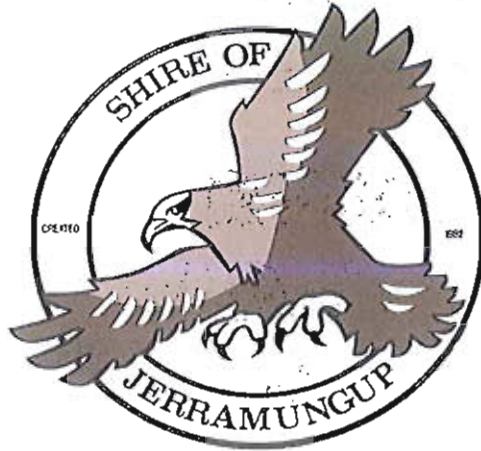


# SHIRE OF JERRAMUNGUP



## FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

### TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 51
Independent Audit Report	52

**SHIRE OF JERRAMUNGUP**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2010**

**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 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Jerramungup at 30th June 2010 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 6th day of December 2010.



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Bill Parker  
Chief Executive Officer

**SHIRE OF JERRAMUNGUP**  
**STATEMENT OF COMPEREHENSIVE INCOME**  
*BY NATURE OR TYPE*  
**FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
<b>REVENUE</b>				
Rates	22	2,237,309	2,263,458	2,165,677
Operating Grants, Subsidies and Contributions	28	1,335,181	940,426	1,297,802
Fees and Charges	27	466,935	398,216	789,830
Interest Earnings	2(a)	110,934	118,830	158,071
Other Revenue		573,099	601,100	609,640
		<u>4,723,458</u>	<u>4,322,030</u>	<u>5,021,020</u>
<b>EXPENSES</b>				
Employee Costs		(1,415,212)	(1,505,281)	(987,838)
Materials and Contracts		(1,859,130)	(2,141,887)	(1,781,314)
Utility Charges		(146,390)	(98,849)	(92,064)
Depreciation on Non-Current Assets	2(a)	(1,248,282)	(1,335,075)	(1,216,889)
Interest Expenses	2(a)	(35,865)	(7,880)	(14,016)
Insurance Expenses		(165,207)	(162,680)	(148,711)
Other Expenditure		(392,360)	(355,756)	(790,479)
		<u>(5,262,446)</u>	<u>(5,607,408)</u>	<u>(5,031,311)</u>
		(538,988)	(1,285,378)	(10,291)
Non-Operating Grants, Subsidies and Contributions	28	709,733	2,584,531	1,256,256
Profit on Asset Disposals	20	148,756	171,209	81,000
Loss on Asset Disposal	20	<u>(117,869)</u>	<u>(55,772)</u>	<u>(28,137)</u>
<b>NET RESULT</b>		<b>201,632</b>	<b>1,414,590</b>	<b>1,298,828</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>201,632</u></u>	<u><u>1,414,590</u></u>	<u><u>1,298,828</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 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
<b>REVENUE</b>				
Governance		116,045	21,625	25,857
General Purpose Funding		2,738,786	2,640,470	2,746,018
Law, Order, Public Safety		49,229	47,400	40,742
Health		123,747	3,992	4,133
Education and Welfare		39,806	37,268	36,750
Housing		245,678	282,077	597,038
Community Amenities		244,062	213,816	260,547
Recreation and Culture		51,939	65,231	149,594
Transport		1,330,156	3,134,193	1,446,766
Economic Services		28,603	19,550	36,158
Other Property and Services		613,895	612,148	1,014,672
		<u>5,581,946</u>	<u>7,077,770</u>	<u>6,358,275</u>
<b>EXPENSES EXCLUDING FINANCE COSTS</b>				
Governance		(784,733)	(718,022)	(623,519)
General Purpose Funding		(96,333)	(107,367)	(92,024)
Law, Order, Public Safety		(237,989)	(174,895)	(124,781)
Health		(145,353)	(129,646)	(76,379)
Education and Welfare		(61,172)	(89,741)	(63,872)
Housing		(49,807)	(48,558)	(23,469)
Community Amenities		(628,008)	(608,297)	(484,697)
Recreation & Culture		(694,515)	(741,306)	(498,802)
Transport		(2,131,802)	(2,609,135)	(2,296,678)
Economic Services		(140,690)	(112,113)	(119,615)
Other Property and Services		(374,047)	(316,220)	(641,595)
		<u>(5,344,449)</u>	<u>(5,655,300)</u>	<u>(5,045,431)</u>
<b>FINANCE COSTS</b>				
Health		-	-	(682)
Housing		(28,441)	-	-
Community Amenities		(3,611)	(3,612)	(5,777)
Recreation and Culture		(81)	(234)	(1,290)
Transport		(3,732)	(4,034)	(6,267)
	2 (a)	<u>(35,865)</u>	<u>(7,880)</u>	<u>(14,016)</u>
<b>NET RESULT</b>		<u>201,632</u>	<u>1,414,590</u>	<u>1,298,828</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>201,632</u></u>	<u><u>1,414,590</u></u>	<u><u>1,298,828</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 2010**

	NOTE	2010 \$	2009 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	2,154,844	2,588,361
Trade and Other Receivables	4	138,430	478,984
Inventories	5	57,234	37,325
<b>TOTAL CURRENT ASSETS</b>		<u>2,350,508</u>	<u>3,104,670</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	607	1,166
Inventories	5	0	0
Property, Plant and Equipment	6	9,343,357	8,082,269
Infrastructure	7	87,721,404	87,457,565
<b>TOTAL NON-CURRENT ASSETS</b>		<u>97,065,368</u>	<u>95,541,000</u>
<b>TOTAL ASSETS</b>		<u>99,415,876</u>	<u>98,645,670</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	318,267	226,908
Long Term Borrowings	9	63,692	44,496
Provisions	10	201,550	103,312
<b>TOTAL CURRENT LIABILITIES</b>		<u>583,509</u>	<u>374,716</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	519,907	103,599
Provisions	10	23,500	80,027
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>543,407</u>	<u>183,626</u>
<b>TOTAL LIABILITIES</b>		<u>1,126,916</u>	<u>558,342</u>
<b>NET ASSETS</b>		<u>98,288,960</u>	<u>98,087,328</u>
<b>EQUITY</b>			
Retained Surplus		41,762,887	40,994,825
Reserves - Cash Backed	11	1,316,232	1,882,662
Reserves - Asset Revaluation	12	55,209,841	55,209,841
<b>TOTAL EQUITY</b>		<u>98,288,960</u>	<u>98,087,328</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 2010**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008		40,551,012	1,027,647	55,209,841	96,788,500
Changes in Accounting Policy					0
Correction of Errors					0
Restated Balance		40,551,012	1,027,647	55,209,841	96,788,500
Net Result		1,298,828	0	0	1,298,828
Total Other Comprehensive Income					0
Reserve Transfers		-855,015	855,015	0	0
<b>Balance as at 30 June 2009</b>		<b>40,994,825</b>	<b>1,882,662</b>	<b>55,209,841</b>	<b>98,087,328</b>
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>

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 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		2,215,060	2,263,458	2,167,956
Operating Grants, Subsidies and Contributions		1,335,181	940,426	1,297,802
Fees and Charges		466,935	742,183	789,830
Interest Earnings		105,422	118,830	156,740
Goods and Services Tax		19,939	75,000	79,811
Other Revenue		972,701	601,100	544,598
		<u>5,115,238</u>	<u>4,740,997</u>	<u>5,036,737</u>
<b>Payments</b>				
Employee Costs		(1,366,579)	(1,495,920)	(968,264)
Materials and Contracts		(1,807,759)	(2,001,566)	(2,159,965)
Utility Charges		(146,390)	(98,849)	(92,064)
Insurance Expenses		(165,207)	(7,880)	(148,711)
Interest Expenses		(7,880)	(162,680)	(15,037)
Goods and Services Tax		(65,495)	(325,000)	(21,199)
Other Expenditure		(392,360)	(355,756)	(790,479)
		<u>(3,951,670)</u>	<u>(4,447,651)</u>	<u>(4,195,719)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>1,163,568</u>	<u>293,346</u>	<u>841,018</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale				
Payments for Purchase of Property, Plant & Equipment		(2,068,548)	(2,280,001)	(825,518)
Payments for Construction of Infrastructure		(1,075,265)	(3,003,848)	(1,173,611)
Advances to Community Groups				
Payments for Purchase of Investments				
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		709,733	2,584,531	1,256,256
Proceeds from Sale of Plant & Equipment		401,491	529,000	201,614
Proceeds from Advances				
Proceeds from Sale of Investments				
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(2,032,589)</u>	<u>(2,170,318)</u>	<u>(541,259)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(44,496)	(44,496)	(63,688)
Repayment of Finance Leases			0	(13,995)
Proceeds from Self Supporting Loans				
Proceeds from New Debentures		480,000	480,000	
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>435,504</u>	<u>435,504</u>	<u>(77,683)</u>
<b>Net Increase (Decrease) In Cash Held</b>		<u>(433,517)</u>	<u>(1,441,468)</u>	<u>222,076</u>
Cash at Beginning of Year		2,588,361	2,588,359	2,366,285
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>2,154,844</u></u>	<u><u>1,146,891</u></u>	<u><u>2,588,361</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 2010**

	NOTE	2010 \$	2010 Budget \$
<b>REVENUE</b>			
Governance		116,045	21,625
General Purpose Funding		501,477	411,090
Law, Order, Public Safety		49,229	47,400
Health		123,747	3,992
Education and Welfare		39,806	37,268
Housing		245,678	282,077
Community Amenities		244,062	213,816
Recreation and Culture		51,939	65,231
Transport		1,330,156	3,134,193
Economic Services		28,603	19,550
Other Property and Services		613,895	612,148
		<u>3,344,637</u>	<u>4,848,390</u>
<b>EXPENSES</b>			
Governance		(96,333)	(718,022)
General Purpose Funding		(784,733)	(107,367)
Law, Order, Public Safety		(237,989)	(174,895)
Health		(145,353)	(129,646)
Education and Welfare		(61,172)	(89,740)
Housing		(78,248)	(48,558)
Community Amenities		(631,619)	(611,910)
Recreation & Culture		(694,596)	(741,540)
Transport		(2,135,534)	(2,613,169)
Economic Services		(140,690)	(112,113)
Other Property and Services		(374,047)	(316,220)
		<u>(5,380,314)</u>	<u>(5,663,180)</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		(30,887)	(115,437)
Movement in Accrued Interest		27,985	
Movement in Deferred Pensioner Rates (Non-Current)		559	
Movement in Accrued Salaries and Wages		338	
Movement in Employee Benefit Provisions		41,711	
Depreciation and Amortisation on Assets		1,248,282	1,335,076
<b>Capital Expenditure and Revenue</b>			
Purchase Land Held for Resale			
Purchase Land and Buildings		(1,569,713)	(1,628,601)
Purchase Infrastructure Assets - Roads		(1,075,265)	(3,003,848)
Purchase Plant and Equipment		(475,166)	(633,800)
Purchase Furniture and Equipment		(23,669)	(17,600)
Proceeds from Disposal of Assets		401,491	529,000
Repayment of Debentures		(44,496)	(44,496)
Proceeds from New Debentures		480,000	480,000
Transfers to Reserves (Restricted Assets)		(221,147)	(83,810)
Transfers from Reserves (Restricted Assets)		787,579	837,579
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		995,768	907,269
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		745,002	10,000
<b>Amount Required to be Raised from Rates</b>	<b>22</b>	<u>(2,237,309)</u>	<u>(2,263,458)</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 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

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

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

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

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

**(c) Goods and Services Tax**

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

**(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

**(f) Inventories**

***General***

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

***Land Held for Resale***

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing a binding contract of sale.

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

**(g) Fixed Assets**

***Initial Recognition***

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

***Revaluation***

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

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

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

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

Land	Not Depreciated
Buildings	2.00%
Furniture and Internal Equipment	15.00%
-Computers	33.30%
Light Vehicles - replacement due	
- Every Year	5.00%
- Every Two Years	10.00%
- More Than Two Years	15.00%
Light Plant and External Equipment	15.00%
Heavy Plant and External Equipment	10.00%
Sealed Roads and Streets:	
- Clearing and Earthworks	0.00%
- Pavement	2.00%
- Kerb	5.00%
- Seal	3.33%
Unsealed Roads and Streets	
- Clearing and Earthworks	0.00%
- Pavement	3.33%
Footpaths	2.00%
Drainage, Sewerage Fixtures etc	2.00%
Other Infrastructure	2.00%

SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

**Classification**

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

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

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

*(ii) Loans and receivables*

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

*(iii) Held-to-maturity investments*

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

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

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

**Recognition and derecognition**

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

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

***Subsequent measurement***

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

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

***Impairment***

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

**(j) Estimation of Fair Value**

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

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

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

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

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

**(k) Impairment**

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each balance 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.

**(l) Trade and Other Payables**

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

**(m) Employee Benefits**

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

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

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

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

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

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

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

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

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

***Borrowing Costs***

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

**(o) Provisions**

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

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

**(p) Leases**

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

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

**(q) Joint Venture**

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

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

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

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

**(s) Superannuation**

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

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

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

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

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

**(u) Rounding Off Figures**

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

**(v) Comparative Figures**

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

**(w) Budget Comparative Figures**

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



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2010.

Council's assessment of these new 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 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 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	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.
(iv) AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil – The Council will not have applicable transactions.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(v) 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.
(vi) 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 (ii) above).
(vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	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 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

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

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	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.
	Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
	AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

**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 2010**

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

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

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

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

**AASB 101: Presentation of Financial Statements**

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

*Disclosure Impact*

**Terminology changes** – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

**Reporting changes in equity** – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

**Statement of comprehensive income** – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

**Other Comprehensive Income** – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

2. REVENUE AND EXPENSES	2010 \$	2009 \$	
<b>(a) Net Result</b>			
The Net Result includes:			
(i) Charging as an Expense:			
<b>Significant Expense</b>			
General Purpose Funding	<u>nil</u>	<u>nil</u>	
<b>Amortisation</b>			
Capitalised Leased Assets	0	0	
<b>Auditors Remuneration</b>			
- Audit	8,592	6,930	
- Other Services	0	12,947	
<b>Depreciation</b>			
Buildings	181,571	168,146	
Furniture and Equipment	25,919	26,353	
Plant and Equipment	229,366	210,033	
Roads	787,164	779,922	
Dual Use Paths	3,047	2,869	
Parks and Ovals	1,136	2,105	
Drainage	5,696	10,554	
Sewerage	7,164	7,163	
Other Reserves	7,219	9,744	
	<u>1,248,282</u>	<u>1,216,889</u>	
<b>Interest Expenses (Finance Costs)</b>			
Finance Lease Charges	0	2,451	
Debentures ( <i>refer Note 21(a)</i> )	35,865	11,565	
	<u>35,865</u>	<u>14,016</u>	
<b>Rental Charges</b>			
- Operating Leases	<u>0</u>	<u>0</u>	
(ii) Crediting as Revenue:			
	2010 \$	2010 Budget \$	2009 \$
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	56,601	52,500	47,123
- Other Funds	36,821	55,000	96,260
Other Interest Revenue ( <i>refer note 26</i> )	17,512	11,330	14,688
	<u>110,934</u>	<u>118,830</u>	<u>158,071</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2010**

**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 2010**

**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 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (*) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
Grant/Contribution	Function/ Activity							
DOT Bremer Bay Boat Facility	Community Amc	3,286	-	-	3,286	-	(3,286)	-
Department of Water	Community Amc	13,650	-	-	13,650	-	(13,650)	-
Crime Prevention Grant	Law Order Publi	40,000	-	-	40,000	-	(40,000)	-
Main Roads Flood Damage	Transport	298,694	-	(222,142)	76,552	-	(76,552)	-
Subdivision Contributions	Economic Servit	-	28,030	-	28,030	-	(13,250)	14,780
Royalties for Regions - Asset Management	Governance	-	-	-	-	35,000	-	35,000
GSDC - Waste Management	Community Amc	-	-	-	-	40,000	-	40,000
RLCIP - Roe Park Landscaping	Recreation	-	-	-	-	30,000	-	30,000
<b>Total</b>		<b>355,630</b>	<b>28,030</b>	<b>(222,142)</b>	<b>161,518</b>	<b>105,000</b>	<b>(146,738)</b>	<b>119,730</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 2010**

	2010	2009
	\$	\$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	718,834	544,181
Restricted	1,436,010	2,044,180
	<u>2,154,844</u>	<u>2,588,361</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	28,803	27,894
Plant Reserve	129,869	377,351
Building Reserve	161,695	561,428
Bremer Bay Youth Camp Reserve	40,227	38,957
Community Recreation Reserve	79,727	77,211
Jerramungup Entertainment Centre Reserve	43,890	42,505
Effluent Reserve	288,483	248,387
Jerramungup Retirement Units Reserve	89,699	86,868
Point Henry Fire Levy Reserve	36,621	35,465
Bremer Bay Boat Ramp Reserve	87,984	82,009
Bremer Bay Caravan Park Reserve	0	0
Bremer Bay Retirement Units Reserve	91,935	89,033
Capital Works Reserve	231,035	209,489
Swimming Pool Reserve	6,262	6,065
Unspent Grants	119,780	161,518
Unspent Loans	0	0
	<u>1,436,010</u>	<u>2,044,180</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	54,117	31,477
Sundry Debtors	11,484	410,251
GST Receivable	65,424	35,363
Accrued Interest Receivable	7,405	1,893
	<u>138,430</u>	<u>478,984</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	607	1,166
	<u>607</u>	<u>1,166</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	57,234	37,325
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	0	0
	<u>57,234</u>	<u>37,325</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 2010**

	2010	2009
	\$	\$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	10,121,459	8,911,324
Less Accumulated Depreciation	<u>(2,384,034)</u>	<u>(2,316,540)</u>
	7,737,425	6,594,784
Furniture and Equipment - Cost	435,515	411,846
Less Accumulated Depreciation	<u>(388,331)</u>	<u>(362,412)</u>
	47,184	49,434
Plant and Equipment - Cost	3,596,448	3,353,080
Less Accumulated Depreciation	<u>(2,037,700)</u>	<u>(1,915,029)</u>
	1,558,748	1,438,051
	<u>9,343,357</u>	<u>8,082,269</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

**Movements in Carrying Amounts**

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2009	6,594,784	49,434	1,438,051	8,082,269
Additions	1,569,713	23,669	475,166	2,068,548
(Disposals)	(245,501)	-	(125,103)	(370,604)
Revaluation - Increments	-	-	-	-
- (Decrements)	-	-	-	-
Impairment - (losses)	-	-	-	-
- reversals	-	-	-	-
Depreciation (Expense)	(181,571)	(25,919)	(229,366)	(436,856)
Other Movements	-	-	-	-
<b>Balance as at 30 June 2010</b>	<b>7,737,425</b>	<b>47,184</b>	<b>1,558,748</b>	<b>9,343,357</b>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

	2010	2009
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads - management valuation 2005	93,248,103	93,248,103
Roads - Cost	3,792,112	2,774,327
Less Accumulated Depreciation	<u>(11,066,844)</u>	<u>(10,279,681)</u>
	85,973,371	85,742,749
Footpaths - Cost	299,884	242,473
Less Accumulated Depreciation	<u>(72,687)</u>	<u>(69,640)</u>
	227,197	172,833
Drainage - Cost	790,081	790,012
Less Accumulated Depreciation	<u>(143,096)</u>	<u>(137,400)</u>
	646,985	652,612
Parks & Ovals - Cost	240,309	240,309
Less Accumulated Depreciation	<u>(54,841)</u>	<u>(53,705)</u>
	185,468	186,604
Sewerage - Cost	358,200	358,200
Less Accumulated Depreciation	<u>(162,545)</u>	<u>(154,861)</u>
	195,655	203,339
Other Reserves - Cost	667,468	667,468
Less Accumulated Depreciation	<u>(174,740)</u>	<u>(168,040)</u>
	492,728	499,428
	<u>87,721,404</u>	<u>87,457,565</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 also accords with AASB116.

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2010**

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Sewerage \$	Other Reserves \$	Total \$
Balance as at 1 July 2009	85,742,749	172,833	652,612	186,604	203,339	499,428	87,457,565
Additions	1,017,786	57,410	69	0	0	0	1,075,265
(Disposals)	0	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0	0	0
Depreciation (Expense)	(787,164)	(3,046)	(5,696)	(1,136)	(7,684)	(6,700)	(811,426)
Other Movements	0	0	0	0	0	0	0
<b>Balance as at 30 June 2010</b>	<b>85,973,371</b>	<b>227,197</b>	<b>646,985</b>	<b>185,468</b>	<b>195,655</b>	<b>492,728</b>	<b>87,721,404</b>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

	2010	2009
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	236,579	165,299
Accrued Interest on Debentures	28,653	668
Accrued Wages and Salaries	338	0
Pay As You Go Liability	30,779	20,019
Fringe Benefit Tax Liability		3,509
GST Liability	21,918	37,413
	<u>318,267</u>	<u>226,908</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	63,692	44,496
Lease Liability	0	0
	<u>63,692</u>	<u>44,496</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	519,907	103,599
Lease Liability	0	0
	<u>519,907</u>	<u>103,599</u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	125,146	88,360
Provision for Long Service Leave	76,404	14,952
	<u>201,550</u>	<u>103,312</u>
<b>Non-Current</b>		
Provision for Annual Leave	0	7,626
Provision for Long Service Leave	23,500	72,401
	<u>23,500</u>	<u>80,027</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

	2010 \$	2010 Budget \$	2009 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	27,894	27,893	26,752
Amount Set Aside / Transfer to Reserve	909	1,116	1,144
Amount Used / Transfer from Reserve	-	-	-
	<u>28,803</u>	<u>29,009</u>	<u>27,896</u>
<b>(b) Plant Reserve</b>			
Opening Balance	377,351	377,351	84,537
Amount Set Aside / Transfer to Reserve	32,518	9,240	292,814
Amount Used / Transfer from Reserve	(280,000)	(280,000)	-
	<u>129,869</u>	<u>106,591</u>	<u>377,351</u>
<b>(c) Community Recreation</b>			
Opening Balance	77,211	77,210	86,558
Amount Set Aside / Transfer to Reserve	2,516	3,088	53,753
Amount Used / Transfer from Reserve	-	(50,000)	(63,100)
	<u>79,727</u>	<u>30,298</u>	<u>77,211</u>
<b>(d) Bremer Bay Youth Camp Reserve</b>			
Opening Balance	38,957	38,957	37,359
Amount Set Aside / Transfer to Reserve	1,270	1,558	1,598
Amount Used / Transfer from Reserve	-	-	-
	<u>40,227</u>	<u>40,515</u>	<u>38,957</u>
<b>(e) Building Reserve</b>			
Opening Balance	561,428	561,428	136,785
Amount Set Aside / Transfer to Reserve	7,846	5,614	424,643
Amount Used / Transfer from Reserve	(407,579)	(407,579)	-
	<u>161,695</u>	<u>159,463</u>	<u>561,428</u>
<b>(f) Bremer Bay Retirement Units Reserve</b>			
Opening Balance	89,033	89,034	79,573
Amount Set Aside / Transfer to Reserve	2,902	3,561	9,460
Amount Used / Transfer from Reserve	-	-	-
	<u>91,935</u>	<u>92,595</u>	<u>89,033</u>
<b>(g) JMP Entertainment Centre Reserve</b>			
Opening Balance	42,505	42,505	34,953
Amount Set Aside / Transfer to Reserve	1,385	1,700	7,551
Amount Used / Transfer from Reserve	-	-	-
	<u>43,890</u>	<u>44,205</u>	<u>42,504</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

	2010 \$	2010 Budget \$	2009 \$
<b>(h) Effluent Reserve</b>			
Opening Balance	248,387	248,387	204,322
Amount Set Aside / Transfer to Reserve	40,096	41,135	44,065
Amount Used / Transfer from Reserve	-	-	-
	<u>288,483</u>	<u>289,522</u>	<u>248,387</u>
<b>(i) Point Henry Fire Levy Reserve</b>			
Opening Balance	35,465	35,466	49,635
Amount Set Aside / Transfer to Reserve	1,156	1,419	2,018
Amount Used / Transfer from Reserve	-	-	(16,187)
	<u>36,621</u>	<u>36,885</u>	<u>35,466</u>
<b>(j) Jerramungup Retirement Units Reserve</b>			
Opening Balance	86,868	86,867	77,496
Amount Set Aside / Transfer to Reserve	2,831	3,475	9,371
Amount Used / Transfer from Reserve	-	-	-
	<u>89,699</u>	<u>90,342</u>	<u>86,867</u>
<b>(k) Fishery Beach Boat Ramp Reserve</b>			
Opening Balance	82,009	82,008	78,644
Amount Set Aside / Transfer to Reserve	5,975	3,280	3,364
Amount Used / Transfer from Reserve	-	-	-
	<u>87,984</u>	<u>85,288</u>	<u>82,008</u>
<b>(m) Capital Works Reserve</b>			
Opening Balance	209,490	209,489	125,217
Amount Set Aside / Transfer to Reserve	121,545	8,380	84,272
Amount Used / Transfer from Reserve	(100,000)	(100,000)	-
	<u>231,035</u>	<u>117,869</u>	<u>209,489</u>
<b>(m) Swimming Pool Reserve</b>			
Opening Balance	6,065	6,065	5,816
Amount Set Aside / Transfer to Reserve	198	243	249
Amount Used / Transfer from Reserve	-	-	-
	<u>6,263</u>	<u>6,308</u>	<u>6,065</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>1,316,231</u>	<u>1,128,891</u>	<u>1,882,662</u>

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



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

**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.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

<b>12. RESERVES - ASSET REVALUATION</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
<b>(a) Land and Buildings</b>		
Balance as at 1 July 2009	955,543	955,543
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>955,543</u>	<u>955,543</u>
<b>(b) Roads</b>		
Balance as at 1 July 2009	54,254,298	54,254,298
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<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 2010**

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

**(a) Reconciliation of Cash**

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>2,154,844</u>	<u>1,146,891</u>	<u>2,588,361</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	201,632	1,414,590	1,298,828
Amortisation	-		-
Depreciation	1,248,282	1,335,076	1,216,889
Impairment (Loss)/Reversal			
(Profit)/Loss on Sale of Asset	(30,887)	(115,437)	(52,863)
(Increase)/Decrease in Accrued Interest	27,985		(1,021)
(Increase)/Decrease in Accrued Wages and Salaries	338		(13,752)
(Increase)/Decrease in Receivables	341,113	343,967	(42,893)
(Increase)/Decrease in Inventories	(19,909)	2,962	(1,269)
Increase/(Decrease) in Payables	63,036	137,359	(338,259)
Increase/(Decrease) in Employee Provisions	41,711	9,361	31,616
Grants/Contributions for the Development of Assets	<u>(709,733)</u>	<u>(2,584,531)</u>	<u>(1,256,256)</u>
<b>Net Cash from Operating Activities</b>	<u>1,163,568</u>	<u>543,347</u>	<u>841,020</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank Overdraft limit	-		-
Bank Overdraft at Balance Date	-		-
Credit Card limit	15,000		15,000
Credit Card Balance at Balance Date	-		-
<b>Total Amount of Credit Unused</b>	<u>15,000</u>		<u>15,000</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	63,692		44,496
Loan Facilities - Non-Current	519,907		103,599
<b>Total Facilities in Use at Balance Date</b>	<u>583,599</u>		<u>148,095</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>-</u>		<u>-</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

**14. CONTINGENT LIABILITIES**

There are no contingent liabilities which the Shire of Jerramungup is aware of arising from the 2009/2010 financial year, or years prior.

**15. CAPITAL AND LEASING COMMITMENTS**

	2010 \$	2009 \$
<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	0	0
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	0

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

**16. JOINT VENTURE**

The Shire together with Homeswest 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:

	2010	2009
	\$	\$
<b>Non-Current Assets</b>		
Land & Buildings	187,118	187,118
Less: Accumulated Depreciation	<u>(46,779)</u>	<u>(43,036)</u>
	<u>140,339</u>	<u>144,082</u>

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

Governance	4,304,308	2,666,146
General Purpose Funding	0	39,449
Law, Order, Public Safety	32,726	33,621
Health	98,994	241,713
Education and Welfare	196,917	206,686
Housing	123,795	127,315
Community Amenities	646,102	661,070
Recreation and Culture	1,985,363	2,150,856
Transport	88,688,827	88,611,172
Economic Services	548,263	563,317
Other Property and Services	439,987	238,488
Unallocated	<u>2,349,927</u>	<u>3,105,837</u>
	<u>99,415,209</u>	<u>98,645,670</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

	2010	2009	2008
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	1.57	2.83	1.60
Untied Cash to Unpaid Trade Creditors Ratio	3.04	3.29	1.39
Debt Ratio	0.01	0.01	0.01
Debt Service Ratio	0.02	0.02	0.01
Gross Debt to Revenue Ratio	0.13	0.03	0.03
Gross Debt to Economically Realisable Assets Ratio	0.05	0.02	0.02
Rate Coverage Ratio	0.49	0.43	0.23
Outstanding Rates Ratio	0.02	0.01	0.02

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to 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 2010**

**19. TRUST FUNDS**

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

	Balance 1-Jul-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
Youth Advisory Council	595	-	-	595
Fire Fighting Fund	5,581	-	-	5,581
JEC Key Bonds	350	-	-	350
Housing Bonds	5,384	426	(1,550)	4,260
Subdivision Bonds	89,714	-	(18,000)	71,714
Other Bonds	24,181	-	(2,000)	22,181
Hall and Shire Property Bonds	3,142	275	(2,167)	1,250
Footpath Bonds	3,500	-	(500)	3,000
	<u>132,447</u>			<u>108,931</u>

**20. DISPOSALS OF ASSETS - 2009/10 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>						
JP00 - Toyota Prado	45,619	45,000	40,567	43,000	(5,052)	(2,000)
<b>Health</b>						
Holden Caprice	45,686	45,500	36,818	36,000	(8,868)	(9,500)
<b>Housing</b>						
7 Kokoda Road JMP	140,235	148,791	259,900	220,000	119,665	71,209
<b>Recreation and Culture</b>						
Bremer Bay Youth Camp Buildings	105,267	-	9,091	-	(96,176)	-
<b>Transport</b>						
Tandem Truck - JP006	-	-	29,091	50,000	29,091	50,000
Tandem Truck - JP009	-	-	-	50,000	-	50,000
Toyota Hilux - JP001	-	43,000	-	37,000	-	(6,000)
Toyota Hilux - JP0084	33,797	33,000	26,024	30,000	(7,773)	(3,000)
2 Grader Utes	-	20,272	-	18,000	-	(2,272)
Veneri Backhoe Loader	-	78,000	-	45,000	-	(33,000)
	<u>370,604</u>	<u>413,563</u>	<u>401,491</u>	<u>529,000</u>	<u>30,887</u>	<u>115,437</u>

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

**21. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 252 - BB CommunityCent	6,771		6,771	6,771	-0	0	81	234
Loan 253 - BB Airstrip	13,514		13,514	13,514	0	0	497	743
Loan 257 - Staff Housing	62,860		14,403	14,402	48,457	48,458	3,234	3,290
Loan 258 - JMP Community Ce	64,951		9,808	9,809	55,143	54,907	3,612	3,613
Loan 259 - Key Personnel Housing	0	480,000	0	-	480,000	480,000	28,441	-
	148,096	480,000	44,496	44,496	583,600	583,365	35,865	7,880

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 259 - Key Personnel Housing	480,000	480,000	WATC	Debenture	10	192,188	6.42	480,000	480,000	0



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-09 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-10 \$
nil		0	0	0	0

(d) Overdraft

The Shire of Jerramungup did not require an overdraft facility during the 2009/2010 financial year.

SHIRE OF JERRAMUNGUP  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2010

22. RATING INFORMATION - 2009/10 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	1.0627	351	152,674,500	1,622,472	5,639	489	1,628,600	1,622,472	1,000	0	1,623,472
Gross Rental Value	6.6100	397	5,732,388	378,909	9,114	4	388,027	378,908	3,000	0	381,908
<b>Sub-Totals</b>		748	158,406,888	2,001,381	14,753	493	2,016,627	2,001,380	4,000	0	2,005,380
<b>Minimum Rates</b>	<b>Minimum \$</b>										
Unimproved Value	520	34	1,103,688	17,680	0	0	17,680	17,680	0	0	17,680
Gross Rental Value	520	392	2,504,841	203,840	0	0	203,840	203,320	0	0	203,320
<b>Sub-Totals</b>		426	3,608,529	221,520	0	0	221,520	221,000	0	0	221,000
<b>Other Rate Charges</b>							2,238,147				2,226,380
Effluent Area Rate							0				3,000
*Effluent area rate recorded as fee and charge in this report.							0				34,078
<b>Rates written off (refer note 25)</b>							2,238,147				2,263,458
<b>Totals</b>							(838)				2,263,458
							2,237,309				2,263,458

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

**23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR**

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Effluent Area Rate Jerramungup Townsite	3.1100	GRV	1,013,244	36,330	34,078	16,505	34,078
				36,330	34,078	16,505	34,078

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 - 2009/10 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 2009/2010.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2009/10 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Write off Small Balances / Deferred Pensioner Interest	Write-Off		838	600
			838	600

**26. INTEREST CHARGES AND INSTALMENTS - 2009/10 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		7,010	2,100
Interest on Instalments Plan	5.00%		10,502	9,100
Charges on Instalment Plan		5	3,670	3,600
			21,182	14,800

Ratepayers had the option of paying rates in four equal instalments, due on 22nd September 2009, 24th November 2009, 2nd February 2010 and 6th April 2010. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2010</b> \$	<b>2009</b> \$
Governance	1,253	6,286
General Purpose Funding	9,220	7,070
Law, Order, Public Safety	21,395	11,843
Health	3,776	3,833
Education and Welfare	38,746	35,630
Housing	45,576	10,880
Community Amenities	200,214	207,177
Recreation and Culture	24,092	36,850
Transport	48,106	38,559
Economic Services	21,966	21,606
Other Property and Services	52,591	410,096
	<u>466,935</u>	<u>789,830</u>

There were no 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 2010**

<b>28. GRANT REVENUE</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	1,335,181	1,297,802
Non-Operating Grants, Subsidies and Contributions	709,733	1,256,256
	<u>2,044,914</u>	<u>2,554,058</u>
<b>By Program:</b>		
Governance	105,322	450,411
General Purpose Funding	379,177	3,181
Law, Order, Public Safety	27,427	28,898
Health	0	0
Education and Welfare	857	1,120
Housing	200,000	586,158
Community Amenities	40,000	15,716
Recreation and Culture	12,045	81,094
Transport	1,252,145	1,347,901
Economic Services	3,000	13,500
Other Property and Services	24,941	26,079
	<u>2,044,914</u>	<u>2,554,058</u>

<b>29. COUNCILLORS' REMUNERATION</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	56,000	56,000	48,000
President's Allowance	12,000	12,000	10,000
Deputy President's Allowance	3,000	3,000	2,500
Travelling Expenses	6,239	13,000	6,703
Telecommunications Allowance	7,000	7,000	7,000
	<u>84,239</u>	<u>91,000</u>	<u>74,203</u>

<b>30. EMPLOYEE NUMBERS</b>	<b>2010</b>	<b>2009</b>
The number of full-time equivalent employees at balance date	<u>25</u>	<u>24</u>

**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2010**

**31. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land undertaking during the 2009/10 financial year.

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

Council did not participate in any trading undertakings or major trading undertakings during the 2009/10 financial year.

**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

**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	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	2,154,844	2,588,361	2,154,844	2,588,361
Receivables	139,037	480,150	139,037	480,150
	<u>2,293,881</u>	<u>3,068,511</u>	<u>2,293,881</u>	<u>3,068,511</u>
<b>Financial Liabilities</b>				
Payables	318,267	226,908	318,267	226,908
Borrowings	583,599	148,095	573,136	148,095
	<u>901,866</u>	<u>375,003</u>	<u>891,403</u>	<u>375,003</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  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2010**

**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.

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	21,548	22,723
- Income Statement	21,548	22,723

**Notes:**

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

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



**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2010**

**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>30-Jun-10</b>	<b>30-Jun-09</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	94.89%	97.01%
- Overdue	5.11%	2.99%



**SHIRE OF JERRAMUNGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2010**

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

**(c) 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</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Average</b>
								<b>Effective</b>
								<b>Interest Rate</b>
								<b>%</b>
<b>Year Ended 30 June 2010</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures			48,457	55,143	480,000	583,600		6.30%
Weighted Average								
Effective Interest Rate		5.72%	5.80%	5.80%	6.42%			
<b>Year Ended 30 June 2009</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	20,284	0	62,860	0	64,951	148,095		5.95%
Weighted Average								
Effective Interest Rate	7.10%		5.72%		5.80%			