



# **Annual Report**

*For the year ended  
30 June 2012*



Shire of  
**Chapman Valley**  
*Love the Rural Life*

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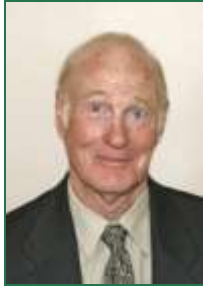
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# ELECTED MEMBERS

## NORTH EAST WARD



**Cr John Collingwood  
(President)**  
RMB 572  
Yetna WA 6532  
☎ (08) 9923 3224  
Term Expiry 2013



**Cr Peter Batten  
(Deputy President)**  
PO Box 3403  
Bluff Point WA 6530  
☎ (08) 9923 0695  
Term Expiry 2013



**Cr Anthony Farrell**  
308 Wandana Road  
Yuna WA 6532  
☎ (08) 9931 1030  
Term Expiry 2015



**Cr Pauline Forrester**  
PMB 24  
Yuna WA 6532  
☎ (08) 9920 1063  
Term Expiry 2015



**Cr Beverley Davidson**  
Lot 69 Waterfront Circle  
Drummond Cove WA 6530  
☎ (08) 9938 2559  
Term Expiry 2013



**Cr Trevor Royce**  
PO Box 866  
Geraldton WA 6531  
☎ (08) 9925 1026  
Expiry 2015

## SOUTH WEST WARD



**Cr Peter Humphrey**  
12 Wittenoom Circle  
White Peak WA 6532  
☎ (08) 9938 3430  
Term Expiry 2015



**Cr David Bell**  
PO Box 3177  
Bluff Point WA 6530  
☎ (08) 9938 2524  
Term Expiry 2013

# COUNCIL EXECUTIVE STAFF



Stuart Billingham  
**Chief Executive Officer**



Simon Lancaster  
**Manager for Planning**



Debby Barndon  
**Finance Manager**



Ken Barndon  
**Works Supervisor**



Anthony Abbott  
**Building / Projects Officer**



Earl O'Donnell  
**Senior Ranger**

# MINUTES OF PREVIOUS ELECTORS MEETING



## SHIRE OF CHAPMAN VALLEY UNCONFIRMED MINUTES OF THE ANNUAL GENERAL MEETING OF ELECTORS

HELD IN THE COUNCIL CHAMBERS, NABAWA ON 21 MARCH 2012 COMMENCING AT 6:00PM

**DISCLAIMER:**

*No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement of intimation occurring during Council or Committee meetings or during formal/informal conversations with staff.*

*The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during committee meetings or discussions. Any person or legal entity that acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.*

*In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any application, proposal or submission, any statement or limitation or approval made by a member or officer of the Shire of Chapman Valley during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Chapman Valley. The Shire of Chapman Valley warns that anyone who has an application, proposal or submission lodged with the Shire of Chapman Valley must obtain and should only rely on WRITTEN CONFIRMATION of the outcome of the application, proposal or submission and any conditions attaching to the decision made by the Shire of Chapman Valley in respect of the application.*

### **1.0 DECLARATION OF OPENING**

The Presiding Member, Cr J Collingwood – (President) declared the meeting open at 6:00pm.

### **2.0 ATTENDANCE**

**Elected Members:**

Cr J Collingwood	(President)	North East Ward
Cr P Batten	(Deputy President)	North East Ward
Cr B Davidson		North East Ward
Cr A Farrell		North East Ward
Cr D Bell		South West Ward
Cr P Humphrey		South West Ward

**Staff:**

Mr S Billingham	Chief Executive Officer
Mr S Lancaster	Manager of Planning
Mrs D Barndon	Accountant/ Finance & Administration Manager
Mr K Barndon	Works Supervisor
Mr E O'Donnell	Ranger

**Ratepayers/Residents/Visitors:**

Mr I Maluish  
Mrs S Collingwood

3.0 **APOLOGIES**

Cr T Royce  
Cr P Forrester

North East Ward  
North East Ward

4.0 **CONFIRMATION OF MINUTES FROM PREVIOUS ANNUAL ELECTORS MEETING HELD ON WEDNESDAY 15<sup>TH</sup> DECEMBER 2010**

Moved Cr Batten seconded Cr Bell

That the Minutes of the Annual General Meeting of Electors held on Wednesday 15<sup>th</sup> December 2010 be confirmed.

CARRIED 6/0

5.0 **2010 / 2011 ANNUAL FINANCIAL STATEMENTS**

Moved Cr Farrell seconded Cr Bell

That the 2010/2011 Annual Financial Statements be received.

CARRIED 6/0

6.0 **2010 / 2011 AUDIT REPORT**

Moved Cr Farrell seconded Cr Bell

That the 2010/2011 Audit Report be received.

CARRIED 6/0

7.0 **PRESIDENT'S REPORT**

Moved Cr Farrell seconded Cr Bell

That the President's Report be received

CARRIED 6/0

8.0 **CHIEF EXECUTIVE OFFICER'S REPORT**

Moved Cr Farrell seconded Cr Bell

That the Chief Executive Officer's Report be received

CARRIED 6/0



**9.0 GENERAL BUSINESS**

Cr Batten thanked the Shire President for his role in guiding the Shire through a period of transition with the changeover of CEO's.

Cr Collingwood thanked fellow Councillors and all inside and outside Shire staff for their hard work during the past 12 months.

**10.0 CLOSURE**

The Presiding Member thanked members, ratepayers, visitors and staff for attending and declared the electors meeting closed at 6:15pm inviting those present to join Council for light refreshments.

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# Reports

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# PRESIDENTS ANNUAL REPORT TO ELECTORS



**Cr John Collingwood**

## **INTRODUCTION**

This report covers the very busy 2011/2012 financial year. With the appointment of our new Chief Executive Officer Mr Stuart Billingham, I trust the Shire will return its focus to the core business of Local Government after the distraction of the past couple of years from amalgamations.

Council continues to meet the demands of the State government in developing its compulsory plans for Integrated Planning and Reporting. The recent release of the report and recommendation from the 'Robson' Metropolitan Review is disconcerting with the report having a wider impact on many country local governments, should the 30 recommendation be implemented.

The Shire continues to have positive population growth and Council strives to ensure the shire administration and works continues to deliver quality services to its residents.

## **INTEGRATED PLANNING AND REPORTING**

On 26 August 2010 the Minister for Local Government introduced regulations which establish new requirements for the Plan for the Future under the *Local Government Act 1995*. Under these regulations the Shire is required to have developed and adopted two key documents by 30 June 2013: A Strategic Community Plan and a Corporate Business Plan.

The Shire has engaged consultants Morrison Low to assist the Shire of Chapman Valley to produce the following documents required by the State Government Integrated Planning and Reporting requirements:

- Corporate Business Plan
- Community Strategic Plan
- Asset Management Plan
- Long term Financial Plan
- Workforce Plan

## **MIDWEST DEVELOPMENT COMMISSION - MID WEST INVESTMENT PLAN (MWIP)**

The Shire of Chapman Valley has the following projects identified within the MWIP.

- Oakajee Deep-water Port and Rail link including Oakajee to Narngulu Infrastructure Corridor (ONIC)
- Mobile phone coverage and black spots – in progress
- East Bowes Road upgrade – in progress
- Northampton Recreation Centre - now completed
- Tourism Kalbarri-Shark Bay Adventure Trail/track

## **OAKAJEE INDUSTRIAL ESTATE & DEEP WATER PORT DEVELOPMENTS**

It is with disappointment I report the development of the proposed Oakajee industrial site and deep water port has again slowed with the key stakeholders scaling back their efforts in 2012. I can assure the community this major infrastructure project still remains high on Council's agenda, to ensure the Shire and its Community is well positioned when it proceeds.

## **LONG TERM PLANNING ISSUES**

Councils Town Planning staff have continued to work on a range of projects and plans as the Shire moves to manage and guide increasing development in light of the continuing growth in the regions housing and resource sectors, and the development of the port at Oakajee.

The investment in planning will ensure that this Shire develops in an orderly manner and will make our area continue to be an attractive location in which to live and invest.

## **TOWNSCAPE FACILITIES**

The Council has completed the new playground facilities at the Nabawa Oval with the assistance of Lotterywest funding and labour from the Geraldton Greenough Prison. The Hon Mr Brian Ellis opened the playground on 21 November 2012. The Shire continues to maintain the Nabawa Oval to a high standard for football and cricket and it is disappointing the Chapman Valley Football Club will not be training at the facility in the 2012/13 season.

The Parkfalls Streetscape Plan continues to be developed and progressed on Council Work Budget in a staged approach over future years.

## **PLANT & EQUIPMENT**

In accordance with the ten year plant replacement programme Council has continued to update items of plant and equipment in the 2011/2012 financial year to achieve greater efficiencies and minimise maintenance costs. This has seen the acquisition of the following plant items:-

Caterpillar Prime Mover  
Caterpillar Skid Steer Loader  
Works Supervisor Toyota Dual Cab Utility  
Workshop Utility

## **CONSTRUCTION OF MAJOR ROADS**

Council continues to have an extensive road works program each year and works were carried out on various roads including the following roads:-

White Peak Road  
Nolba Road/Chapman valley Road Intersection - Blackspot  
Nanson Howatharra Road  
Wandin Road  
Coonawa Road  
Dartmoor Road  
Durawah Road  
Naraling East Road  
Nanson East Terrace

In the 2011/12 year Council spent a total of \$1,403,848 on road construction and \$1,890,220 on road maintenance.

## **COMMUNITY SERVICES**

In 2012 Mrs Nicole Batten was appointed to the position of Community Development Officer. Nicole preparing numerous grant applications and assisting with a number of major projects, Nicole has been preparing and distributing the Shire of Chapman Valley "E-News". This is a publication on Council activities and is distributed by email. Residents and ratepayers who have an email address and are not on our email mailing list can register with Nicole by emailing her at [community@chapmanvalley.wa.gov.au](mailto:community@chapmanvalley.wa.gov.au)

## **VOLUNTEER BUSH FIRE BRIGADES**

The work of the local bush fire brigades continues to provide the community with an assurance that active and well trained units are available to assist in cases of emergency. These volunteers continue to do an excellent job and I commend them all for their efforts over the past and previous years.

## **COUNCIL MEMBERSHIPS**

Council elections were held in October 2011 resulting in the election of two new Councillors, being Cr Anthony Farrell and Cr Peter Humphrey.

The make-up of the Council is now:-

### **North East Ward**

Cr John Collingwood (President)  
Cr Peter Batten (Deputy President)  
Cr Pauline Forrester  
Cr Bev Davidson  
Cr Trevor Royce  
Cr Anthony Farrell

### **South West Ward**

Cr David Bell  
Cr Peter Humphrey

I wish to extend my sincere appreciation to Councillor Peter Batten for his contribution and support as the Deputy President and to all other Councillors, both past and present, for their valued contribution throughout the year and trust the ongoing good natured and amiable working relationship will continue for the betterment of the community for many years to come.

## **STAFF**

It was disappointing to note that during 2011/12 year the following officers and staff resigned:

- Dirk Sellenger – Chief Executive Officer
- Chelsea Stanich – Community Development Officer/Personal Assistant
- Jacqueline Horton – Executive Assistant
- Kirrilee Warr – Planning Officer – Maternity Leave
- Lucinda Jose – Community Development Officer
- Jim Gales – Natural Resource Management Officer
- Michelle Lingius – Senior Admin Officer - Maternity Leave
- Clare Stone – Human Resources /Finance Officer – Maternity Leave
- Dylan Stainton –Owen – Executive Assistant
- Beau Barndon – Mechanic
- Jeremey Clayton – Plant Operator
- Ashley Comeagain – Plant Operator
- Kenneth Ellis – Plant Operator
- Collin Mellan – Plant Operator
- Kenneth Mews – Plant Operator
- Brendan Oliveri – Plant Operator

I wish to welcome new staff members

- Stuart Billingham – Chief Executive Officer
- Nicole Batten – Community Development Officer
- Dianne Raymond - Senior Finance Officer
- Karen McKay - Executive Assistant
- Rebecca Billingham - Customer Service / Records Officer
- David Lines – Construction Grader Driver
- Ricky Bones – Plant Operator

- Stanley Plumb – Workshop Mechanic/Plant Operator
- Karen Newman – Part time gardener
- Ivor Dumbris – Plant Operator

This is a continued trend in staff turnover, compared to previous years. This higher level of staff turnover has effected indoor and outside works operations.

I thank all staff for their dedication and loyalty.

## **CONCLUSION**

I take this opportunity to thank Councillors and all staff for their excellent contribution to the operations of the Shire of Chapman Valley throughout the 2011/2012 year.

Finally, I extend my appreciation to those members of the community who have co-operated with Council in the areas of supplying road building material, water, land resumption, contribution toward works, volunteer labour for community projects etc, as co-operation is invaluable for Council to maintain and upgrade roads to a more desirable standard for the ever increasing heavy haulage traffic we have on our roads today.



John Collingwood  
**SHIRE PRESIDENT**



# CHIEF EXECUTIVE OFFICER'S ANNUAL REPORT 2011/2012



Stuart Billingham  
Chief Executive Officer

## INTRODUCTION

As the incoming Chief Executive Officer for the Shire of Chapman Valley it is my pleasure to present to the Ratepayers and Electors of the Shire of Chapman Valley the below mentioned information and statutory reports from the 2011/2012 financial year.

I wish to extend my appreciation and thanks to the Shire President and Councillors for their ongoing co-operation, assistance and support throughout the last ten months after commencing on 30 January 2012.

I have been impressed with the work ethic and dedication of both the inside and outside workforces at the Shire. Staff are the most valuable asset of an organisation, through staff continuity ensures a continued high level of service delivery to the Chapman Valley district.

I wish to take this opportunity to thank Mr Ken Barndon, Works Supervisor and his works team for continuing to deliver a quality road works and infrastructure service to the area. A special thankyou to Mr Simon Lancaster, Manager of Planning and Mrs Kathryn Jackson our Planning Officer for their support and assistance when called upon and providing quality town planning services to the Shire and other Local Governments.

I wish to extend my thanks to Mr Anthony Abbott the Shire Building Surveyor and Projects Officer for your tireless efforts in providing the Shires Building and Project services including changing over to the new Building Act. Also thanks to our recently departed NRM Officer, Mr Jim Gales and special mention and thanks to Ms Nicole Siemon our Environmental and Landcare Consultant for filling the void left by Jim's departure.

Finally thanks to Mrs Debby Barndon our Manager Finance and Administration and her finance and customer service teams in delivering a quality finance and customer service for the year. I believe an organisation is judged daily by the quality of its front line customer service staff interaction with its customers. In my short time at the Shire of Chapman Valley I have been impressed with the staff commitment in providing a timely and quality local government service to our community and customers. Again my thanks to one and all and apologise if I have missed anyone out.

## ROAD WORKS

Roadworks remain Council's most significant area of expenditure and allocation of resources. Council has a Forward Capital Works Plan for both road works and Plant Replacement. The East Bowes Road reconstruction \$2.44M over 3 stages over 2 years, funded by Royalties for Regions, Roads to Recovery and Shire Funds.

## **PUBLIC INTEREST DISCLOSURE ACT 2003**

In the year under review, Council received no reports for the reporting period under the *Public Interest Disclosure Act 2003*.

## **PLAN FOR THE FUTURE**

In accordance with Section 5.56 of the *Local Government Act 1995* the Shire of Chapman Valley has produced a 'Plan for the Future 2011-2021' for the District.

Major Initiatives commenced include the development of a 'Community Strategic Plan' to a 10 year Future Plan. Areas covered include:

- Administration & Finance
- Services & Infrastructure
- Economy
- Environment

Major initiatives to continue next year include;

- Administration & Finance – Continue developing Townscape Plans for all townsites.
- Services & Infrastructure – Construction of Community Centre Yuna and Improve Mobile Phone coverage in the Shire.
- Economy – Continue Parkfalls Streetscape plan.
- Environment – Develop water supply Nabawa and rehabilitate old landfill sites.

## **LOCAL PLANNING SCHEME No.2 & BULLER ENVIRONMENTAL REVIEW**

The Shire has completed its review of its current Planning Scheme and Shire of Chapman Valley Local Planning Scheme No.2 was forwarded, as required, to the Western Australian Planning Commission and Environmental Protection Authority. The EPA notified that Scheme No.2 should be assessed under Part IV Division 3 of the *Environmental Protection Act* relevant to the proposed Buller 'Development' zone, and that the remainder of Scheme No.2 did not raise any additional environmental issues.

The WAPC subsequently granted consent to advertise Scheme No.2 and the advertising period for the Buller Environmental Review and Scheme No.2 were undertaken concurrently and all submissions received that related to the proposed Buller 'Development' zone were forwarded to the EPA for its consideration and a decision on this aspect of the Scheme.

The Shire and seven (7) effected landowners have lodged appeals with the Office of Appeals Convenor objecting to the EPA Recommendation. Once a decision concerning the Buller 'Development' zone is made by the Minister for Environment, all submissions received during the advertising period and Scheme No.2 will be placed before Council for final consideration.

## **REGIONAL COOPERATION**

Council's Town Planning staff continue to provide town planning services to the Shire of Coorow, Northampton and more recently a similar service to the Shire of Carnamah. This service is provided on a full cost recovery basis.

Council uses the services of the Environmental Health Officer from the Shire of Northampton when the services of this officer are required.

## **REPORT ON THE SHIRE OF CHAPMAN VALLEY STRATEGIC PLAN – SECTION 5.53(E) OF THE LOCAL GOVERNMENT ACT 1995**

In June 2007 Council adopted the Strategic Plan for the future direction of the Shire for the period 2007/2008 to 2012/2013. It is expected the Council will undertake a review of this plan when greater certainty is provided on the progression of Oakajee.

One of the requirements to receive Royalties for Regions grants is that Council must prepare a Forward Capital Works Plan for at least five years from 2010/11. This plan must comply with the guidelines set down by the Department of Regional Development.

## PAYMENTS TO EMPLOYEES (SECTION 5.53(2)(g) LOCAL GOVERNMENT ACT 1995)

In accordance with section 5.53(2)(g) of the *Local Government Act 1995* and Clause 19B of the *Local Government (Administration) Regulations 1996*, employee's payments equal to, or in excess of \$100,000.00 (cash component) are required to be recognised in the Shire's Annual Report.

The Shire of Chapman Valley had the one employee whose remuneration payment exceeded \$100,000 in the 2011/2012 financial year, this being the Chief Executive Officer.

## NATIONAL COMPETITION POLICY

### Clause 7 Statement - LR3

The Shire of Chapman Valley completed the full review of all Local Laws during 2007/2008 financial year and adopted the new local laws, which now all comply with the requirements of the National Competition Policy.

### Clause 7 Statement – Competitive Neutrality

As none of the Shire of Chapman Valley activities derived an annual income in excess of \$200,000, it has not been necessary for Council to implement the Competitive Neutrality Principles of the National Competition Policy.

## DISABILITY SERVICES

In accordance with section 29 (2) of the *Disability Service Act 1993*, it is a requirement for the Shire of Chapman Valley to report on outcome based activities highlighted in the Disability Service Plan (now known as the Disability Access and Inclusion Plan-DAIP) in this report.

Council undertook a full review of its Disability Service Plan in 2006 and adopted its new plan in 2007, and is now proceeding with implementation of the identified actions which includes:

- an upgrade of the Shire website through a \$15,000 grant application was completed in the second half of the 2009/2010 financial year;
- Disability awareness information as a part of staff induction, and regular information bulletins;
- Provision of Council documents and information in alternate formats when requested; &
- The construction of disabled toilet facilities at Nanson.
- The construction of disabled toilet facilities at Yuna through funding obtained from the Disability Services Commission.

Under the *Disability Services Act 1993*, and as a part of the DAIP, each Local Government Authority has an annual reporting responsibility. The following progress report was presented to the Disability Services Commission:

1 Please indicate for each outcome areas in your DAIP:

- The number of strategies that were planned and subsequently completed or partially completed by your organisation;
- The number of current contracts that are working towards DAIP outcomes.

	Total number of planned strategies	Number of strategies completed	Number of strategies partially completed	Number of contractors undertaking DAIP activity
Outcome 1	4	2	1	1
Outcome 2	2,7	2		1
Outcome 3				
Outcome 4				
Outcome 5				
Outcome 6	1		1	

- 2 Please indicate the number of your agents and contractors undertaking DAIP activities and the total number of agents and contractors providing a service to the public;

Number of contractors providing a service to the public consistent with DAIP	1
Total number of contractors providing a service to the public	0

- 3 How have you informed agents and contractors of your DAIP;

Provided a copy of your DAIP directly to agents and contractors upon awarding contract (including as a result of a contract variation)	0
Identified your DAIP in tender and contract documents as an important document in terms of providing services to the public	0
Provided a hyper-link in tendering documentation to DAIP	1
Provided correspondence to the agent or contractor about your DAIP	0

### STATE RECORDS ACT 2000 - STANDARD 2/PRINCIPAL 6

In accordance with the requirements of Standard 2, Principal 6 of the *State Records Act 2000*, I hereby report on how the Shire of Chapman Valley employees are complying with the Shire's Records Keeping Plan:

Item 6.1 - Staff Training, Information Sessions, Publications.

Activities to ensure staff awareness and compliance are being implemented in accordance with Council's endorsed Record Keeping Plan and will be an ongoing requirement of the organisation.

Item 6.2 – Performance Indicators in place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Chapman Valley's record keeping system:-

A register is to be maintained by the Administration staff responsible for filing all records of:-  
 Records that cannot be located  
 Files that are missing and unable to be located

Item 6.3 – Agency Evaluation

The Shire of Chapman Valley's record keeping system will be continually reviewed and improved where possible in order to pursue best practise for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

A new electronic filing system, Synergysoft Records, was acquired and installed at the end of the 2007/2008 financial year. I am pleased to report that administration staff will receive further training on the efficient use of this system.

### REGISTER OF COMPLAINTS

In accordance with section 5.121 of the *Local Government Act 1995* states the following:

#### 5.121. Register of certain complaints of minor breaches

- (1) The complaints officer for each local government is required to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c).
- (2) The register of complaints is to include, for each recorded complaint —
  - (a) the name of the council member about whom the complaint is made;
  - (b) the name of the person who makes the complaint;
  - (c) a description of the minor breach that the standards panel finds has occurred; and

(d) details of the action taken under section 5.110(6)(b) or (c).

- Number of complaints recorded in the register for 2011/12 financial Year – Nil
- How complaints were dealt with – Not applicable
- Other details that the regulations require - Nil

### **FINANCES/INDEPENDENT AUDIT REPORT**

The Shire of Chapman Valley received another satisfactory Audit Report for the 2011/12 financial year with an Operating Surplus of \$1,087,560. I wish to take this opportunity to thank Mrs Debby Barndon the Manager of Finance and her staff for their ongoing commitment in managing the Shires finances. As evidenced by the attached audited financial report the Shire of Chapman Valley continues to perform well financially. The Shire continues to reduce its levels of loan debt, whilst increasing its Reserves.

### **CONCLUSION**

The Shire of Chapman Valley continues to experience positive population growth in the face of declining economic growth of the resources sector. The Shire continues to strive and meet the growing demands for facilities and services that arise with this growth.

I look forward to working with the Council Elected Members, Staff and the Community to meet the challenges of the next 12 months at the Shire of Chapman Valley.



Stuart Billingham  
**CHIEF EXECUTIVE OFFICER**

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# **AUDITED FINANCIAL REPORT**

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**SHIRE OF CHAPMAN VALLEY**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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**SHIRE OF CHAPMAN VALLEY**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Chapman Valley where being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Chapman Valley at 30th June 2012 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the *6<sup>th</sup>* day of *December* 2012

  
Stuart Billingham  
Chief Executive Officer

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

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Rates	22	1,859,671	1,830,119	1,763,584
Operating Grants, Subsidies and Contributions	28	3,011,505	2,784,949	2,010,295
Fees and Charges	27	481,817	552,647	535,058
Interest Earnings	2(a)	81,738	86,189	65,199
Other Revenue		3,037	401	2,893
		<u>5,437,768</u>	<u>5,254,305</u>	<u>4,377,029</u>
<b>Expenses</b>				
Employee Costs		(1,388,524)	(1,449,688)	(1,150,612)
Materials and Contracts		(2,713,127)	(2,902,547)	(1,054,277)
Utility Charges		(69,058)	(69,550)	(41,724)
Depreciation on Non-Current Assets	2(a)	(679,984)	(639,800)	(653,922)
Interest Expenses	2(a)	(32,045)	(31,639)	(38,530)
Insurance Expenses		(158,614)	(141,257)	(148,700)
Other Expenditure		(102,964)	(47,875)	(75,987)
		<u>(5,144,316)</u>	<u>(5,282,356)</u>	<u>(3,163,752)</u>
		293,452	(28,051)	1,213,277
Non-Operating Grants, Subsidies and Contributions	28	817,797	1,778,781	491,241
Profit on Asset Disposals	20	1,818	4,200	188,890
Loss on Asset Disposal	20	(25,507)	(30,500)	(52,973)
<b>Net Result</b>		<b>1,087,560</b>	<b>1,724,430</b>	<b>1,840,435</b>
<b>Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>		<b><u>1,087,560</u></b>	<b><u>1,724,430</u></b>	<b><u>1,840,435</u></b>

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

**SHIRE OF CHAPMAN VALLEY  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
General Purpose Funding		3,137,736	2,729,580	2,877,539
Governance		38,129	54,299	60,622
Law, Order, Public Safety		39,949	37,310	35,855
Education and Welfare		6,862	6,820	6,812
Health		7,386	5,320	5,272
Housing		29,195	19,900	224,840
Community Amenities		1,080,770	928,521	534,684
Recreation and Culture		78,885	74,400	216,215
Transport		899,413	1,245,705	146,383
Economic Services		46,092	27,450	27,565
Other Property and Services		73,351	125,000	241,242
	2(a)	<u>5,437,768</u>	<u>5,254,305</u>	<u>4,377,029</u>
<b>Expenses</b>				
General Purpose Funding		(179,758)	(88,847)	(150,512)
Governance		(377,411)	(627,952)	(248,613)
Law, Order, Public Safety		(107,058)	(90,115)	(111,972)
Education and Welfare		(555)	(1,200)	(514)
Health		(18,318)	(15,322)	(11,509)
Housing		(16,973)	(36,910)	(129,152)
Community Amenities		(1,380,368)	(1,200,605)	(760,378)
Recreation and Culture		(314,302)	(266,535)	(325,001)
Transport		(2,440,733)	(2,308,226)	(1,114,947)
Economic Services		(161,566)	(161,420)	(149,549)
Other Property and Services		(115,229)	(453,585)	(123,075)
	2(a)	<u>(5,112,271)</u>	<u>(5,250,717)</u>	<u>(3,125,222)</u>
<b>Finance Costs</b>				
Governance		(1,297)	(1,297)	(2,040)
Community Amenities		(4,613)	(4,556)	(5,671)
Recreation & Culture		(3,262)	(3,219)	(4,646)
Transport		(22,873)	(22,567)	(26,173)
	2(a)	<u>(32,045)</u>	<u>(31,639)</u>	<u>(38,530)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Community Amenities		0	290,000	0
Recreation & Culture		1,660	0	0
Transport		816,137	1,488,781	491,241
		<u>817,797</u>	<u>1,778,781</u>	<u>491,241</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Housing		0	0	188,890
Community Amenities		(2,076)	(2,500)	0
Recreation & Culture		0	1,000	0
Transport		(21,613)	(24,800)	(52,973)
		<u>(23,689)</u>	<u>(26,300)</u>	<u>135,917</u>
<b>Net Result</b>		<u>1,087,560</u>	<u>1,724,430</u>	<u>1,840,435</u>
<b>Other Comprehensive Income</b>		0	0	0
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Comprehensive Income</b>		<u>1,087,560</u>	<u>1,724,430</u>	<u>1,840,435</u>

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

**SHIRE OF CHAPMAN VALLEY  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,670,627	1,247,708
Trade and Other Receivables	4	261,745	668,053
Inventories	5	4,434	2,906
<b>TOTAL CURRENT ASSETS</b>		<u>1,936,806</u>	<u>1,918,667</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	2,361	2,669
Inventories	5	49,480	49,480
Property, Plant and Equipment	6	5,340,296	5,252,103
Infrastructure	7	72,604,739	71,575,783
<b>TOTAL NON-CURRENT ASSETS</b>		<u>77,996,876</u>	<u>76,880,035</u>
<b>TOTAL ASSETS</b>		<u>79,933,682</u>	<u>78,798,702</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	313,755	133,444
Long Term Borrowings	9	168,773	139,284
Provisions	10	168,966	173,932
<b>TOTAL CURRENT LIABILITIES</b>		<u>651,494</u>	<u>446,660</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	381,522	549,889
Provisions	10	39,214	28,261
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>420,736</u>	<u>578,150</u>
<b>TOTAL LIABILITIES</b>		<u>1,072,230</u>	<u>1,024,810</u>
<b>NET ASSETS</b>		<u>78,861,452</u>	<u>77,773,892</u>
<b>EQUITY</b>			
Retained Surplus		20,757,421	19,946,765
Reserves - Cash Backed	11	1,247,885	970,981
Reserves - Asset Revaluation	12	56,856,146	56,856,146
<b>TOTAL EQUITY</b>		<u>78,861,452</u>	<u>77,773,892</u>

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

**SHIRE OF CHAPMAN VALLEY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		18,086,188	991,123	56,856,146	75,933,457
Net Result		1,840,435	0	0	1,840,435
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		20,142	(20,142)	0	0
<b>Balance as at 30 June 2011</b>		<b>19,946,765</b>	<b>970,981</b>	<b>0</b>	<b>77,773,892</b>
Net Result		1,087,560	0	0	1,087,560
Total Other Comprehensive Income		0	0	0	0
Correction of Errors		0	0	0	0
Reserve Transfers		(276,904)	276,904	0	0
<b>Balance as at 30 June 2012</b>		<b>20,757,421</b>	<b>1,247,885</b>	<b>0</b>	<b>78,861,452</b>

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

**SHIRE OF CHAPMAN VALLEY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,853,283	1,830,120	1,759,505
Operating Grants, Subsidies and Contributions		3,459,878	2,784,949	1,579,608
Fees and Charges		481,817	552,647	535,058
Service Charges		0	0	0
Interest Earnings		81,738	86,189	65,199
Goods and Services Tax		170,402	210,000	272,232
Other Revenue		3,037	400	2,893
		<u>6,050,155</u>	<u>5,464,305</u>	<u>4,214,495</u>
<b>Payments</b>				
Employee Costs		(1,351,022)	(1,449,688)	(1,141,975)
Materials and Contracts		(2,538,260)	(2,246,836)	(1,263,949)
Utility Charges		(69,058)	(69,550)	(41,724)
Insurance Expenses		(158,614)	(141,257)	(148,700)
Interest expenses		(30,124)	(31,639)	(39,238)
Goods and Services Tax		(235,291)	(210,000)	(261,468)
Other Expenditure		(102,964)	(47,875)	(125,468)
		<u>(4,485,333)</u>	<u>(4,196,845)</u>	<u>(3,022,522)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>1,564,822</u>	<u>1,267,460</u>	<u>1,191,973</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(500,456)	(995,770)	(759,009)
Payments for Construction of Infrastructure		(1,406,548)	(2,123,240)	(1,495,608)
Non-Operating Grants, Subsidies and Contributions		817,797	1,778,781	491,241
Proceeds from Sale of Plant & Equipment		86,182	133,500	445,712
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(1,003,025)</u>	<u>(1,206,729)</u>	<u>(1,317,664)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(138,878)	(139,284)	(135,183)
Proceeds from New Debentures		0	0	100,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(138,878)</u>	<u>(139,284)</u>	<u>(35,183)</u>
<b>Net Increase (Decrease) in Cash Held</b>		422,919	(78,553)	(160,874)
Cash at Beginning of Year		1,247,708	1,247,704	1,408,582
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u>1,670,627</u>	<u>1,169,151</u>	<u>1,247,708</u>

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

**SHIRE OF CHAPMAN VALLEY  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
<b>Revenue</b>				
Governance		38,129	54,299	60,622
General Purpose Funding		1,278,065	899,460	1,113,955
Law, Order, Public Safety		39,949	37,310	35,855
Education and Welfare		6,862	6,820	5,272
Health		7,386	5,320	6,812
Housing		29,195	19,900	224,840
Community Amenities		1,080,770	1,218,521	707,181
Recreation and Culture		80,545	75,400	216,215
Transport		1,717,368	2,737,686	654,017
Economic Services		46,092	27,450	27,565
Other Property and Services		73,351	125,000	241,242
		<u>4,397,712</u>	<u>5,207,166</u>	<u>3,293,576</u>
<b>Expenses</b>				
Governance		(176,926)	(88,847)	(250,653)
General Purpose Funding		(381,540)	(629,249)	(150,512)
Law, Order, Public Safety		(107,058)	(90,116)	(111,972)
Education and Welfare		(555)	(1,200)	(11,509)
Health		(18,318)	(15,322)	(514)
Housing		(16,973)	(36,910)	(129,152)
Community Amenities		(1,387,813)	(1,207,662)	(766,049)
Recreation and Culture		(317,564)	(269,753)	(329,647)
Transport		(2,486,281)	(2,358,791)	(1,194,093)
Economic Services		(161,566)	(161,420)	(149,549)
Other Property and Services		(115,229)	(453,585)	(123,075)
		<u>(5,169,823)</u>	<u>(5,312,855)</u>	<u>(3,216,725)</u>
<b>Net Result Excluding Rates</b>		<b>(772,111)</b>	<b>(105,689)</b>	<b>76,851</b>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	20	23,689	26,300	(135,917)
Movement in Accrued Interest		0	0	(708)
Movement in Accrued Salaries & Wages		0	0	5,775
Movement in Employee Benefit Provisions		5,987	0	(42,488)
Movement in Deferred Pensioners (Non Current)		308	0	4,244
Movement in Other Balances		0	0	(6,914)
Depreciation and Amortisation on Assets	2(a)	679,984	639,800	653,922
Impairment (Loss)/Reversal Assets		0	0	(49,481)
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale				
Purchase Land and Buildings		(112,996)	(416,500)	(128,397)
Purchase Furniture and Equipment		(54,127)	(51,810)	(149,300)
Purchase Plant and Equipment		(325,900)	(527,460)	(481,312)
Purchase Tools & Equipment		(7,433)	0	0
Purchase Infrastructure Assets - Roads		(1,403,848)	(2,123,241)	(1,484,406)
Purchase Infrastructure Assets - Parks & Ovals		(2,700)	0	(11,202)
Proceeds from Disposal of Assets	20	86,182	133,500	445,712
Repayment of Debentures	21(a)	(138,878)	(139,284)	(135,183)
Proceeds from New Debentures	21	0	0	100,000
Transfers to Reserves (Restricted Assets)	11	(276,904)	(279,248)	(351,213)
Transfers from Reserves (Restricted Assets)	11	0	155,000	371,354
<b>ADD</b> Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	<b>814,242</b>	<b>858,513</b>	<b>413,590</b>
<b>LESS</b> Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	<b>375,166</b>	<b>0</b>	<b>858,511</b>
<b>Amount Required to be Raised from Rates</b>	<b>22(a)</b>	<b><u>(1,859,671)</u></b>	<b><u>(1,830,119)</u></b>	<b><u>(1,763,584)</u></b>

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



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

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

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

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

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

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

**(c) Goods and Services Tax**

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

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

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

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

**(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

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

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

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

**(g) Fixed Assets**

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

***Initial Recognition***

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

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

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

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

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

***Revaluation***

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

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

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

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

***Land under Roads***

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

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

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

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

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

***Depreciation of Non-Current Assets***

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

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

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

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

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

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

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

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

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

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

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

***Capitalisation Threshold***

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

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

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

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

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

***Classification and Subsequent Measurement***

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

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

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

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

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

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

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

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

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

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

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

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

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

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

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

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

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

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

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

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

*(v) Financial liabilities*

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

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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

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

**(i) Impairment**

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

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

**(j) Trade and Other Payables**

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

**(k) Employee Benefits**

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

**(l) Borrowing Costs**

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

**(m) Provisions**

Provisions are recognised when:

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

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

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

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

**(n) Leases**

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

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

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

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

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

**(o) Joint Venture**

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

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

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

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

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



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

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

**(q) Superannuation**

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

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

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

**(u) Budget Comparative Figures**

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

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

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	

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

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

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

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

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

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

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

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

These new and revised standards were:

AASB 124  
AASB 1054  
AASB 2009 - 12  
AASB 2009 - 14  
AASB 2010 - 4  
AASB 2010 - 5  
AASB 2010 - 6  
AASB 2010 - 9  
AASB 2011 - 1

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



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

**2. REVENUE AND EXPENSES**

**2012**  
**\$**

**2011**  
**\$**

**(a) Net Result**

The Net Result includes:

(i) Charging as an Expense:

**Auditors Remuneration**

- Audit	26,340	11,500
- Other Services	1,210	6,000

**Depreciation**

Buildings	52,678	48,486
Furniture and Equipment	19,550	23,041
Plant and Equipment	222,876	201,202
Tools & Equipment	7,288	9,475
Roads	375,000	369,785
Parks & Ovals	2,592	1,933
	<u>679,984</u>	<u>653,922</u>

**Interest Expenses (Finance Costs)**

Debentures ( <i>refer Note 21(a)</i> )	32,045	38,530
	<u>32,045</u>	<u>38,530</u>

(ii) Crediting as Revenue:

**2012**  
**\$**

**2012**  
**Budget**  
**\$**

**2011**  
**\$**

**Interest Earnings**

Investments		
- Reserve Funds	44,313	46,845
- Other Funds	26,837	27,660
Other Interest Revenue ( <i>refer note 26</i> )	10,588	11,023
	<u>81,738</u>	<u>86,189</u>

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

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

**(b) Statement of Objective**

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

**(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.

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

**Governance**

Administration and Operation of facilities and services to members of council; Includes fees, expenses and allowances paid to elected and committee members, election costs, insurance, subscription, conference expenses, council chamber expenses and members' entertainment. Also includes the allocation of administration expenses for the CEO and staff in preparation, administration and attendance at meetings and assisting elected members and other committees of Council. Research, development and preparation of policy documents, development of local laws, strategic planning, principal activity plans, annual budgets, annual financial reports, audit fees and the annual report.

**Administration**

In accordance with Legislative changes which were effective on 1st July 1997. General Administration costs have been allocated to the various programs of Council to reflect the true costs of services provided. Directly attributable costs have been recorded in the relevant program while indirect costs have been allocated using time spent by administration staff on tasks related to each of the programs as a basis.

**General Purpose Funding**

Revenue from rates levied, interest and fees on instalment arrangements and arrears, government subsidy for entitled pensioners and rates deferred, less discounts and concessions relating to rates levied. Expenditures incurred in administration and maintaining rate records, rating valuations, serving notices, postage, stationery, advertising, debt collection, printing, indirect administration costs etc. Income receivable from the WA Grants Commission and any other Government Grant of a general purpose nature. Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses.

**Law, Order, Public Safety**

Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks. Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranger's expenses are collected here and apportioned throughout the various programs to which they relate.

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

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

**Health**

Food quality and pest control, inspections of eating houses, lodging and boarding houses, itinerant food vendors, offensive trade, and any other outlays concerned with general health inspections and administration services provided by the Council.

**Education & Welfare**

Operation, improvements and maintenance of pre-school facilities; assistance to playgroups and other voluntary services. Annual awards and prizes to Nabawa and Yuna Primary Schools.

**Housing**

Collection of revenue and expenditure in respect of the administration and operation of residential housing for council staff. The expenditure is reallocated to the relevant programmes using staff duties as a basis.

**Community Amenities**

Administration and operation of domestic refuse collection and disposal services, including delivery to a regional disposal site. Provision and maintenance of rubbish disposal sites. Collection and disposal of public litter bins, special rubbish clean ups, special litter enforcement and control. Includes administration and operation of foreshore protection project. Administration and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning. Costs associated with resumption of land for recreational purposes. Hosting of a Natural Resource Management Officer to assist community groups and landowners.

**Recreation & Culture**

Administration, provision and operation of public halls, community centre, sporting complex, ovals, swimming areas and beaches. Includes contributions towards operations, subsidies and improvements of sporting clubs, sporting facilities and recreational areas. Administration, provision and operation of local libraries and library services. Contributions towards heritage issues such as municipal inventory, local Historical society operations - museum development/improvement etc.

**Transport**

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets and maintenance of depots. Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges etc. Operations relating to the licensing or regulating of traffic under the control of the local government. Includes vehicle registration, vehicle examination expenses and examination facilities.

**Economic Services**

Eradication of noxious weeds and control of vermin. The development, promotion, support etc. of tourism and area promotion to attract tourists. Administration, inspection and operations concerned with application of the building standards including examination, processing and inspections services, swimming pool inspections etc. Revenues and outlays associated with water supply - standpipes.

**Other Property & Services**

Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the Council. These include road works on private property. Public Works Overheads - Overheads incurred as the result of the use of direct labour, which is subsequently apportioned to the appropriate works and services absorbing the total expenditure. Includes expenditure incurred in the maintenance and operation of plant, Council's hire rate absorbing the total expenditure of plant running costs and usage. The total salaries and wages incurred during the year is recorded here and allocated over the various works and services to which it relates.

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

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
		Balance (*) 1-Jul-10 \$	2010/11 \$	2010/11 \$	Balance (*) 30-Jun-11 \$	2011/12 \$	2011/12 \$	Balance 30-Jun-12 \$
Parkfalls Management	Community Amenities	0	500	0	500	0	(500)	0
Landcorp	Community Amenities	0	1,000	0	1,000	0	(1,000)	0
Declared Species Group	Community Amenities	0	23,104	(1,487)	21,617	0	(21,617)	0
Community Cultural Plan	Community Amenities	10,585	0	(10,585)	0	0	0	0
Royalties for Regions (08/09)	Transport Community	103,069	0	(103,069)	0	0	0	0
Moresby Project	Community Amenities	3,230	0	(3,230)	0	0	0	0
RLICP - Round 2 Fig Tree	Community Amenities	30,000	0	(30,000)	0	0	0	0
NACC - Caring for our Country	Community Amenities	45,874	0	(45,874)	0	0	0	0
Landcorp - Caring for our Country	Community Amenities	1,000	0	(1,000)	0	0	0	0
Blackspot - Mt Erin	Transport	47,267	0	(47,267)	0	0	0	0
Blackspot - Nabawai/Northampton	Transport	29,318	0	(29,318)	0	0	0	0
Royalties for Regions (09/10)	Transport Community	35,000	0	(35,000)	0	0	0	0
Assessable Community Group	Community Amenities	0	16,155	0	16,155	0	(16,155)	0
<b>Total</b>		<b>305,343</b>	<b>40,759</b>	<b>(306,830)</b>	<b>39,272</b>	<b>0</b>	<b>(39,272)</b>	<b>0</b>

**Notes:**

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

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

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

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	422,742	237,455
Restricted	<u>1,247,885</u>	<u>1,010,253</u>
	<u><u>1,670,627</u></u>	<u><u>1,247,708</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	57,733	55,275
Water Strategy Reserve	12,796	12,251
Computer & Office Reserve	16,370	15,673
Plant Reserve	0	0
Legal Reserve	26,288	25,169
Unspent Grant & Loans Reserve	180	0
Land Development Reserve	146,942	140,686
Roadworks Reserve	157,810	151,091
Landcare Reserve	34,269	32,810
Building Reserve	631,939	538,014
Light Vehicle Reserve	163,558	12
	<u>1,247,885</u>	<u>970,981</u>
Unspent Grants	0	39,272
	<u><u>1,247,885</u></u>	<u><u>1,010,253</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	62,643	55,947
Sundry Debtors	163,626	611,999
Withholding Tax Refundable	107	107
GST Receivable	35,369	0
	<u>261,745</u>	<u>668,053</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	<u>2,361</u>	<u>2,669</u>
	<u><u>2,361</u></u>	<u><u>2,669</u></u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	<u>4,434</u>	<u>2,906</u>
	<u><u>4,434</u></u>	<u><u>2,906</u></u>
<b>Non-Current</b>		
Land Held for Resale - Cost		
Cost of Acquisition	19,433	19,433
Development Costs	<u>30,047</u>	<u>30,047</u>
	<u><u>49,480</u></u>	<u><u>49,480</u></u>

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	2,551,852	2,438,856
Less Accumulated Depreciation	<u>(469,218)</u>	<u>(416,540)</u>
	<u>2,082,634</u>	<u>2,022,316</u>
Furniture and Equipment - Cost	530,489	476,362
Less Accumulated Depreciation	<u>(294,838)</u>	<u>(275,288)</u>
	<u>235,651</u>	<u>201,074</u>
Plant and Equipment - Cost	3,936,169	3,869,152
Less Accumulated Depreciation	<u>(941,340)</u>	<u>(867,476)</u>
	<u>2,994,829</u>	<u>3,001,676</u>
Tools and Equipment - Cost	209,055	201,621
Less Accumulated Depreciation	<u>(181,873)</u>	<u>(174,584)</u>
	<u>27,182</u>	<u>27,037</u>
	<u><u>5,340,296</u></u>	<u><u>5,252,103</u></u>

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

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

**Movements in Carrying Amounts**

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	<u>Land &amp; Buildings \$</u>	<u>Furniture &amp; Equipment \$</u>	<u>Plant &amp; Equipment \$</u>	<u>Tools &amp; Equipment \$</u>	<u>Total \$</u>
Balance as at the beginning of the year	2,022,316	201,074	3,001,676	27,037	5,252,103
Additions	112,996	54,127	325,900	7,433	500,456
(Disposals)	0	0	(109,871)	0	(109,871)
Depreciation (Expense)	(52,678)	(19,550)	(222,876)	(7,288)	(302,392)
<b>Carrying amount at the end of year</b>	<u><u>2,082,634</u></u>	<u><u>235,651</u></u>	<u><u>2,994,829</u></u>	<u><u>27,182</u></u>	<u><u>5,340,296</u></u>

**SHIRE OF CHAPMAN VALLEY  
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	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Management Valuation 2007	82,829,687	82,829,687
Roads - Cost	6,515,547	5,111,699
Less Accumulated Depreciation	<u>(16,846,050)</u>	<u>(16,471,050)</u>
	72,499,184	71,470,336
Parks & Ovals - Cost	116,974	114,274
Less Accumulated Depreciation	<u>(11,419)</u>	<u>(8,827)</u>
	105,555	105,447
	<u>72,604,739</u>	<u>71,575,783</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 also accords with AASB 116.



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**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<b>Roads \$</b>	<b>Parks and Ovals \$</b>	<b>Total \$</b>
Balance at the beginning of the year	71,470,336	105,447	71,575,783
Additions	1,403,848	2,700	1,406,548
(Disposals)	0	0	0
Depreciation (Expense)	(375,000)	(2,592)	(377,592)
<b>Carrying amount at the end of year</b>	<b><u>72,499,184</u></b>	<b><u>105,555</u></b>	<b><u>72,604,739</u></b>

**SHIRE OF CHAPMAN VALLEY**  
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	2012	2011
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	180,155	42,250
GST Payable	0	29,520
Other Tax Liabilities	23,775	17,405
Accrued Interest on Debentures	9,000	7,079
Accrued Expenditure	38,490	0
Accrued Salaries and Wages	62,335	37,190
	<u>313,755</u>	<u>133,444</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge Debentures	<u>168,773</u>	<u>139,284</u>
	<u>168,773</u>	<u>139,284</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	<u>381,522</u>	<u>549,889</u>
	<u>381,522</u>	<u>549,889</u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	95,454	82,760
Provision for Long Service Leave	61,046	84,883
Provision for RDO's	12,466	6,289
	<u>168,966</u>	<u>173,932</u>
<b>Non-Current</b>		
Provision for Long Service Leave	<u>39,214</u>	<u>28,261</u>
	<u>39,214</u>	<u>28,261</u>

**SHIRE OF CHAPMAN VALLEY**  
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	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	55,275	55,275	52,175
Amount Set Aside / Transfer to Reserve	2,458	2,563	3,100
Amount Used / Transfer from Reserve	0	0	0
	<u>57,733</u>	<u>57,838</u>	<u>55,275</u>
<b>(b) Water Strategy Reserve</b>			
Opening Balance	12,251	12,251	11,561
Amount Set Aside / Transfer to Reserve	545	600	690
Amount Used / Transfer from Reserve	0	0	0
	<u>12,796</u>	<u>12,851</u>	<u>12,251</u>
<b>(c) Computer &amp; Office Equipment Reserve</b>			
Opening Balance	15,673	15,673	14,793
Amount Set Aside / Transfer to Reserve	697	767	880
Amount Used / Transfer from Reserve	0	(15,000)	0
	<u>16,370</u>	<u>1,440</u>	<u>15,673</u>
<b>(d) Plant Reserve</b>			
Opening Balance	0	0	2,066
Amount Set Aside / Transfer to Reserve	0	61,278	
Amount Used / Transfer from Reserve	0	0	(2,066)
	<u>0</u>	<u>61,278</u>	<u>0</u>
<b>(e) Legal Reserve</b>			
Opening Balance	25,169	25,169	24,279
Amount Set Aside / Transfer to Reserve	1,119	1,194	890
Amount Used / Transfer from Reserve	0	0	0
	<u>26,288</u>	<u>26,363</u>	<u>25,169</u>
<b>(f) Unspent Grants and Loans Reserve</b>			
Opening Balance	0	0	310,784
Amount Set Aside / Transfer to Reserve	180	0	0
Amount Used / Transfer from Reserve	0	0	(310,784)
	<u>180</u>	<u>0</u>	<u>0</u>
<b>(g) Land Development Reserve</b>			
Opening Balance	140,686	140,686	132,866
Amount Set Aside / Transfer to Reserve	6,256	6,082	7,820
Amount Used / Transfer from Reserve	0	(140,000)	0
	<u>146,942</u>	<u>6,768</u>	<u>140,686</u>
<b>(h) Roadworks Reserve</b>			
Opening Balance	151,091	151,091	142,766
Amount Set Aside / Transfer to Reserve	6,719	7,176	8,325
Amount Used / Transfer from Reserve	0	0	0
	<u>157,810</u>	<u>158,267</u>	<u>151,091</u>
<b>(i) Landcare Reserve</b>			
Opening Balance	32,810	32,810	18,521
Amount Set Aside / Transfer to Reserve	1,459	1,278	14,289
Amount Used / Transfer from Reserve	0	0	0
	<u>34,269</u>	<u>34,088</u>	<u>32,810</u>

**SHIRE OF CHAPMAN VALLEY**  
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**11. RESERVES - CASH BACKED ( CONTINUED)**

<b>(j) Building Reserve</b>			
Opening Balance	538,014	538,014	222,796
Amount Set Aside / Transfer to Reserve	93,925	95,498	315,218
Amount Used / Transfer from Reserve	0	0	0
	<u>631,939</u>	<u>633,512</u>	<u>538,014</u>
<b>(k) Light Vehicle Reserve</b>			
Opening Balance	12	12	58,516
Amount Set Aside / Transfer to Reserve	163,546	102,812	0
Amount Used / Transfer from Reserve	0	0	(58,504)
	<u>163,558</u>	<u>102,824</u>	<u>12</u>
TOTAL CASH BACKED RESERVES	<u>1,247,885</u>	<u>1,095,229</u>	<u>970,981</u>

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

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

**Leave Reserve**

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

**Water Strategy Reserve**

- To be used for the construction and operational costs of standpipes facilities for fire fighting purposes

**Computer and Office Equipment Reserve**

- To be used to replace computers and major items of office equipment.

**Plant Reserve**

- To be used for the purchase of major plant.

**Legal Reserve**

- To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.

**Unspent Grants and Loans Reserve**

- To be used to quarantine unspent grants and loans.

**Land Development Reserve**

- To be used for further subdivisional development in the Shire of Chapman Valley.

**Roadworks Reserve**

- To be used to fund road infrastructure projects.

**Landcare Reserve**

- To be used for Landcare related purposes as approved by Council.

**Building Reserve**

- To be used for the construction of staff housing or capital upgrades of existing housing.

**Light Vehicle Reserve**

- To be used for the purchase of light vehicles.

The Leave, Plant and Computer Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**SHIRE OF CHAPMAN VALLEY  
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<b>12. RESERVES - ASSET REVALUATION</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Roads</b>		
Opening Balance	56,856,146	56,856,146
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>56,856,146</u>	<u>56,856,146</u>
 TOTAL ASSET REVALUATION RESERVES	 <u>56,856,146</u>	 <u>56,856,146</u>

**SHIRE OF CHAPMAN VALLEY**  
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**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>1,670,627</u>	<u>1,169,151</u>	<u>1,247,708</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	1,087,560	1,724,430	1,840,435
Impairment (Loss)/Reversal Assets	0		(49,481)
Depreciation	679,984	639,800	653,922
(Profit)/Loss on Sale of Asset	23,689	26,300	(135,917)
(Increase)/Decrease in Receivables	441,985	443,283	(424,002)
(Increase)/Decrease in Inventories	(1,528)	41	(365)
Increase/(Decrease) in Payables	106,452	185,104	(164,665)
Increase/(Decrease) in Accrued Expenditure	38,490	0	0
Increase/(Decrease) in Employee Provisions	5,987	27,283	(36,713)
Grants/Contributions for the Development of Assets	<u>(817,797)</u>	<u>(1,778,781)</u>	<u>(491,241)</u>
Net Cash from Operating Activities	<u>1,564,822</u>	<u>1,267,460</u>	<u>1,191,973</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Credit Card limit	10,000		10,000
Credit Card Balance at Balance Date	<u>(18)</u>		<u>0</u>
<b>Total Amount of Credit Unused</b>	<u>9,982</u>		<u>10,000</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	168,773		139,284
Loan Facilities - Non-Current	<u>381,522</u>		<u>549,889</u>
<b>Total Facilities in Use at Balance Date</b>	<u>550,295</u>		<u>689,173</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>		<u>0</u>

**SHIRE OF CHAPMAN VALLEY  
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**14. CONTINGENT LIABILITIES**

There are no known contingent liabilities in respect of the year ended 30 June 2012.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

The Council has no finance lease commitments as at 30 June 2012.

**(b) Operating Lease Commitments**

The Council has no operating lease commitments as at 30 June 2012.

**(c) Capital Expenditure Commitments**

The Council has no capital expenditure commitments as at 30 June 2012.

**SHIRE OF CHAPMAN VALLEY  
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**16. JOINT VENTURE**

The Shire together with the Shire of Northampton have a joint venture arrangement with regard to the ownership of a speed display trailer.

The Shire together with the Shire of Northampton have a joint venture arrangement with regard to the provision of an Environmental Health .

The Shire together with the Shire of Coorow have a joint venture arrangement with regard to the provision of Town Planning Services .

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current Assets</b>		
Plant & Equipment - Asset Number 329	8,168	8,168
Less: Accumulated Depreciation	<u>(8,168)</u>	<u>(6,555)</u>
	<u><u>0</u></u>	<u><u>1,613</u></u>

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

Governance	665,663	452,591
General Purpose Funding	0	16,954
Law, Order, Public Safety	172,206	184,319
Health	0	0
Education and Welfare	0	0
Housing	177,204	182,935
Community Amenities	193,059	200,760
Recreation and Culture	990,305	958,495
Transport	72,606,532	71,616,176
Economic Services	0	0
Other Property and Services	2,738,197	1,876,978
Unallocated	<u>2,390,516</u>	<u>3,309,494</u>
	<u><u>79,933,682</u></u>	<u><u>78,798,702</u></u>



**SHIRE OF CHAPMAN VALLEY  
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<b>18. FINANCIAL RATIOS</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current Ratio	1.106	2.321	1.128
Untied Cash to Unpaid Trade Creditors Ratio	2.347	5.620	1.649
Debt Ratio	0.013	0.013	0.016
Debt Service Ratio	0.031	0.038	0.016
Gross Debt to Revenue Ratio	0.101	0.151	0.149
Gross Debt to Economically Realisable Assets Ratio	0.075	0.095	0.107
Rate Coverage Ratio	0.299	0.351	0.292
Outstanding Rates Ratio	0.032	0.031	0.028

The above ratios are calculated as follows:

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

**SHIRE OF CHAPMAN VALLEY**  
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**19. TRUST FUNDS**

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

	Balance 1-Jul-11	Amounts Received	Amounts Paid	Balance 30-Jun-12
	\$	\$	(\$)	\$
Council Housing Bonds	2,470	1,120	(1,320)	2,270
Bonds Hall Hire	387	1,120	(840)	667
Building Commission	624	3,786	(3,349)	1,061
CTF	3,198	16,710	(16,660)	3,248
Social Club	2,236	4,880	(6,120)	996
Contributions - Subdivisions	6,900	97,172	0	104,072
Post Box Deposits	220	0	0	220
Engineering Bonds	18,000	10,000	(18,000)	10,000
Unclaimed Monies	10,024	0	0	10,024
	<u>44,059</u>			<u>132,558</u>

**20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Transport</b>						
Nissan Navara	0	0	1,818	2,000	1,818	2,000
Iveco Powerstar Truck	70,599	70,000	50,000	42,000	(20,599)	(28,000)
Ford Ranger - Building	24,196	21,500	21,364	21,500	(2,832)	0
JCB Skid Steer	0	11,800	0	13,000	0	1,200
<b>Community Amenities</b>						
Ford Ranger	15,076	20,500	13,000	18,000	(2,076)	(2,500)
Holden Caprice - CV 1-CEO	0	36,000	0	36,000	0	0
<b>Recreation and Culture</b>						
Ride-on Lawn Mower	0	0	0	1,000	0	1,000
	<u>109,871</u>	<u>159,800</u>	<u>86,182</u>	<u>133,500</u>	<u>(23,689)</u>	<u>(26,300)</u>

**SHIRE OF CHAPMAN VALLEY  
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**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayment	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>								
Building Extension - Loan 87	28,358	0	13,786	13,786	14,572	14,572	1,297	1,297
<b>Recreation &amp; Culture</b>								
Upgrade Community Centre - Loan 89	73,095	0	4,391	4,435	68,704	68,660	3,262	3,219
<b>Community Amenities</b>								
Bulla Study - Loan 94	82,245	0	18,813	18,870	63,432	63,375	4,613	4,556
<b>Transport</b>								
Plant - Loan 92	126,478	0	19,688	19,746	106,790	106,732	3,505	3,447
Plant - Loan 93	278,997	0	64,317	64,511	214,680	214,486	14,298	14,104
Plant - Loan 95	100,000	0	17,883	17,936	82,117	82,064	5,070	5,016
	689,173	0	138,878	139,284	550,295	549,889	32,045	31,639

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2012/13

There are no new loans in the 2012/13 budget.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2012 nor is it expected to have unspent debenture funds as at 30th June 2013.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year and it is not anticipated that a facility will be required in 2012/2013.

SHIRE OF CHAPMAN VALLEY  
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22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential General Rate</b>											
GRV Other	0.091538	218	2,215,623	228,559	(10,904)	(412)	217,243	180,904	0	0	180,904
GRV Townsites	0.091538	39	207,095	26,546	0	0	26,546	4,482	0	0	4,482
UV Rural	0.007200	399	181,821,070	1,323,902	(12,804)	(64)	1,311,034	1,366,548	0	0	1,366,548
UV Oakajee	0.016100	3	8,907,000	143,135	0	0	143,135	163,271	0	0	163,271
<b>Sub-Totals</b>		659	193,150,788	1,722,142	(23,708)	(476)	1,697,958	1,715,205	0	0	1,715,205
<b>Minimum Rates</b>											
GRV Other	628	108	701,526	67,824	0	0	67,824	52,124	0	0	52,124
GRV Townsites	628	59	195,937	37,052	0	0	37,052	58,404	0	0	58,404
UV Rural	277	21	179,725	5,817	0	0	5,817	4,986	0	0	4,986
UV Oakajee	277	0	0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		188	1,077,188	110,693	0	0	110,693	115,514	0	0	115,514
<b>Excess Rates</b>											
Rates Write Offs (refer note 25)							1,808,651				1,830,719
<b>Totals</b>											
											0
											(600)
											1,830,119

Council originally adopted a budget on 17 August 2011 and subsequently raised rates in accordance with this adopted budget. Subsequently, it received advice from the Department of Local Government the rates raised were invalid due to the Shire imposing a minimum payment on more than 50% of GRV rated land contrary to Section 6.35(4) of the Act. The rates were quashed by the State Administrative Tribunal on 29 June 2012.

Subsequent to the quashing of the rates Council re-adopted the 2011/12 budget to correct the original non-compliance and rate assessments (and ratepayer accounts) were adjusted accordingly.

The above rate information reflects the adjusted position after the re-adoption of the 2011/12 budget.

**SHIRE OF CHAPMAN VALLEY**  
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**22. RATING INFORMATION - 2011/12 FINANCIAL YEAR**

(b) Information on Surplus/(Deficit)	2012 (30 June 2012 Carried Forward) \$	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
<b>Surplus/(Deficit)</b>	<u>375,166</u>	<u>814,242</u>	<u>858,511</u>
<b>Comprises:</b>			
Cash - Unrestricted	422,742	237,455	237,455
Cash - Restricted	1,247,885	1,010,253	1,010,253
Rates - Current	62,643	55,947	55,947
Sundry Debtors	163,626	611,999	611,999
Withholding Tax Receivable	107	107	107
GST Receivables	35,369	0	0
Inventories			
- Fuel and Materials	4,434	2,906	2,906
	<u>1,936,806</u>	<u>1,918,667</u>	<u>1,918,667</u>
<b>Less:</b>			
Reserves - Restricted Cash			
- Leave Reserve	(57,733)	(55,275)	(55,275)
- Water Reserve	(12,796)	(12,251)	(12,251)
- Computer & Office Reserve	(16,370)	(15,673)	(15,673)
- Plant Reserve	0	0	0
- Legal Reserve	(26,288)	(25,169)	(25,169)
- Unspent Grants Reserve	(180)	0	0
- Land Development Reserve	(146,942)	(140,686)	(140,686)
- Roadworks Reserve	(157,810)	(151,091)	(151,091)
- Landcare Reserve	(34,269)	(32,810)	(32,810)
- Building Reserve	(631,939)	(538,014)	(538,014)
- Light Vehicle Reserve	(163,558)	(12)	(12)
	<u>(1,247,885)</u>	<u>(970,981)</u>	<u>(970,981)</u>
Sundry Creditors	(180,155)	(42,250)	(42,250)
Accrued Interest on Debentures	(9,000)	(7,079) *	0
Accrued Expenditure	(38,490)	0	0
GST Payables	0	(29,520)	(29,520)
Other ATO Liabilities	(23,775)	(17,405)	(17,405)
Accrued Salaries and Wages	(62,335)	(37,190) *	0
Current Employee Benefit Provisions	(168,966)	(173,932) *	0
Add back: Component of Employee Liability not required to be funded	168,966	173,932 *	0
	<u>(313,755)</u>	<u>(133,444)</u>	<u>(89,175)</u>
<b>Surplus/(Deficit)</b>	<u>375,166</u>	<u>814,242</u>	<u>858,511</u>

There was a difference of \$44,269 between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report. This difference is due to a change in methodology for the calculation of the surplus/deficit position. An \* has been placed adjacent to the items that have changed due to the change in methodology.

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

**23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR**

No specified area rates were imposed for 2011/12.

**24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR**

No services charges were imposed for the 2011/12 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount		0	0
Minimum Rate	Discount		0	0
			0	0
Photocopy Charge	Waiver		0	0
Rate Assessment	Write-Off		2,672	600

Council did not offer any discounts to ratepayers.

Council granted a waiver on rates to the Yuna CWA.

Also, any pensioner who opted to make payment of current rates by instalments was eligible for a waiver of the usual \$7 administration charge.

A waiver was made available to certain community groups who used the photocopier for community projects, to persons or groups who used the main hall in association with a community event and to community groups for private works plant hire. All of these concessions are at the absolute discretion of Council who considers support of these groups necessary for the overall benefit of the community.

A waiver was made available to certain community groups who hire Council plant for community projects. Any waiver was made at the complete discretion of Council and was to be applied for in writing to the Chief Executive Officer. Council considers support of these groups necessary for the overall benefit of the community.

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.

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

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		6,302	7,284
Interest on Instalments Plan	5.50%		4,286	4,400
<b>Total</b>			<b>10,588</b>	<b>11,684</b>
Charges on Instalment Plan		7	3,251	2,389
			<b>13,839</b>	<b>14,073</b>

The Shire operated an instalment option plan where the payment of rates could be made under one of the following options:

- (i) by a single payment due 35 days from the date of issue of the rate notice and payable on 11th October 2011.
- (ii) by two equal or nearly equal payments payable on the following dates:
  - First Instalment 11th October 2011
  - Second Instalment 12th December 2011
- (iii) by four equal or nearly equal payments payable on the following dates:
  - First Instalment 11th October 2011
  - Second Instalment 12th December 2011
  - Third Instalment 13th February 2012
  - Fourth Instalment 11th April 2012

<b>27. FEES &amp; CHARGES</b>	<b>2012 \$</b>	<b>2011 \$</b>
Governance	900	0
General Purpose Funding	10,410	9,645
Law, Order, Public Safety	9,804	9,575
Health	7,386	5,272
Education and Welfare	6,862	6,812
Housing	26,478	35,949
Community Amenities	231,392	154,655
Recreation and Culture	78,886	69,972
Transport	8,825	10,857
Economic Services	42,656	27,094
Other Property and Services	58,218	205,227
	<u>481,817</u>	<u>535,058</u>

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

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

**28. GRANT REVENUE**

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	3,011,505	2,010,295
Non-Operating Grants, Subsidies and Contributions	817,797	491,241
	<u>3,829,302</u>	<u>2,501,536</u>
<b>By Program:</b>		
Governance	37,229	61,828
General Purpose Funding	1,165,893	1,039,112
Law, Order, Public Safety	30,144	25,428
Health	0	0
Housing	2,717	0
Community Amenities	848,545	551,321
Recreation and Culture	1,660	162,635
Transport	1,727,581	626,768
Economic Services	400	0
Other Property and Services	15,133	34,444
	<u>3,829,302</u>	<u>2,501,536</u>

**29. ELECTED MEMBERS REMUNERATION**

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

	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	20,440	19,000	16,870
President's Allowance	9,500	9,500	9,000
Deputy President's Allowance	2,375	2,375	2,250
Travelling Expenses	13,000	5,000	5,562
Telecommunications Allowance	1,000	9,000	9,000
	<u>46,315</u>	<u>44,875</u>	<u>42,682</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	<b>2012</b>	<b>2011</b>
	<u>23</u>	<u>23</u>



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

**31. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2011/2012 financial year.

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

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

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

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	1,670,627	1,247,708	1,670,627	1,247,708
Receivables	264,106	670,722	264,106	670,722
	<u>1,934,733</u>	<u>1,918,430</u>	<u>1,934,733</u>	<u>1,918,430</u>
<b>Financial Liabilities</b>				
Payables	313,755	133,444	313,755	133,444
Borrowings	550,295	689,173	534,386	689,173
	<u>864,050</u>	<u>822,617</u>	<u>848,141</u>	<u>822,617</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 CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(a) Cash and Cash Equivalents**

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

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

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

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

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

<b>2012</b>	<b>2011</b>
<b>\$</b>	<b>\$</b>

**Notes:**

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

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

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

- Equity	16,706	12,477
- Statement of Comprehensive Income	16,706	12,477

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

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2012</b>	<b>2011</b>
<b>Percentage of Rates and Annual Charges</b>		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
<b>Percentage of Other Receivables</b>		
- Current	100.00%	100.00%
- Overdue	0.00%	0.00%

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

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

**(c) Payables  
 Borrowings**

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

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

	<u>2012</u>					
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$	
Payables	313,755	0	0	313,755	313,755	
Borrowings	196,456	358,073	35,311	589,840	550,295	
	<u>510,211</u>	<u>358,073</u>	<u>35,311</u>	<u>903,595</u>	<u>864,050</u>	
	<u>2011</u>					
Payables	133,444	0	0	133,444	133,444	
Borrowings	196,451	544,367	45,473	786,291	689,173	
	<u>329,895</u>	<u>544,367</u>	<u>45,473</u>	<u>919,735</u>	<u>822,617</u>	

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

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

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

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

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

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Year Ended 30 June 2012</b>								
<b>Payables</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debtentures	14,572	106,789	278,112	82,118	0	68,704	550,295	5.53%
Weighted Average Effective Interest Rate	5.58%	5.45%	5.45%	5.46%	5.99%	5.99%		
<b>Year Ended 30 June 2011</b>								
<b>Payables</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debtentures	0	28,362	0	487,302	100,000	73,509	689,173	5.53%
Weighted Average Effective Interest Rate	0.00%	5.58%	0.00%	5.47%	5.46%	5.99%		

# INDEPENDENT AUDIT REPORT



## INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF CHAPMAN VALLEY

### *Report on the Financial Report*

We have audited the accompanying financial report of the Shire of Chapman Valley, which comprises the statement of financial position as at 30 June 2012, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

### *Management's Responsibility for the Financial Report*

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 about 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 judgement, 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 Shire's preparation of the financial report that gives a true and fair view 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 Shire'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 the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Auditor's Opinion*

In our opinion, the financial report of the Shire of Chapman Valley is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a. giving a true and fair view of the Shire's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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T +61 (0)8 9444 3400  
F +61 (0)8 9444 3430

16 Lakeside Corporate - 24 Parliament Road, Osborne Park, Perth WA 6017  
PO Box 1707, Osborne Park, WA 6016

E [perth@uhyhns.com.au](mailto:perth@uhyhns.com.au)  
W [www.uhyhns.com](http://www.uhyhns.com)

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INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF CHAPMAN VALLEY (Continued)

**Report on Other Legal and Regulatory Requirements**

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended).

**Differential Rates**

A UV differential general rate of more than twice the lowest differential general rate was imposed without the approval of the Minister as required under Section 6.33(3) of the Local Government Act 1995 (as amended).

**Minimum Rates**

The Shire imposed a minimum payment on more than 50 per cent of GRV rated land contrary to Section 6.35(4) of the Local Government Act 1995 (as amended).

**Local Public Notice on Differential Rates**

No local public notice was given prior to adopting differential rates as required by Section 6.36(3)(a), Section 6.36(3)(a)(ii) and Section 6.36(3)(c) of the Local Government Act 1995 (as amended).

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

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

  
UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 6 December 2012  
Perth, WA