

2009/2010



ANNUAL REPORT

SHIRE OF ASHBURTON

Shire of Ashburton, PO Box 567 TOM PRICE WA 6751

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Images from the Pannawonica Rodeo

PROFILE

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

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

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

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

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

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



2009/10 SHIRE PRESIDENT'S REPORT



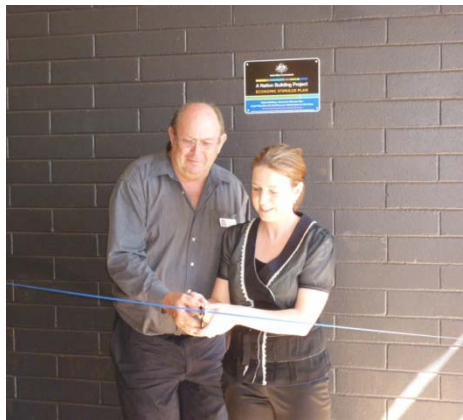
The Shire of Ashburton is taking a proactive and creative approach to achieving a lifestyle as enviable as its spectacular environment and thriving industries and I am pleased to be able to present the Annual Report for the 2009/10 Financial Year.

The year has been one of extensive planning, consolidation and negotiation. Our Executive team, staff and Councillors have laid the foundations for groundbreaking projects and have undertaken extensive negotiations with Chevron, BHP and Rio Tinto to ensure their respective developments and expansion projects reach beneficial outcomes for all parties. The Shire has welcomed highly constructive discussions with Fortescue Metals and other smaller mining companies including Flinders Mines and Brockman Resources in order to understand proposed mining projects and imminent opportunities.

The wheels of change are now in motion with the Shire identifying the specific needs of each town, to ensure appropriate facilities and infrastructure are built to support and maintain sustainable communities.

While on this theme, this past year has seen the completion of many key projects and the commencement of new developments that indicate Council's ongoing commitment to people who live and work in the Shire of Ashburton

State and Federal Government have both shown continued support towards Council's endeavours to achieve communities that promote work, leisure and living, with the State Government's commitment of \$10m towards the revitalisation of Tom Price (through its Royalties for Regions Program) and \$7m to assist with construction of Onslow's Multi-Purpose Facility – which is scheduled to be completed by the end of 2010.



Tom Price Community Centre Official Opening – May 2010

The Federal Government has also been instrumental in improving town amenities and infrastructure with the Regional and Local Community Infrastructure Program which funded upgrades to the Tom Price Community Centre and Paraburdoo's Ashburton Hall.

During the 2009/10 Financial Year, the Shire has experienced a large number of lucrative oil and gas opportunities within its boundaries. The coastal town of Onslow is in the embryonic stages of becoming a major LNG precinct, after BHP Billiton announced that construction of the Macedon Domestic Gas Project would commence in late 2010 followed by commencement of gas production in 2013.

Feasibility studies are still being conducted on the practicality of setting up Chevron's \$30 billion LNG Wheatstone project and the proposed Exxon and BHP Billiton's Scarborough gas joint venture at the Ashburton North Gas Precinct in Onslow.

Some of the projects which are nearing completion or are about to commence include:

- Onslow Sporting Precinct Upgrade;
- Onslow Multi-Purpose Complex
- Tom Price Pool Redevelopment;
- Beadon Bay Boat Ramp;
- Refuse Sites Upgrades;
- Onslow Townscape Development;
- Paraburdoo Town Centre Redevelopment;
- Tom Price Town Centre Redevelopment
- Sealing of the Nanutarra-Munjina Road which includes realignment and construction of 1400m of road adjacent to the existing Nanutarra-Munjina Road and the installation of a major floodway consisting of nine, 1800mm diameter concrete pipes.



Roadworks – Nanutarra-Munjina Road

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. As I've already mentioned 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.

Cr Greg Musgrave JP

Shire President

CHIEF EXECUTIVE REPORT

The 2009/2010 Financial Year has proved both challenging and rewarding for the Shire, with State and Federal Government providing generous financial contributions to address infrastructure issues which deface the region.

In my last annual Report to electors I mentioned the issue of Local Government reform and how “as the year under review closed, the States preferred model of reform, for the isolated regions of the north west of the State, appeared to be that of regional bodies working in partnership with Local Governments in order to develop regional delivery strategies for a range of services and activities.”

It is in this context that I am very pleased to announce that the Shire of Ashburton has formed a Regional Collaborative Group in the Pilbara, with the East Pilbara, Port Hedland and Roebourne. This means that as a local government we can now explore exactly how communities stand to benefit from reform. The State Government initiated reform of Western Australia’s local government sector seeks to create fewer but stronger councils that will better service WA communities into the future.

Council continues to make significant investment into the Shire in many ways, many of which are not immediately obvious, and throughout the course of the 2009/10 Financial Year the following outcomes have or are in the process of being achieved:

- Lack of available and affordable housing has always been an issue in Tom Price, with private home ownership unsustainably low. Funding has been allocated to upgrade existing Shire housing but moreover to begin the site works and services to develop 59 lots along Pilkena, Warara and Yaruga Streets.
- Redevelopment of Paraburdoo’s Town Centre.
- Upgrades to the Tom Price Town Centre Revitalisation.
- Pool upgrades in Tom Price and Paraburdoo.
- Upgrades to the Clem Thompson Sporting Precinct.
- Upgrades to senior citizen units and capital upgrade to Carinya units in Onslow.
- Onslow boardwalk refurbishment.
- Onslow drainage works.
- Onslow multi-purpose building.
- Onslow water-spray park.

- Sanitation Capital Works Program in Onslow, Paraburadoo and Tom Price.
- Tom Price, Paraburadoo and Onslow footpath upgrades.

There have also been many other notable achievements with the Shire becoming a leader in recycling and waste management.

On that score, I noted during my annual Report last year:

“Mini-Recycling Facilities (MRF’s) have been constructed for public drop-offs of recyclables situated at the back of Ashburton Hall (Paraburadoo) and on the corner of the Clem Thompson Oval (Tom Price).”



Paraburadoo Recycling Pod

The Shire has been proactive in its endeavours to effectively tackle recycling and waste management issues in both Tom Price and Paraburadoo and has injected over \$200,000 to continue with the Shire’s Recycling Program. The program offers community incentives and education. There are now plans for similar recycling pods and initiatives to be established in the town of Onslow.

The main reason for the Shire’s huge success with its recycling facilities is the integrated approach we have used to engage the whole community so they have a better understanding of recycling refuse and the correct way to do this. The Shire is now looking to run frequent recycling tours teaching children the value of recycling.

One major issue highlighted in my Report last year was staff housing. Due to huge successes with the Shire’s staff recruitment and retention policies staffing levels are at their highest. This in turn has put added pressure on both office accommodation and staff housing. The Shire is currently in the development and feasibility stages of looking

at improving staff housing across the board and I am hoping to have a more detailed overview of this project in my forthcoming annual Report.

Council completed the year with a Total Comprehensive Surplus of \$15,459,870 which is due predominantly to the receipt of Royalties for Regions funding for projects. An analysis of Council's Ratios indicates we are operating within acceptable parameters, particularly the Outstanding Rate Ratio which has noticeably reduced over that last three years. The low Debt Service Ratio will provide opportunities to Council to use Loan funds to achieve some of its goals.

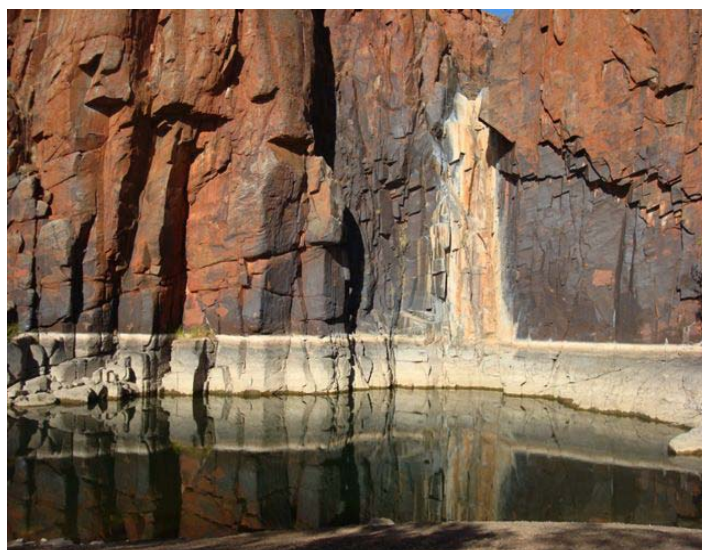
I would like to conclude by thanking the staff who worked tirelessly throughout the Financial Year to ensure the best possible service is provided to the community. Without their hard work and dedication many of the things that we have achieved throughout the year would not have come to fruition.

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

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

Mr Keith Pearson

Chief Executive Officer



Python Pool

COUNCILLORS

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

TOM PRICE WARD		<p>Cr Greg Musgrove Shire President</p> <p>Tom Price Ward – 2011 Contact Ph: 0417 080 037 Email: imsbranch@bigpond.com</p>
PARABURDOO WARD		<p>Cr Linton Rumble Deputy President</p> <p>Paraburdoo Ward – 2011 Contact Ph: 0438 896 552 Email: linton.rumble@bigpond.com</p>
TOM PRICE WARD		<p>Cr Tony Bloem</p> <p>Tom Price Ward – 2011 Contact Ph: 9189 2514 Email: tony.bloem@riotinto.com</p>
TOM PRICE WARD		<p>Cr Lisa Shields</p> <p>Tom Price Ward – 2013 Contact Ph: 9188 1498 Email: crlisa.shields@ashburton.wa.gov.au</p>

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

DISABILITY ACCESS AND INCLUSION PLAN 2006

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

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

Outcome 1 – Service and Events:

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

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

Outcome 2 – Buildings and Other Facilities:

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

- Council allocated funds in the 2009/2010 for the installation of automatic opening doors as part of its ongoing program to provide disabled access to Council facilities
- As part of the Shire of Ashburton's ongoing service delivery, the Shire has provided ramp access from "road pavement to footpath" in all new path construction throughout the Shire. It has also resurfaced uneven paths throughout the towns. This is an ongoing project in upgrading pathways around town centres.
- 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 2009/2010 financial year no amendments to DIAP were made.

NATIONAL COMPETITION POLICY

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

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

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every 8 years to determine whether they are in conflict with competitive neutrality and comply with the *Local Government Act 1995*. No Local Laws were amended during the 2009/2010 financial year.

RECORD KEEPING PLAN

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.

PLAN FOR THE FUTURE 2007 – 2011

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

The Plan identifies seven (7) strategic objectives:

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

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

Overview of Activities proposed to commence or continuing are:

- A brief is being prepared to develop a Tourism Strategy for the Shire of Ashburton;
- A Tender will be advertised for the development of the Paraburdoo Caravan Park;
- Land is being purchased in Tom Price to enable the development of residential land (Warara Street);
- Planning is underway to release Industrial land (Boonderoo Road);
- Construction of additional staff housing in Onslow;
- 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 development of the Onslow Multi Purpose Complex. Substantial funding from Royalties for Regions – Pilbara Fund with construction currently underway.
- Overall Master Plan for Onslow Recreation Precinct has been adopted and construction is underway.
- Royalties for Regions funding obtained to revitalise the Tom Price Sporting Precinct.

- Regional and Local Community Infrastructure Program (RLCIP) enable substantial improvements to be made to the Tom Price Community Centre and Ashburton Hall Paraburdoo.
- Tom Price Pool Project completed.
- Shire of Ashburton Bike Plan 2010-2015 adopted.
- Development of new waste site in Onslow;
- Shire of Ashburton monthly Newsletter created.
- Structure Planning underway for “Ashburton North” area and “Special Industry Area to facilitate major projects in Onslow (LNG)



Footpath Upgrades

ANNUAL FINANCIAL REPORT

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

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 13 day of January 2011



Jeffrey Breen
Chief Executive Officer

SHIRE OF ASHBURTON
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	22	7,206,012	6,408,702	5,870,624
Operating Grants, Subsidies and Contributions	28	7,413,884	6,486,866	6,062,711
Fees and Charges	27	6,628,779	9,430,799	3,572,383
Service Charges	24	0	0	0
Interest Earnings	2(a)	870,975	880,100	400,893
Other Revenue		325,843	326,790	137,847
		<u>22,445,493</u>	<u>23,533,257</u>	<u>16,044,458</u>
EXPENSES				
Employee Costs		(6,332,248)	(7,546,971)	(5,494,304)
Materials and Contracts		(8,334,788)	(9,375,427)	(6,339,809)
Utility Charges		(453,466)	(816,540)	(463,991)
Depreciation on Non-Current Assets	2(a)	(5,518,949)	(3,069,750)	(4,762,947)
Interest Expenses	2(a)	(115,882)	(117,184)	(125,408)
Insurance Expenses		(594,725)	(658,951)	(480,026)
Other Expenditure		(263,923)	(828,325)	(156,802)
		<u>(21,613,981)</u>	<u>(22,413,148)</u>	<u>(17,823,287)</u>
		831,512	1,120,109	(1,778,829)
Non-Operating Grants, Subsidies and Contributions	28	14,098,899	9,081,528	30,857,161
Profit on Asset Disposals	20	560,506	0	10,759
Loss on Asset Disposal	20	(31,047)	0	(50,408)
NET RESULT		15,459,870	10,201,637	29,038,683
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>15,459,870</u></u>	<u><u>10,201,637</u></u>	<u><u>29,038,683</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 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		462,819	347,340	114,247
General Purpose Funding		14,897,023	14,208,274	28,953,922
Law, Order, Public Safety		110,741	174,671	116,786
Health		90,745	290,500	76,083
Education and Welfare		67,402	365,500	239,055
Housing		32,715	14,700	217,436
Community Amenities		2,116,907	1,871,836	1,595,473
Recreation and Culture		7,397,543	2,397,953	758,555
Transport		6,806,373	5,346,169	13,164,321
Economic Services		1,424,976	3,392,090	1,102,777
Other Property and Services		3,697,654	4,205,752	573,723
	2 (a)	<u>37,104,898</u>	<u>32,614,785</u>	<u>46,912,378</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(2,123,617)	(2,467,822)	(1,706,421)
General Purpose Funding		(257,926)	(257,131)	(249,882)
Law, Order, Public Safety		(626,168)	(694,461)	(730,198)
Health		(378,967)	(409,369)	(344,967)
Education and Welfare		(335,361)	(490,995)	(619,155)
Housing		(196,083)	(199,288)	(624,256)
Community Amenities		(2,412,959)	(2,473,898)	(2,182,767)
Recreation & Culture		(3,817,400)	(4,436,669)	(3,839,911)
Transport		(8,671,843)	(5,951,092)	(5,944,621)
Economic Services		(941,898)	(1,087,107)	(835,528)
Other Property and Services		(1,766,924)	(3,828,132)	(670,581)
	2 (a)	<u>(21,529,146)</u>	<u>(22,295,964)</u>	<u>(17,748,287)</u>
FINANCE COSTS				
Law, Order, Public Safety		(8,987)	(9,881)	(10,786)
Housing		(44,282)	(44,452)	(46,813)
Community Amenities		0	0	(721)
Recreation & Culture		(19,269)	(19,188)	(20,625)
Transport		(43,344)	(43,663)	(46,463)
	2 (a)	<u>(115,882)</u>	<u>(117,184)</u>	<u>(125,408)</u>
NET RESULT		<u>15,459,870</u>	<u>10,201,637</u>	<u>29,038,683</u>
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>15,459,870</u></u>	<u><u>10,201,637</u></u>	<u><u>29,038,683</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 2010**

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	25,618,279	23,589,315
Trade and Other Receivables	4	4,508,809	3,123,743
Inventories	5	714,341	308,927
TOTAL CURRENT ASSETS		<u>30,841,429</u>	<u>27,021,985</u>
NON-CURRENT ASSETS			
Other Receivables	4	0	1,688
Property, Plant and Equipment	6	27,855,821	19,686,385
Infrastructure	7	80,240,606	74,989,134
TOTAL NON-CURRENT ASSETS		<u>108,096,427</u>	<u>94,677,207</u>
TOTAL ASSETS		<u>138,937,856</u>	<u>121,699,192</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	6,183,023	4,333,923
Long Term Borrowings	9	149,156	147,060
Provisions	10	626,275	595,773
TOTAL CURRENT LIABILITIES		<u>6,958,454</u>	<u>5,076,756</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,682,788	1,831,943
Provisions	10	117,604	71,353
TOTAL NON-CURRENT LIABILITIES		<u>1,800,392</u>	<u>1,903,296</u>
TOTAL LIABILITIES		<u>8,758,846</u>	<u>6,980,052</u>
NET ASSETS		<u>130,179,010</u>	<u>114,719,140</u>
EQUITY			
Retained Surplus		108,131,080	94,237,789
Reserves - Cash Backed	11	21,606,568	20,039,989
Reserves - Asset Revaluation	12	441,362	441,362
TOTAL EQUITY		<u>130,179,010</u>	<u>114,719,140</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 2010**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008	80,770,486	4,468,609	441,362	85,680,457
Net Result	29,038,683	0	0	29,038,683
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(15,571,380)	15,571,380	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 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	<u>108,131,080</u>	<u>21,606,568</u>	<u>441,362</u>	<u>130,179,010</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 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		7,317,889	6,470,707	5,988,185
Operating Grants, Subsidies and Contributions		7,358,884	6,743,466	6,007,711
Fees and Charges		3,941,956	10,986,064	4,406,288
Service Charges		0	0	0
Interest Earnings		870,975	880,100	400,893
Goods and Services Tax		1,597,563	(395,919)	3,519,148
Other Revenue		364,235	326,790	102,770
		<u>21,451,502</u>	<u>25,011,208</u>	<u>20,424,995</u>
Payments				
Employee Costs		(6,650,100)	(7,818,051)	(4,787,118)
Materials and Contracts		(5,225,192)	(9,116,905)	(4,885,126)
Utility Charges		(453,466)	(816,540)	(463,991)
Insurance Expenses		(594,725)	(658,951)	(480,026)
Interest expenses		(41,737)	(117,184)	(207,588)
Goods and Services Tax		(2,569,425)	(116,817)	(2,379,851)
Other Expenditure		(263,923)	(902,304)	(156,802)
		<u>(15,798,568)</u>	<u>(19,546,752)</u>	<u>(13,360,502)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>5,652,934</u>	<u>5,464,456</u>	<u>7,064,493</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(336,387)	(3,225,000)	(240,306)
Payments for Purchase of Property, Plant & Equipment		(6,368,866)	(8,210,803)	(3,270,094)
Payments for Construction of Infrastructure		(8,915,014)	(16,679,260)	(13,081,817)
Advances to Community Groups				0
Payments for Works in Progress		(3,745,094)	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		15,269,874	9,081,528	28,752,063
Proceeds from Sale of Plant & Equipment		618,576	5,619,000	156,985
		<u>15,269,874</u>	<u>9,081,528</u>	<u>28,752,063</u>
Net Cash Provided By (Used In) Investing Activities		<u>(3,476,911)</u>	<u>(13,414,535)</u>	<u>12,316,831</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(147,059)	(146,770)	(157,814)
Proceeds from New Debentures		0	310,000	0
		<u>0</u>	<u>310,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>(147,059)</u>	<u>163,230</u>	<u>(157,814)</u>
Net Increase (Decrease) in Cash Held		2,028,964	(7,786,849)	19,223,510
Cash at Beginning of Year		23,589,315	23,655,945	4,365,805
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>25,618,279</u></u>	<u><u>15,869,096</u></u>	<u><u>23,589,315</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 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		462,819	347,340
General Purpose Funding		7,691,011	7,799,572
Law, Order, Public Safety		110,741	174,671
Health		90,745	290,500
Education and Welfare		67,402	365,500
Housing		32,715	14,700
Community Amenities		2,116,907	1,871,836
Recreation and Culture		7,397,543	2,397,953
Transport		6,806,373	5,346,169
Economic Services		1,424,976	3,392,090
Other Property and Services		3,697,654	4,205,752
		<u>29,898,886</u>	<u>26,206,083</u>
EXPENSES			
Governance		(2,123,617)	(2,467,822)
General Purpose Funding		(257,926)	(257,131)
Law, Order, Public Safety		(635,155)	(704,342)
Health		(378,967)	(409,369)
Education and Welfare		(335,361)	(490,995)
Housing		(240,365)	(243,740)
Community Amenities		(2,412,959)	(2,473,898)
Recreation & Culture		(3,836,669)	(4,455,857)
Transport		(8,715,187)	(5,994,755)
Economic Services		(941,898)	(1,087,107)
Other Property and Services		(1,766,924)	(3,828,132)
		<u>(21,645,028)</u>	<u>(22,413,148)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(529,459)	0
Movement in Accrued Interest		(1,448)	0
Movement in Deferred Pensioner Rates (Non-Current)		1,688	0
Movement in Accrued Salaries and Wages		42,170	0
Movement in Employee Benefit Provisions		76,753	0
Depreciation on Assets		5,518,949	3,069,750
Capital Expenditure and Revenue			
Purchase Land Held for Resale		(336,387)	(3,225,000)
Purchase Work in Progress		(3,745,094)	0
Purchase Land and Buildings		(4,786,987)	(5,867,413)
Purchase Plant and Equipment		(1,517,911)	(1,826,390)
Purchase Furniture and Equipment		(63,968)	(517,000)
Purchase Infrastructure Assets - Roads		(7,019,308)	(7,263,815)
Purchase Infrastructure Assets - Footpaths		(454,869)	(506,206)
Purchase Infrastructure Assets - Drainage		(595,589)	(742,348)
Purchase Infrastructure Assets - Parks & Ovals		(119,971)	(160,000)
Purchase Infrastructure Assets - Other		(725,277)	(8,006,891)
Proceeds from Disposal of Assets		618,576	5,619,000
Repayment of Debentures		(147,059)	(146,770)
Proceeds from New Debentures		0	310,000
Transfers to Reserves (Restricted Assets)		(5,691,640)	(1,112,000)
Transfers from Reserves (Restricted Assets)		4,125,061	6,630,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		2,584,117	3,531,418
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,692,217	(12,028)
Amount Required to be Raised from Rates	22	<u><u>(7,206,012)</u></u>	<u><u>(6,408,702)</u></u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

Land under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

Buildings	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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

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

AASB 101: Presentation of Financial Statements

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

Disclosure Impact

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

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

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

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

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

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

2. REVENUE AND EXPENSES	2010	2009	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
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	35,975	20,884	
<i>Leonie Bailey</i>			
Audit and review of grant acquittals	5,950	0	
<i>McNamara Rock & Assoc Accountants</i>			
Audit and review of grant acquittals	2,732	0	
 Depreciation			
Buildings	354,900	348,422	
Furniture and Equipment	137,848	133,039	
Plant and Equipment	597,660	514,590	
Roads	4,009,636	3,395,320	
Footpaths	49,261	48,538	
Drainage	141,970	141,971	
Parks	86,068	81,396	
Other	141,606	99,671	
	<u>5,518,949</u>	<u>4,762,947</u>	
 Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21(a)</i>)	115,882	125,408	
	<u>115,882</u>	<u>125,408</u>	
 Rental Charges			
- Operating Leases	4,032	32,926	
	<u>4,032</u>	<u>32,926</u>	
 (ii) Crediting as Revenue:	2010	2010	2009
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	729,639	750,000	164,194
- Other Funds	69,203	80,000	138,982
Other Interest Revenue (<i>refer note 26</i>)	72,133	50,100	97,717
	<u>870,975</u>	<u>880,100</u>	<u>400,893</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Rates, general purpose grants and interest on investments.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

HOUSING

Maintenance of staff and rental housing.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (@) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (@) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
Grants for Aboriginal Environmental Health	Law, Order & Public Safety	35,962	50,000	(114,460)	(28,498) (*)	54,000	(88,266)	(62,764) (*)
National Disaster Mitigation Funds 2006-07	Recreation & Culture	90,909	0	0	90,909 (*)	0	0	90,909 (*)
Dept of Education Wattle St Kiss n Drop	Transport	10,000	0	(7,594)	2,406 (*)	0	(2,406)	0
R2R 2006-07 and 2007-08	Transport	304,165	0	(304,165)	0	0	0	0
Woodside Energy Onslow Playground Equipment	Recreation & Culture	20,000	0	(20,000)	0	0	0	0
BHP Onslow Gym	Recreation & Culture	4,883	0	(4,883)	0	0	0	0
Dept of Sport & Rec - Tom Price Pool Feasibility Study	Recreation & Culture	8,750	0	(8,750)	0	0	0	0
Pilbara Iron - Tom Price Pool Emergency Management	Recreation & Culture	750,000	0	0	750,000 (*)	0	(750,000)	0
Australia - LEMC Radios Onslow	Law, Order & Public Safety	16,364	0	0	16,364 (*)	0	(16,364)	0
Onslow Salt - Onslow Playground Upgrade	Recreation & Culture	85,000	0	(85,000)	0	0	0	0
Pilbara Development Commission - Multi Purpose Complex	Recreation & Culture	499,000	0	0	499,000 (*)	0	0	499,000 (*)
Pilbara Development Commission - Onslow Community Garden	Community Amenities	56,704	0	(56,704)	0	0	0	0
Pilbara Development Commission - Onslow Playground	Recreation & Culture	56,703	0	(56,703)	0	0	0	0

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (@) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (@) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
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	57,000	0	(37,000)	20,000 (*)	0	(20,000)	0
Hamersley Iron - Nameless Valley Rd Preliminaries	Transport	947,555	0	(947,555)	0			0
Dept of Environment & Conservation - Snappy Gum Drive	Transport	56,829	0	0	56,829 (*)	0	(56,829)	0
Dept of Environment & Conservation - Deep Reach Car Park	Transport	40,000	0	0	40,000 (*)	0	(40,000)	0
Country Local Government Fund - Tom Price Town Centre Revitalisation	Community Amenities	0	10,000,000	0	10,000,000 (*)	0	(544,316)	9,455,684 (*)
Country Local Government Fund - Onslow Multi Purpose Centre / Sporting Precinct	Recreation & Culture	0	7,000,000	0	7,000,000 (*)	0	(3,023,380)	3,976,620 (*)
Hamersley Iron - Nameless Valley Rd Construction	Transport	0	2,101,388	0	2,101,388	0	(2,101,388)	0
Regional and Local Government Infrastructure Program	General Purpose Funding	0	536,000	0	536,000	0	(536,000)	0
Office of Crime Prevention - Onslow Graffiti Prevention Strategy	Law, Order & Public Safety	0	30,000	0	30,000	0	(30,000)	0

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (@) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (@) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
Pilbara Development Commission - Paraburdoo Library Project	Recreation & Culture	0	5,120	0	5,120	0	(5,120)	0
Interest on Country Local Government Funding	Recreation & Culture	0	0	0	0	620,662	0	620,662 (*)
Country Local Government Fund - Various Projects	Recreation & Culture	0	0	0	0	1,803,793	(1,325,155)	478,638
Dept of Regional Development - Forward Capital Works Plan	Governance	0	0	0	0	35,000	0	35,000
Dept of Regional Development - Tom Price Civic Centre Refurbishment	Recreation & Culture	0	0	0	0	237,300	0	237,300 (*)
Dept of Regional Development - Tom Price Sports Pavillion	Recreation & Culture	0	0	0	0	4,014,600	0	4,014,600 (*)
Dept of Regional Development - Tom Price Netball/Basketball Courts	Recreation & Culture	0	0	0	0	353,250	0	353,250 (*)
Dept of Regional Development - Minga Oval (Area W) Lights	Recreation & Culture	0	0	0	0	356,850	0	356,850 (*)
Pilbara Development Commission - Tom Price Sports Pavillion	Recreation & Culture	0	0	0	0	175,000	0	175,000
Regional Development Assistance Program - Onslow Community Garden	Recreation & Culture	0	0	0	0	157,000	(146,150)	10,850

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance (@) 1-Jul-08 \$</u>	<u>Received (+) 2008/09 \$</u>	<u>Expended (#) 2008/09 \$</u>	<u>Closing Balance (@) 30-Jun-09 \$</u>	<u>Received (+) 2009/10 \$</u>	<u>Expended (#) 2009/10 \$</u>	<u>Closing Balance 30-Jun-10 \$</u>
Dept of environment and Conservation - Fortesque								
Carpark	Transport	0	0	0	0	40,000	0	40,000
MRWA - Black Spot Funding	Transport	0	0	0	0	238,323	(158,313)	80,010
Total		<u>3,059,824</u>	<u>19,722,508</u>	<u>(1,642,814)</u>	<u>21,139,518</u>	<u>8,085,778</u>	<u>(8,843,687)</u>	<u>20,381,609</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 2009 and at the end of June 2010.

	2010 \$	2009 \$
Unspent Grants not transferred to reserve as at 30 June	819,498	2,672,508

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

	2010	2009
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - (Unrestricted)	3,430	3,430
Cash at Bank - Municipal	4,008,281	3,545,896
Restricted - Reserves	21,606,568	20,039,989
	<u>25,618,279</u>	<u>23,589,315</u>
Cash at Bank - Municipal		
Unrestricted Cash	3,188,783	873,388
Restricted Cash - Unspent Grants (refer note 2 (c))	819,498	2,672,508
	<u>4,008,281</u>	<u>3,545,896</u>

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

Employee Benefit Reserve	141,122	131,978
Plant Replacement Reserve	82,292	76,960
Infrastructure Reserve	190,323	177,992
Housing Reserve	329,450	495,146
Onslow Community Infrastructure Reserve	32,283	30,192
Onslow Emergency Evacuation Building Reserve	225,345	210,744
Property Development Reserve	427,626	399,919
Town Centre Re-development Reserve	41,331	38,653
Onslow Aerodrome Reserve	12,185	11,395
Unspent Grants and Contributions Reserve	20,124,611	18,467,010
	<u>21,606,568</u>	<u>20,039,989</u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	144,634	346,634
Sundry Debtors	4,433,510	2,812,500
Prepayments	16,389	91,982
Accrued Income	10,091	0
Provision for Doubtful Debts	(95,815)	(127,373)
	<u>4,508,809</u>	<u>3,123,743</u>

Non-Current

Rates Outstanding - Pensioners	0	1,688
	<u>0</u>	<u>1,688</u>

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

	2010	2009
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	25,658	928
Tourist Bureau Stock	111,990	67,693
Land Held for Resale - Cost		
Cost of Acquisition	518,182	209,091
Development Costs	58,511	31,215
	<u>714,341</u>	<u>308,927</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	24,438,167	19,651,180
Less Accumulated Depreciation	<u>(4,815,057)</u>	<u>(4,460,157)</u>
	19,623,110	15,191,023
Furniture and Equipment - Cost	1,279,293	1,215,325
Less Accumulated Depreciation	<u>(915,800)</u>	<u>(777,952)</u>
	363,493	437,373
Plant and Equipment - Cost	9,053,883	7,910,143
Less Accumulated Depreciation	<u>(4,164,760)</u>	<u>(3,852,154)</u>
	4,889,123	4,057,989
Works in Progress	<u>2,980,095</u>	<u>0</u>
	<u>27,855,821</u>	<u>19,686,385</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 2010

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Works in Progress \$	Total \$
Balance as at 1 July 2009	15,191,023	437,373	4,057,989	0	19,686,385
Additions	4,786,987	63,968	1,517,911	2,980,095	9,348,961
(Disposals)	0	0	(89,117)	0	(89,117)
Depreciation (Expense)	(354,900)	(137,848)	(597,660)	0	(1,090,408)
Balance as at 30 June 2010	<u>19,623,110</u>	<u>363,493</u>	<u>4,889,123</u>	<u>2,980,095</u>	<u>27,855,821</u>

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

	2010	2009
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	104,075,962	97,056,654
Less Accumulated Depreciation	<u>(40,277,794)</u>	<u>(36,268,158)</u>
	63,798,168	60,788,496
Footpaths - Cost	2,425,331	1,970,462
Less Accumulated Depreciation	<u>(1,096,334)</u>	<u>(1,047,073)</u>
	1,328,997	923,389
Drainage - Cost	11,111,160	10,515,571
Less Accumulated Depreciation	<u>(3,129,153)</u>	<u>(2,987,183)</u>
	7,982,007	7,528,388
Parks & Ovals - Cost	4,219,029	4,099,058
Less Accumulated Depreciation	<u>(2,245,834)</u>	<u>(2,159,766)</u>
	1,973,195	1,939,292
Other Infrastructure - Cost	5,102,881	4,377,604
Less Accumulated Depreciation	<u>(709,641)</u>	<u>(568,035)</u>
	4,393,240	3,809,569
Works in Progress	<u>764,999</u>	<u>0</u>
	<u>80,240,606</u>	<u>74,989,134</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 2010

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Other Infrastructure \$	Works in Progress \$	Total \$
Balance as at 1 July 2009	60,788,496	923,389	7,528,388	1,939,292	3,809,569	0	74,989,134
Additions	7,019,308	454,869	595,589	119,971	725,277	764,999	9,680,013
Depreciation (Expense)	(4,009,636)	(49,261)	(141,970)	(86,068)	(141,606)	0	(4,428,541)
Balance as at 30 June 2010	<u>63,798,168</u>	<u>1,328,997</u>	<u>7,982,007</u>	<u>1,973,195</u>	<u>4,393,240</u>	<u>764,999</u>	<u>80,240,606</u>

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

	2010	2009
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	5,331,688	1,301,707
PAYG Payable	119,350	512,452
Payroll Creditors	0	3,822
GST Payable	179,322	1,151,184
ESL Liability	38,392	0
FBT Liability	13,284	42,891
Accrued Expenses	283,915	1,145,517
Accrued Interest on Loans	12,275	13,723
Accrued Salaries and Wages	204,797	162,627
	<u>6,183,023</u>	<u>4,333,923</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>149,156</u>	<u>147,060</u>
	<u>149,156</u>	<u>147,060</u>
Non-Current		
Secured by Floating Charge Debentures	<u>1,682,788</u>	<u>1,831,943</u>
	<u>1,682,788</u>	<u>1,831,943</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	455,603	406,581
Provision for Long Service Leave	170,672	189,192
	<u>626,275</u>	<u>595,773</u>
Non-Current		
Provision for Long Service Leave	<u>117,604</u>	<u>71,353</u>
	<u>117,604</u>	<u>71,353</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(a) Employee Benefits Reserve			
Opening Balance	131,978	131,977	118,201
Amount Set Aside / Transfer to Reserve	9,144	12,585	13,777
Amount Used / Transfer from Reserve	0	0	0
	<u>141,122</u>	<u>144,562</u>	<u>131,978</u>
(b) Plant Replacement Reserve			
Opening Balance	76,960	76,960	68,927
Amount Set Aside / Transfer to Reserve	5,332	7,339	8,033
Amount Used / Transfer from Reserve	0	0	0
	<u>82,292</u>	<u>84,299</u>	<u>76,960</u>
(c) Infrastructure Reserve			
Opening Balance	177,992	172,536	159,412
Amount Set Aside / Transfer to Reserve	12,331	16,453	18,580
Amount Used / Transfer from Reserve	0	0	0
	<u>190,323</u>	<u>188,989</u>	<u>177,992</u>
(d) Housing Reserve			
Opening Balance	495,146	500,603	443,461
Amount Set Aside / Transfer to Reserve	34,304	47,738	51,685
Amount Used / Transfer from Reserve	(200,000)	(340,000)	0
	<u>329,450</u>	<u>208,341</u>	<u>495,146</u>
(e) Onslow Community Infrastructure Reserve			
Opening Balance	30,192	30,192	27,040
Amount Set Aside / Transfer to Reserve	2,091	2,879	3,152
Amount Used / Transfer from Reserve	0	0	0
	<u>32,283</u>	<u>33,071</u>	<u>30,192</u>
(f) Onslow Emergency Evacuation Building Reserve			
Opening Balance	210,744	210,744	188,746
Amount Set Aside / Transfer to Reserve	14,601	20,097	21,998
Amount Used / Transfer from Reserve	0	0	0
	<u>225,345</u>	<u>230,841</u>	<u>210,744</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED (Continued)			
(g) Property Development Reserve			
Opening Balance	399,919	399,919	358,174
Amount Set Aside / Transfer to Reserve	27,707	38,136	41,745
Amount Used / Transfer from Reserve	0	0	0
	<u>427,626</u>	<u>438,055</u>	<u>399,919</u>
(h) Town Centre Redevelopment Reserve			
Opening Balance	38,653	38,653	34,618
Amount Set Aside / Transfer to Reserve	2,678	3,686	4,035
Amount Used / Transfer from Reserve	0	0	0
	<u>41,331</u>	<u>42,339</u>	<u>38,653</u>
(i) Onslow Aerodrome Reserve			
Opening Balance	11,395	11,395	10,206
Amount Set Aside / Transfer to Reserve	790	1,087	1,189
Amount Used / Transfer from Reserve	0	0	0
	<u>12,185</u>	<u>12,482</u>	<u>11,395</u>
(j) Unspent Grants and Contributions Reserve			
Opening Balance	18,467,010	18,539,065	3,059,824
Amount Set Aside / Transfer to Reserve	5,582,662	962,000	17,000,000
Amount Used / Transfer from Reserve	(3,925,061)	(6,290,000)	(1,592,814)
	<u>20,124,611</u>	<u>13,211,065</u>	<u>18,467,010</u>
TOTAL CASH BACKED RESERVES	<u><u>21,606,568</u></u>	<u><u>14,594,044</u></u>	<u><u>20,039,989</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 2010

11. RESERVES - CASH BACKED (Continued)

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

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

2010
\$

2009
\$

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

Roads

Balance as at 1 July 2009	441,362	441,362
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	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 2010

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>25,618,279</u>	<u>15,869,096</u>	<u>23,589,315</u>

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

Net Result	15,459,870	10,201,637	29,038,683
Depreciation	5,518,949	3,069,750	4,762,947
(Profit)/Loss on Sale of Asset	(529,459)	0	39,649
(Increase)/Decrease in Receivables	(1,383,378)	2,454,873	(1,288,061)
(Increase)/Decrease in Inventories	(69,027)	2,022	(7,798)
Increase/(Decrease) in Payables	1,849,100	(1,211,323)	3,105,250
Increase/(Decrease) in Employee Provisions	76,753	29,025	165,886
Grants/Contributions for the Development of Assets	(15,269,874)	(9,081,528)	(28,752,063)
Net Cash from Operating Activities	<u>5,652,934</u>	<u>5,464,456</u>	<u>7,064,493</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	40,000	37,500
Credit Card Balance at Balance Date	(29,366)	(25,444)
Total Amount of Credit Unused	<u>510,634</u>	<u>512,056</u>

Loan Facilities

Loan Facilities - Current	149,156	147,060
Loan Facilities - Non-Current	1,682,788	1,831,943
Total Facilities in Use at Balance Date	<u>1,831,944</u>	<u>1,979,003</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF ASHBURTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

14. CONTINGENT LIABILITIES

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

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

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

15. CAPITAL AND LEASING COMMITMENTS	2010	2009
	\$	\$
(a) Finance Lease Commitments		
Council has no finance lease commitments at 30 June 2010.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	1,680
	0	1,680
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects		
- Tom Price Swimming Pool Upgrade	0	1,596,360
- Construction Beadon Bay Boat Ramp	0	463,946
- Design and construct Three 2 x1 dwellings in Onslow	896,665	0
- Onslow Drainage Consultancy	16,450	0
- Tom Price Revitalization Planning Consultancy	39,017	0
- Onslow Multi Purpose Building	3,242,585	0
- Onslow Public Ablutions	299,000	0
- Onslow Tennis Courts	51,818	0
	4,545,535	2,060,306
Payable:		
- not later than one year	4,545,535	2,060,306

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

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:

	2010	2009
	\$	\$
Non-Current Assets		
Plant & Equipment	1,998,052	1,998,052
Less: Accumulated Depreciation	(215,663)	(176,702)
	<u>1,782,389</u>	<u>1,821,350</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	4,271,187	1,845,496
General Purpose Funding	179,634	17,845,421
Law, Order, Public Safety	789,538	855,494
Health	9,841	9,192
Education and Welfare	216,321	224,459
Housing	3,762,072	3,534,033
Community Amenities	18,195,162	8,815,897
Recreation and Culture	28,454,630	11,488,900
Transport	71,840,583	68,795,335
Economic Services	1,058,761	901,662
Other Property and Services	5,654,830	4,435,315
Unallocated	4,505,297	2,947,988
	<u>138,937,856</u>	<u>121,699,192</u>

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

	2010	2009	2008
18. FINANCIAL RATIOS			
Current Ratio	1.234	0.872	1.032
Untied Cash to Unpaid Trade Creditors Ratio	0.566	0.291	0.022
Debt Ratio	0.063	0.057	0.045
Debt Service Ratio	0.011	0.020	0.025
Gross Debt to Revenue Ratio	0.080	0.123	0.182
Gross Debt to Economically Realisable Assets Ratio	0.031	0.042	0.095
Rate Coverage Ratio	0.196	0.127	0.314
Outstanding Rates Ratio	0.019	0.053	0.098

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 2010

19. TRUST FUNDS

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

	Balance 1-Jul-09	Amounts Received	Amounts Paid	Balance 30-Jun-10
	\$	\$	(\$)	\$
Cleaning and Key Deposits	8,107	22,801	(13,458)	17,450
Other Trust Monies	25,701	90,270	(80,260)	35,711
Bonds and Guarantees	27,824	7,984	0	35,808
Nomination Deposit	80	640	(640)	80
Unclaimed Monies	12,743	4,790	(4,581)	12,952
BCITF Levy	477,145	881,817	(807,259)	551,703
BRB Levy	(433)	2,322	(1)	1,888
Consignment Stock	150	15,917	(13,573)	2,494
Tour Sales	2,409	150,616	(103,613)	49,412
Fundraising Aqua Run	700	0	0	700
	<u>554,426</u>			<u>708,198</u>

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

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Other Law, Order & Public Safety						
Sale of SES Building	0	35,000	0	35,000	0	0
Transport						
1989 John Deere Backhoe 310C	0	0	3,750	0	3,750	0
1990 John Deere 310C Tractor	0	0	3,750	0	3,750	0
PBS01 Hardie Spray Unit	0	1,000	0	1,000	0	0
PBS02 Hardie Spray Unit	0	1,000	0	1,000	0	0
PRM04 Kubota F2560 Mower	0	2,000	0	2,000	0	0
PRM07 Kubota F3060 Mower	0	2,000	0	2,000	0	0
PTC04 Landini Tractor	0	5,000	0	5,000	0	0
PTR03 Mitsubishi Fk457 Tipper	0	17,000	0	17,000	0	0
PTR05 Mitsubishi Canter Tipper T3	0	8,000	0	8,000	0	0
PLD02 Bobcat Skidsteer 753 Backhoe/Auger	0	10,000	0	10,000	0	0
PRS02 Schwarze Street Sweeper	55,576	30,000	27,488	30,000	(28,088)	0
PLD03 Cat Trxcavator	0	30,000	0	30,000	0	0
PUT04 Toyota Hilux 2WD Tipper 2.7P	0	2,000	0	2,000	0	0
PUT06 Toyota Hilux 2WD Tipper 2.74P	0	2,000	0	2,000	0	0
PSW14 Toyota Corolla CSI Wagon	0	15,000	0	15,000	0	0
PSW17 Toyota Avenisis GXL	0	25,000	0	25,000	0	0
Put11 Toyota Hilux Xtra Cab 4x4	0	12,000	0	12,000	0	0
PUT18 Toyota Hilux D/C	0	8,000	0	8,000	0	0
PUT20 Toyota Hiluz Twin Cab Ute 3.4P	0	12,000	0	12,000	0	0
PUT29 Toyota Hilux T/C SR5 4x4 4.0 V6	0	35,000	0	35,000	0	0
PUT31 Toyota Hilux 4x4 TD Dual Cab	0	35,000	0	35,000	0	0
PUT32 Toyota Hilux 4x2 Workmate	0	17,000	0	17,000	0	0
PUT33 Toyota Hilux 4x2 Workmate Dual Cab	0	20,000	0	20,000	0	0
PSD03 Holden Caprice V6	33,541	35,000	30,582	35,000	(2,959)	0
Other Property & Services						
Lot 307 First Ave, Onslow	0	550,000	553,006	550,000	553,006	0
Lot 308 Boonderoo Rd, Tom Price	0	1,200,000	0	1,200,000	0	0
Lots 501 and 502 Warara St, Tom Price	0	1,350,000	0	1,350,000	0	0
Lot 500 Pilkena St/Yaruga St, Tom Price	0	2,160,000	0	2,160,000	0	0
	89,117	5,619,000	618,576	5,619,000	529,459	0

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

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans		Principal Repayments		Principal 30-Jun-10		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Law, Order & Public Safety									
Loan 112 - Collocation Facility	170,194	0	0	30,094	30,094	140,100	134,935	8,987	9,881
Housing									
Loan 113 - Staff Housing	6,632	0	0	6,632	6,633	0	0	331	341
Loan 117 - Housing Manager	804,491	0	0	39,295	39,293	765,196	765,198	43,951	44,111
Recreation & Culture									
Loan 118 - Community Rec Centre	335,605	0	0	23,977	23,978	311,628	311,376	19,269	19,188
Transport									
Loan 116 - Onslow Aerodrome	386,896	0	0	37,698	37,698	349,198	349,106	25,806	26,019
Loan 119 - Onslow Aerodrome	275,185	0	0	9,363	9,074	265,822	266,110	17,538	17,644
Other Property & Services									
Loan 120 Onslow Residential Development	0	0	310,000	0	0	0	310,000	0	0
	1,979,003	0	310,000	147,059	146,770	1,831,944	2,136,725	115,882	117,184

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 2010**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 120 Onslow Residential Development	0	310,000	Unknown	Debenture	5	Unknown	Unknown	0	310,000	0

(c) Unspent Debentures

Council had no unspent loan funds as at 30th June 2010 nor did it have any unspent loan funds as at 30th June 2009.

(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 2009 and 30 June 2010 was \$Nil.

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

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV - Residential	0.0792	2,306	33,281,074	2,635,295	10,290	1,518	2,647,103	2,635,295	0	0	2,635,295
GRV - Residential Development	0.0792	4	58,260	4,613	0	0	4,613	4,613	0	0	4,613
GRV - Commercial Civic	0.0792	86	7,628,962	604,084	151	0	604,235	604,084	0	0	604,084
GRV - Tourism	0.0792	3	345,300	27,342	0	0	27,342	27,342	0	0	27,342
GRV - Community	0.0792	11	148,650	11,771	(1,049)	0	10,722	11,771	0	0	11,771
GRV - Industrial	0.0792	35	540,784	42,821	2,450	643	45,914	42,821	0	0	42,821
GRV - Industrial Development	0.0792	1	12,400	982	0	0	982	982	0	0	982
UV - Rural/Pastoral	0.0790	35	2,208,758	174,485	(36)	(17)	174,432	174,485	0	0	174,485
UV - Rural/Commerical	0.2449	3	18,500	4,530	7,089	1,533	13,152	4,530	0	0	4,530
UV - Rural/Industrial	0.2449	25	787,441	192,835	976,560	0	1,169,395	192,835	0	0	192,835
UV - Mining Lease	0.2449	81	4,123,673	1,009,838	17,773	282	1,027,893	1,009,838	50,000	5,000	1,064,838
UV - Exploration Lease	0.2449	320	3,640,486	891,511	2,917	(1,283)	893,145	891,511	50,000	5,000	946,511
UV - Petroleum Production	0.2449	4	815,091	199,606	(1,169)	0	198,437	199,606	50,000	5,000	254,606
UV - Prospecting Licence	0.2449	7	15,246	3,734	1,075	0	4,809	3,734	0	0	3,734
UV - Permits	0.2449	8	74,656	18,282	0	0	18,282	18,282	0	0	18,282
UV - General Purpose Lease	0.2449	8	398,395	97,562	155,294	36	252,892	97,562	50,000	5,000	152,562
UV - Tourism	0.1224	2	275,000	33,661	3,060	0	36,721	33,661	0	0	33,661
Sub-Totals		2,939	54,372,676	5,952,952	1,174,405	2,712	7,130,069	5,952,952	200,000	20,000	6,172,952
Minimum Rates	Minimum \$										
GRV - Residential	512.50	111	370,425	56,887	(2,241)	135	54,781	60,474	0	0	60,474
GRV - Commercial Civic	512.50	16	54,584	8,200	513	500	9,213	8,200	0	0	8,200
GRV - Tourism	512.50	0	0	0	0	0	0	0	0	0	0
GRV - Community	512.50	3	9,750	1,538	0	0	1,538	1,538	0	0	1,538
GRV - Industrial	512.50	26	61,930	13,325	0	0	13,325	13,325	0	0	13,325
UV - Rural/Pastoral	512.50	3	8,154	1,538	513	0	2,051	1,538	0	0	1,538
UV - Rural/Commerical	512.50	5	3,373	2,563	469	0	3,032	2,563	0	0	2,563
UV - Rural/Industrial	512.50	27	7,021	13,838	0	0	13,838	13,838	0	0	13,838
UV - Mining Lease	512.50	42	25,118	21,525	449	0	21,974	21,525	0	0	21,525
UV - Exploration Lease	512.50	105	98,085	53,812	22	(643)	53,191	53,812	0	0	53,812
UV - Petroleum Production	512.50	0	0	0	284	(619)	(335)	0	0	0	0
UV - Prospecting Licence	512.50	93	88,638	47,662	10,979	0	58,641	47,662	0	0	47,662
UV - Permits	512.50	2	1,922	1,025	0	0	1,025	1,025	0	0	1,025
UV General Purpose Lease	512.50	20	16,679	10,250	0	0	10,250	10,250	0	0	10,250
Sub-Totals		453	745,679	232,163	10,988	(627)	242,524	235,750	0	0	235,750
Rates Written Off							7,372,593				6,408,702
Movement in Excess Rates							(59,017)				0
Discounts (refer note 25)							(107,564)				0
							0				0
Totals							7,206,012				6,408,702

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

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

No specified area rates were charged in the 2009/10 year.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

No statutory service charges were imposed in 2009/10.

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

No discount for early payment applied to rates in the 2009/10 year.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		65,989	40,000
Interest on Deferred Pensioners	11		0	100
Interest on ESL	11		2,088	0
Interest on Instalment Plan	6.5		4,056	10,000
Charges on Instalment Plan		8	2,760	3,500
			74,893	53,600

Ratepayers had the option of paying rates in four equal instalments, due on 6th January 2010, 3rd March 2010, 28th April 2010 and 23rd June 2010. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES

	2010 \$	2009 \$
Governance	34,471	7,720
General Purpose Funding	5,597	3,970
Law, Order, Public Safety	38,637	28,091
Health	27,853	23,590
Education and Welfare	2,966	7,831
Housing	202,424	212,756
Community Amenities	2,037,444	1,522,900
Recreation and Culture	139,550	177,833
Transport	18,691	14,750
Economic Services	1,359,972	1,047,614
Other Property and Services	2,761,174	525,328
	6,628,779	3,572,383

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 2010

28. GRANT REVENUE	2010	2009
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	7,413,884	6,062,711
Non-Operating Grants, Subsidies and Contributions	<u>14,098,899</u>	<u>30,857,161</u>
	<u><u>21,512,783</u></u>	<u><u>36,919,872</u></u>
By Program:		
Governance	333,246	22,678,376
General Purpose Funding	6,812,360	92,577
Law, Order, Public Safety	61,755	85,869
Health	55,805	50,490
Education and Welfare	64,436	231,223
Housing	4,181	4,680
Community Amenities	79,464	72,574
Recreation and Culture	7,229,142	544,265
Transport	6,780,181	13,138,812
Economic Services	9,482	0
Other Property and Services	<u>83,731</u>	<u>21,006</u>
	<u><u>21,513,783</u></u>	<u><u>36,919,872</u></u>

29. COUNCILLORS' REMUNERATION	2010	2010	2009
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	54,288	56,000	66,613
President's Allowance	5,014	14,000	5,000
Deputy President's Allowance	937	6,250	1,250
Travelling Expenses	36,943	42,000	23,031
Telecommunications Allowance	<u>2,451</u>	<u>2,520</u>	<u>2,367</u>
	<u><u>99,633</u></u>	<u><u>120,770</u></u>	<u><u>98,261</u></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	2010	2009
\$		
100,000 - 109,999	2	1
110,000 - 119,999	0	0
120,000 - 129,999	2	2
130,000 - 139,999	0	0
140,000 - 149,999	1	1

31. EMPLOYEE NUMBERS	2010	2009
The number of full-time equivalent employees at balance date	<u><u>102</u></u>	<u><u>92</u></u>

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

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	2010	2009/10	2009
	\$	Budget	\$
		\$	
OPERATING INCOME			
Miscellaneous Income	<u>0</u>	<u>0</u>	<u>4,400</u>
	0	0	4,400
OPERATING EXPENDITURE			
Land Transfer Expenditure			
Advertising	(5,664)	(15,000)	(2,428)
Demolition Expenses	0	0	0
Settlement Fees	<u>(203)</u>	<u>(15,000)</u>	<u>0</u>
	(5,867)	(30,000)	(2,428)
Operating Surplus/(Deficit)	(5,867)	(30,000)	1,972
CAPITAL INCOME			
Sale Proceeds from Assets			
- Sale of 307 First Ave Onslow	553,006	550,000	0
Loan Income	0	310,000	0
Transfer from Reserve	<u>0</u>	<u>140,000</u>	<u>0</u>
	553,006	1,000,000	0
CAPITAL EXPENDITURE			
Building Construction			
318A Second Ave Onslow	21,629	(333,000)	0
318B Second Ave Onslow	21,629	(333,000)	0
318C Second Ave Onslow	21,629	(334,000)	0
Land Purchase	<u>0</u>	<u>0</u>	<u>(327,702)</u>
	64,887	(1,000,000)	(327,702)
NET RESULTS	<u>612,026</u>	<u>(30,000)</u>	<u>(325,730)</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 2010.

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

32. MAJOR LAND TRANSACTIONS (Continued)

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

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

- (b) Current Year Transactions

<i>Budget Estimates</i>	2010	2009/10	2009
	\$	Budget	\$
		\$	
OPERATING EXPENDITURE			
Land Transfer Expenditure	0	(80,000)	0
	<u>0</u>	<u>(80,000)</u>	<u>0</u>
Operating Surplus/(Deficit)	0	(80,000)	0
CAPITAL INCOME			
Sale Proceeds from Assets	0	3,510,000	0
	<u>0</u>	<u>3,510,000</u>	<u>0</u>
CAPITAL EXPENDITURE			
Services Installation	0	(2,090,000)	0
Land Purchase	(309,091)	(310,000)	(209,091)
Subdivision, Survey, Plan	(11,064)	(77,000)	(3,825)
Design & Planning	(5,500)	(78,000)	0
	<u>(325,655)</u>	<u>(2,555,000)</u>	<u>(212,916)</u>
NET RESULTS	<u><u>(325,655)</u></u>	<u><u>875,000</u></u>	<u><u>(212,916)</u></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 2010.

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

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 6 and retaining 1.

(b) Current Year Transactions

Budget Estimates	2010	2009/10	2009
	\$	Budget	\$
		\$	
OPERATING EXPENDITURE			
Land Transfer Expenditure	0	(10,000)	0
	<u>0</u>	<u>(10,000)</u>	<u>0</u>
Operating Surplus/(Deficit)	0	(10,000)	0
CAPITAL INCOME			
Sale Proceeds from Assets	0	1,200,000	0
	<u>0</u>	<u>1,200,000</u>	<u>0</u>
CAPITAL EXPENDITURE			
Services Installation	0	(625,000)	0
Subdivision, Survey, Plan	(10,732)	(20,000)	(27,390)
Design & Planning	0	(25,000)	0
	<u>(10,732)</u>	<u>(670,000)</u>	<u>(27,390)</u>
NET RESULTS	<u><u>(10,732)</u></u>	<u><u>520,000</u></u>	<u><u>(27,390)</u></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 2010.

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

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	25,618,279	23,589,315	25,618,279	23,589,315
Receivables	4,508,809	3,125,431	4,508,809	3,125,431
	<u>30,127,088</u>	<u>26,714,746</u>	<u>30,127,088</u>	<u>26,714,746</u>
Financial Liabilities				
Payables	6,183,023	4,333,923	6,183,023	4,333,923
Borrowings	1,831,944	1,979,003	1,730,357	1,863,326
	<u>8,014,967</u>	<u>6,312,926</u>	<u>7,913,380</u>	<u>6,197,249</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 2010

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-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	229,247	78,863
- Income Statement	229,247	78,863

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 2010**

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-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	73.18%	66.04%
- Overdue	26.82%	33.96%
Percentage of Other Receivables		
- Current	99.89%	96.60%
- Overdue	11.00%	3.40%
Percentage of Deferred Rates Receivables		
- Current	0.00%	0.00%
- Overdue	0.00%	100.00%

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

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>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>
<u>2009</u>					
Payables	4,333,923	0	0	4,333,923	4,333,923
Borrowings	264,390	1,029,671	1,503,428	2,797,489	1,979,003
	<u>4,598,313</u>	<u>1,029,671</u>	<u>1,503,428</u>	<u>7,131,412</u>	<u>6,312,926</u>

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

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 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%		
<u>Year Ended 30 June 2009</u>								
Borrowings								
Fixed Rate								
Debentures	6,632	0	0	0	170,194	1,802,177	1,979,003	5.95%
Weighted Average Effective Interest Rate	6.70%				5.97%	5.95%		

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 Ashburton, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Statement by the Chief Executive Officer.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of the Shire of Ashburton is in accordance with the Local Government (Audit) Regulations 1996, including:
 - (i) giving a true and fair view of the entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995, and Local Government (Financial Management) Regulations 1996; and

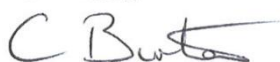
Report on Other Legal and Regulatory Requirements

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

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

All audit procedures were satisfactorily completed in conducting our audit.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth, Western Australia
Dated this 12th day of January 2011