

# ANNUAL REPORT 2007/08

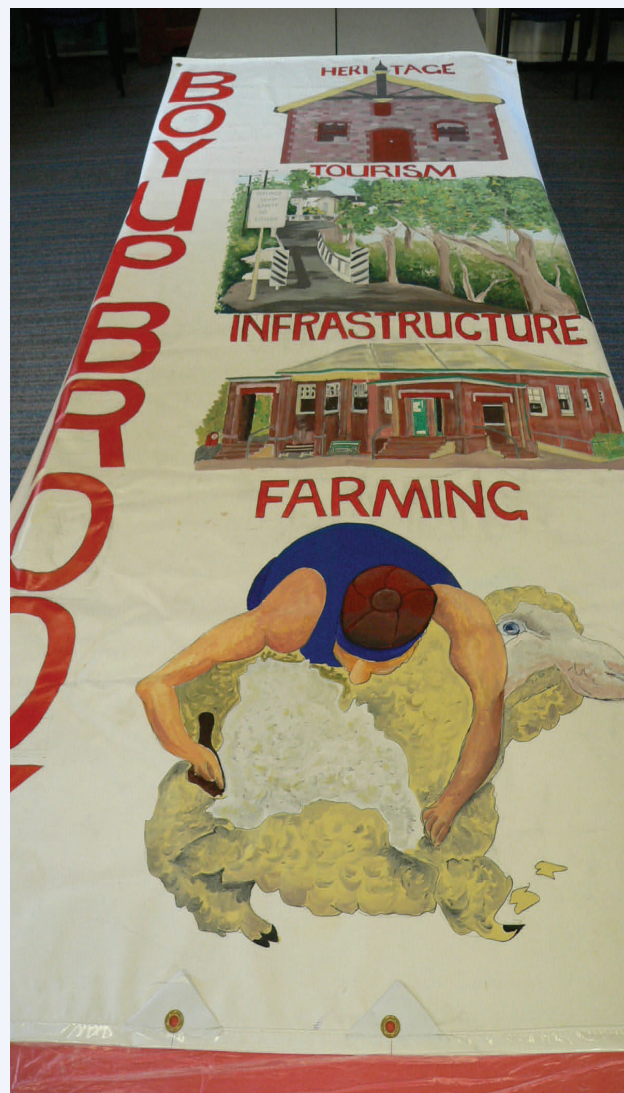
## SHIRE OF BOYUP BROOK

### Banners in the Terrace

**St Mary's Catholic Primary**



**Boyup Brook Community**



**Cemetery—New Gazebo**



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## 1. Shire President's Message



It is with pleasure and honour that I make my first report to you as your Shire President.

I was elected to the position of Shire President at the first Council meeting following the October 2007 Council elections and follow a very experienced Councillor and Shire President, Councillor Terry Ginnane. Terry has had a number of stints as Councillor (1987 to 1992, 1993 to 1997 and 1999 to current) and had been your Shire President from 1999 till 2007 and I take this opportunity to pay my utmost respect for his knowledge, sense of civic duty and integrity.

The 2007 elections saw a number of changes with Councillors Kym Lamshed, Eric Muncey, Michael Giles and Brian O'Hare being elected to fill vacancies left by past Councillors Kevin Moir, Mario Martin, Tom Oversby and Jan Florey. I thank the outgoing Councillors for their dedication and welcome incoming Councillors. I am sure I echo the sentiments of my fellow Councillor, Peter Marshall, who was re-elected at this election in saying thankyou to the electors. Councillor Marshall was elected to the position of Deputy President, and I would like to thank him for the support and assistance he has given me.

Whilst on changing of the guard, we also had changes in the CEO post. Mr Tony Doust resigned during the period under review and Mr Pascoe Durtanovich filled the roll temporarily whilst Council recruited a new officer. Mr Alan Lamb was appointed to the position and commenced early in August 2008. I take this opportunity to thank Mr Doust for his dedication and to recognise the high level of service he provided, also to thank Mr Durtanovich for helping us through the recruitment and transition period, and welcome Mr Lamb.

The issue of sustainability was very much alive during the year and Councils throughout the state grappled with it. A Western Australian Local Government Association plan for the future was adopted by Councils and this plan set a path for closer cooperation and resource sharing between Councils, changes to the Local Government Act to better facilitate this and to make operations smoother. The Federal Government has forged a closer relationship with Local Government with regular meetings, Constitutional Recognition to be the subject of a referendum, and increased direct finding. The State Government's Royalties for Regions funding available to Councils encourages regional cooperation via regional groupings of Councils and so we and our neighbouring Councils are working on this. It is disappointing, given the amount of work done and increased cooperation between Council's and between Councils and the State and Federal Governments, to hear the Minister for Local Government announce that he will force amalgamations of Councils if they do not voluntarily do this within six months. Perhaps more disappointing is the fact that there have been no concrete details of the Minister's

plan so that we are all left in a hiatus between the announcement, which goes back on a election promise, and the important detail. I dare say we will have more information by the time of the Annual Electors Meeting to enable me to update you on this important change to Local Government in this state.

I represented Council at the Sandakan Memorial Day Service in Sabah, Malaysia, in August 2007 and Cr Terry Ginnane travelled (as the Shire President) to Sabah to witness the signing of a Memorandum of Friendship between the two municipalities in September 2007. The important link between our two communities, in recognition of the terrible and tragic losses both nations incurred in Sandakan during WWII, was strengthened by this agreement and by our regular contact.

I can't let this opportunity pass without thanking the Shire staff for their efforts during the year. Both the office staff and the works staff have carried out their duties in a competent and cheerful manner, and coped admirably with the changes, which have occurred in the organization during this year.

**Roger Downing**  
SHIRE PRESIDENT



## 2. Boyup Brook at a Glance



President Roger Downing  
Deputy President Peter Marshall

### Councillors

Benjinup Ward	E (Eric) Muncey (term expires 2009) B (Brian) O'Hare (term expires 2011)
Boyup Brook Ward	S (Shirley) Broadhurst (term expires 2009) RF(Roger) Downing (term expires 2011) T J (Terry) Ginnane (term expires 2009)
Dinninup Ward	K (Kym) Lamshed (term expires 2011) A J (Aaron) Piper (term expires 2009)
Scotts Brook Ward	M (Michael) Giles (term expires 2009) P E (Peter) Marshall (term expires 2011)

### **LOCALITIES**

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

### **SIGNIFICANT LOCAL EVENTS**

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

### **FULL COUNCIL MEETING**

Meets on the third Thursday of each month.

### **TOURIST ATTRACTIONS**

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

### **LOCAL INDUSTRIES**

Woolen garments; vineyards; timber plantations; general farming; sheep, cattle, grain; trees; pigs; various cottage industries; olives.

Distance to Perth	270 km
Area	2,838 sq km
Length of Sealed Roads	210 km
Length of Unsealed Roads	790 km
Population	1,540
Number of Electors	1,158
Number of Dwellings	808
Total Rates Levied	\$1,603.796
Total Revenue	\$4,063,130
Number of Employees	27

Address: P O Box 2 Boyup Brook 6244  
Phone: 9765 1200 Fax: 9765 1485 Email: [shire@boyupbrook.wa.gov.au](mailto:shire@boyupbrook.wa.gov.au)  
Website: [www.boyupbrook.wa.gov.au](http://www.boyupbrook.wa.gov.au)



Electric BBQ & Playground – Sandakan Park

The Shire of Boyup Brook is located on the raised inland Darling Plateau with the main population base and the administrative centre located in the Boyup Brook townsite (which has a population of approximately 600).

It is situated on the upper reaches of the Blackwood River approximately 270 kilometres (by road) south/south-east of Perth.

The Shire is predominantly rural in nature and consists of a transition area ranging from smaller holdings near the western boundary to large broad acre farms to the east.

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

The Shire of Boyup Brook occupies an area of 283,800 hectares and has within its boundaries several smaller localities including Wilga, Mayanup, Dinninup, Chowerup, Tonebridge, McAlinden and Kulikup. Approximately 30 percent of the Shire is National Parks, Water Catchment, Conservation Reserves and Forests.

During the late 1980's through to today, there have been an increasing number of more intensive agricultural pursuits becoming established in the shire.

Vineyards at Kulikup were introduced in the 1970's and in Dinninup and Mayanup in the late 1980's as well as substantial deer and goat farms. There have been significant plantings of wine and table grape vines between 1994 and 1997.

During the period 1997 to 2003 with returns from wool and cattle diminishing, a significant proportion of the shire's arable land was planted to eucalyptus globulus (Tasmanian blue gums).



Sandakan Memorial Service – Sandakan Park – September 2007

### 3. Elected Members

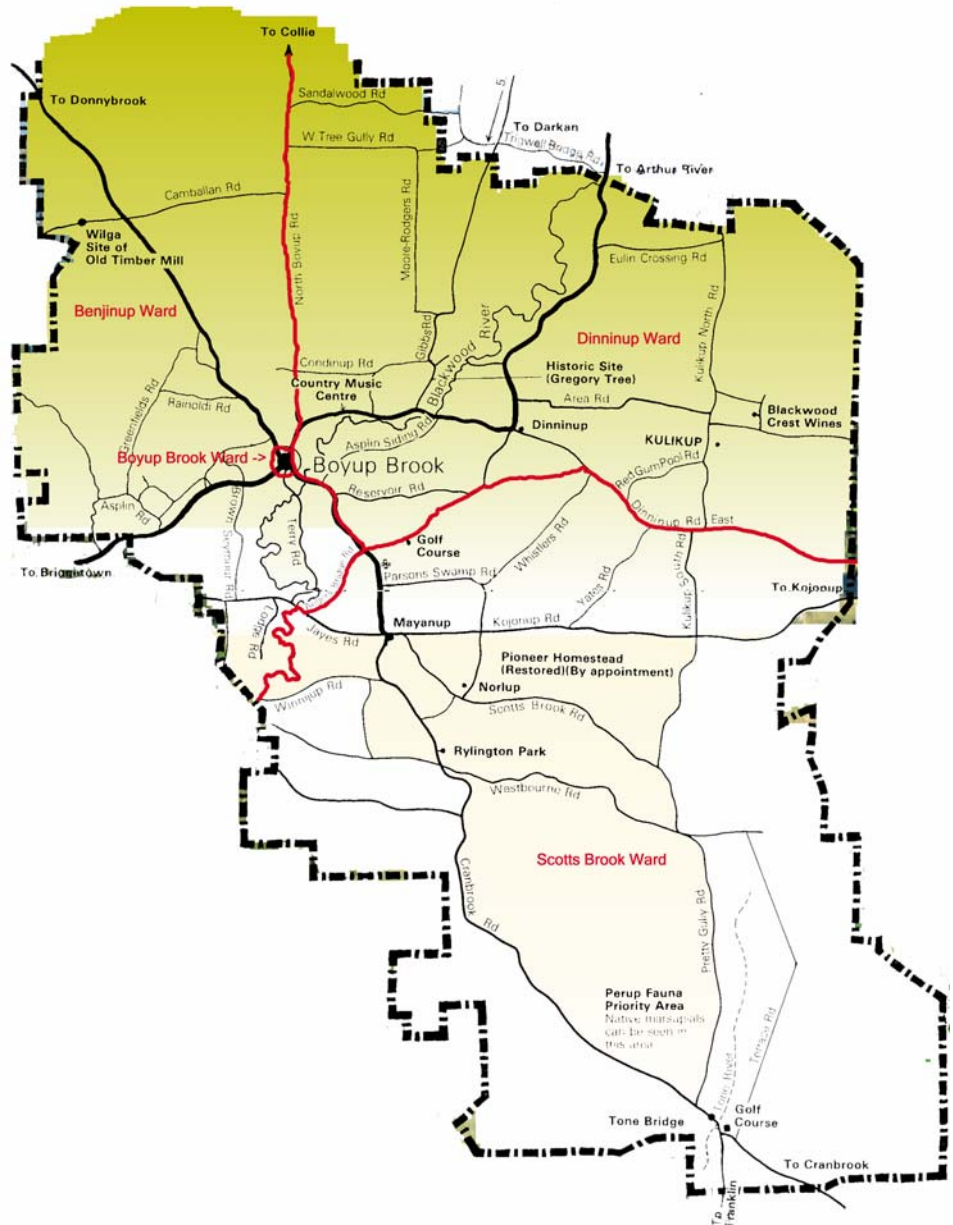
#### BENJINUP WARD



Cr Muncey



Cr O'Hare



#### BOYUP BROOK WARD



Cr Ginnane



Cr Downing



Cr Broadhurst



### 3. Elected Members

#### ... Continued

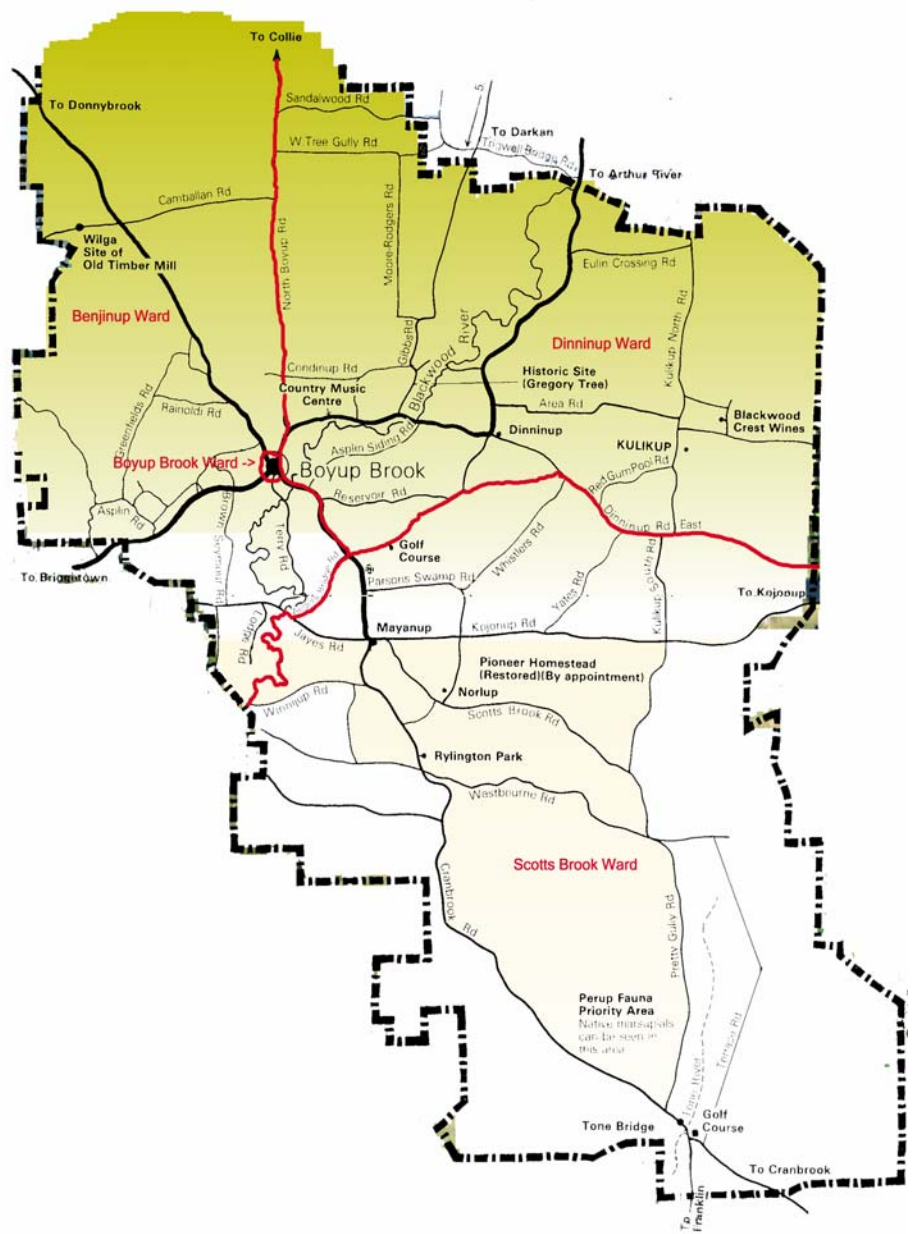
#### SCOTTS BROOK WARD



Cr Marshall



Cr Giles



#### DINNINUP WARD



Cr Lamshed



Cr Piper



## 4. Chief Executive Officer's Report



Tourist Centre Butterfly Collection

This is my first report to the Boyup Brook community and as I commenced service after the end of the year under review this will be a brief report.

Whilst my commencement date was after the financial year end, and so not strictly relevant I will take this opportunity to thank the Council for my appointment and to comment that the community is great and the area picturesque. It is obvious to me why people come here and why they tend to stay.

My observations of Council's operations are that the works area is effective and that infrastructure is well maintained. Similarly Council's administration area operates efficiently and there are no glaring problems. Mr Tony Doust (previous CEO) noted in his report last year that he intended to concentrate on management practices and systems, financial management and reporting, asset management and building maintenance in 2007/08 and the good state of these areas is testament to his experience and expertise. Mr Doust has, as he has done everywhere he has worked in Local Government, left decidedly large shoes to fill.

The Strategic Plan that was commenced within the year under review was adopted by Council at a special meeting held 7 August, 2008. All reports to Council are now referenced to the plan and a number of projects, contained within it, are underway. The plan is a living document that is under regular review.

Whilst I am not in a position to comment greatly on 2007/08, 2008/09 has been, and will be, interesting and momentous. The Federal Government's recognition and partnering with Local Government has seen the Prime Minister fostering a new national body to ensure that Local Government has a direct link to Canberra. A yet to be held referendum may well see Local Government recognised in the Constitution and no longer exist at the whim of State Governments. This partnership also yielded additional direct funding and the promise of more to come. The newly elected State Government has delivered on its Royalties to Regions election promise and substantial new funds will be coming to the Council and Telecentre. It is understood that these and other organisations will also have the opportunity to vie for contestable funds.

I know that I speak on behalf of my predecessors in saying a very sincere thankyou to fellow members of Council staff for their efforts during 2007/08 and to the President and Councillors for their support and assistance.

**Alan Lamb**  
**CHIEF EXECUTIVE OFFICER**

## 5. Senior Management Team



Alan Lamb – Chief Executive Officer



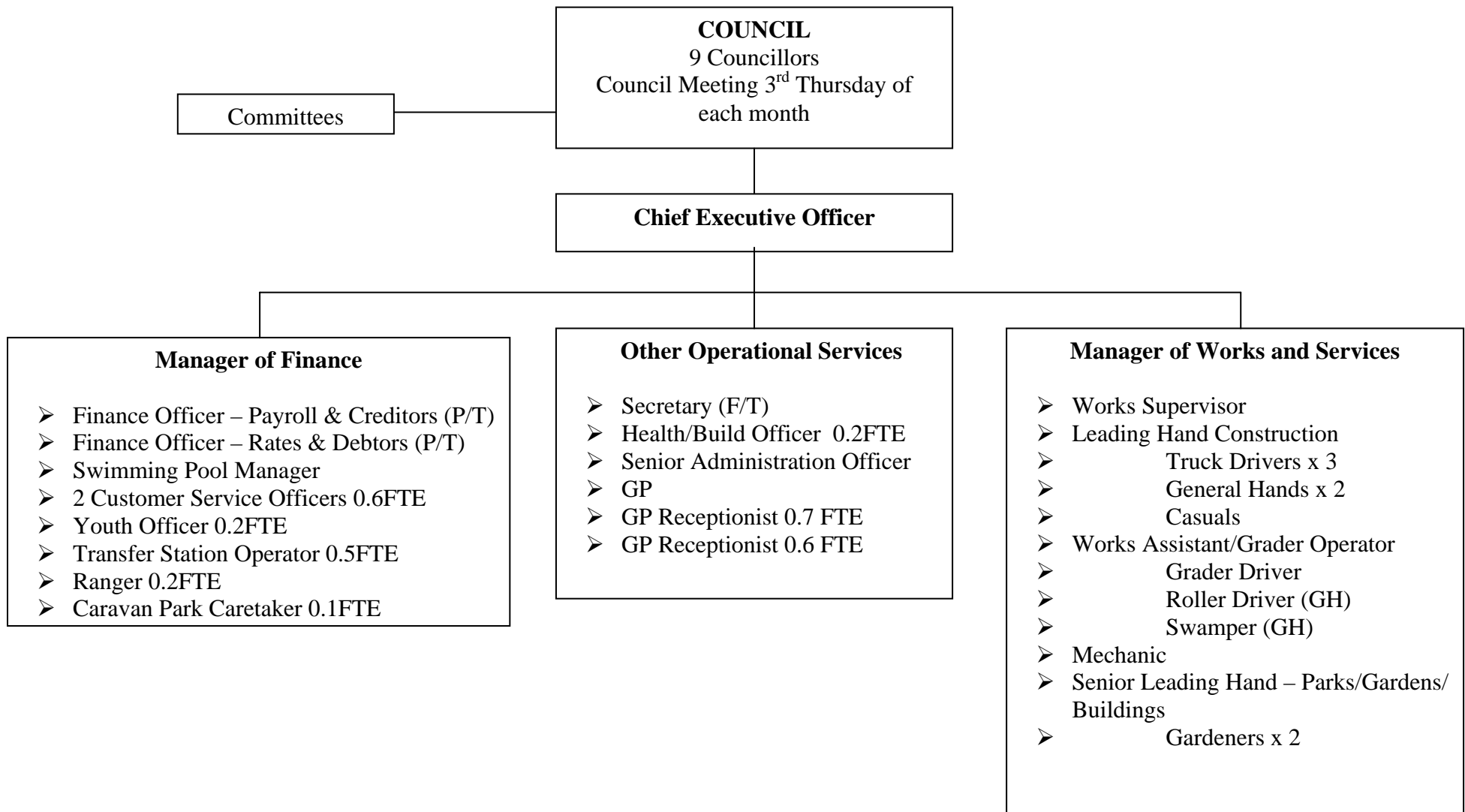
Keith Jones – Manager of Finance



John Eddy – Manager Works & Services



## 6. SHIRE OF BOYUP BROOK - ORGANISATIONAL STRUCTURE





## 7. Long Standing Members of Staff

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

### **Over 30 Years**

Mr. David Millington

### **Over 20 Years**

Mr Tony Bogar

Mr Joe Fenwick

### **Over 10 Years**

Mr Calvin Brown

Mr Justin Fallon

Mr. Mike Stanton-Halligan

Mr. John Eddy

Mr. Keith Jones

Councillors cooking for the Australia Day Breakfast



## 8. Department Reports

### 8.1 CORPORATE SERVICES

#### Councillors

The Ordinary and Special Council Meetings were conducted throughout the year and the minutes are available on the Shire Website.

The Council hosts and contributes towards a number of civic ceremonies and functions annually including the Sandakan Memorial, ANZAC Day, Remembrance Day, Christmas Carols in the Park, Christmas function, Citizenships, Australia Day, Agricultural Show and Country Music Festival.

#### Human Resources

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

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

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

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

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

#### Finance

Total Operating Revenue	\$4,477,601
Operating Expenditure	\$4,467,067
Net Assets	\$54,434,913
Total Rates Levied	\$1,593,796
Rateable Properties	1,196
Loans	\$1,163,734
Borrowing Cost Expense	\$52,821

This year saw a rate rise of 14.5% compared to the previous year's 3.82%.

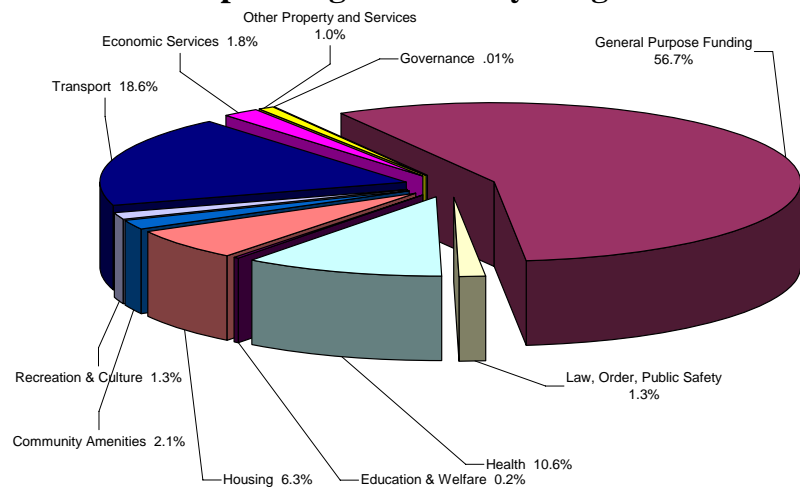


Shire President Roger Downing with  
Citizen of the Year Peter Loder

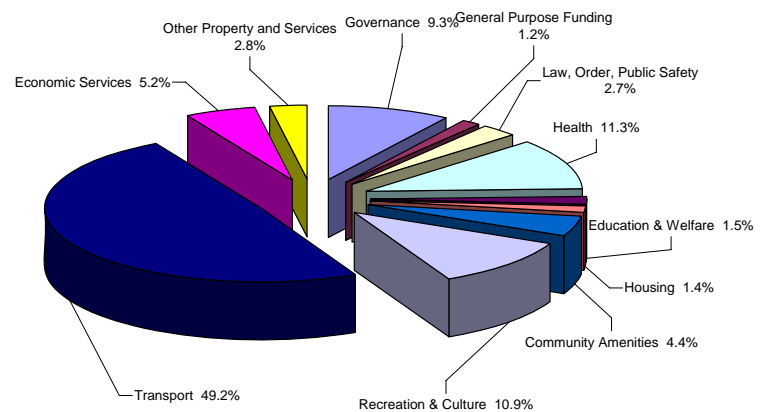


New police house under construction

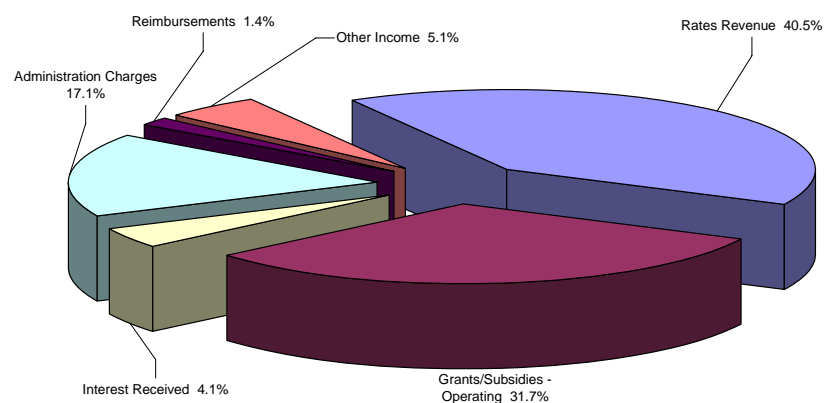
### Operating Revenue by Programme



### Operating Expenditure by Programme

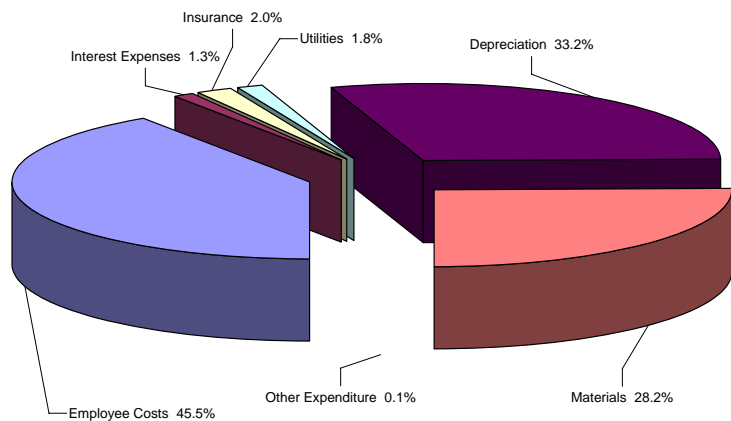


### Operating Revenue by Nature & Type

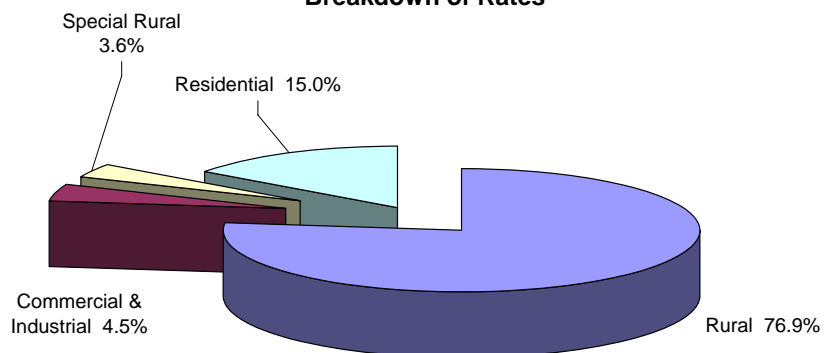




### Expenditure by Nature & Type



### Breakdown of Rates



During the year: -

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

Reserve funds totaled \$1,082,429 as at 30 June 2008.

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

Blackwood Landcare Zone supported by \$12,700.

### National Competition Policy

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

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

Accordingly, it has been determined that Council has no



significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 statement.

## Records Management

### *Compliance*

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

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

Record keeping issues are discussed at the staff meetings.

### *Record Keeping Plan Review*

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

### *Improvements and Developments*

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

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

## Planning For The Future

The 2005 amendments to the Local Government Act 1995 removed the requirement for a local government to prepare a Plan of Principal Activities and at the same time introduced Section 5.56 which requires 'A local government to plan for the future of the district'.

The Act also requires the Annual Report to contain:

*'an overview of the plan for the future of the district made in accordance with Section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year'.*

At Council's Special Meeting on 20 June 2006, it approved the plans titled 'Boyup Brook 2010 – Major Activities Becoming Reality, and 'Boyup Brook 2010 – Community Services for the Generations' as a plan for the future of the district from July 2006 to June 2010.



**OVERVIEW OF THE FUTURE PLAN****OUR FOCUS**

Economic Development

Generational Needs

Community Interaction

Cultural Needs

**OUR PRIORITIES**

Planning and Infrastructure

Industrial development

Residential land development

Agricultural resource development

Health

Aged accommodation

Education

Recreation and leisure

Councillor community interface

Customer service

Media

State/Federal government

Communication

Tourism

Community groups

Heritage

Environment

**Major Initiatives Commenced or Continuing**

- Develop and implement a road preservation and replacement program
- Develop and implement a footpath program
- Develop and implement a bridge replacement program
- Continue to implement and fund the plant replacement program
- Upgrade depot – new shed, bituminize grounds
- Townscape – aerial bound cabling in Bridge Street
- Prepare a Local planning strategy
- Develop industrial lots
- Liaise with Landcorp to develop residential lots
- Continue support for the Lions Aged Accommodation Project
- Assisted aged care accommodation with medical assistance
- Progress recommendations from the Recreation and Leisure Feasibility study
- Develop a timely and appropriate television advertising campaign to promote specific economic/tourism development projects
- Develop additional quality accommodation and caravan sites at the Flax Mill
- Maintain the Shire's buildings
- Upgrade the cemetery by enhancing the area and sealing roads
- Provide infrastructure at the Transfer Station
- Provide new fencing for landfill site



Cemetery Gazebo &amp; Niche wall



**OUR VISION**

To be a proactive local government achieving the economic and social goals of the community that are affordable, productive and environmentally responsible.

**OUR MISSION**

To provide leadership that will:

Enhance existing community services, identify and provide future service needs and stimulate future developments in a constantly changing economic, cultural and social environment.

**OUR VALUES**

Our objective is to conduct business based on theses identified values:

- Accountability
- Customer Focus
- Consistency in decision making
- Leadership
- Effective and efficient use of funds
- Recognizing and celebrating achievement

**8.2 COMMUNITY SERVICES****Waste Management**

Domestic waste continued to be collected with Boyup Brook being serviced by Warren Blackwood Waste Disposal and Wilga, Dinninup and Kulikup being serviced by shire staff.

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

**Animal Control**

Our contract ranger did periodic surveillance around the town and impounds dogs that were roaming free.

**Bushfire Control**

The Chief Bushfire Control Officer, Mr Kevin Henderson continued in the role he took on last year. The CBFCO continues to be ably assisted in the administration role by shire administration staff.

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

**Library Services**

Council continues to provide a computer to access the Worldwide Web for the purpose of obtaining additional library resources. Our





Hire canoes at Flax Mill

access to any book available in Western Australia is of enormous benefit to local residents.

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

### **Recreation and Leisure**

The walk trail on the outskirts of town continues to be an asset to health conscious community members. This has been augmented with the introduction of a pony/walk bridle trail from town to Skeleton Bridge. The Hockey Shelter/Store was completed and is in use by the Hockey Clubs.

The Boyup Brook Country Music Club supported by the shire have continued to be involved in the Music Park area and have constructed a dance area in front of the stage that still allows the audience to see the performers.

The swimming pool was open for extra hours again this year and has proved to be popular. The pool did not close for the lunch time period and Daylight savings continued to have a slight impact on the operational times.

### **Youth Activities**

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

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

### **Web Site**

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

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



West Boyup Brook Fast Attack Fire fighting Appliance

## Community Groups and Events

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

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

## Disability Services Plan

The existing Disabilities Plan was reviewed and updated to meet the requirements of new legislation resulting in the Disability Access and Inclusion Plan (DAIP) which was advertised by Council for public comment to be considered by Council in the 2007/2008 financial year.

## 8.3 DEVELOPMENT SERVICES

17 Development applications were processed over the year.

There were 21 building licenses issued in the 2007/2008 financial year.

The following chart provides comparisons with previous years.

APPLICATIONS	97/98	98/99	99/2000	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Planning (inc. plantations)	16	17	43	29	25	15	10	18	23	17
Plantations	N/A	11	34	15	4	1	1	3	13	2
Building (inc. dwellings)	45	43	48	45	58	68	53	70	58	65
New Dwellings	13	13	20	10	14	12	10	6	11	12
Building – Value	\$1,002, 446	\$949, 356	\$2,159, 981	\$899, 922	\$2,613,121	\$1,926,874	\$1,730,149	\$1,905,327	\$2,211,023	\$2,951,805
Demolitions	N/A	1	4	5	2	2	4	3	5	2
Septic Tanks	14	14	20	11	23	17	12	12	12	22

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

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

## 8.4 Works and Services

The 2007/2008 financial year was very productive for the Works and Services division with over two million dollars worth of construction and maintenance works completed. Once again the 2007/2008 works program was based on maintaining and improving Shire infrastructure including roads, bridges, drainage, town gardens, recreation areas and footpaths.

Federal and State Government road funding grants provide a large percentage of the funds required to maintain the Shire's local road infrastructure. Projects completed in the 2007/2008 financial year included:-

### **ROADS TO RECOVERY (RTR) (Federal Government funding)**

- Area Road - widen and seal to 6.0m wide.
- Verge Pruning works to:- Banks Road, Ritson Street, Scotts Brook Road, Dinninup East Road, Dwalganup Road and Westbourne Road.

### **RTR SUPPLEMENTARY FUND (Federal Government funding)**

- Banks Road - widen and re-sheet.
- Ritson Street - widen and re-sheet.

### **REGIONAL ROAD GROUP (State Government funding)**

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

### **T.I.R.E.S. FUNDING (State Government funding)**

- Westbourne Road – gravel re-sheet.
- Boyup Brook North Road – gravel re-sheet.
- Cranbrook Road – gravel re-sheet.
- Mayanup/Tonebridge Road – asphalt edging.
- McAlinden Road – widen and seal 1.5km.
- Camballan Road – gravel re-sheet.

### **Bridge Works**

- Bridge No 3310 – Westcliffe Road – sub- structure repairs.
- Bridge No 743 – Boyup Brook/Arthur River Road – sub-structure repairs.
- Bridge No 268A – Mayanup/Tonebridge Road – sub-structure repairs.

### **Capital Works Rural Road Construction**

- Dwalganup Road – gravel re-sheet.
- Asplin Siding Road – gravel re-sheet.
- Chapman Road – gravel re-sheet.
- Terrace Road – gravel re-sheet.
- Old Mail Road – gravel re-sheet.
- Westcliffe Road – gravel re-sheet.







### Capital Works – Town and Townscape Projects

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

- Hockey Ground – drainage between playing fields.
- Football Oval – replaced boundary fence.
- Entry statement – purchase and erect new entry statement.
- Sandakan Park – Hologram and memorial upgrade.
- Abel Street footpath – Pharmacy to Police Station.
- Pram Ramps – install new pram ramps to footpaths.
- Boyup Brook Cemetery – new niche wall and pergola.

### Rural Road and Town Maintenance

Major areas of maintenance expenditure were:-

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



New CEO residence under construction

### Plant Replacement

In accordance with Council's Plant Replacement Program the following plant was purchased in 2007/2008:-

- 1 x new Isuzu dual cab truck
- 1 x new Volvo G-930 grader
- 1 x new Holden Commodore Omega Sedan
- 1 x new Ford Territory Wagon

### General

In late 2008 the Federal Government announced a five year extension to the Roads to Recovery grant funding to Local Authorities. The Roads to Recovery Program will be approximately the same level of funding as the current program and will run from 2009 to 2013.

The State Government is continuing the T.I.R.E.S. grant funding on a year to year basis.

With an increase in heavy vehicle transport on the local road infrastructure it is imperative that both the Federal and State Governments continue their funding for local road maintenance and improvement.

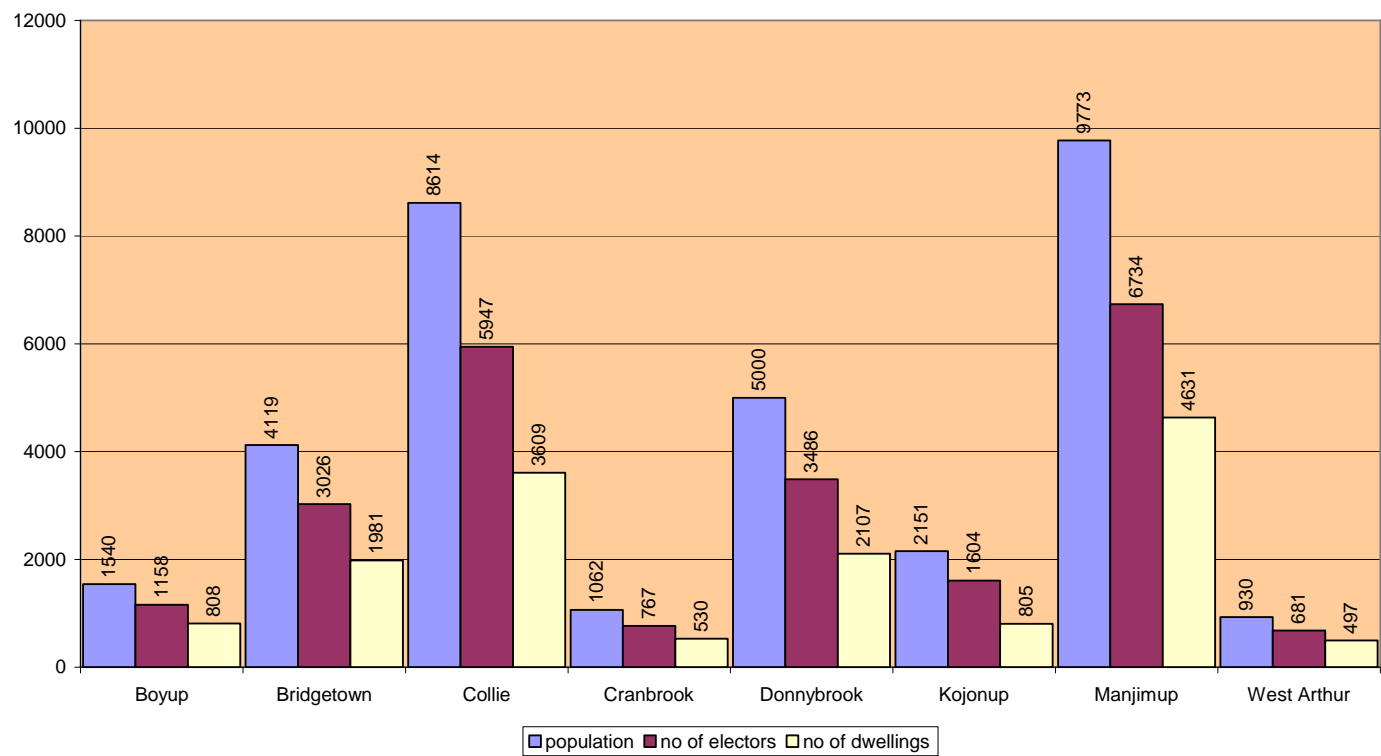
Once again mild weather conditions during 2007/2008 resulted in minimal storm damage to the Shire's road infrastructure and roadside vegetation.



Sandakan Memorial Service

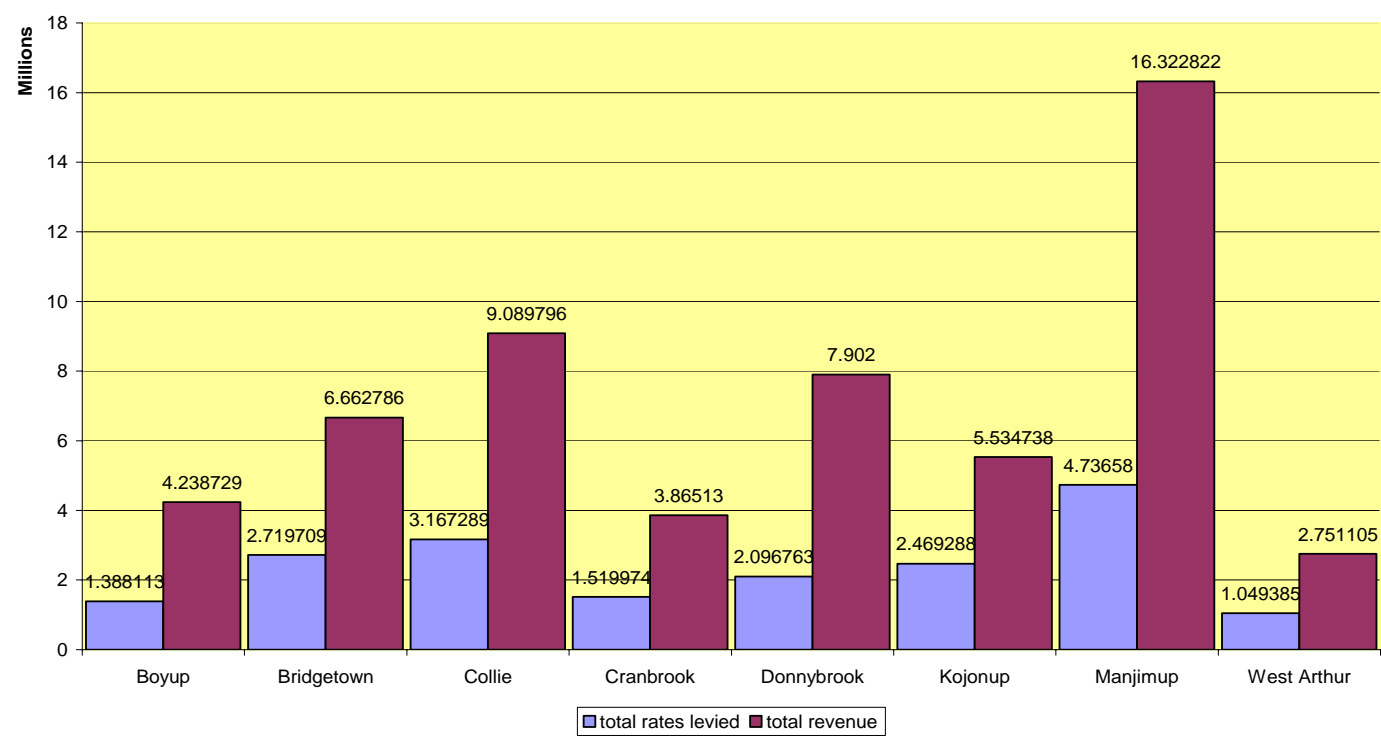
9. COMPARISON OF STANDARD INDICATORS BETWEEN ADJOINING SHIRES

population, electors, dwellings



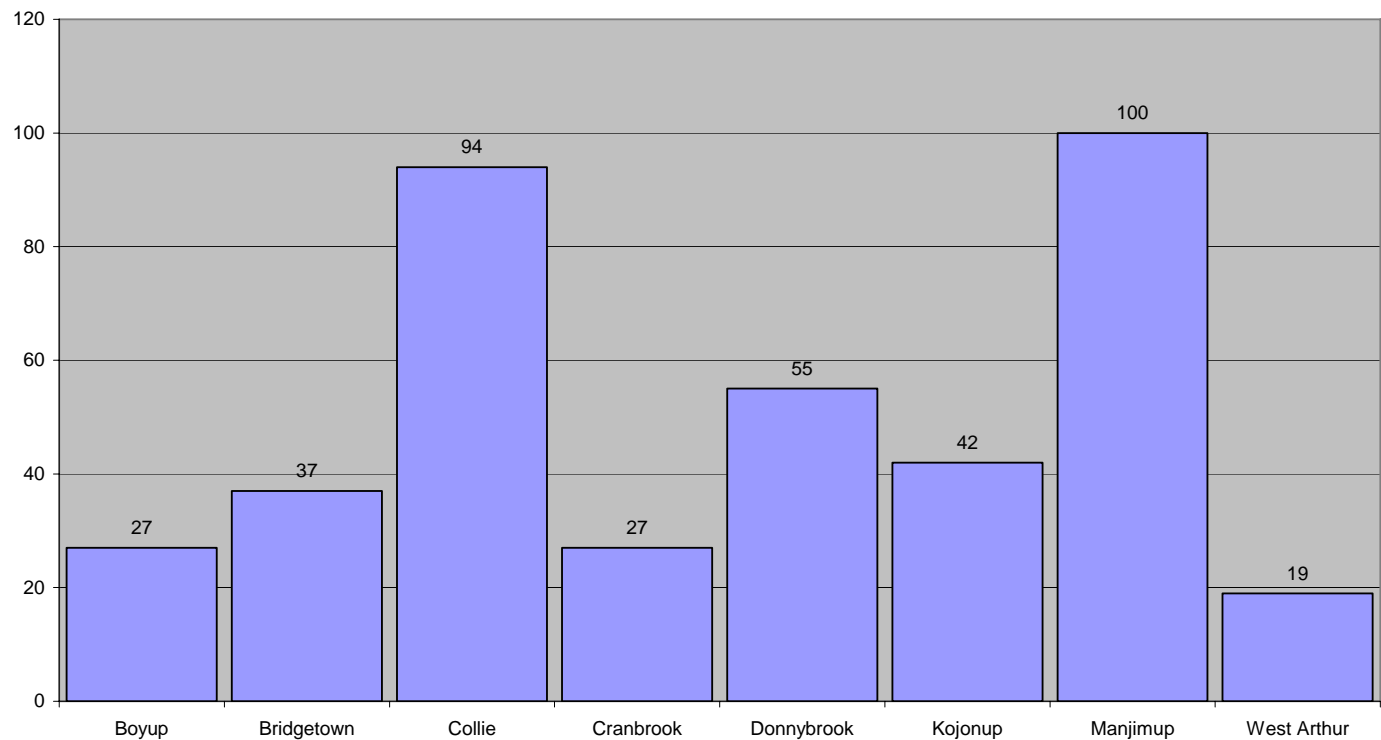
Source: The West Australian Local Government Directory 2007/08

rates & revenue



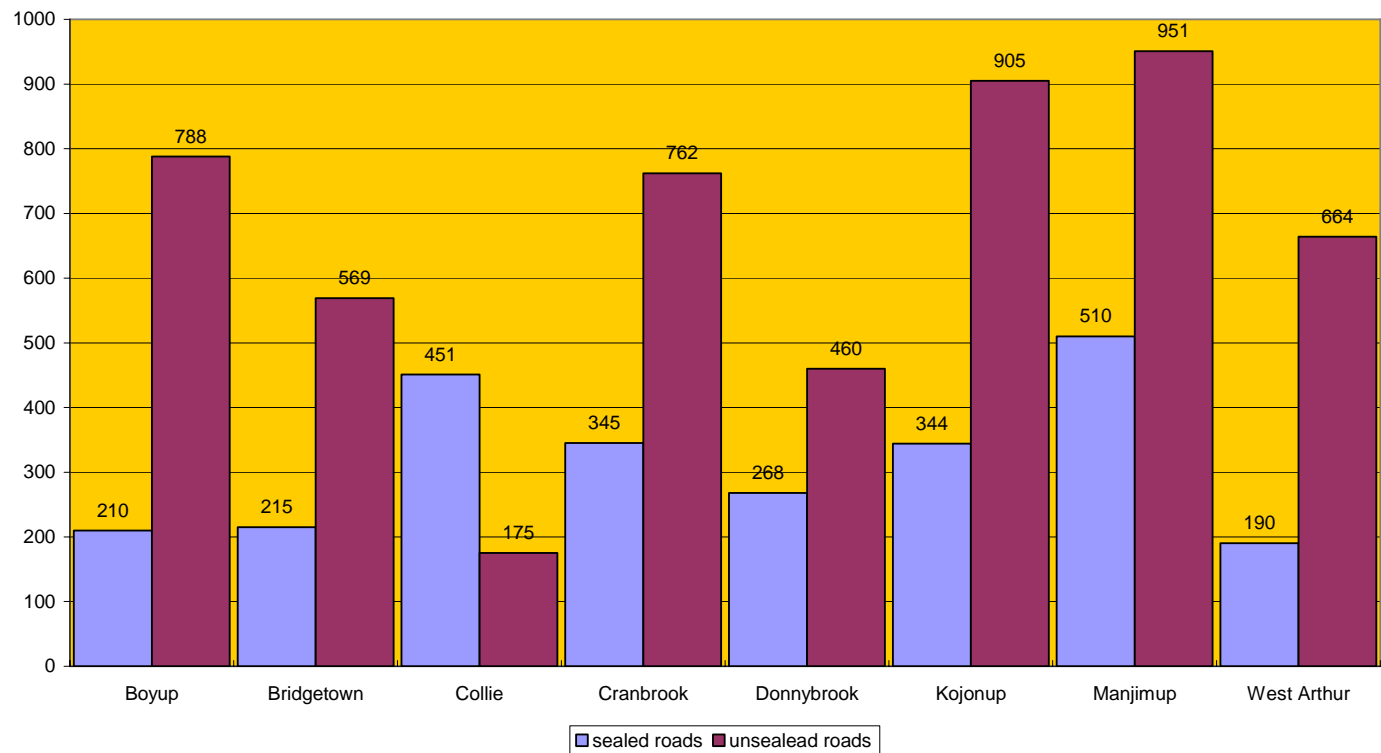
Source: The West Australian Local Government Directory 2007/08

no of employees



Source: The West Australian Local Government Directory 2007/08

sealed & unsealed roads



Source: The West Australian Local Government Directory 2007/08

## 10. CUSTOMER SERVICE PERFORMANCE INDICATORS

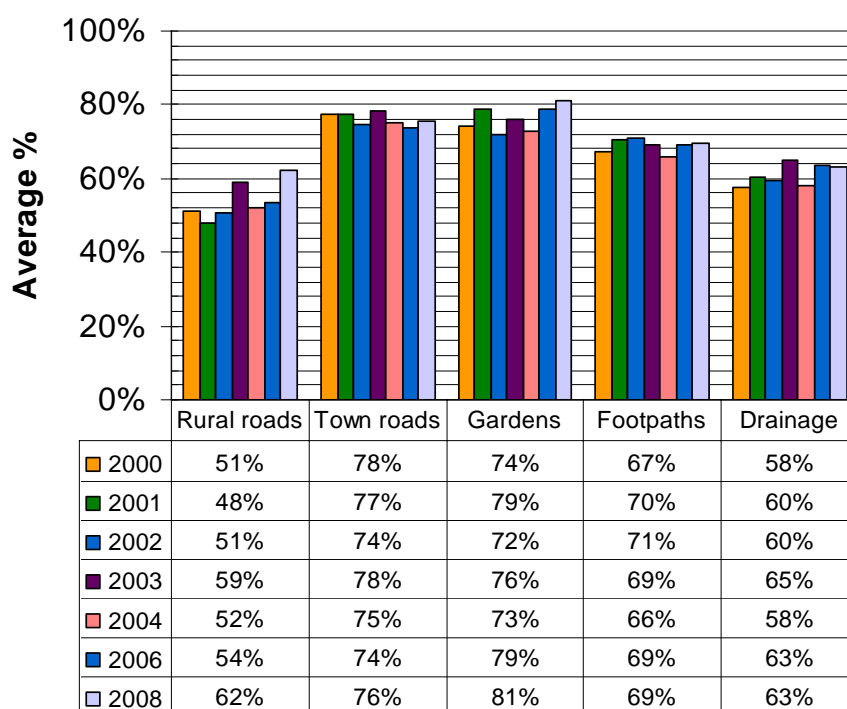
The Council elected to carry out Bi-annual surveys from 2006 this survey was undertaken in June 2008.

An inaugural survey was undertaken in 1999. The seventh survey was undertaken in April 2006.

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

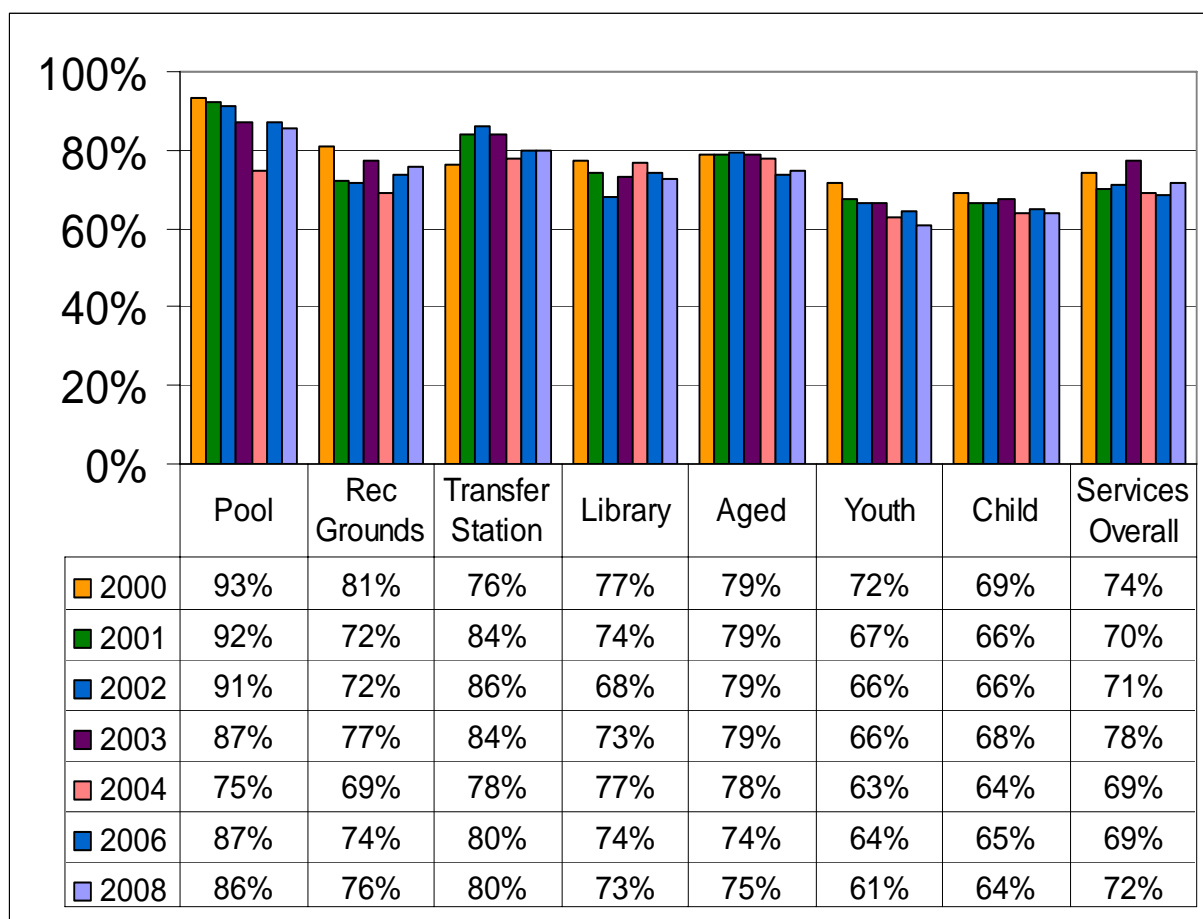
The survey graphs are a summary of the performance improvements measured from changes to the mean scores recorded over the seven survey years.

### Current Service Provision

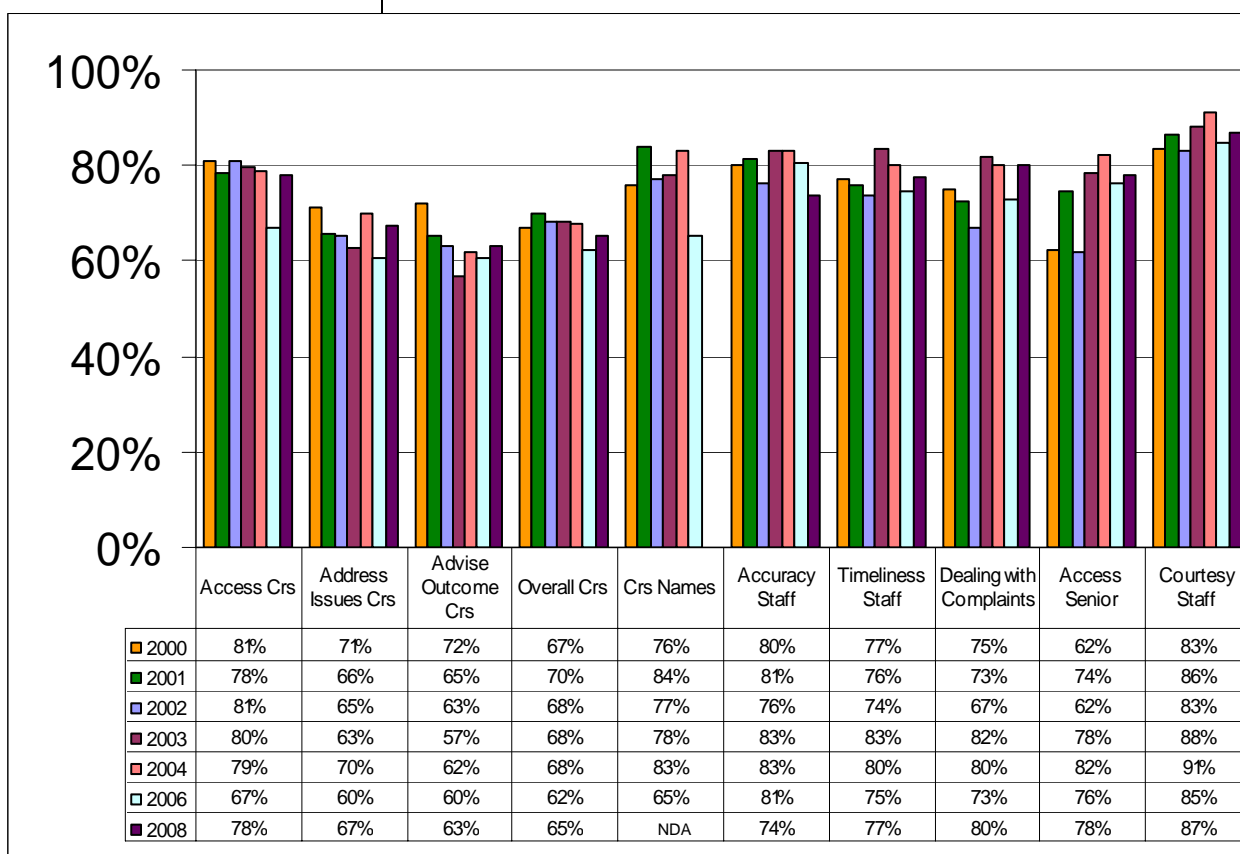


Averaged satisfaction  
with facilities and services  
provided

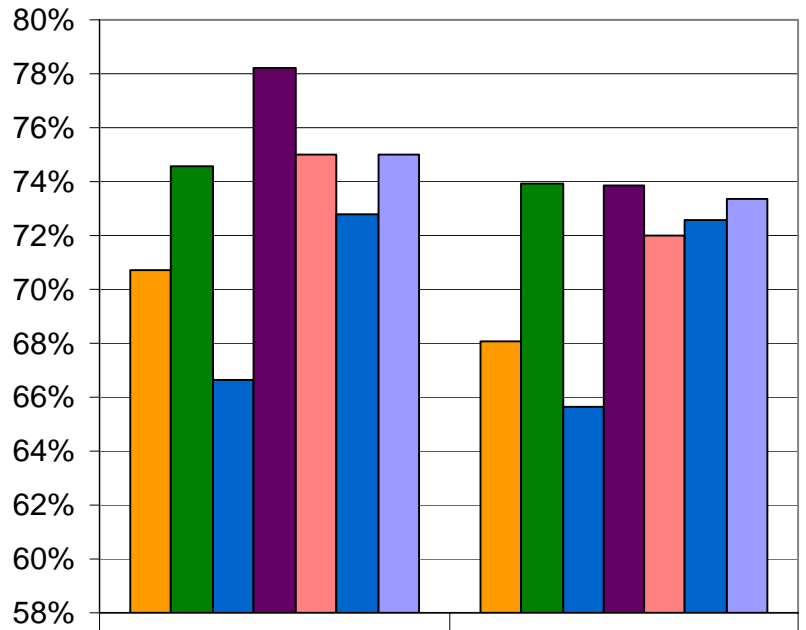




Averaged satisfaction with contact with Councillors and Staff



Averaged  
satisfaction with  
communication  
effort



	Keep informed	Consultation
2000	71%	68%
2001	75%	74%
2002	67%	66%
2003	78%	74%
2004	75%	72%
2006	73%	73%
2008	75%	73%

**SHIRE OF BOYUP BROOK**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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**SHIRE OF BOYUP BROOK**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**LOCAL GOVERNMENT ACT 1995**  
**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Boyup Brook being the annual financial report and other information for the financial year ended 30th June 2008 are in my opinion properly drawn up to present fairly the financial position of the Shire of Boyup Brook at 30th June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the        29th        day of    January        2009.

---

Alan Lamb  
Chief Executive Officer



**SHIRE OF BOYUP BROOK**

**INCOME STATEMENT**

**BY NATURE OR TYPE**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>NOTE</b>	<b>2008 \$</b>	<b>2008 Budget \$</b>	<b>2007 \$</b>
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	23	1,593,796	1,603,796	1,388,113
Grants and Subsidies	29	1,246,833	1,424,548	1,152,490
Contributions Reimbursements and Donations		56,072	53,121	27,182
Fees and Charges	28	671,878	694,469	427,275
Interest Earnings	2(a)	160,596	102,730	134,934
Other Revenue		<u>201,883</u>	<u>34,050</u>	<u>475,818</u>
		3,931,058	3,912,714	3,605,812
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		(1,787,397)	(1,845,253)	(1,468,850)
Materials and Contracts		(1,107,191)	(1,575,431)	(631,211)
Utilities		(68,910)	(83,670)	(71,322)
Depreciation	2(a)	(1,307,073)	(1,111,993)	(1,265,348)
Interest Expenses	2(a)	(52,821)	(38,466)	(40,421)
Insurance		(77,656)	(81,048)	(110,468)
Other Expenditure		<u>(4,432)</u>	<u>(38,603)</u>	<u>(134,917)</u>
		(4,405,480)	(4,774,464)	(3,722,537)
		(474,422)	(861,750)	(116,725)
Grants and Subsidies - non-operating	29	292,218	150,416	432,911
Profit on Asset Disposals	21	254,325	500	200,006
Loss on Asset Disposals	21	<u>(61,587)</u>	<u>(57,000)</u>	<u>(62,675)</u>
<b>NET RESULT</b>		<u>10,534</u>	<u>(767,834)</u>	<u>453,517</u>

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

**SHIRE OF BOYUP BROOK**

**INCOME STATEMENT**

**BY PROGRAM**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>NOTE</b>	<b>2008 \$</b>	<b>2008 Budget \$</b>	<b>2007 \$</b>
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		1,591	440	47,519
General Purpose Funding		2,540,981	2,474,733	2,363,581
Law, Order, Public Safety		59,964	59,750	56,638
Health		474,394	453,499	422,570
Education and Welfare		10,134	6,400	17,816
Housing		281,250	23,780	163,268
Community Amenities		92,353	93,300	92,466
Recreation and Culture		60,447	38,450	55,220
Transport		834,136	814,107	860,638
Economic Services		78,946	74,850	48,451
Other Property and Services		43,405	24,321	110,562
	2 (a)	<u>4,477,601</u>	<u>4,063,630</u>	<u>4,238,729</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		(413,390)	(460,894)	(300,991)
General Purpose Funding		(55,688)	(58,285)	(104,348)
Law, Order, Public Safety		(121,933)	(139,553)	(77,214)
Health		(496,132)	(465,601)	(458,823)
Education and Welfare		(68,128)	(56,392)	(59,272)
Housing		(39,538)	(99,800)	(88,014)
Community Amenities		(194,004)	(233,795)	(178,263)
Recreation & Culture		(477,560)	(530,012)	(358,324)
Transport		(2,196,188)	(2,474,014)	(1,631,252)
Economic Services		(225,727)	(254,331)	(208,344)
Other Property and Services		(125,958)	(20,321)	(279,946)
	2 (a)	<u>(4,414,246)</u>	<u>(4,792,998)</u>	<u>(3,744,791)</u>
<b>BORROWING COSTS EXPENSE</b>				
Governance		(2,050)	(2,050)	(2,118)
Health		(8,565)	(10,615)	(5,433)
Housing		(22,930)	(6,313)	(12,360)
Community Amenities		(2,158)	(2,158)	(2,253)
Recreation & Culture		(11,372)	(11,495)	(11,713)
Transport		(24)	(134)	(445)
Economic Services		(5,722)	(5,701)	(6,099)
	2 (a)	<u>(52,821)</u>	<u>(38,466)</u>	<u>(40,421)</u>
<b>NET RESULT</b>		<u><u>10,534</u></u>	<u><u>(767,834)</u></u>	<u><u>453,517</u></u>

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

**SHIRE OF BOYUP BROOK**

**BALANCE SHEET**

**AS AT 30TH JUNE 2008**

	<b>NOTE</b>	<b>2008</b> <b>\$</b>	<b>2007</b> <b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	2,362,782	1,386,265
Trade and Other Receivables	4	232,206	218,987
Inventories	5	31,115	21,129
<b>TOTAL CURRENT ASSETS</b>		<u>2,626,103</u>	<u>1,626,381</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	5,714,508	5,850,645
Infrastructure	7	47,921,166	48,282,997
<b>TOTAL NON-CURRENT ASSETS</b>		<u>53,635,674</u>	<u>54,133,642</u>
<b>TOTAL ASSETS</b>		<u>56,261,777</u>	<u>55,760,023</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	399,895	449,430
Short Term Borrowings	9	0	37,858
Long Term Borrowings	10	50,394	36,797
Provisions	11	242,127	190,871
<b>TOTAL CURRENT LIABILITIES</b>		<u>692,416</u>	<u>714,956</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	10	1,113,340	564,197
Provisions	11	21,108	56,491
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,134,448</u>	<u>620,688</u>
<b>TOTAL LIABILITIES</b>		<u>1,826,864</u>	<u>1,335,644</u>
<b>NET ASSETS</b>		<u>54,434,913</u>	<u>54,424,379</u>
<b>EQUITY</b>			
Retained Surplus		51,762,103	51,886,321
Reserves - Cash Backed	12	1,082,429	947,677
Reserves - Asset Revaluation	13	1,590,381	1,590,381
<b>TOTAL EQUITY</b>		<u>54,434,913</u>	<u>54,424,379</u>

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

**SHIRE OF BOYUP BROOK**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2007 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2007		51,886,321	51,518,972
Net Result		10,534	453,517
Transfer from/(to) Reserves		<u>(134,752)</u>	<u>(86,168)</u>
Balance as at 30 June 2008		<u>51,762,103</u>	<u>51,886,321</u>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2007		947,677	861,509
Amount Transferred (to)/from Retained Surplus		<u>134,752</u>	<u>86,168</u>
Balance as at 30 June 2008	12	<u>1,082,429</u>	<u>947,677</u>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2007		1,590,381	1,590,381
Revaluation Increment		0	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2008	13	<u>1,590,381</u>	<u>1,590,381</u>
<b>TOTAL EQUITY</b>		<u><u>54,434,913</u></u>	<u><u>54,424,379</u></u>

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



**SHIRE OF BOYUP BROOK  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$	2007 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,672,317	1,618,796	1,495,749
Grants and Subsidies - operating		1,246,833	1,504,548	1,152,490
Contributions, Reimbursements & Donations		56,072	53,121	27,182
Fees and Charges		643,413	709,999	431,877
Interest Earnings		165,056	102,730	102,079
Goods and Services Tax		136,222	0	0
Other		197,423	34,050	508,674
		<u>4,117,336</u>	<u>4,023,244</u>	<u>3,718,051</u>
<b>Payments</b>				
Employee Costs		(1,734,694)	(2,025,669)	(1,476,479)
Materials and Contracts		(1,219,073)	(1,874,302)	(504,762)
Utilities (gas, electricity, water, etc)		(68,910)	(83,670)	(71,322)
Insurance		(77,656)	(81,048)	(110,468)
Interest		(37,290)	(38,466)	(40,421)
Goods and Services Tax		(199,497)	0	0
Other		(4,432)	(38,603)	(139,519)
		<u>(3,341,552)</u>	<u>(4,141,758)</u>	<u>(2,342,971)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	14(b)	<u>775,784</u>	<u>(118,514)</u>	<u>1,375,080</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of				
Property, Plant & Equipment		(457,480)	(555,500)	(633,702)
Payments for Construction of				
Infrastructure		(564,259)	(177,791)	(1,164,903)
Grants/Contributions for				
the Development of Assets		292,218	150,416	432,911
Proceeds from Sale of Plant & Equipment		405,372	123,000	339,708
		<u>405,372</u>	<u>123,000</u>	<u>339,708</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		<u>(324,149)</u>	<u>(459,875)</u>	<u>(1,025,986)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(37,260)	(36,797)	(38,334)
Proceeds from New Debentures		600,000	45,000	0
		<u>600,000</u>	<u>45,000</u>	<u>0</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Financing Activities</b>		<u>562,740</u>	<u>8,203</u>	<u>(38,334)</u>
<b>Net Increase (Decrease) in Cash Held</b>		1,014,375	(570,186)	310,760
Cash at Beginning of Year		1,348,407	1,350,238	1,037,647
<b>Cash and Cash Equivalents</b>				
<b>at the End of the Year</b>	14(a)	<u><u>2,362,782</u></u>	<u><u>780,052</u></u>	<u><u>1,348,407</u></u>

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

**SHIRE OF BOYUP BROOK  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$
<b>REVENUES</b>			
Governance		1,591	440
General Purpose Funding		947,185	870,937
Law, Order, Public Safety		59,964	59,750
Health		474,394	453,499
Education and Welfare		10,134	6,400
Housing		281,250	23,780
Community Amenities		92,353	93,300
Recreation and Culture		60,447	38,450
Transport		834,136	814,107
Economic Services		78,946	74,850
Other Property and Services		43,405	24,321
		<u>2,883,805</u>	<u>2,459,834</u>
<b>EXPENSES</b>			
Governance		(415,440)	(462,944)
General Purpose Funding		(55,688)	(58,285)
Law, Order, Public Safety		(121,933)	(139,553)
Health		(504,697)	(476,216)
Education and Welfare		(68,128)	(56,392)
Housing		(62,468)	(106,113)
Community Amenities		(196,162)	(235,953)
Recreation & Culture		(488,932)	(541,507)
Transport		(2,196,212)	(2,474,148)
Economic Services		(231,449)	(260,032)
Other Property and Services		(125,958)	(20,321)
		<u>(4,467,067)</u>	<u>(4,831,464)</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		(192,738)	56,500
Movement in Employee Benefit Provisions		33,462	0
Movement in Other Accruals		7,570	0
Depreciation and Amortisation on Assets		1,307,073	1,111,993
<b>Capital Expenditure and Revenue</b>			
Purchase Land and Buildings		(93,128)	(127,000)
Purchase Infrastructure Assets - Roads		(552,861)	(169,791)
Purchase Infrastructure Assets - Footpaths		(11,398)	(8,000)
Purchase Plant and Equipment		(364,352)	(423,500)
Purchase Furniture and Equipment		0	(5,000)
Proceeds from Disposal of Assets		405,372	123,000
Repayment of Debentures		(37,260)	(36,797)
Proceeds from New Debentures		600,000	45,000
Transfers to Reserves (Restricted Assets)		(588,021)	(86,630)
Transfers from Reserves (Restricted Assets)		453,269	300,955
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		261,757	(12,896)
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,239,279	0
<b>Amount Required to be Raised from Rates</b>	<b>23</b>	<u><u>(1,593,796)</u></u>	<u><u>(1,603,796)</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 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to this financial report.

**(c) Goods and Services Tax**

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

**(d) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the balance sheet.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(e) Trade and Other Receivables**

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

**(f) Inventories**

***General***

Inventories are valued 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.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

***Land Held for Resale***

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

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

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

**(g) Fixed Assets**

***Initial Recognition***

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

***Revaluation***

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

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

***Land under Roads***

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(h) Depreciation of Non-Current Assets**

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

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

Buildings	50 to 100 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	40 years
original surfacing and	
major re-surfacing	
- bituminous seals	15 years
- asphalt surfaces	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	40 years
gravel sheet	10 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	40 years
Footpaths - concrete	40 years
Water supply piping & drainage systems	75 years

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(i) Investments and Other Financial Assets**

***Classification***

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

***(ii) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

***(iii) Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

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

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

***Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.



**SHIRE OF BOYUP BROOK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(i) Investments and Other Financial Assets (Continued)**

***Subsequent measurement***

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

***Impairment***

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

**(j) Estimation of Fair Value**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(k) Impairment**

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

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

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

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.

**(l) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Employee Benefits**

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

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

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

**(ii) Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(n) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

***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.

the cost of the particular asset.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(o) Provisions**

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**(p) Leases**

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

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

**(q) Joint Venture**

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 17.

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

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

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

**(s) Superannuation**

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

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

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

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(w) New Accounting Standards and Interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2008.

Council's assessment of these new standards and interpretations is set out below:

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i)	AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii)	Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.



**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(w) New Accounting Standards and Interpretations (Continued)**

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iv)	AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.
(v)	AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi)	Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii)	AASB 1049 Whole of Government and General Government Sector Financial Reporting	October 2007	1 July 2008 <sup>(2)</sup>	Nil – The Standard is not applicable to Local Governments.

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(w) New Accounting Standards and Interpretations (Continued)**

Title and Topic	Issued	Applicable <sup>(1)</sup>	Impact
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised inte	December 2007	1 July 2008 <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• AASB 2007-09 will have significant impact on Council's financial statements as it has the effect of withdrawing AAS27. AAS27 is effectively replaced by existing topic based standards and new standards as also detailed here.</li> <li>• AASB 1050 is only applicable to Government departments and will have no impact on Council.</li> <li>• AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised.</li> <li>• AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements.</li> <li>• AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.</li> </ul>

**Notes:**

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

<sup>(2)</sup> - Applicable to not-for-profit and/or public sector entities only.

**SHIRE OF BOYUP BROOK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**2. REVENUES AND EXPENSES**

**2008**

**2007**

**\$**

**\$**

**(a) Result from Ordinary Activities**

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

**Auditors Remuneration**

- Audit	8,810	15,110
- Other Services	0	5,604

**Depreciation**

Buildings	102,612	105,803
Furniture and Equipment	28,399	23,935
Plant and Equipment	249,972	227,555
Roads	919,267	908,055
Tipsite	6,792	0
Footpaths	31	0
	<u>1,307,073</u>	<u>1,265,348</u>

**Interest Expenses**

Debentures ( <i>refer Note 22(a)</i> )	52,821	40,421
	<u>52,821</u>	<u>40,421</u>

**Rental Charges**

- Operating Leases	0	22,419
--------------------	---	--------

(ii) Crediting as Revenue:

**2008**

**2008**

**2007**

**\$**

**Budget**

**\$**

**\$**

**Interest Earnings**

Investments			
- Reserve Funds	64,056	56,630	48,134
- Other Funds	85,688	40,000	53,945
Other Interest Revenue ( <i>refer note 27</i> )	10,852	6,100	32,855
	<u>160,596</u>	<u>102,730</u>	<u>134,934</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(b) Statement of Objective**

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

**GOVERNANCE**

Members of Council, civic receptions and functions, public relations, electoral, general governance of the Shire.

**GENERAL PURPOSE FUNDING**

Rates, general purpose grants, interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Fire prevention and administration, clearing for fire hazards, animal control, dog pound, Local law control, public security, civil emergency services, rangers.

**HEALTH**

Food control, health inspections and provision of medical services.

**EDUCATION AND WELFARE**

Telecentre, Rylington Park, aged and disabled, senior citizen's services.

**HOUSING**

Public and staff housing.

**COMMUNITY AMENITIES**

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

**RECREATION AND CULTURE**

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

**TRANSPORT**

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

**ECONOMIC SERVICES**

Tourism and promotions, Festivals, building control, Caravan park, Flax Mill Camp, economic development.

**OTHER PROPERTY & SERVICES**

Public works overhead, plant/vehicle operations, Private works, administration costs.

**SHIRE OF BOYUP BROOK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

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

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Conditions Over Contributions</b>		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Roads to Recovery - supplementary (Transport)	174,319	278,918
Auslink Roads to Recovery Programme	7,646	6,400
Aerial Bundled Cabling (Transport)	54,500	0
PATF - Walk to Wagin	1,882	0
	<hr/>	<hr/>
	238,347	285,318
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Auslink Roads to Recovery Programme	21,052	1,246
Aerial Bundled Cabling (Transport)	0	54,500
PATF - Walk to Wagin	0	1,882
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Roads to Recovery - supplementary (Transport)	(88,653)	(104,599)
Auslink Roads to Recovery Programme	(7,646)	0
Aerial Bundled Cabling (Transport)	(54,500)	0
PATF - Walk to Wagin	(1,882)	0
	<hr/>	<hr/>
Closing balances of unexpended grants	106,718	238,347
	<hr/>	<hr/>
Comprises:		
Roads to Recovery - supplementary (Transport)	85,666	174,319
Auslink Roads to Recovery Programme	21,052	7,646
Aerial Bundled Cabling (Transport)	0	54,500
PATF - Walk to Wagin	0	1,882
	<hr/>	<hr/>
	106,718	238,347
	<hr/>	<hr/>

Unspent Roads to Recovery funds are held in the R2R Supplementary Reserve

# SHIRE OF BOYUP BROOK

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2007 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	726,201	382,206
Restricted	1,636,581	1,004,059
	<u>2,362,782</u>	<u>1,386,265</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Plant Reserve	5,860	100,734
Leave Reserve	33,253	31,576
Depot Reserve	17,932	17,028
Housing Reserve	20,719	19,481
Emergency Reserve	30,005	28,684
Insurance Claim Reserve	12,856	12,208
Flax Mill Sheds Reserve	24,377	23,147
Recreation Improvement Reserve	45,759	43,450
Commercial Reserve	294,991	280,108
Bush Fire Radios Reserve	11,585	11,000
Rylington Park Reserve	15,044	14,285
Infrastructure Reserve	17,117	216,243
Bridges Reserve	10,081	23,815
Medical Services Reserve	37,058	35,188
Swimming Pool Reserve	5,270	5,004
Town Hall Reserve	5,270	5,004
Admin Office Building Reserve	55,497	52,697
Building Maintenance Reserve	10,540	10,008
Aged Accommodation Reserve	18,975	18,017
R2R Supplementary Reserve	109,615	0
CEO Housing Reserve	300,625	0
Unspent Loan - Restricted	554,152	0
Unspent Grants - Restricted	0	56,382
	<u>1,636,581</u>	<u>1,004,059</u>



**SHIRE OF BOYUP BROOK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	55,722	29,820
Sundry Debtors	100,169	210,342
Provision for Doubtful Debts	(11,413)	(39,878)
Other current assets	14,495	8,745
GST Receivable	73,233	9,958
	<u>232,206</u>	<u>218,987</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	31,115	21,129
	<u>31,115</u>	<u>21,129</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	5,200,998	5,206,105
Less Accumulated Depreciation	<u>(1,123,162)</u>	<u>(1,047,187)</u>
	4,077,836	4,158,918
Furniture and Equipment - Cost	280,379	280,379
Less Accumulated Depreciation	<u>(161,549)</u>	<u>(133,150)</u>
	118,830	147,229
Plant and Equipment - Cost	2,546,036	2,414,008
Less Accumulated Depreciation	<u>(1,028,194)</u>	<u>(869,510)</u>
	1,517,842	1,544,498
	<u>5,714,508</u>	<u>5,850,645</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**Movements in Carrying Amounts**

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

	<b>Land &amp; Buildings \$</b>	<b>Furniture &amp; Equipment \$</b>	<b>Plant &amp; Equipment \$</b>	<b>Total \$</b>
Balance as at 1 July 2007	4,158,918	147,229	1,544,498	5,850,645
Additions	93,128	0	364,352	457,480
(Disposals)	(71,598)	0	(141,036)	(212,634)
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (losses)	0	0	0	0
- reversals	0	0	0	0
Depreciation (Expense)	(102,612)	(28,399)	(249,972)	(380,983)
Balance as at 30 June 2008	<u>4,077,836</u>	<u>118,830</u>	<u>1,517,842</u>	<u>5,714,508</u>

**SHIRE OF BOYUP BROOK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	48,738,629	62,084,787
Less Accumulated Depreciation	<u>(919,267)</u>	<u>(13,899,019)</u>
	47,819,362	48,185,768
 Tip Site - Cost	 97,229	 135,676
Less Accumulated Depreciation	<u>(6,792)</u>	<u>(38,447)</u>
	90,437	97,229
 Footpaths - Cost	 11,398	 0
Less Accumulated Depreciation	<u>(31)</u>	<u>0</u>
	11,367	0
	<u>47,921,166</u>	<u>48,282,997</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<u>Roads</u> \$	<u>Tip Site</u> \$	<u>Footpaths</u> \$	<u>Total</u> \$
Balance as at 1 July 2007	48,185,768	97,229	0	48,282,997
Additions	552,861	0	11,398	564,259
(Disposals)	0	0	0	0
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (losses)	0	0	0	0
- reversals	0	0	0	0
Depreciation (Expense)	(919,267)	(6,792)	(31)	(926,090)
Balance as at 30 June 2008	<u>47,819,362</u>	<u>90,437</u>	<u>11,367</u>	<u>47,921,166</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	257,035	364,142
Accrued Interest on Debentures	26,870	11,339
Other Accruals	29,714	24,503
Accrued Salaries and Wages	67,035	49,446
ATO Liabilities	19,241	0
	<u>399,895</u>	<u>449,430</u>
<b>9. SHORT-TERM BORROWINGS</b>		
Bank Overdraft	0	37,858
	<u>0</u>	<u>37,858</u>
<b>10. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	50,394	36,797
	<u>50,394</u>	<u>36,797</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	1,113,340	564,197
	<u>1,113,340</u>	<u>564,197</u>
Additional detail on borrowings is provided in Note 22.		
<b>11. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	125,036	113,184
Provision for Long Service Leave	117,091	77,687
	<u>242,127</u>	<u>190,871</u>
<b>Non-Current</b>		
Provision for Long Service Leave	21,108	56,491
	<u>21,108</u>	<u>56,491</u>

**SHIRE OF BOYUP BROOK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
<b>12. RESERVES - CASH BACKED</b>			
<b>(a) Plant Reserve</b>			
Opening Balance	100,734	100,734	136,312
Amount Set Aside / Transfer to Reserve	5,126	6,000	168,827
Amount Used / Transfer from Reserve	<u>(100,000)</u>	<u>(100,000)</u>	<u>(204,405)</u>
	<u>5,860</u>	<u>6,734</u>	<u>100,734</u>
<b>(b) Leave Reserve</b>			
Opening Balance	31,576	31,576	29,659
Amount Set Aside / Transfer to Reserve	1,677	31,800	1,917
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>33,253</u>	<u>63,376</u>	<u>31,576</u>
<b>(c) Depot Reserve</b>			
Opening Balance	17,027	17,027	15,994
Amount Set Aside / Transfer to Reserve	905	1,000	1,034
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>17,932</u>	<u>18,027</u>	<u>17,028</u>
<b>(d) Community Housing Reserve</b>			
Opening Balance	19,481	19,481	18,137
Amount Set Aside / Transfer to Reserve	1,238	1,100	1,344
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>20,719</u>	<u>20,581</u>	<u>19,481</u>
<b>(e) Emergency Reserve</b>			
Opening Balance	28,684	28,684	22,404
Amount Set Aside / Transfer to Reserve	1,321	1,700	6,280
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>30,005</u>	<u>30,384</u>	<u>28,684</u>
<b>(f) Insurance Claim Reserve</b>			
Opening Balance	12,208	12,208	11,467
Amount Set Aside / Transfer to Reserve	649	750	741
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>12,857</u>	<u>12,958</u>	<u>12,208</u>
<b>(g) Flax Mill Sheds Reserve</b>			
Opening Balance	23,147	23,147	17,042
Amount Set Aside / Transfer to Reserve	1,230	1,400	6,105
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>24,377</u>	<u>24,547</u>	<u>23,147</u>
<b>(h) Recreation Improvement Reserve</b>			
Opening Balance	43,450	43,450	3,209
Amount Set Aside / Transfer to Reserve	2,309	2,600	40,241
Amount Used / Transfer from Reserve	<u>0</u>	<u>(25,000)</u>	<u>0</u>
	<u>45,759</u>	<u>21,050</u>	<u>43,450</u>
<b>(i) Commercial Reserve</b>			
Opening Balance	280,108	280,108	117,124
Amount Set Aside / Transfer to Reserve	14,883	16,800	162,984
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>294,991</u>	<u>296,908</u>	<u>280,108</u>



**SHIRE OF BOYUP BROOK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
<b>12. RESERVES - CASH BACKED (continued)</b>			
<b>(j) Bush Fire Radios Reserve</b>			
Opening Balance	11,000	11,000	10,333
Amount Set Aside / Transfer to Reserve	584	660	667
Amount Used / Transfer from Reserve	0	0	0
	<u>11,584</u>	<u>11,660</u>	<u>11,000</u>
<b>(k) Rylington Park Reserve</b>			
Opening Balance	14,285	14,285	13,418
Amount Set Aside / Transfer to Reserve	759	860	867
Amount Used / Transfer from Reserve	0	0	0
	<u>15,044</u>	<u>15,145</u>	<u>14,285</u>
<b>(l) Infrastructure Reserve</b>			
Opening Balance	216,243	16,254	294,540
Amount Set Aside / Transfer to Reserve	864	980	11,703
Amount Used / Transfer from Reserve	(199,989)	0	(90,000)
	<u>17,118</u>	<u>17,234</u>	<u>216,243</u>
<b>(m) Bridges Reserve</b>			
Opening Balance	23,815	23,815	22,370
Amount Set Aside / Transfer to Reserve	1,265	1,430	1,445
Amount Used / Transfer from Reserve	(15,000)	0	0
	<u>10,080</u>	<u>25,245</u>	<u>23,815</u>
<b>(n) Medical Services Reserve</b>			
Opening Balance	35,188	35,188	87,500
Amount Set Aside / Transfer to Reserve	1,870	2,110	5,188
Amount Used / Transfer from Reserve	0	0	(57,500)
	<u>37,058</u>	<u>37,298</u>	<u>35,188</u>
<b>(o) Swimming Pool Reserve</b>			
Opening Balance	5,004	5,004	0
Amount Set Aside / Transfer to Reserve	266	300	5,004
Amount Used / Transfer from Reserve	0	0	0
	<u>5,270</u>	<u>5,304</u>	<u>5,004</u>
<b>(p) Town Hall Reserve</b>			
Opening Balance	5,004	5,004	0
Amount Set Aside / Transfer to Reserve	266	300	5,004
Amount Used / Transfer from Reserve	0	0	0
	<u>5,270</u>	<u>5,304</u>	<u>5,004</u>
<b>(q) Administration Centre Reserve</b>			
Opening Balance	52,697	52,697	45,000
Amount Set Aside / Transfer to Reserve	2,800	3,160	7,697
Amount Used / Transfer from Reserve	0	(55,857)	0
	<u>55,497</u>	<u>0</u>	<u>52,697</u>
<b>(r) Building Maintenance Reserve</b>			
Opening Balance	10,008	10,008	0
Amount Set Aside / Transfer to Reserve	532	600	10,008
Amount Used / Transfer from Reserve	0	0	0
	<u>10,540</u>	<u>10,608</u>	<u>10,008</u>

# SHIRE OF BOYUP BROOK

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
<b>12. RESERVES - CASH BACKED (continued)</b>			
<b>(s) Aged Accommodation Reserve</b>			
Opening Balance	18,018	18,018	17,000
Amount Set Aside / Transfer to Reserve	957	1,080	1,017
Amount Used / Transfer from Reserve	0	(19,098)	0
	<u>18,975</u>	<u>0</u>	<u>18,017</u>
<b>(t) Roads to Recovery Supplementary Reserve</b>			
Opening Balance	0	199,989	0
Amount Set Aside / Transfer to Reserve	210,615	12,000	0
Amount Used / Transfer from Reserve	(101,000)	(101,000)	0
	<u>109,615</u>	<u>110,989</u>	<u>0</u>
<b>(u) CEO Housing Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	337,905	0	0
Amount Used / Transfer from Reserve	(37,280)	0	0
	<u>300,625</u>	<u>0</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>1,082,429</u>	<u>733,352</u>	<u>947,677</u>

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

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

#### **Plant Reserve**

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

#### **Leave Reserve**

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

#### **Depot Reserve**

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

#### **Community Housing Reserve**

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

#### **Emergency Reserve**

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

#### **Insurance Claim Reserve**

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

#### **Flax Mill Sheds Reserve**

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

#### **Recreation Improvement Reserve**

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

# SHIRE OF BOYUP BROOK

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

### 12. RESERVES - CASH BACKED (continued)

#### Commercial Reserve

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

#### Bush Fire Radios Reserve

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

#### Rylington Park Reserve

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

#### Infrastructure Reserve

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

#### Roads to Recovery Supplementary Reserve

- to be used for R2R projects in accordance with the supplementary Grant Programme by the 30th June 2009

#### Bridges Reserve

- to be used to fund future requirements of bridge works

#### Medical Services Reserve

- to be used to fund future medical services requirements

#### Swimming Pool Reserve

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

#### Boyup Brook Town Hall Reserve

- to be used to fund future major improvement/maintenance at Town Hall

#### Administration Centre Reserve

- to be used to fund future major improvements/additions to the administrative centre

#### Building Maintenance Reserve

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

#### Aged Accommodation Reserve

- to be used to fund future requirements of Aged Accommodation

#### CEO Housing Reserve

- to be used to fund future requirements of the CEO's housing.

### 13. RESERVES - ASSET REVALUATION

2008  
\$

2007  
\$

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

#### Roads

Balance as at 1 July 2007	1,590,381	1,590,381
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	<u>1,590,381</u>	<u>1,590,381</u>

TOTAL ASSET REVALUATION RESERVES

1,590,381      1,590,381

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**14. NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

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

	<b>2008</b> <b>\$</b>	<b>2008</b> <b>Budget</b> <b>\$</b>	<b>2007</b> <b>\$</b>
Cash and Cash Equivalents	2,362,782	780,052	1,386,265
Bank Overdraft	<u>0</u>	<u>0</u>	<u>(37,858)</u>
	<u><u>2,362,782</u></u>	<u><u>780,052</u></u>	<u><u>1,348,407</u></u>

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

Net Result	10,534	(767,834)	453,517
Depreciation	1,307,073	1,111,993	1,265,348
(Profit)/Loss on Sale of Asset	(192,738)	56,500	(137,331)
(Increase)/Decrease in Receivables	(13,219)	110,530	107,636
(Increase)/Decrease in Inventories	(9,986)	1,129	(333)
Increase/(Decrease) in Payables	(49,535)	(360,416)	126,783
Increase/(Decrease) in Employee Provisions	15,873	(120,000)	(7,629)
Grants/Contributions for the Development of Assets	<u>(292,218)</u>	<u>(150,416)</u>	<u>(432,911)</u>
<b>Net Cash from Operating Activities</b>	<u><u>775,784</u></u>	<u><u>(118,514)</u></u>	<u><u>1,375,080</u></u>

**(c) Undrawn Borrowing Facilities**  
**Credit Standby Arrangements**

Bank Overdraft limit	50,000	50,000
Bank Overdraft at Balance Date	0	(37,858)
Credit Card limit	0	0
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>
<b>Total Amount of Credit Unused</b>	<u><u>50,000</u></u>	<u><u>12,142</u></u>

**Loan Facilities**

Loan Facilities - Current	50,394	36,797
Loan Facilities - Non-Current	<u>1,113,340</u>	<u>564,197</u>
<b>Total Facilities in Use at Balance Date</b>	<u><u>1,163,734</u></u>	<u><u>600,994</u></u>

<b>Unused Loan Facilities at Balance Date</b>	<u><u>554,152</u></u>	<u><u>0</u></u>
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**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**15. CONTINGENT LIABILITIES**

The Shire has no contingent liabilities at 30 June 2008.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

The Shire has no Finance Lease Commitments at 30 June 2008.

**(b) Operating Lease Commitments**

The Shire has no Operating Lease Commitments at 30 June 2008.

**(c) Capital Expenditure Commitments**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	737,080	0
- plant & equipment purchases	48,213	0
Payable:		
- not later than one year	785,293	0

The capital expenditure projects outstanding at the end of the current reporting period represents the construction of the CEO house and police housing.

The plant & equipment commitment was for a truck purchase.

**17. JOINT VENTURE**

The Shire was not party to any Joint Ventures during the year.

<b>18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Governance	11,198	434,556
General Purpose Funding	55,722	29,820
Law, Order, Public Safety	88,314	92,693
Health	561,549	420,679
Education and Welfare	1,227,996	1,477,858
Housing	1,708,210	528,006
Community Amenities	104,578	120,994
Recreation and Culture	1,085,974	1,063,990
Transport	48,244,444	48,542,398
Economic Services	324,404	398,721
Other Property and Services	2,011,377	1,053,749
Unallocated	838,011	1,596,559
	<u>56,261,777</u>	<u>55,760,023</u>

# SHIRE OF BOYUP BROOK

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007	2006
<b>19. FINANCIAL RATIOS</b>			
Current Ratio	1.50	0.91	1.14
Untied Cash to Trade Creditors Ratio	2.82	1.05	0.85
Debt Ratio	0.03	0.02	0.02
Debt Service Ratio	0.02	0.02	0.02
Gross Debt to Revenue Ratio	0.28	0.15	0.15
Gross Debt to			
Economically Realisable Assets Ratio	0.14	0.09	0.09
Rate Coverage Ratio	0.36	0.34	0.32
Outstanding Rates Ratio	0.03	0.02	0.04

The above ratios are calculated as follows:

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

# SHIRE OF BOYUP BROOK

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

### 20. TRUST FUNDS

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

	Balance 1-Jul-07	Amounts Received	Amounts Paid	Balance 30-Jun-08
	\$	\$	(\$)	\$
Relocateable House Bond	20,465	10,000	(2,503)	27,962
Shire Rental Bonds	2,200	893	(1,800)	1,293
Councillor Election Nomination Deposits	0	560	(560)	0
Shire Hall Hire Deposits	0	75	0	75
Fruit Fly Program	5,670	1,162	(774)	6,058
Kerb Deposits	500	300	0	800
Boyup Brook Community Foundation	4,000	0	0	4,000
Shire Rental Receipts	2,498	0	(2,498)	0
Christmas Club	6,159	19,397	(18,569)	6,987
	<u>41,492</u>			<u>47,175</u>

### 21. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Magna Sedan	16,858	16,500	6,818	7,500	(10,040)	(9,000)
Holden Adventura	27,282	27,000	21,818	24,000	(5,464)	(3,000)
Chainsaw	91	0	545	0	454	0
Chainsaw	119	0	318	0	199	0
Chainsaw	218	0	227	0	9	0
Brushcutter	57	0	227	0	170	0
Brushcutter	0	0	227	0	227	0
Air Broom	315	0	164	0	(151)	0
Air Broom	330	0	164	0	(166)	0
CAT Grader	95,766	100,000	50,000	55,000	(45,766)	(45,000)
4 Tonne Isuzu Truck	0	26,000	0	26,500	0	500
Moorhouse Slasher	0	0	454	0	454	0
3 Rogers Ave - dwelling	71,598	0	323,977	0	252,379	0
Mower	0	0	250	0	250	0
Cricket roller	0	0	183	0	183	0
	<u>212,634</u>	<u>169,500</u>	<u>405,372</u>	<u>113,000</u>	<u>192,738</u>	<u>(56,500)</u>

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

**22. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

Particulars	Principal 1-Jul-07 \$	New Loans \$	Principal Repayments		Principal 30-Jun-08		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>								
110 Admin Roof/Bldg Upgrade	32,074		1,193	1,193	30,881	30,881	2,050	2,050
116 Admin Building -addition	0		0	0	0	45,000	0	0
<b>Health</b>								
107 Hospital Upgrade	76,314		10,713	10,713	65,601	65,601	4,719	4,951
102 House - Medical Practitioner	69,300		5,140	4,675	64,160	64,625	3,846	5,664
<b>Housing</b>								
115 House - 1 Rogers Ave	106,999		3,180	3,180	103,819	103,819	6,260	6,313
116 Police Housing - Beatty St	0	600,000	0	0	600,000	0	16,670	0
<b>Community Amenities</b>								
112 Transfer Station	30,892		1,515	1,515	29,377	29,377	2,158	2,158
<b>Recreation &amp; Culture</b>								
114 Pool Bowl upgrade	194,549		5,776	5,777	188,773	188,772	11,372	11,495
<b>Transport</b>								
105 Depot Workshop Constr.	4,023		4,023	4,023	0	0	24	134
<b>Economic Services</b>								
106 FlaxMill Upgrade	44,982		2,996	2,996	41,986	41,986	3,090	3,069
109 FlaxMill Water Upgrade	41,861		2,724	2,725	39,137	39,136	2,632	2,632
	600,994	600,000	37,260	36,797	1,163,734	609,197	52,821	38,466

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2007/08

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Police Housing - Beatty St	600,000	0	WA Treasury	Debenture	20	503,552	6.68	45,848	0	554,152



**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

(c) Unspent Debentures

<b>Particulars</b>	<b>Date Borrowed</b>	<b>Balance 1-Jul-07 \$</b>	<b>Borrowed During Year \$</b>	<b>Expended During Year \$</b>	<b>Balance 30-Jun-08 \$</b>
Police Housing - Beatty St	1/2/2008	0	600,000	45,848	554,152
		0	600,000	45,848	554,152

(d) Overdraft

Council established an overdraft facility of \$50,000 in 1992 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2007 was \$37,858 and 30 June 2008 was \$Nil.

**SHIRE OF BOYUP BROOK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**23. RATING INFORMATION - 2007/08 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>General Rate - GRV</b>											
T - Residential - Town	0.1320	271	1,550,515	204,668			204,668	204,668			204,668
C - Commercial	0.1320	28	391,212	51,640			51,640	51,640			51,640
I - Industrial	0.1320	12	97,184	12,828			12,828	12,828			12,828
<b>General Rate - UV</b>											
R - Rural	0.004798	572	240,631,000	1,154,548			1,154,548	1,164,548			1,164,548
S - Special Rural	0.004798	30	4,478,000	21,485			21,485	21,485			21,485
O - Urban Townsites	0.004798	1	120,000	577			577	577			577
M - Mining	0.004798	0	0	0			0	0			0
<b>Sub-Totals</b>		914	247,267,911	1,445,746	0	0	1,445,746	1,455,746	0	0	1,455,746
<b>Minimum Rates</b>	<b>Minimum \$</b>										
<b>GRV</b>											
T - Residential - Town	525.00	21	49,025	11,025			11,025	11,025			11,025
C - Commercial	525.00	2	3,800	1,050			1,050	1,050			1,050
I - Industrial	525.00	3	7,000	1,575			1,575	1,575			1,575
<b>UV</b>											
R - Rural	525.00	134	10,210,840	70,350			70,350	70,350			70,350
S - Special Rural	525.00	68	6,672,000	35,700			35,700	35,700			35,700
O - Urban Townsites	525.00	44	1,049,500	23,100			23,100	23,100			23,100
M - Mining	525.00	10	180,919	5,250			5,250	5,250			5,250
<b>Sub-Totals</b>		282	18,173,084	148,050	0	0	148,050	148,050	0	0	148,050
Specified Area Rates							1,593,796				1,603,796
							0				0
Discounts (refer note 26)							1,593,796				1,603,796
							0				0
<b>Totals</b>							1,593,796				1,603,796

**SHIRE OF BOYUP BROOK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2008**

**24. SPECIFIED AREA RATE - 2007/08 FINANCIAL YEAR**

Nil

**25. SERVICE CHARGES - 2007/08 FINANCIAL YEAR**

Nil

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2007/08 FINANCIAL YEAR**

Nil

**27. INTEREST CHARGES AND INSTALMENTS - 2007/08 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	11.00%	0	6,982	4,500
Interest on Instalments Plan	5.50%	0	3,870	1,600
Charges on Instalment Plan		22.50	4,460	4,000
			15,312	10,100

Ratepayers had the option of paying rates in four equal instalments, due on 18th September 2007, 18th November 2007, 19th January 2008 and 18th March 2008. Administration charges and interest applied for the final three instalments.

<b>28. FEES &amp; CHARGES</b>	<b>2008 \$</b>	<b>2007 \$</b>
Governance	973	4,381
General Purpose Funding	9,108	6,279
Law, Order, Public Safety	12,100	10,358
Health	462,748	219,978
Housing	28,871	915
Community Amenities	27,427	15,302
Recreation & Culture	39,810	85,682
Transport	869	27,547
Economic Services	78,571	43,184
Other Property & Services	11,401	13,649
	<u>671,878</u>	<u>427,275</u>

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

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

<b>29. GRANT REVENUE</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Grants and Subsidies - operating	1,246,833	1,152,490
Grants and Subsidies - non-operating	292,218	432,911
	<u>1,539,051</u>	<u>1,585,401</u>
<b>By Program:</b>		
General Purpose Funding	755,996	756,614
Law, Order, Public Sector	38,977	42,900
Health	0	10,500
Education	1,752	12,171
Recreation and Culture	15,877	17,656
Transport	726,449	745,560
Economic Services	0	0
	<u>1,539,051</u>	<u>1,585,401</u>

<b>30. COUNCILLORS' REMUNERATION</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	42,275	44,500	41,700
President's Allowance	4,450	4,450	4,205
Deputy President's Allowance	1,113	1,113	1,044
Conference Expenses	4,543	12,500	7,895
Travelling Expenses	6,472	9,000	7,876
Telecommunications Allowance	989	2,500	678
	<u>59,842</u>	<u>74,063</u>	<u>63,398</u>

**31. EMPLOYEES' REMUNERATION**

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

<b>Salary Range</b>	<b>2008</b>	<b>2007</b>
<b>\$</b>		
190,000 - 199,999	0	1
210,000 - 219,999	1	0

<b>32. EMPLOYEE NUMBERS</b>	<b>2008</b>	<b>2007</b>
The number of full-time equivalent employees at balance date	<u>26</u>	<u>25</u>

**33. MAJOR LAND TRANSACTIONS**

Nil

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2007/08 financial year.

# SHIRE OF BOYUP BROOK

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

### 35. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	2,362,782	1,386,265	2,362,782	1,386,265
Receivables	232,206	218,987	232,206	218,987
	<u>2,594,988</u>	<u>1,605,252</u>	<u>2,594,988</u>	<u>1,605,252</u>
<b>Financial Liabilities</b>				
Payables	399,895	449,430	399,895	449,430
Borrowings	1,163,734	600,995	1,124,627	577,550
	<u>1,563,629</u>	<u>1,050,425</u>	<u>1,524,522</u>	<u>1,026,980</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

## SHIRE OF BOYUP BROOK

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

#### 35. FINANCIAL RISK MANAGEMENT (Continued)

##### (a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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.

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

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

Council manages this risk by only placing its cash deposits with recognised Australian Banks.

	30-Jun-08 \$	30-Jun-07 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	23,628	13,863
- Income Statement	23,628	13,863

#### Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

## SHIRE OF BOYUP BROOK

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

#### FOR THE YEAR ENDED 30TH JUNE 2008

#### 35. FINANCIAL RISK MANAGEMENT (Continued)

##### (b) Receivables

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

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

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

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

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

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

	30-Jun-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	62.00%	63.00%
- Overdue	28.00%	27.00%

**SHIRE OF BOYUP BROOK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

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

**(c) Payables  
Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2008</u></b>					
Payables	399,895	0	0	399,895	399,895
Borrowings	124,973	499,894	1,315,676	1,940,543	1,163,733
	<u>524,868</u>	<u>499,894</u>	<u>1,315,676</u>	<u>2,340,438</u>	<u>1,563,628</u>
<b><u>2007</u></b>					
Payables	449,430	0	0	449,430	449,430
Borrowings	74,324	280,668	563,750	918,743	600,994
	<u>523,754</u>	<u>280,668</u>	<u>563,750</u>	<u>1,368,173</u>	<u>1,050,424</u>



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

***Report on the Financial Report***

We have audited the accompanying financial report of the Shire of Boyup Brook, which comprises the balance sheet as at 30 June 2008 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement, rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

***Council's Responsibility for the Financial Report***

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

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

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

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

**Independence**

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

**Auditor's Opinion**

In our opinion, the financial report of the Shire of Boyup Brook is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

**Statutory Compliance**

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

**Delegated Authority**

In December 2007 Council adopted a policy authorising the CEO to make payments from the municipal and trust funds without delegating this authority as required by Financial Management Regulation 12(1)(a).

**List of Accounts**

The list of accounts paid by the CEO presented to council each month did not include payments made from the trust account as required by Financial Management Regulation 13 (1).

**Other Matters**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Date: 29 January 2009  
Perth, WA

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