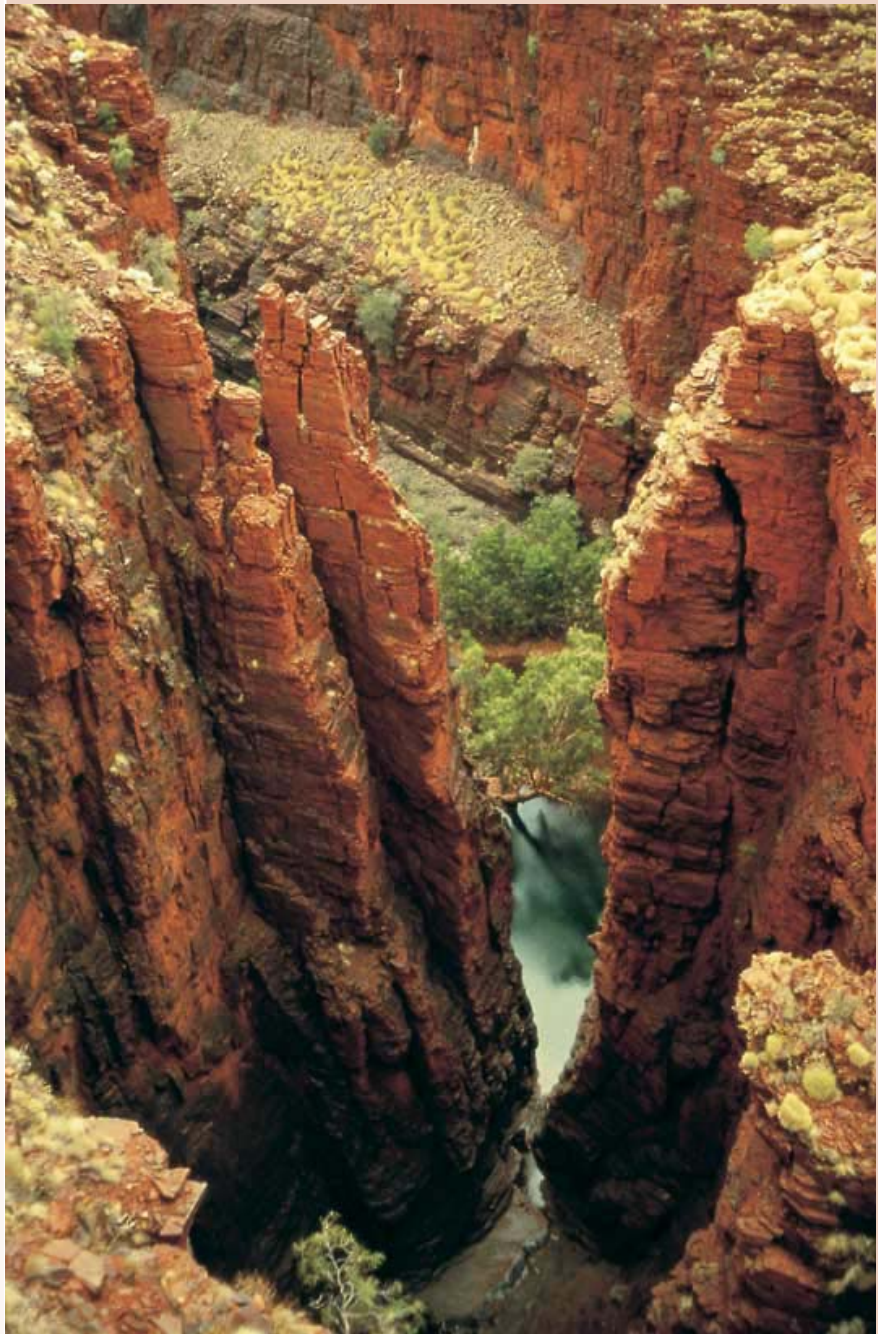


Shire of Ashburton

Annual Report 2008/2009



Shire of Ashburton
PO Box 567
Tom Price WA 6751

www.Ashburton.wa.gov.au

Financial Year Ending 30 June 2009

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PROFILE

Located in the spectacular and ancient landscape of the Pilbara region of Western Australia, the Shire of Ashburton covers a significant area of 105,647 sq km from “reef to range”. The Shire includes the Towns of Onslow, Pannawonica, Paraburdoo and Tom Price as well as the Karijini and Millstream-Chichester National parks. Diverse and thriving industries within the Shire include iron ore mining, oil and gas, pastoral activities, fishing, salt processing and tourism.

Approximately 6,000 residents call the Shire of Ashburton home, either in one of the four towns or in our remote indigenous communities of Bellary, Wakathuni, Youngalina, Ngurawaana, Bindi Bindi and Peedamulla.

The Shire is enjoying a growth phase which is due to the strong demand for local resources while tourists continue to flock to the region to enjoy its many attractions.

The months of May to September, are mild and dry thus making day to day living a pleasure. Opportunities exist to visit the National Parks, join in on mine tours or go four wheel driving, fishing or boating to numerous islands.

The easy going lifestyle is reinforced by friendly residents who have placed strong emphasis on ensuring a high level of social interaction.

The Shire of Ashburton provides facilities in each townsite including, sport and recreation, environmental health, tourism, waste management, development approvals, libraries and ranger services.

SHIRE PRESIDENTS REPORT

It is with great pride and pleasure that I present the Shire of Ashburton's Annual Report for the Financial Year ending 30 June 2009. I will start by explaining that the Shire of Ashburton was in the stewardship of the then Shire President, Cr Leanne Corker, during the 2008/09 Financial Year and I take this opportunity to express my thanks to her for her leadership during this period.

During the 2008/09 Financial Year, the Shire has experienced a large number of emerging opportunities within its boundaries. A highlight is the recently approved Gorgon Natural Gas Project on Barrow Island and there are plans for a major Liquid Natural Gas (and associated projects) in the vicinity of Onslow.

Inland, there will be a further major ramping up of resource activity with the Rio Tinto Iron Ore Group of Companies committing to the expansion of iron ore output from 220 million tonnes per annum to 330 million tonnes per annum. Furthermore, Fortescue Metals Group has stated that it is interested in the construction of the new Solomon Mine (initial production 650MT p.a.) in the east of the Shire.

New activity in the Shire is not limited to resource activity. Reconstruction of the \$3M Tom Price Aquatic Centre is entering its final stages while significant Shire funds have also been made available for the revitalisation of the Paraburdoo Town Centre.

With the announcement of the Royalties for Regions Funding Program several projects were able to be planned within the Shire including:

- The refurbishment of the Tom Price Community Centre;
- The refurbishment of the Library Precinct and Ashburton Hall Paraburdoo;
- The construction of an Mini Golf Facility in Pannawonica; and
- The Onslow Community Safety Project.

The State Government, through the Royalties for Regions Funding Program, has also provided the Shire with a further \$10M towards the revitalisation of the Tom Price Town Centre which is currently underway. This will result in a major upgrade and expansion to the Town Centre. A further \$7M has also been provided to the Shire towards the construction of the Onslow Multi-Purpose Centre. Since the end of the Financial Year contractual arrangements for the design of the sorely needed recreation/evacuation centre have been finalised and construction has commenced.

The State Government has shown a very meaningful commitment to the Pilbara through both its Royalties for Regions Grant Program, the Country Local Government Fund and its recently released 'Pilbara Cities' project.

The Shire is fully prepared to meet the future and is presently reviewing its Strategic Plan and is about to prepare a Shire Tourism Strategy as well as a Shire Recreation Plan. I am particularly excited by the preparation of the Tourism strategy which I see as being an important step in diversifying the region's economy beyond the resource sector.

In conclusion, I wish to thank all Councillors and staff for their efforts throughout the year. I am confident, that Council, working together with the administration, will produce real and tangible outcomes.

Cr Greg Musgrave
Shire President

CHIEF EXECUTIVE OFFICER REPORT

The 2008/09 Financial Year was a momentous year with the change in State Government leading to the introduction of the Royalties for Regions Funding Program and the Pilbara Revitalisation component of that program which is going a long way to addressing some of the infrastructure which deface the region. The Shire has benefited significantly from this Program, in particular, two projects of great significance:

- The Tom Price Town Centre Revitalisation; and
- The Onslow Multi-Purpose Complex.

My 2007/08 Report to electors concluded with reference to the issue of Local Government reform and the fact that the matter was likely to be of particular significance during the year under review.

The year commenced with significant uncertainty as to the form that State Government proposed that reform take place. That confusion has remained for much of the past twelve months. It has become clear however that the State has finally recognised that a broad policy of amalgamation is not appropriate in all circumstances.

As the year under review closed the States preferred model of reform, for the isolated regions of the north west of the State, appears to be that of regional bodies working in partnership with participating Local Governments in order to develop regional delivery strategies for a range of services and activities.

This appears to be a more appropriate form of Local Government service delivery. In the case of the Pilbara region, there is also the added benefit that the region already has the initial framework of this model in form of the Pilbara Regional Council.

During the Financial Year, the Shire has continued to have success with its staff recruitment and retention policies with the result that staffing levels are the highest I can recall in more than eight years since I have been with the Shire.

One less fortunate outcome of the improved staffing levels is the pressure this has placed on both office accommodation (office space in both Tom Price and Onslow is at critical levels) and also staff housing.

Another significant issue which has become apparent in recent times is that the increase in activity has highlighted some issues in relation to the existing corporate structure, which has remained largely unchanged despite the Shire's annual budget growing from approximately \$13M to \$32M in the last few years. This in turn has highlighted the need for Council to

revisit its corporate structure with the objective of ensuring that necessary human resources are available to meet the Council's strategic vision.

Council continues to make significant investment into the Shire in many ways, many of which are not immediately obvious, and throughout the course of the 2008/09 Financial Year the following outcomes have and/or are being achieved:

- The Shire has received an update from the original 2006 Safety Audit with an improvement from 27% to 60% which with some minor changes puts Council in line for a Silver Safety Rating.
- Work is being undertaken in an endeavour to secure funding for the removal and prevention of graffiti and vandalism in the Onslow community areas of the basketball courts and new Shire playground. The grant funds are intended for the installation of lighting and CCTV.
- Mini-Recycling Facilities (MRF's) have been constructed for public drop-offs of recyclables situated at the back of Ashburton Hall (Paraburdoo) and on the corner of the Clem Thompson Oval (Tom Price).
- Upgrade of the Onslow Telecentre building commenced to meet increased demand on office accommodation. This should provide space for visiting officers from Tom Price in the short term and support the implementation of new initiatives in the longer term.
- The commencement of the playground project and Beadon Point Development are nearing completion.
- Onslow oval has been reshaped and grassed.
- Nameless Valley Rd construction continues with sealing works projected to be completed by mid July.
- Paraburdoo Blackspot project (Paraburdoo Primary School and footpaths) has commenced.
- The upgrading of Meeka (Train) Park in Paraburdoo.

I would like to conclude by thanking the staff who worked tirelessly throughout the Financial Year to ensure that the best possible service is provided to the community. Without their hard work many of the things that we have achieved throughout the year would not have come to fruition.

I would also like to thank the Councillors for working cooperatively in achieving the goals that we have set ourselves, and staff look forward to continuing to work together to achieve the many projects that lay before the Shire of Ashburton.




Finally, I would like to acknowledge Cr Leanne Corker, who was the Shire President for the Shire of Ashburton during the 2008/09 Financial Year. I would like to personally thank Cr Corker for her support during this period.

Keith Pearson
Chief Executive Officer

COUNCILLORS

There are nine Wards within the Shire of Ashburton. The elected members in each Ward for the 2008/2009 Financial Year are detailed below:

<p>ASHBURTON WARD</p>		<p>Cr Leanne Corker Shire President</p> <p>Ashburton Ward – 2011 Contact Ph: 9184 5136 Email: leannecorker@bigpond.com</p>
<p>PANNAWONICA WARD</p>		<p>Cr Stephanie Dann</p> <p>Pannawonica Ward – 2009 Contact Ph: 9184 1462 Email: stephanne.dann@ashburton.wa.gov.au</p>
<p>PARABURDOO WARD</p>		<p>Cr Linton Rumble Deputy President</p> <p>Paraburdoo Ward – 2011 Contact Ph: 0438 896 552 Email: linton.rumble@bigpond.com</p>
<p>PARABURDOO WARD</p>		<p>Cr Ivan Dias</p> <p>Paraburdoo Ward – 2009 Contact Ph: 9189 5844 Email: ivan.dias@ashburton.wa.gov.au</p>
<p>ONSLOW WARD</p>		<p>Cr Kerry White</p> <p>Onslow Ward – 2011 Contact Ph: 9184 6003 Email: kerry.white@ashburton.wa.gov.au</p>
<p>TABLELAND WARD</p>		<p>Cr Lorraine Thomas</p> <p>Tableland Ward – 2011 Contact Ph: 9189 7096 Email: lorraine.thomas@ashburton.wa.gov.au</p>

<p>TOM PRICE WARD</p>		<p>Cr Cecilia Fernandez</p> <p>Tom Price Ward – 2009 Contact Ph: 9189 3204 Email: cecilia.fernandez@ashburton.wa.gov.au</p>
<p>TOM PRICE WARD</p>		<p>Cr Tony Bloem</p> <p>Tom Price Ward – 2011 Contact Ph: 9189 2514 Email: tony.bloem@riotinto.com</p>
<p>TOM PRICE WARD</p>		<p>Cr Greg Musgrove</p> <p>Tom Price Ward – 2011 Contact Ph: 0417 080 037 Email: imsbranch@bigpond.com</p>

DISABILITY ACCESS AND INCLUSION PLAN 2006

The *Disability Services Act* 1993 was amended in December 2003, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIP's).

The Disability Services Commission accepted the Shire of Ashburton's DAIP on 27 September 2006. Council is required to report on the six outcomes relating to DAIPs annually.

Outcome 1 – Service and Events:

People with disabilities have the same opportunities as other people to access the services of, and any event organised by, the public authority.

- Council ensures people with disabilities are provided with access to all Shire events and to access the services of the Shire.

Outcome 2 – Buildings and Other Facilities:

People with disabilities have the same opportunities as other people to access the buildings and facilities of a public authority.

- Council allocated funds in the 2008/2009 for the installation of automatic opening doors as part of its ongoing program to provide disabled access to Council facilities
- As part of the Shire of Ashburton's ongoing service delivery, the Shire has provided ramp access from "road pavement to footpath" in all new path construction throughout the Shire. It has also resurfaced uneven paths throughout the towns. This is an ongoing project in upgrading pathways around town centres.

Outcome 3 – Information:

People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

- All people requiring a different format are encouraged to contact any of our Shire offices where staff will be more than willing to assist in providing the information in a suitable format.

Outcome 4 – Level and Quality of Service:

People with disabilities receive the same level and quality of service from staff of a public authority as other people receive from staff of that public authority.

- Employees of the Shire of Ashburton are made aware that people with disabilities may have different needs. Staff are encouraged to ensure that people with disabilities receive the same level and quality of services as other people receive.

Outcome 5 – Complaints Process:

People with disabilities have the same opportunities as other people to make complaints to a public authority.

- People with disabilities are able to make complaints and can do this via written letters, email or verbally to a Shire office.

Outcome 6 – Public Consultation Process

People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

- When reviewing the Shire's DIAP the Shire will conduct a community consultation process which will be advertised in local newspapers and council publications prior to Council endorsing any amendments.

The Shire's DIAP is amended by Council, both staff and the community will be made aware of the availability of the updated plan via the local media, in our own publications and on our website.

During the 2008/2009 financial year no amendments to DIAP were made.

NATIONAL COMPETITION POLICY

In respect of Council's responsibility in relation to the National Competition Policy, the Shire reports as follows:

- The Shire of Ashburton has assessed its operations and considers that it has no business activity that would be classed as significant under the current guidelines. Also the Shire of Ashburton does not operate a business enterprise that has been classified by the Australian bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.
- The Shire of Ashburton is not classified as a natural monopoly, nor does it conduct any business activities that could be classified as public monopolies. Therefore, the principle of structural monopolies does not apply to the Shire of Ashburton.

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every 8 years to determine whether they are in conflict with competitive neutrality and comply with the *Local Government Act 1995*. No Local Laws were amended during the 2008/2009 financial year.

RECORD KEEPING PLAN

The Shire was required under the *State Records Act 2000* to develop a Records plan which details how the Shire manages its recordkeeping systems. That included control, retention and disposal of the Shire's public records. It is also a requirement that the Shire to maintain recordkeeping training program which is regularly reviewed.

To comply with this requirement a review and update of the Records Induction Program commenced in 2006 and is ongoing into 2008/2009. This review has ensured that Shire employees are informed of their responsibilities in regard to recordkeeping.

Education and training has been provided to staff through the following:

- Staff induction given to all new staff members on commencement of employment;
- All staff have access to a copy of the Shire's Records Policies and Procedure Manual.

The Shire of Ashburton's records policies are currently being reviewed for the current financial year.

PLAN FOR THE FUTURE 2007 – 2011

The Shire of Ashburton Strategic Plan/Plan for the Future was adopted in March 2008 and is currently being reviewed.

The Plan identifies seven (7) strategic objectives

- Diversify and Strengthen the Economy
- Inclusive and Engaging Communities
- A Connected and Accessible Region
- Conserve and Enhance the Environment and Cultural Heritage
- Community Safety and Security
- A Well Managed and Contemporary Corporation
- A Financially Responsible Corporation

The many Strategies detailed in the Plan show how Council intends to achieve its 7 Strategic Objectives.

Overview of Activities proposed to commence or continuing are:

- A brief is being prepared to develop a Tourism Strategy for the Shire of Ashburton;
- A Tender will be advertised for the development of the Paraburdoo Caravan Park;
- Land is being purchased in Tom Price to enable the development of residential land (Warara Street);
- Planning is underway to release Industrial land (Boonderoo Road);
- Construction of additional staff housing in Onslow;
- The revitalisation of Tom Price and Paraburdoo Town Centres. Substantial funding from Royalties for Regions – Pilbara Fund;
- The development of the Onslow Multi Purpose Complex. Substantial funding from Royalties for Regions – Pilbara Fund;
- Planning underway for overall Master Plan for Onslow Recreation Precinct;
- Completion of Tom Price Pool Project;
- Preparation of Shire of Ashburton Bike Plan;
- Development of new waste site in Onslow;
- Train Park upgrade in Paraburdoo.

ANNUAL FINANCIAL REPORT

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

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SHIRE OF ASHBURTON

FINANCIAL REPORT

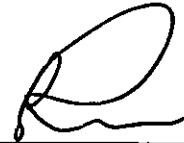
FOR THE YEAR ENDED 30TH JUNE 2009

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Ashburton being the annual financial report and other information for the financial year ended 30th June 2009 are in my opinion properly drawn up to present fairly the financial position of the Shire of Ashburton at 30th June 2009 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 11 day of *MARCH* 2010.



Keith Pearson
Chief Executive Officer

SHIRE OF ASHBURTON

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	23	5,870,624	5,718,099	5,151,915
Operating Grants, Subsidies and Contributions	29	6,062,711	7,172,786	4,642,938
Fees and Charges	28	3,572,383	2,285,169	2,128,237
Interest Earnings	2(a)	400,893	185,000	359,769
Other Revenue		137,847	3,713,254	160,474
		<u>16,044,458</u>	<u>19,074,308</u>	<u>12,443,333</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(5,494,304)	(3,017,205)	(4,889,100)
Materials and Contracts		(6,339,809)	(3,238,885)	(3,907,992)
Utilities		(463,991)	(412,145)	(463,863)
Depreciation	2(a)	(4,762,947)	(851,509)	(2,829,159)
Interest Expenses	2(a)	(125,408)	(127,723)	(127,052)
Insurance		(480,026)	(551,750)	(593,912)
Other Expenditure		(156,802)	(3,554,026)	(295,482)
		<u>(17,823,287)</u>	<u>(11,753,243)</u>	<u>(13,106,560)</u>
		(1,778,829)	7,321,065	(663,227)
Non-Operating Grants, Subsidies and Contributions	29	30,857,161	12,701,600	4,142,467
Profit on Asset Disposals	21	10,759	296,400	33,742
Loss on Asset Disposals	21	<u>(50,408)</u>	<u>0</u>	<u>(27,934)</u>
NET RESULT		<u><u>29,038,683</u></u>	<u><u>20,319,065</u></u>	<u><u>3,485,048</u></u>

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

SHIRE OF ASHBURTON

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2009

NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES			
Governance	114,247	311,500	78,487
General Purpose Funding	28,953,922	10,126,577	9,329,418
Law, Order, Public Safety	116,786	297,427	255,856
Health	76,083	196,090	104,551
Education and Welfare	239,055	315,125	170,151
Housing	217,436	438,740	186,512
Community Amenities	1,595,473	2,404,647	1,521,620
Recreation and Culture	758,555	1,202,333	1,447,863
Transport	13,164,321	12,301,669	2,825,717
Economic Services	1,102,777	715,700	605,295
Other Property and Services	573,723	3,762,501	94,072
2 (a)	<u>46,912,378</u>	<u>32,072,309</u>	<u>16,619,542</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE			
Governance	(1,706,421)	(1,022,879)	(1,074,883)
General Purpose Funding	(249,882)	(268,572)	(202,521)
Law, Order, Public Safety	(730,198)	(789,812)	(534,059)
Health	(344,967)	(465,451)	(205,678)
Education and Welfare	(619,155)	(517,045)	(341,696)
Housing	(624,256)	(316,654)	(314,105)
Community Amenities	(2,182,767)	(2,193,753)	(1,736,668)
Recreation & Culture	(3,839,911)	(3,732,974)	(3,211,409)
Transport	(5,944,621)	(2,195,183)	(4,613,960)
Economic Services	(835,528)	(888,381)	(706,767)
Other Property and Services	(670,581)	765,183	(65,696)
2 (a)	<u>(17,748,287)</u>	<u>(11,625,521)</u>	<u>(13,007,442)</u>
BORROWING COSTS EXPENSE			
Governance	0	0	(399)
Law, Order, Public Safety	(10,786)	(11,628)	(5,663)
Housing	(46,813)	(46,974)	(49,079)
Community Amenities	(721)	(2,053)	(765)
Recreation & Culture	(20,625)	(20,525)	(21,248)
Transport	(46,463)	(46,543)	(49,898)
Economic Services	0	0	0
2 (a)	<u>(125,408)</u>	<u>(127,723)</u>	<u>(127,052)</u>
NET RESULT	<u><u>29,038,683</u></u>	<u><u>20,319,065</u></u>	<u><u>3,485,048</u></u>

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

SHIRE OF ASHBURTON

BALANCE SHEET

AS AT 30TH JUNE 2009

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	23,589,315	4,472,039
Trade and Other Receivables	4	3,123,743	1,867,203
Inventories	5	308,927	60,823
TOTAL CURRENT ASSETS		27,021,985	6,400,065
NON-CURRENT ASSETS			
Other Receivables	4	1,688	1,954
Property, Plant and Equipment	6	19,686,385	17,608,976
Infrastructure	7	74,989,134	65,674,213
TOTAL NON-CURRENT ASSETS		94,677,207	83,285,143
TOTAL ASSETS		121,699,192	89,685,208
CURRENT LIABILITIES			
Trade and Other Payables	8	4,333,923	1,228,673
Short Term Borrowings	9	0	106,234
Long Term Borrowings	10	147,060	189,601
Provisions	11	595,773	465,645
TOTAL CURRENT LIABILITIES		5,076,756	1,990,153
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	1,831,943	1,979,003
Provisions	11	71,353	35,595
TOTAL NON-CURRENT LIABILITIES		1,903,296	2,014,598
TOTAL LIABILITIES		6,980,052	4,004,751
NET ASSETS		114,719,140	85,680,457
EQUITY			
Retained Surplus		94,237,789	80,770,486
Reserves - Cash Backed	12	20,039,989	4,468,609
Reserves - Asset Revaluation	13	441,362	441,362
TOTAL EQUITY		114,719,140	85,680,457

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

SHIRE OF ASHBURTON
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2008 \$
RETAINED SURPLUS			
Balance as at 1 July 2008		80,770,486	78,951,720
Net Result		29,038,683	3,485,048
Transfer from/(to) Reserves		<u>(15,571,380)</u>	<u>(1,666,282)</u>
Balance as at 30 June 2009		<u>94,237,789</u>	<u>80,770,486</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2008		4,468,609	2,802,327
Amount Transferred (to)/from Retained Surplus		<u>15,571,380</u>	<u>1,666,282</u>
Balance as at 30 June 2009	12	<u>20,039,989</u>	<u>4,468,609</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2008		441,362	441,362
Revaluation Increment		0	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2009	13	<u>441,362</u>	<u>441,362</u>
TOTAL EQUITY		<u>114,719,140</u>	<u>85,680,457</u>

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

SHIRE OF ASHBURTON

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$	2008 \$
Cash Flows From Operating Activities				
Receipts				
Rates		5,988,185	5,718,099	5,119,603
Operating Grants, Subsidies and Contributions		6,007,711	7,172,786	4,666,438
Fees and Charges		4,406,288	2,285,169	3,031,138
Interest Earnings		400,893	185,000	398,433
Goods and Services Tax		3,519,148	345,000	784,982
Other		102,770	3,713,254	166,349
		<u>20,424,995</u>	<u>19,419,308</u>	<u>14,166,943</u>
Payments				
Employee Costs		(4,787,118)	(3,017,205)	(4,995,611)
Materials and Contracts		(4,885,126)	(3,238,885)	(4,565,792)
Utilities (gas, electricity, water, etc)		(463,991)	(412,145)	(463,863)
Insurance		(480,026)	(551,750)	(593,912)
Interest		(207,588)	(127,723)	(138,852)
Goods and Services Tax		(2,379,851)	(300,000)	(795,015)
Other		(156,802)	(3,554,026)	(295,482)
		<u>(13,360,502)</u>	<u>(11,201,734)</u>	<u>(11,848,527)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>7,064,493</u>	<u>8,217,574</u>	<u>2,318,416</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(240,306)	(2,777,100)	0
Payments for Purchase of Property, Plant & Equipment		(3,270,094)	(3,642,817)	(2,628,746)
Payments for Construction of Infrastructure		(13,081,817)	(13,293,239)	(2,385,965)
Payments for Works in Progress		0	0	442,483
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		28,752,063	7,507,930	4,142,467
Proceeds from Sale of Plant & Equipment		156,985	3,752,500	78,486
		<u>12,316,831</u>	<u>(8,452,726)</u>	<u>(351,275)</u>
Net Cash Provided By (Used In) Investing Activities		<u>12,316,831</u>	<u>(8,452,726)</u>	<u>(351,275)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(157,814)	(189,603)	(220,371)
Repayment of Finance Leases		0	0	0
Proceeds from New Debentures		0	0	0
		<u>(157,814)</u>	<u>(189,603)</u>	<u>(220,371)</u>
Net Cash Provided By (Used In) Financing Activities		<u>(157,814)</u>	<u>(189,603)</u>	<u>(220,371)</u>
Net Increase (Decrease) in Cash Held		19,223,510	(424,755)	1,746,770
Cash at Beginning of Year		4,365,805	3,966,138	2,619,035
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>23,589,315</u></u>	<u><u>3,541,383</u></u>	<u><u>4,365,805</u></u>

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

SHIRE OF ASHBURTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$
REVENUES			
Governance		114,247	311,500
General Purpose Funding		23,083,298	4,408,478
Law, Order, Public Safety		116,786	230,427
Health		76,083	196,090
Education and Welfare		239,055	275,125
Housing		217,436	188,740
Community Amenities		1,595,473	2,257,547
Recreation and Culture		758,555	980,333
Transport		13,164,321	10,615,185
Economic Services		1,102,777	715,700
Other Property and Services		573,723	10,000
		<u>41,041,754</u>	<u>20,189,125</u>
EXPENSES			
Governance		(1,706,421)	(992,879)
General Purpose Funding		(249,882)	(268,572)
Law, Order, Public Safety		(740,984)	(801,440)
Health		(344,967)	(465,451)
Education and Welfare		(619,155)	(517,045)
Housing		(671,069)	(363,629)
Community Amenities		(2,183,488)	(2,195,806)
Recreation & Culture		(3,860,536)	(3,753,499)
Transport		(5,991,084)	(2,241,725)
Economic Services		(835,528)	(888,381)
Other Property and Services		(670,578)	765,183
		<u>(17,873,692)</u>	<u>(11,723,244)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	20	39,649	(296,400)
Depreciation and Amortisation on Assets	2(a)	4,762,947	851,509
Movement in Accrued Interest		(2,751)	0
Movement in Accrued Salaries & Wages		65,309	0
Movement in Employee Benefit Provisions		165,886	0
Movement in Deferred Pensioner Rates/ESL		266	0
Rounding Adjustments		(4)	0
Capital Expenditure and Revenue			
Purchase Land Held for Resale		(240,306)	(2,777,100)
Purchase Land and Buildings		(1,919,416)	(1,193,400)
Purchase Plant and Equipment		(1,266,761)	(1,395,045)
Purchase Furniture and Equipment		(83,917)	(236,300)
Purchase Infrastructure Assets - Roads		(11,569,108)	(9,928,807)
Purchase Infrastructure Assets - Footpaths		(154,874)	(631,958)
Purchase Infrastructure Assets - Drainage		(333,081)	(607,908)
Purchase Infrastructure Assets - Other		(689,903)	(2,942,638)
Proceeds from Disposal of Assets	20	156,985	3,752,500
Repayment of Debentures	22(a)	(189,601)	(189,603)
Proceeds from New Debentures	22	0	0
Transfers to Reserves (Restricted Assets)	12	(17,164,194)	(30,000)
Transfers from Reserves (Restricted Assets)	12	1,592,814	1,441,170
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		710,341	0
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,584,116	0
Amount Required to be Raised from Rates	23	<u><u>(5,870,624)</u></u>	<u><u>(5,718,099)</u></u>

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

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 the useful life of fixed assets which form part of the calculation for depreciation. Actual results may differ from these estimates as assets are used in the business. Due to the significance of capital investment to the Shire, variations between actual and estimated useful lives could result in material differences in depreciation expense charged to the income statement.

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to 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 Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet 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 balance sheet.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 from 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 operating statement 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.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 reporting date.

Land under Roads

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

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

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

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

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

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	30 to 50 years
Furniture and Equipment	4 to 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 ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

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 reporting 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 balance sheet.

(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 reporting 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 income statement. 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 income statement as gains and losses from investment securities.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

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 income statement 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 income statement 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 income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(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 the balance sheet 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 ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 the balance sheet 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.

(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 Balance Sheet and Income Statement. Information about the joint venture is set out in Note 17.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Shire of Ashburton 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.

(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 ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations

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 2009

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(ii)	Revised AASB 123 Borrowing Costs (includes AASB 2009-1) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007 and April 2009	1 January 2009	Nil – There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so.
(iii)	Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of Financial Position), being as at the beginning of the comparative period.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 January 2009	Nil – The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 July 2009	The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council. It is not anticipated the more significant changes will have any effect on the financial report as the topics are not relevant to the operations of the Council.
(v) AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities	November 2008	1 July 2009	Nil – Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.
(vi) AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 2008	1 January 2009	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 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(vi) (Continued)			
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 January 2009	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 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009	
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	August 2008	1 July 2009	
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	September 2008	1 January 2009	
AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities	June 2008	1 January 2009	

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	Interpretation 12 – Service Concession Arrangements	June 2007	1 January 2009	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 15 – Agreements for the Construction of Real Estate	August 2008	1 January 2009	
	Interpretation 16 – Hedges of a Net Investment in a Foreign Operation	August 2008	1 October 2008	
	Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 18 – Transfers of Assets from Customers	March 2009	Ending 1 July 2009	

Notes:

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES

2009
\$

2008
\$

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	20,884	12,615
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Depreciation

Buildings	348,422	312,687
Furniture and Equipment	133,039	119,392
Plant and Equipment	514,590	384,002
Roads	3,395,320	1,669,888
Footpaths	48,538	42,748
Drainage	141,971	135,384
Parks	81,396	78,806
Other	99,671	86,252
	4,762,947	2,829,159

Interest Expenses

Debentures (<i>refer Note 22(a)</i>)	125,408	127,052
	125,408	127,052

Rental Charges

- Operating Leases	32,926	40,554
	32,926	40,554

(ii) Crediting as Revenue:

2009
\$

2009
Budget
\$

2008
\$

Interest Earnings

Investments		
- Reserve Funds	164,194	130,000
- Other Funds	138,982	55,000
Other Interest Revenue (<i>refer note 27</i>)	97,717	0
	400,893	185,000
		359,769

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

Council operations as disclosed in this financial report encompasses the following service orientated programs which it has established.

GOVERNANCE

Administration and operation of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Rates, general purpose grants and interest on investments.

LAW, ORDER, PUBLIC SAFETY

Supervision of various local laws, fire prevention, emergency services and animal control.

HEALTH

Food control, maintenance & contribution to health services & facilities, aboriginal health.

EDUCATION AND WELFARE

Maintenance of pre-school facilities & donations to schools. Maintenance of Senior Citizens Homes, Day Care Centre, assistance to welfare groups. Aged & Disabled services, Home and Community Care and Respite Care programs.

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

Rubbish collection services, maintenance of refuse sites, control & co-ordination of cemeteries, administration of town planning schemes & other community/environmental services. Heritage issues relating to old Onslow.

RECREATION AND CULTURE

Maintenance of halls, sporting facilities, parks & associated facilities & provision of library services in Tom Price, Onslow, Pannawonica & Paraburdoo.

TRANSPORT

Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic & street signs. Operation of Onslow airport.

ECONOMIC SERVICES

Noxious weeds & vermin control, tourism & area promotion including management of tourist bureau, building control.

OTHER PROPERTY & SERVICES

Public works overheads, plant operating costs & other unclassified works.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)	2009	2008
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Grants for Aboriginal Environmental Health	35,962	50,327
Main Roads Black Spot	0	28,526
National Disaster Mitigation Funds 2006-07	90,909	90,909
RRG Roebourne-Wittenoom Rd 2006-07	0	47,170
Dept of Education Wattle St Kiss n Drop	10,000	10,000
R2R 2006-07 and 2007-08	304,165	390,000
Main Roads Black Spot 2006-07	0	141,571
BHP Youth Services	0	25,000
Chevron Youth Services	0	40,000
FESA Onslow TV Compound	0	99,460
Pilbara Development Commission - Beadon Bay Park	0	50,000
Woodside Energy Onslow Playground Equipment	20,000	20,000
BHP Onslow Gym	4,883	11,000
Dept of Sport & Rec - Tom Price Pool Feasibility Study	8,750	0
Pilbara Iron - Tom Price Pool	750,000	0
Emergency Management Australia - LEMC Radios Onslow	16,364	0
Onslow Salt - Onslow Playground Upgrade	85,000	0
Pilbara Development Commission - Multi Purpose Complex	499,000	0
Pilbara Development Commission - Onslow Community Garden	56,704	0
Pilbara Development Commission - Onslow Playground	56,703	0
Onslow Salt - Onslow Cemetery Niche Wall & Beautification	20,000	0
Onslow Salt - Onslow Public Toilet Program	57,000	0
Hamersley Iron - Nameless Valley Rd Preliminaries	947,555	0
Dept of Environment & Conservation - Snappy Gum Drive	56,829	0
Dept of Environment & Conservation - Deep Reach Car Park	40,000	0
	3,059,824	1,003,963

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)	2009	2008
	\$	\$
(c) Conditions Over Contributions (Continued)		
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Grants for Aboriginal Environmental Health	50,000	83,330
R2R 2007-08	0	524,480
BHP Onslow Gym	0	6,000
Dept of Sport & Rec - Tom Price Pool Feasibility Study	0	8,750
Pilbara Iron - Tom Price Pool	0	750,000
Emergency Management Australia - LEMC Radios Onslow	0	16,364
Onslow Salt - Onslow Playground Upgrade	0	85,000
Pilbara Development Commission - Multi Purpose Complex	0	499,000
Pilbara Development Commission - Onslow Community Garden	0	56,704
Pilbara Development Commission - Onslow Playground	0	56,703
Onslow Salt - Onslow Cemetery Niche Wall & Beautification	0	20,000
Onslow Salt - Onslow Public Toilet Program	0	57,000
Hamersley Iron - Nameless Valley Rd Preliminaries	0	947,555
Dept of Environment & Conservation - Snappy Gum Drive	0	56,829
Dept of Environment & Conservation - Deep Reach Car Park	0	40,000
Country Local Government Fund - Royalties for Regions	17,000,000	0
Hamersley Iron - Nameless Valley Rd Construction	2,101,388	0
Regional and Local Government Infrastructure Program	536,000	0
Office of Crime Prevention - Onslow Graffiti Prevention Strategy	30,000	0
Pilbara Development Commission - Paraburdoo Library Project	5,120	0

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)	2009	2008
	\$	\$
(c) Conditions Over Contributions (Continued)		
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Grants for R2R (Transport)	0	(610,315)
Grants for Aboriginal Environmental Health	(114,460)	(97,695)
BHP Onslow Gym	(4,883)	(12,117)
Main Roads Black Spot	0	(28,526)
RRG Roebourne-Wittenoom Rd 2006-07	0	(47,170)
Main Roads Black Spot 2006-07	0	(141,571)
BHP Youth Services	0	(25,000)
Chevron Youth Services	0	(40,000)
FESA Onslow TV Compound	0	(99,460)
Pilbara Development Commission - Beadon Bay Park	0	(50,000)
Onslow Salt - Onslow Public Toilet Program	(37,000)	0
Dept of Education Wattle St Kiss n Drop	(7,594)	0
Woodside Energy Onslow Playground Equipment	(20,000)	0
Onslow Salt - Onslow Playground Upgrade	(85,000)	0
Pilbara Development Commission - Onslow Community Garden	(56,704)	0
Pilbara Development Commission - Onslow Playground	(56,703)	0
Dept of Sport & Rec - Tom Price Pool Feasibility Study	(8,750)	0
R2R 2006-07 and 2007-08	(304,165)	0
Hamersley Iron - Nameless Valley Rd Preliminaries	(947,555)	0
Closing balances of unexpended grants	<u>21,139,518</u>	<u>3,059,824</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)	2009	2008
(c) Conditions Over Contributions (Continued)	\$	\$
Comprises:		
Grants for Aboriginal Environmental Health	* (28,498) *	35,962
National Disaster Mitigation Funds 2006-07	* 90,909 *	90,909
Dept of Education Wattle St Kiss n Drop	* 2,406 *	10,000
R2R 2006-07 and 2007-08	0 *	304,165
Woodside Energy Onslow Playground Equipment	0 *	20,000
BHP Onslow Gym	0 *	4,883
Dept of Sport & Rec - Tom Price Pool Feasibility Study	0 *	8,750
Pilbara Iron - Tom Price Pool	* 750,000 *	750,000
Emergency Management Australia - LEMC Radios Onslow	* 16,364 *	16,364
Onslow Salt - Onslow Playground Upgrade	0 *	85,000
Pilbara Development Commission - Multi Purpose Complex	* 499,000 *	499,000
Pilbara Development Commission - Onslow Community Garden	0 *	56,704
Pilbara Development Commission - Onslow Playground	0 *	56,703
Onslow Salt - Onslow Cemetery Niche Wall & Beautification	* 20,000 *	20,000
Onslow Salt - Onslow Public Toilet Program	* 20,000 *	57,000
Hamersley Iron - Nameless Valley Rd Preliminaries	0 *	947,555
Dept of Environment & Conservation - Snappy Gum Drive	* 56,829 *	56,829
Dept of Environment & Conservation - Deep Reach Car Park	* 40,000 *	40,000
Country Local Government Fund - Royalties for Regions	* 17,000,000	0
Hamersley Iron - Nameless Valley Rd Construction	2,101,388	0
Regional and Local Government Infrastructure Program	536,000	0
Office of Crime Prevention - Onslow Graffiti Prevention Strategy	30,000	0
Pilbara Development Commission - Paraburdoo Library Project	5,120	0
	21,139,518	3,059,824

* These unspent contributions were held in a reserve fund called Unspent Grants and Contributions at the end of June 2008 and at the end of June 2009.

Unspent Grants not transferred to reserve as at 30 June	2,672,508	0
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SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	3,430	3,430
Cash on Hand - Municipal (Unrestricted)	873,388	0
Cash on Hand - Municipal (Restricted)	20,039,989	4,468,609
Restricted - Unspent Grants	2,672,508	0
	23,589,315	4,472,039

The following restrictions have been imposed by regulations or other externally imposed requirements:

Employee Benefit Reserve	131,978	118,201
Plant Replacement Reserve	76,960	68,927
Infrastructure Reserve	177,992	159,412
Housing Reserve	495,146	443,461
Onslow Community Infrastructure Reserve	30,192	27,040
Onslow Emergency Evacuation Building Reserve	210,744	188,746
Property Development Reserve	399,919	358,174
Town Centre Re-development Reserve	38,653	34,618
Onslow Aerodrome Reserve	11,395	10,206
Unspent Grants and Contributions Reserve	18,467,010	3,059,824
	20,039,989	4,468,609

Other:

Municipal Cash at Bank - Restricted		
Unspent Grants (refer note 2 (c))	2,672,508	0
	2,672,508	0

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	346,634	555,740
Sundry Debtors	2,812,500	1,535,011
Prepayments	91,982	44,340
Provision for Doubtful Debts	(127,373)	(267,888)
	3,123,743	1,867,203

Non-Current

Rates Outstanding - Pensioners	1,688	1,954
	1,688	1,954

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	928	0
Tourist Bureau Stock	67,693	60,823
Land Held for Resale - Cost		
Cost of Acquisition	209,091	0
Development Costs	31,215	0
	<u>308,927</u>	<u>60,823</u>
	<u>308,927</u>	<u>60,823</u>
 6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	19,651,180	17,734,293
Less Accumulated Depreciation	(4,460,157)	(4,112,330)
	<u>15,191,023</u>	<u>13,621,963</u>
 Furniture and Equipment - Cost	 1,215,325	 1,131,408
Less Accumulated Depreciation	(777,952)	(644,913)
	<u>437,373</u>	<u>486,495</u>
 Plant and Equipment - Cost	 7,910,143	 6,931,574
Less Accumulated Depreciation	(3,852,154)	(3,431,056)
	<u>4,057,989</u>	<u>3,500,518</u>
	<u>19,686,385</u>	<u>17,608,976</u>

Whilst none of the above assets are subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 '*Impairment of Assets*'.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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 2008	13,621,963	486,495	3,500,518	17,608,976
Additions	1,919,416	83,917	1,266,761	3,270,094
(Disposals)	(1,934)	0	(194,700)	(196,634)
Depreciation (Expense)	(348,422)	(133,039)	(514,590)	(996,051)
Balance as at 30 June 2009	<u>15,191,023</u>	<u>437,373</u>	<u>4,057,989</u>	<u>19,686,385</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	97,056,654	85,487,546
Less Accumulated Depreciation	<u>(36,268,158)</u>	<u>(32,872,838)</u>
	60,788,496	52,614,708
Footpaths - Cost	1,970,462	1,815,588
Less Accumulated Depreciation	<u>(1,047,073)</u>	<u>(998,535)</u>
	923,389	817,053
Drainage - Cost	10,515,571	10,182,490
Less Accumulated Depreciation	<u>(2,987,183)</u>	<u>(2,845,212)</u>
	7,528,388	7,337,278
Parks & Ovals - Cost	4,099,058	3,764,207
Less Accumulated Depreciation	<u>(2,159,766)</u>	<u>(2,078,370)</u>
	1,939,292	1,685,837
Other Infrastructure - Cost	4,377,604	3,687,701
Less Accumulated Depreciation	<u>(568,035)</u>	<u>(468,364)</u>
	3,809,569	3,219,337
	<u>74,989,134</u>	<u>65,674,213</u>

Whilst none of the above assets are subject to a policy of regular revaluation, they are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 'Impairment of Assets'.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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>Footpaths</u> \$	<u>Drainage</u> \$	<u>Parks and Ovals</u> \$	<u>Other Infrastructure</u> \$	<u>Total</u> \$
Balance as at 1 July 2008	52,614,708	817,053	7,337,278	1,685,837	3,219,337	65,674,213
Additions	11,569,108	154,874	333,081	334,851	689,903	13,081,817
Depreciation (Expense)	(3,395,320)	(48,538)	(141,971)	(81,396)	(99,671)	(3,766,896)
Balance as at 30 June 2009	<u>60,788,496</u>	<u>923,389</u>	<u>7,528,388</u>	<u>1,939,292</u>	<u>3,809,569</u>	<u>74,989,134</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

8. TRADE AND OTHER PAYABLES	2009	2008
	\$	\$
Current		
Sundry Creditors	1,301,707	154,756
PAYG Payable	512,452	69,751
Payroll Creditors	3,822	3,179
GST Payable	1,151,184	11,887
ESL Liability	0	35,077
FBT Liability	42,891	0
Accrued Expenses	1,145,517	840,231
Accrued Interest on Loans	13,723	16,474
Accrued Salaries and Wages	162,627	97,318
	<u>4,333,923</u>	<u>1,228,673</u>
 9. SHORT-TERM BORROWINGS		
Unsecured		
Bank Overdraft	0	106,234
	<u>0</u>	<u>106,234</u>
 10. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	147,060	189,601
	<u>147,060</u>	<u>189,601</u>
 Non-Current		
Secured by Floating Charge		
Debentures	1,831,943	1,979,003
	<u>1,831,943</u>	<u>1,979,003</u>
Additional detail on borrowings is provided in Note 22.		
 11. PROVISIONS		
Current		
Provision for Annual Leave	406,581	282,117
Provision for Relocation Repayments	0	15,734
Provision for Long Service Leave	189,192	167,794
	<u>595,773</u>	<u>465,645</u>
 Non-Current		
Provision for Long Service Leave	71,353	35,595
	<u>71,353</u>	<u>35,595</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
12. RESERVES - CASH BACKED			
(a) Employee Benefits Reserve			
Opening Balance	118,201	109,926	109,926
Amount Set Aside / Transfer to Reserve	13,777	0	8,275
Amount Used / Transfer from Reserve	0	0	0
	131,978	109,926	118,201
(b) Plant Replacement Reserve			
Opening Balance	68,927	351,216	351,216
Amount Set Aside / Transfer to Reserve	8,033	306,909	26,438
Amount Used / Transfer from Reserve	0	(32,000)	(308,727)
	76,960	626,125	68,927
(c) Infrastructure Reserve			
Opening Balance	159,412	155,953	155,953
Amount Set Aside / Transfer to Reserve	18,580	0	3,459
Amount Used / Transfer from Reserve	0	(35,000)	0
	177,992	120,953	159,412
(d) Housing Reserve			
Opening Balance	443,461	250,589	603,914
Amount Set Aside / Transfer to Reserve	51,685	250,000	295,461
Amount Used / Transfer from Reserve	0	(250,000)	(455,914)
	495,146	250,589	443,461
(e) Onslow Community Infrastructure Reserve			
Opening Balance	27,040	27,037	27,037
Amount Set Aside / Transfer to Reserve	3,152	0	3
Amount Used / Transfer from Reserve	0	0	0
	30,192	27,037	27,040
(f) Onslow Emergency Evacuation Building Reserve			
Opening Balance	188,746	821,119	175,532
Amount Set Aside / Transfer to Reserve	21,998	0	13,214
Amount Used / Transfer from Reserve	0	0	0
	210,744	821,119	188,746

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
12. RESERVES - CASH BACKED			
(g) Property Development Reserve			
Opening Balance	358,174	333,100	333,100
Amount Set Aside / Transfer to Reserve	41,745	0	25,074
Amount Used / Transfer from Reserve	0	0	0
	<u>399,919</u>	<u>333,100</u>	<u>358,174</u>
(h) Town Centre Redevelopment Reserve			
Opening Balance	34,618	32,195	32,195
Amount Set Aside / Transfer to Reserve	4,035	0	2,423
Amount Used / Transfer from Reserve	0	0	0
	<u>38,653</u>	<u>32,195</u>	<u>34,618</u>
(i) Onslow Aerodrome Reserve			
Opening Balance	10,206	9,491	9,491
Amount Set Aside / Transfer to Reserve	1,189	0	715
Amount Used / Transfer from Reserve	0	0	0
	<u>11,395</u>	<u>9,491</u>	<u>10,206</u>
(j) Unspent Grants and Contributions Reserve			
Opening Balance	3,059,824	826,170	1,003,963
Amount Set Aside / Transfer to Reserve	17,000,000	0	2,629,867
Amount Used / Transfer from Reserve	(1,592,814)	(826,170)	(574,006)
	<u>18,467,010</u>	<u>0</u>	<u>3,059,824</u>
(k) Onslow Residential Development Reserve			
Opening Balance	0	186,500	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(298,000)	0
	<u>0</u>	<u>(111,500)</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>20,039,989</u>	<u>2,219,035</u>	<u>4,468,609</u>

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

12. 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:

Employee Benefits Reserve

- To contribute towards funding the Council's liability for payments of employee benefits owing to staff and taken either as leave or paid upon termination of their employment.

Plant Replacement Reserve

- To provide an optimum level of cash reserves for funding the Council heavy machinery replacement program on a five year rolling basis.

Infrastructure Reserve

- To provide funds for provision and maintenance of new and existing infrastructure assets throughout the Shire.

Housing Reserve

- To provide funds to assist the Council to maintain and improve Council housing stock in accordance with the Housing Asset Management Plan.

Onslow Community Infrastructure Reserve

- To provide funds for the development of community facilities in Onslow.

Onslow Emergency Evacuation Building Reserve

- To provide for the construction and fitting out of an emergency evacuation facility for the joint use by the emergency services in Onslow.

Property Development Reserve

- To provide funds to assist the Council in purchasing, developing and selling property to stimulate economic development.

Town Centre Redevelopment Reserve

- To provide funds to develop and implement a plan to redevelop the Tom Price town centre.

Onslow Aerodrome Reserve

- To provide funds for the upgrading and modifications to the Onslow aerodrome.

Unspent Grants and Contributions Reserve

- To preserve unspent Grant and ongoing Capital Works Funds

Onslow Residential Development Reserve

- To be used for the development of staff housing in Onslow.

13. RESERVES - ASSET REVALUATION

2009
\$

2008
\$

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

Roads

Balance as at 1 July 2008	441,362	441,362
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2009	441,362	441,362
 TOTAL ASSET REVALUATION RESERVES	 441,362	 441,362

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

14. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the cash flow statement, 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 balance sheet as follows:

	2009	2009	2008
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	23,589,315	3,541,383	4,472,039
Bank Overdraft - Note 9	0	0	(106,234)
	<u>23,589,315</u>	<u>3,541,383</u>	<u>4,365,805</u>

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

Net Result	29,038,683	20,319,065	3,485,048
Depreciation	4,762,947	851,509	2,829,159
(Increase)/Decrease in Receivables	(1,288,061)	15,000	925,365
(Profit)/Loss on Sale of Asset	39,649	(296,400)	(5,808)
(Increase)/Decrease in Inventories	(7,798)	10,000	(28,781)
Increase/(Decrease) in Payables	3,105,250	20,000	(701,805)
Increase/(Decrease) in Employee Provisions	165,886	0	(42,295)
Grants/Contributions for the Development of Assets	<u>(28,752,063)</u>	<u>(12,701,600)</u>	<u>(4,142,467)</u>
Net Cash from Operating Activities	<u>7,064,493</u>	<u>8,217,574</u>	<u>2,318,416</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	500,000	500,000
Bank Overdraft at Balance Date	0	(106,234)
Credit Card limit	37,500	37,500
Credit Card Balance at Balance Date	<u>(25,444)</u>	<u>(5,659)</u>
Total Amount of Credit Unused	<u>512,056</u>	<u>425,607</u>

Loan Facilities

Loan Facilities - Current	147,060	189,601
Loan Facilities - Non-Current	<u>1,831,943</u>	<u>1,979,003</u>
Total Facilities in Use at Balance Date	<u>1,979,003</u>	<u>2,168,604</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

	2009	2008
	\$	\$
15. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Council has no finance lease commitments at 30 June 2009.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	1,680	32,926
- later than one year but not later than five years	0	1,680
	<u>1,680</u>	<u>34,606</u>
	<u>1,680</u>	<u>34,606</u>
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects		
- Tom Price Swimming Pool Upgrade	1,596,360	0
- Construction Beadon Bay Boat Ramp	463,946	0
	<u>2,060,306</u>	<u>0</u>
	<u>2,060,306</u>	<u>0</u>
Payable:		
- not later than one year	2,060,306	0

16. CONTINGENT LIABILITIES

Wittenoom asbestos claims are being made against the Shire by former miners, residents and visitors to Wittenoom for damages incurred as a result of suffering from asbestos related diseases.

Future potential claims in respect of Wittenoom are not reliably quantifiable, and Council is currently in discussions with the State Government seeking indemnity for the Council and possible shut down of the town of Wittenoom. All cases to date have been settled out of court, and no judgement on the matter has been reached by the court.

In the possible case of a number of court judgements against the Shire, there is potential to have a significant impact on its ability to provide services to ratepayers.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

17. JOINT VENTURE

Recreation Centre - Tom Price Senior High School

The Minister of Education and the Shire of Ashburton jointly funded the construction of the School and Community Recreation Centre during 2004/05. The Recreation Centre was built on land vested in the Ministry of Education, which has granted the Shire a twenty one year licence to use the facilities for recreational purposes. Utilities and maintenance expenses are to be shared on a basis as determined and set out in the lease agreement. Council's share of these assets is included in the Statement of Financial Position and at Note 6 as follows:

	2009	2008
	\$	\$
Non-Current Assets		
Land & Buildings	1,998,052	1,998,052
Less: Accumulated Depreciation	<u>(176,702)</u>	<u>(135,741)</u>
	<u><u>1,821,350</u></u>	<u><u>1,862,311</u></u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,845,496	873,573
General Purpose Funding	17,845,421	557,694
Law, Order, Public Safety	855,494	788,805
Health	9,192	78,906
Education and Welfare	224,459	232,599
Housing	3,534,033	3,396,389
Community Amenities	8,815,897	8,806,363
Recreation and Culture	11,488,900	10,404,145
Transport	68,795,335	58,786,553
Economic Services	901,662	722,753
Other Property and Services	4,435,315	3,607,764
Unallocated	<u>2,947,988</u>	<u>1,429,664</u>
	<u><u>121,699,192</u></u>	<u><u>89,685,208</u></u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

19. FINANCIAL RATIOS	2009	2008	2007
Current Ratio	0.872	1.032	1.036
Untied Cash to Trade Creditors Ratio	0.291	0.022	2.094
Debt Ratio	0.057	0.045	0.057
Debt Service Ratio	0.020	0.025	0.032
Gross Debt to Revenue Ratio	0.123	0.182	0.194
Gross Debt to Economically Realisable Assets Ratio	0.042	0.095	0.116
Rate Coverage Ratio	0.127	0.314	0.292
Outstanding Rates Ratio	0.053	0.098	0.086

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 Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
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 ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

20. TRUST FUNDS

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

	Balance 1-Jul-08	Amounts Received	Amounts Paid	Balance 30-Jun-09
	\$	\$	(\$)	\$
Cleaning and Key Deposits	5,247	3,880	(1,020)	8,107
Other Trust Monies	1,362	43,277	(18,938)	25,701
Bonds and Guarantees	28,029	12,301	(12,506)	27,824
Nomination Deposit	80	0	0	80
Unclaimed Monies	12,177	566	0	12,743
BCITF Levy	3,168	473,977	0	477,145
BRB Levy	4,576	7,830	(12,839)	(433)
Consignment Stock	1,946	15,727	(17,523)	150
Tour Sales	30,384	25,755	(53,730)	2,409
Fundraising Aqua Run	700	0	0	700
	<u>87,669</u>			<u>554,426</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

21. DISPOSALS OF ASSETS - 2008/09 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing						
Partial Disposal of Fence - 398 Acalypha	1,934	0	0	0	(1,934)	0
Other Property & Services						
Lot 503 First Ave, Onslow	0	600,000	0	600,000	0	0
Lot 308 Boonderoo Rd	0	2,381,100	0	2,677,500	0	296,400
PUT 09 Hilux Extra Cab 1999	0	5,000	0	5,000	0	0
PUT 22 Hilux T/D Ute 2005	0	23,000	0	23,000	0	0
PUT 23 Hilux T/D Ute 2005	0	23,000	0	23,000	0	0
PUT 24 Hilux T/D Extra Cab 2006	26,859	30,000	21,900	30,000	(4,959)	0
PUT 25 Hilux T/D Twin 2005	0	30,000	0	30,000	0	0
PUT 27 Hilux T/D Twin 2007	32,937	30,000	20,000	30,000	(12,937)	0
PUT 28 Hilux 4 x4 SR3.0 Twin V6 Petrol 2007	32,269	0	21,200	0	(11,069)	0
PUT 29 Hilux SR5 Twin 2007	0	34,000	0	34,000	0	0
PSW12 PRADO GX T/D 2005	16,806	32,000	27,565	32,000	10,759	0
PSW 17 Avensis 2007	0	27,000	0	27,000	0	0
PSW 04 Prado GXL T/D 2001	15,593	12,000	8,800	12,000	(6,793)	0
PSW15 Prado 2007 GXL 5 Speed Auto	40,314	0	29,260	0	(11,054)	0
PSW16 Prado 2007 GXL	29,922	35,000	28,260	35,000	(1,662)	0
PUT 01 Toyota Hilux 4x4 extra cab 1998	0	7,000	0	7,000	0	0
PUT 03 Toyota Hilux Tipper 1998	0	5,000	0	5,000	0	0
PUT 04 Toyota Hilux Tipper 1998	0	5,000	0	5,000	0	0
PUT 06 Toyota Hilux Tipper 1998	0	5,000	0	5,000	0	0
PUT 16 Toyota Hilux Dual Cab TD 4x4 2002	0	10,000	0	10,000	0	0
PUT 20 Toyota Hilux Dual Cab V6 4x4 2004	0	12,000	0	12,000	0	0
PRS02 Schwarze Sweeper 2003	0	30,000	0	30,000	0	0
PTR10 Toyota Dyna 2000	0	30,000	0	30,000	0	0
PTR11 Mitsu Canter 2001	0	30,000	0	30,000	0	0
Hino Prime Mover	0	60,000	0	60,000	0	0
	196,634	3,456,100	156,985	3,752,500	(39,649)	296,400

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

22. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-08 \$	New Loans		Principal Repayments		Principal 30-Jun-09		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order & Public Safety									
Loan 112 - Collocation Facility	198,542			28,348	28,348	170,194	170,194	10,786	11,628
Housing									
Loan 113 - Staff Housing	12,836			6,204	6,203	6,632	6,632	761	769
Loan 117 - Housing Manager	841,692			37,201	37,201	804,491	804,491	46,052	46,205
Community Amenities									
Loan 111 - Refuse Site	46,652			46,652	46,652	0	0	721	2,053
Recreation & Culture									
Loan 118 - Community Rec Centre	358,246			22,641	22,641	335,605	335,605	20,625	20,525
Transport									
Loan 109 - Onslow Footpaths	1,424			1,424	1,424	0	0	22	42
Loan 110 - Onslow Bitumen	3,107			3,107	3,108	0	0	46	90
Loan 116 - Onslow Aerodrome	422,125			35,229	35,229	386,896	386,896	28,289	28,488
Loan 119 - Onslow Aerodrome	283,980			8,795	8,795	275,185	275,185	18,106	17,923
	2,168,604	0	0	189,601	189,601	1,979,003	1,979,003	125,408	127,723

All debenture repayments are to be financed by general purpose revenue, with the following exceptions, being in the nature of self supporting loans:
Loan 112 the interest component of which is reimbursable by FESA.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2008/09

Council had no new debentures in the 2008/09 financial year.

(c) Unspent Debentures

Council had no unspent loan funds as at 30th June 2009 nor did it have any unspent loan funds as at 30th June 2008.

(d) Overdraft

Council has an overdraft facility of \$500,000 with Westpac bank to assist with short term liquidity requirements. The physical balance of the bank overdraft at the bank as at 1 July 2008 and 30 June 2009 was \$Nil.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

23. RATING INFORMATION - 2008/09 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 Residential	0.07725	2,306	32,856,422	2,538,225	36,943	1,166	2,576,334	2,566,588	0	0	2,566,588
Residential Development	0.07725	4	50,060	3,867	580	0	4,447	0	0	0	0
Commercial Civic	0.07725	81	4,092,334	316,141	263,572	44,537	624,250	378,920	0	0	378,920
Tourism	0.07725	3	345,300	26,675	0	0	26,675	26,675	0	0	26,675
Community	0.07725	11	148,650	11,484	0	0	11,484	12,478	0	0	12,478
Industrial	0.07725	37	621,800	48,035	458	0	48,493	52,598	0	0	52,598
Industrial Development	0.07725	1	12,400	958	0	0	958	958	0	0	958
UV Rural/Pastoral	0.07707	35	2,182,704	168,221	(4,912)	0	163,309	168,279	0	0	168,279
Rural/Commercial	0.22263	5	293,500	65,340	0	0	65,340	54,828	0	0	54,828
Rural/Industrial	0.22263	19	687,440	153,041	17,018	788	170,847	142,631	0	0	142,631
Mining Lease	0.22263	76	3,852,172	857,590	16,632	8	874,230	831,253	0	0	831,253
Exploration Lease	0.22263	346	4,235,290	942,881	(17,981)	(854)	924,046	987,568	0	0	987,568
Petroleum Production	0.22263	6	832,896	185,424	0	1,670	187,094	185,428	0	0	185,428
UV Permits	0.22263	12	187,509	41,744	0	0	41,744	42,334	0	0	42,334
General Purpose Lease	0.22263	3	254,832	56,732	1,450	0	58,182	64,061	0	0	64,061
Sub-Totals		2,945	50,653,309	5,416,358	313,760	47,315	5,777,433	5,514,599	0	0	5,514,599
Minimum Rates	Minimum \$										
GRV Residential	500	126	394,715	63,000	0	0	63,000	30,000	0	0	30,000
Commercial Civic	500	19	53,984	9,500	0	0	9,500	6,000	0	0	6,000
Community	500	9	12,870	4,500	0	0	4,500	3,500	0	0	3,500
Industrial	500	25	59,060	12,500	0	0	12,500	10,500	0	0	10,500
UV Rural/Pastoral	500	4	13,654	2,000	0	0	2,000	2,000	0	0	2,000
Rural/Commercial	500	4	2,772	2,000	0	0	2,000	2,500	0	0	2,500
Rural/Industrial	500	34	8,225	17,000	0	0	17,000	17,000	0	0	17,000
Mining Lease	500	43	25,177	21,500	0	0	21,500	24,000	0	0	24,000
Exploration Lease	500	102	102,648	51,000	0	0	51,000	75,500	0	0	75,500
Prospecting Licence	500	105	109,187	52,500	1,428	(1,318)	52,610	14,500	0	0	14,500
Permits	500	6	7,606	3,000	0	0	3,000	5,000	0	0	5,000
General Purpose Lease	500	27	16,197	13,500	0	0	13,500	13,000	0	0	13,000
Sub-Totals		504	806,095	252,000	1,428	(1,318)	252,110	203,500	0	0	203,500
Rate Adjustments							6,029,543				5,718,099
Movement in Excess Rates							(222,019)				0
							63,100				0
Totals							5,870,624				5,718,099

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

24. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR

No specified area rates were charged in the 2008/09 year.

25. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

No statutory service charges were imposed in 2008/09.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2008/09 FINANCIAL YEAR**

No discount for early payment applied to rates in the 2008/09 year.

27. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		83,671	60,000
Interest on ESL	11		5,561	0
Interest on Instalment Plan	6.5		8,485	15,000
Charges on Instalment Plan		8	3,160	5,000
			<u>100,877</u>	<u>80,000</u>

Ratepayers had the option of paying rates in four equal instalments, due on 1st October 2008, 1st December 2008, 1st February 2009 and 1st April 2009. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2009 \$	2008 \$
Governance	7,720	6,566
General Purpose Funding	3,970	2,828
Law, Order, Public Safety	28,091	33,927
Health	23,590	18,660
Education and Welfare	7,831	5,340
Housing	212,756	185,889
Community Amenities	1,522,900	1,071,574
Recreation & Culture	177,833	171,295
Transport	14,750	9,044
Economic Services	1,047,614	554,969
Other Property & Services	525,328	68,145
	<u>3,572,383</u>	<u>2,128,237</u>

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

29. GRANT REVENUE	2009	2008
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	6,062,711	4,642,938
Non-Operating Grants, Subsidies and Contributions	<u>30,857,161</u>	<u>4,142,467</u>
	<u><u>36,919,872</u></u>	<u><u>8,785,405</u></u>
By Program:		
General Purpose Funding	22,678,376	3,798,334
Governance	92,577	24,223
Law, Order, Public Sector	85,869	193,789
Health	50,490	85,430
Education and Welfare	231,223	164,811
Housing	4,680	623
Community Amenities	72,574	450,046
Recreation and Culture	544,265	1,263,993
Transport	13,138,812	2,782,931
Other Property & Services	<u>21,006</u>	<u>21,225</u>
	<u><u>36,919,872</u></u>	<u><u>8,785,405</u></u>

30. COUNCILLORS' REMUNERATION	2009	2009	2008
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	66,613	56,000	57,170
President's Allowance	5,000	14,000	5,000
Deputy President's Allowance	1,250	6,250	1,286
Travelling Expenses	23,031	40,000	20,867
Child Care Allowance	0	1,000	0
Telecommunications Allowance	<u>2,367</u>	<u>2,520</u>	<u>2,408</u>
	<u><u>98,261</u></u>	<u><u>119,770</u></u>	<u><u>86,731</u></u>

31. EMPLOYEES' REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

Salary Range	2009	2008
\$		
100,000 - 109,999	1	1
110,000 - 119,999	0	0
120,000 - 129,999	2	2
130,000 - 139,999	0	1
140,000 - 149,999	1	0

32. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

2009	2008
<u><u>92</u></u>	<u><u>77</u></u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

33. MAJOR LAND TRANSACTIONS

Onslow Residential Development

- (a) Council own, freehold, 318 Second Ave, Onslow. Council proposes to build duplex units on this land using the proceeds from the sale of 307 First Ave, Onslow, and reserve funds. The reserve funds represent the funds previously set aside from the sale of 1 Hope Court, Onslow, in 2006/07. Council intends to provide staff housing with these units.

(b) Current Year Transactions

Budget Estimates	2009	2008/09	2008
	\$	Budget	\$
		\$	
OPERATING INCOME			
Miscellaneous Income	4,400	0	0
	<u>4,400</u>	<u>0</u>	<u>0</u>
OPERATING EXPENDITURE			
Land Transfer Expenditure			
Advertising	(2,428)	(5,000)	0
Demolition Expenses	0	(1,000)	0
Settlement Fees	0	(20,000)	0
	<u>(2,428)</u>	<u>(26,000)</u>	<u>0</u>
Operating Surplus/(Deficit)	1,972	(26,000)	0
CAPITAL INCOME			
Sale Proceeds from Assets			
- Sale of 307 First Ave Onslow	0	500,000	0
Transfer from Reserve	0	298,000	0
	<u>0</u>	<u>798,000</u>	<u>0</u>
CAPITAL EXPENDITURE			
Building Construction			
318A Second Ave Onslow	0	(300,000)	0
318B Second Ave Onslow	0	(300,000)	0
Land Purchase	(327,702)	(396,000)	0
	<u>(327,702)</u>	<u>(996,000)</u>	<u>0</u>
NET RESULTS	<u>(325,730)</u>	<u>(224,000)</u>	<u>0</u>

The above capital expenditure is included in Land and Buildings (refer Note 6 to this financial report).

There are no liabilities in relation to this land transaction as at 30 June 2009.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

33. MAJOR LAND TRANSACTIONS (Continued)

Tom Price Residential Development

- (a) Council intends to purchase unallocated crown land at Super Lot 500, Pilkena St/Yaruga St, Tom Price and subdivide this land into 24 separate lots for on sale.

Council also intends to purchase unallocated crown land at Lots 501 and 502, Warara St, Tom Price and subdivide this land into 13 separate lots for on sale.

(b) Current Year Transactions

<i>Budget Estimates</i>	2009 \$	2008/09 Budget \$	2008 \$
OPERATING EXPENDITURE			
Land Transfer Expenditure	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Operating Surplus/(Deficit)	0	0	0
CAPITAL INCOME			
Sale Proceeds from Assets	0	1,450,000	0
Regional Headworks Grant	0	200,000	0
RTIO Roadworks	0	829,500	0
	<u>0</u>	<u>2,479,500</u>	<u>0</u>
CAPITAL EXPENDITURE			
Services Installation	0	(1,984,500)	0
Land Purchase	(209,091)	(301,600)	0
Subdivision, Survey, Plan	(3,825)	(22,000)	0
Design & Planning	0	(73,000)	0
	<u>(212,916)</u>	<u>(2,381,100)</u>	<u>0</u>
NET RESULTS	<u><u>(212,916)</u></u>	<u><u>98,400</u></u>	<u><u>0</u></u>

The above capital expenditure is included in land held for resale (refer Note 6 to this financial report).

There are no liabilities in relation to this land transaction as at 30 June 2009.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

33. MAJOR LAND TRANSACTIONS (Continued)

Tom Price Industrial Development

(a) Council own, freehold, Lot 308 Boonderoo Rd, Tom Price. Council intends to develop 7 lots on this land with the intent of selling 6 and retaining 1.

(b) Current Year Transactions

<i>Budget Estimates</i>	2009 \$	2008/09 Budget \$	2008 \$
OPERATING EXPENDITURE			
Land Transfer Expenditure	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Operating Surplus/(Deficit)	0	0	0
CAPITAL INCOME			
Sale Proceeds from Assets	0	0	0
Regional Headworks Grant	0	0	0
RTIO Roadworks	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
CAPITAL EXPENDITURE			
Services Installation	0	0	0
Land Purchase	0	0	0
Subdivision, Survey, Plan	(27,390)	0	0
Design & Planning	0	0	0
	<u>(27,390)</u>	<u>0</u>	<u>0</u>
NET RESULTS	<u><u>(27,390)</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

The above capital expenditure is included in land held for resale (refer Note 6 to this financial report).

There are no liabilities in relation to this land transaction as at 30 June 2009.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2008/09 financial year.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

35. 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	
	2009 \$	2008 \$	2009 \$	2008 \$
Financial Assets				
Cash and cash equivalents	23,589,315	4,472,039	23,589,315	4,472,039
Receivables	3,125,431	1,869,157	3,125,431	1,869,157
	<u>26,714,746</u>	<u>6,341,196</u>	<u>26,714,746</u>	<u>6,341,196</u>
Financial Liabilities				
Payables	4,333,923	1,228,673	4,333,923	1,228,673
Borrowings	1,979,003	2,274,838	1,863,326	2,146,056
	<u>6,312,926</u>	<u>3,503,511</u>	<u>6,197,249</u>	<u>3,374,729</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 liabilities with similar risk profiles.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

35. 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. Note, the Shire of Ashburton does not hold any investments thus currently has no risk.

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-09	30-Jun-08
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and cash equivalents:		
- Equity	235,893	43,658
- Income Statement	235,893 (+)	43,658 (+)

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.

(+) Maximum impact.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

35. 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.

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-09	30-Jun-08
Percentage of Rates and Annual Charges		
- Current	66.04%	64.66%
- Overdue	33.96%	35.34%
Percentage of Other Receivables		
- Current	87.97%	65.65%
- Overdue	12.03%	34.35%
Percentage of Deferred Rates Receivables		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2009</u>					
Payables	4,333,923	0	0	4,333,923	4,333,923
Borrowings	264,390	1,029,671	1,503,428	2,797,489	1,979,003
	<u>4,598,313</u>	<u>1,029,671</u>	<u>1,503,428</u>	<u>7,131,412</u>	<u>6,312,926</u>
<u>2008</u>					
Payables	1,228,673	0	0	1,228,673	1,228,673
Borrowings	423,994	1,036,644	1,760,846	3,221,484	2,274,838
	<u>1,652,667</u>	<u>1,036,644</u>	<u>1,760,846</u>	<u>4,450,157</u>	<u>3,503,511</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

35. INTEREST RATE RISK
(c) Payables and Borrowings (Continued)

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

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

<u>Year Ended 30 June 2009</u>	<u><1 year</u> \$	<u>>1<2 years</u> \$	<u>>2<3 years</u> \$	<u>>3<4 years</u> \$	<u>>4<5 years</u> \$	<u>>5 years</u> \$	<u>Total</u> \$	<u>Weighted Average Effective Interest Rate</u> %
Borrowings								
Fixed Rate								
Debentures	6,632	0	0	0	170,194	1,802,177	1,979,003	5.95%
Weighted Average Effective Interest Rate	6.70%	0.00%	0.00%	0.00%	5.97%	5.95%		

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

35. INTEREST RATE RISK (Continued)
(c) Payables and Borrowings (Continued)

<u>Year Ended 30 June 2008</u>	<u><1 year</u> \$	<u>>1<2 years</u> \$	<u>>2<3 years</u> \$	<u>>3<4 years</u> \$	<u>>4<5 years</u> \$	<u>>5 years</u> \$	<u>Total</u> \$	<u>Weighted Average Effective Interest Rate</u> %
Borrowings								
Fixed Rate								
Debentures	51,184	12,836	0	0	0	2,104,584	2,168,604	5.95%
Weighted Average Effective Interest Rate	5.74%	6.70%	0.00%	0.00%	0.00%	5.95%		
Floating Rate								
Overdraft	106,234	0	0	0	0	0	106,234	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		

Note: Bank overdraft balance of \$106,234 at 30 June 2008 was only a reconciled general ledger overdraft balance.

The balance as per the bank was not in overdraft and hence the weighted average interest rate was 0%.

If an actual overdraft had existed, the existing overdraft facility interest rate at 30 June 2008 would have been 10.25%.

INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF ASHBURTON

We have audited the accompanying financial report of the Shire of Ashburton, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council 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) and the Local Government Act 1995. This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the Australian professional accounting bodies.

Auditor's Opinion


In our opinion the financial report presents fairly, in all material respects, the financial position of the Shire of Ashburton as of 30 June 2009 and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Accounting Interpretations), the Local Government Act 1995, and Local Government (Financial Management) Regulations 1996.

Report on Other Legal and Regulatory Requirements

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) There are no further matters indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 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.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Subiaco, Western Australian
Dated this 11th March 2010