



Shire of Busselton
Geographie Bay

AUDITED FINANCIAL REPORT

For the year ended

30 June 2011

SHIRE OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2011

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SHIRE OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2011

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 6th day of October 2011



Mike Archer
Chief Executive Officer

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Statement of Comprehensive Income by Nature or Type

	Note	2011 Actual \$	2011 Budget \$	2010 Actual \$
<u>REVENUE</u>				
Rates	23	28,763,150	28,593,851	27,350,788
Operating Grants, Subsidies and Contributions	29	3,160,904	2,086,159	3,028,276
Fees and Charges	28	8,314,405	7,947,400	7,624,506
Distributions on Investments	4	0	0	102,522
Interest Earnings	2(a)	2,552,437	1,655,000	1,558,898
Other Revenue		507,843	914,178	910,367
Gain on Redemption of Financial Assets	4	0	0	69,693
		43,298,739	41,196,588	40,645,050
<u>EXPENSES</u>				
Employee Costs		(18,236,995)	(19,139,114)	(17,749,259)
Materials and Contracts		(10,363,329)	(11,306,833)	(9,707,174)
Utility Charges		(1,607,583)	(1,607,406)	(1,576,560)
Depreciation on Non-Current Assets	2(a)	(8,026,170)	(8,853,010)	(8,330,784)
Loss on Redemption of Financial Assets	4	0	0	(27,123)
Interest Expenses	2(a)	(326,265)	(336,702)	(153,904)
Insurance Expenses		(580,962)	(635,237)	(576,517)
Other Expenditure		(778,602)	(801,326)	(352,142)
		(39,919,906)	(42,679,628)	(38,473,463)
		3,378,833	(1,483,040)	2,171,587
Non-Operating Grants, Subsidies and Contributions	29	22,799,951	10,152,133	21,143,263
Fair value adjustments to financial assets at fair value through profit or loss	4	14,178	0	28,874
Profit on Asset Disposals	21	152,836	357,289	159,951
Loss on Asset Disposals	21	(128,027)	(87,387)	(301,398)
		22,838,938	10,422,035	21,030,690
NET RESULT		26,217,771	8,938,995	23,202,277
Other Comprehensive Income				
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		26,217,771	8,938,995	23,202,277

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Statement of Comprehensive Income by Program

	Note	2011 Actual \$	2011 Budget \$	2010 Actual \$
<u>REVENUE</u>	2(a)			
General Purpose Funding		33,340,560	31,660,806	30,987,340
Governance		191,277	73,997	276,309
Law, Order & Public Safety		1,055,600	1,086,918	1,128,296
Health		138,215	112,983	93,976
Education and Welfare		3,301	4,283	7,897
Housing		331,518	288,148	315,839
Community Amenities		5,685,409	4,694,462	4,248,419
Recreation and Culture		15,842,706	5,719,971	20,372,932
Transport		5,306,743	6,235,053	2,325,652
Economic Services		4,081,693	1,665,049	1,719,256
Other Property and Services		288,682	164,340	491,019
		66,265,704	51,706,010	61,966,935
<u>EXPENSES</u>	2(a)			
General Purpose Funding		(702,854)	(792,987)	(721,104)
Governance		(4,222,353)	(4,610,691)	(4,178,681)
Law, Order & Public Safety		(2,444,911)	(2,517,788)	(2,111,876)
Health		(792,935)	(859,434)	(819,774)
Education and Welfare		(121,972)	(111,418)	(301,318)
Housing		(323,669)	(287,601)	(292,777)
Community Amenities		(7,463,943)	(7,870,987)	(7,057,502)
Recreation and Culture		(9,245,903)	(10,284,415)	(8,758,737)
Transport		(10,526,050)	(11,460,240)	(10,793,514)
Economic Services		(2,936,421)	(3,294,645)	(2,742,134)
Other Property and Services		(940,657)	(340,107)	(833,337)
		(39,721,668)	(42,430,313)	(38,610,754)
<u>FINANCE COSTS</u>	2(a)			
Education and Welfare		(4,933)	(4,933)	(6,644)
Community Amenities		(48,827)	(48,827)	(61,828)
Recreation and Culture		(263,549)	(257,882)	(72,545)
Economic Services		(8,956)	(8,956)	(12,887)
Other Property and Services		0	(16,104)	0
		(326,265)	(336,702)	(153,904)
NET RESULT		26,217,771	8,938,995	23,202,277
Other Comprehensive Income				
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		26,217,771	8,938,995	23,202,277

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

SHIRE OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2011

Statement of Financial Position

	Note	2011 Actual \$	2010 Actual \$
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	3	50,732,872	34,305,862
Investments	4	112,193	235,150
Trade and Other receivables	5	2,286,941	2,516,378
Inventories	6	194,052	319,757
TOTAL CURRENT ASSETS		53,326,058	37,377,147
<u>NON-CURRENT ASSETS</u>			
Other Receivables	5	858,584	854,396
Property, Plant and Equipment	7	32,660,734	31,120,059
Infrastructure	8	227,433,830	218,397,288
TOTAL NON-CURRENT ASSETS		260,953,148	250,371,743
TOTAL ASSETS		314,279,206	287,748,890
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables	9	5,497,489	4,682,322
Current Portion of Long Term Borrowings	10	754,290	715,446
Provisions	11	2,508,635	2,537,770
TOTAL CURRENT LIABILITIES		8,760,414	7,935,538
<u>NON-CURRENT LIABILITIES</u>			
Long Term Borrowings	10	4,252,682	4,843,717
Provisions	11	420,711	342,007
TOTAL NON-CURRENT LIABILITIES		4,673,393	5,185,724
TOTAL LIABILITIES		13,433,807	13,121,262
NET ASSETS		300,845,399	274,627,628
<u>EQUITY</u>			
Retained Surplus		276,977,211	254,816,040
Reserves – Cash / Investment Backed	12	23,868,188	19,811,588
TOTAL EQUITY		300,845,399	274,627,628

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

SHIRE OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2011

Statement of Changes in Equity

	Note	Retained Surplus	Reserves Cash / Investment Backed	Total Equity
		\$	\$	\$
Balance as at 1 July 2009		236,981,431	15,513,798	252,495,229
Changes in Accounting Policy		(1,069,878)	0	(1,069,878)
Net Result		23,202,277	0	23,202,277
Total Other Comprehensive Income		0	0	0
Reserve Transfers		(4,297,790)	4,297,790	0
Balance as at 30 June 2010		254,816,040	19,811,588	274,627,628
Changes in Accounting Policy		0	0	0
Net Result		26,217,771	0	26,217,771
Total Other Comprehensive Income		0	0	0
Reserve Transfers		(4,056,600)	4,056,600	0
Balance as at 30 June 2011		276,977,211	23,868,188	300,845,399

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Statement of Cash Flows

	Note	2011 Actual \$	2011 Budget \$	2010 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		28,448,554	28,452,341	27,479,928
Operating Grants, Subsidies and Contributions		3,361,171	2,324,734	2,821,979
Fees & Charges		8,409,069	8,065,118	7,600,792
Interest Earnings		2,552,437	1,655,000	1,558,898
Goods and Services Tax		4,815,727	0	6,089,991
Other Revenue		1,003,451	2,287,499	1,701,536
		<u>48,590,409</u>	<u>42,784,692</u>	<u>47,253,124</u>
Payments				
Employee Costs		(18,185,350)	(19,075,130)	(17,509,482)
Materials and Contracts		(9,991,651)	(11,115,763)	(9,636,004)
Utility Charges		(1,607,583)	(1,607,406)	(1,576,560)
Insurance Expenses		(580,962)	(635,237)	(576,517)
Interest Expenses		(326,265)	(336,702)	(153,904)
Goods and Services Tax		(3,762,204)	0	(6,186,446)
Other Expenditure		(1,607,405)	(1,691,542)	(1,298,416)
		<u>(36,061,420)</u>	<u>(34,461,780)</u>	<u>(36,937,329)</u>
Net Cash Provided by Operating Activities	14(b)	<u>12,528,989</u>	<u>8,322,912</u>	<u>10,315,795</u>
Cash Flows from Investing Activities				
Payment for Purchase of Prop, plant & Equip		(2,405,488)	(5,420,566)	(2,904,678)
Payment for Construction of Infrastructure		(12,202,495)	(14,183,197)	(25,108,656)
Advances to Community Groups		(169,000)	0	(25,000)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		18,474,575	7,334,167	19,624,522
Proceeds from Sale of Assets		448,640	1,070,900	583,334
Proceeds from Sale of Investments		137,135	235,150	11,391,941
Net Cash Provided By (Used In) Investing Activities		<u>4,283,367</u>	<u>(10,963,546)</u>	<u>3,561,463</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(721,192)	(733,537)	(542,444)
Proceeds from Self Supporting Loans		166,846	161,101	178,667
Proceeds from New Debentures		169,000	500,000	3,725,000
Net Cash Provided By (Used In) Financing Activities		<u>(385,346)</u>	<u>(72,436)</u>	<u>3,361,223</u>
Net Increase (Decrease) in Cash Held		16,427,010	(2,713,070)	17,238,481
Cash at Beginning of Year		34,305,862	34,305,862	17,067,381
Cash and Cash Equivalents at the End of the Year	14 (a)	<u><u>50,732,872</u></u>	<u><u>31,592,792</u></u>	<u><u>34,305,862</u></u>

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Rate Setting Statement

	Note	2011 Actual \$	2011 Budget \$	2010 Actual \$
<u>REVENUE</u>				
General Purpose Funding		4,577,410	3,066,955	3,636,552
Governance		191,277	73,997	276,309
Law, Order & Public Safety		1,055,600	1,086,918	1,128,296
Health		138,215	112,983	93,976
Education and Welfare		3,301	4,283	7,897
Housing		331,518	288,148	315,839
Community Amenities		5,685,409	4,694,462	4,248,419
Recreation and Culture		15,842,706	5,719,971	20,372,932
Transport		5,306,743	6,235,053	2,325,652
Economic Services		4,081,693	1,665,049	1,719,256
Other Property and Services		288,682	164,340	491,018
		37,502,554	23,112,159	34,616,146
<u>EXPENSES</u>				
General Purpose Funding		(702,854)	(792,987)	(721,104)
Governance		(4,222,353)	(4,610,691)	(4,178,681)
Law, Order & Public Safety		(2,444,911)	(2,517,788)	(2,111,876)
Health		(792,935)	(859,434)	(819,774)
Education and Welfare		(126,905)	(116,351)	(307,962)
Housing		(323,669)	(287,601)	(292,777)
Community Amenities		(7,512,770)	(7,919,814)	(7,119,330)
Recreation and Culture		(9,509,452)	(10,542,297)	(8,831,282)
Transport		(10,526,050)	(11,460,240)	(10,793,514)
Economic Services		(2,945,377)	(3,303,601)	(2,755,021)
Other Property and Services		(940,657)	(356,211)	(833,336)
		(40,047,933)	(42,767,015)	(38,764,657)
Adjustments for Cash Budget Requirements				
Non-Cash Expenditure and Revenue				
Profit / (Loss) on Asset Disposal	21	(24,809)	(269,902)	141,447
Movement in Deferred Pensioner Rates		(6,735)	0	(479)
Movement in Deposits and Bonds		(303,803)	0	(30,604)
Movement in Employee Benefit Provisions		49,570	64,920	238,866
Movement in Non-Cash Contributions	14(e)	(4,392,552)	(2,900,000)	(418,126)
Depreciation on Assets	2(a)	8,026,170	8,853,010	8,330,784
Movement due to Adjustment to Restricted Assets		0	0	2,043,795
Capital Expenditure and Revenue				
Purchase of Land and Buildings	7	(554,307)	(1,207,767)	(1,008,846)
Purchase of Plant and Equipment	7	(1,615,317)	(3,612,000)	(1,413,575)
Purchase of Furniture and Fittings	7	(355,070)	(570,638)	(461,382)
Purchase of infrastructure Assets	8	(12,202,494)	(14,283,197)	(25,108,656)
Proceeds from Disposal of Assets	21	541,162	1,070,900	583,334
Repayment of debentures	22(a)	(721,192)	(733,537)	(542,444)
Proceeds from New Debentures	22(a)	169,000	500,000	3,725,000
Advances to Community Groups	22(a)	(169,000)	0	(25,000)
Self Supporting Loan Principal Income		166,846	161,101	178,667
Transfers to Reserves / Restricted Assets		(18,910,116)	(5,432,500)	(15,264,325)
Transfers from Reserves / Restricted Assets		6,299,576	8,192,626	6,014,176
ADD : Estimated Surplus / (Deficit) July 1 B/Fwd		1,227,989	1,227,989	1,043,080
LESS : Estimated Surplus / (Deficit) June 30 C/Fwd		3,442,689	0	1,227,989
Amount Required to be Raised from Rates	23	(28,763,150)	(28,593,851)	(27,350,788)

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(d) Cash and Cash Equivalents (Continued)

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

(e) Trade and Other Receivables

Collectability 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 and impairment losses.

Initial Recognition

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

Revaluation

Certain asset classes may be re-valued 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.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(g) Fixed Assets (continued)

Revaluation (continued)

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

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

Those assets carried at a re-valued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be re-valued 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 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 BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(g) 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:

Fixed Assets:

Buildings – General	40	Years
Buildings - Geographe Leisure Centre	10 to 20	Years
Furniture and Equipment - Basic Items	10	Years
Furniture and Equipment - EDP Network	3	Years
Heavy Plant and Equipment	3 to 10	Years
Light to Medium Vehicles	3	Years
Light Mobile Plant	3	Years
Tools	3 to 10	Years

Infrastructure:

Roads	15 to 60	Years
Bridges	60 to 90	Years
Car Parks	20 to 40	Years
Footpaths & Cycle ways	5 to 50	Years
Parks, Gardens & Reserves - Land Based	5 to 50	Years
Parks Equipment & Structures	5 to 20	Years
Storm water Drainage	25 to 80	Years
Regional Airport & Industrial Park	12 to 40	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 the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued 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 \$1,000 is not capitalised. Rather, it is recorded on a portable 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 (i.e. trade date accounting is adopted).

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

Initial Recognition and Measurement (Continued)

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

Classification and Subsequent Measurement

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

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

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

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(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 payments.

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) Estimation of Fair Value

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(j) Impairment

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

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

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

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

(k) Trade and Other Payables

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

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, sick 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 the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(l) Employee Benefits (Continued)

(iii) Sick Leave Scheme

The provision for employee's entitlements under the sick pay scheme represents the estimated cash flows to be made by the employer resulting from the employee's service to balance date in accordance with the relevant clause of the Shire of Busselton's Enterprise Bargaining Agreement 2010.

Clause 33 of the Shire of Busselton's Enterprise Bargaining Agreement states that; "Those employees who commenced with the Shire prior to 22 August 2003 will continue to be entitled to 15% of the money value of their accrued sick leave on resignation or retirement, as negotiated in the Shire of Busselton Certified Enterprise Bargaining Agreement 1997 (sub-clause 17.18(2)).

(m) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(n) Provisions

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

(o) Leases

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

Finance leases are capitalised recording an asset and a liability 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.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(o) Leases (Continued)

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

(p) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

(q) Rates, Grants, Donations and Other Contributions

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

(u) Comparative Figures (Continued)

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(v) Budget Comparative Figures

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

(w) Deposits & Bonds

Deposits and bonds received by the Shire of Busselton, and duly refunded where appropriate; are processed via the Municipal fund.

The Shire's audit committee has considered the requirements of the Accounting Standards and has determined that the concept of control has been met. Council Resolution C1004/115 states that the Shire continues the accounting treatment for deposits and bonds as part of the Municipal fund. Additionally, the deposits and bonds shall be brought to account as part of the restricted cash in the Municipal fund.

(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 2011.

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 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.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(iv)	AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 & 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.
(v)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi)	AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	1 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.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(vii)	AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	1 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(viii)	AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix)	AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x)	AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 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).

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

1. Significant Accounting Policies (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(xi)	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.
	AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2009- 14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	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 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

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.

These new and revised standards were:

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

Interpretation 19

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2010 Actual \$
2. Revenue and Expenses		
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
General Purpose Funding	0	0
	<hr/>	<hr/>
Auditors Remuneration		
- Audit	18,690	17,400
- Other Services	1,460	4,747
	<hr/>	<hr/>
	20,150	22,147
	<hr/>	<hr/>
Depreciation		
Buildings	777,830	748,915
Furniture and Equipment	749,688	775,892
Plant and Equipment	1,261,592	1,861,970
Roads	2,964,834	2,910,430
Bridges	133,017	126,076
Car Parks	43,429	36,748
Footpaths & Cycle ways	427,863	400,018
Parks, Gardens, Reserves & Community Fac.	1,089,022	897,323
Stormwater Drainage	480,993	476,857
Regional Airport & Industrial Park	97,902	96,555
	<hr/>	<hr/>
	8,026,170	8,330,784
	<hr/>	<hr/>
Interest Expenses (Finance Costs)		
Overdraft Interest	0	0
Debentures (refer Note 22(a))	326,265	153,904
	<hr/>	<hr/>
	326,265	153,904
	<hr/>	<hr/>
Rental Charges		
Operating Leases	255,421	240,942
	<hr/>	<hr/>

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2011 Budget \$	2010 Actual \$
2. Revenue and Expenses			
(a) Net Result (Continued)			
(ii) Crediting as Revenue:			
Interest Earnings			
Investments			
- Reserve Funds	1,226,146	840,000	731,903
- Other Funds	1,012,664	560,000	548,573
Other Interest Revenue (refer note 27)	313,627	255,000	278,422
	<u>2,552,437</u>	<u>1,655,000</u>	<u>1,558,898</u>

(b) Statement of Objective

The Shire of Busselton's vision is "the best place to be". In order to support its vision the Shire is committed to the values of honesty and integrity, a "can do" attitude, openness, transparency and accountability and mutual respect in everything we do.

Terms used within the Statement of Comprehensive Income and elsewhere within this report to classify income and expenditure include: -

General Purpose Funding

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

Activities: Rates, interest revenue and other general purposes Government grants together with any expenses incurred in realising these incomes.

Governance

Objective: To provide 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 strategic planning, policy making and assisting elected members and ratepayers on matters which do not concern other specific services of Council.

Law, Order and Public Safety

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

Activities: Supervision and enforcement of various by-laws, fire prevention, animal control and emergency services. Council also provides assistance to surf life saving efforts.

Health

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

Activities: Food hygiene, standards control and control of mosquitoes and stingers.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

2. Revenue and Expenses (Continued)

(b) Statement of Objective (Continued)

Education and Welfare

Objective: To provide services for the elderly, children and youth.

Activities: Annual donation relative to the operation of a Senior Citizen's Centre and lease of the family day care facilities owned by Council.

Housing

Objective: To provide and maintain elderly residents housing.

Activities: The operation of three sets of aged persons homes.

Community Amenities

Objective: To provide services required by the community

Activities: Includes rubbish collection and disposal services, recycling initiatives, septic tank inspections services, urban stormwater drainage networks, environmental protection initiatives, operation of three cemeteries, town scaping facilities, as well as the administration of Council's Town Planning Scheme and associated policies and obligations.

Recreation and Culture

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

Activities: Maintenance of halls, swimming areas and beaches, various reserves, recreation programs, the Busselton Jetty, the operation of the two Libraries, the maintenance and operation of the two Leisure Centres, and the employment of a Cultural Development Officer.

Transport

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

Activities: Includes the construction and maintenance of roads, bridges, drainage works, footpaths, parking facilities, traffic signs, depot maintenance and the control and maintenance of a regional airport.

Economic Services

Objective: To help promote the Shire and its economic wellbeing.

Activities: The regulation and provision of tourism initiatives, the maintenance and operation of a Caravan park and the implementation of building controls.

Other Property and Services

Objective: To monitor and control Council's overheads operating accounts.

Activities: Includes Council's involvement with private works, miscellaneous properties operations and leases, government employment schemes, plant repairs and operating costs, overheads, inventories control etc.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

2. Revenue and Expenses (Continued)

(c) Conditions Over Grants / Contributions

Grant / Contribution	Function / Activity	Opening	Received (2)	Expended (3)	Closing	Received (2)	Expended (3)	Closing
		Balance (1)			Balance (1)			Balance (1)
		1-Jul-09	2009/10	2009/10	30-Jun-10	2010/11	2010/11	30-Jun-11
		\$	\$	\$	\$	\$	\$	\$
Cash in lieu of parking	Transport	349,750	88,817	0	438,567	57,469	0	496,036
Contribution to works	Classified by activity	2,150,159	281,463	(342,109)	2,089,513	156,885	(208,694)	2,037,704
Government grants	Classified by activity	1,004,453	729,806	(1,576,929)	157,330	10,740,978	(128,956)	10,769,352
Vasse diversion drain	Community amenities	378,396	2,333	0	380,729	3,735	0	384,464
C.P.A. infrastructure	Transport	257,684	8,210	0	265,894	84,694	(44,340)	306,248
C.P.A. Community Facilities	Classified by activity	713,016	27,829	(35,000)	705,845	265,387	(12,000)	959,232
C.P.A. Bushfire Facilities	Law, order and public safety	43,303	650	0	43,953	6,732	0	50,685
Community recreation Fac.	Classified by activity	2,604,143	788,645	(74,957)	3,317,831	438,217	(61,425)	3,694,623
		7,500,904	1,927,753	(2,028,995)	7,399,662	11,754,097	(455,415)	18,698,344

Notes:

- (1) Grants / contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) 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.
- (3) 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 BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2010 Actual \$
3. Cash and Cash Equivalents		
Unrestricted	4,126,945	269,769
Restricted	46,605,927	34,036,093
	<u>50,732,872</u>	<u>34,305,862</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
» Airport Infrastructure Renewal & Replacement Reserve	396,447	276,568
» Asset Depreciation Reserve	4,194,469	3,958,155
» Beach Protection Reserve	1,072,376	632,476
» Bio-Diversity Reserve	13,876	16,722
» Busselton Library Extension Reserve	743,166	701,666
» Busselton Town centre Improvements Reserve	7,357	917
» Building Reserve	862,592	475,707
» Corporate IT System Programme Reserve	37,682	35,368
» EDP Equipment (Main) Reserve	91,171	86,126
» Facilities Refurbishment Reserves	0	322,893
» Jetty Maintenance Reserve	221,018	208,581
» Legal Expenses Reserves	111,329	105,230
» Long Service Leave Reserve	1,380,426	1,261,935
» Naturaliste Community Centre Reserve	0	14,129
» Shire Car Parking and Access Reserve	1,103,045	768,359
» Plant Replacement Reserve	4,728,217	4,023,270
» Professional Development (Contractual Obligation) Reserve	180,298	170,034
» Road Initiative Reserve	388,922	366,343
» Salaries & Wages Contingency Reserves	560,845	808,041
» Sick Pay Incentive Reserve	150,010	160,300
» Strategic Projects Reserve	211,874	200,231
» Waste Management Facility and Plant Reserve	1,037,838	727,401
» Port Geographe Development Reserve	406,490	326,992
» Port Geographe Waterways Management Reserve	2,454,077	2,146,161
» Workers Compensation Contingency Reserve	334,691	315,858
» Youth Facilities Reserves	31,007	29,263
» Provence Landscape Maintenance Reserve	220,702	134,616
» Infrastructure Development Reserve	2,928,263	1,538,246
» Less Accrued Interest on Restricted Assets	(281,226)	(117,563)
» Cash set aside in Lieu of Parking	496,036	438,567
» Cash set aside for Roadwork's within specific areas, being funds given as a condition of subdivision/development	2,037,704	2,089,513
» Cash set aside, being funds donated by the community for the reconstruction of the Busselton Jetty plus contributions	2,700	2,585
» Cash set aside, being unspent specific purpose Government Grants	10,769,352	157,330
» Cash set aside, being Unspent Loan Funds	1,129,537	3,079,806
» Cash set aside for Commonage Precinct Infrastructure and roads	1,316,165	1,015,691
» Cash set aside for Sundry Restricted	521,309	1,012,095
» Cash set aside for Vasse Diversion Drain	384,464	380,729
» Cash set aside for Community & Recreation Facilities	3,694,624	3,317,831
» Cash set aside for Deposits & Bonds	2,779,267	3,083,071
	<u>46,718,120</u>	<u>34,271,243</u>

Note 3 needs to be read in conjunction with note 4, in particular in relation to restrictions on cash and investments

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2010 Actual \$
4. Investments		
Opening Balance at 1 July	235,150	11,598,217
Add: Deposit of funds	0	38
Less : Withdrawal of funds	(137,135)	(11,536,374)
	<hr/> 98,015	<hr/> 61,881
Add: Distributions	0	102,522
Less: Management fees paid to Grove	0	(697)
Less: Realised losses incurred on redemption of units	0	(27,123)
Less: Unrealised losses incurred on revaluation to fair value	0	0
Add: Realised Profits incurred on redemption of units	0	69,693
Add: Unrealised Profit incurred on revaluation to fair value	14,178	28,874
	<hr/> 112,193	<hr/> 235,150
Investments represent both restricted and unrestricted funds as follows:		
Unrestricted	0	0
Restricted	112,193	235,150
	<hr/> 0	
	<hr/> 112,193	<hr/> 235,150

The above investments are subject to fluctuations in market values and the values recorded above represent quoted market prices at the reporting date.

The Shire of Busselton currently holds one investment as at June 30, 2011 to the value of \$112,193 whereby the investment units cannot be redeemed for cash at the Shire's discretion. This fund was voluntarily closed by its managers in August 2008, and all investor's funds were frozen. The Shire of Busselton elected to participate in the sell down of assets and is receiving distributions as assets are realised.

As at 30 June 2011 it is not practical to determine if an impairment write down in respect to the balance of \$112,193 is required.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2010 Actual \$
5. Trade and Other Receivables		
Current		
Rates Outstanding	987,159	772,682
Rates Outstanding – Pensioners	24,759	23,454
Sundry Debtors	1,109,221	1,232,278
GST Receivable	0	326,864
Loans – Clubs / Institutions	165,802	161,100
	2,286,941	2,516,378
Non-Current		
Rates Outstanding – Pensioners	123,840	117,104
Loans – Clubs / Institutions	734,744	737,292
	858,584	854,396
6. Inventories		
Current		
Fuel and Materials	194,052	319,757
	194,052	319,757
7. Property, Plant and Equipment		
Land and Buildings – Cost	32,797,102	30,252,066
Less Accumulated Depreciation	(9,754,760)	(8,984,597)
	23,042,342	21,267,469
Furniture and Fittings – Cost	4,839,402	4,819,831
Less Accumulated Depreciation	(3,742,873)	(3,313,505)
	1,096,529	1,506,326
Plant and Equipment – Cost	15,174,315	14,604,439
Less Accumulated Depreciation	(6,652,452)	(6,258,175)
	8,521,863	8,346,264
	32,660,734	31,120,059

Effective from 1 July 2004, Council deemed the carrying amount of land and buildings previously carried at a revalued amount to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other plant and equipment asset classes, are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

7. 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 and Buildings	Furniture and Fittings	Plant and Equipment	Total
Balance as at 1 July 2010	21,267,469	1,506,326	8,346,264	31,120,059
Additions	554,307	355,070	1,615,317	2,524,694
(Disposals)	(1,604)	(15,179)	(499,570)	(516,353)
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation - (Expense)	(777,830)	(749,688)	(1,261,592)	(2,789,110)
Donated Assets	2,000,000	0	321,444	2,321,444
		0		
Other Movements	0		0	0
Balance as at 30 June 2011	23,042,342	1,096,529	8,521,863	32,660,734

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2010 Actual \$
8. Infrastructure		
Roads – Cost	182,385,554	177,212,221
Less Accumulated Depreciation	(44,464,642)	(41,499,808)
	<u>137,920,912</u>	<u>135,712,413</u>
Bridges – Cost	8,363,085	7,929,447
Less Accumulated Depreciation	(1,628,183)	(1,495,167)
	<u>6,734,902</u>	<u>6,434,280</u>
Car Parks – Cost	1,867,617	1,725,495
Less Accumulated Depreciation	(270,946)	(227,517)
	<u>1,596,671</u>	<u>1,497,978</u>
Footpaths / Cycle ways – Cost	13,524,776	12,788,184
Less Accumulated Depreciation	(4,277,334)	(3,849,471)
	<u>9,247,442</u>	<u>8,938,713</u>
Parks, Gardens, Reserves and Community Facilities – Cost	49,523,996	42,342,984
Less Accumulated Depreciation	(9,977,578)	(8,888,556)
	<u>39,546,418</u>	<u>33,454,428</u>
Stormwater Drainage – Cost	38,378,340	37,868,653
Less Accumulated Depreciation	(8,641,301)	(8,160,308)
	<u>29,737,039</u>	<u>29,708,345</u>
Regional Airport and Industrial Park – Cost	3,984,106	3,886,889
Less Accumulated Depreciation	(1,333,660)	(1,235,758)
	<u>2,650,446</u>	<u>2,651,131</u>
	<u>227,433,830</u>	<u>218,397,288</u>

Effective from 1 July 2004, Council deemed the carrying amount of all infrastructure assets carried at a revalued amount, to be their cost.

This was in accordance with the exemptions on application of Australian Accounting Standard AASB 1 "First time Adoption of Australian Equivalents to International Financial Reporting Standards". These assets, along with all other infrastructure asset classes, are now being carried at cost. Whilst they are not subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

8. Infrastructure (Continued)

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 \$	Bridges \$	Car Parks \$	Footpaths and Cycle Ways \$	Parks and Ovals \$	Drainage \$	Airport \$	Total \$
Balance as at 1 July 2010	135,712,413	6,434,280	1,497,978	8,938,713	33,454,428	29,708,345	2,651,131	218,397,288
Additions	3,511,144	433,639	142,122	581,488	7,181,012	255,872	97,217	12,202,494
(Disposals)	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0	0	0
Depreciation - (Expense)	(2,964,834)	(133,017)	(43,429)	(427,863)	(1,089,022)	(480,993)	(97,902)	(5,237,060)
Donated Assets	1,662,189	0	0	155,104	0	253,815	0	2,071,108
Other Movements	0	0	0	0	0	0	0	0
Balance as at 30 June 2011	137,920,912	6,734,902	1,596,671	9,247,442	39,546,418	29,737,039	2,650,446	227,433,830

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2010 Actual \$
9. Trade and Other Payables		
Current		
Sundry Creditors	1,866,530	1,540,585
Deposits and Bonds	2,779,267	3,083,071
GST Payable	726,659	0
Accrued Salaries and Wages	125,033	58,666
	<u>5,497,489</u>	<u>4,682,322</u>
10. Long-Term Borrowings		
Current		
Secured by Floating Charge Debentures	<u>754,290</u>	<u>715,446</u>
	<u>754,290</u>	<u>715,446</u>
Non-Current		
Secured by Floating Charge Debentures	<u>4,252,682</u>	<u>4,843,717</u>
	<u>4,252,682</u>	<u>4,843,717</u>
<p>Additional detail on borrowings is provided in Note 22.</p>		
11. Provisions		
Current		
Provision for Annual Leave	1,398,910	1,457,542
Provision for Sick Leave Incentive	150,010	160,300
Provision for Long Service Leave	959,715	919,928
	<u>2,508,635</u>	<u>2,537,770</u>
Non-Current		
Provision for Long Service Leave	<u>420,711</u>	<u>342,007</u>
	<u>420,711</u>	<u>342,007</u>

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2011 Budget \$	2010 Actual \$
12. Reserves – Cash / Investment Backed			
100 – Airport Infrastructure Renewal and Replacement Reserve			
Opening Balance	276,568	276,568	291,616
Amount Set Aside / Transfer to Reserve	119,879	112,636	35,150
Amount Used / Transfer from Reserve	0	(120,000)	(50,198)
	396,447	269,204	276,568
101 – Asset Depreciation Reserve			
Opening Balance	3,958,155	3,958,155	2,922,680
Amount Set Aside / Transfer to Reserve	236,314	180,852	1,035,475
Amount Used / Transfer from Reserve	0	0	0
	4,194,469	4,139,007	3,958,155
102 – Beach Protection Reserve			
Opening Balance	632,476	632,476	344,872
Amount Set Aside / Transfer to Reserve	439,900	416,684	287,604
Amount Used / Transfer from Reserve	0	(504,000)	0
	1,072,376	545,160	632,476
103 – Bio Diversity Reserve			
Opening Balance	16,722	16,722	18,243
Amount Set Aside / Transfer to Reserve	976	744	2,069
Amount Used / Transfer from Reserve	(3,822)	(5,000)	(3,590)
	13,876	12,466	16,722
104 – Busselton Library Extension Reserve			
Opening Balance	701,666	701,666	521,434
Amount Set Aside / Transfer to Reserve	41,500	31,644	234,198
Amount Used / Transfer from Reserve	0	(100,000)	(53,966)
	743,166	633,310	701,666
105 – Busselton Town Centre Improvements			
Opening Balance	917	917	55,980
Amount Set Aside / Transfer to Reserve	168,752	166,840	167,036
Amount Used / Transfer from Reserve	(162,312)	(163,116)	(222,099)
	7,357	4,641	917
106 – Building Reserve			
Opening Balance	475,707	475,707	401,331
Amount Set Aside / Transfer to Reserve	386,885	373,838	74,376
Amount Used / Transfer from Reserve	0	(102,000)	0
	862,592	747,545	475,707

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2011 Budget \$	2010 Actual \$
12. Reserves – Cash / Investment Backed (Continued)			
107 – Corporate IT Systems Programme			
Opening Balance	35,368	35,368	85,000
Amount Set Aside / Transfer to Reserve	2,314	1,632	3,378
Amount Used / Transfer from Reserve	0	(37,000)	(53,010)
	37,682	0	35,368
108 – E.D.P. Equipment (Main) Reserve			
Opening Balance	86,126	86,126	95,689
Amount Set Aside / Transfer to Reserve	5,045	3,792	5,446
Amount Used / Transfer from Reserve	0	0	(15,009)
	91,171	89,918	86,126
109 – Facility Refurbishment and Repair Reserve			
Opening Balance	322,893	322,893	352,001
Amount Set Aside / Transfer to Reserve	689	0	64,492
Amount Used / Transfer from Reserve	(323,582)	(322,893)	(93,600)
	0	0	322,893
110 – Jetty Maintenance Reserve			
Opening Balance	208,581	208,581	185,160
Amount Set Aside / Transfer to Reserve	12,437	9,540	23,421
Amount Used / Transfer from Reserve	0	0	0
	221,018	218,121	208,581
111 – Legal Expenses Reserve			
Opening Balance	105,230	105,230	38,000
Amount Set Aside / Transfer to Reserve	6,099	4,788	105,230
Amount Used / Transfer from Reserve	0	0	(38,000)
	111,329	110,018	105,230
112 – Long Service Leave Reserve			
Opening Balance	1,261,935	1,261,935	1,096,797
Amount Set Aside / Transfer to Reserve	118,491	58,812	368,418
Amount Used / Transfer from Reserve	0	(121,726)	(203,280)
	1,380,426	1,199,021	1,261,935
113 – Naturaliste Community Centre Reserve			
Opening Balance	14,129	14,129	13,589
Amount Set Aside / Transfer to Reserve	30	0	540
Amount Used / Transfer from Reserve	(14,159)	(14,129)	0
	0	0	14,129

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2011 Budget \$	2010 Actual \$
12. Reserves – Cash / Investment Backed (Continued)			
114 – Shire Car Parking and Access Reserve			
Opening Balance	768,359	768,359	466,610
Amount Set Aside / Transfer to Reserve	334,686	313,598	301,749
Amount Used / Transfer from Reserve	0	0	0
	1,103,045	1,081,957	768,359
115 – Plant Replacement Reserve			
Opening Balance	4,023,270	4,023,270	4,307,432
Amount Set Aside / Transfer to Reserve	704,947	605,428	207,402
Amount Used / Transfer from Reserve	0	(1,577,400)	(491,564)
	4,728,217	3,051,298	4,023,270
116 – Professional Development Reserve			
Opening Balance	170,034	170,034	139,634
Amount Set Aside / Transfer to Reserve	10,264	5,364	107,948
Amount Used / Transfer from Reserve	0	(120,108)	(77,548)
	180,298	55,290	170,034
117 – Road Initiative Reserve			
Opening Balance	366,343	366,343	225,513
Amount Set Aside / Transfer to Reserve	22,579	10,896	140,830
Amount Used / Transfer from Reserve	0	0	0
	388,922	377,239	366,343
118 – Salaries and Wages Contingency Reserve			
Opening Balance	808,041	808,041	628,934
Amount Set Aside / Transfer to Reserve	539,764	39,856	617,220
Amount Used / Transfer from Reserve	(786,960)	(770,877)	(438,113)
	560,845	77,020	808,041
119 – Sick Pay Incentive Reserve			
Opening Balance	160,300	160,300	166,452
Amount Set Aside / Transfer to Reserve	8,395	8,040	6,616
Amount Used / Transfer from Reserve	(18,685)	0	(12,768)
	150,010	168,340	160,300
120 – Strategic Projects Reserve			
Opening Balance	200,233	200,233	236,757
Amount Set Aside / Transfer to Reserve	11,641	10,980	13,474
Amount Used / Transfer from Reserve	0	0	(50,000)
	211,874	211,213	200,231

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2011 Budget \$	2010 Actual \$
12. Reserves – Cash / Investment Backed (Continued)			
121 – Waste Management Facility and Plant Reserve			
Opening Balance	727,400	727,400	413,678
Amount Set Aside / Transfer to Reserve	310,438	291,660	332,748
Amount Used / Transfer from Reserve	0	(420,000)	(19,025)
	1,037,838	599,060	727,401
122 – Port Geographe Development Reserve (Council)			
Opening Balance	326,991	326,991	272,593
Amount Set Aside / Transfer to Reserve	79,499	62,944	68,936
Amount Used / Transfer from Reserve	0	(50,000)	(14,537)
	406,490	339,935	326,992
123 – Port Geographe Waterways Management Reserve			
Opening Balance	2,146,161	2,146,161	1,867,096
Amount Set Aside / Transfer to Reserve	308,266	271,342	279,065
Amount Used / Transfer from Reserve	(350)	0	0
	2,454,077	2,417,503	2,146,161
124 – Workers Compensation Reserve			
Opening Balance	315,858	315,858	279,345
Amount Set Aside / Transfer to Reserve	18,833	14,436	36,513
Amount Used / Transfer from Reserve	0	0	0
	334,691	330,294	315,858
125 – Youth Facilities Reserve			
Opening Balance	29,263	29,263	27,687
Amount Set Aside / Transfer to Reserve	1,744	1,332	1,576
Amount Used / Transfer from Reserve	0	0	0
	31,007	30,595	29,263
126 – Provence Landscape Maintenance Reserve			
Opening Balance	134,615	134,615	59,675
Amount Set Aside / Transfer to Reserve	86,087	81,097	74,941
Amount Used / Transfer from Reserve	0	0	0
	220,702	215,712	134,616
127 – Infrastructure Development Reserve			
Opening Balance	1,538,246	1,538,246	0
Amount Set Aside / Transfer to Reserve	1,390,017	1,320,411	1,538,246
Amount Used / Transfer from Reserve	0	0	0
	2,928,263	2,858,657	1,538,246
Total Reserves	23,868,188	19,782,524	19,811,588

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2011 Budget \$	2010 Actual \$
12. Reserves – Cash / Investment Backed (Continued)			
Summary of Cash / Investment Backed Reserves			
Opening Balance	19,811,587	19,811,587	15,513,798
Amount Set Aside / Transfer to Reserve	5,366,471	4,399,186	6,134,097
Amount Used / Transfer from Reserve	(1,309,870)	(4,428,249)	(1,836,307)
	23,868,188	19,782,524	19,811,588

All of the cash / Investment backed reserve accounts are supported by money held in financial institutions or in separate investments and match the amounts shown as restricted cash and restricted investments in Notes 3 and 4 to this report.

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

Airport Infrastructure Renewal and Replacement Reserve

To provide funding for the renewal, replacement, upgrading and installation of Airport Infrastructure; and to facilitate the implementation of the Noise Management Plan and related activities.

Assets Depreciation Reserve

To assist the Shire in funding capital expenditure on renewal, replacement and improvements of infrastructure assets as determined by Council, and as specifically identified in relevant Asset Management Plans.

Beach Protection Reserve

To cover repairs or preventative measures necessary to protect the beach or land based assets, as well as specific capital projects designed to protect the shoreline, e.g. construction of a sea wall.

Bio-Diversity Reserve

To provide funding for rate rebates and sub-division incentives.

Busselton Library Extension Reserve

To provide funding for the expansion of the Busselton library including a local studies facility.

Busselton Town Centre Improvements Reserve

To provide for accelerated town centre improvement works and for town centre promotions within Busselton.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

12. Reserves – Cash / Investment Backed (Continued)

Buildings Reserve

Building requirements which need to be “saved” for but are not considered to be large project items requiring their own reserve fund or loan funding.

Corporate IT Systems Programme

To assist the Shire in funding expenditure required in relation to the ongoing development and enhancement of the Shire's corporate systems.

E.D.P. Equipment (Main) Reserve

Replacement of Council's main EDP system and peripherals only.

Facility Refurbishment & Repairs Reserve (Closed June 2011)

To Provide funding for the refurbishment and repair of major Council owned facilities (including onsite plant and equipment).

Jetty Maintenance Reserve

As a contingency fund to rectify damage caused by the demise of the Busselton jetty or part of the jetty or for large unbudgeted extraordinary jetty repairs.

Legal Expenses Reserve

To provide for any legal expenses or contingency involving the Shire of Busselton.

Long Service Leave Reserve

To provide funding to meet Council's future long service leave obligations.

Naturaliste Community Centre Reserve (Closed June 2011)

To assist with the capital cost of constructing the Naturaliste Community and Cultural Centre.

Shire Car Parking and Access Reserve

To provide adequate public car parking in the Shire for the future, and can be used for the purchase of land and/or development of public car parking and access thereto, the development of infrastructure to provide for the management of public car parking and providing improved public transport to and within the Shire.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

12. Reserves – Cash / Investment Backed (Continued)

Plant Replacement Reserve

For funding the purchase of plant and equipment as identified in the 10 year plant replacement program by using the basis of plant depreciation earnings and subsidisation by annual budgets as required.

Professional Development Reserve

To provide funding to meet the Shire's ongoing contractual professional development obligations.

Road Initiative Reserve

To hold unspent funds allocated in Council's annual budgets for the purpose of its "Road Initiative Program".

Salaries & Wages Contingency Reserve

To provide funding for redundancy and restructure costs.

Sick Pay Incentive Reserve

To provide funding to meet Council's obligations under the Shire of Busselton's Enterprise Bargaining Agreement.

Strategic Projects Reserve

To finance activities which will create a revenue stream for the Shire and reduce reliance on rate revenue.

Waste Management Facility and Plant Reserve

To fund the acquisition of additional waste plant, waste facility infrastructure, waste related consultancy services and post closure management.

Port Geographe Development Reserve

At Council's discretion, for purposes allied to the Waterways Management obligations which Council has in respect to the Port Geographe development.

Port Geographe Waterways Management Reserve

To provide funds for Council to fulfil its obligations under a Waterways Management Deed with Pindan Constructions for the future maintenance of waterways and associated facilities within the Port Geographe subdivision area.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

12. Reserves – Cash / Investment Backed (Continued)

Workers Compensation Contingency Reserve

A contingency fund to assist Council in meeting its Workers Compensation Contribution obligations when claim costs exceed the "Deposit" amount allocated to claims. This is a requirement under Councils current Workers Compensation "performance based contributions policy".

Youth Facilities Reserve

To assist with the capital cost of acquiring and or constructing youth facilities within the Busselton area.

Provence Landscape Maintenance Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping within the Provence subdivision in accordance with Policy 185/3 including future capital replacement of landscaping structures as may be required.

Infrastructure Development Reserve

For the purpose of setting aside funds to facilitate the identification, design and development of new infrastructure and other capital projects

13. Reserves – Asset Revaluation

No assets were revalued in 2010/11

14. 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:

	2011 Actual \$	2011 Budget \$	2010 Actual \$
Cash and Cash Equivalents	50,732,872	31,592,792	34,305,862

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2011 Budget \$	2010 Actual \$
14. Notes to the Statement of Cash Flows (continued)			
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	26,217,771	8,938,995	23,202,277
Depreciation	8,026,170	8,853,010	8,330,784
Write down / (Inc) in Fair Value of Investments	(14,178)	0	(28,874)
(Profit) / Loss on Sale of Asset	(24,809)	(269,902)	141,447
(Increase) / Decrease in Receivables	954,063	820,138	(479,702)
(Increase) / Decrease in Inventories	125,705	19,757	263,591
Increase / (Decrease) in Payables	61,824	130,161	(262,176)
Increase / (Decrease) in Employee Provisions	49,569	64,920	260,974
Less : Non-Cash Contributions	(4,392,551)	(2,900,000)	(418,126)
Grants/Contributions for the Development of Assets	(18,474,575)	(7,334,167)	(20,694,400)
Net Cash from Operating Activities	12,528,989	8,322,912	10,315,795
(c) Undrawn Borrowing Facilities Credit Standby Arrangements			
	2011 Actual \$	2010 Actual \$	
Bank Overdraft limit	0	0	
Bank Overdraft at Balance Date	0	0	
Credit Card limit	50,000	50,000	
Credit Card Balance at Balance Date	0	0	
Total Amount of Credit Unused	50,000	50,000	
(d) Loan Facilities			
Loan Facilities - Current	754,290	715,446	
Loan Facilities - Non-Current	4,252,682	4,843,717	
Total Facilities in Use at Balance Date	5,006,972	5,559,163	
(e) Non-Cash Contributions			
Acquired by Council at Valuation – Plant & Equipment	321,444	0	
Acquired by Council at Valuation – Land & Buildings	2,000,000	0	
Developers and Acquired by Council at Valuation - Roads	1,662,189	220,428	
Developers and Acquired by Council at Valuation - Drains	253,815	75,854	
Developers and Acquired by Council at Valuation - Footpaths	155,104	121,844	
	4,392,552	418,126	

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

15. Contingent Liabilities

15.1 Resident funded aged persons homes

Should any of the resident funded aged person's homes at the Winderlup Villas become vacant, then Council has a contractual obligation to repurchase the occupancy rights at a current market value for the seven homes involved.

15.2 Underwater Observatory Grant Funding

During the year ended 30 June 2004, Council received a \$400,000 grant from the Commonwealth Department of Employment, Workplace Relations and Small Business to part fund the construction of an underwater observatory at the end of the Busselton Jetty. Should this building not be used for its original purpose over the next ten years, then Council may be liable to refund a pro-rata proportion of the grant to the grantor.

16. Capital and Leasing Commitments

	2011 Actual \$	2010 Actual \$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	222,123	214,659
- later than one year but not later than five years	294,818	204,925
- later than five years	0	0
	516,941	419,584
(b) Capital Expenditure Commitments		
Contracted for:		
- Capital expenditure projects - Jetty Construction	23,745,569	23,745,569
Payable:		
- not later than one year	2,509,405	3,184,083
- later than one year but not later than five years	0	2,509,405

17. Joint Ventures

The Shire of Busselton has not been involved in any joint venture arrangements during the reporting period.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2010 Actual \$
18. Total Assets Classified by Function and Activity		
General Purpose Funding	2,846,298	2,354,686
Governance	1,653,633	2,497,333
Law, Order & Public Safety	1,660,302	1,747,546
Health	138,732	146,432
Education and Welfare	674,072	699,016
Housing	1,634,783	1,255,900
Community Amenities	10,582,333	9,677,692
Recreation and Culture	56,433,419	41,428,411
Transport	193,830,947	189,958,571
Economic Services	2,606,096	559,010
Other Property and Services	1,137,826	1,324,139
Unallocated	41,080,765	36,100,154
	314,279,206	287,748,890

19. Financial Ratios

	2011 Actual \$	2010 Actual \$	2009 Actual \$
» <u>Liquidity Ratios</u>			

1 – Current Ratio

= $\frac{\text{Current Assets minus Restricted Assets}}{\text{Current Liabilities minus Current Liabilities Associated with Restricted Assets}}$	1.356:1	0.823:1	0.915:1
---	----------------	----------------	----------------

Current Assets	BS	53,326,058	37,377,147	31,520,431	
Less Restricted Current Assets	N3	46,718,120	34,271,243	25,138,658	
		6,607,938	3,105,904	6,381,773	
Current Liabilities	BS	8,760,414	7,935,538	7,921,295	
Less Current Liabilities Associated with Restricted Assets	N9/11	3,888,992	4,163,299	946,032	
		4,871,422	3,772,239	6,975,263	
Ratio > 1:1 is preferred					

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

19. Financial Ratios (Continued)

	2011 Actual \$	2010 Actual \$	2009 Actual \$
<u>2 - Untied Cash to Trade Creditors Ratio</u>			
= $\frac{\text{Untied Cash (unrestricted cash)}}{\text{Unpaid Trade Creditors}}$	1.591:1	0.175:1	0.202:1

Untied Cash (Unrestricted Cash)	N3	4,126,945	269,769	3,526,940
Less Cash attributable to Deposits & Bonds Unrestricted Cash	N9	0	0	3,113,675
		4,126,945	269,769	413,265
Unpaid Trade Creditors (ex Deposits & Bonds)	N9	2,593,189	1,540,585	2,047,334
Ratio > 1:1 is preferred				

3 – Debt Service Ratio

= $\frac{\text{Debt Services Costs (Principal & Interest on Loans)}}{\text{Available Operating Revenue}}$	0.024:1	0.017:1	0.020:1
---	----------------	----------------	----------------

Debt Service Costs - Principal on Loans	N22	721,192	542,445	591,458
Debt Service Costs - Interest on Loans	N22	326,265	153,904	164,849
Debt Service Costs - Interest on Overdraft	N2	0	0	36,300
Debt Service Costs - Total		1,047,457	696,349	792,607
Operating Revenue	IS	66,265,704	61,966,935	50,565,175
Add principal contributions for s/s loans	RSS	166,846	178,667	160,652
LESS Grants, Contributions & Donations of Capital Nature	IS	22,799,951	21,143,263	11,393,138
Available Operating Revenue		43,632,599	41,002,339	39,332,6890
Ratio < 0.1:1 is desirable				

4 – Gross Debt to Revenue Ratio

= $\frac{\text{Gross Debt}}{\text{Total Revenue}}$	0.115:1	0.136:1	0.061:1
--	----------------	----------------	----------------

Total Borrowings	N10	5,006,972	5,559,163	2,376,608
Utilised Overdraft	N21	0	0	0
		5,006,972	5,559,163	2,376,608
Operating Revenue	IS	66,265,704	61,966,935	50,565,175
LESS Grants, Contributions & Donations of Capital Nature	IS	22,799,951	21,143,263	11,393,138
Available Operating Revenue		43,465,753	40,823,672	39,172,037
Ratio < 0.6:1 is desirable				

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

19. Financial Ratios (Continued)

	2011 Actual \$	2010 Actual \$	2009 Actual \$
<u>5 – Gross Debt to Economically Realisable Assets Ratio</u>			
= $\frac{\text{Total Borrowings and Utilised Overdraft}}{\text{Total Assets less Infrastructure Assets}}$	0.058:1	0.080:1	0.037:1

Total Borrowings	N10	5,006,972	5,559,163	2,376,608
Utilised Overdraft	N21	0	0	0
		<u>5,006,972</u>	<u>5,559,163</u>	<u>2,376,608</u>
Total Assets	BS	314,279,206	287,748,890	262,673,757
Less Infrastructure Assets	BS	227,433,830	218,397,288	197,814,513
		<u>86,845,376</u>	<u>69,351,602</u>	<u>64,859,244</u>

Ratio < 0.3:1 is desirable

» Coverage Ratio

1 – Rates Coverage Ratio

= $\frac{\text{Net Rate Revenue}}{\text{Operating Revenue}}$	0.439:1	0.447:1	0.510:1
--	----------------	----------------	----------------

Rate Revenue	N23	28,763,150	27,350,788	25,523,494
Interest on Late Payments	N27	173,189	150,347	113,322
Interest on Instalments	N27	140,438	128,075	122,084
Charges on Instalments	N27	47,398	45,022	37,594
Less : Discounts / Write Offs	N26	(1,459)	(1,488)	(1,395)
Net Rate Revenue		<u>29,122,716</u>	<u>27,672,744</u>	<u>25,795,099</u>
Operating Revenue	IS	<u>66,265,704</u>	<u>61,966,935</u>	<u>50,565,175</u>

Ratio > 0.4:1 is preferred

» Financial Position Ratio

1 – Debt Ratio

= $\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.043:1	0.046:1	0.039:1
--	----------------	----------------	----------------

Total Liabilities	BS	13,433,807	13,121,262	10,178,528
Total Assets	BS	314,279,206	287,748,890	262,673,757

Ratio < 1:1 is preferred

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

19. Financial Ratios (Continued)

	2011 Actual \$	2010 Actual \$	2009 Actual \$
» <u>Effectiveness Ratio</u>			
<u>1 – Outstanding Rates Ratio</u>			
= $\frac{\text{Rates Outstanding}}{\text{Rates Collectible}}$	0.034:1	0.028:1	0.036:1

Rates Outstanding Exc. Deferred Pensioners	N5	1,011,918	796,136	943,166
Rate Revenue	N23	28,763,150	27,350,788	25,523,494
Interest on Late Payments	N27	173,189	150,347	113,322
Interest on Instalments	N27	140,438	128,075	122,084
Charges on Instalments	N27	47,398	45,022	37,594
Less : Discounts / Write Offs	N26	(1,459)	(1,488)	(1,395)
Add : Current Rates O/S – Prior Year	N5	796,137	943,166	287,924
Net Rate Revenue		<u>29,918,853</u>	<u>28,615,910</u>	<u>26,083,023</u>
Ratio < 0.05:1 is desirable				

20. Trust Funds

	Balance 01-July-10 \$	Amounts Received \$	Amounts Paid \$	Balance 30-June-11 \$
Building Training Levy	1,288	277,648	(277,645)	1,291
Community Appeals	1,000	0	0	1,000
Nomination Deposits	0	0	0	0
Cash in Lieu of P.O.S.	1,290,161	280,002	(2,500)	1,567,663
Sundry Other Trusts	67,173	4,414	(1,794)	69,793
	<u>1,359,622</u>	<u>562,064</u>	<u>(281,939)</u>	<u>1,639,747</u>

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

21. Disposals of Assets – 2010/11 Financial Year

The following assets were disposed of during the year:

By Function / Activity:-

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
General Purpose Funding	0	0	0	0	0	0
Governance	71,985	43,530	72,522	57,200	537	13,670
Law, Order & Public Safety	20,693	16,050	93,399	25,500	72,706	9,450
Health	0	0	0	0	0	0
Education and Welfare	0	0	0	0	0	0
Housing	0	0	0	0	0	0
Community Amenities	184,200	148,057	82,698	75,000	(101,502)	(73,057)
Recreation and Culture	58,747	65,210	75,502	90,600	16,755	25,390
Transport	150,500	492,141	169,017	758,600	18,517	266,459
Economic Services	6,542	21,530	14,399	38,500	7,857	16,970
Other Property and Services	23,686	14,480	33,625	25,500	9,939	11,020
	516,353	800,998	541,162	1,070,900	24,809	269,902

By Asset Class:-

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings	1604	0	0	0	(1,604)	0
Plant and Equipment	499,570	800,998	536,620	1,070,900	37,050	269,902
Furniture and Equipment	15,179	0	4,467	0	(10,712)	0
Infrastructure	0	0	75	0	75	0
	516,353	800,998	541,162	1,070,900	24,809	269,902

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

22. Information on Borrowings

(a) Debenture Repayments

Particulars	Principal 1/07/10	New Loans Budget	New Loans Actual	Interest Repayments		Principal Repayment		Principal 30/06/11	
				Actual	Budget	Actual	Budget	Actual	Budget
Education & Welfare									
Loan #188 Busselton Senior Citizens	106,854	0	0	4,933	4,933	33,784	33,784	73,070	73,070
Community Amenities									
Loan #189 Townscape	895,882	0	0	48,827	48,827	219,191	219,191	676,691	676,691
Recreation & Culture									
Loan #179 Busselton Tennis Club (x)	26,485	0	0	1,320	1,320	7,055	7,055	19,430	19,430
Loan #184 Busselton Jetty Committee (x)	73,256	0	0	4,751	4,751	11,360	11,360	61,896	61,896
Loan #186 Busselton Jetty Committee (x)	290,041	0	0	15,738	15,738	36,311	36,311	253,730	253,730
Loan #187 Naturaliste Community Centre	62,906	0	0	2,999	2,999	21,795	21,795	41,111	41,111
Loan #192 Busselton Tennis Club (x)	54,698	0	0	3,045	3,045	4,465	4,465	50,233	50,233
Loan #193 Busselton Hockey Stadium Club (x)	46,926	0	0	2,520	2,520	17,952	17,952	28,974	28,974
Loan #195 Dunsborough District Country Club (x)	228,182	0	0	14,831	14,831	26,395	26,395	201,787	201,787
Loan #196 Dunsborough Bay Yacht Club (x)	24,018	0	0	1,436	1,436	1,923	1,923	22,095	22,095
Loan #197 Dunsborough Oval	1,554,651	0	0	91,348	91,348	120,897	120,897	1,433,754	1,433,754
Loan #198 Jetty Construction	2,040,479	0	0	119,894	119,894	158,678	158,677	1,881,801	1,881,802
Loan #199 Busselton Bowling Club (x)	0	0	154,000	5,324	0	5,012	0	148,988	0
Loan #200 Dunsborough Bay Yacht Club (x)	0	0	15,000	343	0	734	0	14,266	0
Economic Services									
Loan #178 Cape Naturaliste Tourist Association (x)	17,766	0	0	1,064	1,064	17,766	17,766	0	0
Loan #182 Cape Naturaliste Tourist Association (x)	44,782	0	0	2,581	2,581	15,360	15,360	29,422	29,422
Loan #190 Cape Naturaliste Tourist Association (x)	92,238	0	0	5,311	5,311	22,514	22,514	69,724	69,724
Other Property & Services									
Reserve Acquisition	0	500,000	0	0	16,104	0	18,092	0	481,908
Total - Council and Self supporting Loans	5,559,164	500,000	169,000	326,265	336,702	721,192	733,537	5,006,972	5,325,627

(x) Self supporting loans financed by payments from third parties. All other loan repayments were financed by general purpose income.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

22. Information on Borrowings (continued)

(b) New Debentures – 2010/11

Particulars / Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan #199 Busselton Bowling Club	154,000	0	Treasury Corporation	Debenture	10	52,711	5.98%	154,000	0	0
Loan #200 Dunsborough Bay Yacht Club	15,000	0	Treasury Corporation	Debenture	9	4,394	6.00%	15,000	0	0
	169,000	0				57,105		169,000	0	0

(c) Unspent Debentures

Particulars / Purpose	Date Borrowed	Balance 01-July-10 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-June-11 \$
Loan #189 Townscape Works	01.04.04	142,458	0	142,458	0
Loan #197 Dunsborough Oval	01.06.10	837,348	0	837,348	0
Loan #198 Busselton Jetty Reconstruction	01.06.10	2,100,000	0	970,463	1,129,537
		3,079,806	0	1,950,269	1,129,537

(d) Overdraft

Council has not utilised an overdraft facility during the financial year 2010/11. The balance of actual bank overdraft as at 1 July 2010 and 30 June 2011 was Nil.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

23. Rating Information – 2010/11 Financial Year

Rate Type	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
Differential General Rate									
GRV–Residential	8.7817	9,945	131,251,824	11,526,142	0	11,526,142	11,526,142	0	11,526,142
GRV–Industrial	8.7817	297	12,820,668	1,125,873	0	1,125,873	1,125,873	0	1,125,873
GRV–Commercial	8.7817	964	42,417,546	3,724,982	0	3,724,982	3,724,982	0	3,724,982
GRV–Residential Vacant Land	6.5862	1,148	36,986,960	2,436,036	0	2,436,036	2,436,036	0	2,436,036
GRV–Industrial Vacant Land	6.5862	48	1,639,260	107,965	0	107,965	107,965	0	107,965
GRV–Commercial Vacant Land	6.5862	110	4,063,750	267,647	0	267,647	267,647	0	267,647
UV-Primary Production	0.2398	877	824,212,000	1,976,460	0	1,976,460	1,976,460	0	1,976,460
UV-Rural	0.2264	1,582	926,360,000	2,097,279	0	2,097,279	2,097,279	0	2,097,279
UV-Commercial	0.4528	120	91,104,000	412,519	0	412,519	412,519	0	412,519
Interim Rates				0	317,281	317,281	0	150,000	150,000
Sub-Totals		15,091	2,070,856,008	23,674,903	317,281	23,992,184	23,674,903	150,000	23,824,903
Minimum \$									
Minimum Differential General Rate									
GRV–Residential	850	1,540	13,450,604	1,309,000	0	1,309,000	1,309,000	0	1,309,000
GRV–Industrial	850	9	73,416	7,650	0	7,650	7,650	0	7,650
GRV–Commercial	850	716	4,683,588	608,600	0	608,600	608,600	0	608,600
GRV–Residential Vacant Land	799	1,149	9,872,762	918,051	0	918,051	918,051	0	918,051
GRV–Industrial Vacant Land	799	1	7,600	799	0	799	799	0	799
GRV–Commercial Vacant Land	799	71	643,420	56,729	0	56,729	56,729	0	56,729
UV-Primary Production	850	185	48,276,500	157,250	0	157,250	157,250	0	157,250
UV-Rural	850	1,413	280,713,000	1,201,050	0	1,201,050	1,201,050	0	1,201,050
UV-Commercial	850	58	1,621,989	49,300	0	49,300	49,300	0	49,300
Sub-Totals		5,142	359,342,879	4,308,429	0	4,308,429	4,308,429	0	4,308,429
Specified Area Rate (<i>refer note 24</i>)						411,957			413,019
Back Rates / Prior Period Adj. (<i>refer note 26</i>)						50,580			47,500
Totals						28,763,150			28,593,851

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

24. Specified Area Rate - 2010/11 Financial Year

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Port Geographe Rate	1.24910	GRV	13,915,468	173,818	173,818	173,468	173,468
• Rate				(350)	0	0	0
• Interim Rate				0	0	0	0
• Back Rate				0	0	0	0
				173,468	173,818	173,468	173,468

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Busselton CBD	0.87817	GRV	18,671,976	163,972	163,972	163,260	163,260
• Rate				(712)	0	0	0
• Interim Rate				0	0	0	0
• Back Rate				0	0	0	0
				163,260	163,972	163,260	163,260

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Provence	0.71340	GRV	131,000	414	414	414	414
• Rate							
	0.07350	UV	79,929,000	74,815	74,815	74,815	74,815
• Rate				0	0	0	0
• Interim Rate				0	0	0	0
• Back Rate				0	0	0	0
				75,229	75,229	75,229	75,229

The purpose of the Specified Area Rates is disclosed in note 12 "Purpose of Reserves".

25. Service Charges – 2010/11 Financial Year

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

26. Discounts, Incentives, Concessions & Write-offs – 2010/11 Financial Year

	Type	Discount %	Total Cost / Value \$	Budget Cost / Value \$
Back Rates Levied / Prior Period Adjustments	Adjustment	0	50,580	47,500
Write-offs	Write-off	0	0	0
		0	50,580	47,500

27. Interest Charges and Instalments – 2010/11 Financial Year

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	0.00	173,189	125,000
Interest on Instalments Plan	5.50%	0.00	140,438	130,000
Charges on Instalment Plan	0.00%	2.40	47,398	45,000
			361,025	300,000

Two separate payment option plans will be made available to all ratepayers for the payment of their rates.

Option 1 (Full Payment)

Full amount of rates and charges including arrears to be paid on or before 8 September 2010 or 35 days after the date of service appearing on the rate notice whichever is the later.

Option 2 (4 Instalments)

First instalment to be received on or before 8 September 2010 or 35 days after the date of service appearing on the rate notice whichever is the later and including all arrears and service charges and one quarter of the current rates. The second, third and fourth instalments of the current rates are to be made on or before dates shown below:

- 1st Instalment 08 September 2010
- 2nd Instalment 10 November 2010
- 3rd Instalment 12 January 2011
- 4th Instalment 16 March 2011

SHIRE OF BUSSELTON

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FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2010 Actual \$
28. Fees & Charges		
General Purpose Funding	63,680	73,878
Governance	472	246
Law, Order & Public Safety	102,828	102,980
Health	133,805	74,450
Education and Welfare	308	4,136
Housing	324,592	301,922
Community Amenities	4,186,707	3,936,813
Recreation and Culture	1,515,755	1,310,460
Transport	284,260	130,281
Economic Services	1,639,746	1,616,095
Other Property and Services	62,252	73,245
	8,314,405	7,624,506

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

	2011 Actual \$	2010 Actual \$
29. Grant Revenue		
By Nature and Type:		
Operating Grants, Subsidies and Contributions	3,160,904	3,028,276
Non- Operating Grants, Subsidies and Contributions	22,799,951	21,143,263
	25,960,855	24,171,539
By Program:		
General Purpose Funding	1,936,726	1,801,792
Governance	167,746	249,880
Law, Order & Public Safety	706,821	389,519
Health	4,410	9,755
Education and Welfare	2,993	3,761
Housing	6,927	13,917
Community Amenities	1,299,311	166,969
Recreation and Culture	14,280,673	18,987,913
Transport	4,934,625	2,090,283
Economic Services	2,404,220	65,190
Other Property and Services	216,403	392,560
	25,960,855	24,171,539

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

	2011 Actual \$	2011 Budget \$	2010 Actual \$
30. Councillors Remuneration			
The following fees, expenses and allowances were paid to council members and/or the president.			
Elected Members Allowances - President & Deputy	63,750	64,000	37,784
Elected Members Sitting Fees	76,038	77,000	92,877
Elected Members Travelling Allowance - Councillors Meetings	16,255	22,000	15,542
Elected Members Communication Allowance	23,670	29,000	29,678
Elected Members Other Allowance	6,463	12,000	6,141
	<u>186,176</u>	<u>204,000</u>	<u>182,022</u>

31. Employee Numbers

The number of full-time equivalent employees at balance date

	2011	2010
	236	235

32. Major Land Transactions

Council did not participate in any major land transactions during the 2010/11 financial year pursuant to S3.59 of the Local Government Act and Part 3 of the Local Government Functions and General Regulations.

33. Trading Undertakings and Major Trading Undertakings

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

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

34. Financial Risk Management

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	50,732,872	34,305,862	50,732,872	34,305,862
Receivables	3,145,525	3,370,774	3,145,525	3,370,774
Financial assets at fair value through profit or loss	112,193	235,150	112,193	235,150
	<u>53,990,590</u>	<u>37,911,786</u>	<u>53,990,590</u>	<u>37,911,786</u>
Financial Liabilities				
Payables	2,718,222	1,599,251	2,718,222	1,599,251
Borrowings	5,006,972	5,559,164	4,584,249	5,067,992
	<u>7,725,194</u>	<u>7,158,415</u>	<u>7,302,471</u>	<u>6,667,243</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.
- Financial assets at fair value through profit and loss, Available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

34. 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 June 2011	30 June 2010
	\$	\$
Impact of a 10% (*) movement in price of investments:		
• Equity	11,219	23,515
• Statement of Comprehensive Income	11,219	23,515
Impact of a 1% (*) movement in interest rates on cash and investments:		
• Equity	1,287	2,698
• Statement of Comprehensive Income	1,287	2,698

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 BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

34. Financial Risk Management (Continued)

(b) Receivables

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

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

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

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

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

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

	30 June 2011	30 June 2010
	\$	\$
Percentage of Rates and Annual Charges		
• Current	40.71%	37.20%
• Overdue	59.29%	62.80%
Percentage of Other Receivables		
• Current	97.06%	95.94%
• Overdue	2.94%	4.06%

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

34. Financial Risk Management (Continued)

(c) Payables

Payables

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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying Values \$
<u>2011</u>					
Payables	2,718,222	0	0	2,718,222	2,718,222
Borrowings	1,040,040	3,138,827	2,059,409	6,238,276	5,006,972
	<u>3,758,262</u>	<u>3,138,827</u>	<u>2,059,409</u>	<u>8,956,498</u>	<u>7,725,194</u>
<u>2010</u>					
Payables	1,599,251	0	0	1,599,251	1,599,251
Borrowings	1,036,044	3,461,722	2,561,862	7,059,628	5,559,164
	<u>2,635,295</u>	<u>3,461,722</u>	<u>2,561,862</u>	<u>8,658,879</u>	<u>7,158,415</u>

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

34. Financial Risk Management (Continued)

(c) Payables (Continued)

Borrowings

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 %
	\$	\$	\$	\$	\$	\$	\$	
<u>Year Ended 30 June 2011</u>								
Borrowings								
Fixed Rate								
Debentures	0	172,577	765,845	0	61,896	4,006,654	5,006,972	6.07%
Weighted Average Effective Interest Rate	0.00%	5.64%	6.17%	0.00%	6.88%	6.06%		
<u>Year Ended 30 June 2010</u>								
Borrowings								
Fixed Rate								
Debentures	17,766	0	261,468	1,014,605	0	4,265,325	5,559,164	6.08%
Weighted Average Effective Interest Rate	9.47%	0.00%	5.65%	6.17%	0.00%	6.08%		

SHIRE OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2011

Notes to and Forming Part of the Financial Report

35. Subsequent Events

There were no events subsequent to the reporting date that materially impact on this financial report.

PARTNERS

Clifton M Anderson FCA, JP	Stuart Fricker CPA, GAICD
Stephen FJ Down CA	Tim Partridge FCA
Shaun G O'Callaghan CA	Dean Rob CA
Peter Manolas CPA (Master of Taxation Law)	

ASSOCIATES

Maria Cavallo CA	Steven Cluning CA
Shane Kaurin CPA	

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial report of the Shire of Busselton, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2011, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Council's responsibility for the financial report

The Council of the Shire of Busselton is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Local Government Act 1995, and for such internal control as Council determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards so as to present a view which is consistent with our understanding of the Shire of Busselton's financial position, the results of its operations, its changes in equity and its cash flows.



**Chartered
Accountants**

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Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion, the financial report of the Shire of Busselton:

- i. gives a true and fair view of the Shire of Busselton's financial position as at 30 June 2011 and of its performance for the financial year ended 30 June 2011; and
- ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- iii. are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

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

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

AMD Chartered Accountants



TIM PARTRIDGE

Partner

Bunbury, Western Australia

Dated this 6th day of October 2011