whether the transaction occurred as:
  - a) part of a public service provider relationship with a taxpayer on terms no different to that of a transaction with the general public or
  - b) part of an ordinary operational transaction within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that is reasonable to expect the Council would have adopted with the party at arm's length in the same circumstances.

Council has determined that no material transactions with related parties have occurred during the financial year 2016-17.

**34. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2016-2017 financial year.

**35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016-2017 financial year.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**36. FINANCIAL RISK MANAGEMENT**

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

The Shire 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 Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	3,170,776	2,077,110	3,170,776	2,077,110
Receivables	249,519	203,483	249,519	203,483
	<u>3,420,295</u>	<u>2,280,593</u>	<u>3,420,295</u>	<u>2,280,593</u>
<b>Financial liabilities</b>				
Payables	442,916	188,174	442,916	188,174
Borrowings	564,614	618,310	564,614	618,310
	<u>1,007,530</u>	<u>806,484</u>	<u>1,007,530</u>	<u>806,484</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 2017**

**36. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

The Shire'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 the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	2016
	\$	\$
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	317,078	207,711
- Statement of Comprehensive Income	317,078	207,711
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	31,708	20,771
- Statement of Comprehensive Income	31,708	20,771

**Notes:**

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

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**36. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

The Shire'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. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies, and a debt recovery service provider.

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

As required the Shire makes suitable provision for doubtful receivables, 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 Shire's credit risk at balance date was:

	2017	2016
Percentage of rates and annual charges		
- Current	65%	50%
- Overdue	35%	50%
Percentage of other receivables		
- Current	89%	72%
- Overdue	11%	28%

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**36. 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. The Shire 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 the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

**2017**

<b>Payables</b>	<b>442,916</b>	<b>0</b>	<b>0</b>	<b>442,916</b>	<b>442,916</b>
<b>Borrowings</b>	<b>86,676</b>	<b>238,991</b>	<b>450,977</b>	<b>776,644</b>	<b>564,614</b>
	<b>529,592</b>	<b>238,991</b>	<b>450,977</b>	<b>1,219,560</b>	<b>1,007,530</b>

**2016**

<b>Payables</b>	<b>188,174</b>	<b>0</b>	<b>0</b>	<b>188,174</b>	<b>188,174</b>
<b>Borrowings</b>	<b>85,837</b>	<b>267,755</b>	<b>508,888</b>	<b>862,480</b>	<b>618,310</b>
	<b>274,011</b>	<b>267,755</b>	<b>508,888</b>	<b>1,050,654</b>	<b>806,484</b>



SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

36. 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. The Shire 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 2017

Borrowings

Fixed rate								
Debentures	(24,017)	0	(9,773)	0	0	(530,824)	(564,614)	5.26%
Weighted average								
Effective interest rate	6.53%		7.07%			5.18%		

Year ended 30 June 2016

Borrowings

Fixed rate								
Debentures	(9,045)	(36,582)	0	(12,604)	0	(560,079)	(618,310)	5.25%
Weighted average								
Effective interest rate	5.37%	5.32%		5.16%		5.13%		



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

We have audited the accompanying financial report of the Shire of Boyup Brook which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

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

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Boyup Brook as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

**Report on Other Legal and Regulatory Requirements**

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 of Boyup Brook;
- (ii) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit;
- (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; and
- (v) All audit procedures were satisfactorily completed during our audit.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

### ***Responsibilities of Management and Council 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 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

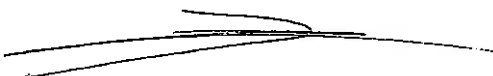
Council is responsible for overseeing the Shire's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our audit report.

### **AMD Chartered Accountants**



**TIM PARTRIDGE**  
Partner

28-30 Wellington Street, Bunbury, Western Australia

Dated this 14<sup>th</sup> day of December 2017

**SHIRE OF BOYUP BROOK  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**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.

	2017	2016	2015
Asset consumption ratio	0.69	0.69	0.71
Asset renewal funding ratio	0.22	0.22	0.21

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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

