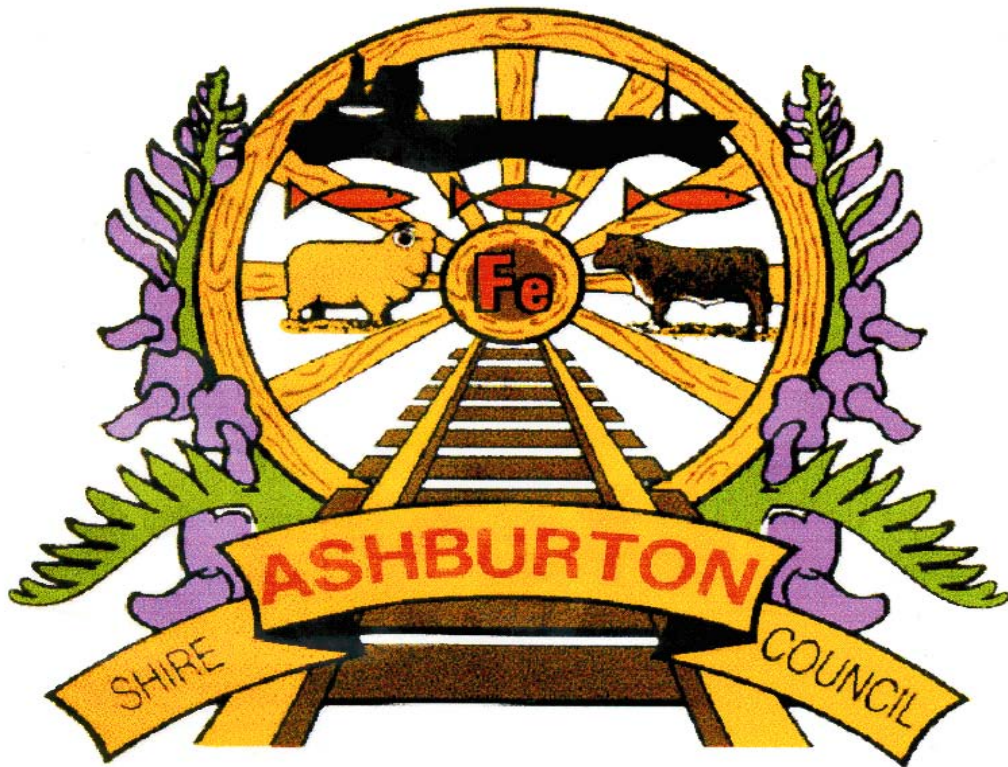


Shire of Ashburton



Annual Budget

FOR THE YEAR ENDED 30 JUNE 2013

SHIRE OF ASHBURTON
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

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SHIRE OF ASHBURTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
REVENUE				
Rates	8	13,309,415	10,642,028	9,638,676
Operating Grants, Subsidies and Contributions		6,599,975	8,088,622	7,262,109
Fees and Charges	11	21,487,700	13,252,562	18,543,277
Service Charges	10	0	0	0
Interest Earnings	2(a)	720,700	589,694	705,050
Other Revenue		350,900	420,788	396,400
		<u>42,468,690</u>	<u>32,993,694</u>	<u>36,545,512</u>
EXPENSES				
Employee Costs		(13,967,429)	(9,723,831)	(9,122,226)
Materials and Contracts		(20,660,536)	(11,983,561)	(23,130,780)
Utility Charges		(643,000)	(549,298)	(647,676)
Depreciation	2(a)	(6,663,700)	(6,797,910)	(6,066,173)
Interest Expenses	2(a)	(223,888)	(244,053)	(253,764)
Insurance Expenses		(1,149,946)	(866,096)	(888,704)
Other Expenditure		(270,300)	(225,052)	(303,308)
		<u>(43,578,799)</u>	<u>(30,389,801)</u>	<u>(40,412,631)</u>
		(1,110,109)	2,603,893	(3,867,119)
Non-Operating Grants, Subsidies and Contributions		42,169,782	2,150,686	35,152,034
Profit on Asset Disposals	4	0	1,632,866	0
Loss on Asset Disposals	4	<u>0</u>	<u>(16,856)</u>	<u>0</u>
NET RESULT		41,059,673	6,370,589	31,284,915
Other Comprehensive Income				
Nil		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>41,059,673</u>	<u>6,370,589</u>	<u>31,284,915</u>

Notes: Fair value adjustments to financial assets at fair value through profit or loss and Other Comprehensive Income (if any), is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

SHIRE OF ASHBURTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		1,054,700	304,692	133,100
General Purpose Funding		15,959,215	17,282,759	13,849,436
Law, Order, Public Safety		122,570	143,523	131,364
Health		234,000	237,525	215,002
Education and Welfare		805,000	216,190	363,000
Housing		42,400	58,424	24,000
Community Amenities		5,303,880	4,722,383	3,500,920
Recreation and Culture		1,157,760	454,179	754,500
Transport		1,924,325	1,033,676	1,877,435
Economic Services		2,446,500	1,394,531	1,637,400
Other Property and Services		<u>13,418,340</u>	<u>7,145,812</u>	<u>14,059,355</u>
		42,468,690	32,993,694	36,545,512
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(4,453,953)	(3,425,345)	(3,139,293)
General Purpose Funding		(156,140)	(461,431)	(433,810)
Law, Order, Public Safety		(919,234)	(678,937)	(751,174)
Health		(818,136)	(513,609)	(482,682)
Education and Welfare		(743,081)	(561,469)	(655,774)
Housing		(261,399)	(497,906)	(196,124)
Community Amenities		(6,395,939)	(3,733,179)	(3,887,033)
Recreation & Culture		(6,099,471)	(5,460,463)	(5,589,352)
Transport		(7,875,523)	(7,391,660)	(8,519,715)
Economic Services		(2,309,423)	(1,216,322)	(2,857,825)
Other Property and Services		<u>(13,322,612)</u>	<u>(6,205,427)</u>	<u>(13,646,085)</u>
		(43,354,911)	(30,145,748)	(40,158,867)
FINANCE COSTS (Refer Notes 2 & 5)				
Law, Order, Public Safety		(3,968)	(5,050)	(6,058)
Housing		(172,106)	(186,136)	(193,834)
Recreation and Culture		(14,685)	(16,272)	(17,033)
Transport		<u>(33,129)</u>	<u>(36,595)</u>	<u>(36,839)</u>
		(223,888)	(244,053)	(253,764)
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
Community Amenities		1,567,100	122,727	1,137,100
Recreation & Culture		5,920,332	787,874	2,175,674
Transport		34,682,350	1,240,085	29,339,260
Economic Services		0	0	1,500,000
Other Property and Services		<u>0</u>	<u>0</u>	<u>1,000,000</u>
		42,169,782	2,150,686	35,152,034
PROFIT/(LOSS) ON				
DISPOSAL OF ASSETS (Refer Note 4)				
Transport		0	28,768	0
Other Property and Services		<u>0</u>	<u>1,587,242</u>	<u>0</u>
		0	1,616,010	0
NET RESULT		41,059,673	6,370,589	31,284,915
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>41,059,673</u>	<u>6,370,589</u>	<u>31,284,915</u>

Notes: Fair value adjustments to financial assets at fair value through profit or loss and Other Comprehensive Income (if any), is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

**SHIRE OF ASHBURTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		13,321,420	10,561,247	9,700,681
Operating Grants, Subsidies and Contributions		7,555,200	8,520,997	7,518,709
Fees and Charges		22,745,700	11,301,398	20,098,542
Service Charges		0	0	0
Interest Earnings		720,700	589,694	705,050
Goods and Services Tax		315,000	685,327	604,081
Other		350,900	422,054	396,400
		<u>45,008,920</u>	<u>32,080,717</u>	<u>39,023,463</u>
Payments				
Employee Costs		(14,159,829)	(9,392,114)	(9,168,306)
Materials and Contracts		(20,758,391)	(11,609,352)	(22,758,128)
Utility Charges		(684,205)	(549,298)	(647,676)
Insurance Expenses		(1,149,946)	(866,096)	(888,704)
Interest Expenses		(224,088)	(218,988)	(253,764)
Goods and Services Tax		(275,000)	(785,157)	(716,817)
Other		(270,300)	(225,052)	(377,287)
		<u>(37,521,759)</u>	<u>(23,646,057)</u>	<u>(34,810,682)</u>
Net Cash Provided By Operating Activities	15(b)	<u>7,487,161</u>	<u>8,434,660</u>	<u>4,212,781</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	(1,990,000)	(3,285,320)	(2,958,272)
Payments for Purchase of Property, Plant & Equipment	3	(14,751,362)	(5,284,934)	(15,826,875)
Payments for Construction of Infrastructure	3	(47,091,995)	(9,731,000)	(43,611,819)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		42,169,782	2,150,686	35,152,034
Proceeds from Sale of Plant & Equipment	4	11,078,100	3,226,876	12,355,100
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(10,585,475)</u>	<u>(12,923,692)</u>	<u>(14,889,832)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(368,892)	(347,576)	(355,523)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures	5	0	0	562,000
Net Cash Provided By (Used In) Financing Activities		<u>(368,892)</u>	<u>(347,576)</u>	<u>206,477</u>
Net Increase (Decrease) in Cash Held		(3,467,206)	(4,836,608)	(10,470,574)
Cash at Beginning of Year		11,015,503	15,852,111	15,906,500
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>7,548,297</u></u>	<u><u>11,015,503</u></u>	<u><u>5,435,926</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 2013**

	NOTE	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
REVENUES	1,2			
Governance		1,054,700	304,692	133,100
General Purpose Funding		2,649,800	6,640,731	4,210,760
Law, Order, Public Safety		122,570	143,523	131,364
Health		234,000	237,525	215,002
Education and Welfare		805,000	216,190	363,000
Housing		42,400	58,424	24,000
Community Amenities		6,870,980	4,845,110	4,638,020
Recreation and Culture		7,078,092	1,242,053	2,930,174
Transport		36,606,675	2,319,385	31,216,695
Economic Services		2,446,500	1,394,531	3,137,400
Other Property and Services		13,418,340	8,733,054	15,059,355
		<u>71,329,057</u>	<u>26,135,218</u>	<u>62,058,870</u>
EXPENSES	1,2			
Governance		(4,453,953)	(3,425,345)	(3,139,293)
General Purpose Funding		(156,140)	(461,431)	(433,810)
Law, Order, Public Safety		(923,202)	(683,987)	(757,232)
Health		(818,136)	(513,609)	(482,682)
Education and Welfare		(743,081)	(561,469)	(655,774)
Housing		(433,505)	(684,042)	(389,958)
Community Amenities		(6,395,939)	(3,733,179)	(3,887,033)
Recreation & Culture		(6,114,156)	(5,476,735)	(5,606,385)
Transport		(7,908,652)	(7,428,255)	(8,556,554)
Economic Services		(2,309,423)	(1,233,178)	(2,857,825)
Other Property and Services		(13,322,612)	(6,205,427)	(13,646,085)
		<u>(43,578,799)</u>	<u>(30,406,657)</u>	<u>(40,412,631)</u>
Net Operating Result Excluding Rates		27,750,258	(4,271,439)	21,646,239
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	0	(1,616,010)	0
Movement in Deferred Pensioner Rates (non-current)		0	0	0
Movement in Employee Benefit Provisions (non-current)		0	82,916	0
Movement in Leave Reserve/Provisions (Added Back)		0	5,676	0
Depreciation on Assets	2(a)	6,663,700	6,797,910	6,066,173
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	(1,990,000)	(3,285,320)	(2,958,272)
Purchase Land and Buildings	3	(10,342,140)	(3,644,547)	(12,496,799)
Purchase Plant and Equipment	3	(3,619,722)	(1,334,310)	(2,838,176)
Purchase Furniture and Equipment	3	(789,500)	(306,077)	(491,900)
Purchase Infrastructure Assets - Roads	3	(3,114,500)	(2,236,440)	(9,390,814)
Purchase Infrastructure Assets - Footpaths	3	(1,162,770)	(133,120)	(581,206)
Purchase Infrastructure Assets - Drainage	3	(860,000)	(407,228)	(1,345,287)
Purchase Infrastructure Assets - Parks & Ovals	3	(1,586,500)	(175,109)	(898,000)
Purchase Infrastructure Assets - Airports	3	(31,915,225)	(2,288,493)	0
Purchase Infrastructure Assets - Other	3	(8,453,000)	(4,490,610)	(31,396,512)
Proceeds from Disposal of Assets	4	11,078,100	3,226,876	12,355,100
Repayment of Debentures	5	(368,892)	(347,576)	(355,523)
Proceeds from New Debentures	5	0	0	562,000
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	6	(6,161,158)	(471,279)	(3,523,158)
Transfers from Reserves (Restricted Assets)	6	9,239,000	3,624,518	12,521,537
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	2,322,934	2,950,568	3,485,922
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	2,322,934	0
Amount Required to be Raised from Rates	8	<u>(13,309,415)</u>	<u>(10,642,028)</u>	<u>(9,638,676)</u>

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

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

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

(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 budget.

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 16 to this budget document.

(c) 2011/12 Actual Balances

Balances shown in this budget as 2011/12 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) 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.

(f) Goods and Services Tax

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

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

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

(g) Superannuation

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

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and Cash Equivalents

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

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

(i) Trade and Other Receivables

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

(j) Inventories

General

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

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

Land Held for Resale

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

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

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

(k) Fixed Assets

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

Initial Recognition

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

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

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Revaluation

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

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

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

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

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 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 this treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

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

Depreciation of Non-Current Assets

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

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

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

Buildings	<i>Straight Line</i>	2-3%	30 to 50 Years
Furniture & Fittings	<i>Straight Line</i>	10-25%	4 to 10 Years
Computer Equipment	<i>Straight Line</i>	33.33%	3 Years
Office Equipment	<i>Straight Line</i>	20%	5 Years
Plant & Equipment	<i>Straight Line</i>	6-20%	5 to 15 Years
Motor Vehicles	<i>Straight Line</i>	10%	10 Years
Infrastructure - Other	<i>Straight Line</i>	2.5%	40 Years
Water Supply Piping & Drainage systems	<i>Straight Line</i>	1.3%	75 Years
Sewerage Piping	<i>Straight Line</i>	1%	100 Years
Footpaths	<i>Straight Line</i>	2.5%	40 Years
<i>Gravel Roads</i>			
Construction/Road Base	<i>Straight Line</i>	2%	50 Years
Gravel Sheet	<i>Straight Line</i>	8.3%	12 Years
<i>Formed roads (Unsealed)</i>			
Construction /Road Base	<i>Straight Line</i>	2%	50 Years
<i>Sealed Roads & Streets</i>			
Construction/Road Base	<i>Straight Line</i>	2%	50 Years
Major re-surfacing Bituminous Seals	<i>Straight Line</i>	5%	20 Years
Asphalt Surfaces	<i>Straight Line</i>	8.3%	12 Years

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

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

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

Capitalisation Threshold

Expenditure under the thresholds listed below is not capitalised. Rather, it is recorded on an asset inventory listing.

- Land	Nil (All Land Capitalised)
- Buildings	2,000
- Plant & Equipment	2,000
- Furniture & Equipment	2,000
- Infrastructure	5,000

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Derecognition

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

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

(m) Impairment

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

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

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

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

(n) Trade and Other Payables

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

(o) Employee Benefits

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

(p) Borrowing Costs

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Provisions

Provisions are recognised when:

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

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

(r) Current and Non-Current Classification

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

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
 (i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	25,000	20,640	35,000
 Depreciation			
<u>By Program</u>			
Governance	63,700	180,366	89,500
General Purpose Funding	0	0	0
Law, Order, Public Safety	23,600	23,737	20,150
Health	8,500	8,537	5,000
Education and Welfare	7,700	6,686	7,500
Housing	99,200	99,373	88,540
Community Amenities	215,100	215,641	184,500
Recreation and Culture	530,900	539,031	342,332
Transport	4,993,500	5,000,045	4,662,351
Economic Services	45,000	45,078	25,500
Other Property and Services	676,500	679,416	640,800
	<u>6,663,700</u>	<u>6,797,910</u>	<u>6,066,173</u>
 <u>By Class</u>			
Land and Buildings	602,613	614,750	481,449
Furniture and Equipment	193,909	197,814	117,669
Plant and Equipment	722,719	737,275	666,231
Roads	4,591,677	4,684,156	4,347,520
Footpaths	68,534	69,914	58,698
Drainage	150,844	153,882	148,972
Parks	84,321	86,019	85,478
Other	249,083	254,100	160,156
	<u>6,663,700</u>	<u>6,797,910</u>	<u>6,066,173</u>
 Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	223,888	244,053	253,764
	<u>223,888</u>	<u>244,053</u>	<u>253,764</u>
 (ii) Crediting as Revenues:			
Interest Earnings	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
Investments			
- Reserve Funds	600,000	442,700	600,000
- Other Funds	80,000	105,148	60,000
Other Interest Revenue (<i>refer note 13</i>)	40,700	41,846	45,050
	<u>720,700</u>	<u>589,694</u>	<u>705,050</u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

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

GENERAL PURPOSE FUNDING

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

Activities: Rates, general purpose government grants and interest revenue

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of resources

Activities: 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

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community

Activities: Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

Objective: To provide an operational framework for good community health

Activities: Food quality and pest control and operation of child health clinic, analytical testing and Environmental Health Administration.

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas

Activities: Maintenance of pre-school facilities & donations to schools. Assistance to welfare groups and Youth Services

HOUSING

Objective: To manage housing

Activities: Maintenance of staff and rental housing

COMMUNITY AMENITIES

Objective: Provide services required by the community

Activities: Rubbish collections, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities and protection of the environment.

RECREATION AND CULTURE

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

Activities: Maintenance of Halls, swimming pools, sporting facilities, parks & associated facilities, provision of library services in Tom Price, Onslow, Pannawonica & Paraburdoo.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

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

Activities: Construction and maintenance of streets, roads, bridges, footpaths; street lighting, traffic management and airport. Purchase and disposal of Council's Road Plant.

ECONOMIC SERVICES

Objective: To help promote the shire and improve its economic wellbeing

Activities: Building control, management of tourist bureau, tourism and area promotion and standpipes.

OTHER PROPERTY & SERVICES

Activities: Private works operations, plant repairs and operation costs, stock and materials, salaries and wages of council employees.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

3. ACQUISITION OF ASSETS	2012/13 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
General Purpose Funding	0
Governance	741,100
Law, Order, Public Safety	93,500
Health	2,000
Housing	3,656,500
Community Amenities	4,030,000
Recreation and Culture	11,865,942
Transport	40,481,315
Economic Services	911,000
Other Property and Services	2,052,000
	<u>63,833,357</u>
 <u>By Class</u>	
Land Held for Resale	1,990,000
Land and Buildings	10,342,140
Plant and Equipment	3,619,722
Furniture and Equipment	789,500
Infrastructure Assets - Roads	3,114,500
Infrastructure assets - Footpaths	1,162,770
Infrastructure Assets - Drainage	860,000
Infrastructure Assets - Parks and Ovals	1,586,500
Infrastructure Assets - Airports	31,915,225
Infrastructure Assets - Other	8,453,000
	<u>63,833,357</u>

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:
Capital Expenditure Program

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

4. DISPOSALS OF ASSETS

The following assets are budgeted to be disposed of during the year.

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2012/13 BUDGET \$	2012/13 BUDGET \$	2012/13 BUDGET \$
Law, Order & Public Safety	30,100	30,100	0
Housing	1,500,000	1,500,000	0
Community Amenities	720,000	720,000	0
Transport	808,000	808,000	0
Other Property & Services	8,020,000	8,020,000	0
	11,078,100	11,078,100	0

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2012/13 BUDGET \$	2012/13 BUDGET \$	2012/13 BUDGET \$
Motor Vehicles	449,000	449,000	0
Plant & Equipment	359,000	359,000	0
Land and Buildings	2,250,100	2,250,100	0
Land Held For Resale	8,020,000	8,020,000	0
	11,078,100	11,078,100	0

Summary

	2012/13 BUDGET \$
Profit on Asset Disposals	0
Loss on Asset Disposals	0
	<u>0</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Interest Rate %	Maturity Date	Principal 1 July 2012	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
					2012/13 Budget \$	2011/12 Actual \$	2012/13 Budget \$	2011/12 Actual \$	2012/13 Budget \$	2011/12 Actual \$
Law, Order, Public Safety										
Loan 112 Colocation Facility	5.97	4/01/2014	57,528	0	36,008	33,918	21,520	57,528	3,968	5,050
Housing										
Loan 117 Staff Housing Plan	5.45	3/06/2023	679,849	0	46,308	43,841	633,541	679,849	37,098	39,385
Loan 121 New Staff Housing	5.97	20/04/2021	2,310,856	0	200,605	189,144	2,110,251	2,310,856	135,008	146,751
Recreation & Culture										
Loan 118 Recreation Centre Tom Price	5.82	1/11/2019	259,342	0	28,481	26,893	230,861	259,342	14,685	16,272
Transport										
Loan 116 Onslow Aerodrome	6.79	30/05/2017	265,690	0	46,193	43,168	219,497	265,690	17,524	20,306
Loan 119 Onslow Aerodrome Upgrade	6.36	30/06/2026	245,242	0	11,297	10,612	233,945	245,242	15,605	16,289
			3,818,507	0	368,892	347,576	3,449,615	3,818,507	223,888	244,053

All loan repayments are financed by general purpose income.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2013

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2012/13

Council does not intend on raising any new loans in 2012/13.

(c) Unspent Debentures

Particulars/Purpose	Date Borrowed	Balance 1/07/2012	Borrowed During Year	Expended During Year	Balance 30/06/2013
Loan 121 New Staff Housing	29/04/2011	1,581,953	0	1,581,953	0

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$500,000 with the Westpac Bank does exist. This facility will be increased to \$2,000,000 during the 2012/13 financial year. It is expected that some of this facility will be utilised during 2012/13.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2013

	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
6. RESERVES			
(a) Employee Entitlement Reserve			
Opening Balance	153,111	147,435	147,435
Amount Set Aside / Transfer to Reserve	160,900	5,676	158,603
Amount Used / Transfer from Reserve	0	0	0
	<u>314,011</u>	<u>153,111</u>	<u>306,038</u>
(b) Plant Replacement Reserve			
Opening Balance	89,283	85,974	85,974
Amount Set Aside / Transfer to Reserve	406,300	3,309	417,016
Amount Used / Transfer from Reserve	(480,000)	0	(80,000)
	<u>15,583</u>	<u>89,283</u>	<u>422,990</u>
(c) Infrastructure Reserve			
Opening Balance	206,493	198,839	198,839
Amount Set Aside / Transfer to Reserve	1,525,858	7,654	1,522,760
Amount Used / Transfer from Reserve	0	0	(841,075)
	<u>1,732,351</u>	<u>206,493</u>	<u>880,524</u>
(d) Housing Reserve			
Opening Balance	357,441	344,192	344,192
Amount Set Aside / Transfer to Reserve	25,400	13,249	370,083
Amount Used / Transfer from Reserve	(300,000)	0	(140,000)
	<u>82,841</u>	<u>357,441</u>	<u>574,275</u>
(e) Onslow Community Infrastructure Reserve			
Opening Balance	35,026	33,728	33,728
Amount Set Aside / Transfer to Reserve	2,500	1,298	1,968
Amount Used / Transfer from Reserve	0	0	0
	<u>37,526</u>	<u>35,026</u>	<u>35,696</u>
(f) Onslow Emergency Evacuation Building Reserve			
Opening Balance	0	235,428	235,428
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(235,428)	(235,428)
	<u>0</u>	<u>0</u>	<u>0</u>
(g) Property Development Reserve			
Opening Balance	48,560	46,760	46,760
Amount Set Aside / Transfer to Reserve	3,503,500	1,800	502,728
Amount Used / Transfer from Reserve	(2,040,000)	0	0
	<u>1,512,060</u>	<u>48,560</u>	<u>549,488</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2013

	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
6. RESERVES (Continued)			
(h) Town Centre Redevelopment Reserve			
Opening Balance	0	43,180	43,180
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(43,180)	(43,180)
	<u>0</u>	<u>0</u>	<u>0</u>
(i) Onslow Aerodrome Reserve			
Opening Balance	0	12,730	12,730
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(12,730)	(12,730)
	<u>0</u>	<u>0</u>	<u>0</u>
(J) Unspent Grants & Contributions Reserve			
Opening Balance	7,548,069	10,442,956	11,981,922
Amount Set Aside / Transfer to Reserve	536,700	438,293	550,000
Amount Used / Transfer from Reserve	(6,419,000)	(3,333,180)	(11,169,124)
	<u>1,665,769</u>	<u>7,548,069</u>	<u>1,362,798</u>
Total Reserves	<u>5,360,141</u>	<u>8,437,983</u>	<u>4,131,809</u>

All of the above reserve accounts are to be supported by money held in financial institutions.

Council have a policy of regular revaluation of road infrastructure. The amount of any revaluation adjustment at 30 June 2013 is not known. Any transfer to or from an asset revaluation reserve will be a non-cash transaction and as such, has no impact on this budget document.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2013

6. RESERVES (Continued)	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Employee Benefits Reserve	160,900	5,676	158,603
Plant Replacement Reserve	406,300	3,309	417,016
Infrastructure Reserve	1,525,858	7,654	1,522,760
Housing Reserve	25,400	13,249	370,083
Onslow Community Infrastructure Reserve	2,500	1,298	1,968
Onslow Emergency Evacuation Building Reserv	0	0	0
Property Development Reserve	3,503,500	1,800	502,728
Town Centre Redevelopment Reserve	0	0	0
Onslow Aerodrome Reserve	0	0	0
Unspent Grants & Contributions Reserve	536,700	438,293	550,000
	<u>6,161,158</u>	<u>471,279</u>	<u>3,523,158</u>
Transfers from Reserves			
Employee Benefits Reserve	0	0	0
Plant Replacement Reserve	(480,000)	0	(80,000)
Infrastructure Reserve	0	0	(841,075)
Housing Reserve	(300,000)	0	(140,000)
Onslow Community Infrastructure Reserve	0	0	0
Onslow Emergency Evacuation Building Reserv	0	(235,428)	(235,428)
Property Development Reserve	(2,040,000)	0	0
Town Centre Redevelopment Reserve	0	(43,180)	(43,180)
Onslow Aerodrome Reserve	0	(12,730)	(12,730)
Unspent Grants & Contributions Reserve	(6,419,000)	(3,333,180)	(11,169,124)
	<u>(9,239,000)</u>	<u>(3,624,518)</u>	<u>(12,521,537)</u>
Total Transfer to/(from) Reserves	<u>(3,077,842)</u>	<u>(3,153,239)</u>	<u>(8,998,379)</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2013

6. RESERVES (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.

The reserves are not expected to be fully utilised within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2013

	Note	2012/13 Budget \$	2011/12 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	2,038,156	595,567
Cash - Restricted Unspent Grants		150,000	400,000
Cash - Restricted Unspent Loans		0	1,581,953
Cash - Restricted Reserves	15(a)	5,360,141	8,437,983
Rates - Current		117,296	129,301
Sundry Debtors		1,805,819	3,389,044
Accrued Income		352,135	982,135
Payments in Advance		0	0
GST Receivable		503,245	518,245
Provision For Doubtful Debts		(95,795)	(95,795)
Inventories		152,015	154,065
		<u>10,383,012</u>	<u>16,092,498</u>
LESS: CURRENT LIABILITIES			
Sundry Creditors		(3,184,232)	(3,399,842)
Accrued Expenditure		(207,000)	(182,000)
PAYG Payable		(190,327)	(165,327)
Payroll Creditors		0	0
Withholding Tax Payable		0	0
GST Payable		(323,278)	(323,278)
Other Payables		(126,562)	(126,562)
Restricted Funds		0	0
Accrued Interest on Debentures		(33,178)	(33,378)
Accrued Salaries and Wages		(314,107)	(296,107)
Current Employee Benefits Provision		(958,198)	(958,198)
Current Loan Liability		0	0
		<u>(5,336,882)</u>	<u>(5,484,692)</u>
NET CURRENT ASSET POSITION		5,046,130	10,607,806
Less: Cash - Restricted Reserves	15(a)	(5,360,141)	(8,437,983)
Less: Cash - Unspent Grants - Fully Restricted		0	0
Adjustment for Trust Transactions Within Muni		0	0
Add Back : Liabilities Supported by Reserves			
- Lesser of Leave Provision and Leave Reserve		314,011	153,111
Add Back : Current Loan Liability		0	0
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u>0</u>	<u>2,322,934</u>

The estimated surplus/(deficiency) c/fwd in the 2011/12 actual column represents the surplus (deficit) brought forward as at 1 July 2012.

The estimated surplus/(deficiency) c/fwd in the 2012/13 budget column represents the surplus (deficit) carried forward as at 30 June 2013.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

8. RATING INFORMATION - 2012/13 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2012/13 Budgeted Rate Revenue \$	2012/13 Budgeted Interim Rates \$	2012/13 Budgeted Back Rates \$	2012/13 Budgeted Total Revenue \$	2011/12 Actual \$
Differential General Rate								
GRV - Residential	3.4369	2,319	95,018,745	3,265,699	0	0	3,265,699	4,054,979
GRV - Residential Development	3.9650	0	0	0	0	0	0	4,062
GRV - Commercial Civic	4.8045	105	17,285,475	830,481	0	0	830,481	698,035
GRV - Tourism	6.0868	3	548,000	33,356	0	0	33,356	29,007
GRV - Community	4.0300	10	349,900	14,101	0	0	14,101	14,659
GRV - Industrial	2.0950	33	2,718,671	56,956	0	0	56,956	52,449
UV - Rural/Pastoral	2.8650	32	7,214,361	206,692	0	0	206,692	179,592
UV - Rural/Commerical	31.5500	7	53,421	16,854	0	0	16,854	13,779
UV - Rural/Industrial	31.5500	37	10,299,599	3,249,523	0	0	3,249,523	1,674,631
UV - Mining Leases	31.5500	597	14,115,739	4,453,516	30,000	800,000	5,283,516	3,610,304
UV - Tourism	13.8948	4	345,000	47,937	0	0	47,937	41,555
Sub-Totals		3,147	147,948,911	12,175,115	30,000	800,000	13,005,115	10,373,052
Minimum Rates	Minimum \$							
GRV - Residential	550	122	646,019	67,100	0	0	67,100	66,912
GRV - Residential Development	550	0	0	0	0	0	0	530
GRV - Commercial Civic	550	17	78,189	9,350	0	0	9,350	13,250
GRV - Community	550	3	20,000	1,650	0	0	1,650	2,120
GRV - Industrial	550	33	308,134	18,150	0	0	18,150	15,370
UV - Rural/Pastoral	550	9	68,450	4,950	0	0	4,950	4,240
UV - Rural/Commerical	550	4	1,702	2,200	0	0	2,200	2,650
UV - Rural/Industrial	550	23	5,018	12,650	0	0	12,650	23,744
UV - Mining Lease	550	335	259,197	184,250	0	0	184,250	161,650
Sub-Totals		546	1,386,709	300,300	0	0	300,300	290,466
		3,693					13,305,415	10,663,518
Ex-Gratia Rates							5,000	4,470
Movement in Excess Rates							4,000	(22,073)
Specified Area Rates (Note 9)							0	0
							13,314,415	10,645,915
Discounts							0	0
Rates Written Off							(5,000)	(3,887)
Totals							13,309,415	10,642,028

All land except exempt land in the Shire of Ashburton is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2012/13 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

9. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

No specified area rate is levied by Council.

10. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

The Shire has no service charges in operation

11. FEES & CHARGES REVENUE	2012/13 Budget \$	2011/12 Actual \$
General Purpose Funding	7,100	7,990
Governance	62,100	70,325
Law, Order, Public Safety	64,000	60,442
Health	67,000	70,093
Education and Welfare	3,000	1,635
Housing	32,000	29,632
Community Amenities	4,814,900	4,299,244
Recreation & Culture	290,160	284,705
Transport	655,000	362,975
Economic Services	2,159,100	1,173,339
Other Property & Services	<u>13,333,340</u>	<u>6,892,182</u>
	<u><u>21,487,700</u></u>	<u><u>13,252,562</u></u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR**

No discount scheme is offered to ratepayers.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

13. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

The cost of the instalment plans will comprise of simple interest of 5.5% p.a. calculated from the date the first instalment is due, together with an administration fee of \$10 for each instalment notice (i.e. \$30 for option 3)

The total revenue from the imposition of the interest and administration charge under this option is estimated at \$3,700.

	Interest Rate %	Admin Charge \$	Budgeted Revenue \$	Actual Revenue \$
Interest on Unpaid Rates	11		35,000	35,460
Interest on Instalments Plan	5.5		5,000	5,682
Interest on ESL	11		700	704
Charges on Instalment Plan		10	3,000	3,930
			<u>43,700</u>	<u>45,776</u>

An interest rate of 11% will be charged on all rate payments which are late. It is estimated this will generate income of \$20,000. Three separate option plans will be available to ratepayers for payment of their rates.

Option 1

Full amount of rates and charges including arrears to be paid on or before 35 days after the date of service appearing on the rate notice. See Note 12 for discount provisions under this option.

Option 2 (2 Instalments)

First instalment to be received on or before 35 days after the date of service appearing on the rate notice including all arrears and half of the current rates and charges. Second instalments to be made four months thereafter.

Option 3 (4 Instalments)

First instalment to be received on or before 35 days after the date of service appearing on the rate notice including all arrears a quarter of the current rates and charges. Second, third and fourth instalments to be at two month intervals thereafter.

Two Instalment Option

1st Instalment Due 28 September 2012
2nd Instalment Due 29 January 2013

Four Instalment Option

1st Instalment Due 28 September 2012
2nd Instalment Due 28 November 2012
3rd Instalment Due 29 January 2013
4th Instalment Due 28 March 2013

14. ELECTED MEMBERS REMUNERATION

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

	2012/13 Budget \$	2011/12 Actual \$
Meeting Fees	56,000	52,500
President's Allowance	20,000	7,500
Deputy President's Allowance	5,000	1,875
Travelling Expenses	80,000	81,938
Telecommunications Expenses	3,000	6,705
	<u>164,000</u>	<u>150,518</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
Cash - Unrestricted	2,038,156	595,567	704,117
Cash - Restricted	5,510,141	10,419,936	4,731,809
	<u>7,548,297</u>	<u>11,015,503</u>	<u>5,435,926</u>

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

Employee Benefits Reserve	314,011	153,111	306,038
Plant Replacement Reserve	15,583	89,283	422,990
Infrastructure Reserve	1,732,351	206,493	880,524
Housing Reserve	82,841	357,441	574,275
Onslow Community Infrastructure Reserve	37,526	35,026	35,696
Onslow Emergency Evacuation Building Reserve	0	0	0
Property Development Reserve	1,512,060	48,560	549,488
Town Centre Redevelopment Reserve	0	0	0
Onslow Aerodrome Reserve	0	0	0
Unspent Grants & Contributions Reserve	1,665,769	7,548,069	1,362,798
Unspent Grants	150,000	400,000	600,000
Unspent Loans	0	1,581,953	0
	<u>5,510,141</u>	<u>10,419,936</u>	<u>4,731,809</u>

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

	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
Net Result	41,059,673	6,370,589	31,284,915
Depreciation	6,663,700	6,797,910	6,066,173
(Profit)/Loss on Sale of Asset	0	(1,616,010)	0
(Increase)/Decrease in Receivables	2,240,230	(1,671,498)	1,854,873
(Increase)/Decrease in Inventories	2,050	0	2,022
Increase/(Decrease) in Payables	(153,810)	403,926	127,807
Increase/(Decrease) in Employee Provisions	(154,900)	300,429	29,025
Grants/Contributions for the Development of Assets	(42,169,782)	(2,150,686)	(35,152,034)
Net Cash from Operating Activities	<u>7,487,161</u>	<u>8,434,660</u>	<u>4,212,781</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	1,500,000	500,000	2,000,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	55,000	55,000	55,000
Credit Card Balance at Balance Date	0	(163)	(30,000)
Total Amount of Credit Unused	<u>1,555,000</u>	<u>554,837</u>	<u>2,025,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>3,449,615</u>	<u>3,818,507</u>	<u>4,372,468</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>1,581,953</u>	<u>0</u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Public Open Space	225,500	0	0	225,500
Cleaning and Key Deposits	3,475	5,305	(4,300)	4,480
Other Trust Monies	34,829	30,554	(827)	64,556
Bonds & Guarantees	143,289	258,847	(138,742)	263,394
Nomination Deposit	80	800	(800)	80
Unclaimed Monies	6,446	1,257	0	7,703
BCITF Levy	78,874	929,051	(920,000)	87,925
BRB Levy	34,245	32,192	(32,000)	34,437
Consignment Stock	3,364	23,211	(20,944)	5,631
Tour Sales	51,513	174,077	(163,402)	62,188
	<u>581,615</u>			<u>755,894</u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

17. MAJOR LAND TRANSACTIONS

Onslow Residential Development

During the 2011/12 financial year Council completed a major land transaction as defined under the Local Government Act, 1995.

Council own, freehold, 318 Second Ave, Onslow. Council has to built triplex units on this land using the proceeds from the sale of 307 First Ave, Onslow, and reserve funds. The proceeds from the sale of Lot 307 First Ave are included in the opening position of the 2011/12 budget. Council has to provide staff housing with these units.

In 2012/13 financial Council intents to undertake a major land transation as denifed under the Local Government Act 1995.

Council intends to seek the change in the Management Order for Lots 394, 396 & 397 Reserve 41970 Third Ave Onslow from Emergency Services Centre to Staff Accommodation in order to build triplex units.

The proceeds from the sale of Lot 335 First Ave and Lot 578 Hedditch St Onslow will be used to fund the development.

Budget Estimates	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
OPERATING EXPENDITURE			
Land Transfer Expenditure			
Advertising	0	0	0
Demolition Expenses	0	0	0
Settlement Fees	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Operating Surplus/(Deficit)	0	0	0
CAPITAL INCOME			
Proceeds from the Sale of Assets	1,500,000		
Loan Income	0	0	562,000
Transfer from Reserve	0	0	140,000
	<u>1,500,000</u>	<u>0</u>	<u>702,000</u>
CAPITAL EXPENDITURE			
Building Construction			
Lot 394 Third Ave Onslow	(1,500,000)		
318A Second Ave Onslow	0	(425,561)	(424,000)
318B Second Ave Onslow	0	(425,561)	(424,000)
318C Second Ave Onslow	0	(425,561)	(424,000)
	<u>(1,500,000)</u>	<u>(1,276,682)</u>	<u>(1,272,000)</u>
NET RESULTS	<u><u>0</u></u>	<u><u>(1,276,682)</u></u>	<u><u>(570,000)</u></u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

17. MAJOR LAND TRANSACTIONS (Continued)

Onslow Industrial Development (Airport)

During the 2011/12 financial year Council intends to continue a major land transaction as defined under the Local Government Act, 1995.

Council own, freehold, Lot 16 Onslow Rd, Onslow, and in order to meet demand for commercial/industrial land, resulting from major resource projects, council intends to develop up to 62 lots on this land with the intent of selling all these lots.

This expenditure is for the planning and design of the development

Budget Estimates	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
OPERATING INCOME			
Onslow Social Infrastructure Fund	0	0	1,000,000
	<u>0</u>	<u>0</u>	<u>1,000,000</u>
OPERATING EXPENDITURE			
Land Transfer Expenditure			
Advertising	0	0	0
Demolition Expenses	0	0	0
Settlement Fees	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Operating Surplus/(Deficit)	0	0	1,000,000
CAPITAL INCOME			
Transfer from Reserve	240,000	0	0
	<u>240,000</u>	<u>0</u>	<u>0</u>
CAPITAL EXPENDITURE			
Services Installation	0	0	(800,000)
Land Purchase	0	0	0
Subdivision, Survey, Plan	(100,000)	(6,725)	(100,000)
Design & Planning	(140,000)	(1,060)	(100,000)
	<u>(240,000)</u>	<u>(7,785)</u>	<u>(1,000,000)</u>
NET RESULTS	<u><u>0</u></u>	<u><u>(7,785)</u></u>	<u><u>0</u></u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

17. MAJOR LAND TRANSACTIONS (Continued)

Tom Price Residential Development

During the 2012/13 financial year Council intends to continue a major land transaction as defined under the Local Government Act, 1995.

In 2009/2010 Council purchased unallocated crown land at Super Lot 500, Pilkena St/Yaruga St, Tom Price and will subdivide this land into 24 separate lots for on sale.

In 2009/2010 Council purchased unallocated crown land at Lots 501 and 502, Warara St, Tom Price and will subdivide this land into 13 separate lots for on sale.

In 2011/12 the Council will undertake the installation of services to the 13 lots in order for titles to be issued and settlement of sales to purchasers to take place

In 2012/13 the Council will acquire land through the "Lazy Land" process administered by the Department of Region Development and Land. This land will be used for to satisfy housing and business requirement.

The income represents Land sale proceeds being received in 2012/13.

Budget Estimates	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
OPERATING INCOME			
Profit on Sale of Land	0	1,587,242	0
Miscellaneous Income	0	880	0
	<u>0</u>	<u>1,588,122</u>	<u>0</u>
 OPERATING EXPENDITURE			
Land Transfer Expenditure	0	(300)	0
Administration Costs Allocated	(28,180)	0	0
	<u>(28,180)</u>	<u>(300)</u>	<u>0</u>
 Operating Surplus/(Deficit)	 (28,180)	 1,587,822	 0
 CAPITAL INCOME			
Sale Proceeds from Assets	5,210,000	2,970,677	8,687,000
Transfer from Reserves	650,000	0	0
	<u>5,860,000</u>	<u>2,970,677</u>	<u>8,687,000</u>
 CAPITAL EXPENDITURE			
Services Installation	(600,000)	(2,280,531)	(1,293,474)
Future land acquisition	(50,000)	0	0
Subdivision, Survey, Plan	0	0	0
Design & Planning	0	0	0
	<u>(650,000)</u>	<u>(2,280,531)</u>	<u>(1,293,474)</u>
 NET RESULTS	 <u><u>5,181,820</u></u>	 <u><u>2,277,968</u></u>	 <u><u>7,393,526</u></u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2013**

17. MAJOR LAND TRANSACTIONS (Continued)

Tom Price Industrial Development

During the 2012/13 financial year Council intends to continue a major land transaction as defined under the Local Government Act, 1995.

Council own, freehold, Lot 308 Boonderoo Rd, Tom Price. Council intends to develop 7 lots on this land with the intent of selling 7.

In 20011/12 the Council installed services to the 7 lots in order for titles to be issued and settlement of sales to purchasers to take place.

In 2012/13 Council intends to complete the Lot 308 Boonderoo Rd Tom Price subdivision and commence the development of Lot 350 Boonderoo Rd into 10 lots with the intent of selling 10.

<i>Budget Estimates</i>	2012/13 Budget \$	2011/12 Actual \$	2011/12 Budget \$
OPERATING EXPENDITURE			
Land Transfer Expenditure	0	(500)	0
	<u>0</u>	<u>(500)</u>	<u>0</u>
Operating Surplus/(Deficit)	0	(500)	0
CAPITAL INCOME			
Sale Proceeds from Assets	2,810,000	0	2,520,000
Transfer from Reserves	1,150,000	0	0
	<u>3,960,000</u>	<u>0</u>	<u>2,520,000</u>
CAPITAL EXPENDITURE			
Services Installation	(1,150,000)	(980,953)	(664,798)
Land Purchase	0	0	0
Subdivision, Survey, Plan	0	(16,052)	0
Design & Planning	0	0	0
	<u>(1,150,000)</u>	<u>(997,005)</u>	<u>(664,798)</u>
NET RESULTS	<u><u>2,810,000</u></u>	<u><u>(997,505)</u></u>	<u><u>1,855,202</u></u>

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2012/13.

