



# **SHIRE OF ASHBURTON**

## **ANNUAL BUDGET**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**SHIRE OF ASHBURTON**  
**BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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## SHIRE OF ASHBURTON

## STATEMENT OF COMPEREHENSIVE INCOME

## BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>REVENUE</b>				
Rates	8	9,638,676	8,564,680	8,447,000
Operating Grants, Subsidies and Contributions		7,262,109	5,725,178	5,922,022
Service Charges	10	0	0	0
Fees and Charges	11	18,543,277	8,218,221	8,296,413
Interest Earnings	2(a)	705,050	921,203	460,050
Other Revenue		396,400	329,451	527,300
		<u>36,545,512</u>	<u>23,758,733</u>	<u>23,652,785</u>
<b>EXPENSES</b>				
Employee Costs		(9,122,226)	(7,996,898)	(7,936,929)
Materials and Contracts		(23,130,780)	(10,252,832)	(8,666,806)
Utilities		(647,676)	(386,138)	(787,480)
Depreciation	2(a)	(6,066,173)	(5,751,079)	(3,123,002)
Interest Expenses	2(a)	(253,764)	(99,177)	(188,610)
Insurance		(888,704)	(786,643)	(900,597)
Other Expenditure		(303,308)	(95,808)	(347,680)
		<u>(40,412,631)</u>	<u>(25,368,575)</u>	<u>(21,951,104)</u>
		(3,867,119)	(1,609,842)	1,701,681
Non-Operating Grants, Subsidies and Contributions		35,152,034	2,724,230	3,774,611
Profit on Asset Disposals	4	0	798,434	0
Loss on Asset Disposals	4	0	(17,210)	0
<b>NET RESULT</b>		<u><b>31,284,915</b></u>	<u><b>1,895,612</b></u>	<u><b>5,476,292</b></u>
<b>Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>31,284,915</b></u>	<u><b>1,895,612</b></u>	<u><b>5,476,292</b></u>

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated. It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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

## SHIRE OF ASHBURTON

## STATEMENT OF COMPEREHENSIVE INCOME

## BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>REVENUE (Refer Notes 1,2,8 to 13)</b>				
Governance		133,100	171,472	146,550
General Purpose Funding		13,849,436	14,077,623	12,343,950
Law, Order, Public Safety		131,364	136,301	94,010
Health		215,002	164,664	161,500
Education and Welfare		363,000	66,873	284,500
Housing		24,000	27,416	72,730
Community Amenities		3,500,920	2,688,812	2,491,758
Recreation and Culture		754,500	590,287	514,600
Transport		1,877,435	406,915	1,443,630
Economic Services		1,637,400	1,440,123	2,246,325
Other Property and Services		14,059,355	3,988,247	3,853,232
		<u>36,545,512</u>	<u>23,758,733</u>	<u>23,652,785</u>
<b>EXPENSES EXCLUDING</b>				
<b>FINANCE COSTS (Refer Notes 1,2 &amp; 14)</b>				
Governance		(3,139,293)	(2,725,327)	(2,902,502)
General Purpose Funding		(433,810)	(253,681)	(364,853)
Law, Order, Public Safety		(751,174)	(722,047)	(712,002)
Health		(482,682)	(364,021)	(437,591)
Education and Welfare		(655,774)	(470,381)	(530,277)
Housing		(196,124)	(463,942)	(481,557)
Community Amenities		(3,887,033)	(3,139,569)	(2,717,990)
Recreation & Culture		(5,589,352)	(4,447,142)	(4,839,026)
Transport		(8,519,715)	(6,869,495)	(4,103,142)
Economic Services		(2,857,825)	(1,173,047)	(1,181,507)
Other Property and Services		(13,646,085)	(4,640,746)	(3,492,047)
		<u>(40,158,867)</u>	<u>(25,269,398)</u>	<u>(21,762,494)</u>
<b>FINANCE COSTS (Refer Notes 2 &amp; 5)</b>				
Law, Order, Public Safety		(6,058)	(7,150)	(8,030)
Housing		(193,834)	(38,767)	(122,675)
Recreation and Culture		(17,033)	(15,060)	(17,775)
Transport		(36,839)	(38,200)	(40,130)
		<u>(253,764)</u>	<u>(99,177)</u>	<u>(188,610)</u>
<b>NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS</b>				
Law, Order, Public Safety		0	0	30,000
Community Amenities		1,137,100	9,810	1,137,111
Recreation & Culture		2,175,674	1,179,103	2,227,500
Transport		29,339,260	1,535,317	380,000
Economic Services		1,500,000	0	0
Other Property and Services		1,000,000	0	0
		<u>35,152,034</u>	<u>2,724,230</u>	<u>3,774,611</u>
<b>PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)</b>				
Transport		0	110,497	0
Other Property & Services		0	670,727	0
		<u>0</u>	<u>781,224</u>	<u>0</u>
<b>NET RESULT</b>		<u>31,284,915</u>	<u>1,895,612</u>	<u>5,476,292</u>
<b>Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>31,284,915</u></u>	<u><u>1,895,612</u></u>	<u><u>5,476,292</u></u>

Please note, Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated. It is anticipated, in all instances, any other comprehensive income will relate to non-cash transactions and as such, have no impact on this budget document.

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 2012

	NOTE	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		9,700,681	8,502,898	8,509,005
Grants, Subsidies and Contributions - Operating		7,518,709	5,725,178	6,178,622
Service Charges		0	0	0
Fees and Charges		20,098,542	10,658,238	9,851,678
Interest Earnings		705,050	921,203	460,050
Goods and Services Tax		604,081	2,549,196	604,081
Other		396,400	416,355	527,300
		<u>39,023,463</u>	<u>28,773,068</u>	<u>26,130,736</u>
<b>Payments</b>				
Employee Costs		(9,168,306)	(8,213,770)	(7,983,009)
Materials and Contracts		(22,758,128)	(14,589,817)	(8,294,154)
Utilities (gas, electricity, water, etc)		(647,676)	(386,138)	(787,480)
Insurance		(888,704)	(786,643)	(900,597)
Interest		(253,764)	(95,063)	(188,610)
Goods and Services Tax		(716,817)	(2,710,769)	(716,817)
Other		(377,287)	(95,808)	(421,659)
		<u>(34,810,682)</u>	<u>(26,878,008)</u>	<u>(19,292,326)</u>
<b>Net Cash Provided By Operating Activities</b>	15(b)	<u>4,212,781</u>	<u>1,895,060</u>	<u>6,838,410</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale	3	(2,958,272)	(632,647)	(4,999,000)
Payments for Purchase of Property, Plant & Equipment	3	(15,826,875)	(7,179,297)	(17,739,035)
Payments for Construction of Infrastructure	3	(43,611,819)	(10,043,135)	(18,436,178)
Grants/Contributions for the Development of Assets		35,152,034	2,724,230	3,774,611
Proceeds from Sale of Plant & Equipment	4	12,355,100	1,189,963	9,436,100
Proceeds from Advances				
<b>Net Cash Used in Investing Activities</b>		<u>(14,889,832)</u>	<u>(13,940,886)</u>	<u>(27,963,502)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures	5	(355,523)	(165,953)	(248,110)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures	5	<u>562,000</u>	<u>2,500,000</u>	<u>2,737,000</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>		206,477	2,334,047	2,488,890
<b>Net Increase (Decrease) in Cash Held</b>		(10,470,574)	(9,711,779)	(18,636,202)
Cash at Beginning of Year		15,906,500	25,618,279	25,549,113
<b>Cash and Cash Equivalents at the End of the Year</b>	15(a)	<u>5,435,926</u>	<u>15,906,500</u>	<u>6,912,911</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 2012**

	NOTE	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>REVENUES</b>	1,2			
Governance		133,100	171,472	146,550
General Purpose Funding		4,210,760	5,512,943	3,896,950
Law, Order, Public Safety		131,364	136,301	124,010
Health		215,002	164,664	161,500
Education and Welfare		363,000	66,873	284,500
Housing		24,000	27,416	72,730
Community Amenities		4,638,020	2,698,622	3,628,869
Recreation and Culture		2,930,174	1,769,390	2,742,100
Transport		31,216,695	2,069,939	1,823,630
Economic Services		3,137,400	1,440,123	2,246,325
Other Property and Services		15,059,355	4,658,974	3,853,232
		<u>62,058,870</u>	<u>18,716,717</u>	<u>18,980,396</u>
<b>EXPENSES</b>	1,2			
Governance		(3,139,293)	(2,725,327)	(2,902,502)
General Purpose Funding		(433,810)	(253,681)	(364,853)
Law, Order, Public Safety		(757,232)	(729,197)	(720,032)
Health		(482,682)	(364,021)	(437,591)
Education and Welfare		(655,774)	(470,381)	(530,277)
Housing		(389,958)	(502,709)	(604,232)
Community Amenities		(3,887,033)	(3,139,569)	(2,717,990)
Recreation & Culture		(5,606,385)	(4,462,202)	(4,856,801)
Transport		(8,556,554)	(6,924,905)	(4,143,272)
Economic Services		(2,857,825)	(1,173,047)	(1,181,507)
Other Property and Services		(13,646,085)	(4,640,746)	(3,492,047)
		<u>(40,412,631)</u>	<u>(25,385,785)</u>	<u>(21,951,104)</u>
<b>Net Operating Result Excluding Rates</b>		21,646,239	(6,669,068)	(2,970,708)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	4	0	(781,224)	0
Rounding Adjustment		0	(1)	0
Movement in Accrued Interest		0	(12,275)	0
Movement in Accrued Salaries & Wages		0	(204,797)	0
Depreciation on Assets	2(a)	6,066,173	5,751,079	3,123,002
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale	3	(2,958,272)	(632,647)	(4,999,000)
Purchase Land and Buildings	3	(12,496,799)	(6,126,854)	(15,014,385)
Purchase Plant and Equipment	3	(2,838,176)	(673,497)	(1,945,650)
Purchase Furniture and Equipment	3	(491,900)	(378,946)	(779,000)
Purchase Infrastructure Assets - Roads	3	(9,390,814)	(3,003,560)	(4,397,557)
Purchase Infrastructure Assets - Footpaths	3	(581,206)	(405,724)	(452,280)
Purchase Infrastructure Assets - Drainage	3	(1,345,287)	(87,689)	(193,730)
Purchase Infrastructure Assets - Parks & Ovals	3	(898,000)	(84,583)	(104,000)
Purchase Infrastructure Assets - Other	3	(31,396,512)	(6,461,579)	(13,288,611)
Proceeds from Disposal of Assets	4	12,355,100	1,189,963	9,436,100
Repayment of Debentures	5	(355,523)	(165,953)	(248,110)
Proceeds from New Debentures	5	562,000	2,500,000	2,737,000
Transfers to Reserves (Restricted Assets)	6	(3,523,158)	(648,224)	(337,000)
Transfers from Reserves (Restricted Assets)	6	12,521,537	9,124,604	18,781,320
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	3,485,922	2,692,217	2,205,609
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	3,485,922	0
<b>Amount Required to be Raised from Rates</b>	8	<u>(9,638,676)</u>	<u>(8,564,680)</u>	<u>(8,447,000)</u>

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Accounting**

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

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

**(b) The Local Government Reporting Entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 16 to this budget document.

**(c) 2010/11 Actual Balances**

Balances shown in this budget as 2010/11 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(d) Rounding Off Figures**

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

**(e) Rates, Grants, Donations and Other Contributions**

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

**(f) Goods and Services Tax**

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

**(g) Superannuation**

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

**(h) Cash and Cash Equivalents**

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

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

**(i) Trade and Other Receivables**

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Inventories

**General**

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

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

**Land Held for Resale**

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

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

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

(k) Fixed Assets

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

**Initial Recognition**

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

**Revaluation**

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

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

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

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



**SHIRE OF ASHBURTON**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Fixed Assets (Continued)**

***Land Under Roads***

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

**Depreciation of Non-Current Assets**

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

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

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

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

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

**Depreciation of Non-Current Assets (Continued)**

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

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

(l) Financial Instruments

**Initial Recognition and Measurement**

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

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

**Classification and Subsequent Measurement**

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

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

Amortised cost is calculated as:

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

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

**Classification and Subsequent Measurement (Continued)**

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

If the Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

*(iv) Available-for-sale financial assets*

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

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

*(v) Financial liabilities*

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

**Impairment**

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Estimation of Fair Value**

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. 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.

**(n) Impairment**

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

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

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

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

At the time of adopting the budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2012.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

**(o) Trade and Other Payables**

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

**SHIRE OF ASHBURTON**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Employee Benefits**

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

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

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

**(ii) Annual Leave and 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.

**(q) 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.

**(r) Provisions**

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where 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

**(t) Comparative Figures**

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

**(u) Budget Comparative Figures**

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

## SHIRE OF ASHBURTON

## NOTES TO AND FORMING PART OF THE BUDGET

## FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUES AND EXPENSES	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>(a) Net Result from Ordinary Activities was arrived at after:</b>			
(i) Charging as Expenses:			
<b>Auditors Remuneration</b>			
Audit Services	35,000	8,489	30,000
<b>Depreciation</b>			
<b><u>By Program</u></b>			
Governance	89,500	84,207	110,239
General Purpose Funding	0	0	0
Law, Order, Public Safety	20,150	21,506	48,318
Health	5,000	8,488	2,567
Education and Welfare	7,500	6,950	7,498
Housing	88,540	85,732	77,353
Community Amenities	184,500	186,360	165,608
Recreation and Culture	342,332	387,794	248,365
Transport	4,662,351	4,342,632	1,936,000
Economic Services	25,500	38,605	21,115
Other Property and Services	640,800	588,805	505,939
	<u>6,066,173</u>	<u>5,751,079</u>	<u>3,123,002</u>
<b><u>By Class</u></b>			
Land and Buildings	481,449	456,441	201,183
Furniture and Equipment	117,669	111,557	77,128
Plant and Equipment	666,231	631,625	336,277
Roads	4,347,520	4,121,698	2,273,876
Footpaths	58,698	55,649	27,936
Drainage	148,972	141,234	80,512
Parks	85,478	81,038	48,809
Other	160,156	151,837	77,281
	<u>6,066,173</u>	<u>5,751,079</u>	<u>3,123,002</u>
<b>Borrowing Costs (Interest)</b>			
- Finance Lease Charges	0	0	0
- Debentures ( <i>refer note 5(a)</i> )	253,764	99,177	188,610
	<u>253,764</u>	<u>99,177</u>	<u>188,610</u>
(ii) Crediting as Revenues:			
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	600,000	806,643	325,000
- Other Funds	60,000	70,365	80,000
Other Interest Revenue ( <i>refer note 13</i> )	45,050	44,195	55,050
	<u>705,050</u>	<u>921,203</u>	<u>460,050</u>

## SHIRE OF ASHBURTON

### NOTES TO AND FORMING PART OF THE BUDGET

#### FOR THE YEAR ENDED 30TH JUNE 2012

## 2. REVENUES AND EXPENSES (Continued)

### (b) Statement of Objective

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

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

#### **GENERAL PURPOSE FUNDING**

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

Activities: Rates, general purpose government grants and interest revenue

#### **GOVERNANCE**

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

Activities: Administration and operation of facilities and services to members of council;

Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services

#### **LAW, ORDER, PUBLIC SAFETY**

Objective: To provide services to help ensure a safer community

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

#### **HEALTH**

Objective: To provide an operational framework for good community health

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

#### **EDUCATION AND WELFARE**

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

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

#### **HOUSING**

Objective: To manage housing

Activities: Maintenance of staff and rental housing

#### **COMMUNITY AMENITIES**

Objective: Provide services required by the community

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

#### **RECREATION AND CULTURE**

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

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

**SHIRE OF ASHBURTON**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**TRANSPORT**

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

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

**ECONOMIC SERVICES**

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

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

**OTHER PROPERTY & SERVICES**

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



SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

3. ACQUISITION OF ASSETS	2011/12 Budget \$
The following assets are budgeted to be acquired during the year:	
<b><u>By Program</u></b>	
Governance	512,224
Law, Order, Public Safety	8,500
Health	2,000
Housing	3,720,465
Community Amenities	10,083,417
Recreation and Culture	9,730,538
Transport	33,760,050
Economic Services	337,500
Other Property and Services	4,242,272
	<b><u>62,396,966</u></b>
<b><u>By Class</u></b>	
Land Held for Resale	2,958,272
Land and Buildings	12,496,799
Plant and Equipment	2,838,176
Furniture and Equipment	491,900
Infrastructure Assets - Roads	9,390,814
Infrastructure assets - Footpaths	581,206
Infrastructure Assets - Drainage	1,345,287
Infrastructure Assets - Parks and Ovals	898,000
Infrastructure Assets - Other	31,396,512
	<b><u>62,396,966</u></b>

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document.

## SHIRE OF ASHBURTON

## NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

## 4. DISPOSALS OF ASSETS

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

<b>By Program</b>	Net Book Value	Sale Proceeds	Profit(Loss)
	2011/12 BUDGET \$	2011/12 BUDGET \$	2011/12 BUDGET \$
Law, Order & Public Safety	30,100	30,100	0
Housing	400,000	400,000	0
Transport	768,000	768,000	0
Other Property & Services	11,157,000	11,157,000	0
	12,355,100	12,355,100	0

<b>By Class</b>	Net Book Value	Sale Proceeds	Profit(Loss)
	2011/12 BUDGET \$	2011/12 BUDGET \$	2011/12 BUDGET \$
Motor Vehicles	530,000	530,000	0
Plant & Equipment	238,000	238,000	0
Land and Buildings	430,100	430,100	0
Land Held For Resale	11,157,000	11,157,000	0
	12,355,100	12,355,100	0

**Summary**

	2011/12 BUDGET \$
Profit on Asset Disposals	0
Loss on Asset Disposals	0
	<u>0</u>

**SHIRE OF ASHBURTON**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**5. INFORMATION ON BORROWINGS**

*(a) Debenture Repayments*

Particulars	Interest Rate %	Maturity Date	Principal 1 July 2011	New Loans	Principle Repayments		Principle Outstanding		Interest Repayments	
					2011/12 Budget	2010/11 Actual	2011/12 Budget	2010/11 Actual	2011/12 Budget	2010/11 Actual
					\$	\$	\$	\$	\$	\$
<b>Law, Order, Public Safety</b>										
Loan 112 Colocation Facility	5.97	4/01/2014	91,446	0	33,918	48,654	57,528	91,446	6,058	7,150
<b>Housing</b>										
Loan 117 Staff Housing Plan	5.45	3/06/2023	723,690	0	43,842	41,506	679,848	723,690	39,565	38,767
Loan 120 Onslow Residential Development	6.50	2022	0	562,000	8,707	0	553,293	0	7,800	0
Loan 121 New Staff Housing	5.97	20/04/2021	2,500,000	0	189,144	0	2,310,856	2,500,000	146,469	0
<b>Recreation &amp; Culture</b>										
Loan 118 Recreation Centre Tom Price	5.82	1/11/2019	286,235	0	26,133	25,393	260,102	286,235	17,033	15,060
<b>Transport</b>										
Loan 116 Onslow Aerodrome	6.79	30/05/2017	308,858	0	43,167	40,340	265,691	308,858	20,549	21,405
Loan 119 Onslow Aerodrome Upgrade	6.36		255,762	0	10,612	10,060	245,150	255,762	16,290	16,795
			4,165,991	562,000	355,523	165,953	4,372,468	4,165,991	253,764	99,177

All debenture repayments will be financed by general purpose income.

**SHIRE OF ASHBURTON**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**5. INFORMATION ON BORROWINGS (Continued)**

*(b) New Debentures*

<b>Particulars/Purpose</b>	<b>Amount Borrowed Budget</b>	<b>Institution</b>	<b>Loan Type</b>	<b>Term (Years)</b>	<b>Total Interest &amp; Charges</b>	<b>Interest Rate</b>	<b>Amount Spent Budget</b>	<b>Balance Unspent \$</b>
Loan 120 Onslow Residential Development	562,000	WATC	Debenture	10 Years	Unknown	6.5	562,000	Nil

*(c) Unspent Loans*

<b>Particulars/Purpose</b>	<b>Date Borrowed</b>	<b>Balance 1/07/2011</b>	<b>Borrowed During Year</b>	<b>Expended During Year</b>	<b>Balance 30/06/2012</b>
Loan 121 New Staff Housing	29/04/2011	2,500,000	0	2,500,000	0

*(d) Overdraft*

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$500,000 with the Westpac Bank does exist. This facility will be increased to \$2,000,000 during the 2011/12 financial year. It is expected that some of this facility will be utilised during 2011/12.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>6. RESERVES</b>			
<b>Cash Backed Reserves</b>			
<b>(a) Employee Entitlement Reserve</b>			
Opening Balance	147,435	141,121	141,121
Amount Set Aside / Transfer to Reserve	158,603	6,314	2,098
Amount Used / Transfer from Reserve	0	0	0
	<u>306,038</u>	<u>147,435</u>	<u>143,219</u>
<b>(b) Plant Replacement Reserve</b>			
Opening Balance	85,974	82,292	82,292
Amount Set Aside / Transfer to Reserve	417,016	3,682	13,223
Amount Used / Transfer from Reserve	(80,000)	0	(80,000)
	<u>422,990</u>	<u>85,974</u>	<u>15,515</u>
<b>(c) Infrastructure Reserve</b>			
Opening Balance	198,839	190,323	190,323
Amount Set Aside / Transfer to Reserve	1,522,760	8,516	2,829
Amount Used / Transfer from Reserve	(841,075)	0	0
	<u>880,524</u>	<u>198,839</u>	<u>193,152</u>
<b>(d) Housing Reserve</b>			
Opening Balance	344,192	329,451	529,450
Amount Set Aside / Transfer to Reserve	370,083	14,741	7,870
Amount Used / Transfer from Reserve	(140,000)	0	(498,520)
	<u>574,275</u>	<u>344,192</u>	<u>38,800</u>
<b>(e) Onslow Community Infrastructure Reserve</b>			
Opening Balance	33,728	32,283	32,284
Amount Set Aside / Transfer to Reserve	1,968	1,445	480
Amount Used / Transfer from Reserve	0	0	0
	<u>35,696</u>	<u>33,728</u>	<u>32,764</u>
<b>(f) Onslow Emergency Evacuation Building Reserve</b>			
Opening Balance	235,428	225,345	225,345
Amount Set Aside / Transfer to Reserve	0	10,083	3,349
Amount Used / Transfer from Reserve	(235,428)	0	0
	<u>0</u>	<u>235,428</u>	<u>228,694</u>
<b>(g) Property Development Reserve</b>			
Opening Balance	46,760	427,626	427,626
Amount Set Aside / Transfer to Reserve	502,728	19,134	6,356
Amount Used / Transfer from Reserve	0	(400,000)	(400,000)
	<u>549,488</u>	<u>46,760</u>	<u>33,982</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>6. RESERVES (Continued)</b>			
<b>Cash Backed Reserves</b>			
<b>(h) Town Centre Redevelopment Reserve</b>			
Opening Balance	43,180	41,331	41,331
Amount Set Aside / Transfer to Reserve	0	1,849	614
Amount Used / Transfer from Reserve	(43,180)	0	0
	<u>0</u>	<u>43,180</u>	<u>41,945</u>
<b>(i) Onslow Aerodrome Reserve</b>			
Opening Balance	12,730	12,185	12,184
Amount Set Aside / Transfer to Reserve	0	545	181
Amount Used / Transfer from Reserve	(12,730)	0	0
	<u>0</u>	<u>12,730</u>	<u>12,365</u>
<b>(J) Unspent Grants &amp; Contributions Reserve</b>			
Opening Balance	11,981,922	20,124,611	20,309,969
Amount Set Aside / Transfer to Reserve	550,000	581,915	300,000
Amount Used / Transfer from Reserve	(11,169,124)	(8,724,604)	(17,802,800)
	<u>1,362,798</u>	<u>11,981,922</u>	<u>2,807,169</u>
<b>Total Cash Backed Reserves</b>	<u>4,131,809</u>	<u>13,130,188</u>	<u>3,547,605</u>

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

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

6. RESERVES (Continued)	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>Summary of Transfers To Cash Backed Reserves</b>			
<b>Transfers to Reserves</b>			
Employee Benefits Reserve	158,603	6,314	2,098
Plant Replacement Reserve	417,016	3,682	13,223
Infrastructure Reserve	1,522,760	8,516	2,829
Housing Reserve	370,083	14,741	7,870
Onslow Community Infrastructure Reserve	1,968	1,445	480
Onslow Emergency Evacuation Building Reserve	0	10,083	3,349
Property Development Reserve	502,728	19,134	6,356
Town Centre Redevelopment Reserve	0	1,849	614
Onslow Aerodrome Reserve	0	545	181
Unspent Grants & Contributions Reserve	550,000	581,915	300,000
	<u>3,523,158</u>	<u>648,224</u>	<u>337,000</u>
<b>Transfers from Reserves</b>			
Employee Benefits Reserve	0	0	0
Plant Replacement Reserve	(80,000)	0	(80,000)
Infrastructure Reserve	(841,075)	0	0
Housing Reserve	(140,000)	0	(498,520)
Onslow Community Infrastructure Reserve	0	0	0
Onslow Emergency Evacuation Building Reserve	(235,428)	0	0
Property Development Reserve	0	(400,000)	(400,000)
Town Centre Redevelopment Reserve	(43,180)	0	0
Onslow Aerodrome Reserve	(12,730)	0	0
Unspent Grants & Contributions Reserve	(11,169,124)	(8,724,604)	(17,802,800)
	<u>(12,521,537)</u>	<u>(9,124,604)</u>	<u>(18,781,320)</u>
<b>Total Transfer to/(from) Reserves</b>	<u>(8,998,379)</u>	<u>(8,476,380)</u>	<u>(18,444,320)</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

**6. RESERVES - CASH BACKED (Continued)**

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

**Employee Benefits Reserve**

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

**Plant Replacement Reserve**

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

**Infrastructure Reserve**

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

**Housing Reserve**

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

**Onslow Community Infrastructure Reserve**

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

**Onslow Emergency Evacuation Building Reserve**

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

**Property Development Reserve**

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

**Town Centre Redevelopment Reserve**

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

**Onslow Aerodrome Reserve**

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

**Unspent Grants and Contributions Reserve**

- To preserve unspent Grant and ongoing Capital Works Funds

**Onslow Residential Development Reserve**

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

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

- Onslow Emergency Evacuation Building Reserve
- Town Centre Redevelopment Reserve
- Onslow Aerodrome Reserve



**SHIRE OF ASHBURTON**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2011/12 Budget \$</b>	<b>2010/11 Actual \$</b>
<b>7. NET CURRENT ASSETS</b>		
<b>Composition of Estimated Net Current Asset Position</b>		
<b>CURRENT ASSETS</b>		
Cash - Unrestricted	704,117	(123,688)
Cash - Restricted Unspent Grants	600,000	400,000
Cash - Restricted Unspent Loans	0	2,500,000
Cash - Restricted Reserves	4,131,809	13,130,188
Rates - Current	52,600	114,605
Sundry Debtors	283,530	2,095,395
GST Receivable	121,066	172,069
Provision For Doubtful Debts	(25,815)	(95,815)
Inventories	135,626	137,648
	6,002,933	18,330,402
<b>LESS: CURRENT LIABILITIES</b>		
Sundry Creditors	(1,523,899)	(1,238,374)
Accrued Expenditure	(30,000)	(30,000)
PAYG Payable	(55,698)	(130,803)
GST Payable	(26,080)	(189,819)
Other Payables	(121,317)	(125,296)
	(1,756,994)	(1,714,292)
NET CURRENT ASSET POSITION	4,245,939	16,616,110
Less: Cash - Restricted	(4,131,809)	(13,130,188)
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	0	3,485,922

The estimated surplus/(deficiency) c/fwd in the 2010/11 actual column represents the surplus (deficit) brought forward as at 1 July 2011.

The estimated surplus/(deficiency) c/fwd in the 2011/12 budget column represents the surplus (deficit) carried forward as at 30 June 2012.

## SHIRE OF ASHBURTON

## NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

## 8. RATING INFORMATION - 2011/12 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2011/12 Budgeted Rate Revenue \$	2011/12 Budgeted Interim Rates \$	2011/12 Budgeted Back Rates \$	2011/12 Budgeted Total Rate Revenue \$	2010/11 Actual \$
<b>Differential General Rate</b>								
GRV - Residential	0.084004	2,304	33,424,422	2,807,786	0	0	2,807,786	3,035,576
GRV - Residential Development	0.084004	3	48,360	4,062	0	0	4,062	4,752
GRV - Commercial Civic	0.084004	98	8,309,545	698,035	0	0	698,035	675,440
GRV - Tourism	0.084004	3	345,300	29,007	0	0	29,007	28,162
GRV - Community	0.084004	11	174,500	14,659	0	0	14,659	11,687
GRV - Industrial	0.084004	41	622,164	52,264	0	0	52,264	41,836
GRV - Industrial Development	0.084004	1	12,400	1,042	0	0	1,042	1,011
UV - Rural/Pastoral	0.025266	32	7,072,192	178,686	0	0	178,686	177,239
UV - Rural/Commerical	0.280372	6	49,146	13,779	0	0	13,779	14,261
UV - Rural/Industrial	0.280372	35	5,972,891	1,674,631	0	0	1,674,631	1,543,072
UV - Mining Leases	0.280372	513	12,565,594	3,523,040	300,000	30,000	3,853,040	2,740,750
UV - Tourism	0.129858	4	320,000	41,555	0	0	41,555	41,609
<b>Sub-Totals</b>		3,051	68,916,514	9,038,546	300,000	30,000	9,368,546	8,315,395
<b>Minimum Rates</b>	<b>Minimum \$</b>							
GRV - Residential	530	126	365,969	66,780	0	0	66,780	57,770
GRV - Residential Development	530	1	5,940	530	0	0	530	0
GRV - Commercial Civic	530	25	74,324	13,250	0	0	13,250	13,250
GRV - Community	530	4	9,750	2,120	0	0	2,120	2,650
GRV - Industrial	530	28	69,730	14,840	0	0	14,840	15,370
UV - Rural/Pastoral	530	8	58,606	4,240	0	0	4,240	3,710
UV - Rural/Commerical	530	5	3,477	2,650	0	0	2,650	2,650
UV - Rural/Industrial	530	23	5,018	12,190	0	0	12,190	14,310
UV - Mining Lease	530	301	231,449	159,530	0	0	159,530	155,820
<b>Sub-Totals</b>		521	824,263	276,130	0	0	276,130	265,530
<b>Sub-Totals</b>		3,572	69,740,777	9,314,676	300,000	30,000	9,644,676	8,580,925
Discounts							0	0
Rates Written Off							(10,000)	(4,733)
Movement in Excess Rates							4,000	(11,512)
<b>Totals</b>							9,638,676	8,564,680

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

The general rates detailed above for the 2011/12 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also bearing considering the extent of any increase in rating over the level adopted in the previous year.

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

**SHIRE OF ASHBURTON**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**9. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR**

No specified area rate is levied by Council.

**10. SERVICE CHARGES - 2011/12 FINANCIAL YEAR**

The Shire has no service charges in operation

<b>11. FEES &amp; CHARGES REVENUE</b>	<b>2011/12 Budget \$</b>	<b>2010/11 Actual \$</b>
Governance	60,100	63,919
General Purpose Funding	6,300	6,808
Law, Order, Public Safety	43,500	51,836
Health	55,002	55,175
Education and Welfare	8,000	7,968
Housing	24,000	25,224
Community Amenities	2,690,920	2,688,812
Recreation & Culture	332,900	267,816
Transport	36,500	34,167
Economic Services	1,331,700	1,185,819
Other Property & Services	13,954,355	3,830,677
	<u>18,543,277</u>	<u>8,218,221</u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2011/12 FINANCIAL YEAR**

No discount scheme is offered to ratepayers.

**13. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR**

The cost of the instalment plans will comprise of simple interest of 6.5% p.a. calculated from the date the first instalment is due, together with an administration fee of \$8 for each instalment notice (i.e. \$24 for option 3)

The total revenue from the imposition of the interest and administration charge under this option is estimated at \$8,000.

	<b>Interest Rate %</b>	<b>Admin Charge \$</b>	<b>Budgeted Revenue \$</b>	<b>Actual Revenue \$</b>
Interest on Unpaid Rates	11		40,000	38,056
Interest on Instalments Plan	5.5		5,000	5,519
Interest on ESL	11		0	620
Interest on Deferred Pensioners	11		50	0
Charges on Instalment Plan		10	3,000	4,170
			<u>48,050</u>	<u>48,365</u>

Ratepayers have the option of paying in four equal instalments, the due dates being:

- 5th September 2011
- 7th November 2011
- 9th January 2012
- 9th March 2012

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

<b>14. ELECTED MEMBERS REMUNERATION</b>	<b>2011/12 Budget \$</b>	<b>2010/11 Actual \$</b>
The following fees, expenses and allowances were paid to council members and/or the president.		
Attendance Fees	60,000	42,301
President's Attendance Fee	15,000	10,500
President's & Deputy President's Allowance	6,500	5,000
Travelling Expenses	60,000	64,344
Telecommunications Expenses	3,000	1,902
	<u>144,500</u>	<u>124,047</u>

**SHIRE OF ASHBURTON**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**15. NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

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

	<b>2011/12 Budget \$</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>
Cash - Unrestricted	1,304,117	2,776,312	3,365,306
Cash - Restricted	4,131,809	13,130,188	3,547,605
	<u>5,435,926</u>	<u>15,906,500</u>	<u>6,912,911</u>

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

Employee Entitlement Reserve	306,038	147,435	143,219
Plant Reserve	422,990	85,974	15,515
Infrastructure Reserve	880,524	198,839	193,152
Housing Reserve	574,275	344,192	38,800
Onslow Emergency Evacuation Centre Reserve	0	235,428	228,694
Property Development Reserve	549,488	46,760	33,982
Onslow Aerodrome Reserve	0	12,730	12,365
Onslow Community Infrastructure Reserve	35,696	33,728	32,764
Town Centre Redevelopment Reserve	0	43,180	41,945
Unspent Grants Reserve	1,362,798	11,981,922	2,807,169
	<u>4,131,809</u>	<u>13,130,188</u>	<u>3,547,605</u>

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

Net Result	31,284,915	1,895,612	5,476,292
Depreciation	6,066,173	5,751,079	3,123,002
(Profit)/Loss on Sale of Asset	0	(781,224)	0
(Increase)/Decrease in Receivables	1,854,873	2,394,624	1,854,873
(Increase)/Decrease in Inventories	2,022	0	2,022
Increase/(Decrease) in Payables	127,807	(4,640,801)	127,807
Increase/(Decrease) in Employee Provisions	29,025	0	29,025
Grants/Contributions for the Development of Assets	(35,152,034)	(2,724,230)	(3,774,611)
<b>Net Cash from Operating Activities</b>	<u>4,212,781</u>	<u>1,895,060</u>	<u>6,838,410</u>

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

Bank Overdraft limit	2,000,000	500,000	500,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	55,000	55,000	40,000
Credit Card Balance at Balance Date	(30,000)	(46,735)	0
<b>Total Amount of Credit Unused</b>	<u>2,025,000</u>	<u>508,265</u>	<u>540,000</u>

**Loan Facilities**

Loan Facilities in use at Balance Date	<u>4,372,468</u>	<u>4,165,991</u>	<u>4,320,165</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>2,500,000</u>	<u>0</u>

**SHIRE OF ASHBURTON**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**16. TRUST FUNDS**

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

<b>Detail</b>	<b>Balance 01-Jul-11 \$</b>	<b>Amounts Received \$</b>	<b>Amounts Paid (\$)</b>	<b>Balance 30-Jun-12 \$</b>
Public Open Space	225,500	0	(160,000)	65,500
Cleaning & Key Deposits	12,062	20,000	(16,000)	16,062
Other Trust Monies	5,005	55,000	(45,000)	15,005
Bonds & Guarantees	24,624	8,000	(6,000)	26,624
Nomination Deposits	160	720	(880)	0
Unclaimed Monies	5,189	500	0	5,689
BCITF Levy	260,645	850,000	(1,110,645)	0
BRB Levy	2,542	1,000	(1,000)	2,542
Consignment Stock	958	20,000	(19,500)	1,458
Tour Sales	31,495	150,000	(135,000)	46,495
Fundraising Aqua Run	700	0	0	700
	<u>568,880</u>			<u>180,075</u>

## SHIRE OF ASHBURTON

## NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

## 17. MAJOR LAND TRANSACTIONS

**Onslow Residential Development**

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

*Council own, freehold, 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 borrowing and reserve funds. The proceeds from the sale of Lot 307 First Ave are included in the opening position of this budget. 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>Budget Estimates</b>	<b>2011/12 Budget \$</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>
<b>OPERATING EXPENDITURE</b>			
Land Transfer Expenditure			
Advertising	0	0	0
Demolition Expenses	0	0	0
Settlement Fees	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Operating Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL INCOME</b>			
Loan Income	562,000	0	237,000
Transfer from Reserve	140,000	0	140,000
	<u>702,000</u>	<u>0</u>	<u>377,000</u>
<b>CAPITAL EXPENDITURE</b>			
Building Construction			
318A Second Ave Onslow	(424,000)	(4,534)	(310,000)
318B Second Ave Onslow	(424,000)	(4,534)	(310,000)
318C Second Ave Onslow	(424,000)	(4,534)	(310,000)
	<u>(1,272,000)</u>	<u>(13,602)</u>	<u>(930,000)</u>
<b>NET RESULTS</b>	<u><u>(570,000)</u></u>	<u><u>(13,602)</u></u>	<u><u>(553,000)</u></u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

17. MAJOR LAND TRANSACTIONS (Continued)

**Onslow Industrial Development (Airport)**

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

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

<i>Budget Estimates</i>	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>OPERATING INCOME</b>			
Onslow Social Infrastructure Fund	1,000,000	0	0
	<u>1,000,000</u>	<u>0</u>	<u>0</u>
<b>OPERATING EXPENDITURE</b>			
Land Transfer Expenditure			
Advertising	0	0	0
Demolition Expenses	0	0	0
Settlement Fees	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Operating Surplus/(Deficit)</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>
<b>CAPITAL EXPENDITURE</b>			
Services Installation	(800,000)		
Land Purchase	0	0	0
Subdivision, Survey, Plan	(100,000)	0	0
Design & Planning	(100,000)	0	0
	<u>(1,000,000)</u>	<u>0</u>	<u>0</u>
<b>NET RESULTS</b>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>



SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

17. MAJOR LAND TRANSACTIONS (Continued)

**Tom Price Residential Development**

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

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

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

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

<b>Budget Estimates</b>	<b>2011/12 Budget \$</b>	<b>2010/11 Actual \$</b>	<b>2010/11 Budget \$</b>
<b>OPERATING INCOME</b>			
Miscellaneous Income	0	11,771	0
	<u>0</u>	<u>11,771</u>	<u>0</u>
<b>OPERATING EXPENDITURE</b>			
Land Transfer Expenditure	0	(28,068)	(190,000)
	<u>0</u>	<u>(28,068)</u>	<u>(190,000)</u>
<b>Operating Surplus/(Deficit)</b>	<b>0</b>	<b>(16,297)</b>	<b>(190,000)</b>
<b>CAPITAL INCOME</b>			
Sale Proceeds from Assets	8,687,000	909,818	7,150,000
	<u>8,687,000</u>	<u>909,818</u>	<u>7,150,000</u>
<b>CAPITAL EXPENDITURE</b>			
Services Installation	(1,293,474)	(206,264)	(4,300,000)
Land Purchase	0	(1,593)	0
Subdivision, Survey, Plan	0	(12,932)	(14,000)
Design & Planning	0	(163,539)	(30,000)
	<u>(1,293,474)</u>	<u>(384,328)</u>	<u>(4,344,000)</u>
<b>NET RESULTS</b>	<u><u>7,393,526</u></u>	<u><u>509,193</u></u>	<u><u>2,616,000</u></u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2012

17. MAJOR LAND TRANSACTIONS (Continued)

**Tom Price Industrial Development**

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

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

*In 2011/12 the Council will undertake the installation of services to the 7 lots in order for titles to be issued and settlement of sales to purchasers to take place*

<i>Budget Estimates</i>	2011/12 Budget \$	2010/11 Actual \$	2010/11 Budget \$
<b>OPERATING EXPENDITURE</b>			
Land Transfer Expenditure	0	(6,537)	(10,000)
	<u>0</u>	<u>(6,537)</u>	<u>(10,000)</u>
<b>Operating Surplus/(Deficit)</b>	<b>0</b>	<b>(6,537)</b>	<b>(10,000)</b>
<b>CAPITAL INCOME</b>			
Sale Proceeds from Assets	2,520,000	0	1,750,000
Transfer from Reserves	0	400,000	400,000
	<u>2,520,000</u>	<u>400,000</u>	<u>2,150,000</u>
<b>CAPITAL EXPENDITURE</b>			
Services Installation	(664,798)	(179,281)	(625,000)
Land Purchase	0	(253)	0
Subdivision, Survey, Plan	0	(65,277)	(5,000)
Design & Planning	0	(3,230)	(25,000)
	<u>(664,798)</u>	<u>(248,041)</u>	<u>(655,000)</u>
<b>NET RESULTS</b>	<u><u>1,855,202</u></u>	<u><u>145,422</u></u>	<u><u>1,485,000</u></u>

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2011/12.