

SHIRE OF JERRAMUNGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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SHIRE OF JERRAMUNGUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Jerramungup at 30th June 2012 and the

Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 13 day of DECEMBER 2012



Bill Parker
Chief Executive Officer

SHIRE OF JERRAMUNGUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	22	2,349,591	2,341,544	2,351,506
Operating Grants, Subsidies and Contributions	28	1,595,160	1,055,280	1,314,829
Fees and Charges	27	966,867	865,341	599,918
Service Charges	24	0	0	0
Interest Earnings	2(a)	151,184	151,594	150,065
Other Revenue		<u>484,072</u>	<u>480,080</u>	<u>447,418</u>
		<u>5,546,874</u>	<u>4,893,839</u>	<u>4,863,736</u>
Expenses				
Employee Costs		(1,845,920)	(2,004,227)	(1,576,487)
Materials and Contracts		(2,227,133)	(2,815,977)	(2,148,277)
Utility Charges		(157,815)	(132,025)	(135,028)
Depreciation on Non-Current Assets	2(a)	(1,353,130)	(1,286,739)	(1,292,793)
Interest Expenses	2(a)	(31,299)	(31,706)	(35,287)
Insurance Expenses		(251,173)	(237,580)	(227,724)
Other Expenditure		<u>(23,983)</u>	<u>(141,918)</u>	<u>(117,665)</u>
		<u>(5,890,453)</u>	<u>(6,650,172)</u>	<u>(5,533,261)</u>
		<u>(343,579)</u>	<u>(1,756,333)</u>	<u>(669,525)</u>
Non-Operating Grants, Subsidies and Contributions				
	28	2,688,647	3,339,934	2,725,811
Profit on Asset Disposals	20	0	0	45,616
Loss on Asset Disposal	20	<u>(41,006)</u>	<u>(39,377)</u>	<u>(87,761)</u>
Net Result		2,304,062	1,544,224	2,014,141
Other Comprehensive Income				
		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>2,304,062</u></u>	<u><u>1,544,224</u></u>	<u><u>2,014,141</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 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Governance		32,704	13,805	25,896
General Purpose Funding		3,063,890	2,862,668	2,935,384
Law, Order, Public Safety		141,953	137,808	110,555
Health		4,189	8,535	10,063
Education and Welfare		49,852	46,239	47,203
Housing		75,301	72,631	73,140
Community Amenities		307,728	229,521	218,654
Recreation and Culture		103,843	100,559	116,254
Transport		982,082	681,901	709,838
Economic Services		26,811	28,616	32,690
Other Property and Services		758,521	711,556	624,715
	2(a)	<u>5,546,874</u>	<u>4,893,839</u>	<u>4,904,392</u>
Expenses				
Governance		(590,007)	(648,374)	(723,853)
General Purpose Funding		(103,832)	(63,576)	(76,366)
Law, Order, Public Safety		(336,283)	(311,602)	(221,858)
Health		(85,364)	(92,765)	(95,708)
Education and Welfare		(91,857)	(83,948)	(84,924)
Housing		(56,010)	(51,027)	(60,833)
Community Amenities		(812,878)	(689,274)	(875,155)
Recreation and Culture		(733,520)	(832,072)	(755,066)
Transport		(2,398,340)	(2,417,487)	(2,124,356)
Economic Services		(181,862)	(160,626)	(159,705)
Other Property and Services		(469,201)	(1,267,715)	(360,808)
	2(a)	<u>(5,859,154)</u>	<u>(6,618,466)</u>	<u>(5,538,632)</u>
Finance Costs				
Health		0	0	0
Housing		(27,395)	(27,732)	(29,872)
Community Amenities		(2,414)	(2,416)	(3,030)
Recreation and Culture		0	0	0
Transport		(1,490)	(1,558)	(2,385)
	2(a)	<u>(31,299)</u>	<u>(31,706)</u>	<u>(35,287)</u>
Non-Operating Grants, Subsidies and Contributions				
Governance				
General Purpose Funding				
Law, Order, Public Safety		16,183	0	169,095
Housing		0	0	0
Education and Welfare		0	0	0
Community Amenities		0	0	36,674
Recreation and Culture		155,907	140,000	356,704
Transport		2,317,587	2,277,129	2,163,338
Other Property and Services		198,969	922,805	0
		<u>2,688,646</u>	<u>3,339,934</u>	<u>2,725,811</u>
Profit/(Loss) on Disposal of Assets				
Governance		(1,287)	(311)	(34,537)
Health		(10,969)	(1,041)	(12,568)
Housing		0	0	0
Community Amenities		(25,109)	(33,531)	0
Recreation and Culture		0	0	0
Transport		(3,641)	(4,494)	4,962
		<u>(41,006)</u>	<u>(39,377)</u>	<u>(42,143)</u>
Net Result		<u>2,304,062</u>	<u>1,544,224</u>	<u>2,014,141</u>
Other Comprehensive Income				
		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>2,304,062</u></u>	<u><u>1,544,224</u></u>	<u><u>2,014,141</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 2012

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,698,814	2,238,479
Trade and Other Receivables	4	1,023,162	199,014
Inventories	5	17,554	38,916
TOTAL CURRENT ASSETS		<u>2,739,530</u>	<u>2,476,409</u>
NON-CURRENT ASSETS			
Other Receivables	4	369	706
Inventories	5	0	0
Property, Plant and Equipment	6	10,009,141	10,069,593
Infrastructure	7	90,984,427	89,044,477
TOTAL NON-CURRENT ASSETS		<u>100,993,937</u>	<u>99,114,776</u>
TOTAL ASSETS		<u>103,733,467</u>	<u>101,591,185</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	322,754	490,075
Long Term Borrowings	9	74,733	67,682
Provisions	10	278,269	237,551
TOTAL CURRENT LIABILITIES		<u>675,756</u>	<u>795,308</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	380,303	452,225
Provisions	10	70,243	40,549
TOTAL NON-CURRENT LIABILITIES		<u>450,546</u>	<u>492,774</u>
TOTAL LIABILITIES		<u>1,126,302</u>	<u>1,288,082</u>
NET ASSETS		<u>102,607,165</u>	<u>100,303,103</u>
EQUITY			
Retained Surplus		46,058,241	44,031,544
Reserves - Cash Backed	11	1,339,081	1,061,716
Reserves - Asset Revaluation	12	55,209,843	55,209,843
TOTAL EQUITY		<u>102,607,165</u>	<u>100,303,103</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 2012

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010	41,762,887	1,316,232	55,209,841	98,288,960
Changes in Accounting Policy	0	0	0	0
Correction of Errors	0	0	0	0
Restated Balance	41,762,887	1,316,232	55,209,841	98,288,960
Net Result	2,014,141	0	0	2,014,141
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	254,516	(254,516)	0	0
Balance as at 30 June 2011	44,031,544	1,061,716	55,209,841	100,303,101
Net Result	2,304,062	0	0	2,304,062
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(277,365)	277,365	0	0
Balance as at 30 June 2012	46,058,241	1,339,081	55,209,843	102,607,165

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 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,358,791	2,341,544	2,350,632
Operating Grants, Subsidies and Contributions		1,595,160	1,055,280	1,314,829
Fees and Charges		115,295	947,457	540,142
Service Charges		0	0	0
Interest Earnings		144,157	151,594	149,724
Goods and Services Tax		25,588	44,503	308
Other Revenue		484,072	480,080	447,418
		<u>4,723,063</u>	<u>5,020,458</u>	<u>4,803,053</u>
Payments				
Employee Costs		(1,748,065)	(2,004,227)	(1,529,097)
Materials and Contracts		(2,455,426)	(2,883,762)	(1,935,923)
Utility Charges		(157,815)	(132,025)	(135,028)
Insurance Expenses		(251,173)	(31,706)	(227,724)
Interest expenses		(31,472)	(237,580)	(56,663)
Goods and Services Tax		55,065	(48,000)	4,808
Other Expenditure		(23,983)	(141,918)	(117,665)
		<u>(4,612,869)</u>	<u>(5,479,218)</u>	<u>(3,997,292)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>110,194</u>	<u>(458,760)</u>	<u>805,761</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale				
		0	0	0
Payments for Purchase of Property, Plant & Equipment				
		(616,708)	(526,738)	(1,434,853)
Payments for Construction of Infrastructure				
		(2,784,654)	(3,367,289)	(2,146,242)
Advances to Community Groups				
		0	0	0
Payments for Purchase of Investments				
		0	0	0
Non-Operating Grants, Subsidies and Contributions				
		2,688,647	3,339,934	2,725,811
Proceeds from Sale of Plant & Equipment				
		127,728	229,091	196,850
Proceeds from Advances				
		0	0	0
Proceeds from Sale of Investments				
		0	0	0
Net Cash Provided By (Used In) Investing Activities		<u>(584,987)</u>	<u>(325,002)</u>	<u>(658,434)</u>
Cash Flows from Financing Activities				
Repayment of Debentures				
		(64,871)	(67,682)	(63,692)
Repayment of Finance Leases				
		0	0	0
Proceeds from Self Supporting Loans				
		0	0	0
Proceeds from New Debentures				
		0	0	0
Net Cash Provided By (Used In) Financing Activities		<u>(64,871)</u>	<u>(67,682)</u>	<u>(63,692)</u>
Net Increase (Decrease) in Cash Held		(539,664)	(851,444)	83,635
Cash at Beginning of Year				
		2,238,479	2,294,510	2,154,844
Cash and Cash Equivalents at the End of the Year	13(a)	<u>1,698,815</u>	<u>1,443,066</u>	<u>2,238,479</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 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
Revenue				
Governance		32,704	13,805	25,896
General Purpose Funding		714,299	521,124	583,878
Law, Order, Public Safety		158,136	137,808	279,650
Health		4,189	8,535	10,063
Education and Welfare		49,852	46,239	47,203
Housing		75,301	72,631	73,140
Community Amenities		307,728	229,521	255,328
Recreation and Culture		259,750	240,559	472,958
Transport		3,299,669	2,959,030	2,878,138
Economic Services		26,811	28,616	32,690
Other Property and Services		957,490	1,634,363	624,715
		<u>5,885,929</u>	<u>5,892,231</u>	<u>5,283,659</u>
Expenses				
Governance		(591,294)	(648,686)	(76,366)
General Purpose Funding		(103,832)	(63,576)	(758,390)
Law, Order, Public Safety		(336,283)	(311,602)	(221,858)
Health		(96,333)	(93,806)	(108,276)
Education and Welfare		(91,857)	(83,948)	(84,924)
Housing		(83,405)	(78,758)	(90,705)
Community Amenities		(840,401)	(725,221)	(878,185)
Recreation and Culture		(733,520)	(832,072)	(755,066)
Transport		(2,403,471)	(2,423,539)	(2,126,741)
Economic Services		(181,862)	(160,625)	(159,705)
Other Property and Services		(469,201)	(1,267,715)	(360,808)
		<u>(5,931,459)</u>	<u>(6,689,548)</u>	<u>(5,621,024)</u>
Net Result Excluding Rates		(45,530)	(797,317)	(337,365)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	41,006	39,377	42,145
Movement in Accrued Interest		(173)	0	(21,376)
Movement in Deferred Pensioner Rates (Non-Current)		337	0	(99)
Movement in Accrued Salaries and Wages		27,443	0	(338)
Movement in Employee Benefit Provisions (Non-Current)			0	53,050
Depreciation and Amortisation on Assets	2(a)	1,353,130	1,286,739	1,292,793
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings		(306,767)	0	(713,826)
Purchase Infrastructure Assets - Roads		(2,776,551)	(3,367,289)	(2,146,242)
Purchase Infrastructure Assets - Parks		(7,583)	(205,000)	0
Purchase Plant and Equipment		(306,473)	(321,738)	(703,447)
Purchase Furniture and Equipment		(3,468)	(3,500)	(17,580)
Purchase of Investments		0	0	0
Proceeds from Disposal of Investments		0	0	0
Proceeds from Disposal of Assets	20	168,733	229,091	196,850
Repayment of Debentures	21(a)	(64,871)	(67,682)	(63,693)
Proceeds from New Debentures	21	0	0	0
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	11	(317,926)	(206,350)	(205,834)
Transfers from Reserves (Restricted Assets)	11	40,561	50,000	460,348
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	931,895	1,032,125	745,002
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,084,799	10,000	931,895
Amount Required to be Raised from Rates	22(a)	<u>(2,351,036)</u>	<u>(2,341,544)</u>	<u>(2,351,507)</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 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 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.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of 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

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. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 in 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.

(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 overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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 recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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.

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 (excluding freehold land) 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.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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 seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads 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.

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.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

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.

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 initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) 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 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 where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current.

(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 any significant continued 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 and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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

(j) Trade and Other Payables

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

(k) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(l) Borrowing Costs

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

(m) 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; 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.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

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

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

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

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

(o) 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.

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 an impairment loss.

(p) Rates, Grants, Donations and Other Contributions

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

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

(u) Budget Comparative Figures

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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 and amended standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(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 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.
(iii) 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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) 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.
(v) 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, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	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).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) 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	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. [AASB 101 & 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. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. 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.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
<p>(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 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 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]</p>	September 2011	01 January 2013	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 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 AASB 13 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.</p>
<p>(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 & 1049]</p>	September 2011	01 July 2013	<p>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.</p>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 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 AASB 119 (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	

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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 124
AASB 1054
AASB 2009 - 12
AASB 2009 - 14
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2011 - 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, 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 2012

2. REVENUE AND EXPENSES	2012	2011	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Significant Expense			
General Purpose Funding	<u>0</u>	<u>0</u>	
Amortisation			
Capitalised Leased Assets	0	0	
Auditors Remuneration			
- Audit	12,331	7,140	
- Other Services	2,090	0	
Depreciation			
Buildings	195,307	191,959	
Furniture and Equipment	23,598	24,409	
Plant and Equipment	289,521	253,255	
Roads	819,055	799,020	
Dual Use Paths	4,217	3,148	
Parks and Ovals	1,831	1,422	
Drainage	5,696	5,695	
Sewerage	7,164	7,164	
Other Reserves	6,741	6,721	
	<u>1,353,130</u>	<u>1,292,793</u>	
Interest Expenses (Finance Costs)			
Finance Lease Charges	0	0	
Debentures (<i>refer Note 21(a)</i>)	31,299	35,287	
	<u>31,299</u>	<u>35,287</u>	
Rental Charges			
- Operating Leases		<u>0</u>	
(ii) Crediting as Revenue:	2012	2012	2011
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	52,526	66,226	70,172
- Other Funds	76,700	60,922	58,137
Other Interest Revenue (<i>refer note 26</i>)	21,958	24,446	21,756
	<u>151,184</u>	<u>151,594</u>	<u>150,065</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012

2. REVENUE 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 AND 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 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Function/ Activity	Opening Balance (*) 1-Jul-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance (*) 30-Jun-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance 30-Jun-12 \$
Grant/Contribution									
Royalties for Regions - Asset Management	Governance		35,000	0	(35,000)	0	0	0	0
GSDC - Waste Management	Community Amenities		40,000	0	(40,000)	0	0	0	0
RLCIP - Roe Park Landscaping	Recreation		30,000	0	(30,000)	0	0	0	0
Department of Agriculture - Community Event#	Recreation		0	20,000	0	20,000	0	(20,000)	0
Main Roads - Swamp Road Upgrade+	Transport		0	837,312	(238,141)	599,171	1,255,968	(1,606,295)	248,844
Subdivision Contributions	Economic Service		14,780	0	0	14,780	0	(14,780)	0
Regional Waste Management+	Other Property & Services						198,969	(47,634)	151,335
Bremer Bay Town Centre (CLGF) and GSDC+							354,822	(176,613)	178,209
Kidsport+							23,100	(547)	22,553
Total			119,780	857,312	(343,141)	633,951	1,832,859	(1,865,869)	600,941

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 2012

	2012	2011
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	(255,989)	527,965
Restricted	<u>1,954,803</u>	<u>1,710,514</u>
	<u><u>1,698,814</u></u>	<u><u>2,238,479</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	57,693	30,321
Plant Reserve	219,991	98,902
Building Reserve	168,591	170,206
Bremer Bay Youth Camp Reserve	44,515	42,348
Community Recreation Reserve	55,073	33,930
Jerramungup Entertainment Centre Reserve	7,258	46,204
Effluent Reserve	349,578	298,169
Jerramungup Retirement Units Reserve	99,261	94,428
Point Henry Fire Levy Reserve	54,136	39,835
Bremer Bay Boat Ramp Reserve	97,363	92,623
Bremer Bay Caravan Park Reserve	0	0
Bremer Bay Retirement Units Reserve	101,736	96,782
Capital Works Reserve	76,957	11,375
Swimming Pool Reserve	6,930	6,593
Unspent Grants	600,941	633,951
Unspent Loans	0	0
Committed Cash - Subdivision Contribution	14,780	14,847
	<u><u>1,954,803</u></u>	<u><u>1,710,514</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	46,029	54,892
Sundry Debtors	922,832	71,260
GST Receivable	39,528	65,116
Accrued Income	14,773	7,746
	<u><u>1,023,162</u></u>	<u><u>199,014</u></u>
Non-Current		
Rates Outstanding - Pensioners	369	706
Loans - Clubs/Institutions	0	0
	<u><u>369</u></u>	<u><u>706</u></u>
5. INVENTORIES		
Current		
Fuel and Materials	17,554	38,916
History Books	0	0
Land Held for Resale - Cost	0	0
Cost of Acquisition		
Development Costs		
	<u><u>17,554</u></u>	<u><u>38,916</u></u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	0	0
	<u><u>0</u></u>	<u><u>0</u></u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	11,142,052	10,835,285
Less Accumulated Depreciation	<u>(2,771,325)</u>	<u>(2,575,993)</u>
	8,370,727	8,259,292
Furniture and Equipment - Cost	456,562	453,095
Less Accumulated Depreciation	<u>(436,371)</u>	<u>(412,740)</u>
	20,191	40,355
Plant and Equipment - Cost	3,967,398	3,843,330
Less Accumulated Depreciation	<u>(2,349,175)</u>	<u>(2,073,384)</u>
	1,618,223	1,769,946
Plant and Equipment Under Lease		
Less Accumulated Amortisation	<u>0</u>	<u>0</u>
	0	0
	<u>10,009,141</u>	<u>10,069,593</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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	8,259,292	40,355	1,769,946	10,069,593
Additions	306,767	3,468	306,473	616,708
(Disposals)	0	0	(168,733)	(168,733)
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0
Impairment - (Losses) - Reversals	0 0	0 0	0 0	0 0
Depreciation (Expense)	(195,307)	(23,598)	(289,521)	(508,426)
Carrying amount at the end of year	<u>8,370,752</u>	<u>20,225</u>	<u>1,618,165</u>	<u>10,009,142</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
7. INFRASTRUCTURE		
Roads - Management Valuation 2005	93,248,103	93,248,103
Roads - Cost	8,654,587	5,928,317
Less Accumulated Depreciation	<u>(12,684,919)</u>	<u>(11,865,864)</u>
	89,217,771	87,310,556
Footpath		
Dual Use Paths - Cost	360,203	309,921
Less Accumulated Depreciation	<u>(80,052)</u>	<u>(75,834)</u>
	280,151	234,087
Drainage - Cost	790,081	790,081
Less Accumulated Depreciation	<u>(154,488)</u>	<u>(148,792)</u>
	635,593	641,289
Parks & Ovals - Cost	247,892	240,309
Less Accumulated Depreciation	<u>(58,093)</u>	<u>(56,262)</u>
	189,799	184,047
Sewerage - Cost	358,200	358,200
Less Accumulated Depreciation	<u>(176,352)</u>	<u>(169,709)</u>
	181,848	188,491
Other Reserves - Cost	667,468	667,468
Less Accumulated Depreciation	<u>(188,203)</u>	<u>(181,461)</u>
	479,265	486,007
	<u>90,984,427</u>	<u>89,044,477</u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy also accords with AASB 116.

The Shire of Jerramungup are undertaking an asset strategy to change valuation method.

SHIRE OF JERRAMUNGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2012

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	87,310,555	234,087	641,289	184,046	188,492	486,008	89,044,477
Additions	2,726,270	50,281	0	7,583	0	0	2,784,134
(Disposals)	0	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	520	0	520
Impairment - (Losses) - Reversals	0	0	0	0	0	0	0
Depreciation (Expense)	(819,055)	(4,217)	(5,696)	(1,831)	(7,164)	(6,741)	(844,704)
Carrying amount at the end of year	89,217,770	280,151	635,593	189,798	181,848	479,267	90,984,427

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	180,960	430,615
Accrued Interest on Debentures	7,104	7,277
Accrued Salaries and Wages	23,233	0
Pay As You Go Liability	29,667	25,457
GST Liability	81,790	26,726
	<u>0</u>	<u>0</u>
	<u><u>322,754</u></u>	<u><u>490,075</u></u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	74,733	67,682
Lease Liability	<u>0</u>	<u>0</u>
	<u><u>74,733</u></u>	<u><u>67,682</u></u>
Non-Current		
Secured by Floating Charge		
Debentures	380,303	452,225
Lease Liability	<u>0</u>	<u>0</u>
	<u><u>380,303</u></u>	<u><u>452,225</u></u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	180,573	154,917
Provision for Long Service Leave	97,696	82,634
	<u>278,269</u>	<u>237,551</u>
Non-Current		
Provision for Long Service Leave	<u>70,243</u>	<u>40,549</u>
	<u><u>70,243</u></u>	<u><u>40,549</u></u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	30,321	30,321	28,803
Amount Set Aside / Transfer to Reserve	27,371	26,516	1,518
Amount Used / Transfer from Reserve	-	-	-
	<u>57,692</u>	<u>56,837</u>	<u>30,321</u>
(b) Plant Reserve			
Opening Balance	98,902	98,903	129,869
Amount Set Aside / Transfer to Reserve	121,089	106,295	5,075
Amount Used / Transfer from Reserve	-	-	(36,042)
	<u>219,991</u>	<u>205,198</u>	<u>98,902</u>
(c) Community Recreation			
Opening Balance	33,930	33,930	79,727
Amount Set Aside / Transfer to Reserve	21,143	1,697	4,203
Amount Used / Transfer from Reserve	-	-	(50,000)
	<u>55,073</u>	<u>35,627</u>	<u>33,930</u>
(d) Bremer Bay Youth Camp Reserve			
Opening Balance	42,348	42,348	40,227
Amount Set Aside / Transfer to Reserve	2,167	2,117	2,121
Amount Used / Transfer from Reserve	-	-	-
	<u>44,515</u>	<u>44,465</u>	<u>42,348</u>
(e) Building Reserve			
Opening Balance	170,206	170,206	161,695
Amount Set Aside / Transfer to Reserve	-	8,510	8,511
Amount Used / Transfer from Reserve	(1,615)	(10,000)	-
	<u>168,591</u>	<u>168,716</u>	<u>170,206</u>
(f) Bremer Bay Retirement Units Reserve			
Opening Balance	96,782	96,782	91,935
Amount Set Aside / Transfer to Reserve	4,954	4,839	4,847
Amount Used / Transfer from Reserve	-	-	-
	<u>101,736</u>	<u>101,621</u>	<u>96,782</u>
(g) JMP Entertainment Centre Reserve			
Opening Balance	46,204	46,204	43,890
Amount Set Aside / Transfer to Reserve	-	2,310	2,314
Amount Used / Transfer from Reserve	(38,946)	(40,000)	-
	<u>7,258</u>	<u>8,514</u>	<u>46,204</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED (continued)			
(h) Effluent Reserve			
Opening Balance	298,170	298,170	288,483
Amount Set Aside / Transfer to Reserve	51,408	41,822	28,942
Amount Used / Transfer from Reserve	-	-	(19,255)
	<u>349,578</u>	<u>339,992</u>	<u>298,170</u>
(i) Point Henry Fire Levy Reserve			
Opening Balance	39,835	39,835	36,621
Amount Set Aside / Transfer to Reserve	14,301	1,992	3,214
Amount Used / Transfer from Reserve	-	-	-
	<u>54,136</u>	<u>41,827</u>	<u>39,835</u>
(j) Jerramungup Retirement Units Reserve			
Opening Balance	94,428	94,428	89,699
Amount Set Aside / Transfer to Reserve	4,833	4,721	4,729
Amount Used / Transfer from Reserve	-	-	-
	<u>99,261</u>	<u>99,149</u>	<u>94,428</u>
(k) Fishery Beach Boat Ramp Reserve			
Opening Balance	92,622	92,622	87,984
Amount Set Aside / Transfer to Reserve	4,741	4,631	4,639
Amount Used / Transfer from Reserve	-	-	-
	<u>97,363</u>	<u>97,253</u>	<u>92,623</u>
(m) Capital Works Reserve			
Opening Balance	11,375	11,375	231,035
Amount Set Aside / Transfer to Reserve	65,582	569	135,391
Amount Used / Transfer from Reserve	-	-	(355,051)
	<u>76,957</u>	<u>11,944</u>	<u>11,375</u>
(m) Swimming Pool Reserve			
Opening Balance	6,593	6,593	6,263
Amount Set Aside / Transfer to Reserve	337	330	330
Amount Used / Transfer from Reserve	-	-	-
	<u>6,930</u>	<u>6,923</u>	<u>6,593</u>
TOTAL CASH BACKED RESERVES	<u>1,339,081</u>	<u>1,218,066</u>	<u>1,061,717</u>

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in 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
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FOR THE YEAR ENDED 30TH JUNE 2012

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 Leave Reserve, Plant Reserve, BB Retirement Units Reserve, Jerramungup Retirement Reserve and Capital Works Reserve are expected to be utilised in 2012/13.

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

12. RESERVES - ASSET REVALUATION	2012	2011
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	955,543	955,543
Revaluation Increment		
Revaluation Decrement		
	<u>955,543</u>	<u>955,543</u>
(b) Roads		
Opening Balance	54,254,298	54,254,298
Revaluation Increment		
Revaluation Decrement		
	<u>54,254,298</u>	<u>54,254,298</u>
TOTAL ASSET REVALUATION RESERVES	<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 2012

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:

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>1,698,814</u>	<u>1,443,066</u>	<u>2,238,479</u>

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

Net Result	2,304,062	1,544,224	2,014,141
Amortisation	0	0	0
Depreciation	1,353,130	1,286,739	1,292,793
(Profit)/Loss on Sale of Asset	41,006	39,377	42,145
(Increase)/Decrease in Accrued Interest	(7,200)	0	(21,717)
(Increase)/Decrease in Accrued Wages & Sal	27,443	0	(2,823)
(Increase)/Decrease in Receivables	(816,783)	82,116	(58,371)
(Increase)/Decrease in Inventories	21,362	(1,694)	18,318
Increase/(Decrease) in Payables	(249,655)	(66,091)	194,036
Increase/(Decrease) in Employee Provisions	70,411	0	53,050
Increase GST Liability	55,064	0	0
Grants/Contributions for the Development of Assets	<u>(2,688,647)</u>	<u>(3,339,934)</u>	<u>(2,725,811)</u>
Net Cash from Operating Activities	<u>110,193</u>	<u>(455,263)</u>	<u>805,761</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
Total Amount of Credit Unused	<u>15,000</u>	<u>15,000</u>

Loan Facilities

Loan Facilities - Current	74,733	67,682
Loan Facilities - Non-Current	380,303	452,225
Total Facilities in Use at Balance Date	<u>455,036</u>	<u>519,907</u>

Unused Loan Facilities at Balance Date	<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 2012

14. CONTINGENT LIABILITIES

There are no contingent liabilities which the Shire Of Jerramungup is aware of arising from the 2011/2012 financial year, or years prior.

15. CAPITAL AND LEASING COMMITMENTS	2012	2011
	\$	\$
(a) Finance Lease Commitments		
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	<u>0</u>	<u>0</u>
Less Future Finance Charges	<u>0</u>	<u>0</u>
Total Lease Liability	<u><u>0</u></u>	<u><u>0</u></u>

(b) Operating Lease Commitments

The Shire had no operating lease commitment for the 2011/12 financial year.

(c) Capital Expenditure Commitments

	2,012	2,011
Contracted for:		
- capital expenditure projects	0	599,171
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	599,171

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	2012	2011
	\$	\$
Non-Current Assets		
Plant & Equipment	187,118	187,118
Less: Accumulated Depreciation	<u>(54,899)</u>	<u>(50,251)</u>
	<u>132,219</u>	<u>136,867</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,181,030	701,411
General Purpose Funding	0	0
Law, Order, Public Safety	407,015	344,657
Health	572,352	592,909
Education and Welfare	117,258	198,577
Housing	325,547	1,023,739
Community Amenities	916,347	725,453
Recreation and Culture	2,640,269	3,260,171
Transport	92,978,139	90,711,246
Economic Services	311,925	533,210
Other Property and Services	247,787	1,023,217
Unallocated	<u>1,295,899</u>	<u>2,476,595</u>
	<u>103,733,467</u>	<u>101,591,185</u>

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011	2010
18. FINANCIAL RATIOS			
Current Ratio	1.27	1.00	1.57
Untied Cash to Unpaid Trade Creditors Ratio	(1.41)	1.23	3.04
Debt Ratio	0.01	0.01	0.01
Debt Service Ratio	0.02	0.01	0.02
Gross Debt to Revenue Ratio	0.08	0.11	0.13
Gross Debt to Economically Realisable Assets Ratio	0.04	0.04	0.05
Rate Coverage Ratio	0.28	0.31	0.49
Outstanding Rates Ratio	0.02	0.02	0.02

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 2012

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-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
Youth Advisory Council	595	0	0	595
Fire Fighting Fund	5,581	0	0	5581
JEC Key Bonds	350	0	0	350
Building Bonds	10,000	10,000	(10,000)	10000
Housing Bonds	5,356	1,965	(1,637)	5684
Subdivision Bonds	30,792	17,623	0	48415
Other Bonds	22,182	400	(400)	22182
Hall and Shire Property Bonds	1,250	0	0	1250
Footpath Bonds	12,000	3,999	(4,500)	11499
CIGF regional grant funding	0	723,836	0	723836
	<u>88,106</u>			<u>829,392</u>

20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Toyota Prado	48,105	48,493	46,818	48,182	(1,287)	(311)
Health						
Holden Caprice	50,969	41,950	40,000	40,909	(10,969)	(1,041)
Transport						
Toyota Hilux SR5 2010	44,550	44,494	40,909	40,000	(3,641)	(4,494)
Community Amenities						
Holden Rodeo JP0025 FBG	25,109	0	0	0	(25,109)	0
4 Residential Blocks-Collins st Jerramungup		133,531		100,000		(33,531)
	<u>168,733</u>	<u>268,468</u>	<u>127,727</u>	<u>229,091</u>	<u>(41,006)</u>	<u>(39,377)</u>

SHIRE OF JERRAMUNGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Loan 257 - Staff Housing	33,213		16,135	16,135	17,078	17,079	1,490	1,558
Loan 258 - JMP Community Centre	44,753		8,195	11,006	36,558	33,511	2,414	2,416
Loan 259 - Key Personnel	441,941		40,541	40,541	401,400	401,400	27,395	27,732
	519,907	0	64,871	67,682	455,036	451,990	31,299	31,706

Loan 259 is associated with the Police Housing project - Council receives \$72280 in rent for these properties annually.
 All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2011/12

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 2012

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-11 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-12 \$
Nil		0	0	0	0

(d) Overdraft

The Shire of Jerramungup did not require an overdraft facility during the 2011/2012 financial year.

SHIRE OF JERRAMUNGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Unimproved Value	1.0310	360	169,430,900	1,746,751	(3,384)	0	1,743,367	1,746,751	0	0	1,746,751
Gross Rental Value	8.0140	402	4,473,102	357,433	3,562	3,867	364,862	356,363	0	0	356,363
Sub-Totals		762	173,904,002	2,104,184	178	3,867	2,108,229	2,103,114	0	0	2,103,114
Minimum Rates											
Unimproved Value	565	33	144,730	18,645	0	0	18,645	18,645	0	0	18,645
Gross Rental Value	565	389	2,107,369	219,785	0	0	219,785	219,785	0	0	219,785
Sub-Totals		422	2,252,099	238,430	0	0	238,430	238,430	0	0	238,430
Other Rate Charges											
							2,346,659				2,341,544
							3,071				2,341,544
							392				2,341,544
Discounts											
Totals							2,350,122				2,341,544
							(531)				2,341,544
							2,349,591				2,341,544

SHIRE OF JERRAMUNGUP
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FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR	2012	2011
(b) Information on Surplus/(Deficit) Brought Forward	(1 July 2011 Brought Forward) \$	(30 June 2011 Carried Forward) \$
Surplus/(Deficit) 1 July 2011 Brought Forward	<u>931895</u>	<u>931895</u>
<u>Comprises:</u>		
Cash - Unrestricted	527,965	527,965
Cash - Restricted	1,710,514	1710514
Investments - Restricted	0	0
Rates - Current	54892	54892
Sundry Debtors	68108	71260
GST Receivable	65116	65116
Inventories		
- Fuel and Materials	38916	38916
Accrued income	7746	7746
Less:		
Reserves - Restricted Cash		
- Leave Reserve	30,321	30,321
- Plant Reserve	98,902	98,902
- Building Reserve	170,206	170,206
Bremer Bay Youth Camp Reserve	42,348	42,348
Community Recreation Reserve	33,930	33,930
Jerramungup Entertainment Centre Reserve	46,204	46,204
Effluent Reserve	298,169	298,169
Jerramungup Retirement Units Reserve	94,428	94,428
Point Henry Fire Levy Reserve	39,835	39,835
Bremer Bay Boat Ramp Reserve	92,623	92,623
Bremer Bay Retirement Units Reserve	96,782	96,782
Capital Works Reserve	11,375	11,375
Swimming Pool Reserve	6,593	6,593
Unspent Grants	0	0
Unspent Loans	0	0
Committed Cash - Subdivision Contribution	0	0
Sundry Creditors	430615	430615
Accrued Interest on Debentures	0	0
Accrued Salaries and Wages	0	0
Current Employee Benefits Provision	22305	25457
GST	26726	26726
Surplus/(Deficit)	<u>931895</u>	<u>931,895</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report.

SHIRE OF JERRAMUNGUP
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23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Recreation Centre Jerramungup Townsite \$230.60 Minimum Rate	3.2650	GRV		41,812	0	11,603	0
				41,812	0	11,603	0

The Shire of Jerramungup Effluent Area Rate is used to maintain the effluent system in the Jerramungup Townsite. The Jerramungup Effluent Charges are recorded as a fee and charge and funds are used to maintain and upgrade the wastewater system in Jerramungup.

24. SERVICE CHARGES - 2011/12 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 2011/2012.

SHIRE OF JERRAMUNGUP
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25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Write off Small Balances	Write off	Nil	531	541

26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		10,142	10,570
Interest on Instalments Plan	5.00%		11,522	13,168
Charges on Instalment Plan		5	3,870	
			25,534	23,738

Ratepayers had the option of paying rates in four equal instalments, due on 24th September 2012, 16th November 2012, 18th January 2013 and 15th March 2013. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2012 \$	2011 \$
Governance	7,616	1,330
General Purpose Funding	3,200	4,100
Law, Order, Public Safety	23,953	22,535
Health	2,600	8,535
Education and Welfare	48,527	45,541
Housing	75,213	72,631
Community Amenities	286,085	209,531
Recreation and Culture	23,223	17,988
Transport	193,944	50,825
Economic Services	20,651	25,504
Other Property and Services	281,855	141,398
	<u>966,867</u>	<u>599,918</u>

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

SHIRE OF JERRAMUNGUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

28. GRANT REVENUE

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

	2012	2011
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,595,160	1,314,829
Non-Operating Grants, Subsidies and Contributions	2,688,647	2,725,811
	<u>4,283,807</u>	<u>4,040,640</u>
By Program:		
Governance	28,908	56,017
General Purpose Funding	553,022	423,069
Law, Order, Public Safety	133,827	255,060
Health	1,322	0
Education and Welfare	1,147	643
Housing	0	0
Community Amenities	16,100	37,704
Recreation and Culture	227,402	446,341
Transport	3,105,016	277,592.5
Economic Services	0	0
Other Property and Services	217,063	45,881
	<u>4,283,807</u>	<u>4,040,640</u>

29. ELECTED MEMBERS REMUNERATION

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

	2012	2012	2011
	\$	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	1,060	0	0
Telecommunications Allowance	7,000	7,000	7,000
	<u>79,060</u>	<u>78,000</u>	<u>78,000</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2012	2011
	<u>26</u>	<u>27</u>

SHIRE OF JERRAMUNGUP
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FOR THE YEAR ENDED 30TH JUNE 2012

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	2012 \$	2012 Budget \$	2011 \$
Operating Revenue			
- Profit on sale	0	(33,531)	0
Capital Revenue			
- Sale Proceeds	0	100,000	0
Capital Expenditure			
- Purchase of Land	0	0	662
- Development Costs	0		132,892
	<u>0</u>	<u>0</u>	<u>133,554</u>

There are no liabilities in relation to this land transaction as at 30 June 2012.

(c) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
Cash Outflows						
- Development Costs	(275,000)	0	(430,000)	0	0	(705,000)
- Loan Repayments	0	0	0	0	0	0
	<u>(275,000)</u>	<u>0</u>	<u>(430,000)</u>	<u>0</u>	<u>0</u>	<u>(705,000)</u>
Cash Inflows						
- Loan Proceeds	0	0	127,800	0	0	127,800
- Sale Proceeds	160,000	120,000	120,000	0	0	400,000
	<u>160,000</u>	<u>120,000</u>	<u>247,800</u>	<u>0</u>	<u>0</u>	<u>527,800</u>
Net Cash Flows	<u>(115,000)</u>	<u>120,000</u>	<u>(182,200)</u>	<u>0</u>	<u>0</u>	<u>(177,200)</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

SHIRE OF JERRAMUNGUP
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FOR THE YEAR ENDED 30TH JUNE 2012

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	
	2012 \$	2011 \$	2012 \$	2011 \$
Financial Assets				
Cash and cash equivalents	1,698,814	2,238,479	1,698,814	2,238,479
Receivables	1,023,531	199,720	1,023,531	199,720
	<u>2,722,345</u>	<u>2,438,199</u>	<u>2,722,345</u>	<u>2,438,199</u>
Financial Liabilities				
Payables	322,754	490,075	322,754	490,075
Borrowings	455,036	519,907	428,488	490,630
	<u>777,790</u>	<u>1,009,982</u>	<u>751,242</u>	<u>980,705</u>

Fair value is determined as follows:

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

SHIRE OF JERRAMUNGUP
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FOR THE YEAR ENDED 30TH JUNE 2012

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.

	2012 \$	2011 \$
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	169,881	223,848
- Statement of Comprehensive Income	169,881	223,848

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	16,988	22,385
- Statement of Comprehensive Income	16,988	22,385

SHIRE OF JERRAMUNGUP
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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:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	1.27%	0.00%
- Overdue	98.73%	100.00%
Percentage of Other Receivables		
- Current	99.35%	77.11%
- Overdue	0.65%	22.89%

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FOR THE YEAR ENDED 30TH JUNE 2012

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>2012</u>				<u>2011</u>					
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values
Payables	322,754			322,754	322,754	490,075		0	490,075	490,075
Borrowings	103,053	297,821	171,459	572,334	455,036	99,698	328,935	240,043	668,676	519,907
	<u>425,807</u>	<u>297,821</u>	<u>171,459</u>	<u>895,088</u>	<u>777,790</u>	<u>589,773</u>	<u>328,935</u>	<u>240,043</u>	<u>1,158,751</u>	<u>1,009,982</u>

SHIRE OF JERRAMUNGUP
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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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2012								
Payables Borrowings								
Fixed Rate Debentures	17,078		36,558		401,400		455,036	6.34%
Weighted Average Effective Interest Rate	5.72%		5.80%		6.42%			
Year Ended 30 June 2011								
Payables Borrowings								
Fixed Rate Debentures		33,212		44,753	441,941		519,906	6.32%
Weighted Average Effective Interest Rate		5.72%		5.80%	6.42%			