



SHIRE OF ASHBURTON

AUDIT COMMITTEE MEETING

AGENDA & ATTACHMENTS

**Tom Price Administration Centre
and
Onslow Administration Centre**

**11 April 2012
Commencing at 4:15pm**

SHIRE OF ASHBURTON
AUDIT COMMITTEE MEETING

Dear Councillor

Notice is hereby given that an Audit Committee Meeting of the Shire of Ashburton will be held on Wednesday 11 April 2012 at the Tom Price Administration Centre and the Onslow Administration Centre (connection via instantaneous communication) at 4:15pm.

The business to be transacted is shown in the Agenda.

Jeff Breen
CHIEF EXECUTIVE OFFICER

4 April 2012

DISCLAIMER

The recommendations contained in the Agenda are subject to confirmation by Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.

1. DECLARATION OF OPENING	4
2. ATTENDANCE	4
2.1 PRESENT.....	4
2.2 APOLOGIES.....	4
2.2 APPROVED LEAVE OF ABSENCE	4
3. ELECTION OF CHAIRPERSON	4
4. ANNOUNCEMENT OF VISITORS	4
5. DECLARATION BY MEMBERS	4
6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING.....	4
7. TERMS OF REFERENCE	5
8. AGENDA ITEMS.....	6
8.1 REVIEW OF 2009/2010 INDEPENDANT AUDIT REPORT AND MANAGEMENT REPORT.....	6
9. NEXT MEETING	7
10.CLOSURE OF MEETING	7

1. DECLARATION OF OPENING

2. ATTENDANCE

2.1 PRESENT

Cr K White Shire President, Tom Price Ward
Cr A Eyre Ashburton Ward
Cr P Foster Tom Price Ward

Mr F Ludovico Executive Manager Corporate Services
Leah John Finance Manager

2.2 APOLOGIES

Cr L Shields Tom Price Ward
Mr Jeff Breen Chief Executive Officer

2.2 APPROVED LEAVE OF ABSENCE

Nil

3. ELECTION OF CHAIRPERSON

4. ANNOUNCEMENT OF VISITORS

Mr Chris Burton (Auditor) BDO (Audit) will be contacted by telephone to address the Committee at 4.15pm.

5. DECLARATION BY MEMBERS

That Councillors have given due consideration to all matters contained in the Agenda presently before the meeting.

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

That the Minutes of the Audit Committee held on 16 February 2011 be accepted as true and correct.

7. TERMS OF REFERENCE

Under the Local Government Act 1995, Local Governments are required to appoint an Audit Committee (section 7.1A of the Local Government Act 1995).

An Audit Committee is to provide guidance and assistance to the Local Government – as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under Part 6 of the Act and the carrying out of its functions relating to other audits and other matters related to financial management. (clause 16 Local Government (Audit) Regulations 1996)

Meeting cycle: At least once a year to recommend adoption of Annual Report

8. AGENDA ITEMS

8.1 REVIEW OF 2010/2011 INDEPENDANT AUDIT REPORT AND MANAGEMENT REPORT

FILE REFERENCE:	FI.AU.10.11
AUTHOR'S NAME AND POSITION:	Frank Ludovico Executive Manager Corporate Services
NAME OF APPLICANT/RESPONDENT:	Not Applicable
DATE REPORT WRITTEN:	3 April 2012
DISCLOSURE OF FINANCIAL INTEREST:	The author has no financial interest in this matter
PREVIOUS MEETING REFERENCE:	Not Applicable

Summary

The Auditors conducted the Annual Financial Audit for 2010/2011 during October 2011. This Item discussed the outcomes of that Audit.

Background

Audit procedures have been completed and the Audit Report for the year ended 30 June 2011 has been prepared by Council Auditors BDO (Audit).

Attached are Council's Annual Report, Audit Report and Management Letter

ATTACHMENT 8.1A.
ATTACHMENT 8.2B

No issues were noted to be brought to the attention of Council in the Audit Report. The Management Letter only raises one issue which will be addressed by staff. It is pleasing to note that this is significant reduction for last year. This is a result of the ongoing hard-work of all staff members within the Corporate Services.

Officer's Recommendation

That the Audit Committee recommend to Council the acceptance the 2010/2011 Independent Audit Report, Management Report and Annual Report.

9. NEXT MEETING

The next Audit Committee Meeting will be held at a time to be determined

10.CLOSURE OF MEETING



SHIRE OF ASHBURTON

AUDIT COMMITTEE MEETING

MINUTES

Council Chambers
Tom Price Recreation Centre

TOM PRICE

16 February 2011

SHIRE OF ASHBURTON
AUDIT COMMITTEE MEETING

Dear Councillor

Notice is hereby given that an Ordinary Meeting of the Council of the Shire of Ashburton will be held on Wednesday 15 February 2011 at the Council Chambers, Tom Price Recreation Centre, Tom Price commencing at 10.00 am.

The business to be transacted is shown in the Agenda.

Jeff Breen
CHIEF EXECUTIVE OFFICER

11 February 2011

DISCLAIMER

The recommendations contained in the Agenda are subject to confirmation by Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.

1.02.0	DECLARATION OF OPENING.....	4
2.02.0	ATTENDANCE.....	4
2.02.1	PRESENT.....	4
2.02.2	APOLOGIES.....	4
2.02.3	APPROVED LEAVE OF ABSENCE	4
3.02.0	ANNOUNCEMENT OF VISITORS.....	4
4.02.0	DECLARATION BY MEMBERS.....	4
5.02.0	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	4
6.02.0	TERMS OF REFERENCE.....	5
7.02.0	ITEMS.....	6
07.02.01	REVIEW OF 2009/2010 INDEPENDANT AUDIT REPORT AND MANAGEMENT REPORT.....	6
8.02.0	NEXT MEETING.....	7
9.02.0	CLOSURE OF MEETING	8

1.02.0 DECLARATION OF OPENING

The Shire President declared the meeting open at 10.10 am.

2.02.0 ATTENDANCE

2.02.1 PRESENT

Cr G Musgrave	Shire President, Tom Price Ward
Cr K White	Onslow Ward
Cr L Shields	Tom Price Ward

Mr Jeff Breen	Chief Executive Officer
Mr F Ludovico	Executive Manager Corporate Services

2.02.2 APOLOGIES

Cr L Corker	Ashburton Ward
Linda McCarthy	Finance Manager

2.02.3 APPROVED LEAVE OF ABSENCE

Nil

3.02.0 ANNOUNCEMENT OF VISITORS

Mr Chris Burton (Auditor), Mr James Manning, and Mark Wirriadisastra of BDO Kendall were contacted by telephone to address the Committee at 10.11 am.

4.02.0 DECLARATION BY MEMBERS

Cr's Musgrave, Shields, and White stated that they had given due consideration to all matters contained in the Agenda before the meeting.

5.02.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Council Decision			
MOVED:	Cr White	SECONDED:	Cr Shields
That the Minutes of the Audit Committee held on 17 March 2010, be confirmed as a true and accurate record.			
			CARRIED 3/0

6.02.0 TERMS OF REFERENCE

Under the Local Government Act 1995, Local Governments are required to appoint an Audit Committee (section 7.1A of the Local Government Act 1995).

An Audit Committee is to provide guidance and assistance to the Local Government – as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under Part 6 of the Act and the carrying out of its functions relating to other audits and other matters related to financial management. (clause 16 Local Government (Audit) Regulations 1996)

Meeting cycle: At least once a year to recommend adoption of Annual Report.

7.02.0 ITEMS

07.02.01 REVIEW OF 2009/2010 INDEPENDANT AUDIT REPORT AND MANAGEMENT REPORT

FILE REFERENCE:	FI.AU.09.10
AUTHOR'S NAME AND POSITION:	Frank Ludovico Executive Manager Corporate Services
NAME OF APPLICANT/RESPONDENT:	Not Applicable
DATE REPORT WRITTEN:	29 January 2011
DISCLOSURE OF FINANCIAL INTEREST:	The author has no financial interest in this matter
PREVIOUS MEETING REFERENCE:	Not Applicable

Summary

The Auditors conducted the Annual Financial Audit for 2009/2010 during 17 – 19 November 2010. This Item discussed the outcomes of that Audit

Background

Audit procedures have been completed and the Audit Report for the year ended 30 June 2010 has been prepared by Council Auditors BDO Kendall

Attached are Council's Annual Report, Audit Report and Management Letter

ATTACHMENT 7.02.01A.
ATTACHMENT 7.02.01B

No issues were noted to be brought to the attention of Council in the Audit Report. The Management Letter raises a number of issues which have been responded to by staff. This is a result of the ongoing hard-work of all staff members within the Corporate Services.

Auditors Comments

The auditors were invited to make comments on the 2009/2010 Annual Financial Statements. They made the following comments in respect to the “Closing Report” to Council:

- The audit went very well.
- They were satisfied with representations made in the Recoverability of Debtors, Reserve Movements, Rates Revenue – Completeness and Contingent Liability – Wittenoom.
- The audit opinion was unqualified.
- There were no issues concerning Going Concern, Independence, Non-Compliance with Laws and Regulations, Fraud and System and Process matters.
- Issues raised in the management letter were only of a minor nature and corrective action has already been undertaken.

Councillors did not request staff to leave the room to discuss any matters in private with auditors.

<p>Council Decision / Officers Recommendation</p> <p>MOVED: Cr Shields SECONDED: Cr White</p> <p>That Council accept the Review of the 2009/2010 Independent Audit Report, Management Report and Annual Report.</p> <p style="text-align: right;">CARRIED 3/0</p>
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The telephone call with the Auditors ended at 10.25 am.

07.02.02 OTHER MATTERS

The Chairman indicated he had requested the CEO to conduct an “audit” of credit card transactions and Private Works income.

It was indicated that Mr Bob Waddell, consultant accountant, has been requested to do this work in March 2010.

The Chairman also indicated that he felt the Buy Local Policy should be reviewed. It was indicated that staff would undertake this review for presentation to Council.

8.02.0 NEXT MEETING

The next Audit Committee Meeting will be held at a time to be determined.

9.02.0 CLOSURE OF MEETING

The Shire President declared the meeting closed at 10.30 am.



Photography: Julie Anne Glover



Shire of Ashburton Annual Report 2010/2011

Tom Price | Onslow | Paraburdoo | Pannawonica

Contents

1.	Welcome to the Shire of Ashburton	Page 5
2.	Message from the Shire President	Page 8
3.	Our Vision/Mission	Page 11
4.	Elected Representatives	Page 12
5.	Corporate Structure	Page 13
6.	Message from the CEO	Page 14
7.	Strategic Objectives	Page 16
8.	Highlights	Page 17
9.	Statutory Reporting	Page 24
	a. Freedom of Information	Page 25
	b. National Competition Policy	Page 26
	c. Disability Access & Inclusion Report	Page 27
	d. Records Management	Page 29
10.	Future Strategic Plan	Page 30
11.	Financials	Page 33
12.	Audit Report	Page 90





WELCOME

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.

OUR TOWNS

Tom Price

Tom Price is located approximately 1600 km from Perth and is situated on the edge of the Hamersley Ranges, within the Shire of Ashburton. It is the highest town in Western Australia at 747m above sea level, hence the name “Top Town”.

Weather in the area can be extreme, ranging from 0 degrees on a winter’s night to 45 degrees on a summer’s day. During the summer, hot clear days are experienced, with an average temperature of approximately 35 degrees.

Winter months prove to be very pleasant with daytime temperatures varying from the low to mid 20s. The majority of rainfall is experienced during the summer months (Wet season) and is dependent upon the cyclone activity off the coast. On average, Tom Price receives approximately 330 mm of rainfall each year.

Today, Tom Price is a picturesque, modern and fully serviced town designed to blend with the natural environment. Facilities include a major supermarket, bank, doctor, hospital, fuel outlets, library, primary schools, a secondary school, TAFE and several motels and restaurants.

The love of sport and the outdoor life in Tom Price is evident, with the majority

of sports catered for. The town is home to three large ovals, tennis, netball, basketball and squash courts as well as a lawn bowls green, an indoor cricket centre, an eighteen hole golf course and an Olympic size swimming pool.

There are several parks and gardens within the town, which are well maintained and provide an abundance of shade, suitable for a family BBQ, ball games or just a snooze under a tree, and in 1992 Tom Price was awarded ‘Keep Australia Beautiful WA’.

Onslow

Onslow has a population of around 800, depending on the time of the year. The town enjoys an idyllic climate all year round. The weather is particularly beautiful during April to September making it perfect for holidaymakers.

Sunrise and sunset beaches surround Onslow with their unique beauty. Visit the lookouts and take in the view of the islands. While Cyclone Vance affected this area, the Shire has reinstated most facilities.

The recently refurbished ruins of the Old Onslow townsite, the cemetery and remains of the jetty that served the sailing vessels are well worth a visit, as is the mighty Ashburton River.

Paraburadoo

Lying 24kms north of the Tropic of Capricorn, construction of the Town of Paraburadoo commenced in January 1970 and the first residents started to move in during September of that year.

The town boasts a hospital, a college, and a variety of sporting facilities including an oval, basketball courts, tennis courts, air-conditioned squash courts.

The town has been recognised twice as State winners in the Tidy Town Awards, taking out the award in 1991 and 1993.

Paraburadoo's highest recorded maximum temperature is 48.9C and the lowest

recorded temperature is 1.5C. The average rainfall is 295mm. Rainfall can vary considerably from the average due to seasonal cyclones.

Pannawonica

Pannawonica was established over 25 years ago and today has a population of 700. It is a 'closed town', however this does not mean that visitors cannot go to the town. The term 'closed town' is used by mining companies to describe towns where there are limited facilities for visitors, and the accommodation is reserved for mining company staff. This means tourists are allowed to visit the town but cannot stay there.





Message from the Shire President

The 2010/2011 financial year signalled the most significant period of investment ever injected into our towns with multiple projects worth millions of dollars either commencing or concluding during the year.

Many of these projects have been years in the planning and we are thrilled to be able to present the residents of Ashburton with these new and upgraded amenities. The Shire generated in excess of \$8 million in rates income during the period and this, combined with funding sourced from State and Federal Government, allowed us to continue with our future development plans.

Over \$19 million was spent on community infrastructure during the year with a number of vital projects ranging from the exciting redesign and commencement of the new Tom Price Mall, Onslow's Sporting Precinct upgrade and Water Spray Park and the planning for redevelopment of the Paraburdoo town centre, which includes upgrades to the swimming pool and sporting facilities.

Council continues to rotate its meetings between the four towns in line with its commitment to open government and providing the opportunity for as many people as possible to attend Council meetings.

Councillors are also involved in many different Committees and attend meetings at both a strategic and operational level with various levels of government, resource companies and community representatives to discuss issues of common interest.

The Shire is well equipped to meet the future and is in the process of an organisational review to examine the unique issues of the Pilbara, in particular the Shire of Ashburton's Strategic Plan, its operating environment and mission and value statements. Council is aware of emerging opportunities to enhance our communities through this period of growth and will endeavour to see the community take full advantage of these opportunities by being aware and responsive.

A big thanks to Council staff for providing relevant and quality services and facilities to the residents and thanks also to my fellow Councillors for their ongoing support and dedication.

Greg Musgrave JP
Shire President

Major Projects 2010 - 2011

	Total Cost
Re-design and commencement of construction of Tom Price Mall and amphitheatre project	\$4.49 million
Tom Price residential and industrial land development	\$672,000
Upgrades to Senior Citizen's units and capital upgrade to Carinya units in Onslow	\$50,000
Onslow Boardwalk refurbishment	\$166,000
Onslow Sporting Precinct upgrade	\$2.47 million
Onslow Multipurpose building	\$4.49 million
Tom Price, Paraburdoo and Onslow street lighting	\$100,000
Tom Price, Paraburdoo and Onslow footpath upgrades	\$405,000
Tom Price Town Centre revitalisation	\$4.49 million
Sanitation Capital Works program	\$245,000
Road construction (Roebourne/Wittenoom and Weano Banjima)	\$2.7 million

Our Focus



The Council's focus is to strengthen and diversify opportunities and experiences for people living, visiting, working and learning within the region.



This can be achieved through Council and State leadership, together with an active engagement with the private sector and community.



It requires the development of cultural, economic, social and environmental programs as well as infrastructure to create the conditions for sustainable activity. This, in turn will attract people to the Ashburton region and will generate work, study and lifestyle opportunities effectively encouraging people to stay.

Vision



“The Shire of Ashburton will be a vibrant and prosperous place for work, leisure and living”



Mission

“Working together, enhancing lifestyle and economic vitality”

Our Focus:

- *Economic growth and diversity*
- *Quality lifestyle and social wellbeing*
- *Ecological sustainability*
- *Improved services and infrastructure*
- *Best practice local government*

Elected Representatives

Our Councillors as at 30 June 2011



Cr Greg Musgrove
Shire President
Tom Price Ward



Cr Linton Rumble, JP
Deputy President
Paraburdoo Ward



Cr Kerry White
Onslow Ward



Cr Lorraine Thomas
Tableland Ward



Cr Leanne Corker
Ashburton Ward



Cr Dennis Wright
Tom Price Ward



Cr Lisa Shields
Tom Price Ward



Cr Ivan Dias
Paraburdoo Ward



Cr Tony Bloem
Tom Price Ward



Cr Stephanie Dann
Pannawonica Ward

Corporate Structure

CEO & Executive Managers as at 30 June 2011



Jeffrey Breen
Chief Executive Officer



Geoff Brayford
Executive Manager

Engineering
Services



Larry Softley
Executive Manager

Community &
Economic
Services



Frank Ludovico
Executive Manager

Corporate
Services



Amanda O'Halloran
Executive Manager

Western
Operations

Message from the CEO

2010/2011

The 2010/2011 financial year has been another great success for the Shire of Ashburton with a record budget of \$60.5 million announced by Council. Both the State and Federal Governments have provided generous financial contributions which have enabled much-needed infrastructure projects continuing to take place throughout the Shire.

The Shire of Ashburton has continued to work collaboratively with the three other Pilbara Councils and remains committed to taking a proactive approach to regional issues, seeking to develop regional delivery strategies for a range of services and activities.

The Shire of Ashburton announced the release of residential and industrial land in December 2010 and almost all blocks were successfully sold at auctions held in February and March 2011.

Construction of staff accommodation commenced in both Onslow and Tom Price. A three unit development in Onslow and two new developments in Tom Price including a 2 bedroom home and a 7 bedroom, 6 bathroom property for transiting and single staff. Projects will be completed by the end of 2011.

Major investment by mining companies operating within the Shire will have positive impacts on our community's economic viability and sustainability. In particular in Onslow, the announcement of BHP Billiton's \$US1.5 billion Macedon gas joint venture.

The conditional approval by the Minister for Environment and Water of Chevron's Wheatstone Gas Project was also welcomed by the Shire. The Ashburton North Strategic Industrial Area is in prime position to take advantage of this and many other exciting projects.

Council adopted a Tourism Strategy in March 2011 signaling a strong commitment to developing and growing our local tourism industry.



The long awaited commencement of the Tom Price Town Centre Revitalisation started in February 2011 and will be completed by early in 2012. It is hoped that once complete, the revitalisation will stimulate development interest by investors who are looking for opportunities in Tom Price.

Paraburdoo and Onslow are next in line for revitalisation work.

There have been many other notable achievements with the Shire continuing to lead and win awards for recycling and waste management. Tom Price and Paraburdoo both received accolades in this year's Tidy Towns - Sustainable Communities Pilbara Category.

The Shire of Ashburton signed up to the Waterwise Council Program in August 2010 and will work closely with the Water Corporation to identify strategies to improve water use efficiencies in Onslow.

Council completed the year with a Total Comprehensive Surplus of \$ 1,032,535 coming off record highs due predominantly to the receipt of Royalties for Regions funding for projects.

Carriage Return - An analysis of Council's Ratios indicates we are operating within acceptable parameters, particularly the Outstanding Rate Ratio which has reduced again this year. The low Debt Service Ratio has enabled Council to use Loan funds for staff housing projects.


The increase Rates Coverage ratio reflects Councils drive to increased sustainability by funding more of its activities from rates income.

I congratulate and thank all Shire staff who have worked hard during the year to ensure we continue to provide valuable service to our communities. Without their dedication we could not realise our goals.

I would also like to thank the Councillors for working co-operatively in achieving the goals that we have set ourselves and we look forward to continuing this into the future.

Finally, I would like to acknowledge Cr Greg Musgrave for his ongoing support, tireless campaigning and determination to achieve the best possible outcomes for residents living in the Shire of Ashburton.

Jeff Breen
CHIEF EXECUTIVE OFFICER



The Shire of Ashburton's
Strategic Objectives

1. Diversify and strengthen the economy

2. Include & engage our community

3. Connected & accessible

4. Conserve & enhance the
environment and cultural
heritage

5. Community safety & security

6. A well managed &
contemporary corporation

Highlights

July 2010

Recycling in Tom Price

The recycling plant commenced operations and the opening was marked with a community BBQ lunch and competition to name the recycle station located in Tom Price. Trips from the event to the tip were run throughout the day so that community members could watch demonstrations of the crusher and baler in operation. Local lass Isabella Raudino won the naming competition with her creative title “Epod”.

Ashburton Vision

Future Development in the towns of Tom Price, Onslow and Paraburdoo were unveiled when the Shire of Ashburton held it’s Ashburton Vision. With unprecedented growth forecast in the towns, the vision showcased many current and future projects within the Shire. Minister for Regional Development and Lands MLA Brendon Grylls attended and reinforced the benefits of Royalties for Regions and the importance of developing vibrant and sustainable communities across our Shire and the Pilbara.

Onslow’s Passion of the Pilbara

The Passion of the Pilbara was a huge success for Onslow. Run over two days and culminating in a dazzling display of fireworks over Beadon Bay the community was treated to entertainment, cooking demonstrations, interactive art and a concert.



August 2010

Onslow’s Multipurpose Facility

The much anticipated Multipurpose Facility in Onslow reached several milestones during the month including completion of electrical, plumbing installations, service connections and installation of window frames and the mechanical cooling and ventilation systems. The project was running on time!



Barrow Island - staged opening

Three hundred rooms were officially opened by the Shire of Ashburton as Chevron continued with construction of the 3,300 man camp on Barrow Island for the Gorgon Project. The Gorgon project will cost AUD \$43 billion and is the largest ever Australian single resource investment project.

Highlights

WA Premier Visits Onslow

Premier Colin Barnett visited Onslow during the month as part of his tour to look at current state of Government funded projects across the Pilbara region. Premier Barnett toured the Onslow Multipurpose Centre construction site and enjoyed a community luncheon with locals at the Onslow Community Garden.



September 2010

Record Budget Announced

The Shire of Ashburton was excited to announce its largest ever expenditure budget of \$60.5 million after a Special Council Meeting was held to approve the record budget. The budget is directed to a number of community and infrastructure projects in Tom Price, Paraburdoo and Onslow and signals the largest capital investment ever injected into these towns.



Onslow Fisher's Upgrade

Onslow locals are taking advantage of the new fish cleaning facilities, included a table, fish offal disposal unit and solar lighting that will allow the facility to be used after date.



Tom Price Pool Reopens

After major refurbishments the Tom Price Pool reopened after two years. Refurbishments to the plant room, administration area, kiosk, lawn, toilets and change rooms were undertaken. The pool now boasts a state of the art automatic water sanitizing system and a brand new water playground.

October 2010

Biodiesel Trial Starts

Ashburton Aboriginal Corporation was successful in securing funding for trials of Moringa crops in Tom Price. The Shire of Ashburton was delighted to assist AAC with sourcing funding for this project and also provided the trial site the crops, which if successful can produce economically viable biodiesel fuel. Rio Tinto are also supporting the trial and the Shire of Ashburton will continue to work together with groups within the community

Highlights



to establish sustainable businesses for local Indigenous people.

BHP Macedon Project adds excitement for Onslow

BHP Billiton's approval for development of its \$US1.5 billion Macedon gas joint venture with Apache Corp was welcomed by the Shire of Ashburton. The Macedon project will have a huge impact on the community's economic viability and sustainability and importantly, it is the first development in the Ashburton North Strategic Industrial Area.



November 2010

Indigenous training initiatives and amenity upgrades

The Shire of Ashburton was happy to contribute some \$30,000 to a pergola project at three of our local Aboriginal communities. The project also included provision of training to local indigenous community members as part of the project where skills such as concreting, fencing, roofing, welding, painting and building infrastructure. This fantastic project delivered positive training initiatives as well as improving amenities at the communities.



Tom Price and Paraburdoo Tidy Towns

Two towns in the Shire received accolades in this year's Tidy Towns - Sustainable Communities Pilbara Category Awards. Paraburdoo won the Community Action Category and Tom Price won the Recycling and Waste Management

Award. The Shire's Waste Management Co-ordinator was also recognized with a Special Commendation Award.

December 2010

New CEO announced for Ashburton

Keith Pearson resigned his position at the Shire. Keith was with the Shire for a total of 9 years, and was CEO at the Shire for the final 5 years. Keith was well known for his professionalism and recognised by Government Agencies, Local Government, the resource sector and Councillors and staff alike. Jeff Breen who was appointed Acting CEO and was then formally made CEO in January 2011. Jeff has been with the Shire for some 5 years as Executive Manager Engineering and has a visionary approach for the future of the Shire.

Highlights

Land Release in Tom Price Announced

The Shire of Ashburton was delighted to announce the release of residential and industrial land to the public in the thriving town of Tom Price. 6 industrial lots and 13 residential lots will be offered for auction in February 2011, followed by a further 24 residential lots going under the hammer in March 2011. The Shire also arranged for a road show to be held in Tom Price in January 2011 allowing builders, finance providers and other related service providers to showcase their products to prospective purchasers.

January 2011

Onslow Multipurpose Facility officially opens

The Onslow Multipurpose Centre was officially opened by Regional Development and Lands Minister, Brendon Grylls. The complex includes a full size sports gymnasium, basketball, indoor soccer, netball, volleyball and badminton courts as well as an indoor cricket pitch and a Daycare Centre.

The new centre cost a total \$10.9 million to build and doubles as a community emergency evacuation centre which can cater for up to 250 people for a period of 5 days during extreme weather conditions such as cyclones.



Highlights

Onslow Waterspray Park

An investment of some \$700,000 saw the state of the art Onslow Water Spray Park completed and opened in January 2011. The park is a zero depth play area where water is sprayed from colourful upright structures and ground sprays and then drains before it can accumulate. The water is recycled, treated and re-used to minimize impacts. The theme of the park is based on local flora, fauna and industry with custom designed features including the iconic Ashburton Pea along with a windmill and a 3m long Spanish Mackerel! Shade sails, lights, fencing and artwork by local children complete the project. Construction of the park was made possible following collaborative funding from the Shire of Ashburton, Royalties for Regions Program and the Department of Sport & Recreation.

February 2011

Land Release in Tom Price a great success

The Shire of Ashburton made history in February 2011 with the successful sale of 13 residential lots and 6 light industrial allotments. The land sales were the culmination of several years of hard work by the Shire of Ashburton who had the foresight to recognize the need for housing and business opportunities in the town. Council and staff were encouraged to see fierce bidding and to witness long standing local businesses and individuals securing residential and industrial land.



Highlights

March 2011

Second successful land auction held on Tom Price

The second stage of the land auction held in Tom Price helped reinforce the strong demand for residential land with 22 single lots and a duplex block sole at a great price during the one day's sale.

On March 19, 24 residential lots went under the hammer. Single lots sold from \$190,000 to \$235,000 and the duplex block was bought for \$235,000. Prices were comparable with results from the first auction held in February, which were indicative of the strong demand for land in Tom Price.

Council Adopts a Tourism Destination Strategy

The Shire of Ashburton recognizes that it possesses some of the State's most prized nature based tourism assets and has formally adopted a Tourism Development Strategy signaling a strong commitment to developing and growing our local tourism products and industry. The Strategy commits the Shire to some 47 recommendations and from the outset Council will be allocating \$300,000 over the next five years.

Tom Price Town Centre Revitalisation commences

The long awaited commencement of the Tom Price Town Centre Revitalisation commenced in February with old awnings removed and existing vegetation removed and set aside for replanting in the new Village Green.

April 2011

Onslow undergoes Power and Lighting Upgrades

The Shire of Ashburton, with its partner the Country Local Government Fund, funded upgrades to amenities in Onslow. Three new lighting towers were installed at the Oval, allowing night use of this facility. Four new lighting towers were installed at the tennis courts, again allowing night time use of these facilities. Seven new street lights were also installed.

Onslow Cemetery Extension

Extension and upgrade to the Onslow Cemetery were carried out. Work included earthworks, including the construction of roads and defining of new plots. Installation of new entrance gates, new fencing and landscaping, including hardy trees to add colour and shade.



Highlights



May 2011

First load of recyclable hit Perth

The Shire of Ashburton has promoted their recycling program during the course of the year and has been thrilled with the community support since the initiative was initiated. The first load of recyclables left for Perth during May and included bales of paper, cardboard, plastics and cans.



Onslow adopts Waterwise Strategies

Ongoing issues relating to the short supply of water in Onslow have given the Shire of Ashburton an opportunity to improve our usage and efficiency. The Shire commenced working with Water Corporation and the Shire has signed up to the Waterwise Council Program (in August 2010). Strategies identified so far including the improvement of tree reticulation, retrofitting of water efficient appliances in properties, adjustment of irrigation settings and balanced design of outside areas and suitable plant selection for the region and area.

The Shire has also incorporated waterwise conditions on development applications in order to promote and endorse waterwise practices within the community.

The Shire has also incorporated waterwise conditions on development applications in order to promote and endorse waterwise practices within the community.

June 2011

Federation Park - Paraburdoo

Official Re-opening of Federation Park in Paraburdoo

Over 200 people from Paraburdoo celebrated the official re-opening of Federation Park. Extensive improvements were made to the playground equipment, lighting, barbeque and picnic areas. The project was jointly funded by the Shire of Ashburton and many local mining and associated business in Paraburdoo.

Wheatstone Gas Project

Environmental Protection Authority approves \$25m Wheatstone Gas Project

Minister for Environment and Water announced conditional approval of the Wheatstone Gas Project by the EPA which is fantastic news for the Shire of Ashburton. The State Government has committed to upgrading the Cane River borefield and this will help with the ongoing shortage of water in Onslow.

A photograph of a beach at low tide. The foreground is dominated by intricate, wavy patterns in the wet sand, illuminated by warm, golden light. The middle ground shows shallow, rippling water reflecting the sky. The background features a wide expanse of wet sand leading to the ocean's edge.

Statutory Reporting

Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the Shire is required to publish an information Statement which details the process of applying for information under the act, as well as information that the Shire provides outside the act

During 2010/11, two FOI applications were received. One has been successfully processed and one is pending.

The following are some of the documents available for public inspection at the Shire of Ashburton free of charge:

- Council Agenda and Minutes
- Annual Budgets
- Annual Financial Statements
- Annual Reports
- Electoral Rolls

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 2010/2011 financial year.

Disability Access & Inclusion Report

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.

- 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.
- New facilities (eg Onslow Multipurpose Centre) ensure easy access to all users of the facility.

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 2010/2011 financial year no amendments to DIAP were made.

Records Management

The State Records Act 2000 requires the Shire to develop and maintain a Record Keeping Plan to ensure the capture retention, and ease of retrieval of all Shire records.

In 2010 the Plan was submitted to the State Records Commission and was given approval for the maximum period of 5 years without the need for review.

The Shire has continued with a staff training program including inductions for new staff members and updates for all officers throughout the year. The Shire's electronic records management program SynergySoft has been upgraded and staff are kept informed of new and improved records management tools available for their use, and of their responsibilities relating to record keeping.

Future Strategic Plan

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 completed, proposed to commence or continuing are:

- The Ashburton Vision was unveiled in July 2010. It showcased many and current and future projects for the Shire.
- A Tourism Destination Development Strategy has been adopted by the Shire of Ashburton;
- Industrial land (Boonderoo Road) and Residential land (Warara Street) in Tom Price is currently being serviced It was successfully pre-sold in February/March 2011.
- Construction of additional staff housing in Onslow;
- Recycling plant commencing operations with first shipment of recyclables to Perth.

- Significant lobbying has occurred to upgrade water supply in Onslow to ensure preparedness for proposed LNG Projects.
- The revitalisation of Tom Price and Paraburdoo Town Centres. Substantial funding from Royalties for Regions - Pilbara Fund;
- The completion of the Onslow Multi Purpose Complex. Substantial funding from Royalties for Regions - Pilbara Fund with construction currently underway.
- Vic Hayton Memorial Pool Tom Price reopened after major renovations.
- Overall Master Plan for Onslow Recreation Precinct has been adopted and construction is continuing.
- Royalties for Regions funding obtained to revitalise the Tom Price Sporting Precinct.
- Development of new waste sites in Onslow and Tom Price
- Working with the Ashburton Aboriginal Corporation and Rio Tinto Pty Ltd to commence a Biodiesel Trial. It is hope this will lead to a sustainable business for local Indigenous people.
- Shire of Ashburton monthly Newsletter growing in success.
- Structure Planning continuing for “Ashburton North” area and “Special Industry Area to facilitate major projects in Onslow (LNG)
- Financial Ratios remain within industry standards.

Future Strategic Plan

The Local Government (Administration) Regulations 1996 has been amended to require each local government to adopt an Integrated Strategic Plan.

The Shire of Ashburton commenced planning for the Integrated Strategic Plan that will cover 2011 to 2021 in February 2011. In line with new legislation, this plan will include a:

- Strategic Community Plan
- Corporate Business Plan

And be supported by the following informing strategies:

- Asset Management Plan
- Long Term Financial Planning
- Workforce Planning
- A Well Managed and Contemporary Corporate
- A Financially Responsible Corporation

The Strategic Community plan is expected to be completed in early 2012 following extensive community consultation.

Shire of Ashburton

Financial Report

for the year ended 30 June 2011

Table of contents

Statement by Chief Executive Officer	Page 34
Statement of Comprehensive Income by Nature or Type	Page 35
Statement of Comprehensive Income by Program	Page 36
Statement of Financial Position	Page 37
Statement of Changes in Equity	Page 38
Statement of Cash Flows	Page 39
Rate Setting Statement	Page 40
Notes to and Forming Part of the Financial Report	Page 41 to 89
Independent Audit Report	Page 90 & 91

SHIRE OF ASHBURTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Ashburton at 30th June 2011 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 7 day of March 2012



Jeffrey Breen
Chief Executive Officer

SHIRE OF ASHBURTON
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	22	8,591,524	8,447,000	7,206,012
Operating Grants, Subsidies and Contributions	28	5,823,701	5,922,022	7,413,884
Fees and Charges	27	8,699,968	8,296,413	6,628,779
Interest Earnings	2(a)	921,203	460,050	870,975
Other Revenue		333,285	527,300	325,843
		<u>24,369,681</u>	<u>23,652,785</u>	<u>22,445,493</u>
EXPENSES				
Employee Costs		(8,277,811)	(7,936,929)	(6,332,248)
Materials and Contracts		(10,543,361)	(8,666,806)	(8,334,788)
Utility Charges		(394,200)	(787,480)	(453,466)
Depreciation on Non-Current Assets	2(a)	(6,276,077)	(3,123,002)	(5,518,949)
Interest Expenses	2(a)	(132,202)	(188,610)	(115,882)
Insurance Expenses		(787,018)	(900,597)	(594,725)
Other Expenditure		(234,055)	(347,680)	(263,923)
		<u>(26,644,724)</u>	<u>(21,951,104)</u>	<u>(21,613,981)</u>
		(2,275,043)	1,701,681	831,512
Non-Operating Grants, Subsidies and Contributions	28	2,526,354	3,774,611	14,098,899
Profit on Asset Disposals	20	798,434	0	560,506
Loss on Asset Disposal	20	<u>(17,210)</u>	<u>0</u>	<u>(31,047)</u>
NET RESULT		1,032,535	5,476,292	15,459,870
Other Comprehensive Income				
Nil		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,032,535</u></u>	<u><u>5,476,292</u></u>	<u><u>15,459,870</u></u>

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 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Governance		171,574	146,550	462,819
General Purpose Funding		14,099,696	12,343,950	14,897,023
Law, Order, Public Safety		136,271	124,010	110,741
Health		164,642	161,500	90,745
Education and Welfare		147,191	284,500	67,402
Housing		27,416	72,730	32,715
Community Amenities		2,698,622	3,628,869	2,116,907
Recreation and Culture		1,594,390	2,742,100	7,397,543
Transport		2,069,567	1,823,630	6,806,373
Economic Services		1,440,123	2,246,325	1,424,976
Other Property and Services		5,144,977	3,853,232	3,697,654
	2 (a)	<u>27,694,469</u>	<u>27,427,396</u>	<u>37,104,898</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(2,634,972)	(2,902,502)	(2,123,617)
General Purpose Funding		(284,921)	(364,853)	(257,926)
Law, Order, Public Safety		(786,050)	(712,002)	(626,168)
Health		(396,979)	(437,591)	(378,967)
Education and Welfare		(545,469)	(530,277)	(335,361)
Housing		(519,049)	(481,557)	(196,083)
Community Amenities		(3,209,009)	(2,717,990)	(2,412,959)
Recreation & Culture		(4,789,964)	(4,839,026)	(3,817,400)
Transport		(7,370,480)	(4,103,142)	(8,671,843)
Economic Services		(1,258,857)	(1,181,507)	(941,898)
Other Property and Services		(4,759,508)	(3,492,047)	(1,766,924)
	2 (a)	<u>(26,555,258)</u>	<u>(21,762,494)</u>	<u>(21,529,146)</u>
FINANCE COSTS				
Law, Order, Public Safety		(7,078)	(8,030)	(8,987)
Housing		(41,730)	(115,155)	(44,282)
Community Amenities		0	0	0
Recreation & Culture		(17,786)	(17,775)	(19,269)
Transport		(40,082)	(40,130)	(43,344)
Other Property and Services		0	(7,520)	0
	2 (a)	<u>(106,676)</u>	<u>(188,610)</u>	<u>(115,882)</u>
NET RESULT		1,032,535	5,476,292	15,459,870
Other Comprehensive Income				
Nil		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,032,535</u></u>	<u><u>5,476,292</u></u>	<u><u>15,459,870</u></u>

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

**SHIRE OF ASHBURTON
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011**

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	15,852,111	25,618,279
Trade and Other Receivables	4	2,928,156	4,508,809
Inventories	5	1,165,505	714,341
TOTAL CURRENT ASSETS		<u>19,945,772</u>	<u>30,841,429</u>
NON-CURRENT ASSETS			
Other Receivables	4	530	0
Property, Plant and Equipment	6	33,269,528	27,855,821
Infrastructure	7	86,840,901	80,240,606
TOTAL NON-CURRENT ASSETS		<u>120,110,959</u>	<u>108,096,427</u>
TOTAL ASSETS		<u>140,056,731</u>	<u>138,937,856</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	3,799,290	6,183,023
Long Term Borrowings	9	347,575	149,156
Provisions	10	740,685	626,275
TOTAL CURRENT LIABILITIES		<u>4,887,550</u>	<u>6,958,454</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	3,835,213	1,682,788
Provisions	10	122,423	117,604
TOTAL NON-CURRENT LIABILITIES		<u>3,957,636</u>	<u>1,800,392</u>
TOTAL LIABILITIES		<u>8,845,186</u>	<u>8,758,846</u>
NET ASSETS		<u>131,211,545</u>	<u>130,179,010</u>
EQUITY			
Retained Surplus		119,178,961	108,131,080
Reserves - Cash Backed	11	11,591,222	21,606,568
Reserves - Asset Revaluation	12	441,362	441,362
TOTAL EQUITY		<u>131,211,545</u>	<u>130,179,010</u>

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 2011**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009	94,237,789	20,039,989	441,362	114,719,140
Net Result	15,459,870	0	0	15,459,870
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(1,566,579)	1,566,579	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2010	108,131,080	21,606,568	441,362	130,179,010
Net Result	1,032,535	0	0	1,032,535
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	10,015,346	(10,015,346)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2011	<u>119,178,961</u>	<u>11,591,222</u>	<u>441,362</u>	<u>131,211,545</u>

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 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		8,503,486	8,509,005	7,317,889
Operating Grants, Subsidies and Contributions		6,256,076	6,178,622	7,358,884
Fees and Charges		9,627,154	9,851,678	3,941,956
Interest Earnings		921,203	460,050	870,975
Goods and Services Tax		2,630,093	604,081	649,022
Other Revenue		420,189	527,300	364,235
		<u>28,358,201</u>	<u>26,130,736</u>	<u>20,502,961</u>
Payments				
Employee Costs		(8,086,355)	(7,983,009)	(6,650,100)
Materials and Contracts		(12,947,260)	(8,294,154)	(5,225,192)
Utility Charges		(394,200)	(787,480)	(453,466)
Insurance Expenses		(787,018)	(900,597)	(594,725)
Interest expenses		(119,775)	(188,610)	(41,737)
Goods and Services Tax		(2,904,552)	(716,817)	(1,620,884)
Other Expenditure		(234,055)	(421,659)	(263,923)
		<u>(25,473,215)</u>	<u>(19,292,326)</u>	<u>(14,850,027)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,884,986</u>	<u>6,838,410</u>	<u>5,652,934</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(673,838)	(4,999,000)	(336,387)
Payments for Purchase of Property, Plant & Equipment		(9,270,097)	(17,739,035)	(6,368,866)
Payments for Construction of Infrastructure		(6,843,699)	(18,436,178)	(8,915,014)
Payments for Works in Progress		(2,345,931)	0	(3,745,094)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,941,604	3,774,611	15,269,874
Proceeds from Sale of Plant & Equipment		1,189,963	9,436,100	618,576
		<u>1,189,963</u>	<u>9,436,100</u>	<u>618,576</u>
Net Cash Provided By (Used In) Investing Activities		<u>(15,001,998)</u>	<u>(27,963,502)</u>	<u>(3,476,911)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(149,156)	(248,110)	(147,059)
Proceeds from New Debentures		2,500,000	2,737,000	0
		<u>2,500,000</u>	<u>2,737,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>2,350,844</u>	<u>2,488,890</u>	<u>(147,059)</u>
Net Increase (Decrease) in Cash Held		<u>(9,766,168)</u>	<u>(18,636,202)</u>	<u>2,028,964</u>
Cash at Beginning of Year		25,618,279	25,549,113	23,589,315
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>15,852,111</u></u>	<u><u>6,912,911</u></u>	<u><u>25,618,279</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 2011**

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Governance		171,574	146,550
General Purpose Funding		5,508,172	3,896,950
Law, Order, Public Safety		136,271	124,010
Health		164,642	161,500
Education and Welfare		147,191	284,500
Housing		27,416	72,730
Community Amenities		2,698,622	3,628,869
Recreation and Culture		1,594,390	2,742,100
Transport		2,069,567	1,823,630
Economic Services		1,440,123	2,246,325
Other Property and Services		5,144,977	3,853,232
		<u>19,102,945</u>	<u>18,980,396</u>
EXPENSES			
Governance		(2,634,972)	(2,902,502)
General Purpose Funding		(284,921)	(364,853)
Law, Order, Public Safety		(793,128)	(720,032)
Health		(396,979)	(437,591)
Education and Welfare		(545,469)	(530,277)
Housing		(560,779)	(596,712)
Community Amenities		(3,209,009)	(2,717,990)
Recreation & Culture		(4,807,750)	(4,856,801)
Transport		(7,410,562)	(4,143,272)
Economic Services		(1,258,857)	(1,181,507)
Other Property and Services		(4,759,508)	(3,499,567)
		<u>(26,661,934)</u>	<u>(21,951,104)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(781,224)	0
Movement in Accrued Interest		23,940	0
Movement in Deferred Pensioner Rates (Non-Current)		(530)	0
Movement in Accrued Salaries and Wages		(2,792)	0
Movement in Employee Benefit Provisions		119,229	0
Adjustment for Rounding		(2)	0
Depreciation on Assets		6,276,077	3,123,002
Capital Expenditure and Revenue			
Purchase Land Held for Resale		(673,838)	(4,999,000)
Purchase Work in Progress		(2,345,931)	0
Purchase Land and Buildings		(8,171,571)	(15,014,385)
Purchase Plant and Equipment		(740,755)	(1,945,650)
Purchase Furniture and Equipment		(357,771)	(779,000)
Purchase Infrastructure Assets - Roads		(3,150,500)	(4,397,557)
Purchase Infrastructure Assets - Footpaths		(405,724)	(452,280)
Purchase Infrastructure Assets - Drainage		0	(193,730)
Purchase Infrastructure Assets - Parks & Ovals		(42,649)	(104,000)
Purchase Infrastructure Assets - Other		(3,244,826)	(13,288,611)
Proceeds from Disposal of Assets		1,189,963	9,436,100
Repayment of Debentures		(149,156)	(248,110)
Proceeds from New Debentures		2,500,000	2,737,000
Transfers to Reserves (Restricted Assets)		(916,694)	(337,000)
Transfers from Reserves (Restricted Assets)		10,932,040	18,781,320
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		2,692,217	2,205,609
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		3,782,038	0
Amount Required to be Raised from Rates	22	<u><u>(8,591,524)</u></u>	<u><u>(8,447,000)</u></u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

Cash and cash equivalents 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.

(e) Trade and Other Receivables

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

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

(g) Fixed Assets

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

Initial Recognition

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

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 charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

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.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Land under Roads

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

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

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

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

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

Depreciation of Non-Current Assets

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

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

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
Bridges	
steel/concrete	80 years
Footpaths - slab	40 years

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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.

(h) Financial Instruments

Initial Recognition and Measurement

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

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

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.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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.

(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, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(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.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If the 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.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iv) Available-for-sale financial assets

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

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(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 the statement of comprehensive income.

(i) 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 reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting 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 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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 statement of comprehensive income.

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

(k) 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.

(l) 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 Council has a present obligation to pay resulting from employees services provided to reporting 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 the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(m) 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 FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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 to settle the obligation; 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.

Provisions are not recognised for future operating losses.

(o) Leases

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

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

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

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

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

(p) Joint Venture

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

(q) Rates, Grants, Donations and Other Contributions

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

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

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

(s) 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.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) 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 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	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 2009- 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

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 2011**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

- AASB 2009 - 5
- AASB 2009 - 8
- AASB 2009 - 10
- AASB 2009 - 13
- AASB 2010 - 1
- AASB 2010 - 3

Interpretation 19

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

2. REVENUE AND EXPENSES	2011	2010
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
During the year the following fees were paid or payable for services provided by the following auditors' of the Shire:		
<i>BDO Audit (WA) Pty Ltd</i>		
Audit and review of Financial Report	7,589	35,975
<i>Leonie Bailey</i>		
Audit and review of grant acquittals	900	5,950
<i>McNamara Rock & Assoc Accountants</i>		
Audit and review of grant acquittals	0	2,732
Depreciation		
Buildings	505,855	354,900
Furniture and Equipment	120,390	137,848
Plant and Equipment	691,042	597,660
Roads	4,490,806	4,009,636
Footpaths	60,632	49,261
Drainage	153,882	141,970
Parks	88,036	86,068
Other	165,434	141,606
	<u>6,276,077</u>	<u>5,518,949</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	132,202	115,882
	<u>132,202</u>	<u>115,882</u>
Rental Charges		
- Operating Leases	4,032	4,032
	<u>4,032</u>	<u>4,032</u>
(ii) Crediting as Revenue:	2011	2011
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	806,643	325,000
- Other Funds	70,365	80,000
Other Interest Revenue (<i>refer note 26</i>)	44,195	72,133
	<u>921,203</u>	<u>460,050</u>
	<u>921,203</u>	<u>870,975</u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

2. REVENUE 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 & Paraburadoo.

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 2011

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (@) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (@) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
Grants for Aboriginal Environmental Health	Law, Order & Public Safety	(28,498)	54,000	(88,266)	(62,764) (*)	108,108	(67,284)	(21,940)
National Disaster Mitigation Funds 2006-07	Recreation & Culture	90,909	0	0	90,909 (*)	0	(90,909)	0
Dept of Education Wattle St Kiss n Drop	Transport Recreation & Culture	2,406	0	(2,406)	0	0	0	0
Pilbara Iron - Tom Price Pool Emergency Management	Culture	750,000	0	(750,000)	0	0	0	0
Australia - LEMC Radios Onslow	Law, Order & Public Safety	16,364	0	(16,364)	0	0	0	0
Pilbara Development Commission - Multi Purpose Complex	Recreation & Culture	499,000	0	0	499,000 (*)	0	(499,000)	0
Onslow Salt - Onslow Cemetery Niche Wall & Beautification	Community Amenities	20,000	0	0	20,000 (*)	0	0	20,000 (*)
Onslow Salt - Onslow Public Toilet Program	Community Amenities	20,000	0	(20,000)	0	0	0	0
Dept of Environment & Conservation - Snappy Gum Drive	Transport	56,829	0	(56,829)	0	0	0	0
Dept of Environment & Conservation - Deep Reach Car Park	Transport	40,000	0	(40,000)	0	0	0	0

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (@) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (@) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
Country Local Government Fund - Tom Price Town Centre Revitalisation	Community Amenities	10,000,000	0	(544,316)	9,455,684 (*)	0	(4,490,009)	4,965,675 (*)
Country Local Government Fund - Onslow Multi Purpose Centre / Sporting Precinct	Recreation & Culture	7,000,000	0	(3,023,380)	3,976,620 (*)	0	(3,976,620)	0
Hamersley Iron - Nameless Valley Rd Construction	Transport	2,101,388	0	(2,101,388)	0	0	0	0
Regional and Local Government Infrastructure Program	General Purpose Funding	536,000	0	(536,000)	0	0	0	0
Office of Crime Prevention - Onslow Graffiti Prevention Strategy	Law, Order & Public Safety	30,000	0	(30,000)	0	0	0	0
Pilbara Development Commission - Paraburdoo Library Project	Recreation & Culture	5,120	0	(5,120)	0	0	0	0
Interest on Country Local Government Funding	Recreation & Culture	0	620,662	0	620,662 (*)	690,149	(323,007)	987,804 (*)
Country Local Government Fund - Various Projects	Recreation & Culture	0	1,803,793	(1,325,155)	478,638	0	(478,638)	0
Dept of Regional Development - Forward Capital Works Plan	Governance	0	35,000	0	35,000	0	(35,000)	0
Dept of Regional Development - Tom Price Civic Centre Refurbishment	Recreation & Culture	0	237,300	0	237,300 (*)	0	(127,147)	110,153 (*)

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (@) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (@) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
Dept of Regional Development - Tom Price Sports Pavillion	Recreation & Culture	0	4,014,600	0	4,014,600 (*)	350,580	(301,299)	4,063,881 (*)
Dept of Regional Development - Tom Price Netball/Basketball Courts	Recreation & Culture	0	353,250	0	353,250 (*)	0	(57,807)	295,443 (*)
Dept of Regional Development - Minga Oval (Area W) Lights	Recreation & Culture	0	356,850	0	356,850 (*)	(350,580)	(6,270)	0
Pilbara Development Commission - Tom Price Sports Pavillion	Recreation & Culture	0	175,000	0	175,000	0	(175,000)	0
Regional Development Assistance Program - Onslow Community Garden	Recreation & Culture	0	157,000	(146,150)	10,850	0	(10,850)	0
Dept of Environment and Conservation - Fortesque Carpark	Transport	0	40,000	0	40,000	0	(40,000)	0
MRWA - Black Spot Funding	Transport	0	238,323	(158,313)	80,010	0	(80,010)	0
Chevron - Onslow Community Garden	Community Amenities	0	0	0	0	38,385	0	38,385
Dept of Regional Development - Financial Planning Capacity Building	Governance	0	0	0	0	30,000	0	30,000
Pilbara Iron - Pool Blanket/Reels - Paraburdoo Pool	Recreation & Culture	0	0	0	0	34,808	0	34,808

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (@) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance (@) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance 30-Jun-11 \$
RLCIP Funding - Tom Price Sports Pavilion	Recreation & Culture	0	0	0	0	108,000	0	108,000
Dept of Agriculture & Food - Dry Seasons Grant	Recreation & Culture	0	0	0	0	20,000	0	20,000
Various Contributions - Passion of the Pilbara	Recreation & Culture	0	0	0	0	1,812	0	1,812
NAIDOC - NAIDOC Week	Culture	0	0	0	0	11,503	0	11,503
MRWA - Regional Road Group Funding	Transport	0	0	0	0	20,271	0	20,271
Total		<u>21,139,518</u>	<u>8,085,778</u>	<u>(8,843,687)</u>	<u>20,381,609</u>	<u>1,063,036</u>	<u>(10,758,850)</u>	<u>10,685,795</u>

Notes:

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

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

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

(*) - These unspent contributions were held in a reserve fund called Unspent Grants and Contributions at the end of June 2010 and at the end of June 2011.

	2011 \$	2010 \$
Unspent Grants not transferred to reserve as at 30 June	242,839	819,498

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - (Unrestricted)	3,430	3,430
Cash at Bank - Municipal	4,257,459	4,008,281
Restricted - Reserves	11,591,222	21,606,568
	<u>15,852,111</u>	<u>25,618,279</u>
Cash at Bank - Municipal		
Unrestricted Cash	1,514,620	3,188,783
Restricted Cash - Unspent Grants (refer note 2 (c))	242,839	819,498
Restricted Cash - Unspent Loans (refer note 21 (c))	2,500,000	0
	<u>4,257,459</u>	<u>4,008,281</u>

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

Employee Benefit Reserve	147,435	141,122
Plant Replacement Reserve	85,974	82,292
Infrastructure Reserve	198,839	190,323
Housing Reserve	344,192	329,450
Onslow Community Infrastructure Reserve	33,728	32,283
Onslow Emergency Evacuation Building Reserve	235,428	225,345
Property Development Reserve	46,760	427,626
Town Centre Re-development Reserve	43,180	41,331
Onslow Aerodrome Reserve	12,730	12,185
Unspent Grants and Contributions Reserve	10,442,956	20,124,611
	<u>11,591,222</u>	<u>21,606,568</u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	140,331	144,634
Sundry Debtors	2,625,973	4,433,510
GST Receivable	95,137	0
Prepayments	27,902	16,389
Accrued Income	134,607	10,091
Provision for Doubtful Debts	(95,794)	(95,815)
	<u>2,928,156</u>	<u>4,508,809</u>

Non-Current

Rates Outstanding - Pensioners	530	0
	<u>530</u>	<u>0</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2010 \$
5. INVENTORIES		
Current		
Fuel and Materials	23,746	25,658
Tourist Bureau Stock	130,319	111,990
Land Held for Resale - Cost		
Cost of Acquisition	310,684	518,182
Development Costs	700,756	58,511
	<u>1,165,505</u>	<u>714,341</u>
 6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	32,609,738	24,438,167
Less Accumulated Depreciation	<u>(5,320,912)</u>	<u>(4,815,057)</u>
	27,288,826	19,623,110
 Furniture and Equipment - Cost	 1,637,064	 1,279,293
Less Accumulated Depreciation	<u>(1,036,190)</u>	<u>(915,800)</u>
	600,874	363,493
 Plant and Equipment - Cost	 8,885,146	 9,053,883
Less Accumulated Depreciation	<u>(4,115,958)</u>	<u>(4,164,760)</u>
	4,769,188	4,889,123
 Works in Progress	 <u>610,640</u>	 <u>2,980,095</u>
	<u>33,269,528</u>	<u>27,855,821</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 2011**

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 \$	Works in Progress \$	Total \$
Balance as at 1 July 2010	19,623,110	363,493	4,889,123	2,980,095	27,855,821
Additions	8,171,571	357,771	740,755	(2,369,455)	6,900,642
(Disposals)	0	0	(169,648)	0	(169,648)
Depreciation (Expense)	(505,855)	(120,390)	(691,042)	0	(1,317,287)
Balance as at 30 June 2011	<u>27,288,826</u>	<u>600,874</u>	<u>4,769,188</u>	<u>610,640</u>	<u>33,269,528</u>

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

	2011	2010
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	107,226,462	104,075,962
Less Accumulated Depreciation	<u>(44,768,600)</u>	<u>(40,277,794)</u>
	62,457,862	63,798,168
Footpaths - Cost	2,831,055	2,425,331
Less Accumulated Depreciation	<u>(1,156,966)</u>	<u>(1,096,334)</u>
	1,674,089	1,328,997
Drainage - Cost	11,111,160	11,111,160
Less Accumulated Depreciation	<u>(3,283,035)</u>	<u>(3,129,153)</u>
	7,828,125	7,982,007
Parks & Ovals - Cost	4,261,678	4,219,029
Less Accumulated Depreciation	<u>(2,333,870)</u>	<u>(2,245,834)</u>
	1,927,808	1,973,195
Other Infrastructure - Cost	8,347,707	5,102,881
Less Accumulated Depreciation	<u>(875,075)</u>	<u>(709,641)</u>
	7,472,632	4,393,240
Works in Progress	<u>5,480,385</u>	<u>764,999</u>
	<u>86,840,901</u>	<u>80,240,606</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 2011**

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.

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Other Infrastructure \$	Works in Progress \$	Total \$
Balance as at 1 July 2010	63,798,168	1,328,997	7,982,007	1,973,195	4,393,240	764,999	80,240,606
Additions	3,150,500	405,724	0	42,649	3,244,826	4,715,386	11,559,085
Depreciation (Expense)	(4,490,806)	(60,632)	(153,882)	(88,036)	(165,434)	0	(4,958,790)
Balance as at 30 June 2011	<u>62,457,862</u>	<u>1,674,089</u>	<u>7,828,125</u>	<u>1,927,808</u>	<u>7,472,632</u>	<u>5,480,385</u>	<u>86,840,901</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	3,109,408	5,331,688
PAYG Payable	130,803	119,350
Income Received in Advance	125,000	0
GST Payable	0	179,322
ESL Liability	296	38,392
FBT Liability	87,094	13,284
Accrued Expenses	108,469	283,915
Accrued Interest on Loans	36,215	12,275
Accrued Salaries and Wages	<u>202,005</u>	<u>204,797</u>
	<u><u>3,799,290</u></u>	<u><u>6,183,023</u></u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>347,575</u>	<u>149,156</u>
	<u><u>347,575</u></u>	<u><u>149,156</u></u>
Non-Current		
Secured by Floating Charge Debentures	<u>3,835,213</u>	<u>1,682,788</u>
	<u><u>3,835,213</u></u>	<u><u>1,682,788</u></u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	574,714	455,603
Provision for Long Service Leave	<u>165,971</u>	<u>170,672</u>
	<u><u>740,685</u></u>	<u><u>626,275</u></u>
Non-Current		
Provision for Long Service Leave	<u>122,423</u>	<u>117,604</u>
	<u><u>122,423</u></u>	<u><u>117,604</u></u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED			
(a) Employee Benefits Reserve			
Opening Balance	141,122	141,121	131,978
Amount Set Aside / Transfer to Reserve	6,313	2,098	9,144
Amount Used / Transfer from Reserve	0	0	0
	<u>147,435</u>	<u>143,219</u>	<u>141,122</u>
(b) Plant Replacement Reserve			
Opening Balance	82,292	82,292	76,960
Amount Set Aside / Transfer to Reserve	3,682	13,223	5,332
Amount Used / Transfer from Reserve	0	(80,000)	0
	<u>85,974</u>	<u>15,515</u>	<u>82,292</u>
(c) Infrastructure Reserve			
Opening Balance	190,323	190,323	177,992
Amount Set Aside / Transfer to Reserve	8,516	2,829	12,331
Amount Used / Transfer from Reserve	0	0	0
	<u>198,839</u>	<u>193,152</u>	<u>190,323</u>
(d) Housing Reserve			
Opening Balance	329,450	529,450	495,146
Amount Set Aside / Transfer to Reserve	14,742	7,870	34,304
Amount Used / Transfer from Reserve	0	(498,520)	(200,000)
	<u>344,192</u>	<u>38,800</u>	<u>329,450</u>
(e) Onslow Community Infrastructure Reserve			
Opening Balance	32,283	32,284	30,192
Amount Set Aside / Transfer to Reserve	1,445	480	2,091
Amount Used / Transfer from Reserve	0	0	0
	<u>33,728</u>	<u>32,764</u>	<u>32,283</u>
(f) Onslow Emergency Evacuation Building Reserve			
Opening Balance	225,345	225,345	210,744
Amount Set Aside / Transfer to Reserve	10,083	3,349	14,601
Amount Used / Transfer from Reserve	0	0	0
	<u>235,428</u>	<u>228,694</u>	<u>225,345</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED (Continued)			
(g) Property Development Reserve			
Opening Balance	427,626	427,626	399,919
Amount Set Aside / Transfer to Reserve	19,134	6,356	27,707
Amount Used / Transfer from Reserve	<u>(400,000)</u>	<u>(400,000)</u>	<u>0</u>
	<u>46,760</u>	<u>33,982</u>	<u>427,626</u>
(h) Town Centre Redevelopment Reserve			
Opening Balance	41,331	41,331	38,653
Amount Set Aside / Transfer to Reserve	1,849	614	2,678
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>43,180</u>	<u>41,945</u>	<u>41,331</u>
(i) Onslow Aerodrome Reserve			
Opening Balance	12,185	12,184	11,395
Amount Set Aside / Transfer to Reserve	545	181	790
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>12,730</u>	<u>12,365</u>	<u>12,185</u>
(j) Unspent Grants and Contributions Reserve			
Opening Balance	20,124,611	20,309,969	18,467,010
Amount Set Aside / Transfer to Reserve	850,385	300,000	5,582,662
Amount Used / Transfer from Reserve	<u>(10,532,040)</u>	<u>(17,802,800)</u>	<u>(3,925,061)</u>
	<u>10,442,956</u>	<u>2,807,169</u>	<u>20,124,611</u>
TOTAL CASH BACKED RESERVES	<u><u>11,591,222</u></u>	<u><u>3,547,605</u></u>	<u><u>21,606,568</u></u>

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

11. RESERVES - CASH BACKED (Continued)

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

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

12. RESERVES - ASSET REVALUATION

	2011	2010
	\$	\$

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

Roads

Balance as at 1 July 2010	441,362	441,362
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2011	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 2011

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	<u>15,852,111</u>	<u>6,912,911</u>	<u>25,618,279</u>

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

Net Result	1,032,535	5,476,292	15,459,870
Depreciation	6,276,077	3,123,002	5,518,949
(Profit)/Loss on Sale of Asset	(781,224)	0	(529,459)
(Increase)/Decrease in Receivables	1,580,123	1,854,873	(1,383,378)
(Increase)/Decrease in Inventories	(16,417)	2,022	(69,027)
Increase/(Decrease) in Payables	(2,383,733)	127,807	1,849,100
Increase/(Decrease) in Employee Provisions	119,229	29,025	76,753
Grants/Contributions for the Development of Assets	(2,941,604)	(3,774,611)	(15,269,874)
Net Cash from Operating Activities	<u>2,884,986</u>	<u>6,838,410</u>	<u>5,652,934</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	500,000	500,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	55,000	40,000
Credit Card Balance at Balance Date	(36,735)	(29,366)
Total Amount of Credit Unused	<u>518,265</u>	<u>510,634</u>

Loan Facilities

Loan Facilities - Current	347,575	149,156
Loan Facilities - Non-Current	3,835,213	1,682,788
Total Facilities in Use at Balance Date	<u>4,182,788</u>	<u>1,831,944</u>
Unused Loan Facilities at Balance Date	<u>2,500,000</u>	<u>0</u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

14. CONTINGENT LIABILITIES

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

The present outlook for the Shire in relation to Wittenoom litigation is being carefully monitored by the Council members and the Executive on a monthly basis. The amount of potential claims and the Shire's potential contribution to the settlement of these has increased substantially over the current period.

Total future potential claims in respect of Wittenoom are not reliably quantifiable; however, the changing nature of damages claims and their defence means that individual cases now place the Shire at a greater financial risk.

Council is currently in discussions with the State Government seeking indemnity for the Shire and possible shut down of the town of Wittenoom. All cases to date have been settled out of court with a number of parties contributing to the settlement process. Out of court settlements result in no judgement being reached by the court

Disclosure of on-going claims and the manner in which they are concluded has not been documented in the annual report as this may prejudice the Shire's position in an individual case.

In the event that a number of cases brought against the Shire and additional defendants are ruled in favour of the plaintiff, the financial impact on the Shire may result in significant losses being incurred which have the potential for a large reduction in services provided to ratepayers.

	2011	2010
	\$	\$

(a) Finance Lease Commitments

Council has no finance lease commitments at 30 June 2011.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year

0	0
0	0
0	0

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

15. CAPITAL AND LEASING COMMITMENTS (continued)

	2011	2010
(c) Capital Expenditure Commitments	\$	\$
Contracted for:		
- capital expenditure projects		
- Design and construct Three 2 x 1 dwellings in Onslow	0	896,665
- Design and construct Three 2 x 1 dwellings and One 3 x 2 dwelling in Onslow	1,269,024	0
- Onslow Drainage Consultancy	0	16,450
- Tom Price Revitalisation Planning Consultancy	0	39,017
- Onslow Multi Purpose Building	0	3,242,585
- Onslow Public Ablutions	0	299,000
- Onslow Tennis Courts	0	51,818
- Residential Dwellings - Tom Price	1,323,914	0
- Tom Price Revitalisation Construction/Landscaping	2,403,370	0
	<u>4,996,308</u>	<u>4,545,535</u>
Payable:		
- not later than one year	4,996,308	4,545,535

16. 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:

	2011	2010
Non-Current Assets	\$	\$
Plant & Equipment	1,998,052	1,998,052
Less: Accumulated Depreciation	<u>(255,622)</u>	<u>(215,663)</u>
	<u>1,742,430</u>	<u>1,782,389</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	2,961,397	4,271,187
General Purpose Funding	140,861	179,634
Law, Order, Public Safety	782,501	789,538
Health	41,475	9,841
Education and Welfare	215,326	216,321
Housing	6,587,695	3,762,072
Community Amenities	19,037,605	18,195,162
Recreation and Culture	27,648,296	28,454,630
Transport	72,968,374	71,840,583
Economic Services	1,131,886	1,058,761
Other Property and Services	5,606,055	5,654,830
Unallocated	2,935,260	4,505,297
	<u>140,056,731</u>	<u>138,937,856</u>

18. FINANCIAL RATIOS

	2011	2010	2009
Current Ratio	1.184	1.234	0.872
Untied Cash to Unpaid Trade Creditors Ratio	0.456	0.566	0.291
Debt Ratio	0.063	0.063	0.057
Debt Service Ratio	0.011	0.011	0.020
Gross Debt to Revenue Ratio	0.166	0.080	0.123
Gross Debt to Economically Realisable Assets Ratio	0.079	0.031	0.042
Rate Coverage Ratio	0.312	0.196	0.127
Outstanding Rates Ratio	0.016	0.019	0.053

The above ratios are calculated as follows:

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

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

19. TRUST FUNDS

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

	Balance 1-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
Public Open Space	0	225,500	0	225,500
Cleaning and Key Deposits	17,450	10,050	(18,358)	9,142
Other Trust Monies	35,711	53,605	(84,214)	5,102
Bonds and Guarantees	35,808	10,410	(23,034)	23,184
Nomination Deposit	80	80	(80)	80
Unclaimed Monies	12,952	1,103	(8,866)	5,189
BCITF Levy	551,703	903,683	(1,195,142)	260,244
BRB Levy	1,888	165	0	2,053
Consignment Stock	2,494	20,863	(22,260)	1,097
Tour Sales	49,412	195,726	(204,300)	40,838
Fundraising Aqua Run	700	0	(700)	0
	<u>708,198</u>			<u>572,429</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Other Law, Order & Public Safety						
Sale of SES Building	0	30,100	0	30,100	0	0
Transport						
PUT 11 Hilux 4x4 Xtracab	0	10,000	0	10,000	0	0
PUT 16 Hilux 4x4 Twincab	0	5,000	0	5,000	0	0
PUT 20 Hilux 4x4 Twincab	0	10,000	0	10,000	0	0
PUT 31 Hilux TD TC 4x4	0	30,000	0	30,000	0	0
PSW18 Prado V6 GXL	34,565	35,000	28,182	35,000	(6,383)	0
PSW19 Prado V6 GXL	0	35,000	0	35,000	0	0
PSW27 Prado Kakadu	68,081	75,000	68,690	75,000	609	0
PSW17 Toyota Avensis	21,302	23,000	20,127	23,000	(1,175)	0
PUT29 Hilux SR5	31,175	32,000	25,069	32,000	(6,106)	0
PSW14 Corolla Wagon	14,525	13,000	10,979	13,000	(3,546)	0
PUT18 Hilux Twin Cab	0	10,000	0	10,000	0	0
PUT03 Hilux Ute 1998	0	2,000	0	2,000	0	0
PUT04 Hilux Ute 1998	0	2,000	0	2,000	0	0
PUT06 Hilux Ute 1998	0	2,000	0	2,000	0	0
PTR 10 Toyota Dyna split deck	0	15,000	0	15,000	0	0
PTR 11 Mitsu Canter Split Deck	0	15,000	0	15,000	0	0
PMG01 772 grader 14 ft blade	0	75,000	75,000	75,000	75,000	0
PTR03 Mitsu FK 457 Tipper	0	18,000	14,965	18,000	14,965	0
PTR05 Mitsu Canter	0	5,000	0	5,000	0	0
PTR06 Mitsu Canter	0	5,000	0	5,000	0	0
PRM04 Kubota Mower	0	2,000	0	2,000	0	0
PRM07 Kubota Mower	0	2,000	0	2,000	0	0
PLD06 Traxcavator 1980	0	25,000	0	25,000	0	0
PAC01 Ropa Accom Van 1995	0	15,000	0	15,000	0	0
PAC02 Ropa Accom Van 1995	0	15,000	0	15,000	0	0
PAC03 Ropa Ablution Van 1995	0	15,000	0	15,000	0	0
PBC01 Lovegrove Chipper	0	2,500	0	2,500	0	0
PBC02 Lovegrove Chipper	0	2,500	0	2,500	0	0
Various	0	10,000	0	10,000	0	0
PLD03 CAT 924F Front End Loader	0	0	18,033	0	18,033	0
PTC03 Massey Ferguson Tractor	0	0	8,550	0	8,550	0
PRL01 Ingersoll Rand Propac Compactor	0	0	10,550	0	10,550	0
Other Property & Services						
Lot 308 Boonderoo Rd, Tom Price	0	1,750,000	0	1,750,000	0	0
Lot 500 Pilkena St/Yaruga St, Tom Price	0	7,150,000	0	7,150,000	0	0
Lot 327 Warara St, Tom Price	239,091	0	909,818	0	670,727	0
	408,739	9,436,100	1,189,963	9,436,100	781,224	0

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-10 \$	New Loans		Principal Repayments		Principal 30-Jun-11		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order & Public Safety									
Loan 112 - Collocation Facility	140,100	0	0	31,949	31,950	108,151	108,150	7,078	8,030
Housing									
Loan 117 - Housing Manager	765,196	0	0	41,505	41,510	723,691	723,294	41,730	41,905
Loan 121 New Staff Housing	0	2,500,000	2,500,000	0	94,000	2,500,000	2,406,000	25,526	73,250
Recreation & Culture									
Loan 118 - Community Rec Centre	311,628	0	0	25,394	25,395	286,234	286,232	17,786	17,775
Transport									
Loan 116 - Onslow Aerodrome	349,198	0	0	40,340	40,340	308,858	308,674	23,149	23,375
Loan 119 - Onslow Aerodrome	265,822	0	0	9,968	9,965	255,854	255,765	16,933	16,755
Other Property & Services									
Loan 120 Onslow Residential Development	0	0	237,000	0	4,950	0	232,050	0	7,520
	1,831,944	2,500,000	2,737,000	149,156	248,110	4,182,788	4,320,165	132,202	188,610

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 2011

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 120 Onslow Residential Development	0	237,000	Unknown	Debenture	5	Unknown	Unknown	0	237,000	0
Loan 121 New Staff Housing	2,500,000	0	WATC	Debenture	10	870,467	5.97	0	2,500,000	2,500,000

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-10 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-11 \$
Loan 121 New Staff Housing	29/04/2011	0	2,500,000	0	2,500,000
		0	2,500,000	0	2,500,000

(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 2010 and 30 June 2011 was \$Nil.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

22. RATING INFORMATION - 2010/11 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	0.081558	214	33,448,606	2,728,000	1,402	5,345	2,734,747	2,726,726	0	0	2,726,726
GRV - Residential Development	0.081558	4	58,260	4,752	0	0	4,752	4,752	0	0	4,752
GRV - Commercial Civic	0.081558	98	8,281,710	675,440	2,270	0	677,710	675,440	0	0	675,440
GRV - Tourism	0.081558	3	345,300	28,162	0	0	28,162	28,162	0	0	28,162
GRV - Community	0.081558	12	143,300	11,687	0	3,868	15,555	12,968	0	0	12,968
GRV - Industrial	0.081558	40	512,964	41,836	0	0	41,836	41,836	0	0	41,836
GRV - Industrial Development	0.081558	1	12,400	1,011	0	0	1,011	1,011	0	0	1,011
UV - Rural/Pastoral	0.024530	32	7,260,192	178,092	9,784	0	187,876	178,093	0	0	178,093
UV - Rural/Commerical	0.262030	7	54,425	14,261	(5,241)	0	9,020	14,261	0	0	14,261
UV - Rural/Industrial	0.262030	31	5,864,991	1,536,804	59	0	1,536,863	1,536,804	0	0	1,536,804
UV - Mining Leases	0.262030	459	10,200,151	2,672,745	321,847	9,396	3,003,988	2,673,294	250,000	5,000	2,928,294
UV - Tourism	0.1261	3	300,000	37,823	2,572	1,214	41,609	37,823	0	0	37,823
Sub-Totals		904	66,482,299	7,930,613	332,693	19,823	8,283,129	7,931,170	250,000	5,000	8,186,170
Minimum Rates											
	Minimum \$										
GRV - Residential	530	118	390,522	57,770	1,196	29,280	88,246	62,540	0	0	62,540
GRV - Commercial Civic	530	23	76,624	13,250	0	0	13,250	12,190	0	0	12,190
GRV - Tourism	530	0	0	0	0	0	0	0	0	0	0
GRV - Community	530	8	9,750	2,650	0	0	2,650	4,240	0	0	4,240
GRV - Industrial	530	29	69,730	15,370	0	0	15,370	15,370	0	0	15,370
UV - Rural/Pastoral	530	7	53,327	3,710	0	0	3,710	3,710	0	0	3,710
UV - Rural/Commerical	530	5	3,477	2,650	0	0	2,650	2,650	0	0	2,650
UV - Rural/Industrial	530	27	7,021	14,310	0	0	14,310	14,310	0	0	14,310
UV - Mining Lease	530	294	246,548	155,820	2,953	(1,163)	157,610	155,820	0	0	155,820
Sub-Totals		511	856,999	265,530	4,149	28,117	297,796	270,830	0	0	270,830
Ex-Gratia Rates							8,580,925				8,457,000
Rates Written Off							4,770				0
Movement in Excess Rates							(4,732)				(10,000)
Discounts (refer note 25)							10,561				0
							0				0
Totals							8,591,524				8,447,000

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

23. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

No specified area rates were charged in the 2010/11 year.

24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

No statutory service charges were imposed in 2010/11.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR**

No discount for early payment applied to rates in the 2010/11 year.

26. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		38,056	50,000
Interest on Deferred Pensioners	11		0	50
Interest on ESL	11		620	0
Interest on Instalment Plan	6.5		5,519	5,000
Charges on Instalment Plan		8	4,170	3,000
			48,365	58,050

Ratepayers had the option of paying rates in four equal instalments, due on 11th October 2010, 33th December 2010, 14th February 2011 and 14th April 2011. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2011 \$	2010 \$
Governance	63,919	34,471
General Purpose Funding	6,808	5,597
Law, Order, Public Safety	51,806	38,637
Health	55,153	27,853
Education and Welfare	7,968	2,966
Housing	25,224	202,424
Community Amenities	2,688,812	2,037,444
Recreation and Culture	267,816	139,550
Transport	34,167	18,691
Economic Services	1,185,819	1,359,972
Other Property and Services	4,312,476	2,761,174
	8,699,968	6,628,779

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 2011**

28. GRANT REVENUE	2011	2010
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	5,823,701	7,413,884
Non-Operating Grants, Subsidies and Contributions	2,526,354	14,098,899
	<u>8,350,055</u>	<u>21,512,783</u>
By Program:		
Governance	80,486	333,246
General Purpose Funding	4,580,160	6,812,360
Law, Order, Public Safety	84,466	61,755
Health	109,489	55,805
Education and Welfare	139,223	64,436
Housing	2,192	4,181
Community Amenities	9,810	79,464
Recreation and Culture	1,289,925	7,229,142
Transport	1,907,693	6,780,181
Economic Services	67,814	9,482
Other Property and Services	78,797	83,731
	<u>8,350,055</u>	<u>21,513,783</u>

29. COUNCILLORS' REMUNERATION	2011	2011	2010
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	56,000	56,000	54,288
President's Attendance Fee	14,000	14,000	0
President's Allowance	5,000	5,000	5,014
Deputy President's Allowance	1,562	1,250	937
Travelling Expenses	67,241	50,000	36,943
Telecommunications Allowance	2,203	2,520	2,451
	<u>146,006</u>	<u>128,770</u>	<u>99,633</u>

30. 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	2011	2010
\$		
100,000 - 109,999	3	2
110,000 - 119,999	2	0
120,000 - 129,999	1	2
140,000 - 149,999	0	1
190,000 - 199,999	1	0
220,000 - 229,999	1	0

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2011	2010
<u>106</u>	<u>102</u>

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

32. MAJOR LAND TRANSACTIONS

- (a) Council own, freehold, 318 Second Ave, Onslow. Council proposes to build triplex units on this land using the proceeds from the sale of 307 First Ave, Onslow, loan borrowings 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	2011	2011	2010
	\$	Budget	\$
		\$	
OPERATING EXPENDITURE			
Land Transfer Expenditure			
Advertising	0	0	(5,664)
Demolition Expenses	0	0	0
Settlement Fees	0	0	(203)
	<u>0</u>	<u>0</u>	<u>(5,867)</u>
Operating Surplus/(Deficit)	0	0	(5,867)
CAPITAL INCOME			
Sale Proceeds from Assets			
- Sale of 307 First Ave Onslow	0	0	553,006
Loan Income	0	237,000	0
Transfer from Reserve	0	140,000	0
	<u>0</u>	<u>377,000</u>	<u>553,006</u>
CAPITAL EXPENDITURE			
Building Construction			
318A Second Ave Onslow	(4,534)	(310,000)	(21,629)
318B Second Ave Onslow	(4,534)	(310,000)	(21,629)
318C Second Ave Onslow	(4,534)	(310,000)	(21,629)
	<u>(13,602)</u>	<u>(930,000)</u>	<u>(64,887)</u>
NET RESULTS	<u>(13,602)</u>	<u>(553,000)</u>	<u>482,252</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 2011.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

32. MAJOR LAND TRANSACTIONS (Continued)

- (a) 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.

Council also purchased unallocated crown land at Lots 501 and 502, Warara St, Tom Price and subdivide this land into 13 separate lots.

Council also purchased unallocated crown land at Lot 327, Warara St, Tom Price and subdivided this land into 15 Strata Lots for on sale.

- (b) Current Year Transactions

<i>Budget Estimates</i>	2011	2011	2010
	\$	Budget	\$
		\$	
OPERATING INCOME			
Profit on Sale of Asset	670,727	0	0
Miscellaneous Income	11,771	0	0
	<u>682,498</u>	<u>0</u>	<u>0</u>
OPERATING EXPENDITURE			
Land Transfer Expenditure	(28,068)	(190,000)	0
	<u>(28,068)</u>	<u>(190,000)</u>	<u>0</u>
Operating Surplus/(Deficit)	654,430	(190,000)	0
CAPITAL INCOME			
Sale Proceeds from Assets	909,818	7,150,000	0
	<u>909,818</u>	<u>7,150,000</u>	<u>0</u>
CAPITAL EXPENDITURE			
Services Installation	(218,840)	(4,300,000)	0
Land Purchase	(1,593)	0	(309,091)
Subdivision, Survey, Plan	(12,932)	(14,000)	(11,064)
Design & Planning	(163,539)	(30,000)	(5,500)
	<u>(396,904)</u>	<u>(4,344,000)</u>	<u>(325,655)</u>
NET RESULTS	<u><u>1,167,344</u></u>	<u><u>2,616,000</u></u>	<u><u>(325,655)</u></u>

The above capital expenditure is included in Land and Buildings (refer Note 5 to this financial report).

There are no liabilities in relation to this land transaction as at 30 June 2011.

SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

32. MAJOR LAND TRANSACTIONS (Continued)

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

(b) Current Year Transactions

<i>Budget Estimates</i>	2011	2011	2010
	\$	Budget	\$
		\$	
OPERATING EXPENDITURE			
Land Transfer Expenditure	(6,537)	(10,000)	0
	<u>(6,537)</u>	<u>(10,000)</u>	<u>0</u>
Operating Surplus/(Deficit)	(6,537)	(10,000)	0
CAPITAL INCOME			
Sale Proceeds from Assets	0	1,750,000	0
Transfer from Reserves	400,000	400,000	0
	<u>400,000</u>	<u>2,150,000</u>	<u>0</u>
CAPITAL EXPENDITURE			
Services Installation	(208,173)	(625,000)	0
Subdivision, Survey, Plan	(65,530)	(5,000)	(10,732)
Design & Planning	(3,230)	(25,000)	0
	<u>(276,933)</u>	<u>(655,000)</u>	<u>(10,732)</u>
NET RESULTS	<u><u>116,530</u></u>	<u><u>1,485,000</u></u>	<u><u>(10,732)</u></u>

The above capital expenditure is included in Land and Buildings (refer Note 5 to this financial report).

There are no liabilities in relation to this land transaction as at 30 June 2011.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

34. 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	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	15,852,111	25,618,279	15,852,111	25,618,279
Receivables	<u>2,928,686</u>	<u>4,508,809</u>	<u>2,928,686</u>	<u>4,508,809</u>
	<u><u>18,780,797</u></u>	<u><u>30,127,088</u></u>	<u><u>18,780,797</u></u>	<u><u>30,127,088</u></u>
Financial Liabilities				
Payables	3,799,290	6,183,023	3,799,290	6,183,023
Borrowings	<u>4,182,788</u>	<u>1,831,944</u>	<u>4,069,913</u>	<u>1,730,357</u>
	<u><u>7,982,078</u></u>	<u><u>8,014,967</u></u>	<u><u>7,869,203</u></u>	<u><u>7,913,380</u></u>

Fair value is determined as follows:

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	30-Jun-11	30-Jun-10
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	194,370	229,247
- Income Statement	194,370	229,247

Notes:

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

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

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

34. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

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

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

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

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

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

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

	30-Jun-11	30-Jun-10
Percentage of Rates and Annual Charges		
- Current	80.56%	73.18%
- Overdue	19.44%	26.82%
Percentage of Other Receivables		
- Current	92.89%	99.89%
- Overdue	7.11%	11.00%
Percentage of Deferred Rates Receivables		
- Current	0.00%	0.00%
- Overdue	100.00%	0.00%

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2011</u>					
Payables	3,799,290	0	0	3,799,290	3,799,290
Borrowings	594,464	2,297,907	2,753,776	5,646,147	4,182,788
	<u>4,393,754</u>	<u>2,297,907</u>	<u>2,753,776</u>	<u>9,445,437</u>	<u>7,982,078</u>
<u>2010</u>					
Payables	6,183,023	0	0	6,183,023	6,183,023
Borrowings	257,418	989,696	1,285,985	2,533,099	1,831,944
	<u>6,440,441</u>	<u>989,696</u>	<u>1,285,985</u>	<u>8,716,122</u>	<u>8,014,967</u>

**SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2011</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	108,151	0	0	4,074,637	4,182,788	5.95%
Weighted Average Effective Interest Rate			5.97%			5.95%		
<u>Year Ended 30 June 2010</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	0	140,100	0	1,691,844	1,831,944	5.94%
Weighted Average Effective Interest Rate				5.97%		5.94%		

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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of the Ashburton, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by the Chief Executive Officer.

Council Responsibility for the Financial Report

The Council of Ashburton are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1995 Part 6. This responsibility includes such internal controls as the council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error; selecting and applying the 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 which require us to 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 Shire'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 Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by council, as well as evaluating the overall presentation of the financial report.

We believe 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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.



Auditor's Opinion

In our opinion, the financial report of the Shire of Ashburton;

- i. presents fairly, in all material respects, the financial position of the Shire of Ashburton as at 30 June 2011, and of its performance and cash flows for the year ended ; and
- ii. Complies with Australian Accounting Standards (including the Australian Accounting Interpretation);and
- iii. Is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended), and Regulations under that act.

Statutory Compliance

I did not, during the course of my audit, become aware of any instances where the Shire of Ashburton did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to the financial statements.

Emphasis of Matter

We draw attention to note 14 to the financial statements which describes the uncertainty related to the outcome of claims against the Shire by former miners, residents and visitors to Wittenoom as a result of their suffering from asbestos related diseases. Our opinion is not modified in respect of this matter.

BDO (WA) Pty Ltd

BDO


Chris Burton
Director

Perth, Western Australia
Dated this 7th day of March 2012



**AUDIT COMMITTEE REPORT
SHIRE OF ASHBURTON**

30 June 2011

28 March 2012

Private and Confidential

The Shire Council
Shire of Ashburton
PO Box 567
Tom Price WA 6751

Dear Sirs,

SHIRE OF ASHBURTON: 30 JUNE 2011 AUDIT

We have completed our audit of the Shire of Ashburton ("Shire") for the year ended 30 June 2011. This report has been issued to assist you with understanding where we identified risks, the audit procedures we performed to address these risks, and the results of the tests. We have also included our approach to internal controls and a summary of our application of the concept of materiality.

We issued an unqualified opinion with an emphasis of matter in relation to the Wittenoom asbestos claims.

Should our views in this report differ from your understanding, we would be pleased to discuss, together with any other matters you feel should be brought to our attention, at your earliest convenience.

Yours sincerely
BDO Audit (WA) Pty Ltd

BDO


Chris Burton
Director

Enclosures



TABLE OF CONTENTS

A.	KEY FINANCIAL STATEMENT AUDIT RISKS	4
B.	AUDIT OPINION	5
C.	INTERNAL CONTROLS RELEVANT TO THE AUDIT	5
D.	MATERIALITY AND ADJUSTED/UNADJUSTED DIFFERENCES	6
E.	INDEPENDENCE MATTERS	6
F.	NON-COMPLIANCE WITH LAWS AND REGULATIONS	7
G.	FRAUD	7
H.	GOING CONCERN	7
	APPENDIX A - MANAGEMENT LETTER	8

A. KEY FINANCIAL STATEMENT AUDIT RISKS

During our preliminary planning visit, we identified key audit risks as set out below; including a summary of the audit procedures we would perform to address the risks. The findings of the audit procedures are detailed below with the conclusion of the findings.

1. Recoverability of Trade Receivables

Identified Audit Risk

The Shire has rate debtors that are passed due and potentially impaired. As a consequence there is a risk as to the recoverability of the outstanding amount and whether a provision should be raised.

Summary of planned audit procedures to address the identified risk

BDO performed the following audit work to address the above risk:

- Vouch a sample of cash receipts post 30/6/2011 to test if the aged debtor listing at 30/6/2011 is accurate and fairly stated.
- Assessed the treatment of overdue debtors
- Reviewed a sample of Government grants and agreed them back to source document and assessed the accounting treatment in the general ledger
- Verified a sample of rates from source documents and traced them through to the corresponding items in the general ledger

Audit findings from planned procedures

From the work performed above it was noted that:

- o Of the selected customers from the aged receivables listing, 97.29% was received post balance date. This amounted to 88% of the total aged receivables listing at 30/6/2011.
- o There were no discrepancies from any of the other tests performed.

Conclusion based on audit procedures

From the work performed above the debtors balance appears fairly stated

2. Unrecorded Liabilities

The Shire is currently a party to litigation due to past events.

Identified Audit Risks

There is a risk that there are unrecorded liabilities arising from this litigation.

Summary of audit procedures to address the identified risk

We obtained confirmation of the implications and potential financial impact of legal proceedings against the Shire.

Audit findings from planned procedures

BDO obtained the confirmation and reviewed the disclosure relating to the litigation.

Conclusion based on audit procedures

BDO is satisfied that disclosure in the financial statements is reasonable.

3. Revenue recognition

Identified Audit Risks

The Shire receives income from a variety of different sources (Grants, funding, rates, planning and building applications). There is a risk that not all the revenue may be captured (complete and recognised in accordance with the accounting standards (AASB 118: revenue))

Summary of audit procedures to address the identified risks

- Verified a number of sales invoices to supporting documentation
- Obtained a grant listing and agreed a sample of amounts to supporting documentation and bank statements

Audit findings from planned procedures

From the sample selected BDO noted no discrepancies.

Conclusion based on audit procedures

From the testing performed the rates revenue appears fairly stated.

B. AUDIT OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our work is designed to assist us to form an opinion on the annual financial statements and should not be relied upon to disclose all irregularities or weaknesses that may exist.

Audit Opinion

Based on the findings from the procedures we have performed, we issued an unmodified audit opinion with an emphasis of matter in relation to the Wittenoom asbestos claims.

C. INTERNAL CONTROLS RELEVANT TO THE AUDIT

As part of our planning procedures we obtained an understanding of the accounting processes and controls relevant to financial reporting, and performed basic testing of these controls pertinent to us. This work was performed at a very high level and was not carried out to identify all weaknesses within the financial reporting system.

As a consequence of our testing we have not identified any significant internal control weaknesses which we believe should be brought to your attention.

D. MATERIALITY AND ADJUSTED/UNADJUSTED DIFFERENCES

Materiality means, in the context of an audit or review, if financial information is omitted, misstated or not disclosed it has the potential to (adversely) affect the decisions of users of the financial statements. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the financial report. Materiality is initially calculated at the planning stage and has an influence on the amount of work we do, as well as where we direct our audit efforts. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures. It should be noted that the auditing standards do not require us to communicate misstatements that are considered “clearly trivial” and as such, if we identify such misstatements we will not communicate these to you. We consider “clearly trivial” to be 1% of our planned materiality.

During the course of our review we have identified misstatements which have not been adjusted. All unadjusted differences (none of which we consider material either individually or in aggregate) have been detailed below. It should be noted that the auditing standards do not require us to communicate misstatements that are considered “clearly trivial” and as such, if we identify such misstatements we will not communicate these to you. We consider “clearly trivial” to be 1% of our planned materiality.

Unadjusted Differences:

The following misstatements have been identified during the course of our review, and **have not been** adjusted as they were considered by management not to be material:

Description	Assets	Liabilities	Reserves	(Profit)/Loss
Incorrect audit fee provided for		(\$9,511)		\$9,511
Net Effect of Adjustments Not Made:		(\$9,511)		\$9,511

E. INDEPENDENCE MATTERS

In conducting our audit, we are required to comply with the independence requirements of s290 of APES 110 Code of Ethics for Professional Accountants. We have obtained Individual Assurance Client Independence Declarations from all staff involved in the audit engagement. We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

For the comfort of the Shire, we note that the following processes assist in maintaining our independence:

- No other work is permitted to be undertaken by any BDO office without the express approval of the audit engagement director.
- Services including valuation and similar services are specifically prohibited to be provided by any national BDO office to you.
- All services performed by any national BDO office will be reported to the Shire.

No non-assurance work has been carried out by BDO in relation to the Shire of Ashburton.

F. NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have received from Management the *Laws and Regulations* questionnaire and have enquired in relation to non-compliance with laws and regulations during the course of our audit. We did not become aware of any instances of non-compliance with laws and regulations which would materially impact on the financial position or performance of the Shire.

G. FRAUD

During the audit, no matters relating to fraud, concerning either employees or management, have come to our attention. It should be noted that our audit is not designed to detect fraud however, should instances of fraud come to our attention, we will report them to you.

H. GOING CONCERN

We have undertaken a review of the ability of Shire of Ashburton to continue as a going concern for the 12 months from the date of signing the financial statements and therefore whether the going concern basis for the preparation of the financial statements is appropriate. As part of this process we have required management to document their assessment of going concern (including cash flow projections for 12 months after the expected date of approval of the financial statements), and we have reviewed actual outcomes against previous estimates and representations made by management.

The assumption of going concern was concluded as appropriate following a review of operating and capital expenditure budgets.

APPENDIX A - MANAGEMENT LETTER

During the course of our audit of the Shire of Ashburton for the year ended 30 June 2011, we identified matters that may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial report is free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The comments and concerns expressed herein did not have a material effect on the financial report and, as such, our opinion thereon was without reservation. However, in order for the company to ensure the safeguarding of its assets and the accuracy of its records, we believe our comments and concerns should be taken into consideration by the Shire Council. Our comments are not intended to reflect upon the honesty or competence of the Shire's employees.

The matters we have identified are discussed below.

This communication is prepared solely for the information of the Council and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

1. New Vendors

Finding

A new supplier form is filled out and entered into the system however no formalised process of review occurs.

Implication

There is a possibility of incorrect information entered into the system.

Recommendation

A formalised procedure should be put in place for the acceptance of new suppliers.

Client Comment: