



# Shire of Beverley **ANNUAL REPORT 2011-2012**

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# VISION, AIM, GOALS AND VALUES

## OUR VISION

A place for community.

Our Shire will be:

- A place for enhanced community;
- A place that values its past and history;
- A place that is welcoming and friendly;
- A place that is safe, relaxed and peaceful; and
- A place to live, work and visit.

## OUR AIM

To sustain and build population and to ensure the delivery of sustainable services to our community.

## OUR GOALS

### Social

- Build population growth through providing employment opportunities.
- Strengthen our advocacy role and regional partnerships in the provision of local services.
- Maintain and nurture the sense of community.

### Environmental

- Preserve the natural environment.
- Maintain the rural identity of place.

### Economic

- Build economic capacity through local business growth.
- Value and maintain our heritage and past.
- Manage our assets sustainably.



## OUR VALUES

The Shire of Beverley has a clear strength in the bond and affinity between its Councillors, the community, and staff. Staff support the community leadership and governance role of Councillors, and work together to achieve the commitments of the Council Plan. Having all staff practice the following organisational values, enhances the quality of this partnership:

- **Service** - Our citizens, community and service users are the focus of all our actions.
- **Accountability** - We are responsible for our actions, which are open to review.
- **Innovation** - We encourage and seek new ideas in finding solutions.
- **Teamwork** - We share our skills, knowledge and experience as part of a team and work together towards achieving Council's goals.
- **Recognition** - We promote the achievements and efforts of others.
- **Safety** - We look after our environment and the welfare of others.
- **Integrity** - We are open and honest, and work to the best of our ability.
- **Respect** - We acknowledge the opinions of others and their rights and differences.



# OBJECTIVES AND ACHIEVEMENTS

## STRATEGIC OBJECTIVES FOR 2010/2011

The Council delivers activities and initiatives under 11 programmes. Each contributes to the achievement of the Strategic Objectives, as set out in the Plan for the Future for the 2010-2013 years. The following table lists the Strategic Objectives, as described in the Plan for the Future:

Strategic Objective	Description
1. Development of Independent Living Units for Aged Persons	To provide modern and convenient facilities which cater for the aged persons in the district.
2. Development of Recreation Facilities	To provide modern and convenient facilities which cater for all ages in the district.
3. Caravan Park Development	To provide modern and convenient facilities which cater for visitors and tourists in the district.
4. Community Facilities	To provide residents of the Shire of Beverley with quality facilities that will meet their needs in the foreseeable future.
5. Asset Management Programme	To provide and replace as necessary, the infrastructure of the Shire, and maintain the infrastructure to an acceptable standard of presentation, usability, and safety.

## ACHIEVEMENTS FOR 2011/2012

1. The Shire completed the construction of two Independent Living Units for Aged Persons.
2. The Shire prepared a business case for the development of the recreation facility, which was submitted to the Department of Regional Development and Lands for funding under the Royalties for Regions Country Local Government Fund.
3. The Shire completed the construction of a new ablution facility at the Caravan Park, and upgrading of the surrounding park land.
4. The community facilities were progressed in the following manner:
  - (a) Morbinning Fire Shed - Construction of a new fire shed completed.
  - (b) Entry Statements - Concept designs approved by the Council.
5. Asset Management - A SEAVROC initiative, which resulted in the appointment of consultants to progress the preparation of Asset Management Plans. A buildings and Structures Asset Management Plan has been completed. A Transport Asset Management Plan is currently being prepared by the appointed consultants.



## HIGHLIGHTS OF 2011/2012

During the 2011/2012 Financial Year, the Shire achieved the following:

1. No new loans to fund Capital Works Programmes were raised.
2. Net surplus of \$0.785M, after excluding committed expenditure carried forward to 2012-2013 of \$1.0M, and grants received in advance of \$0.938M.
3. Rate increases for 2011/2012 were limited to 4.0%. This level allowed the Shire to maintain existing services, fund a number of new initiatives, and continue to allocate funds to renew Shire infrastructure.
4. \$5.092M was spent to maintain services at current levels.
5. Expenditure on Capital Works is summarised as follows:

- Land and Buildings	\$0.81M
- Road Infrastructure	\$1.61M
- Plant and Equipment	\$0.28M
- Furniture and Equipment	\$0.01M
- Recreational Facilities	\$0.27M
6. The adoption of Council's Strategic Community Plan.

## STRATEGIC OBJECTIVES FOR 2012/2013

This section provides a description of the activities to be funded in the Budget for the 2012-2013 Financial Year, and how these will contribute to achieving the Strategic Objectives specified in the Plan for the Future.

<b>Strategic Objective</b>	<b>Description</b>
1. Lesser Hall Improvements	Complete works February 2013.
2. Development of Recreation Facility	Complete development by June 2013.
3. Netball Courts Relocation and Lighting	Complete planned works by June 2013.
4. Community Facility	Complete construction on time and within budget.
5. Asset Management Programme	Complete Asset Management Plan by October 2012. Length of roads, drains, footpaths replaced and constructed each year (measured in kilometres).





## STATEMENT BY SHIRE PRESIDENT



The Shire has demonstrated sound financial management, ending the 2011-2012 Financial Year with a net surplus of \$785,000, after the exclusion of committed expenditure carried forward to 2012-2013 of \$1,000,000, and grant funds for 2012-2013 received in advance of \$938,000.

Acceptable rate levels have been maintained with an overall modest rate increase of 4%, which has contributed to the continuing efficient provision of quality services and facilities to our ratepayers and residents.

The Shire, in partnership with its community and stakeholders, has developed a Strategic Community Plan which is Council's visionary document for the next ten years. Whilst it is recognised that not all outcomes can be delivered immediately, the Plan will guide our decisions into the future.

My thanks go to members of the community who played an important role in providing input and ideas via workshops, one-to-one meetings, and responding to questionnaires.

The Building and Structures Asset Management Plan was completed in 2011-2012, and provides vital information in relation to the conditions of each building.

The Plan will act as a tool to support the ability of Council to deliver well targeted, responsible, and value for money maintenance and operational services to the community as a whole.

This Financial Year, the Shire has completed the construction of two Independent Living Units, which will assist in addressing the accommodation needs of our growing elderly population. An open day was held in June 2012 to allow the community to view the Units, and Council is confident that they will soon be occupied.

The redevelopment of the Caravan Park continued, and works this year included the construction of a new ablution facility and the upgrading of surrounding park land.

Capital expenditure on road works amounted to \$1,610,000, with just over \$633,000 being spent on road maintenance.

The Shire continued to be involved with the South East Avon Regional Transition Group (SEARTG) in developing a Regional Business Plan for the purpose of progressing an amalgamation proposal by the Participating Local Governments. The Regional Business Plan was considered by Council in August 2012, when it unanimously resolved not to proceed with amalgamation through the SEARTG, and withdrew from the process. The Shire of Beverley would like to acknowledge the contribution made by the other Participating Local Governments, namely the Shires of Cunderdin, Quairading, Tammin and York, to the SEARTG and wishes them well with their future planning.

Towards the end of 2011, Council was delighted to announce the appointment of Mr Stephen Gollan as the next Chief Executive Officer for the Shire of Beverley. This followed a comprehensive selection process, prompted by the retirement of former Chief Executive Officer, Mr Keith Byers, after nearly 28 years of dedicated service to the Beverley district.





I would like to recognise and thank the Shire staff for their professional and friendly team approach towards service provision in our community.

Finally, I extend thanks to my fellow Councillors for their dedication and the manner in which they perform their duties as your Local Government Elected Members. The decisions made by Council are based on ensuring the best overall outcome for residents and ratepayers of the Shire of Beverley.

**Cr Dee Ridgway**  
**President**



# THE COUNCIL

## YOUR ELECTED MEMBERS



### **Front (Left to Right)**

Cr Belinda Foster, Cr Peter Gogol

### **Back (Left to Right)**

Cr Jim Alexander, Cr Chris Pepper (Deputy President), Cr Lew Shaw,  
Cr Dee Ridgway (President), Cr Keith Murray, Cr Vicky Fregon,  
Cr David White, Mr Stephen Gollan (Chief Executive Officer)



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# CHIEF EXECUTIVE OFFICER'S REPORT



The Shire of Beverley during the 2011-2012 Financial Year, continued to develop its Integrated Planning Framework.

The Strategic Community Plan has now been adopted by the Council, and details the Shire's vision, aim, goals, community priorities, and performance measures. The Plan prioritises community aspirations by giving consideration to social, economic, and environmental objectives. The Plan is a visionary document for the next ten years, and the Council is required to review the Plan every four years.

An Asset Management Plan for Buildings and Structures has been completed, and together with its Consultants, the Shire is currently preparing an Asset Management Plan for Transport. Both Plans are critical if the Shire is to meet its strategic goals and effectively manage its assets.

The Shire will be developing other plans in the future, such as the long term Financial Plan, Workforce Plan, and the Corporate Business Plan. In order to meet statutory obligations, the Shire is required to prepare a Strategic Community Plan and Corporate Business Plan for the Financial Year beginning 1 July 2013.

Financing the proposed sporting complex has been a challenge. However during the year, the Shire was successful in securing funding for the project from the Department of Regional Development and Lands under the Royalties for Regions Country Local Government Fund Regional Component, amounting to \$905,977.

The Shire is endeavouring to develop a light industrial area in conjunction with Landcorp. Landcorp however has been unable to access the site until the Department of Regional Development and Lands issues a "Notice of Intention to Take". The Shire has written to the relevant Minister requesting assistance in expediting the matter. The Council sees the development of industrial lots as a way forward in promoting economic development in Beverley.

May I take this opportunity to thank the Shire President, Dee Ridgway, for her dedication and commitment to the community. Thanks are extended to current Members of Council for their valuable input, and in supporting our staff.

The dedication of the Shire staff has continued through 2011-2012, with all employees showing their professionalism, hard work, and commitment, making them a credit to the organisation. I would personally like to extend my appreciation for their efforts.

**S P Gollan**  
**Chief Executive Officer**

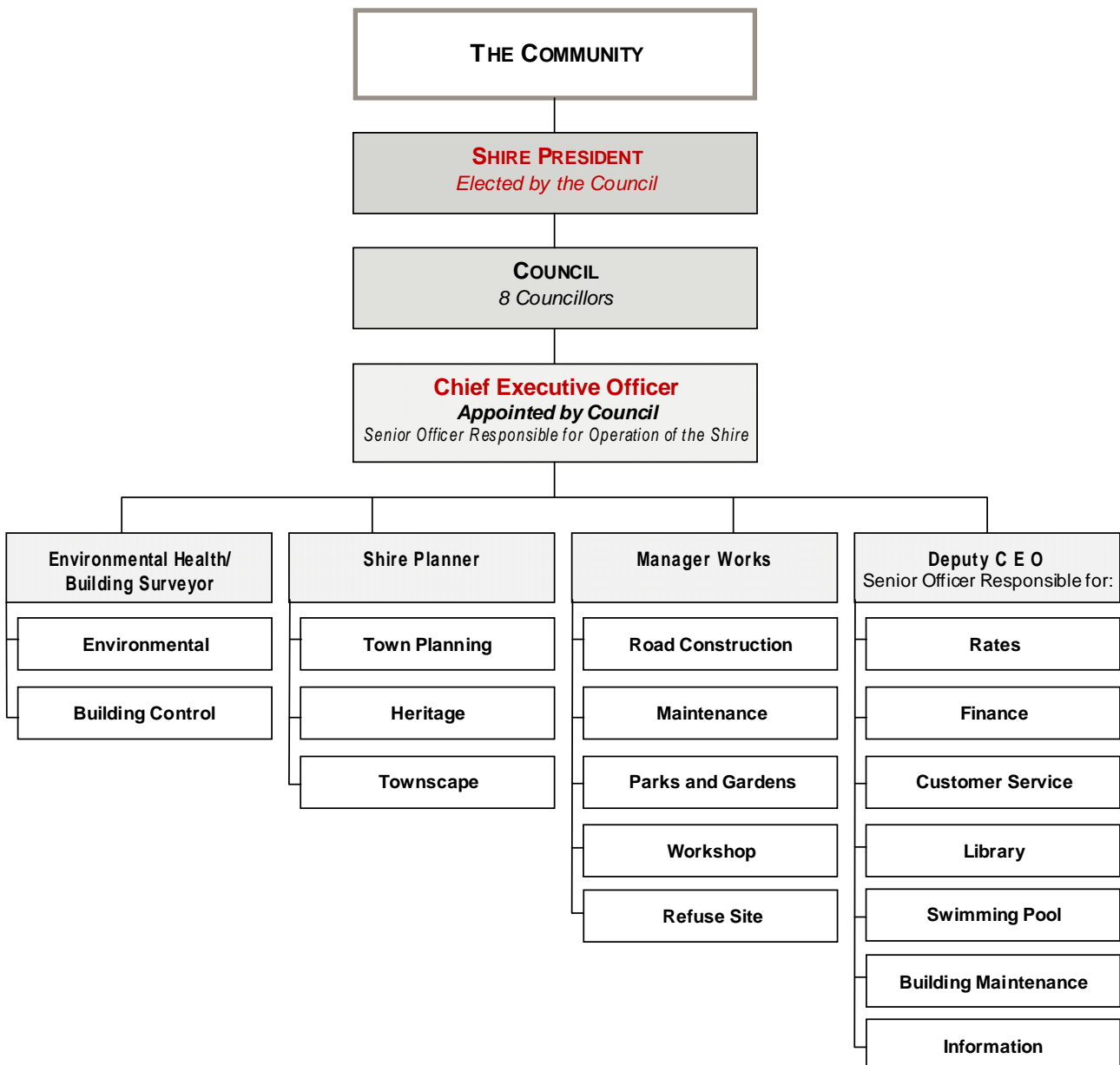


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# ORGANISATIONAL STRUCTURE

The Shire of Beverley staff members are part of the corporate structure headed by the Chief Executive Officer. This corporate approach ensures that staff members work towards achieving common goals.

The Shire's staff are organised across four Divisions. Whilst the Chief Executive Officer is responsible for the overall management of the organisation, each Division has its own Senior Officer who oversees the functioning of their respective Division. The Corporate Management Team implements and administers the policies of the Elected Members.





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# LEGISLATIVE COMPLIANCE

## NATIONAL COMPETITION POLICY

The introduction of the National Competition Policy requires all local governments to include in the Annual Report, statements relating to the following:

### The Structural Reform of Public Monopolies

The intention of the Structural Reform of Public Monopolies, is that:

- There is a separation of regulatory and commercial functions of Public Monopolies.
- There is a separation of natural monopolistic operations and potentially competitive activities of Public Monopolies.
- There is a separation of potential competitive activities into a number of smaller, essentially independent business units.

The Shire of Beverley is not considered a natural monopoly, nor does it conduct any business activity that can be considered a Public Monopoly. Therefore the principle of structural reform of Public Monopolies does not apply to the Shire of Beverley.

### Competitive Neutrality

For significant local government business enterprises, which are classified as 'Public Financial Enterprises', local government will, where appropriate:

- Adopt a corporatisation model for those local government business enterprises.
- Impose on significant business enterprises:
  - Full Commonwealth, State and Territory taxes on tax equivalent systems;
  - Debt guarantee fees directed towards off setting the competitive advantages provided by government guarantees; and
  - Those regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment and planning and approval processes, on an equivalent basis to private sector competitors.

These principles have been designed to ensure that a local government has no unfair advantage over any competitor in the market place.

These principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Beverley has none, and therefore do not apply to the Shire of Beverley.

Council has not received any allegations of non compliance with Competitive Neutrality Principles from the private sector.



## Legislation Review

In accordance with the National Competition Policy, all Local Laws are currently being reviewed.

## DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2004, creating a requirement of public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These Plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

Council adopted a DAIP in November 2007 for implementation. Council is required to report on its present activities as they relate to the six desired DAIP outcomes.

1. Council is continually adapting its existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organised by, the Shire.
2. Council also continues with improvement to buildings and footpath infrastructure to assist both wheelchair and gopher access.
3. Wherever possible, people with disabilities can receive information from the Shire in a format that will enable them to access the information as readily as other people are able to access it. This includes a comprehensive website and the ability to change documents to large font size.
4. The staff are always encouraged to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive. The Shire is also working with contractors to ensure they are aware of their responsibilities.
5. People with disabilities have the same opportunities as other people to make complaints to the staff, this can be via written letters, email, SMS, or verbally.
6. Council provides many ways for people to participate in public consultation, and is more than happy to discuss any grievances community members may have regarding the services available to the disabled.

## PUBLIC INTEREST DISCLOSURE

### Public Interest

The Public Interest Disclosure Act 2003 (the Act), aims to facilitate and encourage the disclosure of public interest information, and to provide protection for those who have made disclosures, and for those about whom disclosures are made.



The Shire of Beverley does not tolerate corrupt or other improper conduct, including mismanagement of public resources, and the exercise of the public functions of the Shire and its officers, employees and contractors.

The Shire is committed to the aims and objectives of the Act, and recognises the value and importance of contributions of staff to enhance administrative and management practices, and supports disclosures being made by staff as to corrupt or other improper conduct.

During the 2011/2012 Financial Year there were no disclosures made under the Act.

## **RECORD KEEPING PLAN**

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner.

Principal 6 - Compliance: Government organisations ensure their employees comply with the Record Keeping Plan.

### **Rationale**

An organisation and its employees must comply with the organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

### **Minimum Compliance Requirements**

The Record Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regards to their compliance with the organisation's Record Keeping Plan.

The Shire of Beverley has complied with items 1 to 4.



## REGISTER OF MINOR COMPLAINTS

Section 5.121 of the Local Government Act 1995 (Register of Certain Complaints of Minor Breaches), requires the Complaints Officer for each local government to maintain a Register of Complaints which records all complaints that result in action under Section 5.110(6) (b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) (hb) of the Local Government Act 1995 requires disclosure in the Annual Report of details of entries made under Section 5.121 during the financial year in the Register of Complaints, including:

- (i) The number of complaints recorded on the register of complaints;
- (ii) How the recorded complaints were dealt with; and
- (iii) Any other details that the Regulations may require.

In accordance with these requirements, it is advised that no complaints or minor breaches under the Local Government Act 1995 were received during 2011-2012.

## FREEDOM OF INFORMATION

Section 96 of the Freedom of Information Act requires local governments to publish an Information Statement.

In summary, the Shire of Beverley's Statement indicates that the Shire of Beverley is responsible for the good governance of the Shire, and carries out functions as required, including statutory compliance and provision of services and facilities.

All Council meetings are open to the public, and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time, shortly after the commencement of each meeting.

The Shire of Beverley maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements, and Electoral Rolls. These documents can be inspected free of charge at the Shire Office, 136 Vincent Street, Beverley, during office hours.



# ANNUAL FINANCIAL STATEMENTS 2011 - 2012





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**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012  
LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER**

The attached Financial Report of the Shire of Beverley, being the Annual Financial Report, and other information for the Financial Year ended 30 June 2012, are in my opinion, properly drawn up to present fairly the financial position of the Shire of Beverley as at 30 June 2012, and the results of the operations for the Financial Year ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the Regulations under the Act.

Signed on the 27th day of September 2012.



**Stephen Gollan  
Chief Executive Officer**



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**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012**

2010/2011 ACTUAL		Note	2011/2012 ADOPTED BUDGET	2011/2012 ACTUAL
\$	<b>EXPENSES</b>	2,3,4	\$	\$
(30,851)	General Purpose Funding		(56,547)	(44,701)
(223,701)	Governance		(258,690)	(219,813)
(71,757)	Law, Order, Public Safety		(204,382)	(168,545)
(70,714)	Health		(114,112)	(77,571)
(44,156)	Education and Welfare		(45,147)	(39,913)
(150,676)	Housing		(215,013)	(192,594)
(432,936)	Community Amenities		(481,253)	(416,145)
(752,174)	Recreation and Culture		(815,885)	(1,015,400)
(2,388,587)	Transport		(1,370,914)	(2,389,150)
(318,688)	Economic Services		(308,005)	(384,402)
(184,780)	Other Property and Services		(276,907)	(143,649)
(4,669,020)			(4,146,855)	(5,091,884)
	<b>REVENUE</b>	2,3,4		
3,251,763	General Purpose Funding		3,396,053	3,870,572
52,278	Governance		6,000	1,774
46,971	Law, Order, Public Safety		206,188	172,735
0	Health		0	608
0	Education and Welfare		0	5,877
62,235	Housing		77,440	72,882
122,242	Community Amenities		124,970	116,794
214,969	Recreation and Culture		1,960,831	1,375,927
1,192,728	Transport		751,155	2,145,517
197,164	Economic Services		90,000	228,821
56,233	Other Property and Services		52,765	71,966
5,196,583			6,665,402	8,063,471
527,563			2,518,547	2,971,587
	<b>DISPOSAL OF ASSETS</b>	6		
0	Land		0	0
45,135	Plant and Equipment		15,350	70,082
0	Furniture and Equipment		0	0
45,135			15,350	70,082
	<i>Gain (Loss) on Disposal</i>			
	<b>FINANCE COSTS</b>	7		
(2,745)	Housing		(2,367)	(2,362)
(12,728)	Recreation and Culture		(10,972)	(11,058)
(4,113)	Economic Services		(3,426)	(3,469)
(19,586)			(16,765)	(16,889)
<b>553,112</b>	<b>NET RESULT</b>		<b>2,517,132</b>	<b>3,024,780</b>
3,253,439	Changes on revaluation of non - current assets	6		0
	Total Other Comprehensive Income			
(2)	Rounding		0	0
<b>3,806,549</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,517,132</b>	<b>3,024,780</b>

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



**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	Note	2010/2011 ACTUAL \$	2011/2012 ACTUAL \$	Variance \$
<b>Current assets</b>				
Cash and Cash Equivalents	5	3,231,474	4,718,543	1,487,069
Trade and Other Receivables	28	597,178	287,853	(309,325)
Inventories	29	10,167	13,096	2,928
<b>Total Current Assets</b>		<b>3,838,818</b>	<b>5,019,491</b>	1,180,672
<b>Non Current Assets</b>				
Trade and Other Receivables	28	182,558	178,178	(4,380)
Property, Plant and Equipment	6	5,837,750	6,761,230	923,480
Infrastructure	6	35,000,692	35,983,802	983,110
<b>Total Non Current Assets</b>		<b>41,021,000</b>	<b>42,923,210</b>	1,902,210
<b>Total Assets</b>		<b>44,859,818</b>	<b>47,942,701</b>	3,082,883
<b>Current Liabilities</b>				
Trade and Other Payables	30	592,388	690,658	(98,269)
Interest Bearing Loans and Borrowings	7	35,873	38,081	(2,209)
Provisions	32	272,574	264,284	8,290
<b>Total Current Liabilities</b>		<b>900,835</b>	<b>993,023</b>	(92,188)
<b>Non Current Liabilities</b>				
Interest Bearing Loans and Borrowings	7	246,332	208,251	38,081
Provisions	32	26,502	30,498	(3,996)
<b>Total Non Current Liabilities</b>		<b>272,834</b>	<b>238,749</b>	34,085
<b>Total Liabilities</b>		<b>1,173,669</b>	<b>1,231,771</b>	(58,103)
<b>Net Assets</b>		<b>43,686,150</b>	<b>46,710,930</b>	3,024,780
<b>Equity</b>				
Retained Surplus		38,252,086	41,659,137	3,407,052
Reserve - Asset Revaluation	8	3,479,093	3,479,093	0
Reserves - Other (Cash/Investment Backed)	8,11	1,954,971	1,572,699	(382,272)
<b>Total Equity</b>		<b>43,686,150</b>	<b>46,710,930</b>	3,024,780

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	RETAINED SURPLUS	RESERVES CASH BACKED	ASSET REVALUATION RESERVE	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2010</b>		<b>37,555,068</b>	<b>2,098,879</b>	<b>225,654</b>	<b>39,879,601</b>
Net Result		553,112	0	0	553,112
Total Other Comprehensive Income		3,253,437	0	3,253,439	6,506,876
Transfer from / (to) Retained Surplus		(3,109,531)	(143,908)	0	(3,253,439)
<b>Balance as at 30 June 2011</b>		<b>38,252,086</b>	<b>1,954,971</b>	<b>3,479,093</b>	<b>43,686,150</b>
Net Result		3,024,780	0	0	3,024,780
Total Other Comprehensive Income		0	0	0	0
Transfer from / (to) Retained surplus		382,272	(382,272)	0	0
<b>Balance as at 30 June 2012</b>		<b>41,659,138</b>	<b>1,572,699</b>	<b>3,479,093</b>	<b>46,710,930</b>

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

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012**

2010/2011 ACTUAL		Note	2011/2012 ADOPTED BUDGET	2011/2012 ACTUAL
\$			\$	\$
	<b><i>Cash Flows from Operating Activities</i></b>			
	<b>PAYMENTS</b>			
(1,557,033)	Employee Costs		(1,643,633)	(1,664,630)
(1,142,724)	Materials & Contracts		(1,238,372)	(1,956,851)
(13,494)	Utilities		(108,817)	(164,071)
(116,945)	Insurance		(142,545)	(123,230)
(19,586)	Interest Expenses		(16,765)	(16,990)
(17,254)	Goods and Services Tax		0	(416,869)
(92,850)	Other		(126,903)	(7,334)
<b>(\$2,959,886)</b>			<b>(\$3,277,035)</b>	<b>(\$4,349,975)</b>
	<b>RECEIPTS</b>			
2,018,036	Rates		2,113,177	2,030,173
458,406	Subsidies and Contributions		276,575	1,845,032
384,903	Fees and Charges		422,829	390,146
186,232	Interest Received		138,300	182,269
0	Goods and Services Tax		0	416,869
12,352	Other		3,515	104,091
<b>3,059,929</b>			<b>2,954,396</b>	<b>4,968,580</b>
<b>100,043</b>	<b><i>Net Cash flows from Operating Activities</i></b>	<b>9</b>	<b>(\$322,639)</b>	<b>618,605</b>
	<b><i>Cash flows from investing activities</i></b>			
	<b>Payments</b>			
(4,702)	Purchase Tools		0	0
(559,432)	Purchase Land and Buildings		(1,120,500)	(810,669)
(1,045,238)	Purchase Infrastructure Assets- Roads		(1,557,972)	(1,610,522)
(5,740)	Purchase Infrastructure Assets - Recreational Facilities		(2,103,500)	(266,705)
0	Purchase Infrastructure Assets - Other		(140,000)	(4,229)
(470,561)	Purchase Plant and Equipment		(488,000)	(284,202)
(77,160)	Purchase Furniture and Equipment		(81,000)	(9,461)
<b>(\$2,162,833)</b>			<b>(\$5,490,972)</b>	<b>(\$2,985,788)</b>
	<b>Receipts</b>			
0	Disposal of Land		0	0
0	Disposal of Furniture and Equipment		0	0
164,819	Disposal of Plant and Equipment		206,500	107,162
0	Contributions from Other Parties		0	0
<b>164,819</b>			<b>206,500</b>	<b>107,162</b>
<b>(\$1,998,014)</b>	<b><i>Net cash flows used in investing activities</i></b>		<b>(\$5,284,472)</b>	<b>(\$2,878,626)</b>
	<b><i>Cash flows from financing activities</i></b>			
(33,792)	Loan Repayments -Principal		(35,872)	(35,873)
0	Loan Borrowings		0	0
0	Principal Repayments Received		0	10,014
<b>(\$33,792)</b>	<b><i>Net cash flows from financing activities</i></b>		<b>(\$35,872)</b>	<b>(\$25,859)</b>
	<b><i>Cash flows from government</i></b>			
	Receipts from appropriate grants			
1,145,705	Recurrent		913,999	1,456,565
587,522	Capital		2,870,593	2,316,383
<b>1,733,227</b>	<b><i>Net cash Provided By Government</i></b>		<b>3,784,592</b>	<b>3,772,948</b>
<b>(\$198,536)</b>	<b><i>Net (decrease)/increase in cash held</i></b>		<b>(\$1,858,391)</b>	<b>\$1,487,068</b>
<b>3,430,015</b>	<b>Cash at the Beginning of Reporting Period</b>		<b>3,231,474</b>	<b>3,231,474</b>
(5)	<b>Rounding</b>		14	1
<b>3,231,474</b>	<b><i>Cash at the End of Reporting Period</i></b>	<b>9</b>	<b>1,373,097</b>	<b>4,718,543</b>

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

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012**

**Notes**

	<b>2010/2011</b>	<b>2011/2012</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>
	<b>\$</b>	<b>\$</b>
<b>RECONCILIATION OF CASH</b>		
Cash at Bank	3,231,174	4,718,243
Cash on Hand	300	300
<b>TOTAL CASH</b>	<b>3,231,474</b>	<b>4,718,543</b>
<b>RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT</b>		
Operating Result (As per Comprehensive Income Statement)	553,112	3,024,780
Depreciation	1,304,797	1,042,117
Gain on Disposal of Assets	(45,135)	(70,082)
Government Revenue	(1,733,227)	(3,772,948)
Changes in Assets and Liabilities		
Inventory	4,454	(2,929)
Receivable	(420,681)	261,187
Accounts Payable and Accruals	401,290	140,773
Provisions - Employees Entitlements	35,433	(4,294)
Rounding	0	1
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>100,043</b>	<b>618,605</b>

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

**RATE SETTING STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

2010/2011 ACTUAL		NOTES	2011/2012 ADOPTED BUDGET	2011/2012 ACTUAL
\$	<b>REVENUE</b>	2,3,4	\$	\$
1,218,241	General Purpose Funding		1,282,876	1,751,704
52,278	Governance		6,000	1,774
46,971	Law, Order Public Safety		206,188	172,735
0	Health		0	608
0	Education and Welfare		0	5,877
62,235	Housing		77,440	72,882
122,242	Community Amenities		124,970	116,794
214,969	Recreation and Culture		1,960,831	1,375,927
1,192,728	Transport		751,155	2,145,517
197,164	Economic Services		90,000	228,821
56,233	Other Property and Services		52,765	71,966
<b>3,163,061</b>			<b>4,552,225</b>	<b>5,944,603</b>
	<b>LESS EXPENDITURE</b>	2,3,4		
(30,851)	General Purpose Funding		(56,547)	(44,701)
(223,701)	Governance		(258,690)	(219,813)
(71,757)	Law, Order, Public Safety		(204,382)	(168,545)
(70,714)	Health		(114,112)	(77,571)
(44,156)	Education and Welfare		(45,147)	(39,913)
(153,421)	Housing		(217,380)	(194,956)
(432,936)	Community Amenities		(481,253)	(416,145)
(764,902)	Recreation and Culture		(826,857)	(1,026,458)
(2,388,587)	Transport		(1,370,914)	(2,389,150)
(322,801)	Economic Services		(311,431)	(387,871)
(184,780)	Other Property & Services		(276,908)	(143,649)
<b>(\$4,688,606)</b>			<b>(\$4,163,621)</b>	<b>(\$5,108,773)</b>
<b>(\$1,525,545)</b>	<i>Increase(Decrease)</i>		<b>\$388,604</b>	<b>\$835,830</b>
	<b>ADD</b>			
35,433	Movement in Employee Benefits Entitlements		0	(38,118)
0	Movement in Deferred Pensioner Rates and Self		0	(2,397)
9,425	Principal Repayment Received -Loans	7,11	10,014	10,014
45,135	Profit/ Loss on the disposal of assets	6,11	15,350	70,082
1,304,797	Depreciation Written Back	6	963,103	1,042,117
119,684	Book Value of Assets Sold Written Back	6	191,150	37,080
<b>1,514,474</b>			<b>1,179,617</b>	<b>1,118,778</b>
<b>(\$11,071)</b>	<i>Sub Total</i>		<b>1,568,221</b>	<b>1,954,608</b>

**RATE SETTING STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

2010/2011 ACTUAL		NOTES	2011/2012 ADOPTED BUDGET	2011/2012 ACTUAL
	<b>LESS CAPITAL PROGRAMME</b>			
(4,702)	Purchase Tools		0	0
(559,432)	Purchase Land & Buildings	6,26	(1,120,500)	(810,669)
(1,045,238)	Infrastructure Assets - Roads	6,26	(1,557,972)	(1,610,522)
(5,740)	Infrastructure Assets - Recreation Facilities	6,26	(2,103,500)	(266,705)
0	Infrastructure Assets - Other	6,26	(140,000)	(4,229)
(470,560)	Purchase Plant and Equipment	6,26	(488,000)	(284,202)
(77,160)	Purchase Furniture and Equipment	6,26	(81,000)	(9,461)
(33,792)	Repayment of Debt - Loan Principal	7,11	(35,872)	(35,873)
(257,509)	Transfer to Reserves	8,11	(241,293)	(317,613)
<b>(\$2,454,133)</b>			<b>(\$5,768,137)</b>	<b>(\$3,339,274)</b>
	<b>ABNORMAL ITEMS</b>			
0			0	0
0			0	0
(2)	Plus Rounding		1	(11)
<b>(\$2,454,135)</b>			<b>(\$5,768,136)</b>	<b>(\$3,339,285)</b>
<b>(\$2,465,206)</b>	<i>Sub Total</i>		<b>(\$4,199,915)</b>	<b>(\$1,384,677)</b>
	<b>LESS FUNDING FROM</b>			
0	Loans	7,11	0	0
401,417	Reserves	8,11	798,000	699,885
1,318,501	Opening Funds - July 1 B/Fwd	25	1,288,738	1,288,234
(1,288,234)	Closing Funds - June 30 C/Fwd	25	0	(2,722,310)
<b>431,684</b>			<b>2,086,738</b>	<b>(\$734,191)</b>
<b>(\$2,033,522)</b>	<b>AMOUNT TO BE MADE UP FROM RATES</b>		<b>(\$2,113,177)</b>	<b>(\$2,118,868)</b>

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

**STATEMENT OF RATING INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2012**

	CURRENT YEAR ESTIMATED 2011/2012										CURRENT YEAR ACTUAL 2011/2012									
	GENERAL RATE					MINIMUM RATE					GENERAL RATE					MINIMUM RATE				
	No. of Prop.	Rateable value \$	GRV/UV Rate in \$	Rate Yield \$	No.	Rateable value \$	Min. Rate \$	Yield \$	TOTAL \$	No. of Prop.	Rateable value \$	GRV/UV Rate in \$	Rate Yield \$	No.	Rateable value \$	Min. Rate \$	Yield \$	TOTAL \$		
General Rate GRV.	493	3,412,840	0.134099	457,658	166	311,559	645	107,070	564,728	493	3,412,840	0.134099	457,658	166	311,559	645	107,070	564,728		
General Rate UV - Rural	645	251,472,500	0.006718	1,689,392	43	1,833,300	645	27,735	1,717,228	645	251,472,500	0.006718	1,689,493	43	1,833,300	645	27,735	1,717,228		
General Rate UV - Mt Kokeby & Mawson	3	405,000	0.006718	2,721	8	360,500	645	5,160	7,881	3	405,000	0.006718	2,721	8	360,500	645	5,160	7,881		
General Rate UV - Mining	0	0	0.006718	0	11	186,675	645	7,095	7,095	0	0	0.006718	0	11	186,675	645	7,095	7,095		
<b>SUB TOTAL GENERAL RATE</b>	<b>1,141</b>	<b>255,290,340</b>		<b>2,149,771</b>	<b>228</b>	<b>2,692,034</b>		<b>147,060</b>	<b>2,296,932</b>	<b>1,141</b>	<b>255,290,340</b>		<b>2,149,872</b>	<b>228</b>	<b>2,692,034</b>		<b>147,060</b>	<b>2,296,932</b>		
Interim Rates Discount Allowed								(183,755)										(178,064)		
Rounding								0										0		
<b>SUB TOTAL</b>		0		0		0		(183,755)			0		0		0		0	(178,064)		
<b>GRAND TOTAL</b>	<b>1,141</b>	<b>255,290,340</b>		<b>2,149,771</b>	<b>228</b>	<b>2,692,034</b>		<b>147,060</b>	<b>2,113,177</b>	<b>1,141</b>	<b>255,290,340</b>		<b>2,149,872</b>	<b>228</b>	<b>2,692,034</b>		<b>147,060</b>	<b>2,118,868</b>		

NOTE: ( 1 ) THE OBJECT AND REASON FOR GENERAL AND MINIMUM RATE  
( 2 ) RATES LEVIED IF NO MINIMUM RATE OF \$645 PA WAS IMPOSED

Council has imposed a general rate of 0.134099 GRV and 0.006718 UV and a minimum rate of \$645.00 pa, as Council perceives it to be a "reasonable" minimum level of rates which all ratepayers in its district should pay. The minimum rate reflects the basic cost incurred by the Council in servicing each lot or dwelling in its district.

Total GRV & U.V. Applicable to Properties that Minimum rate applies	General Rate in Dollar	Rates Levied on Properties that the Minimum Rate Applies
3,724,399	X	\$ 499,438
254,257,975	X	\$ 1,708,207

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

## 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 the applicable Australian Accounting Standards (as they apply to local governments and not for profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 (as amended), and companying regulations.

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 a fair value through profit and loss and certain classes of non current assets, financial assets and liabilities.

#### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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 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 10 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.

**(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.

Collectability 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

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

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

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

Whilst such treatment is inconsistent with the requirements of AASB1051, Local Government (Financial Management) Regulations prevail.

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

## **(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 .....	30 to 50 Years
Furniture and Equipment .....	4 to 10 Years
Plant and Equipment.....	5 to 15 Years
Sealed Roads and Streets:	
- <i>Clearing and Earthworks</i> .....	<i>Not Depreciated</i>
- <i>Construction/Road Base</i> .....	50 Years
Original Surfacing and Major Resurfacing	
- <i>Bituminous Seals</i> .....	20 Years
- <i>Asphalt Surfaces</i> .....	25 Years
Gravel Roads	
- <i>Clearing and Earthworks</i> .....	<i>Not Depreciated</i>
- <i>Construction Base</i> .....	50 Years
- <i>Gravel Sheet</i> .....	12 Years
Formed Roads (Unsealed)	
- <i>Clearing and Earthworks</i> .....	<i>Not Depreciated</i>
- <i>Construction/Road Base</i> .....	50 Years
Footpaths (Slab) .....	40 Years
Sewerage Piping.....	100 Years
Water Supply Piping and Drainage Systems .....	75 Years

#### Capitalisation Threshold

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

### (i) **Financial Instruments**

#### 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 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.

(v) *Financial Liabilities*

Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

## Derecognition

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

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

### **(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.

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.

### **(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.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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

#### **(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 or recognition.

#### **(m) Employment 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.

#### **(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 Annual Budget 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 21.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

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

**(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 5 (b). 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 of the current reporting period.

**(s) Superannuation**

The Shire of Beverley 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.

**(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.



**(w) Budget Comparative Figures**

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

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

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 2012.

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

Title and Topic		Issued	Applicable (*)	Impact
(i)	AASB9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements, the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii)	AASB2009– 11 Amendments to Australian Accounting Standards arising from AASB9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038, and Interpretations 10 and 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv)	AASB2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, and 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 and 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB2010 – 7 Amendments to Australian Accounting Standards arising from AASB9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12,19 and 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(vii) AASB2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 and 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB101 and 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB1049]	May 2011	01 July 2012	
AASB2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB127,128 and 131]	July 2011	01 July 2013	

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB10 - Consolidated Financial Statements, AASB11 - Joint Arrangements, AASB12 - Disclosure of Interests in Other Entities, AASB127 - Separate Financial Statements, AASB128 - Investments in Associates and Joint Ventures, AASB2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB1, 2, 3, 5, 7, 9, 2009 - 11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 and 1038 and Interpretations 5, 9, 16 and 17]	August 2011	01 January 2013	Nil - None of these, except for AASB128, are expected to have significant application to the operations of the Council. With respect to AASB128, where the Council has an interest in a Joint Venture, the requirements of AASB128 supersede those of the current Joint Venture Standard AASB131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
(ix) AASB13 - Fair Value Measurement, AASB2011 - 8 Amendments to Australian Accounting Standards arising from AASB13 [AASB1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 and 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 and 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.

Title and Topic	Issued	Applicable (*)	Impact
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 and 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 and 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

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

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

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

These new and revised Standards were:

- AASB124
- AASB1054
- AASB2009 - 12
- AASB2009 - 14
- AASB2010 - 4
- AASB2010 - 5
- AASB2010 - 6
- AASB2010 - 9
- AASB2011 - 1

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

## 2. REVENUES AND EXPENSES

The Net Result includes:

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
	<b>Charging as Expenses</b>		
1,304,797	Depreciation on Non-Current Assets	963,105	1,042,117
7,150	Auditors Remuneration	7,500	7,450
19,586	Interest Expenses	16,765	16,889
	<b>Crediting as Revenue</b>		
	Interest on Earnings		
107,509	Reserve Funds	75,000	107,917
56,341	Other Funds	50,000	50,912
22,381	Other Interest Revenue	13,300	23,440
<b>186,231</b>		<b>138,300</b>	<b>182,269</b>
	Profit/(Loss) on Sale of Non-Current Assets		
0	Land	0	0
0	Buildings	0	0
45,135	Plant and Equipment	15,130	70,082
0	Furniture and Equipment	0	0
<b>45,135</b>		<b>15,130</b>	<b>70,082</b>

## 3. DESCRIPTION OF FUNCTIONS / ACTIVITIES

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

### Description of Programs

General Purpose Funding	Rates levied, interest on late payment of rates, general purpose grants, and interest received on investments.
Governance	Member of Council allowances and reimbursements, civic functions, election expenses, and administration expenses.
Law, Order, Public Safety	Supervision of various local laws, fire prevention, animal control.
Health	Environmental health, food control, pest control, immunisation services and maintenance of maternal infant health clinics.
Education and Welfare	Pre schools and other education. Care of families and children.
Housing	Aged persons residence and staff housing.

Community Amenities	Refuse collection services, landfill site operations, protection of the environment. Administration of the Town Planning Scheme and urban stormwater and drainage works.
Recreation and Culture	Maintenance of halls, swimming pool, reserves, libraries and other culture.
Transport	Maintenance of roads, drainage works, footpaths, street lighting, crossovers, verge maintenance and street sweeping.
Economic Services	Weed control, area promotion, implementation of building controls, swimming pool inspections.
Other Property and Services	Private works, public works overheads, plant operations, materials, salaries and wages controls, and other unclassified activities.

#### 4. REVENUES AND EXPENSES BY NATURE AND TYPE

Expenses and revenues classified according to nature and type:

Actual		Adopted Budget	Actual
<u>2010/2011</u>		<u>2011/2012</u>	<u>2011/2012</u>
\$		\$	\$
	<b>Operating Expenses</b>		
(1,595,604)	Employee Costs	(1,643,633)	(1,664,424)
(1,545,330)	Materials and Contracts	(1,161,854)	(2,014,142)
(13,494)	Utility Charges (Gas, Electricity, Water, etc)	(108,817)	(164,072)
(1,304,797)	Depreciation on Non-Current Assets	(963,103)	(1,042,117)
(7,317)	Loss on Asset Disposals	0	(9,352)
(19,586)	Interest Expenses	(16,765)	(16,889)
(116,945)	Insurance Expenses	(142,545)	(123,230)
(92,850)	Other Expenses	(126,903)	(83,900)
<b><u>(4,695,923)</u></b>	<b>Agrees with Comprehensive Income Statement</b>	<b><u>(4,163,620)</u></b>	<b><u>(5,118,126)</u></b>
	<b>Operating Revenues</b>		
2,025,270	Rates	2,113,177	2,131,226
2,000,304	Operating Grants, Subsidies and Contributions	1,116,988	2,988,301
587,522	Non - Operating Grants, Subsidies and Contributions	2,870,593	2,316,383
52,452	Profit on Asset Disposals	15,350	79,434
384,903	Fees and Charges	422,829	390,147
186,232	Interest Earnings	138,300	182,269
12,352	Other Revenue	3,515	55,146
<b><u>5,249,035</u></b>	<b>Agrees with Comprehensive Income Statement</b>	<b><u>6,680,752</u></b>	<b><u>8,142,906</u></b>
<b><u>0</u></b>	Rounding	<b><u>0</u></b>	<b><u>0</u></b>
<b><u>553,112</u></b>	<b>Net Result</b>	<b><u>2,517,132</u></b>	<b><u>3,024,780</u></b>

## 5. CASH AND CASH EQUIVALENTS

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
300	Cash on Hand	300	300
3,231,174	Cash at Bank	-25,467	4,718,243
0	Investments	1,398,264	0
<b>3,231,474</b>	Represented by:-	<b>1,373,097</b>	<b>4,718,543</b>
1,972,521	Restricted	1,398,264	2,870,399
1,258,953	Unrestricted	(25,167)	1,848,144
<b>3,231,474</b>		<b>1,373,097</b>	<b>4,718,543</b>

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
(a) Restricted Funds			
The following restrictions have been imposed by regulations or other externally imposed requirements			
197,888	Plant Reserve	57,487	75,655
95,654	Fire Fighters Reserve	99,397	101,270
0	Long Service Leave and Gratuity Reserve	100,000	100,000
835,218	Building Reserve	217,290	311,576
290,371	Recreation Ground Reserve	301,521	306,511
123,644	Annual Leave Reserve	128,392	130,460
19,207	Avon River Development Reserve	19,945	20,355
25,397	Community Bus Reserve	26,372	28,514
159,350	Cropping Reserve	231,622	277,926
208,242	Road Construction Reserve	216,238	220,432
17,550	Unspent Grants	0	1,297,700
<b>1,972,521</b>		<b>1,398,264</b>	<b>2,870,399</b>

### (b) Conditions over contributions

Contributions and Grants recognised as revenues during the financial year in respect of which expenditure had not been made.

0	-Govt Grant - Special Bridge Funding - Lupton Road	0	2,173
0	-Govt Grant - Special Bridge Funding - Greenhills Road	0	372,000
0	-Govt Grant - Country Local Government Fund Regional	0	905,977
Grants received in a previous financial year which will be expended during the financial year.			
17,550	-Govt Grant - Country Local Government Fund Capital Works Plan	0	17,550
490,796	-Govt Grant - Country Local Government Fund - Independent Living Units (Funds Held in Building Reserve - cash backed)	0	0
<b>508,346</b>		<b>0</b>	<b>1,297,700</b>



## 6. FIXED ASSETS

### (a) Disposal of Assets

In accordance with Financial Management Regulation 36(1)(e), the following information is provided in relation to the disposal of assets by asset class.

	Proceeds Sale of Assets		Written Down Value		Gain(Loss) on Disposal	
	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012
	Adopted Budget	Actual	Adopted Budget	Actual	Adopted Budget	Actual
	\$	\$	\$	\$	\$	\$
Asset by Class						
Plant and Equipment	206,500	107,162	191,150	37,080	15,350	70,082
<b>TOTAL BY CLASS OF ASSET</b>	<b>206,500</b>	<b>107,162</b>	<b>191,150</b>	<b>37,080</b>	<b>15,350</b>	<b>70,082</b>

Asset by Program	Sale of Assets	Down Value	on Disposal
	\$	\$	\$
Governance	27,728	37,080	(9,352)
Law, Order, Public Safety	0	0	0
Health	0	0	0
Education and Welfare	0	0	0
Housing	0	0	0
Community Amenities	0	0	0
Recreation and Culture	0	0	0
Transport	79,434	0	79,434
Economic Services	0	0	0
Other Property and Services	0	0	0
<b>TOTAL BY PROGRAM</b>	<b>107,162</b>	<b>37,080</b>	<b>70,082</b>

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

No borrowing costs were incorporated in the financial statement as assets purchased were funded from general purpose funding.

**(c) Fixed Assets Classified According to Class**

<b>Actual 2010/2011</b>			<b>Actual 2011/2012</b>	
\$	\$		\$	\$
5,370,768		Land and Buildings (at cost)	6,452,371	
<u>(1,417,793)</u>	3,952,975	Less Accumulated Depreciation	<u>(1,544,415)</u>	4,907,956
457,429		Furniture and Equipment (at cost)	462,452	
<u>(366,156)</u>	91,273	Less Accumulated Depreciation	<u>(381,149)</u>	81,303
3,361,946		Plant and Equipment (at cost)	3,436,859	
<u>(1,652,309)</u>	1,709,637	Less Accumulated Depreciation	<u>(1,737,207)</u>	1,699,652
86,289		Hall Equipment (at cost)	86,289	
<u>(52,241)</u>	34,048	Less Accumulated Depreciation	<u>(57,406)</u>	28,883
238,601		Bushfire Unit (at cost)	238,601	
<u>(235,096)</u>	3,505	Less Accumulated Depreciation	<u>(235,883)</u>	2,718
18,824		Library Equipment (at cost)	18,824	
<u>(18,412)</u>	412	Less Accumulated Depreciation	<u>(18,624)</u>	200
90,649		Swimming Pool (at cost)	90,649	
<u>(82,982)</u>	7,667	Less Accumulated Depreciation	<u>(83,754)</u>	6,895
144,940		Other Equipment (at cost)	144,940	
<u>(137,604)</u>	7,336	Less Accumulated Depreciation	<u>(140,966)</u>	3,974
39,838		Dental Equipment (at cost)	39,838	
<u>(38,577)</u>	1,261	Less Accumulated Depreciation	<u>(38,658)</u>	1,180
49,333		Medical Practice (at cost)	53,772	
<u>(19,697)</u>	29,636	Less Accumulated Depreciation	<u>(25,303)</u>	28,469
	<u>5,837,750</u>			<u>6,761,230</u>
		<b>Infrastructure Assets</b>		
		Roads (at valuation)	45,948,494	
		Less Accumulated Depreciation	<u>(10,888,774)</u>	35,059,720
		Other Structures (at cost)	1,449,785	
		Less Accumulated Depreciation	<u>(525,703)</u>	924,082
		Rounding		<u>35,983,802</u>
		<b>TOTAL FIXED ASSETS</b>		
				<u>42,745,032</u>

Assets at cost are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB136 - Impairment of Assets.

During 2009/2010, the Shire engaged Cardno Pty Ltd to conduct a full road inventory and condition rating audit. This audit resulted in the Shire revaluing its road assets to reflect the current replacement valuation, less depreciation based on the current condition.

#### (d) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment, between the beginning and the end of the current Financial Year.

Program	Land and Buildings	Furniture and Equip.	Plant and Equip.	Hall Equip.	Bushfire Unit	Library Equip	Swimming Pool	Other Equipment	Dental Equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Asset Balance at the beginning of the year</b>	5,370,768	457,429	3,361,946	86,289	238,601	18,824	90649	144940	39838
<b>Assets Acquired during the year</b>	1,081,603	5,022	284,202	0	0	0	0	0	0
<b>Assets Disposed during the year</b>	0	0	(209,287)	0	0	0	0	0	0
<b>Revaluation Increments/ (decrements)</b>	0	0	0	0	0	0	0	0	0
<b>Balance at the end of the year</b>	<b>6,452,371</b>	<b>462,451</b>	<b>3,436,861</b>	<b>86,289</b>	<b>238,601</b>	<b>18,824</b>	<b>90,649</b>	<b>144,940</b>	<b>39,838</b>
<b>Depreciation at the beginning of the year</b>	(1,417,793)	(366,156)	(1,652,309)	(52,241)	(235,096)	(18,412)	(82,982)	(137,604)	(38,577)
<b>Depreciation Expense Raised</b>	(126,622)	(14,992)	(257,107)	(5,165)	(787)	(212)	(772)	(3,362)	(81)
<b>Depreciation Expense Written Back on Disposals</b>	0	0	172,207	0	0	0	0	0	0
<b>Revaluation Increments/ (decrements)</b>	0	0	0	0	0	0	0	0	0
<b>Depreciation at the end of Year</b>	<b>(1,544,415)</b>	<b>(381,148)</b>	<b>(1,737,209)</b>	<b>(57,406)</b>	<b>(235,883)</b>	<b>(18,624)</b>	<b>(83,754)</b>	<b>(140,966)</b>	<b>(38,658)</b>
<b>Net Asset Values at the end of the year</b>	<b>4,907,956</b>	<b>81,303</b>	<b>1,699,652</b>	<b>28,883</b>	<b>2,718</b>	<b>200</b>	<b>6,895</b>	<b>3,974</b>	<b>1,180</b>

Program	Medical Practice	Roads	Other infrastruct.	Total
	\$	\$	\$	\$
<b>Asset Balance at the beginning of the year</b>	49,333	44,337,975	1,449,785	55,646,377
<b>Assets Acquired during the year</b>	4,439	1,610,523	0	2,985,789
<b>Assets Disposed during the year</b>	0	0	0	(209,287)
<b>Revaluation Increments/ (decrements)</b>	0	0	0	0
<b>Asset Balance at the end of the year</b>	53,772	45,948,498	1,449,785	58,422,879
<b>Depreciation at the beginning of the year</b>	(19,699)	(10,297,610)	(489,458)	(14,807,937)
<b>Depreciation Expense Raised</b>	(5,604)	(591,168)	(36,245)	(1,042,117)
<b>Depreciation Expense Written Back on Disposals</b>	0	0	0	172,207
<b>Revaluation Increments/ (decrements)</b>	0	0	0	0
<b>Depreciation at the end of Year</b>	(25,303)	(10,888,778)	(525,703)	(15,677,847)
<b>Rounding Net Asset Values at the end of the year</b>	28,469	35,059,720	924,082	42,745,032

## 7. BORROWINGS INFORMATION

### (a) Borrowings

In accordance with Financial Management Regulation 48, the unspent balance of money borrowed in previous years is summarised as follows:

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
0	Loans Unspent	0	0
0	Amount Expended	0	0
<b>Nil</b>	<b>CLOSING BALANCE</b>	<b>Nil</b>	<b>Nil</b>

### (b) Loans Raised in Financial Year

No new loans were raised during the 2011/2012 Financial Year.

### (c) Loan Repayments

Program	Loan No.	Principal 01.07.11	Loans Raised		Interest		Loan Repayment		Principal 30.6.2012
			Budget 2011/12	Actual 2011/12	Budget 2011/12	Actual 2011/12	Budget 2011/12	Actual 2011/12	
		\$	\$	\$	\$	\$	\$	\$	\$
Housing	112	39,114	0	0	2367	2368	4237	4237	34,877
Recreation	115	43,887	0	0	2,338	2,338	11,671	11,671	32,216
Recreation	117	142,631	0	0	8,634	8,634	9,950	10,014	132,617
Economic	116	56,573	0	0	3,246	3,426	10,014	9,951	46,622
		<b>282,205</b>	<b>0</b>	<b>0</b>	<b>16,585</b>	<b>16,766</b>	<b>35,872</b>	<b>35,873</b>	<b>246,332</b>
PLUS Change in Net Accrual					0	123	0	0	
<b>TOTAL</b>		<b>282,205</b>	<b>0</b>	<b>0</b>	<b>16,585</b>	<b>16,889</b>	<b>35,872</b>	<b>35,873</b>	<b>246,332</b>
Loan Repayments to be financed by the Shire					8,131	8,255	25,858	25,859	
Loan Repayments reimbursed from external sources					8,634	8,634	10,014	10,014	
<b>TOTAL</b>					<b>16,765</b>	<b>16,889</b>	<b>35,872</b>	<b>35,873</b>	

## 8. RESERVES

In accordance with Financial Management Regulation 38, the following reserve account information is disclosed:

### (a) Plant Reserve (Cash Backed)

Purpose - Acquisition of Major Plant.

The transactions of the Reserve Fund are summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
295,026	<b>Opening Balance</b>	197,888	197,888
	<b>Plus Transfer from Accumulated Surplus</b>		
14,488	- Interest Received	7,599	10,947
150,000	- Transfer	0	0
	<b>Less Transfer to Accumulated Surplus</b>		
(261,626)	- Plant Purchases	(148,000)	(133,180)
<b>197,888</b>	<b>CLOSING BALANCE</b>	<b>57,487</b>	<b>75,655</b>

### (b) Fire Fighters Reserve (Cash Backed)

Purpose - Acquisition of Major Fire Fighting Equipment.

The transactions of the Reserve Fund are summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
90,944	<b>Opening Balance</b>	95,654	95,654
	<b>Plus Transfer from Accumulated Surplus</b>		
4,710	- Interest Received	3,743	5,616
	<b>Less Transfer to Accumulated Surplus</b>		
<b>95,654</b>	<b>CLOSING BALANCE</b>	<b>99,397</b>	<b>101,270</b>

### (c) Office Equipment (Cash Backed)

Purpose - Purchase and Replacement of Office Equipment.

The transactions of the Reserve Fund are summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
23,678	<b>Opening Balance</b>	0	0
	<b>Plus Transfer from Accumulated Surplus</b>		
1,228	- Interest Received	0	0
	<b>Less Transfer to Accumulated Surplus</b>		
(24,906)	-Purchase Office Equipment	0	0
<b>0</b>	<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>

### (d) Building Reserve (Cash Backed)

Purpose - Fund the Construction of New and Renovation of existing Council Buildings.

The transactions of the Reserve Fund are summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
903,340	<b>Opening Balance</b>	835,218	835,218
	<b>Plus Transfer from Accumulated Surplus</b>		
46,763	- Interest Received	32,072	43,063
(114,885)	<b>Less Transfer to Accumulated Surplus</b>		
	- Independent Living Units	(650,000)	(566,705)
<b>835,218</b>	<b>CLOSING BALANCE</b>	<b>217,290</b>	<b>311,576</b>

### (e) Recreation Ground Reserve (Cash Backed)

Purpose - Fund the Enhancement of Recreation Grounds and Buildings.

The transactions of the Reserve Fund are summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
276,211	<b>Opening Balance</b>	290,371	290,371
	<b>Plus Transfer from Accumulated Surplus</b>		
14,160	- Interest Received	11,150	16,140
<b>290,371</b>	<b>CLOSING BALANCE</b>	<b>301,521</b>	<b>306,511</b>

### (f) Annual Leave Reserve (Cash backed)

Purpose - Fund the Annual Leave Payments.

The transactions of the Reserve Fund are summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
117,661	<b>Opening Balance</b>	123,644	123,644
	<b>Plus Transfer from Accumulated Surplus</b>		
5,983	- Interest Received	4,748	6,816
<b>123,644</b>	<b>CLOSING BALANCE</b>	<b>128,392</b>	<b>130,460</b>

### (g) Avon River Development Reserve (Cash Backed)

Purpose - Fund the Development of Avon River pool and environment.

The transactions of the Reserve Fund are summarised as follows:

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
18,260	Opening Balance	19,207	19,207
	Plus Transfer from Accumulated Surplus		
947	- Interest Received	738	1,147
<u>19,207</u>	Less Transfer to Accumulated Surplus		
	CLOSING BALANCE	<u>19,945</u>	<u>20,354</u>

### (h) Community Bus Reserve (Cash Backed)

Purpose - Fund the Capital Improvements to Community Bus.

The transactions of the Reserve Fund are summarised as follows:

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
24,145	Opening Balance	25,397	25,397
	Plus Transfer from Accumulated Surplus		
1,252	- Interest Received	975	1,486
0	- Other	0	1,632
	Less Transfer to Accumulated Surplus		
<u>25,397</u>	CLOSING BALANCE	<u>26,372</u>	<u>28,515</u>

### (i) Cropping Reserve (Cash Backed)

Purpose - Assist Community Groups with Funding Opportunities.

The transactions of the Reserve Fund are summarised as follows:

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
151,505	Opening Balance	159,350	159,350
	Plus Transfer from Accumulated Surplus		
7,845	- Interest Received	6,049	10,511
0	- Other	66,223	108,064
	Less Transfer to Accumulated Surplus		
<u>159,350</u>	CLOSING BALANCE	<u>231,622</u>	<u>277,925</u>



## (j) Road Construction Reserve (Cash Backed)

Purpose - Fund the Construction of Roads.

The transactions of the Reserve Fund are summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
198,109	<b>Opening Balance</b>	208,242	208,242
	<b>Plus Transfer from Accumulated Surplus</b>		
10,133	- Interest Received	7,996	12,191
	<b>Less Transfer to Accumulated Surplus</b>		
<b>208,242</b>	<b>CLOSING BALANCE</b>	<b>216,238</b>	<b>220,433</b>

## (k) Long Service Leave and Gratuity Reserve (Cash Backed)

Purpose - Fund Long Service Leave and Gratuity Payment Obligations

The transactions of the Reserve Fund are summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
0	<b>Opening Balance</b>	0	0
	<b>Plus Transfer from Accumulated Surplus</b>		
0	- Interest Received	0	0
0	- Other	100,000	100,000
	<b>Less Transfer to Accumulated Surplus</b>		
<b>0</b>	<b>CLOSING BALANCE</b>	<b>100,000</b>	<b>100,000</b>
<b>1,954,971</b>	<b>TOTAL</b>	<b>1,398,264</b>	<b>1,572,699</b>

All of the above reserve accounts are cash backed, and are disclosed as restricted cash assets in Note 5 of the Annual Financial Statements.

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

## (l) Reserves - Asset Revaluation

During the 2009/2010 Financial Year, the Shire engaged Cardno Consultants to conduct a revaluation on the Shire's road assets. This resulted in a revaluation of the assets, and as such, the establishment of this reserve.

The asset revaluation reserve is not cash backed, and future transactions in the reserve will be in accordance with the Shire of Beverley Accounting Policy.

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
	<b>Asset Revaluation Reserve (Roads)</b>		
225,654	Balance brought forward 1st July	3,479,093	3,479,093
3,253,439	Revaluation of Assets during current financial year	0	0
<b>3,479,093</b>	<b>CLOSING BALANCE</b>	<b>3,479,093</b>	<b>3,479,093</b>

## 9. CASH FLOW INFORMATION

Reconciliation of cash flows from operations with change in net equity resulting from operations.

For the purpose of the cash flow statement, cash includes cash on hand, and in, or at call deposits with banks or financial institutions.

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
	<b>Change in net equity from operations</b>		
553,112	Net Result	2,517,132	3,024,780
1,304,797	Depreciation	963,103	1,042,117
(45,135)	(Profit) loss on sale of Fixed Assets	(15,350)	(70,082)
(1,733,227)	Government Revenue	(3,784,592)	(3,772,948)
	<b>Change in Assets and Liabilities</b>		
4,454	(Increase)/Decrease in Inventory	5,000	(2,929)
35,433	Increase/(Decrease) in Employee Provisions	0	(4,294)
401,290	(Increase)/Decrease in Debtors	73,586	261,187
(420,681)	Increase/(Decrease) in Creditors	(81,518)	140,773
1	Rounding	0	1
<b>100,044</b>	<b>Cash flows from Operations</b>	<b>(322,639)</b>	<b>618,605</b>
10,000	Credit Facility	10,000	10,000
(717)	Amount Utilised	0	(4,086)
<b>9,283</b>	<b>Unused Facility available</b>	<b>10,000</b>	<b>5,914</b>
	<b>RECONCILIATION OF CASH</b>		
1,276,503	Cash at Bank - Operating	(25,167)	3,145,844
1,954,971	Restricted Reserves	1,398,264	1,572,699
<b>3,231,474</b>	<b>TOTAL CASH</b>	<b>1,373,097</b>	<b>4,718,543</b>

## 10. TRUST FUND INFORMATION

In accordance with Financial Management Regulation 37, the transactions of the trust fund are summarised as follows:

### Trust Fund For the Period Ended 30 June 2012

PARTICULARS	OPENING	RECEIPTS		PAYMENTS		CLOSING BALANCE	
	BALANCE	ADOPTED	ACTUAL	ADOPTED	ACTUAL	ADOPTED	ACTUAL
		BUDGET		BUDGET		BUDGET	
	1/07/2011	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012	30/06/2012
	\$	\$	\$	\$	\$	\$	\$
<b>DEPOSITS</b>							
Unclaimed Monies	1,149	300	341	0	375	1,449	1,115
Nominations Deposits	0	0	577	0	560	0	17
House Bonds	5,500	500	0	400	0	5,600	5,500
Second House Deposits	4,600	0	0	0	0	4,600	4,600
Retirement Village Bond	2,866	400	777	800	300	2,467	3,343
Subdivision Costs	1,500	0	0	0	0	1,500	1,500
Recreation Cent. Amenities 1	0	0	7,802	0	0	0	7,802
Rates Advance Payments	16,649	15,000	12,298	15,093	13,257	15,000	15,690
Rention Fees -ILU	11,490	0	53,090	0	0	0	64,580
Gym Key Deposit	930	0	360	0	420	840	870
<b>TOTAL</b>	<b>44,684</b>	<b>16,200</b>	<b>75,245</b>	<b>16,293</b>	<b>14,912</b>	<b>31,456</b>	<b>105,017</b>

## 11. COMPARISON WITH RATE SETTING STATEMENT

The following information provides details of all income and expenditure, together with movements to and from reserve accounts which have been included in the rate setting statement, but which have not been included in the comprehensive income statement.

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
	<b>Non Operating Income</b>		
9,425	Principal Repayment	10,014	10,014
0	Proceeds from Disposal of Assets		
164,819	Furniture and Equipment	0	0
401,417	Plant and Equipment	206,500	107,162
0	Transfer from Reserves	798,000	699,885
0	Loan Borrowings	0	0
<b>575,661</b>	<b>TOTAL</b>	<b>1,014,514</b>	<b>817,061</b>
	<b>Non Operating Expenditure</b>		
(559,432)	Purchase Land and Buildings	(1,120,500)	(810,669)
(470,561)	Purchase Plant and Equipment	(488,000)	(284,202)
(77,160)	Purchase Furniture and Equipment	(81,000)	(9,461)
(1,045,238)	Infrastructure Assets-Roads	(1,557,972)	(1,610,522)
(5,740)	Infrastructure Assets-Recreation	(2,103,500)	(266,705)
(4,702)	Purchase Tools	0	0
0	Infrastructure Assets-Other	(140,000)	(4,229)
(33,792)	Repayments of Debt-Principal	(35,872)	(35,873)
(257,509)	Transfer to Reserves	(241,293)	(317,613)
0	Provisions Employee Entitlements Accrued	0	(4,294)
<b>(2,454,134)</b>	<b>TOTAL</b>	<b>(5,768,137)</b>	<b>(3,343,568)</b>

## 12. RATING INFORMATION

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

### (a) General and Minimum Rate

<u>Actual</u> <u>2010/2011</u>		<u>Actual</u> <u>2011/2012</u>
\$		\$
0.128941	- General Rate	0.134099
Rate in \$	(The basis for the rate is Gross Rental Value)	Rate in \$
0.006460	- General Rate Rural	0.006718
Rate in \$	(The basis for the rate is Unimproved Value)	Rate in \$
0.006460	- General Rate Mt Kokeby and Mawson	0.006718
Rate in \$	(The basis for the rate is Unimproved Value)	Rate in \$
0.006460	- General Rate Mining	0.006718
Rate in \$	(The basis for the rate is Unimproved Value)	Rate in \$
\$620.00 pa	- Minimum Rate	\$645.00 pa

#### The Objectives and Reasons for General and Minimum Rate

Council has imposed a general rate of 0.134099 GRV and 0.006718 UV and a minimum rate of \$645.00 per annum, as Council perceives it to be a 'reasonable' minimum level of rates which all ratepayers in its district should pay. The minimum rate reflects the basic cost incurred by the Council in servicing each lot or dwelling in its district.

For additional information on the rates levied, refer to the 'statement of rating information'.

### (b) Specified Area Rates

No specified area rates will be levied during the year 2011/2012.

## 13. SERVICE CHARGES

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

## 14. INFORMATION ABOUT DISCOUNTS, INCENTIVES, CONCESSIONS AND WRITE OFFS

Pursuant to Section 6.12 of the Local Government Act and Financial Management Regulation 42, the Shire of Beverley has granted the following discount for the payment of rates and rubbish charge to apply as follows:

### 1. Discount on Rates and Service Charges

The Council offered a discount in 2010/2011 if rates and charges are paid within 35 days of the date of service (which appears on the rate notice):

General Rates	Discount	For Early Payment of Rates	10%	Value - \$178,064
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### 2. Incentive Scheme (Rates)

The Council did not offer an incentive scheme for the early payment of rates.

## 15. INTEREST CHARGES FOR THE LATE PAYMENT OF RATES CHARGES

1. Pursuant to Section 6.51 of the Local Government Act and Financial Management Regulation 43(a), the Shire of Beverley has imposed the following rate of interest applicable for the late payment of rates and rubbish charge to apply as follows:

(a) Where no election has been made to pay the rate and rubbish charge by instalments due:

(i) after it becomes due and payable;

or

(ii) 35 days after the date of issue of the rate notice;

whichever is the later.

(b) Where an election has been made to pay the rate and rubbish charge by instalments and an instalment remains unpaid after it is due and payable.

The rate of interest to apply is 11% and the revenue derived from the imposition of the interest amounts to \$20,138 for the 2011/2012 Financial Year.

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

- 1st Instalment - Monday, 17 October 2011
- 2nd Instalment - Monday, 19 December 2011
- 3rd Instalment - Monday, 20 February 2012
- 4th Instalment - Monday, 17 April 2012

Charges on instalment plan is \$8.00 administration charges, and rate of interest of 5.5%, the revenue derived from the imposition amounts to \$6,253 for the 2011/2012 Financial Year.

3. No interest is charged under Section 6.13 of the Local Government Act 1995 for the late payment of money other than rates.

## 16. FEES AND CHARGES INFORMATION

### (a) Revenue from Fees and Charges

In accordance with Financial Management Regulation 41, the total revenue from fees and charges for each program is summarised as follows:

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
13,233	General Purpose Funding	13,500	13,348
1,456	Governance	0	830
3,729	Law, Order, Public Safety	2,575	5,951
0	Health	0	608
0	Education and Welfare	0	1,858
61,921	Housing	72,440	67,396
117,145	Community Amenities	121,470	116,278
66,574	Recreation and Culture	70,744	70,590
4,047	Transport	26,000	19,935
89,121	Economic Services	89,000	73,218
27,677	Other Property and Services	27,100	20,135
<b>384,903</b>	<b>TOTAL FEES AND CHARGES</b>	<b>422,829</b>	<b>390,147</b>

### (b) Amended Fees and Charges

Fees and charges amended during the Financial Year are as follows:

- No amendments were made during the 2011/2012 Financial Year.

## 17. INVESTMENTS

Earnings from investments is summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
56,341	General Account	50,000	50,912
107,509	Reserve Funds	75,000	107,917
22,381	Other Interest on Late Payment of Rates	13,300	23,440
<b>186,231</b>	<b>TOTAL</b>	<b>138,300</b>	<b>182,269</b>

## 18. COUNCIL MEMBERS - FEES, EXPENSES AND ALLOWANCES

In accordance with Financial Management Regulation 44 - Fees, Expenses or Allowances Paid to Council Members, is summarised as follows:

<b>Actual</b>		<b>Adopted Budget</b>	<b>Actual</b>
<b>2010/2011</b>		<b>2011/2012</b>	<b>2011/2012</b>
\$		\$	\$
	<b>- Annual Attendance Fee</b>		
24,000	Councillor (8)	24,000	22,500
6,500	President	7,500	7,500
	<b>- Telecommunication, Travel, and Information Technology Allowance</b>		
5,100	- Telecommunication	5,400	5,300
3,400	- Information Technology	3,600	3,533
2,215	- Travel Expenses	3,278	2,620
	<b>- Annual Local Government Allowance</b>		
4,500	- President	4,500	4,500
1,125	- Deputy President	1,125	1,125



## 19. DEPRECIATION OF NON CURRENT ASSETS

The depreciation charge included in the financial statements are summarised as follows:

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
0	General Purpose Funding	0	0
31,478	Governance	31,479	36,375
8,798	Law, Order, Public Safety	8,797	11,674
7,736	Health	7,736	8,360
0	Education and Welfare	0	0
44,825	Housing	44,825	50,988
2,918	Community Amenities	2,918	2,920
47,844	Recreation and Culture	47,843	51,885
887,122	Transport	581,677	591,534
928	Economic Services	928	5,290
273,145	Other Property and Services	236,900	283,091
<b>1,304,794</b>	<b>TOTAL</b>	<b>963,103</b>	<b>1,042,117</b>

## 20. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2011/2012 Financial Year.

## 21. JOINT VENTURE

The Shires of Beverley and Brookton have a joint arrangement in regards to the purchase of Town Planning Services. The Shire of Brookton manages the service, and bills the Shire of Beverley accordingly.

Actual		Adopted Budget	Actual
2010/2011		2011/2012	2011/2012
\$		\$	\$
91,208	Resource Sharing - Town Planning Services	75,000	40,751

## 22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/2012 Financial Year.

## 23. CAPITAL AND LEASING COMMITMENTS

### (a) Leasing commitments during the 2011/2012 Financial Year

Nil.

### (b) Capital commitments during the 2011/2012 Financial Year

Construction of two Independent Living Units on Lot 101 Dawson Street, Beverley - Sims Construction Pty Ltd - \$582,218 (GST exclusive), plus extras \$75,000 (GST exclusive). \$126,375 was spent in 2010//2011, and \$530,903 was spent in 2011/2012. Retention funds amounting to \$64,580 are held in the Trust Fund as at 30 June 2012.

## 24. FINANCIAL INSTRUMENTS

### (a) Interest Rate Risk

The following table details the Shire of Beverley's exposure to interest rate risks as at 30 June 2012.

The financial instruments at balance date:

	Carrying Value 2010/2011	Average Interest %	Variable Interest Rate	Less than 1 year	1 to 5 years	5 to 10 years	Non Interest Bearing	Carrying Value 2011/2012	Fair Value 2011/2012
			\$	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>									
Cash	3,231,474	5	3	4,718,243	0	0	300	4,718,543	4,718,843
Trade Receivables-Current	587,164			0	0	0	287,853	287,853	287,853
	<b>3,818,638</b>			<b>4,718,243</b>	<b>0</b>	<b>0</b>	<b>288,153</b>	<b>5,006,396</b>	<b>5,006,696</b>
<b>Financial Liabilities</b>									
Accounts Payable - Current	592,388			0	0	0	690,658	690,658	690,658
Employee entitlements - Current	272,574			0	0	0	264,284	264,284	264,284
Borrowings	35,873			0	0	0	38,081	38,081	38,081
	<b>900,835</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>993,023</b>	<b>993,023</b>	<b>993,023</b>

Fair Value is determined as follows:

- Cash, receivables and payables - are estimated to be equal to the carrying value which approximates net market value.
- Borrowings - are estimated in terms of future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

### (b) Material Credit Risk

Council does not have any material credit risk exposure to any single debtor under any financial instruments entered into.

### (c) Aggregate Net Fair Values and Carrying Amounts

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the notes to and forming part of the annual financial statements.

#### (d) Investment of Council Funds

The Local Government (Financial Management) Regulation 19C prohibits a local government from:

- Depositing funds with an unauthorised institution (an authorised institution is defined in 3 below).
- Depositing funds for a fixed term of more than 12 months.
- Investing in bonds that are not guaranteed by the Commonwealth Government or a State or Territory Government.
- Investing in bonds with a term to maturity of more than 3 years.
- Investing in a foreign currency.

The Shire of Beverley has adopted a formal investment policy. Staff have been operating under this policy with regards to the risk of Shire funds and have restricted investment of funds to fixed interest term deposits with Australian banks with preference being given to banks with branches located in Beverley. From time to time quotes are sought from banks without a presence in Beverley to ensure that competitive rates are achieved.

#### (e) Credit Risk

The Shire's receivables are classified as rates and annual charges, self supporting loans, goods and services tax and general debtors. Rates and annual charges are charges that are considered as charges against the property, and as such are considered as being secured by the property to which they relate.

The Shire accounts for self supporting loans as part of its current receivables, as and when payments fall due; amounts due in future years are shown as non current. Self supporting loans shown as debtors represent the repayments of a loan that the Shire has drawn on behalf of community groups.

Good and services tax represents monies owed by the Australian Taxation Office to the Shire. The Shire's general debtors include receivables for goods and services provided to members of the community, government departments, and businesses.

The Shire has exposure to credit risk in that debtors may not be able to meet their commitments to repay debts. The Shire reviews its outstanding debts regularly, and commences a variety of recovery techniques in accordance with its debt recovery procedures. The Shire reviews outstanding debts annually, and provides a provision should debts become doubtful.

2010/2011			2011/2012	
Current	Non Current		Current	Non Current
\$	\$		\$	\$
		Financial Assets		
141,622	49,942	Rates and Annual Charges	186,473	56,202
10,014	132,616	Self Supporting Loans	10,640	121,976
48,945	0	Goods and Services Tax	0	0
396,597	0	General Debtors	90,740	0
<b>597,178</b>	<b>182,558</b>		<b>287,853</b>	<b>178,178</b>

**(f) Market Risk**

The Shire invests funds that are not required immediately in financial instruments such as term deposits. The Shire may be subject to interest rate risk in that future cash flows may fluctuate because of changes in market interest rate.

<u>Actual</u> <u>2010/2011</u>		<u>Actual</u> <u>2011/2012</u>
\$		\$
28,847	Impact of 1% Movement in Interest Rates on Investment Earnings (+/-)	32,414

**(g) Liquidity Risk**

The maturity analysis for the Shire's financial liabilities is detailed as follows:

	<u>2010/2011</u>	<u>1 year</u>	<u>years</u>	<u>5 years</u>	<u>2011/2012</u>
	\$	\$	\$	\$	\$
<b>Financial Liabilities</b>					
Accounts Payable - Current	592,388	690,658	0	0	690,658
Interest Bearing Liabilities	282,205	38,081	147,131	61,120	246,332
	<b>874,593</b>	<b>728,739</b>	<b>147,131</b>	<b>61,120</b>	<b>936,990</b>

## 25. POSITION AT COMMENCEMENT OF FINANCIAL YEAR

### (a) Determination of Opening Funds

ACTUAL 30.06.2011		Budget 2011/12	ACTUAL 30.06.2012
\$		\$	\$
	<b>Current Assets</b>		
3,231,174	Cash at Bank	1,372,797	4,718,243
300	Cash Advances	300	300
593,941	Receivables	460,000	287,853
10,167	Stock on Hand	15,167	13,096
<b>3,835,582</b>		<b>1,848,264</b>	<b>5,019,492</b>
	<b>Less Current Liabilities</b>		
(592,388)	Accounts Payable	(450,000)	(690,658)
0	Interest Bearing Loans and Borrowings	0	(38,081)
0	Provision for Annual and Long Service Leave	0	(264,284)
(592,388)		(450,000)	(993,023)
<b>3,243,194</b>	<b>SURPLUS OF CURRENT ASSETS OVER CURRENT LIABILITIES</b>	<b>1,398,264</b>	<b>4,026,469</b>
	<b>ADJUSTMENTS</b>		
(1,954,971)	Less Cash Backed Reserves	(1,398,264)	(1,572,699)
0	Plus Interest Bearing Loans and Borrowings	0	38,081
0	Plus Annual Leave Cash Backed Reserve	0	130,460
0	Plus Long Service Leave and Gratuity Cash Backed Reserve	0	100,000
11	Rounding		-1
<b>1,288,234</b>	<b>OPENING/CLOSING FUNDS</b>	<b>0</b>	<b>2,722,310</b>

### (b) Statement of Reconciliation of Net Current Assets Brought Forward

In accordance with Financial Management Regulation 36(1)(b), the following reconciliation is provided between the Net Current Asset detailed in the 2011/2012 Annual Budget.

Net Current Asset detailed in the 2011/2012 Annual Budget	<u><b>1,288,738</b></u>
Net Current Assets Brought Forward as at 1st July 2011.	<u><b>1,288,234</b></u>

## 26. CAPITAL EXPENDITURE BY PROGRAM

Actual capital expenditure incurred by program is summarised as follows:

Program	2010/2011	Furniture and Equipment	Land and Buildings	Plant and Equipment	Infrastructure			2011/2012
					Roads	Recreation Facilities	Other	
	\$	\$	\$	\$	\$	\$	\$	\$
Governance	76,104	5,022		44,460				49,482
Law, Order, Public Safety	16,118		46,794					46,794
Health	13,910	4,439						4,439
Education and Welfare	0							0
Housing	167,074		591,455					591,455
Community Amenities	159,581							0
Recreation and Culture	100,319					266,705		266,705
Transport	1,544,379			239,742	1,610,522		4,229	1,854,493
Economic Services	85,347		172,419					172,419
Other Property & Services	0							0
<b>TOTAL</b>	<b>2,162,832</b>	<b>9,461</b>	<b>810,668</b>	<b>284,202</b>	<b>1,610,522</b>	<b>266,705</b>	<b>4,229</b>	<b>2,985,787</b>

## 27. FINANCIAL INFORMATION BY RATIO

In accordance with Financial Management Regulation 50, the following financial information by ratio is provided.

2009/2010	2010/2011		2011/2012
3.464	2.072	(a) <b>Current Ratio</b> <u>(Current Assets Minus Restricted Assets)</u> (Current Liabilities-Liabilities Associated with Restricted Assets)	2.818
0.018	0.026	(b) <b>Debt Ratio</b> <u>Total Liabilities</u> Total Assets	0.026
0.014	0.011	(c) <b>Debt Service Ratio</b> <u>Debt Service Cost</u> Available Operating Revenue	0.009
0.398	0.393	(d) <b>Rate Coverage Ratio</b> <u>Net Rate Revenue</u> Operating Revenue	0.266
0.092	0.090	(e) <b>Outstanding Rates Ratio</b> <u>Rates Outstanding</u> Rates Collectable	0.103
0.119	0.080	(f) <b>Gross Debt to Revenue Ratio</b> <u>Gross Debt</u> Total Revenue	0.056
7.334	2.190	(g) <b>Untied Cash to Trade Creditors Ratio</b> <u>Untied Cash</u> Unpaid Trade Creditors	2.886
0.083	0.070	(h) <b>Gross Debt to Economically Realisable Assets Ratio</b> <u>Gross Debt</u> Economically Realisable Assets	0.047

## Definitions

- **"available operating revenue"** means the operating revenue:
  - (a) plus any contributions towards the repayment of money borrowed which have not been included in the operating revenue; and
  - (b) minus specific purpose grants, contributions, and donations of a capital nature.
- **"current assets"** means the total current assets as shown in the statement of financial position.
- **"debt service cost"** means all principal and interest expenses for borrowings under Section 6.20 of the Local Government Act 1995.
- **"economically realisable assets"** means total assets other than infrastructure assets.
- **"gross debt"** includes all borrowings under Section 6.20 of the Local Government Act 1995 and all utilised bank overdrafts.
- **"infrastructure assets"** means all tangible assets of economic value that are not economically realisable, and includes roads, bridges, drains and recreational facilities.
- **"net rate revenue"** means the revenue from all rates and money paid in lieu of rates on non rateable land:
  - (a) plus interest for late payment and interest and additional charges on instalments; and
  - (b) minus discounts and concessions granted, and money written off.
- **"rates collectable"** means the amount of:
  - (a) all rates, interim rates, back rates, interim minimum payments, back minimum payments; and
  - (b) interest and additional charges payable on rates and payments referred to in paragraphs (a) and (b); and
  - (c) arrears brought forward from a previous financial year of the amounts referred to in paragraphs (a) and (b).
- **"rates outstanding"** means unpaid rates collectable:
- **"restricted assets"** has the same meaning as in Australian Accounting Standard 27 (AAS27).
- **"total assets"** means all current and non current assets as shown in the statement of financial position.
- **"total liabilities"** means all current and non current liabilities as shown in the statement of financial position.
- **"total revenue"** means the total operating revenue excluding all specific purpose grants.

## 28. TRADE AND OTHER RECEIVABLES

Receivables due to the Shire include the following:

<u>ACTUAL</u> <u>2010/2011</u>		<u>ACTUAL</u> <u>2011/2012</u>
\$		\$
	<b>Current</b>	
141,622	Rates	186,473
451,803	Sundry Debtors	145,946
(55,206)	Less Provision for Doubtful Debts	(55,206)
10,014	Loan Receivable	10,640
48,945	Goods and Services Tax	0
<b>597,178</b>		<b>287,853</b>
	<b>Non Current</b>	
49,942	Rates Outstanding-Pensioner Deferred	56,202
132,616	Long Term Loans-Clubs/Institutions	121,976
<b>182,558</b>		<b>178,178</b>

Deferred pensioners rates represent amounts owing by pensioners who have chosen to defer the payment of their rates in accordance with the Rates and Charges (Rebates and Deferments) Act 1992.

## 29. INVENTORIES

All inventories at balance date have been valued at cost.

<u>ACTUAL</u> <u>2010/2011</u>		<u>ACTUAL</u> <u>2011/2012</u>
\$		\$
<b>10,167</b>	Comprises of Fuels and Consumables	<b>13,096</b>

## 30. TRADE AND OTHER PAYABLES

<u>ACTUAL</u> <u>2010/2011</u>		<u>ACTUAL</u> <u>2011/2012</u>
\$		\$
574,870	Trade Creditors and Accruals	640,434
0	Goods and Services Tax	28618
17,518	PAYG Withholding	21,606
<b>592,388</b>	<b>Total</b>	<b>690,658</b>



### 31. LONG TERM BORROWINGS

<u>ACTUAL</u> <u>2010/2011</u>		<u>ACTUAL</u> <u>2011/2012</u>
<u>\$</u>		<u>\$</u>
<u>35,873</u>	Current - secured by a floating charge debenture	<u>38,081</u>
<u>ACTUAL</u> <u>2010/2011</u>		<u>ACTUAL</u> <u>2011/2012</u>
<u>\$</u>		<u>\$</u>
<u>246,332</u>	Non - Current - secured by a floating charge debenture	<u>208,251</u>

### 32. PROVISIONS

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

<u>ACTUAL</u> <u>2010/2011</u>		<u>ACTUAL</u> <u>2011/2012</u>
<u>\$</u>		<u>\$</u>
	<b>Current</b>	
145,145	Provision for Annual Leave	145,432
127,429	Provision for Long Service Leave	118,852
<u>272,574</u>		<u>264,284</u>
	<b>Non - Current</b>	
26,502	Provision for Long Service Leave	30,498
<u>26,502</u>		<u>30,498</u>

### 33. EMPLOYEE NUMBERS AND REMUNERATION

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

<u>2010/2011</u>		<u>2011/2012</u>
1	<b>Annual Salary Range</b> \$100,000 or more per annum	1
26	<b>Total Number of Employees</b> The number of full time equivalent employees at 30 June	24

### 34. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Governments. The total of grant revenue from government sources is as follows:

<u>ACTUAL</u> <u>2010/2011</u>		<u>ACTUAL</u> <u>2011/2012</u>
\$		\$
	<b>By Nature and Type:</b>	
1,145,705	Operating Grants	1,456,565
<u>587,522</u>	Non-Operating Grants	<u>2,316,383</u>
<u><b>1,733,227</b></u>	<b>Total</b>	<u><b>3,772,948</b></u>
	<b>By Program:</b>	
2,386	Governance	0
1,026,867	General Purpose Funding	802,711
31,011	Law, Order, Public Safety	96,576
0	Health	0
0	Education and Welfare	0
0	Housing	0
0	Community Amenities	0
133,388	Recreation and Culture	905,977
539,575	Transport	1,967,684
0	Economic Services	0
0	Other Property and Services	0
<u><b>1,733,227</b></u>	<b>Total</b>	<u><b>3,772,948</b></u>

### 35. CONTINGENT LIABILITIES

Council does not have any known contingent liabilities as at 30 June 2012.

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## 36. INDEPENDENT AUDIT REPORT

### SHIRE OF BEVERLEY

#### INDEPENDENT AUDIT REPORT

#### TO THE ELECTORS OF THE SHIRE OF BEVERLEY

I have audited the accompanying financial report of the **Shire of BEVERLEY** which comprises the balance sheet, income statements, cash flow statement, rate setting statement and supporting notes for the year ended **30 June 2012**.

#### **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, the Local Government Act 1995 (as amended) (**the Act**) and the Local Government (Financial Management) Regulations 1996 (as amended) (**the Regulations**). 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**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 evidence about amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council and the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Independence**

In conducting my audit I have complied with the independence requirements of Australian professional ethical pronouncements.

#### **Auditor's Opinion**

In my opinion the financial report of the **Shire of BEVERLEY** is in accordance with the Act and the Regulations including giving a true and fair view of the shire's financial position as at **30 June 2012** and the results of its operations for the year ended on that date and complying with Australian Accounting Standards.

#### **Other Matters**

In accordance with the Regulations I report that in my opinion,

- (a) There were no matters that indicated a significant adverse trend in the financial position or the financial management practices of the shire,
- (b) There were no material matters noted by me indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls in any other written law,
- (c) All necessary information and explanations were obtained by me and
- (d) All audit procedures were satisfactorily completed in conducting my audit.



**Gregory Froemes Wyllie CPA**  
Perth, Western Australia  
22 October 2012

## Notes



## Notes

## Notes





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