



# SHIRE OF JERRAMUNGUP

## FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

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**SHIRE OF JERRAMUNGUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Jerramungup being the annual financial report and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Jerramungup at 30th June 2011 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 7th day of December 2011



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Bill Parker  
Chief Executive Officer

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
<b>REVENUE</b>				
Rates	22	2,351,506	2,344,856	2,237,309
Operating Grants, Subsidies and Contributions	28	1,314,829	859,856	1,335,181
Fees and Charges	27	599,918	503,152	466,935
Service Charges	24	0	0	0
Interest Earnings	2(a)	150,065	112,130	110,934
Other Revenue		447,418	547,123	573,099
		<u>4,863,736</u>	<u>4,367,117</u>	<u>4,723,458</u>
<b>EXPENSES</b>				
Employee Costs		(1,576,487)	(1,717,604)	(1,415,212)
Materials and Contracts		(2,148,277)	(2,053,365)	(1,859,130)
Utility Charges		(135,028)	(116,397)	(146,390)
Depreciation on Non-Current Assets	2(a)	(1,292,793)	(1,254,019)	(1,248,282)
Interest Expenses	2(a)	(35,287)	(56,647)	(35,865)
Insurance Expenses		(227,724)	(222,588)	(165,207)
Other Expenditure		(117,665)	(204,894)	(392,360)
		<u>(5,533,261)</u>	<u>(5,625,514)</u>	<u>(5,262,446)</u>
		(669,525)	(1,258,397)	(538,988)
Non-Operating Grants, Subsidies and Contributions	28	2,725,811	4,117,758	709,733
Fair value adjustments to financial assets at fair value through profit or loss	2(a)			
Profit on Asset Disposals	20	45,616	174,350	148,756
Loss on Asset Disposal	20	(87,761)	(89,661)	(117,869)
		<u>2,014,141</u>	<u>2,944,050</u>	<u>201,632</u>
<b>NET RESULT</b>				
		<b>2,014,141</b>	<b>2,944,050</b>	<b>201,632</b>
<b>Other Comprehensive Income</b>				
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>2,014,141</u></u>	<u><u>2,944,050</u></u>	<u><u>201,632</u></u>

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

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
<b>REVENUE</b>				
Governance		25,896	20,359	116,045
General Purpose Funding		2,935,384	2,779,068	2,738,786
Law, Order, Public Safety		279,650	48,850	49,229
Health		10,063	4,051	123,747
Education and Welfare		47,203	41,594	39,806
Housing		73,140	226,750	245,678
Community Amenities		255,328	211,111	244,062
Recreation and Culture		472,958	320,527	51,939
Transport		2,878,138	4,397,338	1,330,156
Economic Services		32,690	25,452	28,603
Other Property and Services		624,715	584,125	613,895
		<u>7,635,165</u>	<u>8,659,225</u>	<u>5,581,946</u>
<b>EXPENSES EXCLUDING FINANCE COSTS</b>				
Governance		(758,390)	(806,133)	(784,733)
General Purpose Funding		(76,366)	(85,640)	(96,333)
Law, Order, Public Safety		(221,858)	(161,448)	(237,989)
Health		(108,276)	(116,998)	(145,353)
Education and Welfare		(84,924)	(111,554)	(61,172)
Housing		(60,833)	(53,790)	(49,807)
Community Amenities		(875,155)	(735,286)	(628,008)
Recreation & Culture		(755,066)	(823,614)	(694,515)
Transport		(2,124,356)	(2,274,171)	(2,131,802)
Economic Services		(159,705)	(130,388)	(140,690)
Other Property and Services		(360,808)	(359,506)	(374,047)
		<u>(5,585,737)</u>	<u>(5,658,528)</u>	<u>(5,344,449)</u>
<b>FINANCE COSTS</b>				
Health		-	-	-
Housing		(29,872)	(51,167)	(28,441)
Community Amenities		(3,030)	(3,031)	(3,611)
Recreation and Culture		-	-	(81)
Transport		(2,385)	(2,449)	(3,732)
	2 (a)	(35,287)	(56,647)	(35,865)
<b>NET RESULT</b>		<u>2,014,141</u>	<u>2,944,050</u>	<u>201,632</u>
<b>Other Comprehensive Income</b>				
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>2,014,141</u></u>	<u><u>2,944,050</u></u>	<u><u>201,632</u></u>

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

**SHIRE OF JERRAMUNGUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	2,238,479	2,154,844
Trade and Other Receivables	4	199,014	138,430
Inventories	5	38,916	57,234
<b>TOTAL CURRENT ASSETS</b>		<u>2,476,409</u>	<u>2,350,508</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	706	607
Inventories	5	0	0
Property, Plant and Equipment	6	10,069,593	9,343,357
Infrastructure	7	89,044,477	87,721,404
<b>TOTAL NON-CURRENT ASSETS</b>		<u>99,114,776</u>	<u>97,065,368</u>
<b>TOTAL ASSETS</b>		<u>101,591,185</u>	<u>99,415,876</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	490,075	318,267
Long Term Borrowings	9	67,682	63,692
Provisions	10	237,551	201,550
<b>TOTAL CURRENT LIABILITIES</b>		<u>795,308</u>	<u>583,509</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	452,225	519,907
Provisions	10	40,549	23,500
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>492,774</u>	<u>543,407</u>
<b>TOTAL LIABILITIES</b>		<u>1,288,082</u>	<u>1,126,916</u>
<b>NET ASSETS</b>		<u>100,303,103</u>	<u>98,288,960</u>
<b>EQUITY</b>			
Retained Surplus		44,031,544	41,762,887
Reserves - Cash Backed	11	1,061,716	1,316,232
Reserves - Asset Revaluation	12	55,209,841	55,209,841
<b>TOTAL EQUITY</b>		<u>100,303,101</u>	<u>98,288,960</u>

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

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009		40,994,825	1,882,662	55,209,841	98,087,328
Net Result		201,632	0	0	201,632
Total Other Comprehensive Income					0
Reserve Transfers		566,430	(566,430)	0	0
<b>Balance as at 30 June 2010</b>		<b>41,762,887</b>	<b>1,316,232</b>	<b>55,209,841</b>	<b>98,288,960</b>
Net Result		2,014,141	0	0	2,014,141
Total Other Comprehensive Income					0
Reserve Transfers		254,516	(254,516)	0	0
<b>Balance as at 30 June 2011</b>		<b>44,031,544</b>	<b>1,061,716</b>	<b>55,209,841</b>	<b>100,303,101</b>

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

**SHIRE OF JERRAMUNGUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		2,350,632	2,380,699	2,215,060
Operating Grants, Subsidies and Contributions		1,314,829	859,856	1,335,181
Fees and Charges		540,142	538,995	466,935
Service Charges		0	0	
Interest Earnings		149,724	112,130	105,422
Goods and Services Tax		308	50,000	19,939
Other Revenue		447,418	547,123	972,701
		<u>4,803,053</u>	<u>4,488,803</u>	<u>5,115,238</u>
<b>Payments</b>				
Employee Costs		(1,529,097)	(1,717,604)	(1,366,579)
Materials and Contracts		(1,935,923)	(2,050,091)	(1,807,759)
Utility Charges		(135,028)	(116,397)	(146,390)
Insurance Expenses		(227,724)	(222,588)	(165,207)
Interest expenses		(56,663)	(56,647)	(7,880)
Goods and Services Tax		4,808	(50,000)	(65,495)
Other Expenditure		(117,665)	(204,894)	(392,360)
		<u>(3,997,292)</u>	<u>(4,418,221)</u>	<u>(3,951,670)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>805,761</u>	<u>70,582</u>	<u>1,163,568</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale				
Payments for Purchase of Property, Plant & Equipment		(1,434,853)	(478,367)	(2,068,548)
Payments for Construction of Infrastructure		(2,146,242)	(4,506,279)	(1,075,265)
Advances to Community Groups				
Payments for Purchase of Investments				
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,725,811	4,117,758	709,733
Proceeds from Sale of Plant & Equipment		196,850	538,770	401,491
Proceeds from Advances				
Proceeds from Sale of Investments				
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(658,434)</u>	<u>(328,118)</u>	<u>(2,032,589)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(63,692)	(63,693)	(44,496)
Repayment of Finance Leases				
Proceeds from Self Supporting Loans				
Proceeds from New Debentures		0	0	480,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(63,692)</u>	<u>(63,693)</u>	<u>435,504</u>
<b>Net Increase (Decrease) in Cash Held</b>		83,635	(321,229)	(433,517)
Cash at Beginning of Year		2,154,844	2,152,936	2,588,361
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>2,238,479</u></u>	<u><u>1,831,707</u></u>	<u><u>2,154,844</u></u>

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

**SHIRE OF JERRAMUNGUP  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$
<b>REVENUE</b>			
Governance		25,896	20,359
General Purpose Funding		583,878	434,212
Law, Order, Public Safety		279,650	48,850
Health		10,063	4,051
Education and Welfare		47,203	41,594
Housing		73,140	226,750
Community Amenities		255,328	211,111
Recreation and Culture		472,958	320,527
Transport		2,878,138	4,397,338
Economic Services		32,690	25,452
Other Property and Services		624,715	584,125
		<u>5,283,659</u>	<u>6,314,369</u>
<b>EXPENSES</b>			
Governance		(76,366)	(806,133)
General Purpose Funding		(758,390)	(85,640)
Law, Order, Public Safety		(221,858)	(161,448)
Health		(108,276)	(116,998)
Education and Welfare		(84,924)	(111,554)
Housing		(90,705)	(104,957)
Community Amenities		(878,185)	(738,317)
Recreation & Culture		(755,066)	(823,614)
Transport		(2,126,741)	(2,276,620)
Economic Services		(159,705)	(130,388)
Other Property and Services		(360,808)	(359,506)
		<u>(5,621,024)</u>	<u>(5,715,175)</u>
<b>Net Operating Result Excluding Rates</b>		(337,365)	599,194
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		42,145	(84,689)
Movement in Accrued Interest		(21,376)	0
Movement in Deferred Pensioner Rates (Non-Current)		(99)	0
Movement in Accrued Salaries and Wages		(338)	0
Movement in Employee Benefit Provisions		53,050	0
Depreciation and Amortisation on Assets		1,292,793	1,254,019
<b>Capital Expenditure and Revenue</b>			
Purchase Land Held for Resale		0	0
Purchase Land and Buildings		(713,826)	0
Purchase Infrastructure Assets - Roads		(2,146,242)	(4,216,279)
Purchase Infrastructure Assets - Parks			(290,000)
Purchase Plant and Equipment		(703,447)	(465,367)
Purchase Furniture and Equipment		(17,580)	(13,000)
Purchase of Investments		0	0
Proceeds from Disposal of Investments		0	0
Proceeds from Disposal of Assets		196,850	538,770
Repayment of Debentures		(63,693)	(63,693)
Proceeds from New Debentures		0	0
Self-Supporting Loan Principal Income		0	0
Transfers to Reserves (Restricted Assets)		(205,834)	(576,518)
Transfers from Reserves (Restricted Assets)		460,348	186,042
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		745,002	786,665
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		931,895	0
<b>Amount Required to be Raised from Rates</b>	22	<u>(2,351,507)</u>	<u>(2,344,856)</u>

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



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

**Critical Accounting Estimates**

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

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

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

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

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

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

**(c) Goods and Services Tax**

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

**(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional 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**

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

***Initial Recognition***

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

***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 the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(g) Fixed Assets (Continued)**

***Land under Roads***

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

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

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

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

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

***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.

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

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

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

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(g) Fixed Assets (Continued)**

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

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

Gains and losses on disposals are determined by comparing proceeds with with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

***Capitalisation Threshold***

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

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount
- (b) less any reduction for impairment.

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

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

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

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

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

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

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the 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.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

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

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

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

***(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 the statement of comprehensive income.

**(i) 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 reporting date.

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

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(j) Impairment**

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

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

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

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.

**(k) Trade and Other Payables**

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

**(l) Employee Benefits**

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

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

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to reporting 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 the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(m) Borrowing Costs**

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(n) Provisions**

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

**(o) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present

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

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

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

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

**(p) Joint Venture**

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

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

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

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



**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(r) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees.

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

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

**(v) Budget Comparative Figures**

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(w) 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 2011.

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i) AASB 9 – 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 AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 1053 - 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.
(iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009— 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 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, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 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.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2010	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	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.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	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 2009- 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

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

These new and revised standards were:

AASB 2009 - 5  
AASB 2009 - 8  
AASB 2009 - 10  
AASB 2009 - 13  
AASB 2010 - 1  
AASB 2010 - 3

Interpretation 19

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**2. REVENUE AND EXPENSES**

**2011**  
\$

**2010**  
\$

**(a) Net Result**

The Net Result includes:

(i) Charging as an Expense:

**Significant Expense**

General Purpose Funding

nil                      nil

**Amortisation**

Capitalised Leased Assets

0                      0

**Auditors Remuneration**

- Audit

7,140                      8,592

- Other Services

0                      0

**Depreciation**

Buildings

191,959                      181,571

Furniture and Equipment

24,409                      25,919

Plant and Equipment

253,255                      229,366

Roads

799,020                      787,164

Dual Use Paths

3,148                      3,047

Parks and Ovals

1,422                      1,136

Drainage

5,695                      5,696

Sewerage

7,164                      7,164

Other Reserves

6,721                      7,219

1,292,793                      1,248,282

**Interest Expenses (Finance Costs)**

Finance Lease Charges

0                      0

Debentures (*refer Note 21(a)*)

35,287                      35,865

35,287                      35,865

**Rental Charges**

- Operating Leases

0                      0

(ii) Crediting as Revenue:

**2011**  
\$

**2011**  
**Budget**  
\$

**2010**  
\$

**Interest Earnings**

Investments

- Reserve Funds

70,172                      55,000                      56,601

- Other Funds

58,137                      43,000                      36,821

Other Interest Revenue (*refer note 26*)

21,756                      14,130                      17,512

150,065                      112,130                      110,934

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(b) Statement of Objective**

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

**GOVERNANCE**

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

Activities: Administration and operation of facilities and services to members of Council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

**GENERAL PURPOSE FUNDING**

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose government grants & interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Objective: To provide services to help ensure a safer community.

Activities: Supervision of various by-laws, fire prevention, emergency services & animal control.

**HEALTH**

Objective: To provide an operational framework for good community health.

Activities: Food quality and pest control, maintenance and contributions to health services and facilities.

**EDUCATION AND WELFARE**

Objective: To meet the needs of the community in these areas.

Activities: Operation and provision of retirement units in Jerramungup and Bremer Bay, assistance to Southern AgCare services, pre-school facility, childcare centre and local primary and high schools and other voluntary services.

**HOUSING**

Objective: Help ensure adequate housing.

Activities: Maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

Objective: Provide services required by the community.

Activities: Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, control and maintenance of coastal reserves and other community/environmental services.

**RECREATION AND CULTURE**

Objective: To establish and manage efficiently infrastructure and resources which will help the social and well being of the community.

Activities: Maintenance of halls, sporting complexes, resource centres, Bremer Bay Youth Camp, various parks and associated facilities, provision of library services in Jerramungup & Bremer Bay, maintenance and upgrade of television services.

**TRANSPORT**

Objective: To provide effective and efficient transport services to the community.

Activities: Construction and maintenance of streets, roads, bridges, cleaning, and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrips maintenance.



**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

**ECONOMIC SERVICES**

Objective: To help promote the shire and improve its economic wellbeing.

Activities: The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control, and water supply including stand pipes.

**OTHER PROPERTY & SERVICES**

Activities: Private works operations, plant repairs, and operations costs. Also provides for Dept Transport Licensing.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

(c) Conditions Over Grants/Contributions	Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
DOT Bremer Bay Boat Facility *		Community Amenities	3,286	0	(3,286)	0			0
Department of Water *		Community Amenities	13,650	0	(13,650)	0			0
Crime Prevention Grant *		Law Order Public Safety	40,000	0	(40,000)	0			0
Main Roads Flood Damage *		Transport	76,552	0	(76,552)	0			0
Subdivision Contributions +		Economic Services	28,030	0	(13,250)	14,780	0	0	14,780
Royalties for Regions - Asset Management +		Governance	0	35,000	-	35,000	0	(35,000)	0
GSDC - Waste Management +		Community Amenities	0	40,000	-	40,000	0	(40,000)	0
RLCIP - Roe Park Landscaping +		Recreation	0	30,000	-	30,000	0	(30,000)	0
Department of Agriculture - Community Event +		Recreation	0	0	-	0	20,000	-	20,000
Main Roads - Swamp Road Upgrade +		Transport	0	0	-	0	837,312	(238,141)	599,171
<b>Total</b>			<b>161,518</b>	<b>105,000</b>	<b>(146,738)</b>	<b>119,780</b>	<b>857,312</b>	<b>(343,141)</b>	<b>633,951</b>

**Notes:**

(\*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	527,965	718,834
Restricted	1,710,514	1,436,010
	<u>2,238,479</u>	<u>2,154,844</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	30,321	28,803
Plant Reserve	98,902	129,869
Building Reserve	170,206	161,695
Bremer Bay Youth Camp Reserve	42,348	40,227
Community Recreation Reserve	33,930	79,727
Jerramungup Entertainment Centre Reserve	46,204	43,890
Effluent Reserve	298,169	288,483
Jerramungup Retirement Units Reserve	94,428	89,699
Point Henry Fire Levy Reserve	39,835	36,621
Bremer Bay Boat Ramp Reserve	92,623	87,984
Bremer Bay Caravan Park Reserve	0	0
Bremer Bay Retirement Units Reserve	96,782	91,935
Capital Works Reserve	11,375	231,035
Swimming Pool Reserve	6,593	6,262
Unspent Grants	633,951	119,780
Unspent Loans	0	0
Committed Cash - Subdivision Contribution	14,847	
	<u>1,710,514</u>	<u>1,436,010</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	54,892	54,117
Sundry Debtors	71,260	11,484
GST Receivable	65,116	65,424
Accrued Income	7,746	7,405
	<u>199,014</u>	<u>138,430</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	706	607
Loans - Clubs/Institutions	0	0
	<u>706</u>	<u>607</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	38,916	57,234
History Books	0	0
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	0	0
	<u>38,916</u>	<u>57,234</u>
<b>Non-Current</b>		
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	0	0
	<u>0</u>	<u>0</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	10,835,285	10,121,459
Less Accumulated Depreciation	<u>(2,575,993)</u>	<u>(2,384,034)</u>
	8,259,292	7,737,425
Furniture and Equipment - Cost	453,095	435,515
Less Accumulated Depreciation	<u>(412,740)</u>	<u>(388,331)</u>
	40,355	47,184
Plant and Equipment - Cost	3,843,330	3,596,448
Less Accumulated Depreciation	<u>(2,073,384)</u>	<u>(2,037,700)</u>
	1,769,946	1,558,748
Plant and Equipment Under Lease	0	0
Less Accumulated Amortisation	<u>0</u>	<u>0</u>
	0	0
	<u>10,069,593</u>	<u>9,343,357</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**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.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at the beginning of the year	7,737,425	47,184	1,558,748	9,343,357
Additions	713,826	17,580	703,447	1,434,853
(Disposals)			(238,993)	(238,993)
Revaluation - Increments - (Decrements)				0 0
Impairment - (losses) - reversals				0 0
Depreciation (Expense)	(191,959)	(24,409)	(253,256)	(469,624)
				0
<b>Carrying amount at the end of year</b>	<b>8,259,292</b>	<b>40,355</b>	<b>1,769,946</b>	<b>10,069,593</b>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

	2011 \$	2010 \$
<b>7. INFRASTRUCTURE</b>		
Roads - management valuation 2005	93,248,103	93,248,103
Roads - Cost	5,928,317	3,792,112
Less Accumulated Depreciation	<u>(11,865,864)</u>	<u>(11,066,844)</u>
	87,310,556	85,973,371
Footpaths		
Dual Use Paths - Cost	309,921	299,884
Less Accumulated Depreciation	<u>(75,834)</u>	<u>(72,687)</u>
	234,087	227,197
Drainage		
Drainage - Cost	790,081	790,081
Less Accumulated Depreciation	<u>(148,792)</u>	<u>(143,096)</u>
	641,289	646,985
Parks & Ovals - Cost	240,309	240,309
Less Accumulated Depreciation	<u>(56,262)</u>	<u>(54,841)</u>
	184,047	185,468
Sewerage - Cost	358,200	358,200
Less Accumulated Depreciation	<u>(169,709)</u>	<u>(162,545)</u>
	188,491	195,655
Other Reserves - Cost	667,468	667,468
Less Accumulated Depreciation	<u>(181,461)</u>	<u>(174,740)</u>
	486,007	492,728
	<u><u>89,044,477</u></u>	<u><u>87,721,404</u></u>

Council have adopted a policy of revaluing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting time. This policy accords with AASB116.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	Roads \$	Dual Use Paths \$	Drainage \$	Parks and Ovals \$	Sewerage \$	Other Reserves \$	Total \$
Balance at the beginning of the year	85,973,371	227,197	646,985	185,468	195,655	492,728	87,721,404
Additions	2,136,204	10,038	0	0	0	0	2,146,242
(Disposals)					0	0	0
Revaluation - Increments - (Decrements)					0	0	0
Impairment - (losses) - reversals					0	0	0
Depreciation (Expense)	(799,020)	(3,148)	(5,696)	(1,422)	(7,163)	(6,720)	(823,169)
<b>Carrying amount at the end of year</b>	<b>87,310,555</b>	<b>234,087</b>	<b>641,289</b>	<b>184,046</b>	<b>188,492</b>	<b>486,008</b>	<b>89,044,477</b>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**2011**                      **2010**  
**\$**                              **\$**

**8. TRADE AND OTHER PAYABLES**

**Current**

Sundry Creditors	430,615	236,579
Accrued Interest on Debentures	7,277	28,653
Accrued Wages and Salaries	0	338
Pay As You Go Liability	25,457	30,779
GST Liability	26,726	21,918
	<u>490,075</u>	<u>318,267</u>

**9. LONG-TERM BORROWINGS**

**Current**

Secured by Floating Charge		
Debentures	67,682	63,692
Lease Liability	0	0
	<u>67,682</u>	<u>63,692</u>

**Non-Current**

Secured by Floating Charge		
Debentures	452,225	519,907
Lease Liability	0	0
	<u>452,225</u>	<u>519,907</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

**Current**

Provision for Annual Leave	154,917	125,146
Provision for Long Service Leave	82,634	76,404
	<u>237,551</u>	<u>201,550</u>

**Non-Current**

Provision for Long Service Leave	40,549	23,500
	<u>40,549</u>	<u>23,500</u>



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2011 \$	2011 Budget \$	2010 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	28,803	28,803	27,894
Amount Set Aside / Transfer to Reserve	1,518	1,152	909
Amount Used / Transfer from Reserve	-	-	-
	<u>30,321</u>	<u>29,955</u>	<u>28,803</u>
<b>(b) Plant Reserve</b>			
Opening Balance	129,869	129,869	377,351
Amount Set Aside / Transfer to Reserve	5,075	5,195	32,518
Amount Used / Transfer from Reserve	(36,042)	(36,042)	(280,000)
	<u>98,902</u>	<u>99,022</u>	<u>129,869</u>
<b>(c) Community Recreation</b>			
Opening Balance	79,727	79,727	77,211
Amount Set Aside / Transfer to Reserve	4,203	3,189	2,516
Amount Used / Transfer from Reserve	(50,000)	(50,000)	-
	<u>33,930</u>	<u>32,916</u>	<u>79,727</u>
<b>(d) Bremer Bay Youth Camp Reserve</b>			
Opening Balance	40,227	40,227	38,957
Amount Set Aside / Transfer to Reserve	2,121	1,609	1,270
Amount Used / Transfer from Reserve	-	-	-
	<u>42,348</u>	<u>41,836</u>	<u>40,227</u>
<b>(e) Building Reserve</b>			
Opening Balance	161,695	161,695	561,428
Amount Set Aside / Transfer to Reserve	8,511	391,368	7,846
Amount Used / Transfer from Reserve	-	(60,000)	(407,579)
	<u>170,206</u>	<u>493,063</u>	<u>161,695</u>
<b>(f) Bremer Bay Retirement Units Reserve</b>			
Opening Balance	91,935	91,935	89,033
Amount Set Aside / Transfer to Reserve	4,847	3,677	2,902
Amount Used / Transfer from Reserve	-	-	-
	<u>96,782</u>	<u>95,612</u>	<u>91,935</u>
<b>(g) JMP Entertainment Centre Reserve</b>			
Opening Balance	43,890	43,890	42,505
Amount Set Aside / Transfer to Reserve	2,314	1,756	1,385
Amount Used / Transfer from Reserve	-	(40,000)	-
	<u>46,204</u>	<u>5,646</u>	<u>43,890</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>(h) Effluent Reserve</b>			
Opening Balance	288,483	288,483	248,387
Amount Set Aside / Transfer to Reserve	28,942	28,157	40,096
Amount Used / Transfer from Reserve	(19,255)	-	-
	<u>298,170</u>	<u>316,640</u>	<u>288,483</u>
<b>(i) Point Henry Fire Levy Reserve</b>			
Opening Balance	36,621	36,621	35,465
Amount Set Aside / Transfer to Reserve	3,214	1,465	1,156
Amount Used / Transfer from Reserve	-	-	-
	<u>39,835</u>	<u>38,086</u>	<u>36,621</u>
<b>(j) Jerramungup Retirement Units Reserve</b>			
Opening Balance	89,699	89,699	86,868
Amount Set Aside / Transfer to Reserve	4,729	3,588	2,831
Amount Used / Transfer from Reserve	-	-	-
	<u>94,428</u>	<u>93,287</u>	<u>89,699</u>
<b>(k) Fishery Beach Boat Ramp Reserve</b>			
Opening Balance	87,984	87,984	82,009
Amount Set Aside / Transfer to Reserve	4,639	3,519	5,975
Amount Used / Transfer from Reserve	-	-	-
	<u>92,623</u>	<u>91,503</u>	<u>87,984</u>
<b>(m) Capital Works Reserve</b>			
Opening Balance	231,035	231,035	209,490
Amount Set Aside / Transfer to Reserve	135,391	131,592	121,545
Amount Used / Transfer from Reserve	(355,051)	-	(100,000)
	<u>11,375</u>	<u>362,627</u>	<u>231,035</u>
<b>(m) Swimming Pool Reserve</b>			
Opening Balance	6,263	6,263	6,065
Amount Set Aside / Transfer to Reserve	330	251	198
Amount Used / Transfer from Reserve	-	-	-
	<u>6,593</u>	<u>6,514</u>	<u>6,263</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>1,061,717</u>	<u>1,706,707</u>	<u>1,316,231</u>

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

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

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

**Leave Reserve**

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

**Plant Reserve**

- to be used for the purchase of major plant.

**Community Recreation Reserve**

- to be used to assist local sporting groups to upgrade their facilities.

**Bremer Bay Youth Camp Reserve**

- for the ongoing management and future upgrade of the reserve land on  
Lot 70 Borden Bremer Bay Road

**Building Reserve**

- to be used for the construction of new Council buildings.

**Bremer Bay Retirement Units Reserve**

- to be used for the provisions required at the units.

**Jerramungup Entertainment Centre Reserve**

- to be used for capital building improvements.

**Effluent Reserve**

- to be used to maintain the efficient running of the facility.

**Point Henry Fire Levy Reserve**

- to be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula.

**Jerramungup Retirement Units Reserve**

- to be used for the provisions required at the units.

**Fishery Beach Boat Ramp Reserve**

- to be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay

**Capital Works Reserve**

- to be used to supplement future capital works programs.

**Swimming Pool Reserve**

- to preserve any surplus funds from the Jerramungup Swimming Pool's operations for future financial requirements of the Jerramungup Swimming Pool and associated facilities.

The Building Reserve and Entertainment Centre Reserve are expected to be utilised in 2011/12.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

<b>12. RESERVES - ASSET REVALUATION</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and Buildings</b>		
Opening balance	955,543	955,543
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>955,543</u>	<u>955,543</u>
<b>(b) Roads</b>		
Opening Balance	54,254,298	54,254,298
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>54,254,298</u>	<u>54,254,298</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>55,209,841</u></u>	<u><u>55,209,841</u></u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	<u>2,238,479</u>	<u>1,831,707</u>	<u>2,154,844</u>

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

Net Result	2,014,141	2,944,050	201,632
Amortisation	0	0	0
Depreciation	1,292,793	1,254,019	1,248,282
(Profit)/Loss on Sale of Asset	42,145	(84,689)	(30,887)
(Increase)/Decrease in Accrued Interest	(21,717)	0	27,985
(Increase)/Decrease in Accrued Wages and Sal	(2,823)	0	338
(Increase)/Decrease in Receivables	(58,371)	71,686	341,113
(Increase)/Decrease in Inventories	18,318	27,859	(19,909)
Increase/(Decrease) in Payables	194,036	(24,585)	63,036
Increase/(Decrease) in Employee Provisions	53,050	0	41,711
Grants/Contributions for the Development of Assets	<u>(2,725,811)</u>	<u>(4,117,758)</u>	<u>(709,733)</u>
Net Cash from Operating Activities	<u>805,761</u>	<u>70,582</u>	<u>1,163,568</u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	15,000	15,000
Credit Card Balance at Balance Date	0	0
<b>Total Amount of Credit Unused</b>	<u>15,000</u>	<u>15,000</u>

**Loan Facilities**

Loan Facilities - Current	67,682	63,692
Loan Facilities - Non-Current	452,225	519,907
<b>Total Facilities in Use at Balance Date</b>	<u>519,907</u>	<u>583,599</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>	<u>0</u>
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**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**14. CONTINGENT LIABILITIES**

There are no contingent liabilities which the Shire of Jerramungup is aware of arising from the 2010/2011 financial year, or years prior.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2011</b> \$	<b>2010</b> \$
<b>(a) Finance Lease Commitments</b>		
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	0	0
Minimum Lease Payments	0	0
Less Future Finance Charges	0	0
Total Lease Liability	0	0

**(b) Operating Lease Commitments**

The Shire had no operating lease commitment for the 2010/11 financial year.

**(c) Capital Expenditure Commitments**

Contracted for:		
- capital expenditure projects	599,171	0
- plant & equipment purchases	0	0
Payable:		
- not later than one year	599,171	0

The capital expenditure project outstanding at the end of the current reporting period represents  
- Main Roads Western Australia Swamp Road Construction Project

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

**16. JOINT VENTURE**

The Shire together with the Department of Housing have a joint venture arrangement with regards to the provision of 6 retirement units at Lot 158 Jerramungup, and six retirement units in Roderick Street Bremer Bay. The Shire's equity in the units is included in Property, Plant and Equipment as follows:

	2011 \$	2010 \$
<b>Non-Current Assets</b>		
Land and Buildings	187,118	187,118
Less: Accumulated Depreciation	<u>(50,521)</u>	<u>(46,779)</u>
	<u>136,597</u>	<u>140,339</u>

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

Governance	701,411	4,304,308
General Purpose Funding	0	0
Law, Order, Public Safety	344,657	32,726
Health	592,909	98,994
Education and Welfare	198,577	196,917
Housing	1,023,739	123,795
Community Amenities	725,453	646,102
Recreation and Culture	3,260,171	1,985,363
Transport	90,711,246	88,688,827
Economic Services	533,210	548,263
Other Property and Services	1,023,217	439,987
Unallocated	<u>2,476,595</u>	<u>2,349,927</u>
	<u>101,591,185</u>	<u>99,415,209</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

18. FINANCIAL RATIOS	2011	2010	2009
Current Ratio	1.00	1.57	2.83
Untied Cash to Unpaid Trade Creditors Ratio	1.23	3.04	3.29
Debt Ratio	0.01	0.01	0.01
Debt Service Ratio	0.01	0.02	0.02
Gross Debt to Revenue Ratio	0.11	0.13	0.03
Gross Debt to Economically Realisable Assets Ratio	0.04	0.05	0.02
Rate Coverage Ratio	0.31	0.49	0.43
Outstanding Rates Ratio	0.02	0.02	0.01

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**19. TRUST FUNDS**

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

	Balance 1-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
Youth Advisory Council	595	0	0	595
Fire Fighting Fund	5,581	0	0	5,581
JEC Key Bonds	350	0	0	350
Building Bonds	0	10,000	0	10,000
Housing Bonds	4,260	1,452	(356)	5,356
Subdivision Bonds	71,714	0	(40,922)	30,792
Other Bonds	22,182	0	0	22,182
Hall and Shire Property Bonds	1,250	0	0	1,250
Footpath Bonds	3,000	13,000	(4,000)	12,000
	<u>108,932</u>			<u>88,106</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>						
Toyota Prado	48,904	49,325	47,273	47,270	(1,631)	(2,055)
Toyota Hilux SR5	32,906	33,724	0	0	(32,906)	(33,724)
<b>Health</b>						
Holden Caprice	50,295	50,738	37,727	38,636	(12,568)	(12,102)
<b>Housing</b>						
1 Coral Sea Road		34,350		100,000	0	65,650
6 Memorial Road		44,300		125,000	0	80,700
Residential Blocks		120,000		120,000	0	0
<b>Transport</b>						
Toyota Hilux SR5	40,734	41,102	36,364	36,364	(4,370)	(4,738)
Toyota Hilux 4x2 JP002	5,747	7,372	6,364	3,500	617	(3,872)
Toyota Hilux 4x2 JP003	5,747	12,377	5,455	10,000	(292)	(2,377)
Mitsubishi Triton JP0030		0		5,000	0	5,000
Tandem Axle Truck JP009	0	0	45,000	23,000	45,000	23,000
Veneri Backhoe Loader	54,660	60,794	18,667	30,000	(35,993)	(30,794)
	238,993	454,081	196,850	538,770	(42,143)	84,689

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1-Jul-10 \$	New Loans \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Loan 257 - Staff Housing	48,457		15,244	15,244	33,213	33,214	2,385	2,449
Loan 258 - JMP Community Centre	55,143		10,390	10,390	44,753	44,517	3,030	3,031
Loan 259 - Key Personnel	480,000		38,059	38,059	441,941	441,941	29,872	50,857
	583,600	0	63,693	63,693	519,907	519,672	35,287	56,337

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Nil										

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-10 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-11 \$
Nil		0	0	0	0

(d) Overdraft

The Shire of Jerramungup did not require an overdraft facility during the 2010/2011 financial year.

SHIRE OF JERRAMUNGUP  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2011

22. RATING INFORMATION - 2010/11 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential General Rate</b>											
Unimproved Value	0.9937	348	166,515,500	1,654,665	5,499	0	1,660,164	1,656,424	0	0	1,656,424
Gross Rental Value	7.4200	404	5,964,172	442,541	(2,732)	2,477	442,286	442,659	0	0	442,659
							0				0
							0				0
<b>Sub-Totals</b>		752	172,479,672	2,097,206	2,767	2,477	2,102,450	2,099,082	0	0	2,099,082
<b>Minimum Rates</b>	<b>Minimum \$</b>										
Unimproved Value	580	38	1,452,614	22,040	0	0	22,040	22,620	0	0	22,620
Gross Rental Value	580	385	2,269,643	223,300	0	0	223,300	223,880	0	0	223,880
							0				0
							0				0
<b>Sub-Totals</b>		423	3,722,257	245,340	0	0	245,340	246,500	0	0	246,500
<b>Other Rate Charges</b>							2,347,790				2,345,582
Effluent Area Rate							4,257				
*Effluent area rate recorded as fee and charge in this report.											
Rates written off (refer note 25)											
<b>Totals</b>							2,352,047				2,345,582
							(541)				(726)
							2,351,506				2,344,856

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**23. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR**

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
<b>Effluent Area Rate</b>							
Jerramungup Townsite	3.2650	GRV	1,013,244	38,245	38,168	21,529	36,330
\$213.50 Minimum Rate							
				38,245	38,168	21,529	36,330

The Shire of Jerramungup Effluent Area Rate is used to maintain the effluent system in the Jerramungup Townsite. Funds not applied to the operations of the system are transferred into the Effluent Reserve for the replacement of the network in the future. The revenue is recorded as a fee and charge in this annual report.

**24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR**

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Nil					
		0	0	0	0

Council did not impose any service charges during 2010/2011.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2010/11 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Write off Small Balances / Deferred Pensioner Interest	Write-Off	Nil	(541)	(726)
			(541)	(726)

**26. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		9,407	2,500
Interest on Instalments Plan	5.00%		12,120	10,500
Charges on Instalment Plan		5	4,250	3,760
			25,777	16,760

Ratepayers had option 1 of paying rates in four equal instalments, due on 17th September 2009, and the second third and fourth instalments in two monthly intervals after the first due date.

Ratepayers had option 2 of paying rates in two equal instalments, due on 17th September 2009, and the second instalment four months after the first due date.

**27. FEES & CHARGES**

	2011 \$	2010 \$
Governance	1,330	1,253
General Purpose Funding	4,100	9,220
Law, Order, Public Safety	22,535	21,395
Health	8,535	3,776
Education and Welfare	45,541	38,746
Housing	72,631	45,576
Community Amenities	209,531	200,214
Recreation and Culture	17,988	24,092
Transport	50,825	48,106
Economic Services	25,504	21,966
Other Property and Services	141,398	52,591
	<u>599,918</u>	<u>466,935</u>

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

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**28. GRANT REVENUE**

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

	2011	2010
	\$	\$
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	1,314,829	1,335,181
Non-Operating Grants, Subsidies and Contributions	2,725,811	709,733
	<u>4,040,640</u>	<u>2,044,914</u>
<b>By Program:</b>		
Governance	56,017	105,322
General Purpose Funding	423,069	379,177
Law, Order, Public Safety	255,060	27,427
Health	0	0
Education and Welfare	643	857
Housing	0	200,000
Community Amenities	37,704	40,000
Recreation and Culture	446,341	12,045
Transport	2,775,925	1,252,145
Economic Services	0	3,000
Other Property and Services	45,881	24,941
	<u>4,040,640</u>	<u>2,044,914</u>

**29. ELECTED MEMBERS REMUNERATION**

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

	2011	2011	2010
	\$	Budget	\$
		\$	
Meeting Fees	56,000	56,000	56,000
President's Allowance	12,000	12,000	12,000
Deputy President's Allowance	3,000	3,000	3,000
Travelling Expenses	0	10,000	6,239
Telecommunications Allowance	7,000	7,000	7,000
	<u>78,000</u>	<u>88,000</u>	<u>84,239</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	2011	2010
	<u>27</u>	<u>25</u>



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**31. MAJOR LAND TRANSACTIONS**

**Sydney Street Subdivision - Collins Street Lots**

(a) Details

This land was acquired during 2010/11 for residential sub-division. Additional costs included earthworks, headworks and drainage for developing the 4 residential lots.

(b) Current year transactions	2011 \$	2011 Budget \$	2010 \$
<b>Operating Revenue</b>			
- Profit on sale	0	0	0
<b>Capital Revenue</b>			
- Sale Proceeds	0	120,000	0
<b>Capital Expenditure</b>			
- Purchase of Land	662	0	0
- Development Costs	132,892	10,000	0
	<u>133,554</u>	<u>10,000</u>	<u>0</u>

There are no liabilities in relation to this land transaction as at 30 June 2011.

(c) Expected Future Cash Flows

	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$	Total \$
<b>Cash Outflows</b>						
- Development Costs	0	0	(135,000)	0	0	(135,000)
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>(135,000)</u>	<u>0</u>	<u>0</u>	<u>(135,000)</u>
<b>Cash Inflows</b>						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	100,000	0	0	100,000	0	200,000
	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>200,000</u>
<b>Net Cash Flows</b>	<u>100,000</u>	<u>0</u>	<u>(135,000)</u>	<u>100,000</u>	<u>0</u>	<u>65,000</u>

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

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**33. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	2,238,479	2,154,844	2,238,479	2,154,844
Receivables	199,720	139,037	199,720	139,037
	<u>2,438,199</u>	<u>2,293,881</u>	<u>2,438,199</u>	<u>2,293,881</u>
<b>Financial Liabilities</b>				
Payables	490,075	318,267	490,075	318,267
Borrowings	519,907	583,599	490,630	573,136
	<u>1,009,982</u>	<u>901,866</u>	<u>980,705</u>	<u>891,403</u>

Fair value is determined as follows:

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

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

**(a) Cash and Cash Equivalents**

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

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

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

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

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

**Notes:**

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

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

Impact of a 1% (\*) movement in interest rates on cash and investments:

- Equity	22,385	21,548
- Statement of Comprehensive Income	22,385	21,548

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2011</b>	<b>2010</b>
<b>Percentage of Rates and Annual Charges</b>		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
<b>Percentage of Other Receivables</b>		
- Current	77.11%	94.89%
- Overdue	22.89%	5.11%

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

**(c) Payables  
 Borrowings**

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

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

	<u>2011</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	490,075	0	0	0	490,075	490,075
Borrowings	99,698	328,935	240,043	668,676	519,907	519,907
	<u>589,773</u>	<u>328,935</u>	<u>240,043</u>	<u>1,158,751</u>	<u>1,009,982</u>	<u>1,009,982</u>
Payables	318,267	0	0	318,267	318,267	318,267
Borrowings	120,355	360,050	308,628	789,033	583,600	583,600
	<u>438,622</u>	<u>360,050</u>	<u>308,628</u>	<u>1,107,300</u>	<u>901,867</u>	<u>901,867</u>

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

**(c) Payables  
Borrowings (Continued)**

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

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

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Year Ended 30 June 2011</b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures		33,213		44,753		441,941	519,907	6.32%
Weighted Average Effective Interest Rate		5.72%		5.80%		6.42%		
<b>Year Ended 30 June 2010</b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures			48,457		55,143	480,000	583,600	6.30%
Weighted Average Effective Interest Rate			5.72%		5.80%	6.42%		