

Shire Of Kojoonup



ANNUAL REPORT ***&*** ***ANNUAL FINANCIAL REPORT*** ***For Year Ending 30 June 2010***

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PART B - ANNUAL FINANCIAL STATEMENTS AND AUDITOR REPORT

See separate index

Shire of Kojonup



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Kojonup at a Glance

Distance from Perth	250 km
Distance from Albany	160 km
Population last census	2,269
Area	2,937 km ²
Number of dwellings	805
Number of rate assessments	1,296
Length of sealed roads	344 km
Length of unsealed roads	905 km
Number of electors	1,604
Number of bushfire brigades	12
Number of sub-catchment groups	23

Front Cover

Kojonup Barracks – Spring Street Kojonup.

President's Report

I have great pleasure in providing ratepayers and residents with an overview of goals and achievements during the financial year ending 30th June 2010. This year has been one of continued planning, implementing the direction set in our strategic plan and we are now starting to see the benefits of this planning.

Financial Position

Our financial position remains very sound. At the 30th June 2010 our total Cash Funds were \$3,046,665 and total Reserve Funds were \$2,157,595.

In previous years Council decided not to take on additional loans, not to be dependent on grants, and to improve efficiencies within the Shire's operations. We are now in a position to consider long-term loans (20-25years) for infrastructure such as the sporting complex refurbishment to contribute to grant funding for this \$1.2M project (less than half of a completely new building). Also a long term loan will be sort for the new Medical Centre in 2011/12. This will be a project costing approximately \$800,000.

By using long-term loans now, the cost of these projects will be shared by future generations using the facilities, not just ratepayers at the present time. We need to keep improving services, such as the two projects outlined, to address community needs in the future.

Local Government Election

The Local Government Election was held on 17th October 2009, and there were three positions to be filled. Councillors Pritchard, Hewson and Marsh were successful in this process. I would like to thank Councillors Carrington-Jones and Graham for their services to the Council.

Capital Expenditure

Our Road Improvement Program continues to progress well on time and on budget. A large tree pruning program allowed us to catch up and increase the funds towards gravel re-sheeting and drainage work. \$167,661 was spent on gravel re-sheeting in the 2009/10 financial year and similar expenditure will continue into the future.

The major road widening projects were:

- \$292,986 spent on the Kojonup - Frankland Road
- \$152,609 spent on the Broomehill Road widening
- \$310,537 spent on the Kojonup - Darkan Road

Footpath, kerbing, and other capital expenditure were maintained roughly at previous year levels, and the future priorities will be outlined in the Shire's 'Forward Capital Works Plan'.

The refurbishment of the swimming pool has been completed, and is a great result to extend the life of the pool, by approximately 15 years, in the most cost effective manner. We now look forward to the next stage of the sporting complex refurbishment to improve the change room and club facilities.

The new recycling transfer station site was well received by the community after opening in February 2010. The space and layout has encouraged private investment in recycling on the site which has improved the services to the community.

Amalgamation

Whilst all the normal Shire core business continued, the Council and officers were involved in responding to requests and submissions on local government reform. The Council declined the opportunity to form a regional transition group after considering the process and community feedback.

District Celebrations and Achievements

On a lighter note let us look at some of the great events and achievements in Kojonup over this period.

- Muradup Hall Centenary - 100th Building Celebration on 7th November 2009 attended by 350 people.
- St John Ambulance Sub Centre acquired a new Ambulance.

- Kojonup winner of GWN Top Tourism Towns 2009 (Population under 2,500). Also won WA Regional Newspaper Category Award for Cultural Interpretation Community Relations (jointly with Derby)
- 20th Anniversary of the Kojonup Probus Club - celebrated on the 7th May

Individual

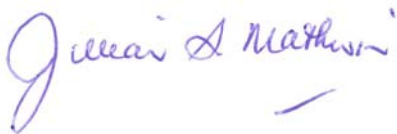
- Cathy Ivey - finalist in St John Ambulance for Trainer of the year.
- Gavin Clarke & Stratton Goodall - joint winners of the local "Fireman of the Year" Gavin was also awarded a medal for 20 years service.
- Rob Warburton - won a Nuffield Australian Farming Scholarship.
- Erin Gorter - Runner-up in the WA RFRDC Rural Women's Award 2010
- Harry Parker - received Lions Courage Award
- Di Gardner - Honoured for her contribution to Catholic Education in WA for over 30years of service at St Bernard's Kojonup.

These individuals and organisations are all such credits to our Community and help to make the Community one of which we are all very proud.

Summary

Finally my thanks go to all the Shire Administrative, Depot, and Springhaven staff, who have met the many challenges of Local Government today. A particular thanks to our CEO and Senior Managers who lead such a great team.

To the Councillors, I thank them for their dedication and hard work, particularly when faced with the frustration of dealing with agencies who fail to acknowledge the Kojonup community feedback. I thank them for their support over this time and I believe it has been a very constructive year towards the progress of Kojonup.



Cr Jill Mathwin
Shire President

CEO's Report

(Incorporating the Finance Report)

This report provides a summary of key operations, activities and events for the 2009/10 year. Further information on specific operational areas is available upon request.

In 2009/10 the Shire continued its rebuilding phase, with a particular emphasis on road and building infrastructure. The asset management planning continued and has resulted in a plan guiding the forward capital works for the next 5 years, adopted in November 2010.

Plan for the Future

The "Plan for the Future" was adopted in June 2008 for the three year period 2008 to 2011. This plan is required under the Local Government Act amendment in 2005 and guided the operations and expenditure in 2009/10.

It is a requirement to compare the next year's budget against the "Plan for the Future". Please note that this has been done against the plan adopted in November 2010, however, it maintains the key strategic objectives from the previous plan, being:

- (1) Ensuring Governance and Capability
- (2) Finance Planning and Viability
- (3) Managing the Built and Natural Environment
- (4) Community Support and Development.

Staff Movements

The Shire thanks the following staff, who left in the 2009/10 year, for their contribution.

Office: Peta Whitaker (Maternity Leave)

Springhaven: Peta Banner, Samantha Ramm, Rebecca Michael, Tammy McVee, Diane Brockman.

Building: Jack Nunn

Depot: Jim McVee, Wayne Pearce,

Recycling: Adrian Blake

The Shire also welcomed in 2009/10:

Office: Gemma Boys (Customer Service Officer), Dominique Hodge (Finance & Administration Officer)

Springhaven: Kiara Sebbes, Sarah Izett.

Depot: Brad Clinch, Mick Aiken, Leigh Lucev (Apprentice Mechanic), Craig Clinch (Apprentice Garden Crew)

Governance and Administration

Asset Management

The Shire of Kojonup has further developed its asset management system, to link the renewal and maintenance of community assets to the expected service levels, strategic plan, and long term financial plan. Kojonup hosts the joint Asset Management Technical Officer for the Southern Link VROC and utilises the NAMS Plus system to ensure that it can meet any mandated asset management requirements from State and Federal Government.

Southern Link VROC

The Shire of Kojonup continues to achieve efficiencies and savings from its participation in the Southern Link VROC. Staff and resource sharing has been achieved in the fields of:

- Plant and equipment
- Environmental Health
- Waste and recycling planning
- Building Surveying

- Building inspections for asset management planning
- Asset management
- Town Planning
- Records management
- Capital works supervision and technical support

Financial Report

Council received positive feedback from the community on its use of graphs at its previous electors meetings to demonstrate trends in the financial performance. The financial report has continued this simplified approach by graphing the key ratios.

Income Statement

The standard income statement includes abnormal and capital items, non cash items such as depreciation, and operating grant funds that may be reserved for use in following years. To examine the net effect from Council's operations the income statement can be analysed by making the adjustments in the following table and provide an assessment of the net Council funds available for new capital works, new services or reserve transfers.

The format below is useful to account for the variance in depreciation over the years. Approximately \$1.34 million was added to the depreciation as a result of the \$20,685,424 in road / infrastructure assets being added to the balance sheet, that hadn't been previously identified prior to 2005/06.

A full review of the depreciation rates was conducted in 2008/09 with the release of the new Accounting Manual, from the Department of Local Government, and resulted in the depreciation listed. This has an impact on the statement of financial position, but not on the adjusted income statement, where we assess discretionary funding. Depreciation is an accounting estimate of asset consumption over time, and the changes in 2008/09 more accurately reflect these estimates. It should be noted that Depreciation is a non cash item.

The next goal for our financial management is being able to report our asset renewal within this format, to ensure it becomes non discretionary and is prioritised before expenditure on new assets and projects.

Table 1 Adjusted Income Statement Analysis

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Official recorded results	(546,705)	(522,045)	155,806	(1,700,373)	(1,125,490)	1,122,890	1,632,659
Deduct: Non Operating Revenue	(1,133,897)	(764,781)	(1,162,162)	(648,103)	(961,796)	(1,556,661)	(2,106,536)
Deduct: Operating Grants, not spent; Restricted – For use in following year	0	(9,150)	(42,373)	(56,601)	(61,556)	(15,000)	(13,000)
Add Back: Depreciation	+2,151,066	+2,202,618	+2,162,683	+3,501,818	+3,512,196	+1,936,180	+1,801,184
Deduct/Adjust-Net Profit/Loss on Asset sales	(38,796)	(21,551)	(56,615)	(1,091)	+26,790	+219,866	+62,742
TOTAL-AVAILABLE FOR CAPITAL	\$ 431,668	\$ 885,103	\$1,057,339	\$1,095,650	\$1,390,144	\$1,707,275	1,377,049
LESS: Loan Principal Repayments	(255,876)	(426,295)	(458,453)	(441,593)	(400,398)	(352,338)	(200,490)
NET TOTAL-Council Funds available for Works, transfer to reserves or contribution towards grants.	\$175,792	\$458,808	\$598,886	\$654,057	\$989,746	\$1,354,937 **	\$1,176,559 ***

** **Note 1:** An advanced payment in the amount of \$269,894, being Financial Assistance Grants (FAGs), was received at the end of the 2008/09 financial year. This income would normally have been received in the 2009/10 financial year. The grant amounts by nature are not restricted funds and hence shown in the comparison table above.

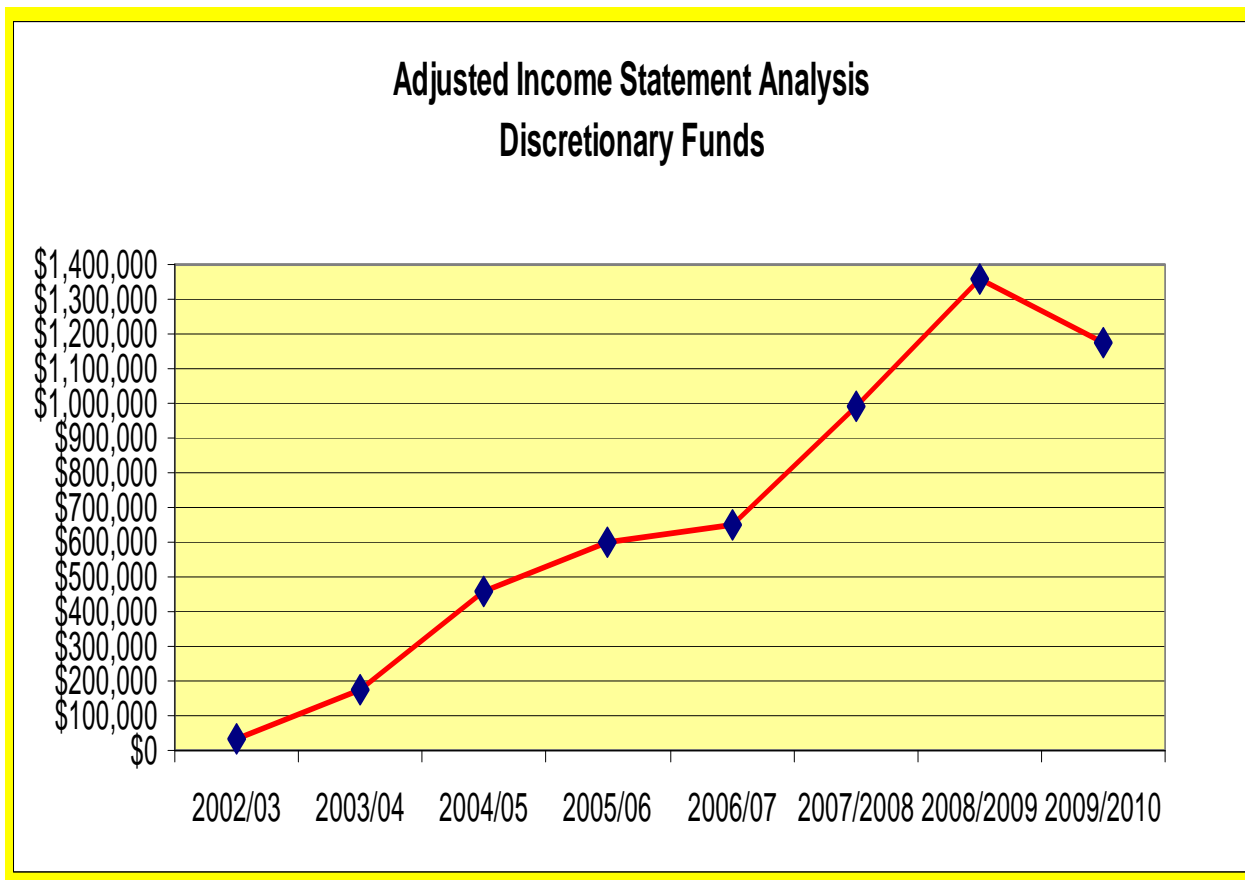
Taking this advanced payment into consideration the “NET TOTAL” for 2008/09 of \$1,354,937 should be adjusted back to **\$1,085,043**.

*** **Note 2:** An advanced payment in the amount of \$285,517, being Financial Assistance Grants, was received at the end of the 2009/10 financial year. This income would normally have been received in the 2010/11 financial year. The grant amounts by nature are not restricted funds and hence shown in the comparison table above.

No adjustment is required to the “NET TOTAL” for 2009/10 of \$1,176,559, as this still only represents four (4) quarterly FAG’s payments, compared to the five (5) quarterly payments in 2008/09. However, the greatest impact will be in future years when the advance payment is not made at the end of the financial year and therefore only three (3) quarterly payments are received.

The situation above makes it difficult to compare between years, and also compare actual to budget, as we now only budget for three (3) FAG’s payments per year and wait for announcement. If the fourth comes then the variation to budget is over 10%.

The graph of the trend in discretionary funds that Council can allocate to capital works, transfer to reserves, or as matching contribution towards external grants (from the net total in the table above), is shown below.



The target discretionary fund amount is \$800,000, with larger amounts utilised in years when there is a larger capital works program.

Cash Position

Council's cash flow statement documents a decrease in cash held over the year of \$642,609. Council's overdraft facility was maintained at \$200,000 during the 2009/10 financial year and was not utilised.

Reserves

The total value of reserves at the end of 2009/10 was \$2,157,595, compared to \$2,163,797 in 2008/09. These reserves are fully cash backed.

Details of reserve balances and transfers are shown in note 11 to the financial statements. \$892,667 or approximately 40% of the reserves are statutory bond obligations for Springhaven residents. This can be compared to 2008/09 when bond obligations were \$1,089,773 or approximately 50% of total reserves.

Whilst there was a slight reduction in the total value of reserves this equates to an increase in the balance of money accrued for the future renewal of assets or specific capital projects in the amount of \$190,904.

Loan Borrowings

No new loan borrowings were taken up in the 2009/10 year.

Rates

For the 2009/10 year Council increased its rates by 4%. It is accepted within the local government industry that rates normally need to increase at a level above that of inflation, as CPI increases do not relate to a Council's cost increases, and are generally not adequate to cover operational cost increases. Furthermore, rating increases only at the CPI level attempt to only maintain operations and are normally not sufficient to help fund the replacement of assets.

The Shire of Kojonup did not require rates to be increased at a level significantly above inflation for the 2009/10 year, as recurrent operational savings continue to be made in the strive for efficiency. This will be reviewed annually.

The rating details for the 2009/10 year are included in note 22 of the Annual Financial Report.

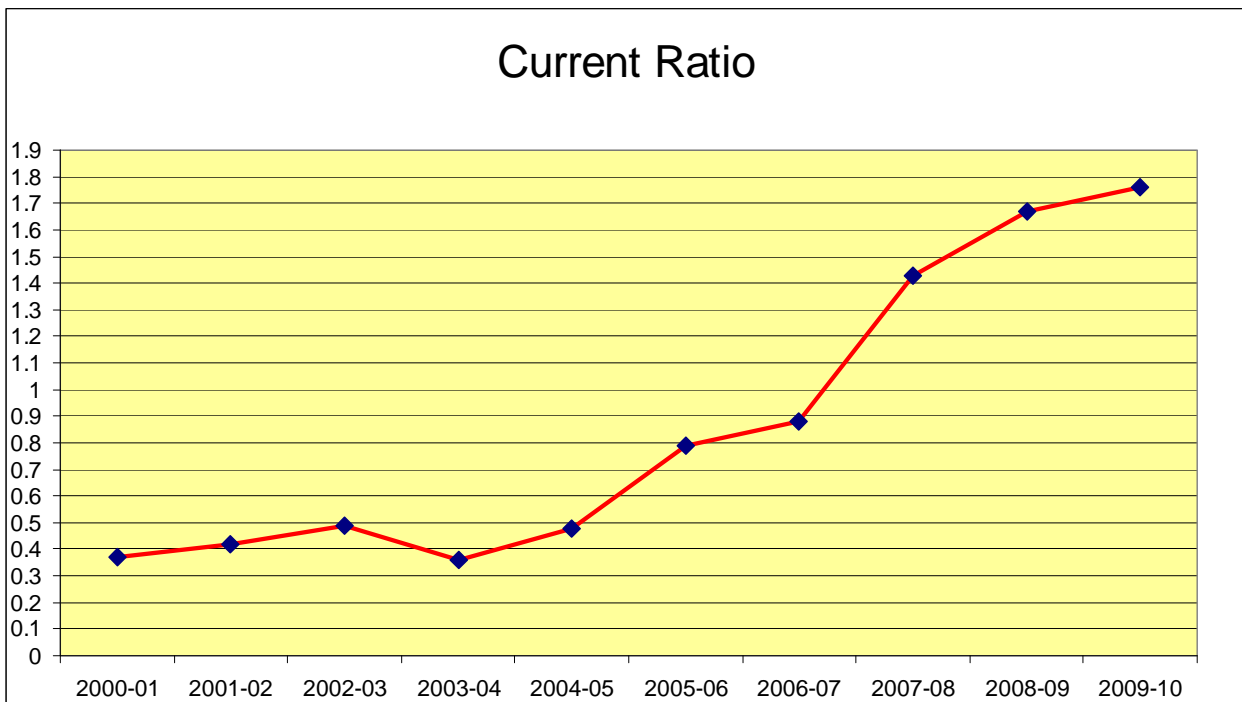
Financial Ratios

Current Ratio

The current ratio gives an indication of short term liquidity. That is the ability to meet financial obligations when they fall due. A ratio of greater than 1 is desirable.

It is calculated by

$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$



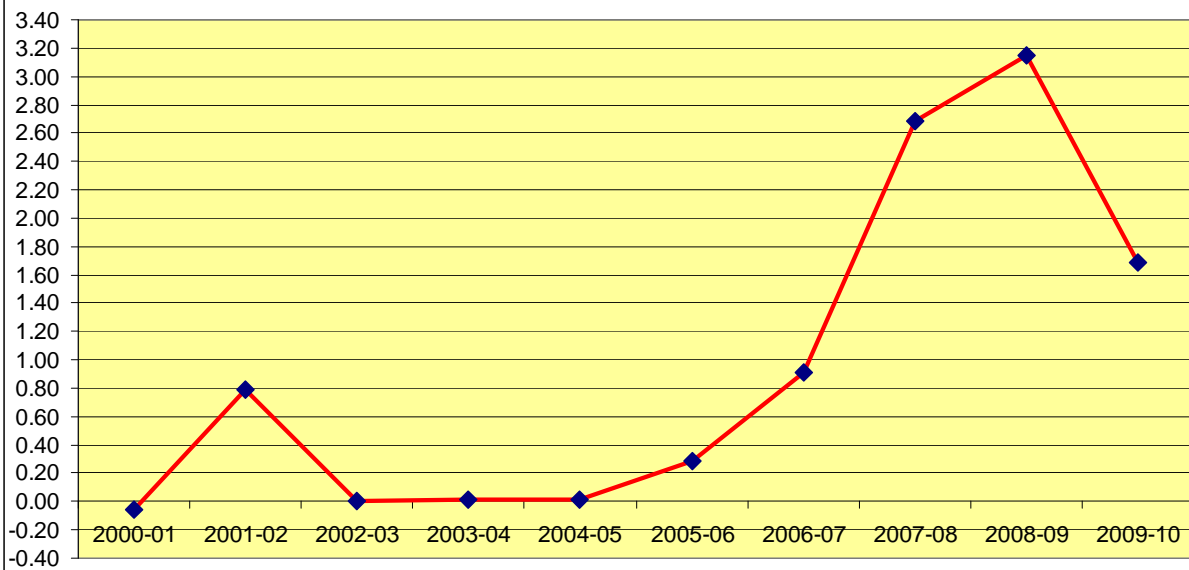
Untied Cash to Creditors Ratio

This ratio indicates the ability to meet immediate obligations to creditors with unrestricted / untied cash. A ratio less than 1 requires close examination of cash flow.

Calculated by

$$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$$

Untied Cash to Trade Creditors Ratio



The apparent decline from 2008/09 reflects a spike in 2008/09 due to the fifth FAG's payment being treated as untied cash, rather than a significant decline. However, all trends are monitored.

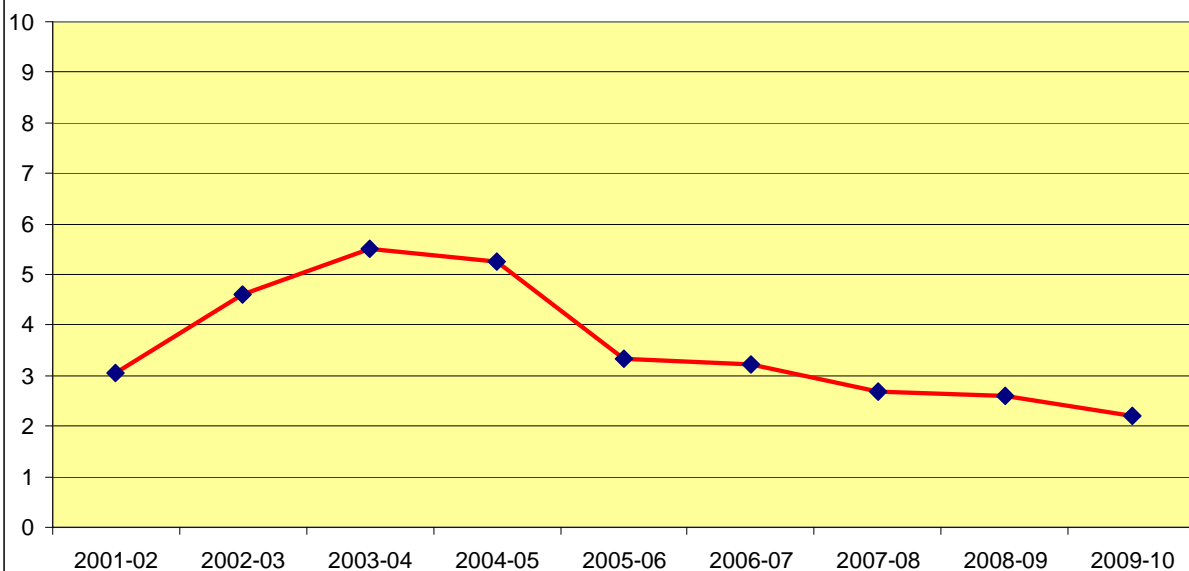
Debt Ratio

This ratio measures the Council's liabilities as a percentage of its assets. The lower the percentage generally indicates a greater ability to borrow against assets.

Calculated by

$$\frac{\text{Total liabilities}}{\text{Total Assets}}$$

Debt Ratio (%)



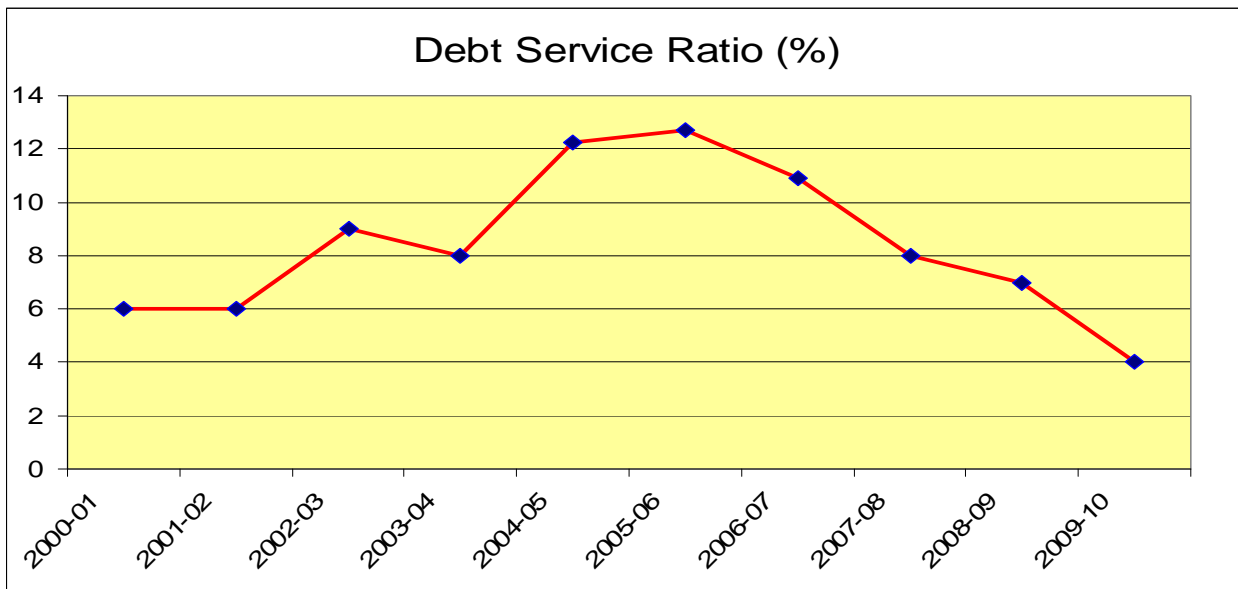
Debt Service Ratio

This ratio indicates the Council's ability to service debt. Council's objective is to maintain this below 10%. This figure is also the benchmark for borrowing from WA Treasury Corp, below which specific business plans are not required due to the limited risk.

Calculated by

$\frac{\text{Debt Service Cost (Principal and Interest)}}{\text{Available operating revenue}}$

Available operating revenue

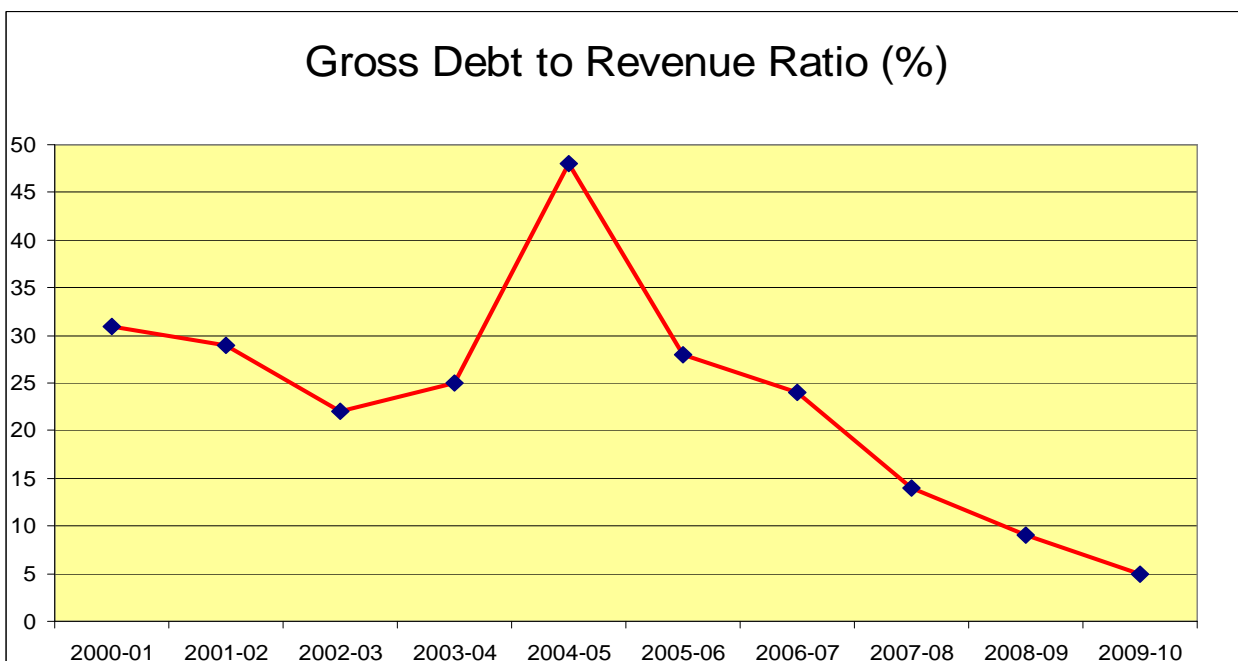


Gross Debt to Revenue Ratio

This ratio illustrates Council's ability to cover debt with its revenue in any given year, if required, by comparing it to total revenue received. A declining trend and figure at or below 20% is desirable.

Calculated by

$\frac{\text{Gross debt}}{\text{Total Revenue}}$



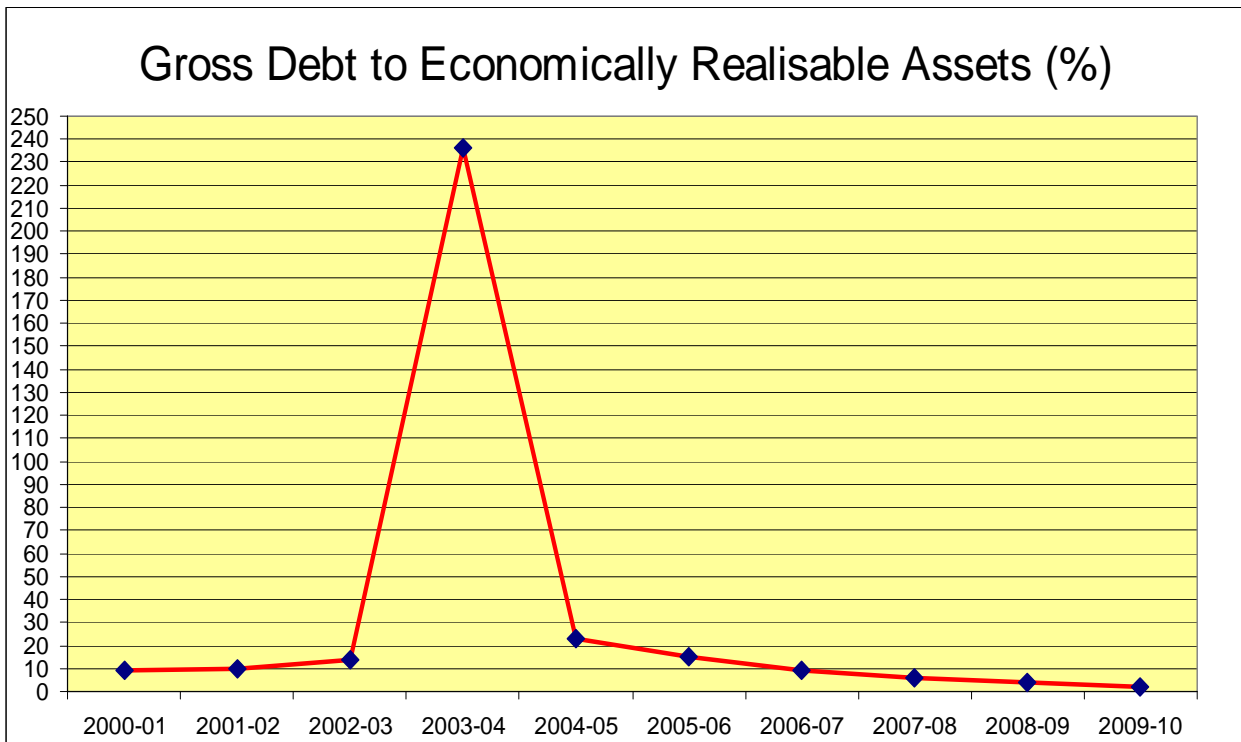
Gross Debt to Economically Realisable Assets Ratio

This ratio indicates Council’s level of debt as a proportion of assets. In conjunction with other debt ratios it provides an indication of reliance upon debt to fund projects. As a guide, up to 30% (0.3 in the graph), is considered manageable.

The spike in 2003/04 is the combined effect of minimal realisable assets and the addition of \$1.15 million in gross debt required for liquidity to trade out of the financial situation.

Calculated by

$$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$$

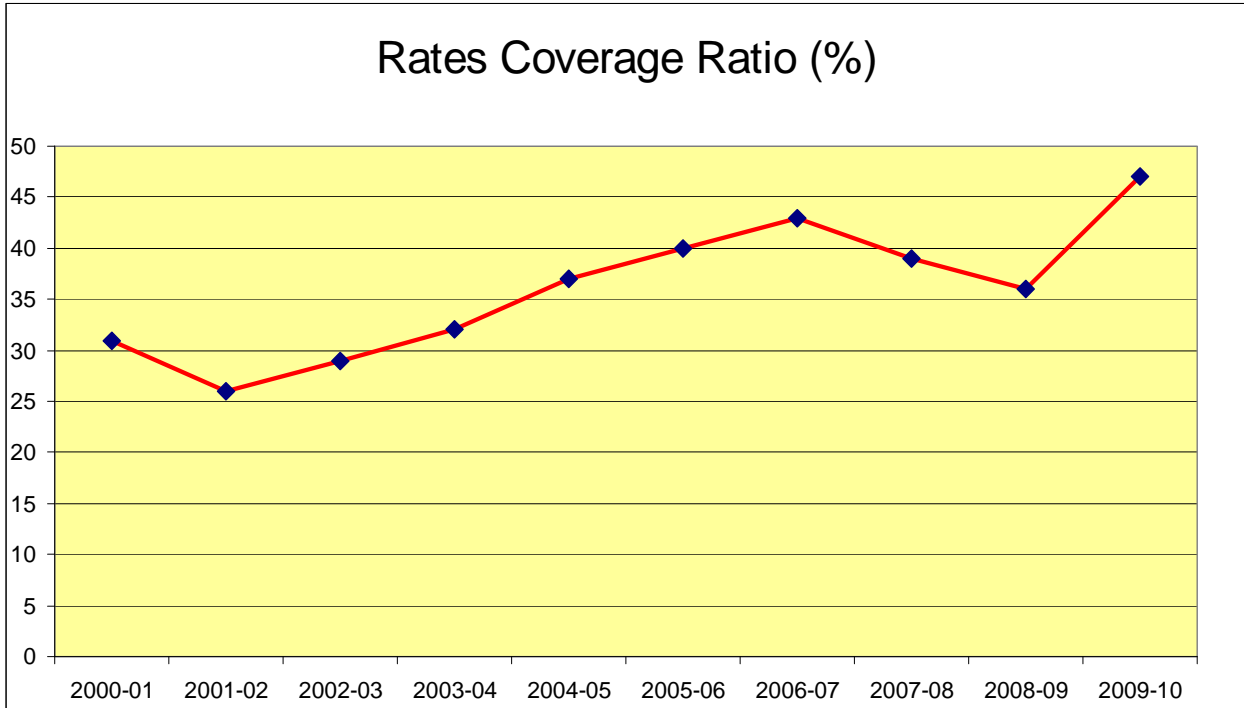


Rate Coverage Ratio

This ratio measures the use of rates to fund operations. Councils with a higher ratio normally have greater flexibility and budget control to respond to unforeseen events. Lower ratios often indicate reliance upon government and other grant funding that may not be available or sustainable in the long term. A ratio of 40% is used as one of sustainability indicators by the Department of Local Government.

Calculated by

$$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$$



The ratio above was reduced in 2008/09 by the Federal Government decision to bring forward a quarterly payment from 2009/10 that is recorded as operating revenue.

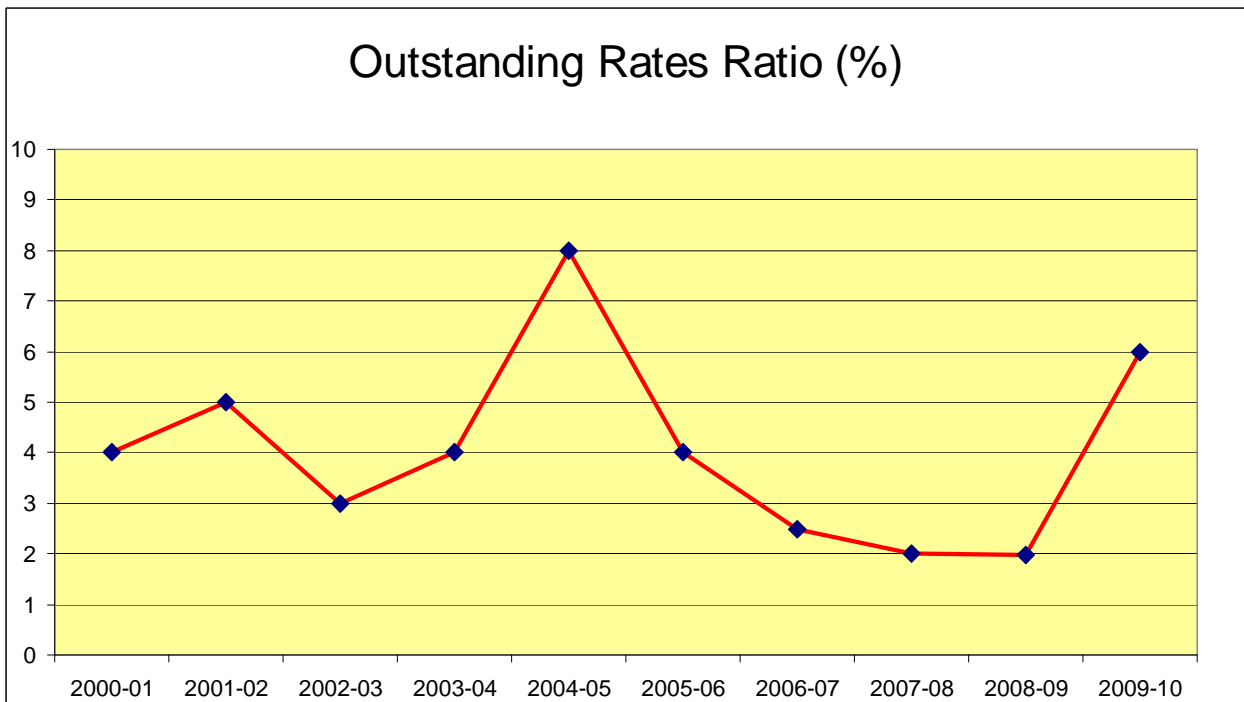
Outstanding Rates Ratio

This ratio indicates the effectiveness of Council's rate collection system. The aim is the lowest percentage of rates outstanding, and Council has set a target of less than 3%.

Calculated by

Rates outstanding

Rates collectable



The increase in 2009/10 is due to the non payment of rates by timber companies that were in receivership, however, there is no risk to the money not being received plus relevant interest.

Summary

All ratios demonstrate good trends, and are within expected levels, considering the adverse position between 2002 and 2004. Council will continue to use these key ratios to guide its decision making, especially regarding finance for capital works, and the use of debt.

Capital Works and Maintenance

The following capital works were undertaken in 2009/10

- Kojonup Frankland Rd- Widening (Ongoing)
- Kojonup Moodiarrup Rd - Widening (Ongoing)
- Broomehill Kojonup Rd - Widening (Ongoing)
- Broomehill Rd / Albany Hwy intersection widening \$81,598
- Gravel Re-sheeting Program \$167,661
- Bridges \$584,000
- Qualeup Sth Rd Reseal
- Riverdale Rd Reseal
- Shamrock Rd Reseal
- Glenoaklands Rd Reseal
- Footpath and Kerb Capital Improvement Program \$16,098
- Furniss Loop Culvert \$13,752

Planned works not fully completed carry over works to 20010/11

- Bridge works (undertaken by Main Roads WA Contractor)

Road Maintenance carried out in 2009/10 included:

- Road grading \$343,398
- Tree pruning \$188,414
- Road signage and guide post replacement \$44,374
- Bitumen repairs \$57,946
- Drainage maintenance \$100,351
- Town site - Verge Mtce \$48,820
- Fallen tree / limb removal from roads \$38,305
- Town site Trees - Pruning \$12,874
- Roadside Spraying \$18,161
- Town site Trees - General Mtce \$13,299
- Town Streets - Drainage Mtce \$8,896

Plant Replacement

Net value of the plant replacement program in 2009/10 was \$487,581.

The main items of plant acquired were:

- Isuzu Giga CXZ455 Tip Truck
- Isuzu Giga CXZ Prime Mover
- Mitsubishi Light Truck
- Various passenger and utility fleet replacements.
- Isuzu Fire Truck - Kojonup Brigade (funded by the ESL)

Land and Building Capital Works and Major Maintenance

The following items were completed in 2009/10

- Kodja Place Renewal \$21,617
- Springhaven Renewal \$18,555
- Housing \$67,286

The following capital works had Royalties for Regions contributions highlighted in colour. The Shire of Kojonup acknowledges and thanks the State Government for their support through the Country Local Government Fund, under the Royalties for Regions Program, which has supported the renewal and capital works on important community infrastructure.



Project Description	Funding Source			
	Council	CLGF	Other	Total
Thornbury Close Industrial Estate Road Sealing	9,074	46,481	0	55,555
Public Toilet Renewal (APEX Park)	3,234	70,000	0	73,234
Swimming Pool Renewal	43,589	158,548	30,000 (RLCIP)	232,137
Recreation Complex Refurbishment Stage 1	11,895	251,042	0	262,937
Recycling Station	4,218	89,383	85,000 (RLCIP)	178,601
RV Friendly Site	941	10,000	0	10,941
	72,951	625,454	115,000	813,405

The funding of the Commonwealth Government through the Regional and Local Community Infrastructure Program (RLCIP) is gratefully acknowledged in the projects above.

Health, Building and Planning

Public Health

Hygiene assessments and registration of food premises required under the new Food Act 2008, and sampling of local food manufacturers was carried out by Council's Environmental Health Officer (EHO). There were no reported incidences of food poisoning. The EHO followed up numerous Food Recall notices received from the Department of Health Food Section.

Monthly routine samples of water from Council's public swimming pool and their wastewater reuse scheme were submitted for testing.

Four septic tank applications were processed and 6 inspections of new and existing systems were carried out.

The Shire of Kojonup provided temporary environmental health services to the Shire of Katanning during 2009/10 and ongoing support to the Shire of Broomehill Tambellup under its partnership within the Southern Link VROC.

Recycling

The recycling service has been contracted out to Warren Blackwood Waste. The implementation of Kerb side recycling bins has seen a significant reduction in the volume of waste to the landfill.

Building Approvals

The Shire of Kojonup Building Surveying service is now provided by the Shire of Plantagenet under the partnership with the Southern Link VROC, to ensure that all statutory obligations are met.

Planning Approvals

The Shire of Kojonup provided the following planning approvals during 2009/10:

Subdivision Town	3
Grouped Dwelling	1
Residential Use	2
Subdivision Rural	4
Commercial Use	3
Rural Industry	1
Signs	1
Oversize Shed	3
Tree plantation	3
Mobile Phone Tower	1
Town Planning Scheme Amendment	1

Community Development and Support

Springhaven

Springhaven maintained accreditation, with the Aged Care Standards and Accreditation Agency, and had a spot inspection in 2009/10. Staff take great pride in the quality of service they provide to residents, resident's families and the broader Kojonup community.

Strong links continued to be maintained with the community through the 'Friends of Springhaven' and various charitable groups and volunteers who have given time and resources to assist the Springhaven residents. The community awareness of this support and activities has continued to grow through the regular updates in the Kojonup News.

Springhaven's financial performance has improved with a net operating cash deficit of \$255,027 in 2009/10 compared with the cash deficit of \$284,176 in 2008/09. The improvement has been thanks to the work of Lynne Costin and her staff, and the efforts of Dyan Dent to maximise the new funding mechanism, however, it is anticipated that the facility will always run at a significant deficit unless there is a major change to the Commonwealth funding process.

Sporting Complex

Stage 1 of the Sporting Complex refurbishment commenced in 2009/10, with \$251,042 of the Country Local Government Fund being expended from the Shire's 2008/09 allocation. The total project will be approximately \$1.2million, with a further \$406,545 allocated from the 2010/11 Country Local Government Fund and \$247,500 from the Department of Sport and Recreation - Community Sport and Recreation Facilities Fund. The balance will be met by a loan taken by the Shire of Kojonup in 2010/11.

Swimming Pool

YMCA continued to operate the pool complex between November and March. The Shire is grateful for their support and expertise in managing the facility and their interaction with the community. There were 11,500 admissions for 2009/10, down 11% from the prior year, however, 2008/09 had increased attendance due to the closure of the Katanning Pool for major refurbishment. The 2009/10 attendances were also down by 4% on 2007/08.

The net operating cost of the pool, including maintenance was \$141,892 for 2009/10. The pool also underwent a significant refurbishment as outlined in the capital works section, with total capital expenditure of \$232,137.

Community Grants

Community grants were maintained at approximately the same level as 2008/09. Approximately \$35,000 was allocated to community and sporting groups across various sections of the Shire budget.

Library

The library processed 10,384 loans for the financial year and 2909 renewals in 2009/10, which equates to at least a 42% increase in activity from the previous year. The Library has continued to be a focal point for our community to gain information, community development programs and services throughout 2009/10.

Tourism and the Kodja Place

The Kodja Place continues to host significant community events and has also held many successful school visits from around the region in 2009/10. Updates on the happenings at the Kodja Place have been outlined in the fortnightly articles in the Kojonup News.

The Shire of Kojonup would like to acknowledge and thank the community volunteers who support the precinct, especially with maintenance of the rose maze.

The net cash operational expenditure on the Kodja Place building, grounds, staffing and activities was \$150,927. There was also \$21,617 in capital expenditure.

Expenditure on tourism in 2009/10 was \$66,721 in direct funding of the Kojonup Tourist Association to run the visitors centre at the Kodja Place. There was also \$6,216 for the insurance of the Tourist Railway and approximately \$1,000 for other miscellaneous events.

The total net cash operating expenditure for the Kodja Place precinct (including the visitors centre) was \$217,648 for 2009/10.

Appreciation

In conclusion I would like to thank all staff for their efforts made during 2009/10, and especially my management team for embracing the challenges of 2009/10 and their strong leadership of their teams to support the changes that we have implemented, as we continually strive to improve our service and performance.

I would also like to express my appreciation for the efforts of the Shire President and Councillors in 2009/10 for their work on behalf of the community.



Stephen Gash
Chief Executive Officer

Statutory Statements

National Competition Policy

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest.

A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

There were no significant changes to business operations or additional services in 2009/10, operated by the Shire of Kojonup that would fall into the above categories.

Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed the conclusions of those reviews and a forward strategy for all local laws still to be reviewed.

No new Local Laws were created in 2009/10 or any existing Local Laws reviewed. The resources required to respond to the Ministers requests regarding structural reform took priority. All local laws will be reviewed in 2010/11.

Disability Services Plan (DSP)

Council finalised its Disability Access and Inclusion Plan (DAIP) in July 2007, to cover the period 2007 to 2012. An implementation plan for 2007 onwards was endorsed by Council, as part of the DAIP, and future reporting will be against the implementation plan as well as the five key identified outcomes.

The Council's main achievements in the five key identified outcome areas (Disability Services Act, 1993) in 2009/10 are as follows:

Outcome 1. Improved access to services.

- Refurbishment and upgrade of seating at regular points around town.
- Kerb ramps and footpath improved between Apex Park and Kodja Place to allow better access to tourism and public transport facilities.

Outcome 2. Improved access to buildings and facilities.

- Improved access to the RSL Hall due to the replacement of front steps with a ramp.
- Construction of an access ramp at the Kodja Place.

Outcome 3. Improved access to information.

- The Shire's website can be used to make payments and enquiries by email and jobs, tenders and public notices are posted online.
- All public information is able to be provided in alternative formats on request.

Outcome 4. Improved staff awareness and skills in assisting people with disabilities.

- Front counter staff are aware of individual needs of customers, including people with disabilities.

Outcome 5. Improved access for people with disabilities to complaints mechanisms and consultation processes.

- Complaint and service request policy reviewed to enable accessible complaint mechanism.

A status report on the DAIP implementation plan is outlined below. This only reports on tasks nominated to be completed within the reporting period, or held over from previous years.

Task	DAIP OUTCOME: 1 People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Shire of Kojonup	Status
1.1	Establish a DAIP Team which will meet regularly as required to monitor, guide and report to Council on the implementation of DAIP activities.	Re-advertised twice for community representatives in 2008/09 without generating any interest. This will now be purely management driven and embedded in operations, with specific consultation on each project.
1.4	Become a partner in the ACROD Companion Card Scheme and waive admission fees for carers of cardholders.	No longer required. The Shire has limited facilities that require entrance fees that are directly managed.
Task	DAIP OUTCOME: 2 People with disabilities have the same opportunities as other people to access the buildings and facilities of the Shire of Kojonup.	Status
2.10	Continue to ensure that all new road and path works, including programmed maintenance and modification work, is carried out in accordance with Access Standards.	Ongoing
2.13	Incorporate disability access into Parks Department policies and management plans, and ensure access is an essential feature of all improvements to parks and reserves.	Have encountered difficulties applying to some reserves with Aboriginal Heritage significance, where construction work is not appropriate. Alternative access being considered.
Task	DAIP OUTCOME: 4 People with disabilities receive the same level and quality of service from the staff of the Shire of Kojonup as other people receive from the City.	Status
4.6	Promote the Shire's achievements regarding disability and access to its staff.	Deferred until DSP committee formed
Task	DAIP OUTCOME: 6 People with disabilities have the same opportunities as other people to participate in any public consultation by the Shire of Kojonup.	Status
6.1	Maintain an advisory group of local people to advise Council on strategic issues regarding access and inclusion and monitor and guide DAIP activities.	Advertised twice. No interest from the community. Will now be a management / operational issue.
6.2	Aim to have aboriginal and youth representation on the advisory group.	See above

Kojonup Disability Services Committee

The Shire of Kojonup advertised for nominations from community members for the Kojonup Disability Services Committee for 2 consecutive years, with no nominations being received. Three community positions were proposed to assist the Shire to implement initiatives in the disability services plan and advise the Shire on all aspects of access and inclusion.

State Records Act 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report. The Shire of Kojonup Recordkeeping Plan was reviewed and forwarded to the Commission in March 2010. Records' training was conducted in association with the implementation of the new records management system and structure.

Freedom of Information

Council's Freedom of Information Statement was reviewed in September 2009.

During the 2009/10 year, the Shire of Kojonup received 2 FOI applications, both processed within the Statutory time frames.

Public Interest Disclosure Act 2003

In accordance with this legislation, procedures have been implemented to facilitate reporting and action of public interest disclosures. During the 2009/10 period no public interest disclosures were lodged.

Annual Salaries

Regulation 19(B) of the Local Government (Administration) Regulations requires disclosure of the number of employees with an annual cash salary greater than \$100,000. *There was one employee in this category in the Shire of Kojonup for 2009/10 and the amount includes cash in lieu of a vehicle, and was in the band 140,000 to 149,900.*

Plan for the Future Comparison

Section 5.53 (e) of the Local Government Act 1995 states in relation to the Annual Report "an overview of the Plan for the Future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year."

In November 2010 the Shire of Kojonup formally adopted a 5 year plan for the future of the district. This process was conducted with community consultation to assist in identifying the future needs of our community.

2009/10 Budget Comparison to the 'Plan for the Future'

The Local Government Act 1995 (as amended) requires that local governments are to have regard for the 'Plan for the Future' when setting their budget, and this be included in the annual report. The Shire of Kojonup 'Plan for the Future', adopted in November 2010, has been attached with annotation below to outline the progress towards delivering the 2010/11 planned activities within the budget.

Status:

- ✓ Planned activities / project fully funded and to be completed in 2010/11 budget period
- Ongoing activity / project with 2010/11 component funded in budget
- ✗ Activity / project planned for completion in 2010/11 but not included in budget
- ✗ Activity / project planned for completion in 2010/11 but only partially funded or delayed
- Ongoing activity / project with 2010/11 not funded in budget
- Ongoing activity / project with 2010/11 component not fully funded in budget
- Activity / project not planned to commence in 2010/11 and not included in budget
- Activity / project not planned in 2010/11 but some activity brought forward into budget

Any variation will be noted in red writing against the action.

1. Ensuring Governance and Capability

1.1 Maintain Robust Systems and Controls

- 1.1.1 Ensure statutory compliance ●
- 1.1.2 Implement organisation wide risk management ●
- 1.1.3 Review and strengthen local laws ●
- 1.1.4 Develop an annual community scorecard/ report ✓

1.2 Develop and Maintain Councillors Skills

- 1.2.1 Ensure training, development, and networking opportunities are available to Councillors ●
- 1.2.2 Improve Councillor induction and mentoring opportunities ●
- 1.2.3 Support Councillors in the role of community leaders and asset custodians ●

1.3 Ensure Organisation Capability is Maintained

- 1.3.1 Ensure adequate staff skills mix is maintained in accordance with annual human resource plans ●
- 1.3.2 Align key result areas across whole organisation to the operational plans ●
- 1.3.3 Ensure a safe working environment ●
- 1.3.4 Develop the skills of our people ●

1.4 Support Regional Collaboration and Resource Sharing

- 1.4.1 Participate as an active partner in the Southern Link VROC ●
- 1.4.2 Commit appropriate staff and resources to support regional planning, initiatives, and services ●

2. Financial Planning and Viability

- 2.1 Maintain Appropriate Rating Efficiency for Required Service Levels
 - 2.1.1 Define core / continuing services for future planning ●
 - 2.1.2 Define levels of service for assets and infrastructure ●
 - 2.1.3 Ensure appropriate ratio of rate to total revenue is maintained ●
- 2.2 Develop an Integrated Planning Framework
 - 2.2.1 Incorporate strategic, operational, and asset management plans into a long term financial plan ✓
 - 2.2.2 Develop financial models for scenario planning and sensitivity analysis ✓
 - 2.2.3 Ensure whole of life costing is considered on all major capital decisions ●
 - 2.2.4 Align with regional plans and strategies ●
- 2.3 Undertake Relevant Benchmarking
 - 2.3.1 Ensure systems and processes align with industry best practice ●
 - 2.3.2 Assess financial performance and sustainability against relevant industry and statutory benchmarks ●
- 2.4 Pursue Cost Reduction Strategies
 - 2.4.1 Examine regional resource sharing opportunities ●
 - 2.4.2 Pursue cost efficiencies from operations ●

3. Managing the Built and Natural Environment

- 3.1 Progress Asset Management Integration within Organisation
 - 3.1.1 Maintain an effective asset management policy ●
 - 3.1.2 Regularly review condition, utilisation and service level expectations for all assets ●
 - 3.1.3 Maintain asset management plans for defined categories of assets ●
 - 3.1.4 Develop renewal plans for Shire buildings that prioritise co-location and rationalisation ●
- 3.2 Improve Road Safety
 - 3.2.1 Maintain road assets at the required level ●
 - 3.2.2 Prioritise widening, resurfacing, and realignment improvements based on risk ●
 - 3.2.3 Support appropriate controls and planning for heavy haulage vehicles ●
 - 3.2.4 Upgrade bridge infrastructure to the required levels of service ●
 - 3.2.5 Expand the footpath network to support pedestrian safety ●
- 3.3 Plan for Urban Development
 - 3.3.1 Produce new town planning scheme (No. 4) ✓
 - 3.3.2 Review the townscape plan and 'main street' development ●
 - 3.3.3 Review town drainage, public open space and parking ○
 - 3.3.4 Support the creation of additional residential lots ○
 - 3.3.5 Expand the industrial estate as required ○
 - 3.3.6 Undertake strategic waste planning ✓
- 3.4 Support Management of the Natural Environment
 - 3.4.1 Develop environmental management plans for significant Shire reserves ●
 - 3.4.2 Assist landowners pursue funding for natural resource management activities ●

4. Community Support and Development

- 4.1 Provide Responsive Services to the Community
 - 4.1.1 Ensure a high level of customer service and community support ●
 - 4.1.2 Improve disability access to infrastructure and services ●
 - 4.1.3 Conduct biannual community satisfaction surveys ●
- 4.2 Maintain Community Safety
 - 4.2.1 Maintain a community driven response to bushfire risk management ●
 - 4.2.2 Support appropriate initiatives to improve the safety and reduce crime ●
- 4.3 Promote Kojonup and Preserve our Heritage
 - 4.3.1 Promote Kojonup as a place to visit - Tourism ●
 - 4.3.2 Promote Kojonup as a place to live - Community ●
 - 4.3.3 Kojonup as a place to work - Business opportunities ●
 - 4.3.4 Preserve and promote our history and culture ●
- 4.4 Support Community Health and Well Being
 - 4.4.1 Plan, fund and build a new medical centre ●
 - 4.4.2 Plan and support the availability of age appropriate accommodation options ○
 - 4.4.3 Maintain appropriate recreation facilities and active reserves ●

The Council

Shire President



Jill Mathwin

Deputy Shire
President



Jane Trethowan



Rosie Hewson



Frank Pritchard



Greg Marsh



John Benn



Michael Baulch



Ian Pedler

Councillor Terms (at 30 June 2010)

<i>Surname</i>	<i>Other names</i>	<i>Year term expires</i>	<i>Type of vacancy (Ordinary/ extraordinary/ other)</i>
Mathwin	Jill	2011	Ordinary
Trethowan	Jane	2011	Ordinary
Baulch	Michael	2011	Ordinary
Benn	John	2011	Ordinary
Pedler	Ian	2011	Extraordinary
Hewson	Rosie	2013	Ordinary
Marsh	Greg	2013	Ordinary
Pritchard	Frank	2013	Ordinary

Councillor terms will correspond with Local Government Elections, scheduled for October every second year. The number of Councillors was reduced from 10 to 8 in 2009.

Ernie Graham and Will Carrington Jones both retired as Councillors at the October 2009 election.

Management

Chief Executive Officer:	Stephen Gash
Manager of Corporate Services:	Kim Dolzadelli
Manager of Works and Engineering Services:	Craig McVee
Manager of Regulatory & Community Services	Mort Wignall
Manager of Springhaven	Lynne Costin

Executive Responsibilities

Chief Executive Officer

Overall responsibility for the management of the Shire's operations

Councillor Liaison

Strategic Management

Development Assessment Unit

Community & Economic Development, and Environmental Management

Governance

Asset Management

Internal Audit

Human Resources

Manager of Corporate Services

Administration and Corporate Services

Accounting services

Financial management

Information technology

Rating

Manager of Works & Engineering Services

Engineering services

Parks and gardens

Transport

Fleet & Plant management

Manager of Regulatory & Community Services

Environmental Health

Waste Management

Ranger services

Bushfire Support

OH&S

Manager of Springhaven

Springhaven lodge

Loton CI independent living units

Aged care services

“A safe community to live, work, play and prosper”



SHIRE OF KOJONUP

FINANCIAL REPORT

FOR THE YEAR ENDED 30th JUNE 2010

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SHIRE OF KOJONUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Kojonup being the annual financial report and other information for the financial year ended 30th June 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Kojonup at 30th June 2010 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 27th day of September 2010.



Stephen Gash
Chief Executive Officer

SHIRE OF KOJONUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	22	2,730,060	2,753,439	2,647,523
Operating Grants, Subsidies and Contributions	28	1,643,472	1,252,525	1,812,193
Fees and Charges	27	701,834	699,280	807,454
Service Charges	24	0	0	0
Interest Earnings	2(a)	184,293	151,100	168,608
Other Revenue		177,771	158,344	139,532
		<u>5,437,430</u>	<u>5,014,688</u>	<u>5,575,310</u>
EXPENSES				
Employee Costs		(2,331,584)	(2,733,192)	(2,393,906)
Materials and Contracts		(1,269,734)	(1,653,389)	(1,251,418)
Utility Charges		(256,750)	(264,748)	(228,675)
Depreciation on Non-Current Assets	2(a)	(1,801,184)	(1,853,488)	(1,936,180)
Interest Expenses	2(a)	(24,639)	(35,164)	(39,472)
Insurance Expenses		(178,480)	(221,642)	(166,709)
Other Expenditure		(111,678)	392,348	(212,588)
		<u>(5,974,048)</u>	<u>(6,369,275)</u>	<u>(6,228,948)</u>
		(536,619)	(1,354,587)	(653,638)
Non-Operating Grants, Subsidies and Contributions	28	2,106,536	2,328,598	1,556,661
Profit on Asset Disposals	20	69,449	96,316	253,947
Loss on Asset Disposal	20	(6,708)	(6,510)	(34,081)
		<u>1,632,659</u>	<u>1,063,817</u>	<u>1,122,890</u>
NET RESULT				
Other Comprehensive Income				
Not Applicable		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,632,659</u></u>	<u><u>1,063,817</u></u>	<u><u>1,122,890</u></u>

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

SHIRE OF KOJONUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE EXCLUDING FINANCE INCOME				
Governance		87,543	66,790	64,738
General Purpose Funding		4,656,802	4,735,459	4,220,430
Law, Order, Public Safety		231,644	51,360	48,865
Health		11,951	6,700	6,417
Education and Welfare		380	365	361
Housing		871,822	807,180	808,777
Community Amenities		209,606	199,208	230,419
Recreation and Culture		31,950	36,550	238,027
Transport		1,345,462	1,371,424	1,521,781
Economic Services		51,979	53,450	60,682
Other Property and Services		110,466	124,700	185,422
		<u>7,609,605</u>	<u>7,453,186</u>	<u>7,385,919</u>
FINANCE INCOME				
Finance & Borrowings - Interest reimbursements Self Supporting Loans		3,811	3,811	0
		<u>3,811</u>	<u>3,811</u>	<u>0</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(412,876)	(433,949)	(411,658)
General Purpose Funding		(81,110)	(87,994)	(64,264)
Law, Order, Public Safety		(216,584)	(239,858)	(175,706)
Health		(58,717)	(61,136)	(27,935)
Education and Welfare		(13,970)	(17,376)	(24,617)
Housing		(1,205,387)	(1,280,852)	(1,240,208)
Community Amenities		(546,118)	(534,195)	(465,100)
Recreation & Culture		(807,937)	(873,046)	(793,919)
Transport		(2,380,409)	(2,495,721)	(2,670,787)
Economic Services		(378,952)	(435,289)	(414,488)
Other Property and Services		145,943	101,401	65,125
		<u>(5,956,117)</u>	<u>(6,358,016)</u>	<u>(6,223,557)</u>
FINANCE COSTS				
Finance & Borrowings - Interest Expenses		(24,639)	(35,164)	(39,472)
2 (a)		<u>(24,639)</u>	<u>(35,164)</u>	<u>(39,472)</u>
NET RESULT		<u>1,632,659</u>	<u>1,063,817</u>	<u>1,122,890</u>
Other Comprehensive Income				
		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>1,632,659</u>	<u>1,063,817</u>	<u>1,122,890</u>

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

SHIRE OF KOJONUP
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,046,665	3,689,275
Trade and Other Receivables	4	427,931	251,325
Inventories	5	<u>140,232</u>	<u>136,046</u>
TOTAL CURRENT ASSETS		<u>3,614,828</u>	<u>4,076,646</u>
NON-CURRENT ASSETS			
Other Receivables	4	92,786	96,942
Inventories	5	330,283	330,283
Property, Plant and Equipment	6	10,948,266	9,881,436
Infrastructure	7	<u>73,657,336</u>	<u>72,946,102</u>
TOTAL NON-CURRENT ASSETS		<u>85,028,672</u>	<u>83,254,763</u>
TOTAL ASSETS		<u>88,643,500</u>	<u>87,331,409</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,144,502	1,232,560
Long Term Borrowings	9	46,031	200,487
Provisions	10	<u>374,825</u>	<u>368,269</u>
TOTAL CURRENT LIABILITIES		<u>1,565,358</u>	<u>1,801,316</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	252,424	298,458
Springhaven Refundable Bonds	9	60,680	120,680
Provisions	10	<u>60,488</u>	<u>39,064</u>
TOTAL NON-CURRENT LIABILITIES		<u>373,592</u>	<u>458,202</u>
TOTAL LIABILITIES		<u>1,938,950</u>	<u>2,259,518</u>
NET ASSETS		<u>86,704,550</u>	<u>85,071,891</u>
EQUITY			
Retained Surplus		59,041,424	57,402,562
Reserves - Cash Backed	11	2,157,594	2,163,798
Reserves - Asset Revaluation	12	<u>25,505,531</u>	<u>25,505,531</u>
TOTAL EQUITY		<u>86,704,550</u>	<u>85,071,891</u>

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

**SHIRE OF KOJONUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008	56,809,662	1,633,808	25,505,531	83,949,001
Changes in Accounting Policy	0	0	0	0
Correction of Errors	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Restated Balance	56,809,662	1,633,808	25,505,531	83,949,001
Net Result	1,122,890	0	0	1,122,890
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	-529,990	529,990	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2009	57,402,562	2,163,798	25,505,531	85,071,891
Net Result	1,632,659	0	0	1,632,659
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	6,203	-6,203	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2010	<u>59,041,424</u>	<u>2,157,594</u>	<u>25,505,531</u>	<u>86,704,550</u>

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

**SHIRE OF KOJONUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,609,206	2,758,440	2,645,494
Operating Grants, Subsidies and Contributions		1,643,472	1,252,525	1,812,193
Fees and Charges		763,150	757,280	823,570
Service Charges		0	0	0
Interest Earnings		184,293	151,100	168,608
Goods and Services Tax		(112,912)	220,000	9,875
Other Revenue		177,771	158,344	139,532
		<u>5,264,980</u>	<u>5,297,689</u>	<u>5,599,272</u>
Payments				
Employee Costs		(2,303,604)	(2,733,192)	(2,330,843)
Materials and Contracts		(1,408,141)	(1,371,389)	(1,073,094)
Utility Charges		(256,750)	(264,748)	(228,675)
Insurance Expenses		(178,480)	(221,642)	(166,709)
Interest expenses		(25,013)	(35,164)	(39,472)
Goods and Services Tax		(13,465)	(220,000)	
Other Expenditure		(111,678)	392,348	(212,588)
		<u>(4,297,131)</u>	<u>(4,453,787)</u>	<u>(4,051,381)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>967,849</u>	<u>843,902</u>	<u>1,547,891</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(1,679,787)	(2,046,925)	(716,276)
Payments for Construction of Infrastructure		(1,861,300)	(2,214,000)	(801,463)
Advances to Community Groups		0	0	0
Office Furniture & Equipment		(98,694)		(42,001)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,106,536	2,328,598	1,556,661
Proceeds from Sale of Plant & Equipment		123,275	157,000	308,515
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		<u>(1,409,970)</u>	<u>(1,775,327)</u>	<u>(118,482)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(200,488)	(207,844)	(352,339)
Repayment of Finance Leases		0		0
Proceeds from Self Supporting Loans		0	4,444	0
Proceeds from New Debentures		0	300,000	0
		<u>0</u>	<u>300,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>(200,488)</u>	<u>96,600</u>	<u>(352,339)</u>
Net Increase (Decrease) in Cash Held		<u>(642,609)</u>	<u>(834,825)</u>	<u>1,077,070</u>
Cash at Beginning of Year		3,689,274	3,689,274	2,612,206
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>3,046,665</u></u>	<u><u>2,854,449</u></u>	<u><u>3,689,276</u></u>

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

**SHIRE OF KOJONUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		87,543	103,273
General Purpose Funding		1,926,742	1,945,537
Law, Order, Public Safety		231,644	51,360
Health		11,951	6,700
Education and Welfare		380	365
Housing		871,822	807,180
Community Amenities		209,606	199,208
Recreation and Culture		31,950	36,550
Transport		1,345,462	1,371,424
Economic Services		51,979	53,450
Other Property and Services		110,466	124,700
Finance & Borrowings		3,811	3,811
		<u>4,883,356</u>	<u>4,703,558</u>
EXPENSES			
Governance		(412,876)	(433,949)
General Purpose Funding		(81,110)	(87,994)
Law, Order, Public Safety		(216,584)	(239,858)
Health		(58,717)	(61,136)
Education and Welfare		(13,970)	(17,376)
Housing		(1,205,387)	(1,280,852)
Community Amenities		(546,118)	(534,195)
Recreation & Culture		(807,937)	(873,046)
Transport		(2,380,409)	(2,495,721)
Economic Services		(378,952)	(435,289)
Other Property and Services		145,943	101,401
Finance & Borrowings		(24,639)	(35,164)
		<u>(5,980,756)</u>	<u>(6,393,180)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(62,741)	(89,806)
Movement in Accrued Interest		(374)	0
Movement in Deferred Pensioner Rates (Non-Current)		(5,021)	0
Movement in Employee Benefit Provisions		27,980	0
Depreciation and Amortisation on Assets		1,801,184	1,853,488
Capital Expenditure and Revenue			
Purchase Land and Buildings		(861,072)	(1,315,925)
Purchase Infrastructure Assets - Roads		(1,861,300)	(2,214,000)
Purchase Plant and Equipment		(818,715)	(647,000)
Purchase Furniture and Equipment		(98,694)	(84,000)
Proceeds from Disposal of Assets		123,275	157,000
Repayment of Debentures		(200,490)	(207,844)
Proceeds from New Debentures		0	300,000
Self-Supporting Loan Principal Income		4,444	4,444
Transfers to Reserves (Restricted Assets)		(436,600)	(705,500)
Transfers from Reserves (Restricted Assets)		245,697	284,000
Transfers from Restricted Monies		699,000	699,000
Transfers to Restricted Monies		(363,000)	
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		895,990	904,449
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		722,223	2,124
Amount Required to be Raised from Rates	22	<u><u>(2,730,060)</u></u>	<u><u>(2,753,439)</u></u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

Land under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

<u>Asset Category</u>	<u>Useful Life</u>	<u>Residual Value</u>
Buildings	20 to 100 years	
Furniture and Equipment	3 to 10 years	
Plant and Equipment	2 to 15 years	
<u>Road Works in Built up Areas (Residential Areas)</u>		
Sealed Roads (Formation - Clearing and Earthv	Infinite	
Sealed Roads (Pavement under Seal)	45 to 55 years	40%
Sealed Road (Aggregate Seal)	15 to 25 years	15%
Sealed Roads (Asphalt Seal)	25 to 30 years	10%
Sheeting on Paved Roads	18 to 22 years	40%
<u>Road Works in Built up Areas (Local Distributor and industrial Roads)</u>		
Sealed Roads (Formation - Clearing and Earthv	Infinite	Infinite
Sealed Roads (Pavement under Seal)	45 to 55 years	35%
Sealed Road (Aggregate Seal)	15 to 25 years	15%
Sealed Roads (Asphalt Seal)	20 to 30 years	10%
Sheeting on Paved Roads	18 to 22 years	40%
<u>Road Works Outside Built up Areas</u>		
Sealed Roads (Formation - Clearing and Earthv	Infinite	Infinite
Sealed Roads (Pavement under Seal)	35 to 55 years	25%
Sealed Road (Aggregate Seal)	15 to 25 years	15%
Sealed Roads (Asphalt Seal)	18 to 22 years	15%
Sheeting on Paved Roads	8 to 12 years	40%
<u>Other</u>		
Kerbing and Channel	40 to 60 years	0%
Drains	60 to 90 years	75%
Bridges	60 to 90 years	75%

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9– Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vi) (Continued) AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

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

AASB 101: Presentation of Financial Statements

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

Disclosure Impact

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

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

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

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

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

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

2. REVENUE AND EXPENSES	2010	2009
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit	12,800	12,650
- Other Services	0	578
Depreciation		
Buildings	191,101	366,181
Furniture and Equipment	22,579	36,250
Plant and Equipment	154,027	307,478
Infrastructure	1,433,477	1,226,271
	<u>1,801,184</u>	<u>1,936,180</u>
Interest Expenses (Finance Costs)		
Finance Lease Charges	0	0
Debentures (refer Note 21(a))	24,639	39,472
	<u>24,639</u>	<u>39,472</u>
Rental Charges		
- Operating Leases	0	0
	<u>0</u>	<u>0</u>
(ii) Crediting as Revenue:		
	2010	2010
	\$	Budget
		2009
		\$
Interest Earnings		
Investments		
- Reserve Funds	77,823	68,000
- Other Funds	82,484	65,000
Other Interest Revenue (refer note 26)	23,985	18,100
	<u>184,293</u>	<u>151,100</u>
	<u>184,293</u>	<u>168,608</u>
Operating Grants (***)		
Financial Assistance Grants - Untied	122,914	0
Financial Assistance Grants - Roads	162,603	0
	<u>285,517</u>	<u>0</u>
	<u>285,517</u>	<u>269,894</u>

*** Note: The above Operating Grants were paid as an advanced payment on income that normally would have been received in the 2010/11 financial year. The grant amounts by nature are not restricted funds. This note is to inform the reader of this significant sum of revenue that was not included in the 2009/10 Budget and the fact that it has added to the carried forward surplus available for the 2010/11 Budget Year. It should be noted that the amount of Financial Assistance Grants to be received in the 2010/11 year will be reduced by the above amounts.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

GOVERNANCE

This includes those income and expenses relating to Councillors, and Council's Governance role, and that portion of Administration which cannot be reliably allocated or linked to other programs.

GENERAL PURPOSE FUNDING

This includes income relating to Rating; the United Financial Assistance Grants; and Interest on Investments.

LAW, ORDER, PUBLIC SAFETY

Includes items of Bushfire prevention actions; Ranger services & Animal control; as well as supervision, related costs, & enforcement of Local Laws.

HEALTH

Involves food inspection, control and licensing of food outlets, food hygiene and promotion, Vermin Control; & other Health issues.

EDUCATION AND WELFARE

This is mainly the Pre-School items.

HOUSING

Involves staff and other Housing owned by Council, & the Springhaven Aged Care Service.

COMMUNITY AMENITIES

This includes Rubbish/Sanitation collection & disposal items; Town Planning matters; the Keep Australia Beautiful Program; Urban Stormwater Drainage; other Land Conservation items; Community Development workers; Public Toilets & Cemeteries.

RECREATION AND CULTURE

Halls and Community Centres; Aquatic & Recreation Centre; Parks & Gardens items. Library operations; as well as TV & Radio broadcasting; & the Community Resource Centre.

TRANSPORT

Maintenance & construction of roads, bridges, drainage, footpaths; cleaning & lighting of streets; Airport operations; verge & trees maintenance; large plants & machine replacements.

ECONOMIC SERVICES

Tourism operations; & Building control matters

OTHER PROPERTY & SERVICES

Private works; Public works overheads, Plant operating costs, & various other Unclassified services.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-08	Received (+) 2008/09	Expended (#) 2008/09	Closing Balance (*) 30-Jun-09	Received (+) 2009/10	Expended (#) 2009/10	Closing Balance 30-Jun-10
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$
Safer Kojonup - Activities Grant		16,068	-	(16,068)	-			-
Roads to Recovery - Supplementary		143,965		(143,965)	-			-
Roads Black Spot		21,868		(21,868)	-			-
Roads to Recovery - Normal		39,688		(39,688)	-			-
RLCIP Grant 08/09 Commonwealth			100,000		100,000		(100,000)	-
DCA Grant (Schools program Kodja Place			15,000		15,000		(3,000)	12,000
Special Grants Bridges			584,000		584,000	316,000	(584,000)	316,000
Forward Capital Planning Grant					-	35,000	-	35,000
Total		221,589	699,000	(221,589)	699,000	351,000	(687,000)	363,000

Notes:

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

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

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

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

	2010	2009
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	526,071	826,477
Restricted	<u>2,520,595</u>	<u>2,862,797</u>
	<u><u>3,046,665</u></u>	<u><u>3,689,274</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Unspent Grants:		
RLCIP Grant 08/09 (Commonwealth)	0	100,000
DCA Grant (Schools Program Kodja Place)	12,000	15,000
Special Grants - Bridges	316,000	584,000
Forward Capital Works Plan Grant	35,000	0
	<u><u>363,000</u></u>	<u><u>699,000</u></u>
Reserves		
Plant Replacement Reserve	92,675	177,594
Gravel Pits Reserve	24,518	23,616
Economic Development Reserve	47,297	45,558
Building Reconstruction Reserve	438,563	181,630
Hist. Buildings Reserve	68,959	66,424
Employee Leave Reserve	110,909	106,832
Staff Housing Reserve	41,518	68,888
Springhaven Lodge Reserve	832,667	969,774
Springhaven Units Reserve	60,000	120,000
Low Income Housing Reserve	22,182	21,366
Public Toilets Reserve	56,891	59,459
S/Haven Buildings Mtce Reserve	156,665	133,355
Footpath Reserve	8,972	8,642
Capital Works Reserve	70,400	115,225
Drainage Reserve	1,729	1,666
Sporting Facility Reserve	37,675	23,768
Bridge & Road Maintenance	25,975	40,000
Emergency Response Reserve	10,000	0
Bushfire Support Reserve	50,000	0
	<u><u>2,157,595</u></u>	<u><u>2,163,797</u></u>
Total Restricted	<u><u>2,520,595</u></u>	<u><u>2,862,797</u></u>

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

4. TRADE AND OTHER RECEIVABLES	2010	2009
Current	\$	\$
Rates Outstanding	169,942	54,109
Sundry Debtors	128,847	185,720
GST Receivable	139,943	27,031
Industrial Land Debtors	450	450
Less Provision for Doubtful Debt	(15,984)	(15,984)
Self Supporting Loan Debtor	4,733	-
	<u>427,931</u>	<u>251,326</u>

The current rates outstanding amount includes a sum of \$60,860 owed by a plantation timber company, which is presently in receivership. In light of advice received by the Council, this sum, plus interest accruing on it is considered to be collectible within 12 months. The Council has contingency plans in place for creditor payments and will continue to monitor this situation with a view to considering the need for ongoing budget and cash flow strategies.

Non-Current		
Rates Outstanding - Pensioners	19,101	14,080
Industrial Land Debtors	-	-
SEC Extension Deposit	5,882	5,882
Investment WALGA Building	16,980	16,980
Loans - Clubs/Institutions	50,823	60,000
	<u>92,786</u>	<u>96,942</u>

5. INVENTORIES		
Current		
Fuel and Materials	69,232	65,046
Land Held for Resale - Cost	71,000	71,000
Cost of Acquisition	-	-
Development Costs	-	-
	<u>140,232</u>	<u>136,046</u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	330,283	330,283
Development Costs	-	-
	<u>330,283</u>	<u>330,283</u>

6. PROPERTY, PLANT AND EQUIPMENT	2010	2009
	\$	\$
Land and Buildings - Cost	16,837,365	15,976,293
Less Accumulated Depreciation	<u>(8,277,462)</u>	<u>(7,885,160)</u>
	8,559,903	8,091,133
Furniture and Equipment - Cost	1,024,436	925,742
Less Accumulated Depreciation	<u>(775,850)</u>	<u>(737,116)</u>
	248,585.36	188,626
Plant and Equipment - Cost	4,660,662	4,247,246
Less Accumulated Depreciation	<u>(2,527,994)</u>	<u>(2,653,874)</u>
	2,132,668	1,593,372
Tools - Cost	20,088	20,088
Less Accumulated Depreciation	<u>(12,978)</u>	<u>(11,783)</u>
	7,110	8,305
	<u>10,948,266</u>	<u>9,881,436</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Tools \$	Total \$
Balance as at 1 July 2009	8,091,133	188,626	1,593,372	8,305	9,881,436
Additions	861,072	98,694	818,715	-	1,778,481
(Disposals)	-	-	(60,533)	-	(60,533)
Revaluation - Increments - (Decrements)	-	-	-	-	-
Impairment - (losses) - reversals	-	-	-	-	-
Depreciation (Expense)	(392,302)	(38,734)	(218,886)	(1,195)	(651,117)
Other Movements					-
Balance as at 30 June 2010	<u>8,559,903</u>	<u>248,585</u>	<u>2,132,668</u>	<u>7,110</u>	<u>10,948,266</u>

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

	2010	2009
	\$	\$
7. INFRASTRUCTURE		
Roads - management valuation 2006	143,663,829	143,663,829
Roads - Cost 2007	541,902	541,902
Roads - Cost 2008	848,450	848,450
Roads - Cost 2009	677,894	677,894
Roads - Cost 2010	1,834,260	
Less Accumulated Depreciation	<u>(75,138,620)</u>	<u>(74,088,776)</u>
	72,427,716	71,643,299
Infrastructure Assets - Other at Cost	2,564,696	2,564,696
Cost 2007	84,483	84,483
Cost 2008	80,938	80,938
Cost 2009	123,569	123,569
Cost 2010	27,040	-
Less Accumulated Depreciation	<u>(1,651,106)</u>	<u>(1,550,883)</u>
	1,229,620	1,302,803
	<u><u>73,657,336</u></u>	<u><u>72,946,102</u></u>

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

This policy accords with the requirements of AASB 116.

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	<u>Roads</u> \$	<u>Infrastructure Assets Other</u> \$	<u>Total</u> \$
Balance as at 1 July 2009	71,643,298	1,302,804	72,946,102
Additions	1,834,260	27,040	1,861,300
(Disposals)			0
Revaluation - Increments	0	0	0
- (Decrements)			0
Impairment - (losses)	0	0	0
- reversals			0
Depreciation (Expense)	-1,049,843	-100,223	-1,150,066
Other Movements	0	0	0
Balance as at 30 June 2010	<u><u>72,427,716</u></u>	<u><u>1,229,620</u></u>	<u><u>73,657,336</u></u>

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

	2010	2009
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	311,815	262,393
Accrued Interest on Debentures	20	394
Springhaven Lodge Bonds	832,667	969,774
	<u>1,144,502</u>	<u>1,232,560</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	46,031	200,487
Lease Liability	0	0
	<u>46,031</u>	<u>200,487</u>
Non-Current		
Secured by Floating Charge		
Debentures	252,424	298,458
Springhaven Refundable Bonds	60,680	120,680
	<u>313,104</u>	<u>419,138</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	264,823	267,800
Provision for Long Service Leave	110,002	100,469
	<u>374,825</u>	<u>368,269</u>
Non-Current		
Provision for Long Service Leave	60,488	39,064
	<u>60,488</u>	<u>39,064</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(a) Plant Replacement Reserve			
Opening Balance	\$177,594	\$177,594	83,024
Amount Set Aside / Transfer to Reserve	\$6,778	\$5,578	94,570
Amount Used / Transfer from Reserve	(\$91,697)	(\$85,000)	-
	<u>92,675</u>	<u>98,172</u>	<u>177,594</u>
(b) Gravel Pits Reserve			
Opening Balance	\$23,616	\$23,616	22,588
Amount Set Aside / Transfer to Reserve	\$901	\$742	1,028
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>24,518</u>	<u>24,358</u>	<u>23,616</u>
(c) Economic Development			
Opening Balance	\$45,558	\$45,558	11,828
Amount Set Aside / Transfer to Reserve	\$1,739	\$1,431	33,730
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>47,297</u>	<u>46,989</u>	<u>45,558</u>
(d) Building Reconstruction Reserve			
Opening Balance	\$181,630	\$181,630	135,463
Amount Set Aside / Transfer to Reserve	\$256,932	\$233,204	46,167
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>438,563</u>	<u>414,834</u>	<u>181,630</u>
(e) Hist. Buildings Reserve			
Opening Balance	\$66,424	\$66,424	34,838
Amount Set Aside / Transfer to Reserve	\$2,535	\$2,086	31,586
Amount Used / Transfer from Reserve	\$0	(\$30,000)	-
	<u>68,959</u>	<u>38,510</u>	<u>66,424</u>
(f) Employee Leave Reserve			
Opening Balance	\$106,832	\$106,832	102,180
Amount Set Aside / Transfer to Reserve	\$4,078	\$3,355	4,652
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>110,909</u>	<u>110,187</u>	<u>106,832</u>
(g) Staff Housing Reserve			
Opening Balance	\$68,888	\$68,888	18,066
Amount Set Aside / Transfer to Reserve	\$2,629	\$2,164	50,822
Amount Used / Transfer from Reserve	(\$30,000)	(\$30,000)	-
	<u>41,518</u>	<u>41,052</u>	<u>68,888</u>
(h) Depot Extension Reserve			
Opening Balance	\$0	\$0	-
Amount Set Aside / Transfer to Reserve	\$0	\$0	-
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH/INVESTMENT BACKED (continued)			
(i) Springhaven Lodge Reserve			
Opening Balance	\$969,774	\$971,140	787,281
Amount Set Aside / Transfer to Reserve	\$463,000	\$0	412,500
Amount Used / Transfer from Reserve	(\$600,107)	\$0	(230,008)
	<u>832,667</u>	<u>971,140</u>	<u>969,773</u>
(j) Springhaven Unit Reserve			
Opening Balance	\$120,000	\$120,000	120,000
Amount Set Aside / Transfer to Reserve	\$0	\$0	-
Amount Used / Transfer from Reserve	(\$60,000)	\$0	-
	<u>60,000</u>	<u>120,000</u>	<u>120,000</u>
(k) Low Income Housing Reserve			
Opening Balance	\$21,366	\$21,366	20,436
Amount Set Aside / Transfer to Reserve	\$816	\$671	930
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>22,182</u>	<u>22,037</u>	<u>21,366</u>
(l) Public Toilet Reserve			
Opening Balance	\$59,459	\$59,459	23,284
Amount Set Aside / Transfer to Reserve	\$3,432	\$1,867	36,175
Amount Used / Transfer from Reserve	(\$6,000)	(\$6,000)	-
	<u>56,891</u>	<u>55,326</u>	<u>59,459</u>
(m) S/Haven Building Mtce Reserve			
Opening Balance	\$133,355	\$133,356	88,229
Amount Set Aside / Transfer to Reserve	\$41,309	\$38,457	45,127
Amount Used / Transfer from Reserve	(\$18,000)	(\$18,000)	-
	<u>156,665</u>	<u>153,813</u>	<u>133,356</u>
(n) Footpath Reserve			
Opening Balance	\$8,642	\$8,642	8,266
Amount Set Aside / Transfer to Reserve	\$330	\$271	376
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>8,972</u>	<u>8,913</u>	<u>8,642</u>
(o) Capital Works Reserve			
Opening Balance	\$115,225	\$115,225	48,038
Amount Set Aside / Transfer to Reserve	\$40,175	\$3,619	67,187
Amount Used / Transfer from Reserve	(\$85,000)	(\$100,000)	-
	<u>70,400</u>	<u>18,844</u>	<u>115,225</u>
(p) Sporting Facility Reserve			
Opening Balance	\$23,768	\$23,768	100,000
Amount Set Aside / Transfer to Reserve	\$13,907	\$410,746	3,766
Amount Used / Transfer from Reserve	\$0	\$0	(80,000)
	<u>37,675</u>	<u>434,514</u>	<u>23,766</u>

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

11. RESERVES - CASH/INVESTMENT BACKED (continued)

	2010 \$	2010 Budget \$	2009 \$
(q) Drainage Reserve			
Opening Balance	\$1,666	\$1,666	30,287
Amount Set Aside / Transfer to Reserve	\$64	\$52	1,379
Amount Used / Transfer from Reserve	\$0	\$0	(30,000)
	<u>1,729</u>	<u>1,718</u>	<u>1,666</u>
(r) Bridge & Road Maint Reserve			
Opening Balance	\$40,000	\$40,000	-
Amount Set Aside / Transfer to Reserve	\$975	\$1,256	40,000
Amount Used / Transfer from Reserve	(\$15,000)	(\$15,000)	-
	<u>25,975</u>	<u>26,256</u>	<u>40,000</u>
(s) Emergency Response Reserve			
Opening Balance	\$0	\$0	-
Amount Set Aside / Transfer to Reserve	\$10,000	\$0	-
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>\$10,000</u>	<u>\$0</u>	<u>-</u>
(t) Bushfire Support Reserve			
Opening Balance	\$0	\$0	-
Amount Set Aside / Transfer to Reserve	\$50,000	\$0	-
Amount Used / Transfer from Reserve	\$0	\$0	-
	<u>\$50,000</u>	<u>\$0</u>	<u>-</u>
TOTAL CASH BACKED RESERVES	<u><u>2,157,595</u></u>	<u><u>2,586,664</u></u>	<u><u>2,163,797</u></u>

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

11. RESERVES - CASH/INVESTMENT BACKED (continued)

	2010 \$	2010 Budget \$	2009 \$
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Plant Replacement Reserve	6,778	5,578	94,570
Gravel Pits Reserve	901	742	1,028
Economic Development Reserve	1,739	1,431	33,730
Building Reconstruction Reserve	256,932	233,204	46,167
Hist. Buildings Reserve	2,535	2,086	31,586
Employee Leave Reserve	4,078	3,355	4,652
Staff Housing Reserve	2,629	2,164	50,822
Depot Extension Reserve	0	0	0
Springhaven Lodge Reserve	463,000	0	412,500
Springhaven Units Reserve	0	0	0
Low Income Housing Reserve	816	671	930
Public Toilets Reserve	3,432	1,867	36,175
S/Haven Buildings Mtce Reserve	41,309	38,457	45,127
Footpath Reserve	330	271	376
Capital Works Reserve	40,175	3,619	67,187
Sporting Facilities Reserve	13,907	410,746	3,768
Drainage Reserve	64	52	1,379
Bridge & Road Maint. Reserve	975	1,256	40,000
Emergency Response Reserve	10,000	0	0
Bushfire Support Reserve	50,000	0	0
	<u>899,600</u>	<u>705,499</u>	<u>869,997</u>
Note: Transfer of New S/haven Monies to Reserve	463,000	0	412,500
Actual Council funded Transfers to Reserves	<u>436,600</u>	<u>705,499</u>	<u>457,497</u>

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

11. RESERVES - CASH/INVESTMENT BACKED (continued)

	2010 \$	2010 Budget \$	2009 \$
Transfers from Reserves			
Plant Replacement Reserve	(91,697)	(85,000)	0
Gravel Pits Reserve	0	0	0
Economic Development Reserve	0	0	0
Building Reconstruction Reserve	0	0	0
Hist. Buildings Reserve	0	(30,000)	0
Employee Leave Reserve	0	0	0
Staff Housing Reserve	(30,000)	(30,000)	0
Depot Extension Reserve	0	0	0
Springhaven Lodge Reserve	(600,107)	0	(230,008)
Springhaven Units Reserve	(60,000)	0	0
Low Income Housing Reserve	0	0	0
Public Toilets Reserve	(6,000)	(6,000)	0
S/Haven Buildings Mtce Reserve	(18,000)	(18,000)	0
Footpath Reserve	0	0	0
Capital Works Reserve	(85,000)	(100,000)	0
Sporting Facilities Reserve	0	0	(80,000)
Drainage Reserve	0	0	(30,000)
Bridge & Road Maint. Reserve	(15,000)	(15,000)	0
Emergency Response Reserve	0	0	0
Bushfire Support Reserve	0	0	0
	<u>(905,804)</u>	<u>(284,000)</u>	<u>(340,008)</u>
Note: Payout of Springhaven Bond Monies from Reserve	(600,107)	0	(230,008)
Actual Council funded Transfers from Reserve	<u>(305,697)</u>	<u>(284,000)</u>	<u>(110,000)</u>
Total Transfer to/(from) Reserves	<u>(6,203)</u>	<u>421,499</u>	<u>529,989</u>

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

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

11. RESERVES - CASH/INVESTMENT BACKED (continued)

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

Plant Replacement Reserve

- to be used for the purchase of major plant.

Gravel Pits Reserve

- to be used for the purchase and provision of gravel stocks.

Economic Development Reserve

- to be used for the advancement of economic development within the Shire of Kojonup.

Building Reconstruction Reserve

- to be used for building reconstruction works..

Hist. Buildings Reserve

- to be used for the purpose of maintaining Historical Buildings within the Shire of Kojonup.

Employee Leave Reserve

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

Staff Housing Reserve

- to be used for major maintenance and construction of staff housing.

Depot Extension Reserve

- to be used for Council Depot extensions.

Springhaven Lodge Reserve

- to cash back refundable bonds paid by residents of the facility.

Springhaven Units Reserve

- to cash back refundable bonds paid by residents of the facility.

Low Income Housing Reserve

- to be used for major maintenance of low income housing.

Public Toilets Reserve

- to be used for major maintenance and construction of public toilet facilities.

S/Haven Buildings Mtce Reserve

- to be used for major maintenance of Springhaven facility buildings.

Footpath Reserve

- to be used for the major maintenance and construction of footpaths.

Capital Works Reserve

- to be used for capital works.

Sporting Facility Reserve

Purpose of Reserve is for Council contribution to CSRFF Funding or towards maintenance or

Drainage Reserve

- to be used for major maintenance or construction of drainage.

Bridge & Road Maintenance Reserve

- to be used for maintenance of Bridges & Roads.

Emergency Response Reserve

- to be used for responding to emergency situations.

Bushfire Support Reserve

- to be used to support the activity of the Kojonup Bushfire Association.

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

12. RESERVES - ASSET REVALUATION	2010	2009
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2009	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>0</u>	<u>0</u>
(b) Roads		
Balance as at 1 July 2009	25,505,531	25,505,531
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>25,505,531</u>	<u>25,505,531</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>25,505,531</u></u>	<u><u>25,505,531</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>3,046,665</u>	<u>2,636,449</u>	<u>3,689,275</u>

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

Net Result	1,632,659	1,063,817	1,122,890
Amortisation	0	0	0
Depreciation	1,801,184	1,853,488	1,936,180
Impairment (Loss)/Reversal	0	0	
(Profit)/Loss on Sale of Asset	(62,742)	(89,806)	(219,866)
(Increase)/Decrease in Receivables	56,872	12,000	
(Increase)/Decrease in Rate Receivables	(120,854)		(2,029)
(Increase)/Decrease in Other Receivables	4,444		(42,580)
(Increase)/Decrease in Provision for Doubtful Debt	0		(781)
(Increase)/Decrease in GST Receivables	(112,912)		9,875
Increase/(Decrease) in GST Payables	(13,465)		0
Increase/(Decrease) in Springhaven Bonds	(60,000)		340
(Increase)/Decrease in Net Accruals	(374)		835
(Increase)/Decrease in Inventories	(4,186)	15,000	15,624
Increase/(Decrease) in Payables/Creditors	(74,221)	100,000	221,001
Increase/(Decrease) in Employee Provisions	27,980		63,062
Grants/Contributions for the Development of Assets	(2,106,536)	(2,328,598)	(1,556,661)
Net Cash from Operating Activities	<u>967,849</u>	<u>625,901</u>	<u>1,547,890</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	200,000		200,000
Bank Overdraft at Balance Date	0		0
Credit Card limit	30,000		30,000
Credit Card Balance at Balance Date	0		0
Total Amount of Credit Unused	<u>230,000</u>		<u>230,000</u>

Loan Facilities

Loan Facilities - Current	46,031		200,487
Loan Facilities - Non-Current	252,424		298,458
Total Facilities in Use at Balance Date	<u>298,455</u>		<u>498,945</u>

Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>
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SHIRE OF KOJONUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

14. CONTINGENT LIABILITIES

The Shire of Kojonup is not aware of any contingent liabilities.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

Council does not have any Finance Leasing commitments.

(b) Operating Lease Commitments

Council does not have any Operating Leasing commitments.

(c) Capital Expenditure Commitments

Council does not have any Capital expenditure commitments.

16. JOINT VENTURE

In 1998/99 Council, in conjunction with Homeswest, constructed 2 two bedroom low income earners units in the Kojonup Townsite. The terms of the joint venture agreement provided for Council to contribute \$40,500 which equates to an equity of 18%.

The amount is included in Land & Buildings as follows:

	2010	2009
	\$	\$
Non-Current Assets		
Plant & Equipment	107,025	107,024
Less: Accumulated Depreciation	(15,913)	(13,773)
	<u>91,112</u>	<u>93,251</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	4,722,563	5,046,496
General Purpose Funding	192,543	68,189
Law, Order, Public Safety	84,284	75,471
Health	82,679	76,139
Education and Welfare	14,291	13,109
Housing	3,345,719	3,129,089
Community Amenities	315,956	273,232
Recreation and Culture	1,657,847	1,593,780
Transport	75,709,061	74,628,255
Economic Services	2,462,744	2,342,052
Other Property and Services	55,814	85,597
Unallocated		
	<u>88,643,499</u>	<u>87,331,409</u>

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

18. FINANCIAL RATIOS	2010	2009	2008
Current Ratio	1.76	1.67	1.43
Untied Cash to Unpaid Trade Creditors Ratio	1.69	3.15	2.68
Debt Ratio	0.02	0.03	0.03
Debt Service Ratio	0.04	0.07	0.08
Gross Debt to Revenue Ratio	0.05	0.09	0.14
Gross Debt to Economically Realisable Assets Ratio	0.02	0.04	0.06
Rate Coverage Ratio	0.47	0.36	0.39
Outstanding Rates Ratio	0.06	0.02	0.02

The above ratios are calculated as follows:

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

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

19. TRUST FUNDS

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

	Balance 1-Jul-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
Bush Fire Brigade	3,268	0	0	3,268
	3,268			3,268

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

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

Detailed:

			Net Book Value		Sale Price		Profit (Loss)	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<u>Governance</u>								
Holden Statesman KO0000	MV		9,091	9,339	9,091	9,000	0	-339
	Sub Total		9,091	9,339	9,091	9,000	0	-339
<u>Housing</u>								
Ford Falcon 65KO	MV		3,672	4,909	6,909	5,000	3,237	91
	Sub Total		3,672	4,909	6,909	5,000	3,237	91
<u>Community Amenities</u>								
HD 200 Autobaler	P&E		0	2,485	0	5,000	0	2,515
Yale Fork Lift	P&E		9,450	10,800	3,182	5,500	-6,268	-5,300
	Sub Total		9,450	13,285	3,182	10,500	-6,268	-2,785
<u>Transport</u>							0	0
Backhoe Caterpillar 428B not replacing	P&E		0	0	13,636	18,000	\$13,636	18,000
Toyota Dyna Truck (3T)	P&E		0	0	5,455	8,000	\$5,455	8,000
Tip Truck Mitsubishi (13T) 5V517	P&E		13,790	13,790	53,411	70,000	\$39,621	56,210
Works Manager Replcement Utility	MV		24,530	25,871	24,091	25,000	(\$439)	-871
Toyota Hilux KO118 (Ranger)	MV		0	0	2,273	3,000	\$2,273	3,000
1 Works Utility P11001 (Tipper)	MV		0	0	4,091	7,000	\$4,091	7,000
Ford Festiva	MV		0	0	1,136	1,500	\$1,136	1,500
	Sub Total		38,320	39,661	104,093	132,500	65,773	92,839
Totals			60,533	67,194	123,275	157,000	62,742	89,806

Continued Over:

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

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR continued:

By Program:		Net Book Value		Sale Price		Profit (Loss)	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<u>Governance</u>							
	Profit	0	0	0	0	0	0
	Loss	9,091	9,339	9,091	9,000	0	-339
	Sub Total	9,091	9,339	9,091	9,000	0	-339
<u>Housing</u>							
	Profit	3,672	4,909	6,909	5,000	3,237	91
	Loss	0	0	0	0	0	0
	Sub Total	3,672	4,909	6,909	5,000	3,237	91
<u>Community Amenities</u>							
	Profit	0	2,485	0	5,000	0	2,515
	Loss	9,450	10,800	3,182	5,500	-6,268	-5,300
	Sub Total	9,450	13,285	3,182	10,500	-6,268	-2,785
<u>Transport</u>							
	Profit	13,790	13,790	80,002	107,500	66,212	93,710
	Loss	24,530	25,871	24,091	25,000	-439	-871
	Sub Total	38,320	39,661	104,093	132,500	65,773	92,839
	Total Profit	17,462	21,184	86,911	117,500	69,449	96,316
	Total Loss	43,071	46,010	36,364	39,500	-6,707	-6,510
	Total	60,533	67,194	123,275	157,000	62,742	89,806

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

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Loan #	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
General Purpose Funding									
General Purpose Funding	132	129,531	0	129,531	129,531	0	0	2,973	2,973
Sub Total		129,531	0	129,531	129,531	0	0	2,973	2,973
Health									
Medical Centre (20 Years)	New	0	0	0	3,669	0	296,331	0	10,065
Sub Total		0	0	0	3,669	0	296,331	0	10,065
Housing									
Staff Housing	122	12,595	0	12,596	16,283	0	0	366	452
Staff Housing - Soldier Road	129	140,746	0	12,135	12,135	128,611	128,611	8,445	8,444
Sub Total		153,341	0	24,731	28,418	128,611	128,611	8,811	8,896
Transport									
Parking Facilities - Spring St	124	16,031	0	10,504	10,504	5,527	5,527	933	933
Sub Total		16,031	0	10,504	10,504	5,527	5,527	933	933
Economic Services									
Federation Park	123	29,506	0	19,333	19,333	10,173	10,173	1,718	1,718
Kodja Place Development	127	110,534	0	11,945	11,945	98,589	98,589	6,768	6,768
Sub Total		140,040	0	31,278	31,278	108,762	108,762	8,486	8,486
Self Supporting						0			
* Kojonup Bowling Club	133	60,000	0	4,444	4,444	55,556	55,556	3,811	3,811
Sub Total		60,000	0	4,444	4,444	55,556	55,556	3,811	3,811
		498,943	0	200,488	207,844	298,456	594,787	25,014	35,164

Note: Amount reported at note 2a of \$24639 is amount shown in above table less interest accrual movements of \$375 for 2009/10.

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2009/10

There was one New Debenture Planned for the 2009/2010 financial year this loan was adopted when the Original Budget was adopted. The loan was proposed to part fund the construction of a new Medical Facility within the Kojonup townsite.

At the Council meeting held 20th April 2010 Council considered and adopted a Full Budget Review. As part of this review the new medical centre project was deferred, hence this loan was not applied for. As such there were no new debentures in the 2009/2010 financial year.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2010 nor is it expected to have unspent debenture funds as at 30th June 2011

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$200000 with the NAB Kojonup does exist. This facility was not required to be utilised during 2009/2010

(e) Note to Loan 122

The Country Housing Authority has confirmed in writing that Loan 122 has now been paid in full. The discrepancy between the amount budgeted for repayment and the actual final amount paid is due to the treatment of a penalty amount paid back in 2005. Initially the penalty was treated as an additional fee to the loan, however CHA has since credited the amount paid to the outstanding loan balance.

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

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Kojonup GRV	17.2573	513	3,412,492	588,904			588,904	588,904			588,904
Muradup GRV	17.2573	20	84,494	14,581			14,581	14,581			14,581
Kojonup UV	0.7288	464	289,533,000	2,109,763			2,109,763	2,110,116			2,110,116
					(16,136)	(6,764)	(22,900)		1,000	-	1,000
Sub-Totals		997	293,029,986	2,713,248	(16,136)	(6,764)	2,690,348	2,713,601	1,000	-	2,714,601
	Minimum \$										
Minimum Rates											
Kojonup GRV	530	70	73,724	37,100	-	-	37,100	37,100			37,100
Muradup GRV	530	26	18,642	13,780	-	-	13,780	13,780			13,780
Kojonup UV	530	48	1,520,650	25,440	-	-	25,440	25,440			25,440
							-	-	-	-	-
Sub-Totals		144	1,613,016	76,320	-	-	76,320	76,320	-	-	76,320
Ex-Gratia Rates							2,766,668				2,790,921
Specified Area Rate (refer note 23)							1,467				1,518
							-				-
							2,768,135				2,792,439
Write Offs							(50)				(1,000)
Discounts (refer note 25)							(38,025)				(38,000)
Totals							2,730,060				2,753,439

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

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

The Shire of Kojonup had no Specified Area Rate for the 2009/2010 financial year.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

The Shire of Kojonup had no Service Charges for the 2009/2010 financial year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	2.50%	38,025	38,000
			38,025	38,000
Rate Assessment	Write-Off		50	1,000

A discount on rates is granted to all who pay their rates in full within 14 days of the date of service appearing on the rate notice.

Photocopy Charges are waived for certain community groups such as the local newsletter, St John Ambulance and Volunteer Bush Fire Brigade. Council considers support of these groups necessary for the overall benefit of the community.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		17,056	12,000
Interest on Instalments Plan	5.50%		6,930	6,100
Charges on Instalment Plan		9	3,600	4,000
			27,585	22,100

Payment Options

Ratepayers had the following options of paying rates:

Option 1 - Payment in full

Full payment of all rates and charges including arrears to be paid on or before 28th August 2009, being 35 days after date of issue of the rates notice.

It should be noted that payments received on or before 7th August 2009 were be eligible for a early payment discount equal to 2.5% of current rates in accordance with note 25.

Option 2 - Payment by two (2) equal Instalments (Instalment Charges Apply)

First Instalment 28th August 2009

Second Instalment 6th January 2010

It must be noted that the first instalment is to include all arrears plus half of all current charges.

Option 3 - Payment by four (4) equal Instalments (Instalment Charges Apply)

First Instalment 28nd August 2009

Second Instalment 28th October 2009

Third Instalment 6th January 2010

Fourth Instalment 8th March 2010

It must be noted that the first instalment is to include all arrears plus one quarter of all current charges.

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

27. FEES & CHARGES	2010	2009
	\$	\$
Governance	690	679
General Purpose Funding	5,074	6,529
Law, Order, Public Safety	2,900	3,287
Health	6,020	6,417
Education and Welfare	380	361
Housing	341,117	359,054
Community Amenities	202,333	223,419
Recreation and Culture	25,231	30,136
Transport	7,118	7,460
Economic Services	48,259	45,197
Other Property and Services	62,713	124,918
	<u>701,834</u>	<u>807,457</u>

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

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

28. GRANT REVENUE	2010	2009
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,643,472	1,812,193
Non-Operating Grants, Subsidies and Contributions	<u>2,106,536</u>	<u>1,556,661</u>
	<u><u>3,750,008</u></u>	<u><u>3,368,854</u></u>
By Program:		
Governance	0	2,577
General Purpose Funding	1,728,074	1,386,124
Law, Order, Public Safety	226,304	44,268
Housing	510,610	445,546
Community Amenities	7,273	7,000
Recreation and Culture	3,000	207,402
Transport	1,272,132	1,260,374
Economic Services	2,616	15,202
Other Property and Services	0	0
	<u><u>3,750,008</u></u>	<u><u>3,368,493</u></u>

29. COUNCILLORS' REMUNERATION	2010	2010	2009
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	43,602		54,440
President's Allowance	8,500		6,500
Deputy President's Allowance	1,618		1,625
Travelling Expenses	6,330		3,679
Telecommunications Allowance	<u>3,483</u>		<u>3,863</u>
	<u><u>63,532</u></u>		<u><u>70,107</u></u>

30. EMPLOYEE NUMBERS	2010	2009
The number of full-time equivalent employees at balance date	<u><u>51</u></u>	<u><u>43</u></u>

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

31. MAJOR LAND TRANSACTIONS

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,046,665	3,689,275	3,046,665	3,689,275
Receivables	520,717	348,267	520,717	348,267
	<u>3,567,382</u>	<u>4,037,542</u>	<u>3,567,382</u>	<u>4,037,542</u>
Financial Liabilities				
Payables	1,144,502	1,232,560	1,144,502	1,232,560
Borrowings	298,456	498,945	278,764	450,075
	<u>1,442,957</u>	<u>1,731,505</u>	<u>1,423,266</u>	<u>1,682,635</u>

Fair value is determined as follows:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	30,467	36,892
- Income Statement	30,467	36,892

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	80.00%	91.00%
- Overdue	20.00%	9.00%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2010</u>					
Payables	1,144,502			1,144,502	1,144,502
Borrowings	<u>63,570</u>	<u>190,379</u>	<u>122,825</u>	<u>376,774</u>	<u>298,456</u>
	<u><u>1,208,072</u></u>	<u><u>190,379</u></u>	<u><u>122,825</u></u>	<u><u>1,521,276</u></u>	<u><u>1,442,958</u></u>
<u>2009</u>					
Payables	1,232,560	0	0	1,232,560	1,232,560
Borrowings	<u>229,274</u>	<u>206,509</u>	<u>170,265</u>	<u>606,048</u>	<u>498,945</u>
	<u><u>1,461,834</u></u>	<u><u>206,509</u></u>	<u><u>170,265</u></u>	<u><u>1,838,608</u></u>	<u><u>1,731,505</u></u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2010</u>								
Borrowings								
Fixed Rate								
Debentures	46,031	33,460	34,298	36,472	38,784	109,411	298,456	6.20%
Weighted Average Effective Interest Rate	6.39%	6.15%	6.16%	6.16%	6.16%	6.16%		
<u>Year Ended 30 June 2009</u>								
Borrowings								
Fixed Rate								
Debentures	200,487	46,031	33,460	34,298	36,472	148,195	498,943	5.92%
Weighted Average Effective Interest Rate	5.77%	6.39%	6.15%	6.24%	6.16%	6.16%		

INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE SHIRE OF KOJONUP

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Kojonup, which comprises the balance sheet as at 30 June 2010, and the income statement, statement of changes in equity, cash flow statement, rate setting statement and the notes to and forming part of the financial report for the year ended on that date.

Councils' Responsibility for the Financial Report

The council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, council also states, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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. These Auditing 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 of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's Opinion

In our opinion the financial report of the Shire of Kojonup:

- (a) presents fairly the financial position of the Shire of Kojonup as at 30 June 2010 and the results of its operations and its cash flows for the year then ended in accordance with applicable Accounting standards; and
- (b) is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and Regulations under that Act, and the Australian Accounting Standards (including the Australian Accounting Interpretations).

Statutory Compliance

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act and Regulations under that Act.



Russell Harrison, Partner

Lincolns Accountants and Business Advisers

70 – 74 Frederick Street, Albany WA

Dated this 1 day of DECEMBER 2010.