

Shire of Chapman Valley



ANNUAL REPORT For The Year Ended 30th June 2010

CONTENTS

Elected Members	2
Executive Staff	3
Minutes of Previous Elector's Meeting	4
President's Annual Report to Electors	11
Chief Executive Officer's Report	15
Independent Audit Report	19
Audited Financial Report	21



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 Peter Cole
PO Box 514
Geraldton WA 6531
☎ (08) 9920 5425
Term Expiry 2011



Cr Pauline Forrester
PMB 24
Yuna WA 6532
☎ (08) 9920 1063
Term Expiry 2011



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 2011

SOUTH WEST WARD



Cr Anne Bell
PO Box 3177
Bluff Point WA 6530
☎ (08) 9938 2524
Term Expiry 2011



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

COUNCIL EXECUTIVE STAFF



Dirk Sellenger
Chief Executive Officer



Robbie Foulkes-Taylor
Manager of Works & Services



Simon Lancaster
Manager for Planning



Michelle Lingius
Administration Manager



Kristy Williams
Accountant

MINUTES OF PREVIOUS ELECTORS MEETING

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

**HELD IN THE COUNCIL CHAMBERS, NABAWA ON WEDNESDAY 17th March 2010
COMMENCING AT 6.01pm**

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 identity 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.

Dirk Sellenger
CHIEF EXECUTIVE OFFICER

1.0 DECLARATION OF OPENING

The Presiding Member, Cr J Collingwood - (President) declared the meeting open at 6.01pm.

2.0 ATTENDANCE

2.1 Present

Elected Members:

Cr J Collingwood	(President)	North East Ward	
Cr P Batten	(Deputy President)	North East Ward	
Cr P Cole		North East Ward	
Cr B Davidson		North East Ward	
Cr T Royce		North East Ward	
Cr P Forrester		North East Ward	(Until 7.12pm)
Cr A Bell		South West Ward	
Cr D Bell		South West Ward	

Staff:

Mr D Sellenger	Chief Executive Officer
Mr S Lancaster	Manager for Planning

Ratepayers / Resident:

Mrs Gail Patterson
Mr Banjo Patterson
Mrs Sue Collingwood
Mr Joseph Reeves
Mrs Elizabeth Darlington
Mr and Mrs Tom Davies
Mr Milton Mincherton
Mr Craig Mincherton
Mr Ian Maluish
Mr Angus Mackay
Mr Brett Warr
Mr Tony Warr
Mr Maurice Webb
Mr Barry Stokes
Mr Andrew Vlahov
Mr Trevor Cooper

3.0 APOLOGIES

Nil

4.0 CONFIRMATION OF MINUTES FROM PREVIOUS ANNUAL ELECTORS MEETING HELD ON MONDAY 11TH FEBRUARY 2009

Moved Cr P Cole Seconded Cr A Bell

The Minutes of the Annual General Meeting of Electors held on Monday 11th February 2009 at 5.40pm be confirmed as a true and accurate record.

CARRIED

Voting 8/0

Minute Reference

5.0 ANNUAL REPORT

5.1 President's Report

The President presented his report in written form, giving special thanks to the deputy President Cr P Batten and called for any questions pertaining thereto, of which none were received.

5.2 Chief Executive Officer's Report

The Chief Executive Officer report was presented in written form. The President called for any questions pertaining to the report, of which none were received.

5.3 Manager of Planning & Development's Report

The Manager of Planning and Development's report was presented in written form. The President called for any questions pertaining to the report, of which none were received.

5.4 Financial Reports

The audited financial reports and Auditors report were tabled in the following format:

5.4.1 Auditors Report

No questions or comments were received for this section of the report.

5.4.2 Financial Statements

No questions or comments were received for this section of the report.

Moved Cr B Davidson seconded Cr P Cole
The President, Chief Executive Officer, Manager of Planning & Development and Financial Report (Auditors Report and Financial Statements) be received.

CARRIED

6.0 GENERAL BUSINESS

Moved Cr Batten seconded Cr Royce
Wished to have a vote of thanks for the Shire President, Cr John Collingwood, CEO, Mr Dirk Sellenger and Manager of Planning, Mr Simon Lancaster for their efforts during the past 12 months.

CARRIED

- Mr Minnie Mincherton, congratulated Council from withdrawing from the Amalgamation with the City of Geraldton-Greenough and Mullewa. Mr Mincherton stated that he believed the entire process was handled badly by Council in a very undiplomatic fashion. Mr Mincherton stated that when the matter was to be reconsidered in the future that preference should be made with a neighbouring Rural Council instead of the City of Geraldton-Greenough.

Cr Batten explained that Northampton merger was not seriously considered after an initial meeting for a number of reasons, including the obvious desire for Northampton to close the Nabawa office which has since been denied by Northampton representatives at the meeting.

- Mr Angus McKay stated that he believed it would be advantageous for the rural area of the former Greenough Council to be transferred to Chapman Valley and that this move would allow the Chapman Valley Shire to prosper.
- Angus McKay stated the desire for a public meeting to allow staff to let people in the Council and community what is going on. Believes that staff Morale is at an all time low and that no less than seven Council employees are fearful of losing their jobs.

- Mr McKay stated that he was considering a petition to allow the staff to speak out about the current Management, in particular the actions of the CEO.
- Barry Stokes raised the question about multi skilling of the outside workforce.

The CEO explained that he was very much against multi skilling when possible as this immediately took away any sense of ownership a staff member has with an item of plant and from past experience this practice resulted in significantly higher service and repair costs.

Cr Batten confirmed that this practice was in place at Chapman Valley several years ago and believed the CEO's comments regarding increased service and repairs costs were accurate in the case of Chapman Valley.

- Mrs Gail Patterson explained that drainage at Green Drive in Nabawa was a concern and needed to be looked into.

The CEO explained that a water management plan for Indialla Drive and Green Drive was recently prepared and will be considered with the preparation of the 2010/2011 years Budget.

- Mr Craig Mincherton asked about Councils gravel policy and how he believes current staff, the Manager of Works and Services and the CEO were working against farmers with regards to this matter. The CEO explained that once gravel was arranged with the farmer and Council paid to have this pushed this was then considered the property of the Council. Mr Mincherton strongly opposed to this suggestion. The CEO explained that Council had far better things to do with its limited resources then to pay to push gravel only to have a farmer use this gravel for their own benefit. The CEO also explained that in accordance with Schedule 3.2 (3) of the Local Government Act 1995 a Local Authority may.....

*"Take from land any native growing or dead timber, earth, stone, sand, or gravel that, in its opinion, the local government requires for making or repairing.....
Mr Mincherton stated that it would not be in the best interest of the CEO to try to obtain gravel by using this method."*

The CEO agreed with Mr Mincherton and explained that he would much prefer to not have to use this method and was seeking to have a good working relationship with farmers and gravel suppliers but that Gravel owned by Council cannot be simply used without any consultation with Council once Council has paid to have this gravel pushed.

- Mr Angus McKay stated that he understood that at least two senior members of the works staff (Leading Hands?) may be looking elsewhere for employment as they were unhappy with the current working environment and that this should be of great concern for the Council.

Trevor Cooper asked if Council was not concerned about hearing such things.

Cr Collingwood stated that he was concerned however believed the majority of the complaints to be coming from a very vocal minority and that the majority of staff were infact reasonably happy however these claims would be looked into in the near future.

Cr Batten explained that a Works Committee used to exist and meet regularly several years ago but despite numerous attempts to make the process work negotiations stalled when several members of staff (some departed) simply would not adhere to simple work procedures.

Mr Angus McKay tabled a number of pre prepared questions as follows:

There is considerable concern and lack of confidence in this Shire, both from the electors and employees, in the proper or otherwise workings of this Council.

It has become evident that electors, residents and in particular the employees are not happy with the every day workings of Council, with this in mind we put forward the following questions and ask that these questions be addressed and answered to the satisfaction of all concerned.

Q1. The employment (by the council) of family and friends, most times with little or no qualifications to fill positions in the council work force. This act in itself, apart from being contradictory to Section 5.40 (b) of the LGA is of great concern for morale of residents, rate payers and most all, employees.

Q2. Is it part of the local government act? Where by employees of a shire council, are forbidden to talk to the councillors, about situations that they are not happy with in their place of employment. Given that if they are aloud to talk, why have they been told to remain quiet?

Q3. It appears the CEO has the powers to dismiss an employee without having to give an explanation. While this may be fact we ask the question, is this good policy on his behalf, especially considering one recently sacked employee, considered by most if not all that knew and worked with him to be a good honest worker and well respected member of this community.

Q4. The ethics of having an unmanned workshop; calling in out side contractors or workers to tend to simple everyday maintenance and mechanical work. We request that council consider remanning the workshop with the same employee that has been removed from this position. It is generally considered by the outside crew and any one in the know that this position and person has saved the shire a considerable amount of time and money over the preceding years.

Q5. Who has taken the blame for the double up of costs on the Howatharra Rd, (dec 09) who made this mistake and at what cost to the rate payers of this shire.

Q6. How was a prime mover purchased when it was suppose to be a six wheel truck.

Q7. The painting of the shire office building; was there not a motion moved and carried for it to be rendered or a lease some part of it to be rendered. Request that full details be looked into and made public. Who picked the colours and how much was payed for this privilege that could have been done by our local artists.

Q8. The paying of consultants; there must be some instants at least where common sense or local people with Local Knowledge and Experience can give you the correct answers and with little or no cost to the rate payers of this shire.

These are only some of the questions that need to be addressed and answered, should the council hold a meeting with all staff they will surely be asked many more. It is quite evident that the communication lines between them have all but collapsed. The morale of the employees, possibly, is at an all time low.

A concerned Rate Payer and Senior Resident.

Much discussion took place regarding each of the questions and Cr Collingwood explained that each of the questions and issues must be considered at the next Ordinary Council Meeting in accordance with the Local Government Act 1995 and that these outcomes would be recorded in the April minutes as well as a letter advising Mr McKay of the outcomes.

- Barry Stokes stated that he believed that men were being spoken down to and that it was very concerning to him as a Ratepayer of this Shire that this sort of thing was going on.

Cr Batten stated that since the employment of the Manager of Works and Services, Mr Robbie Foulkes-Taylor that the roads have never received so much attention and that it was a credit to the Council staff. Cr Batten disputed a lot of the talk amongst the community and suggested that several people concentrate on running their own Businesses instead of worry about the operations of the Chapman Valley Shire. Cr Batten advised those present at the meeting that for them to tell Council that we should or should not employ a Mechanic was of no concern to them and stated that Council do not advise farmers which mechanic they should employ so the same thing should apply to Council.

- Mr Barry Stokes expressed concern about the lack of money spent on the south west area of the Shire, including Durawah Road etc.

The CEO explained that Council had adopted a very extensive Road Asset Management Program (RAMP) and that the Manager of Works and Services would discuss this matter with Mr Stokes after the meeting to go through the adopted plan and discuss any concerns.

- Mr Angus McKay stated that he believed State and Local Governments are out of touch.
- Tony Warr suggested that Crabbe Road should be closed. The CEO stated that he had not heard any previous mention of this and that it would be necessary to research the matter before commenting any further.
- Mr Barry Stokes stated that he had concerns about new subdivisions and the lack of resources and ability to fight fire.

Cr Collingwood stated that the requirement for the Developer to provide water for the purpose of fire fighting had been enforced in Chapman Valley in the past and that the largest subdivision within the Shire, Parkfalls had in excess of forty fire hydrants throughout the estate which is considered adequate to meet current and future demands.

7.0 CLOSURE

The Presiding Member thanked members, Ratepayers, Visitors and Staff for attending and declared the meeting closed at 8.50pm inviting those Present to join Council for light refreshments.



Reports

PRESIDENTS ANNUAL REPORT TO ELECTORS



Cr John Collingwood

INTRODUCTION

This report mainly covers the 2009/2010 financial year which has again been a very busy time for the Councillors and staff.

The continued interest in Oakajee for the development of a deep water port and associated rail infrastructure has resulted in the Shire maintaining a strong focus and playing an important role in the planning for this most important and significant project. I believe that we have developed a sound relationship with Oakajee Port and Rail.

Council has also continued to develop the Shire in many other areas and has strived for improvements in its operations, a few of which I will touch on in this report.

OAKAJEE INDUSTRIAL ESTATE & DEEP WATER PORT DEVELOPMENTS

Firstly, the development of the proposed Oakajee industrial site and deep water port always remain high on Council's agenda. Council has continued to meet regularly with Oakajee Port and Rail following their appointment by the state government, and is confident the local Chapman Valley community will receive considerable benefit from the port and rail projects proceeding.

LONG TERM PLANNING ISSUES

Council's Town Planning staff has 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 region's 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 developed playground facilities at Nanson as well as providing a bus shelter. A mural has recently been painted on this bus shelter

Maintenance of the grassed sporting facilities at Nabawa continues to be of a high standard.

PLANT & EQUIPMENT

In accordance with the ten year plant replacement programme the Council has continued to update items of plant and equipment in the 2009/2010 financial year to achieve greater efficiencies and minimise maintenance costs. This has seen the acquisition of the following plant items:-

Komatsu WB97R – 2 Backhoe
Side Tipper Trailer
Freightliner Columbia 6x4 Prime Mover
Caterpillar 140 Grader (2007 model)
SM Multipac VP2400 Roller

CONSTRUCTION OF MAJOR ROADS

During the year the Council completed re-constructing the Nanson-Howatharra Road (Stage 3) from North West Coastal Highway. It is hoped the completion of the Nanson-Howatharra road will assist in directing more tourist traffic through the Shire that in turn will benefit local business.

Road works were also carried out on various roads including the following roads:-

East Nabawa Road
Wandin Road
Naralling East Road
Dartmoor Road

In the 2009/10 year Council spent a total of \$1,430,615 on road construction and \$915,156 on road maintenance.

Transfer Stations

Work has been completed in the development of refuse transfer station located near Nabawa and work has commenced on a similar facility at Yuna.

COMMUNITY SERVICES

In May 2010 Mrs Chelsea Stanich was appointed to the part time position of Community Development Officer. Besides assisting with a number of major projects, Chelsea has been preparing and distributing a 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 Chelsea on community@chapmanvalley.wa.gov.au

Recently Chelsea also assisted Council send out a survey on telecommunications in this Shire. The response to that survey was good and the information received was used to strengthen our case for better mobile telephone services in this Shire.

BANNERS IN THE TERRACE

The Chapman Valley Shire again provided a banner for the 2010 banner competition which is displayed in Adelaide Terrace, Perth during Local Government Week. This year our banner was prepared by Ms Marina Baker.

Local Biodiversity Strategy - Award

During Local Government Week (August 2010) the Shire of Chapman Valley was presented with a Milestone Award for scoping and identification of resources to prepare a Local Biodiversity Strategy.

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

The make up of the Council through the year comprised of:

North East Ward

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

South West Ward

Cr Anne Bell
Cr David Bell

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 pleasing to note that during 2009/10 staff turnover was very low and at present we have a very competent and stable staff.

LOCAL GOVERNMENT REFORM

In February 2009 the Minister for Local Government, Minister Castrilli announced the need for Structural Reform in Western Australia, allowing a timeframe of six months to investigate reform options and meet with neighbouring Local Governments.

During this timeframe the Shire of Chapman Valley representatives met with each of the neighbouring Local Governments and at that time investigated the option of joining with the City of Geraldton Greenough and the Shire of Mullewa.

For a number of reasons, including feedback from our ratepayers and electors, Council decided to withdraw from this merger proposal and to defer consideration of amalgamation until 2013.

The wheels of government had been put in motion, and in 2010 the Local Government Advisory Board was asked to consider the proposal for the amalgamation of the Shire of Chapman Valley with the City of Geraldton Greenough and the Shire of Mullewa, and or consider a proposal for the Western portion of the Chapman Valley Shire to be excised from Chapman Valley Shire and included in the boundaries of the City of Geraldton Greenough.

In early July 2010 members of the Local Government Advisory Board held public meetings to discuss this issue in Geraldton, Mullewa and Nabawa. The Board also met with the three Councils involved.

A considerable amount of financial information and a detailed submission was prepared by Council and staff for consideration by the Board.

Council thanks the 250 people that attended the Nabawa meeting and made their opposition to this proposal known. We also thank the many residents/ratepayers who prepared and forwarded their own submissions to the LGAB.

The Local Government Advisory Board will make a recommendation to the Minister for Local Government, who may accept the proposal, reject the proposal or make some other order. If the Minister accepts a recommendation that this Shire be amalgamated with the City of Geraldton Greenough, electors of the Chapman Valley Shire can petition to have a poll, and subject to at least 50% of electors recording their vote at that poll the outcome of that poll is binding on the Minister.

Electors have no right to request a poll of electors if the Minister accepts a recommendation to order portion of this Shire to be transferred to the City of Geraldton Greenough.

We must now wait on the Minister to make an announcement on this very important issue.

It is essential that Council ensure the best possible outcomes for the residents and ratepayers of the Shire of Chapman Valley as any reform decision will be in place for a very very long time and failure is not an option.

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 2009/2010 year and make specific mention of Council's executive staff.

Mr Dirk Sellenger (Chief Executive Officer)
Mr Simon Lancaster (Manager Planning)
Mr Robbie Foulkes-Taylor (Manager Works & Services)
Mrs Michelle Lingius (Administration Manager)
Mrs Kristy Williams (Accountant)

for the professional service they have provided Council during the past 12 months.

Council's administrative staff continue to provide an excellent service in all areas of administration and customer service and are an extremely valued part of the organisation.

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 REPORT 2009/2010



Dirk Sellenger
Chief Executive Officer

INTRODUCTION

It is a pleasure to present various information to the Ratepayers and Electors of the Shire of Chapman Valley and to briefly reflect on some activities from the 2009/2010 financial year.

I continue to appreciate the dedication and loyalty of staff particularly as the Shire moves forward to meet the many challenges ahead, including development at Oakajee Port and Industrial Estate, continued growth in the south-west (Park Falls Region), and the lasting effects of drought across the rural sector. Awaiting the outcome of the Local Government Advisory Board recommendation to the Minister for Local Government is also a challenge for staff.

Many thanks to the Shire President and Councillors for their cooperation, assistance and on going support throughout the last twelve months.

I thank Robbie, Ken and the team for the excellent work on the roads, Simon and Kat for their great work in providing our town planning services, Michelle and her staff for the administration, Kristy for an excellent Audit Report, and Jim and Nicole for their work on various land care and environmental issues. All staff aim to provide a quality service to our community and striving to make the Shire of Chapman Valley a better place to live.

ROAD WORKS

Road work remains Council's most significant area of expenditure and allocation of resources. The change made in 2008/09 to the structure of the works crew from one large "Construction" crew used previously to a dedicated and separate "Construction" and "Maintenance" Crews has proved to be highly successful.

DIFFERENTIAL RATES/OAKAJEE INDUSTRIAL INVESTIGATION AREA

The Shire of Chapman Valley has continued to maintain a differential rate for the Oakajee Industrial Estate in 2009/2010. The Oakajee Industrial and Investigation Area was differentially rated to recognise the added administrative burden placed upon the Shire as a result of planning, social and environment requirements of possible future developments in this area.

However, as Oakajee moves forward in consideration of a deep water port being constructed it is likely negotiation with Landcorp over further rating adjustment for Oakajee will take place.

PUBLIC INTEREST DISCLOSURE ACT 2003

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

TOWN PLANNING SCHEME NO. 2 & BULLER ENVIRONMENTAL REVIEW

The Minister for Planning has granted consent to advertise Shire of Chapman Valley Local Planning Scheme No.2 and this will commence shortly. The Minister for Environment has required that the proposed change in zoning from 'General Farming' to 'Development' in the western section of the Buller locality be subject to Environmental Review. thus delaying the finalisation of the draft Scheme.

This will be advertised concurrently with the Scheme No 2.

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 who's payment exceeded \$100,000 in the 2009/2010 financial year. This being the Chief Executive Officer, Mr Dirk Sellenger.

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 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.

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	2	0
Outcome 2	7	3	4	0
Outcome 3	3	1	2	0
Outcome 4	3	0	0	0
Outcome 5	1	1	0	0
Outcome 6	4	1	3	0

- 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	0
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	0
Provided correspondence to the agent or contractor about your DAIP	0

STATE RECORDS ACT 2001 - STANDARD 2/PRINCIPAL 6

In accordance with the requirements of Standard 2, Principal 6 of the State Records Act, 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 was acquired and installed at the end of the 2007/2008 financial year. I am pleased to report that administration staff are trained on the efficient use of this system.

FINANCES /AUDIT REPORT

The Shire of Chapman Valley received another good Audit Report for the 2009/10 financial year. I thank Mrs Kristy Williams and all the finance and administration team for their positive contributions in this regard.

The financial position of this Shire continues to be sound, with a low loan debt level and an aim to increase reserve funds.

CONCLUSION

As previously mentioned in my report, the Shire of Chapman Valley is a growth Shire (one of very few in this State) and is currently going through "growing pains" in regards to service demand and the ability for Council's existing resources to provide these services.

Exciting times, and I look forward to the next 12 months at Chapman Valley.

Dirk Sellenger
CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDIT REPORT



INDEPENDENT AUDIT 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 2010 and the Statement of Comprehensive Income by nature or type, Statement of Comprehensive Income by program, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

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 2010 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

53

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**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF CHAPMAN VALLEY (continued)**

Other Matters

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) No 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



DAVID TOMASI
PARTNER

Date: 26 October 2010
Perth, WA

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AUDITED FINANCIAL REPORTS

SHIRE OF CHAPMAN VALLEY FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2010

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 52
Independent Audit Report	53 & 54

SHIRE OF CHAPMAN VALLEY

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 26th day of October 2010.



Murray Brown
Acting Chief Executive Officer

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

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	22	1,631,192	1,590,092	1,471,865
Operating Grants, Subsidies and Contributions	28	1,555,524	1,595,147	1,969,500
Fees and Charges	27	1,527,279	258,670	832,781
Interest Earnings	2(a)	63,608	58,448	63,307
Other Revenue		325	900	1,801
		<u>4,777,928</u>	<u>3,503,257</u>	<u>4,339,254</u>
EXPENSES				
Employee Costs		(1,160,485)	(1,401,461)	(1,348,386)
Materials and Contracts		(2,273,979)	(1,223,957)	(2,181,990)
Utility Charges		(62,670)	(54,830)	(54,640)
Depreciation on Non-Current Assets	2(a)	(696,559)	(1,009,500)	(991,312)
Interest Expenses	2(a)	(25,762)	(18,399)	(10,680)
Insurance Expenses		(130,717)	(116,713)	(111,247)
Other Expenditure		(47,071)	(46,640)	(34,864)
		<u>(4,397,243)</u>	<u>(3,871,500)</u>	<u>(4,733,119)</u>
		380,685	(368,243)	(393,865)
Non-Operating Grants, Subsidies and Contributions	28	690,226	532,110	823,787
Profit on Asset Disposals	20	110,844	115,059	140,668
Loss on Asset Disposal	20	(20,177)	(54,968)	(20,413)
NET RESULT		1,161,578	223,958	550,177
TOTAL COMPREHENSIVE INCOME		<u>1,161,578</u>	<u>223,958</u>	<u>550,177</u>

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 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		6,855	43,750	2,069
General Purpose Funding		2,667,872	2,792,861	2,702,330
Law, Order, Public Safety		35,049	31,430	22,172
Health		6,797	7,000	6,705
Education and Welfare		6,613	6,855	9,874
Housing		134,805	118,795	102,840
Community Amenities		451,718	274,628	746,484
Recreation and Culture		118,482	110,139	77,793
Transport		822,922	640,190	983,756
Economic Services		35,451	21,610	22,331
Other Property and Services		1,272,257	80,500	627,355
	2 (a)	5,558,821	4,127,758	5,303,709
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(303,567)	(321,389)	(259,325)
General Purpose Funding		(139,642)	(144,255)	(144,637)
Law, Order, Public Safety		(130,182)	(96,316)	(125,296)
Health		(12,443)	(14,659)	(14,167)
Education and Welfare		(889)	(1,596)	(16,234)
Housing		(14,822)	(2,250)	(14,560)
Community Amenities		(901,895)	(937,965)	(958,497)
Recreation & Culture		(313,710)	(324,547)	(371,140)
Transport		(1,463,546)	(1,746,487)	(2,149,826)
Economic Services		(141,200)	(175,527)	(99,360)
Other Property and Services		(949,585)	(120,410)	(589,810)
	2 (a)	(4,371,481)	(3,885,401)	(4,742,852)
FINANCE COSTS				
Governance		(2,702)	(2,744)	(3,316)
Community Amenities		(488)	0	(156)
Recreation & Culture		(4,967)	(4,967)	(5,269)
Transport		(17,607)	(10,688)	(1,939)
	2 (a)	(25,762)	(18,399)	(10,680)
NET RESULT		1,161,578	223,958	550,177
Other Comprehensive Income				
TOTAL COMPREHENSIVE INCOME		1,161,578	223,958	550,177

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

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,408,582	1,471,284
Trade and Other Receivables	4	239,807	85,641
Inventories	5	2,541	7,214
TOTAL CURRENT ASSETS		1,650,930	1,564,139
NON-CURRENT ASSETS			
Other Receivables	4	6,913	6,535
Inventories	5	49,480	49,480
Property, Plant and Equipment	6	5,035,612	4,515,019
Infrastructure	7	70,451,893	69,319,586
TOTAL NON-CURRENT ASSETS		75,543,898	73,890,620
TOTAL ASSETS		77,194,828	75,454,759
CURRENT LIABILITIES			
Trade and Other Payables	8	292,334	150,076
Long Term Borrowings	9	135,184	53,274
Provisions	10	209,348	124,538
TOTAL CURRENT LIABILITIES		636,866	327,888
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	589,172	284,356
Provisions	10	35,333	70,636
TOTAL NON-CURRENT LIABILITIES		624,505	354,992
TOTAL LIABILITIES		1,261,371	682,880
NET ASSETS		75,933,457	74,771,879
EQUITY			
Retained Surplus		18,086,188	17,021,552
Reserves - Cash Backed	11	991,123	894,181
Reserves - Asset Revaluation	12	56,856,146	56,856,146
TOTAL EQUITY		75,933,457	74,771,879

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 2010

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008	17,058,674	306,882	56,856,146	74,221,702
Changes in Accounting Policy	0	0	0	0
Correction of Errors	0	0	0	0
Restated Balance	17,058,674	306,882	56,856,146	74,221,702
Net Result	550,177	0	0	550,177
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(587,299)	587,299	0	0
Balance as at 30 June 2009	17,021,552	894,181	56,856,146	74,771,879
Net Result	1,161,578	0	0	1,161,578
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(96,942)	96,942	0	0
Balance as at 30 June 2010	18,086,188	991,123	56,856,146	75,933,457

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 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,633,970	1,590,092	1,458,825
Operating Grants, Subsidies and Contributions		1,403,992	1,595,147	2,174,258
Fees and Charges		1,527,278	268,699	854,913
Interest Earnings		63,608	58,448	63,307
Goods and Services Tax		250,000	180,000	235,857
Other Revenue		326	900	1,801
		<u>4,879,174</u>	<u>3,693,286</u>	<u>4,788,961</u>
Payments				
Employee Costs		(1,105,276)	(1,401,461)	(1,318,646)
Materials and Contracts		(2,140,233)	(879,717)	(2,180,815)
Utility Charges		(62,669)	(54,830)	(54,640)
Insurance Expenses		(130,717)	(116,713)	(111,247)
Interest expenses		(18,399)	(18,399)	(11,031)
Goods and Services Tax		(255,670)	(180,000)	(255,094)
Other Expenditure		(47,071)	(46,640)	(34,864)
		<u>(3,760,035)</u>	<u>(2,697,760)</u>	<u>(3,966,337)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,119,139</u>	<u>995,526</u>	<u>822,624</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(977,420)	(1,102,471)	(876,659)
Payments for Construction of Infrastructure		(1,532,054)	(1,577,336)	(719,799)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		690,226	532,110	823,787
Proceeds from Sale of Plant & Equipment		<u>250,682</u>	<u>262,800</u>	<u>588,406</u>
Net Cash Provided By (Used In) Investing Activities		<u>(1,568,566)</u>	<u>(1,884,897)</u>	<u>(184,265)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(53,275)	(53,275)	(73,071)
Proceeds from New Debentures		<u>440,000</u>	<u>440,000</u>	<u>200,000</u>
Net Cash Provided By (Used In) Financing Activities		<u>386,725</u>	<u>386,725</u>	<u>126,929</u>
Net Increase (Decrease) in Cash Held		<u>(62,702)</u>	<u>(502,646)</u>	<u>765,288</u>
Cash at Beginning of Year		1,471,284	1,475,793	705,996
Cash and Cash Equivalents at the End of the Year	13(a)	<u>1,408,582</u>	<u>973,147</u>	<u>1,471,284</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 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		6,855	43,750
General Purpose Funding		1,036,680	1,202,769
Law, Order, Public Safety		35,049	31,430
Health		6,797	7,000
Education and Welfare		6,613	6,855
Housing		134,805	118,795
Community Amenities		451,718	274,628
Recreation and Culture		118,482	110,139
Transport		822,922	651,524
Economic Services		35,451	21,610
Other Property and Services		1,272,257	80,500
		<u>3,927,629</u>	<u>2,549,000</u>
EXPENSES			
Governance		(306,269)	(324,133)
General Purpose Funding		(139,642)	(144,255)
Law, Order, Public Safety		(130,182)	(96,316)
Health		(12,443)	(14,659)
Education and Welfare		(889)	(1,596)
Housing		(14,822)	(2,250)
Community Amenities		(902,381)	(937,965)
Recreation & Culture		(318,677)	(329,514)
Transport		(1,481,153)	(1,768,509)
Economic Services		(141,200)	(175,527)
Other Property and Services		(949,580)	(120,410)
		<u>(4,397,238)</u>	<u>(3,915,134)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(90,667)	(60,091)
Movement in Accrued Interest		7,363	0
Movement in Accrued Salaries and Wages		5,702	0
Movement in Employee Benefit Provisions		49,507	0
Depreciation and Amortisation on Assets		696,559	1,009,500
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	0
Purchase Land and Buildings		(382,500)	(395,714)
Purchase Infrastructure Assets - Roads		(1,532,054)	(1,577,336)
Purchase Plant and Equipment		(594,920)	(706,757)
Purchase Furniture and Equipment		0	0
Proceeds from Disposal of Assets		250,682	262,800
Repayment of Debentures		(53,275)	(53,275)
Proceeds from New Debentures		440,000	440,000
Transfers to Reserves (Restricted Assets)		(821,705)	(155,018)
Transfers from Reserves (Restricted Assets)		724,763	376,052
Estimated Surplus/(Deficit) July 1 B/Fwd		552,552	635,881
Estimated Surplus/(Deficit) June 30 C/Fwd		413,590	0
Amount Required to be Raised from Rates	22	<u>(1,631,192)</u>	<u>(1,590,092)</u>

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 2010**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

Land under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

Buildings	50 to 100 years
Furniture and Equipment	10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

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

AASB 101: Presentation of Financial Statements

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

Disclosure Impact

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

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

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

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

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

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

2. REVENUE AND EXPENSES	2010	2009
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	15,897	13,240
Depreciation		
Buildings	42,539	41,980
Furniture and Equipment	29,934	34,384
Plant and Equipment	224,339	219,377
Roads	398,295	694,119
Parks and Ovals	1,452	1,452
	<u>696,559</u>	<u>991,312</u>
Interest Expenses (Finance Costs)		
Debentures (refer Note 21(a))	25,762	10,680
	<u>25,762</u>	<u>10,680</u>
(ii) Crediting as Revenue:	2010	2010
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	34,309	12,148
- Other Funds	18,679	35,000
Other Interest Revenue (refer note 26)	10,620	11,300
	<u>63,608</u>	<u>58,448</u>
		<u>63,307</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

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.

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 AND 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.

Page 22

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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 AND 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 AND 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 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening		Received (+)		Expended (#)		Closing		Received (+)		Expended (#)		Closing	
		Balance (*)		2008/09		2008/09		30-Jun-09		2009/10		2009/10		30-Jun-10	
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
NACC Investment Plan	Community Arie	0	64,347	0	64,347	0	64,347	0	64,347	0	(64,347)	0	(64,347)	0	0
NACC - NRM Position	Community Arie	3,589	28,900	0	28,900	0	32,489	0	32,489	0	(32,489)	0	(32,489)	0	0
Coastal Management Strategy	Community Arie	4,722	0	0	0	0	4,722	0	4,722	0	(4,722)	0	(4,722)	0	0
Yuna Townscape	Community Arie	7,739	0	0	0	(6,517)	1,222	0	1,222	0	(1,222)	0	(1,222)	0	0
Coronation Beach Envirofund	Community Arie	6,745	0	0	0	(6,745)	0	0	0	0	0	0	0	0	0
Moresby Ranges Envirofund	Community Arie	7,802	0	0	0	(7,802)	0	0	0	0	0	0	0	0	0
Buller River Envirofund	Community Arie	14,500	0	0	0	0	14,500	0	14,500	0	(14,500)	0	(14,500)	0	0
Study Tour Envirofund	Community Arie	8,586	0	0	0	(8,586)	0	0	0	0	0	0	0	0	0
Colles Junior Landcare	Community Arie	455	0	0	0	(455)	0	0	0	0	0	0	0	0	0
Local Answers Skills Audit	Community Arie	34,918	0	0	0	(34,918)	0	0	0	0	0	0	0	0	0
Disability Website Grant	Governance	13,636	0	0	0	(13,636)	0	0	0	0	0	0	0	0	0
Public Art	Community Arie	4,723	0	0	0	(4,723)	0	0	0	0	0	0	0	0	0
Community Water Grant	Community Arie	18,965	0	0	0	(18,000)	965	0	965	0	(965)	0	(965)	0	0
FESA	Law, Order and	8,382	0	0	0	0	8,382	0	8,382	0	(8,382)	0	(8,382)	0	0
Community Culture Plan	Community Arie	0	17,259	0	17,259	0	17,259	0	17,259	0	(6,674)	0	(6,674)	10,585	0
Nanson Toilet Construction	Community Arie	0	25,000	0	25,000	0	25,000	0	25,000	0	(25,000)	0	(25,000)	0	0
Regional Road Group	Transport	0	41,735	0	41,735	0	41,735	0	41,735	0	(41,735)	0	(41,735)	0	0
Roads to Recovery	Transport	0	21,899	0	21,899	0	21,899	0	21,899	0	(21,899)	0	(21,899)	0	0
LGCIF Federal Funding (Rd 1)	Transport	0	52,676	0	52,676	0	52,676	0	52,676	0	(52,676)	0	(52,676)	0	0
Royalties for Regions (08/09)	Transport	0	94,473	0	94,473	0	94,473	0	94,473	268,460	(259,864)	0	(259,864)	103,069	0
Moresby Project	Community Arie	0	4,766	0	4,766	0	4,766	0	4,766	91,400	(92,936)	0	(92,936)	3,230	0
RLCIP Round 2 - Fig Tree	Community Arie	0	0	0	0	0	0	0	0	30,000	0	0	0	30,000	0
NACC Caring for our Country	Community Arie	0	0	0	0	0	0	0	0	90,000	(44,126)	0	(44,126)	45,874	0
Landcorp Caring for our Country	Community Arie	0	0	0	0	0	0	0	0	2,100	(1,100)	0	(1,100)	1,000	0
Blackspot - Mt Erin	Transport	0	0	0	0	0	0	0	0	47,267	0	0	0	47,267	0
Blackspot - Northampton Nabawa	Transport	0	0	0	0	0	0	0	0	29,318	0	0	0	29,318	0
Royalties for Regions (09/10)	Governance	0	0	0	0	0	0	0	0	35,000	0	0	0	35,000	0
Total		134,762	351,055	(101,382)	384,435	593,545	672,637	305,343							

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 2010**

	2010 \$	2009 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	417,459	577,103
Restricted	991,123	894,181
	<u>1,408,582</u>	<u>1,471,284</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	52,175	50,113
Plant Reserve	2,066	1,986
Water Strategy Reserve	11,561	11,115
Computer and Office Equipment Reserve	14,793	14,221
Light Vehicle Reserve	58,516	45,186
Unspent Grants and Loans Reserve	310,784	384,435
Legal Reserve	24,279	14,062
Land Development Reserve	132,866	128,476
Roadworks Reserve	142,766	136,930
Building Reserve	222,796	107,657
Landcare Reserve	18,521	0
	<u>991,123</u>	<u>894,181</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	47,623	50,779
Sundry Debtors	178,806	27,274
Prepaid Expenditure	2,614	2,494
FBT Refundable	4,540	
GST Receivable	6,224	5,094
	<u>239,807</u>	<u>85,641</u>
Non-Current		
Rates Outstanding - Pensioners	6,913	6,535
	<u>6,913</u>	<u>6,535</u>
5. INVENTORIES		
Current		
Fuel and Materials	2,541	7,214
	<u>2,541</u>	<u>7,214</u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	19,433	19,433
Development Costs	30,047	30,047
	<u>49,480</u>	<u>49,480</u>

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

	2010 \$	2009 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	2,363,909	2,039,055
Less Accumulated Depreciation	<u>(368,519)</u>	<u>(326,400)</u>
	1,995,390	1,712,655
 Furniture and Equipment - Cost	 328,012	 327,062
Less Accumulated Depreciation	<u>(252,248)</u>	<u>(222,314)</u>
	75,764	104,748
 Plant and Equipment - Cost	 3,953,644	 3,880,958
Less Accumulated Depreciation	<u>(989,186)</u>	<u>(983,342)</u>
	2,964,458	2,897,616
	<u>5,035,612</u>	<u>4,515,019</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2009	1,712,655	104,748	2,697,616	4,515,019
Additions	382,500	0	594,920	977,420
(Disposals)	(56,275)	0	(103,740)	(160,015)
Depreciation (Expense)	(42,539)	(29,934)	(224,339)	(296,812)
Balance as at 30 June 2010	<u>1,996,341</u>	<u>74,814</u>	<u>2,964,457</u>	<u>5,035,612</u>

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

	2010 \$	2009 \$
7. INFRASTRUCTURE		
Roads - management valuation 2007	82,829,687	82,829,687
Roads - Cost	3,627,293	2,119,265
Less Accumulated Depreciation	<u>(16,101,265)</u>	<u>(15,702,970)</u>
	70,355,715	69,245,982
 Parks & Ovals - Cost	 103,072	 79,046
Less Accumulated Depreciation	<u>(6,894)</u>	<u>(5,442)</u>
	96,178	73,604
	 <u>70,451,893</u>	 <u>69,319,586</u>

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

This policy accords with the requirements of AASB 116.

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	<u>Roads \$</u>	<u>Parks and Ovals \$</u>	<u>Total \$</u>
Balance as at 1 July 2009	69,245,982	73,604	69,319,586
Additions	1,508,027	24,027	1,532,054
(Disposals)	0	0	0
Depreciation (Expense)	(398,295)	(1,452)	(399,747)
Balance as at 30 June 2010	<u>70,355,714</u>	<u>96,179</u>	<u>70,451,893</u>

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

	2010 \$	2009 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	251,557	27,364
GST Payable	1,575	7,252
Accrued Expenditure	0	89,323
Accrued Interest on Debentures	7,787	424
Accrued Salaries and Wages	31,415	25,713
	<u>292,334</u>	<u>150,076</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	135,184	53,274
	<u>135,184</u>	<u>53,274</u>
Non-Current		
Secured by Floating Charge		
Debentures	589,172	284,356
	<u>589,172</u>	<u>284,356</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	111,636	82,950
Provision for Long Service Leave	86,917	35,942
Provision for RDO's	10,795	5,646
	<u>209,348</u>	<u>124,538</u>
Non-Current		
Provision for Long Service Leave	35,333	70,636
	<u>35,333</u>	<u>70,636</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	50,113	50,113	48,156
Amount Set Aside / Transfer to Reserve	2,062	1,503	1,957
Amount Used / Transfer from Reserve	0	0	0
	<u>52,175</u>	<u>51,616</u>	<u>50,113</u>
(b) Plant Reserve			
Opening Balance	1,986	1,986	1,916
Amount Set Aside / Transfer to Reserve	80	60	70
Amount Used / Transfer from Reserve	0	0	0
	<u>2,066</u>	<u>2,046</u>	<u>1,986</u>
(c) Water Strategy Reserve			
Opening Balance	11,115	11,115	10,724
Amount Set Aside / Transfer to Reserve	446	333	391
Amount Used / Transfer from Reserve	0	0	0
	<u>11,561</u>	<u>11,448</u>	<u>11,115</u>
(d) Computer & Office Equipment Reserve			
Opening Balance	14,221	14,221	149
Amount Set Aside / Transfer to Reserve	572	426	14,072
Amount Used / Transfer from Reserve	0	0	0
	<u>14,793</u>	<u>14,647</u>	<u>14,221</u>
(e) Light Vehicle Reserve			
Opening Balance	45,186	45,186	31,370
Amount Set Aside / Transfer to Reserve	13,330	4,312	16,531
Amount Used / Transfer from Reserve	0	0	(2,715)
	<u>58,516</u>	<u>49,498</u>	<u>45,186</u>
(f) Unspent Grants & Loans Reserve			
Opening Balance	384,435	384,435	134,762
Amount Set Aside / Transfer to Reserve	598,986	0	351,055
Amount Used / Transfer from Reserve	(672,637)	(376,052)	(101,382)
	<u>310,784</u>	<u>8,383</u>	<u>384,435</u>
(g) Legal Reserve			
Opening Balance	14,062	14,062	13,460
Amount Set Aside / Transfer to Reserve	10,217	421	602
Amount Used / Transfer from Reserve	0	0	0
	<u>24,279</u>	<u>14,483</u>	<u>14,062</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Land Development Reserve			
Opening Balance	128,476	128,476	66,345
Amount Set Aside / Transfer to Reserve	4,390	3,854	62,131
Amount Used / Transfer from Reserve	0	0	0
	<u>132,866</u>	<u>132,330</u>	<u>128,476</u>
(i) Roadworks Reserve			
Opening Balance	136,930	136,930	0
Amount Set Aside / Transfer to Reserve	5,836	4,109	136,930
Amount Used / Transfer from Reserve	0	0	0
	<u>142,766</u>	<u>141,039</u>	<u>136,930</u>
(j) Building Reserve			
Opening Balance	107,657	107,657	0
Amount Set Aside / Transfer to Reserve	167,265	140,000	120,000
Amount Used / Transfer from Reserve	(52,126)	0	(12,343)
	<u>222,796</u>	<u>247,657</u>	<u>107,657</u>
(k) Landcare Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	18,521	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>18,521</u>	<u>0</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>991,123</u>	<u>673,147</u>	<u>894,181</u>

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

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

11. RESERVES - CASH BACKED (Continued)

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

Leave Reserve

- To be used to fund staff leave requirements.

Plant Reserve

- To be used for the purchase or replacement of major items of plant.

Water Strategy Reserve

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

Computer & Office Equipment Reserve

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

Light Vehicle Reserve

- To be used for the purchase of light vehicles.

Unspent Grants and Loans Reserve

- To be used to quarantine unspent grants and loans.

Legal Reserve

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

Land Development Reserve

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

Roadworks Reserve

- To be used for capital works to the Shire's road network

Building Reserve Fund

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

Landcare Reserve Fund

- To be used for landcare specific projects as endorsed by Council.

The Unspent Grants and Loans Reserve is expected to be utilised in 2010/2011 as projects to which the quarantined funds relate are completed.

Other Reserves are not expected to be used within a set period as further transfers to the reserve are expected as funds are utilised.

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

12. RESERVES - ASSET REVALUATION	2010	2009
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Roads		
Balance as at 1 July 2009	56,856,146	56,856,146
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>56,856,146</u>	<u>56,856,146</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>56,856,146</u></u>	<u><u>56,856,146</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>1,408,582</u>	<u>973,147</u>	<u>1,471,284</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	1,161,578	223,958	550,177
Depreciation	696,559	1,009,500	991,312
(Profit)/Loss on Sale of Asset	(90,667)	(60,091)	(120,255)
(Increase)/Decrease in Receivables	(154,543)	10,029	208,756
(Increase)/Decrease in Inventories	4,673	2,214	(4,298)
Increase/(Decrease) in Payables	142,258	342,026	9,664
Increase/(Decrease) in Employee Provisions	49,507	0	11,055
Grants/Contributions for the Development of Assets	(690,226)	(532,110)	(823,787)
Net Cash from Operating Activities	<u>1,119,139</u>	<u>995,526</u>	<u>822,624</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Credit Card limit	10,000		10,000
Credit Card Balance at Balance Date	<u>0</u>		<u>0</u>
Total Amount of Credit Unused	<u>10,000</u>		<u>10,000</u>
Loan Facilities			
Loan Facilities - Current	135,164		53,274
Loan Facilities - Non-Current	<u>589,172</u>		<u>284,356</u>
Total Facilities in Use at Balance Date	<u>724,356</u>		<u>337,630</u>
Unused Loan Facilities at Balance Date	<u>Nil</u>		<u>Nil</u>

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

14. CONTINGENT LIABILITIES

There are no known contingent liabilities in respect of the year ended 30 June 2010.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

The Council has no finance lease commitments as at 30 June 2010.

(b) Operating Lease Commitments

The Council has no operating lease commitments as at 30 June 2010.

(c) Capital Expenditure Commitments

The Council has no capital expenditure commitments as at 30 June 2010.

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

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. This purchase is on a 50% share basis. Council equity is under Property, Plant and Equipment in Note 6.

	2010 \$	2009 \$
Non-Current Assets		
Plant & Equipment	8,168	8,168
Less: Accumulated Depreciation	<u>(5,983)</u>	<u>(2,716)</u>
	<u>2,185</u>	<u>5,452</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	207,410	221,584
General Purpose Funding	13,643	13,643
Law, Order, Public Safety	194,131	209,337
Health	36	36
Education and Welfare	2,980	3,337
Housing	367,776	393,922
Community Amenities	479,787	323,204
Recreation and Culture	1,151,782	1,009,996
Transport	73,370,178	71,773,524
Economic Services	30,315	30,315
Other Property and Services	38,887	38,887
Unallocated	<u>1,337,903</u>	<u>1,436,974</u>
	<u>77,194,828</u>	<u>75,454,759</u>

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

18. FINANCIAL RATIOS	2010	2009	2008
Current Ratio	1.036	2.043	2.182
Untied Cash to Unpaid Trade Creditors Ratio	1.741	4.946	3.589
Debt Ratio	0.016	0.009	0.007
Debt Service Ratio	0.019	0.028	0.025
Gross Debt to Revenue Ratio	0.178	0.114	0.057
Gross Debt to Economically Realisable Assets Ratio	0.107	0.055	0.039
Rate Coverage Ratio	0.344	0.280	0.292
Outstanding Rates Ratio	0.029	0.033	0.031

The above ratios are calculated as follows:

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

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

19. TRUST FUNDS

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

	Balance 1-Jul-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
Bonds - Staff Housing	600	4,950	(2,200)	3,350
Land Sale	19,401	0	0	19,401
Bonds - Hall Hire	0	1,830	(2,217)	(387)
Builders Registration Board Levy	172	2,515	(2,308)	379
BCITF Levy	463	16,074	(12,619)	3,918
Nomination Deposits	0	320	(320)	0
Post Office Deposit Income	210	10	0	220
Yuna Swimming Pool Subsidy	0	3,000	(3,000)	0
Contribution from Subdivider	0	6,900	0	6,900
Social Club	0	2,418	(541)	1,877
Unclaimed Monies	10,024	0	0	10,024
	<u>30,870</u>			<u>45,682</u>

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Residence - Lot 8 Indialla	56,275	56,275	160,000	160,000	103,725	103,725
Suzuki Utility CV 654	0	0	0	800	0	800
CAT Backhoe	0	0	5,000	5,000	5,000	5,000
120H Grader	90,177	105,022	70,000	70,000	(20,177)	(35,022)
Nissan Navara CV 321	0	4,276	0	2,000	0	(2,276)
Mazda Bravo CV 2544	0	0	0	1,500	0	1,500
Pig Trailer CV 7629	13,563	15,466	15,682	16,000	2,119	534
Hiab Lifter	0	0	0	3,500	0	3,500
1986 Roller	0	21,670	0	4,000	0	(17,670)
	<u>160,015</u>	<u>202,709</u>	<u>250,682</u>	<u>262,800</u>	<u>90,667</u>	<u>60,091</u>

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

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 87 Council Chambers	53,740	0	12,340	12,340	41,400	41,401	2,702	2,744
Recreation & Culture								
Loan 89 Stadium Upgrade	83,890	0	5,237	5,237	78,653	78,653	4,967	4,967
Community Amenities								
Loan 94 - Buller Study	0	100,000	0	0	100,000	100,000	486	0
Transport								
Loan 92 - Plant	200,000	0	35,698	35,698	164,302	164,302	10,688	10,688
Loan 93 - Plant	0	340,000	0	0	340,000	340,000	6,919	0
	337,630	440,000	53,275	53,275	724,355	724,356	25,762	18,399

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Transport										
Plant	340,000	340,000	WA Treasury	Debenture	5	53,074	5.36%	340,000	340,000	0
Community Amenities										
Buller Study	100,000	100,000	WA Treasury	Debenture	5	17,129	5.87%	94,559	100,000	5,441

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

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-09 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-10 \$
Community Amenities					
Buller Study	1/6/2010	0	100,000	94,559	5,441
		0	100,000	94,559	5,441

(d) Overdraft

Council does not have an overdraft facility.

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

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV Townsite	0.0850	3	31,252	2,660	18	0	2,678	2,660	0	0	2,660
GRV Townsite Improved	0.0851	13	81,432	6,930	0	0	6,930	6,930	0	0	6,930
GRV Other	0.0850	2	79,040	6,726	0	0	6,726	6,726	0	0	6,726
GRV Other Improved	0.0851	51	528,836	45,004	(595)	0	44,409	45,004	0	0	45,004
UV Rural	0.0067	383	180,951,000	1,212,372	42,610	0	1,254,982	1,212,372	0	0	1,212,372
UV Oakajee	0.0128	4	10,249,000	131,330	0	0	131,330	131,330	0	0	131,330
Sub-Totals		456	191,920,560	1,405,022	42,033	0	1,447,055	1,405,022	0	0	1,405,022
Minimum Rates											
GRV Townsite (*)	735	38	45,975	27,930	(1,470)	0	26,460	27,930	0	0	27,930
GRV Townsite Improved	735	42	165,904	30,870	328	0	31,198	30,870	0	0	30,870
GRV Other	735	123	572,142	90,405	0	0	90,405	90,405	0	0	90,405
GRV Other Improved	735	69	445,240	50,715	0	0	50,715	50,715	0	0	50,715
UV Rural	250	19	165,925	4,750	0	0	4,750	4,750	0	0	4,750
UV Oakajee	250	0	0	0	0	0	0	0	0	0	0
Sub-Totals		291	1,395,186	204,670	(1,142)	0	203,528	204,670	0	0	204,670
Concession Specified Area Rate (refer note 23)							1,650,563				1,609,692
							(19,110)				(19,600)
Less Minor Write-offs							1,631,473				1,590,092
Totals							(281)				0
							1,631,192				1,590,092

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

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

Council did not raise a specified area rate rates during 2009/10.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

No service charges, as defined by the Local Government (Financial Management) Regulations 54, were imposed during the 2009/10 financial year.

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

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

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 \$5 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.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%		6,220	8,000
Interest on Instalments Plan	5.00%		4,400	3,300
Charges on Instalment Plan		15	2,040	1,900
			<u>12,660</u>	<u>13,200</u>

Ratepayers had the option of paying rates in four equal instalments, due on 5th October 2009, 7th December 2009, 8th February 2010 and 8th April 2010. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2010 \$	2009 \$
General Purpose Funding	6,730	5,660
Law, Order, Public Safety	11,076	8,154
Health	6,797	6,705
Education and Welfare	6,613	9,509
Housing	29,690	17,670
Community Amenities	128,643	113,675
Recreation and Culture	63,487	57,342
Transport	10,080	10,549
Economic Services	35,126	21,687
Other Property and Services	1,229,037	581,830
	<u>1,527,279</u>	<u>832,781</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 2010

28. GRANT REVENUE	2010	2009	
	\$	\$	
By Nature and Type:			
Operating Grants, Subsidies and Contributions	1,555,524	1,969,500	
Non-Operating Grants, Subsidies and Contributions	690,226	823,787	
	<u>2,245,750</u>	<u>2,793,287</u>	
By Program:			
General Purpose Funding	966,342	1,163,398	
General Administration	6,855	2,089	
Law, Order, Public Sector	23,973	14,019	
Education	0	365	
Housing	1,390	2,639	
Community Amenities	323,074	639,968	
Recreation and Culture	54,995	20,451	
Transport	825,900	909,328	
Other Property & Services	43,221	41,050	
	<u>2,245,750</u>	<u>2,793,287</u>	
29. COUNCILLORS' REMUNERATION	2010	2010	2009
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	17,570	19,660	14,650
President's Allowance	6,000	6,000	4,000
Deputy President's Allowance	1,500	1,500	1,000
Travelling Expenses	5,288	4,000	3,726
Telecommunications Allowance	8,000	8,000	3,522
	<u>38,358</u>	<u>39,160</u>	<u>26,898</u>
30. EMPLOYEE NUMBERS	2010	2009	
The number of full-time equivalent employees at balance date	22	22	

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

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2009/10 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,408,582	1,471,284	1,408,582	1,471,284
Receivables	246,720	92,176	246,720	92,176
	<u>1,655,302</u>	<u>1,563,460</u>	<u>1,655,302</u>	<u>1,563,460</u>
Financial Liabilities				
Payables	292,334	150,076	292,334	150,076
Borrowings	724,356	337,630	724,356	337,630
	<u>1,016,690</u>	<u>487,706</u>	<u>1,016,690</u>	<u>487,706</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 2010**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	30-Jun-10 \$	30-Jun-09 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	14,086	14,713
- Income Statement	14,086	14,713

Notes:

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

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	85.78%	77.72%
- Overdue	14.22%	22.28%
Percentage of Other Receivables		
- Current	100.00%	100.00%
- Overdue	0.00%	0.00%

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:

[illegible]

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2010								
Borrowings								
Fixed Rate			41,400		604,303	78,653	724,356	5.53%
Debentures								
Weighted Average								
Effective Interest Rate	6.10%	6.58%	0.00%	0.00%	5.48%	5.99%		
Year Ended 30 June 2009								
Borrowings								
Fixed Rate			0	53,740	0	283,890	337,630	5.59%
Debentures								
Weighted Average								
Effective Interest Rate	0.00%	0.00%	0.00%	5.48%	0.00%	5.61%		

