

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the *5th* day of *OCTOBER* 2011


Collene Longmore
Chief Executive Officer

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INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE SHIRE OF ROEBOURNE

Report on the Financial Report

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

Councils' responsibility for the financial report

The Council of the Shire of Roebourne is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Shire of Roebourne's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

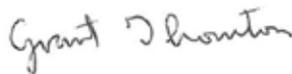
Auditor's opinion on the financial report

In our opinion, the financial report of the Shire of Roebourne:

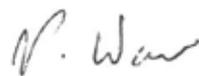
- (i) gives a true and fair view of the Shire of Roebourne's financial position as at 30 June 2011 and of its performance for the financial year ended 30 June 2011, and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- (iii) are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Director – Audit & Assurance

Perth, 5 October 2011

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Statement of comprehensive income

by nature or type

FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	22	18,619,986	18,477,741	16,388,289
Operating Grants, Subsidies and Contributions	28	6,428,544	4,481,422	5,406,250
Fees and Charges	27	37,339,305	35,521,330	32,032,749
Service Charges	24	0	0	0
Interest Earnings	2(a)	3,657,772	2,371,509	2,728,542
Other Revenue		1,476,513	320,384	1,636,379
		67,522,120	61,172,386	58,192,209
EXPENSES				
Employee Costs		(19,913,488)	(20,375,566)	(16,381,892)
Materials and Contracts		(13,248,049)	(17,766,264)	(10,466,499)
Utility Charges		(2,312,484)	(2,217,007)	(2,308,839)
Depreciation on Non-Current Assets	2(a)	(7,209,845)	(7,798,569)	(6,656,480)
Interest Expenses	2(a)	(963,246)	(999,305)	(1,072,592)
Insurance Expenses		(875,021)	(925,372)	(707,188)
Other Expenditure		(2,829,584)	(14,832,121)	(4,109,552)
		(47,351,717)	(64,914,204)	(41,703,042)
		20,170,403	(3,741,818)	16,489,167
Non-Operating Grants, Subsidies and Contributions	28	26,297,290	8,167,433	4,485,328
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0		
Profit on Asset Disposals	20	1,201,390	3,865,466	253,840
Loss on Asset Disposal	20	(583,046)	(358,947)	(124,464)
NET RESULT		47,086,037	7,932,134	21,103,871
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		47,086,037	7,932,134	21,103,871

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

Statement of comprehensive income

by program

FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
General Purpose Funding		26,277,297	22,893,028	22,507,138
Governance		83,301	94,283	114,689
Law, Order, Public Safety		412,086	251,007	200,148
Health		67,351	80,532	45,400
Education and Welfare		85,659	150,337	1,330,199
Housing		1,938,135	3,837,429	1,841,620
Community Amenities		12,512,718	12,083,976	9,060,646
Recreation and Culture		24,457,330	9,914,162	2,701,043
Transport		24,818,571	22,746,206	22,450,711
Economic Services		3,778,587	1,294,988	968,888
Other Property and Services		590,244	64,100	1,710,895
		<u>95,021,279</u>	<u>73,410,048</u>	<u>62,931,377</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(414,955)	(502,627)	(1,589,664)
General Purpose Funding		(1,999,298)	(2,105,102)	(463,435)
Law, Order, Public Safety		(1,732,054)	(1,753,954)	(1,177,190)
Health		(921,105)	(1,122,073)	(936,255)
Education and Welfare		(304,021)	(379,193)	(291,324)
Housing		(789,303)	(2,633,781)	(551,443)
Community Amenities		(9,395,216)	(9,761,994)	(6,375,739)
Recreation and Culture		(14,382,958)	(19,220,995)	(12,314,728)
Transport		(14,364,191)	(15,708,000)	(14,757,617)
Economic Services		(1,796,043)	(12,083,023)	(1,345,327)
Other Property and Services		(872,852)	792,133	(952,192)
		<u>(46,971,996)</u>	<u>(64,478,609)</u>	<u>(40,754,914)</u>
FINANCE COSTS				
General Purpose Funding		(4,495)	(4,624)	(5,153)
Governance		(134,983)	(139,951)	(164,412)
Housing		(305,986)	(308,433)	(327,535)
Community Amenities		(30,173)	(30,527)	(38,731)
Recreation and Culture		(57,466)	(76,825)	(62,580)
Transport		(418,723)	(435,432)	(474,181)
Other Property and Services		(11,420)	(3,513)	0
		<u>(963,246)</u>	<u>(999,305)</u>	<u>(1,072,592)</u>
NET RESULT		47,086,037	7,932,134	21,103,871
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>47,086,037</u>	<u>7,932,134</u>	<u>21,103,871</u>

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

Statement of financial position

AS AT 30TH JUNE 2011

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	86,958,575	63,861,968
Trade and Other Receivables	4	9,391,811	9,386,236
Inventories	5	270,828	300,542
TOTAL CURRENT ASSETS		96,621,214	73,548,746
NON-CURRENT ASSETS			
Other Receivables	4	83,171	103,173
Inventories	5	0	217,625
Property, Plant and Equipment	6	78,960,080	62,434,728
Infrastructure	7	84,642,110	74,074,405
TOTAL NON-CURRENT ASSETS		163,685,361	136,829,931
TOTAL ASSETS		260,306,575	210,378,677
CURRENT LIABILITIES			
Trade and Other Payables	8	10,953,374	5,385,142
Short Term Borrowings	9(a)	0	2,546,614
Long Term Borrowings	9(b)	3,017,431	1,821,586
Provisions	10	2,211,660	2,125,167
TOTAL CURRENT LIABILITIES		16,182,465	11,878,509
NON-CURRENT LIABILITIES			
Long Term Borrowings	9(b)	14,851,611	16,367,025
Provisions	10	220,809	167,490
TOTAL NON-CURRENT LIABILITIES		15,072,420	16,534,515
TOTAL LIABILITIES		31,254,885	28,413,024
NET ASSETS		229,051,690	181,965,653
EQUITY			
Retained Surplus		133,720,252	106,853,672
Reserves - Cash Backed	11	83,650,428	63,430,971
Reserves - Asset Revaluation	12	11,681,010	11,681,010
TOTAL EQUITY		229,051,690	181,965,653

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

Statement of changes in equity

FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009		113,846,355	35,334,417	11,681,010	160,861,782
Net Result		21,103,871	0	0	21,103,871
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(28,096,554)	28,096,554	0	0
Balance as at 30 June 2010		106,853,672	63,430,971	11,681,010	181,965,653
Net Result		47,086,037	0	0	47,086,037
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(20,219,457)	20,219,457	0	0
Balance as at 30 June 2011		133,720,252	83,650,428	11,681,010	229,051,690

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

Statement of cash flows

FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		19,021,695	19,527,741	15,760,826
Operating Grants, Subsidies and Contributions		6,761,219	4,481,422	6,589,287
Fees and Charges		36,338,420	35,896,330	28,761,755
Service Charges		0	0	0
Interest Earnings		3,657,771	2,371,509	2,728,542
Goods and Services Tax		5,570,414	3,500,000	2,972,007
Other Revenue		1,975,343	320,384	2,106,195
		<u>73,324,862</u>	<u>66,097,386</u>	<u>58,918,612</u>
Payments				
Employee Costs		(19,679,268)	(20,375,566)	(15,904,228)
Materials and Contracts		(7,949,037)	(15,541,264)	(10,584,746)
Utility Charges		(2,312,484)	(2,217,007)	(2,308,839)
Insurance Expenses		(875,021)	(925,372)	(707,188)
Interest expenses		(977,295)	(999,305)	(1,072,592)
Goods and Services Tax		(5,479,394)	(3,500,000)	(2,670,938)
Other Expenditure		(2,809,362)	(14,832,121)	(4,109,552)
		<u>40,081,861</u>	<u>(58,390,635)</u>	<u>(37,358,083)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>33,243,001</u>	<u>7,706,751</u>	<u>21,560,529</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(21,267,931)	(41,811,055)	(17,537,573)
Payments for Construction of Infrastructure		(14,970,502)	(22,197,855)	(6,472,804)
Advances to Community Groups				
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		26,297,290	8,167,433	4,485,328
Proceeds from Sale of Plant & Equipment		2,553,876	5,926,756	803,680
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
Net Cash Provided By (Used In)				
Investing Activities		<u>(7,387,267)</u>	<u>(49,914,721)</u>	<u>(18,721,369)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(1,817,272)	(1,835,380)	(1,728,037)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		5,523	5,601	11,137
Proceeds from Local Group Loans		101,536	101,536	135,536
Proceeds from New Debentures		1,497,700	19,521,304	0
Net Cash Provided By (Used In)				
Financing Activities		<u>(212,513)</u>	<u>17,793,061</u>	<u>(1,581,364)</u>
Net Increase (Decrease) in Cash Held				
Cash at Beginning of Year		61,315,354	57,420,192	60,057,558
Cash and Cash Equivalents at the End of the Year	13(a)	<u>86,958,575</u>	<u>33,005,283</u>	<u>61,315,354</u>

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

Rate setting statement

FOR THE YEAR ENDED 30TH JUNE 2011

	NOTE	2011 \$	2011 Budget \$
REVENUE			
General Purpose Funding		7,657,310	4,415,287
Governance		82,821	94,283
Law, Order and Public Safety		412,086	251,007
Health		67,351	80,532
Education and Welfare		85,659	150,337
Housing		1,938,135	3,837,429
Community Amenities		12,512,718	12,000,193
Recreation and Culture		24,457,330	9,895,765
Transport		24,818,571	22,640,687
Economic Services		3,778,587	1,294,988
Other Property and Services		590,244	60,100
		<u>76,400,812</u>	<u>54,720,608</u>
EXPENSES			
General Purpose Funding		(549,938)	(502,566)
Governance		(2,003,313)	(2,249,738)
Law, Order, Public Safety		(1,732,054)	(1,753,954)
Health		(921,105)	(1,122,073)
Education and Welfare		(304,021)	(379,193)
Housing		(1,095,289)	(2,942,214)
Community Amenities		(9,425,389)	(9,708,738)
Recreation & Culture		(14,440,424)	(19,279,423)
Transport		(14,782,914)	(16,037,913)
Economic Services		(1,796,043)	(12,083,023)
Other Property and Services		(884,272)	792,620
		<u>(47,934,762)</u>	<u>(65,266,215)</u>
Net Operating Result Excluding Rates		28,466,050	(10,545,607)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(618,344)	(3,506,519)
Movement in Accrued Interest		(14,049)	
Movement in Deferred Pensioner Rates (Non-Current)		2,377	
Movement in Accrued Salaries and Wages		94,407	
Movement in Employee Benefit Provisions		0	(200,000)
Depreciation and Amortisation on Assets		7,209,846	7,798,569
Capital Expenditure and Revenue			
Purchase Land Held for Resale		219,057	
Purchase Land		(1,385,556)	(2,389,000)
Purchase Buildings		(14,997,293)	(32,679,244)
Purchase Equipment		(103,305)	(537,890)
Purchase Furniture and Equipment		(527,885)	(616,570)
Proceeds Plant		(4,253,892)	(5,588,351)
Purchase Infrastructure Assets		(14,970,502)	(22,197,855)
Income Set Aside As Restricted Funds - Income		1,778,387	0
Income Set Aside As Restricted Funds - Expense		(492,160)	0
Proceeds from Disposal of Assets		2,553,876	5,926,756
Repayment of Debentures		(1,817,272)	(1,835,380)
Proceeds from New Debentures		1,497,700	19,521,304
Self-Supporting Loan Principal Income		5,523	5,601
Repayment of Interest Free Loans to Local Groups		101,536	101,536
Transfers to Reserves (Restricted Assets)		(36,245,218)	(7,577,398)
Transfers from Reserves (Restricted Assets)		16,025,761	35,842,307
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		404,914	0
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,553,944	0
Amount Required to be Raised from Rates	22	<u>(18,619,986)</u>	<u>(18,477,741)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

(g) Fixed Assets

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

Initial Recognition

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

Revaluation

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Land under Roads

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

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

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

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

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

Depreciation of Non-Current Assets

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

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

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

Artwork/sculptures	2.00%
Buildings	1.80%
Furniture and (Internal) Equipment	
- Computers and peripherals	32.00%
- Other Electronic Equipment	18.00%
- Furniture	9.00%
Plant	
- construction plant (includes prime movers and trailers)	9.00%
- construction vehicles (eg trucks)	15.00%
- light commercial vehicles	15.00%
- passenger vehicles	12.00%
Equipment	
- light plant and (external) equipment	
heavy usage	42.00%
light usage	21.00%
Infrastructure	
- roads	3.60%
- paths and cycleways	4.80%
- aerodromes	3.60%
- parks and gardens	1.00%
- hardcourt facilities - bitumen surface	3.60%
- concrete base	2.40%
- bridges and culverts	4.80%
- drainage	1.80%
- miscellaneous structures	4.80%
- boat ramps/jetties	6.67%

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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

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

Capitalisation Threshold

For reasons of practicality, the following thresholds have been applied, below which any expenditure on assets is not capitalised:

- Land - All purchases are capitalised at cost.
- Artwork/Sculptures - All purchases are capitalised at cost.
- Buildings - Expenses totalling less than \$1,000 on any building in any one year are not capitalised.
- Furniture and (Internal) Equipment - Expenses totalling less than \$1,000 on any one item in any one year are not capitalised.
- Plant and (External) Equipment and Tools - Expenses totalling less than \$1,000 on any one item one year are not capitalised.
- Infrastructure Assets - Roads - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Footpaths and Cycleways - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Aerodrome - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Parks and Reserves - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Hardcourt Facilities - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Bridges and Culverts - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Drainage - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Miscellaneous Structures - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Boat Ramps/Jetties - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.

For assets which, at the time of acquisition, there is a reasonable expectation that they may last

for more than one accounting period, but their cost is below the declared thresholds for capitalisation, they are recorded in quantitative terms to ensure a record of ownership and location exists.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iv) Available-for-sale financial assets

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

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

(v) Financial liabilities

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

Impairment

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

(i) Estimation of Fair Value

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

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

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

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

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

(k) Trade and Other Payables

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

(l) Employee Benefits

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

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

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

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

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

Employee benefits are accrued on the basis of numbers of years employed (continuously) in Local Government as follows:

0-1	years	10% of normal accrual
1-2	years	15% of normal accrual
2-3	years	25% of normal accrual
3-4	years	40% of normal accrual
4-5	years	60% of normal accrual
5-6	years	80% of normal accrual
6-7	years	90% of normal accrual
7-10	years	100% of normal accrual

(m) Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present

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

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

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

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

(p) Joint Venture

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2011.

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 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) (Continued)			
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009- 14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

Interpretation 19

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

(y) Securing a Clean Energy Future - the Australian Government's Climate Change Plan

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future - the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanisms on the Council as legislation must be voted on and passed by both houses of Parliament. In addition, as the Council will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Council expect that this will not have significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

(z) Comparative figures

Where required comparative balances have been amended to conform with Accounting Standards and / or the Local Government Act 1995.

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

2. REVENUE AND EXPENSES	2011	2010
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
General Purpose Funding	<u>0</u>	<u>0</u>
For the 2011 and 2010 financial year, there has been no significant expenses.		
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit	25,837	23,625
- Other Services	0	30,012
Depreciation		
Artwork/Sculptures	2,552	2,542
Buildings	1,159,371	942,550
Equipment	202,024	201,739
Furniture and Equipment	374,133	289,575
Plant	1,068,968	877,460
Infrastructure - Roads	2,275,829	2,221,158
Infrastructure - Paths and Cycleways	251,537	220,206
Infrastructure - Aerodromes	1,329,216	1,285,342
Infrastructure - Parks and Gardens	(56,461)	86,538
Infrastructure - Hardcourt Facilities	94,272	81,142
Infrastructure - Bridges and Culverts	124,884	149,406
Infrastructure - Drainage	21,768	14,744
Infrastructure - Miscellaneous	237,346	195,325
Infrastructure - Boat Ramps/Jetties	124,406	88,753
	<u>7,209,845</u>	<u>6,656,480</u>
Interest Expenses (Finance Costs)		
Finance Lease Charges		
Debentures (<i>refer Note 21(a)</i>)	<u>963,246</u>	<u>1,072,592</u>
	<u>963,246</u>	<u>1,072,592</u>
Rental Charges		
- Operating Leases	<u>61,184</u>	<u>27,215</u>

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

(ii) Crediting as Revenue:	2011	2011	2010
	\$	Budget	\$
		\$	
Interest Earnings			
Earnings on Reserve Funds			
Aerodrome	681,128	287,295	454,325
Airconditioner Replacement	0	2,712	4,325
Dampier Drainage	1,089	732	1,168
Walkington Theatre Operating	207	41,356	156
Plant Replacement	69,682	98	65,954
Workers Compensation	50,875	24,128	38,480
Waste Management	320,292	122,079	194,689
Infrastructure	520,805	174,136	277,710
Housing	69,009	198,162	209,820
Parks, Ovals and Recreation Facilities	0	173	276
Information Technology	0	2,535	4,042
Aged Persons Homes	3,332	1,345	2,144
Junior Sports	3,798	1,542	2,460
Public Open Space	68,785	12,182	19,429
History and Cultural Publications	2,298	1,090	1,738
Mosquito Control	100	37	58
Medical Services Incentive Scheme	11,215	7,654	12,207
Royalty for Regions	1,390,688	400,000	766,739
Earnings on Municipal Funds			
General Funds	444,904	400,000	659,783
Long Service Leave	19,565	11,000	13,039
	<u>3,657,772</u>	<u>1,688,256</u>	<u>2,728,542</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Roebourne is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Functions relating to the Councillors and the running of Council.

Expenditure includes the running of elections, payments of expenses to Councillors and non statutory donations.

GENERAL PURPOSE FUNDING

Rating and Government Grant functions.

Includes the financial assistance grant received from the Local Government Grants Commission and all rate income.

LAW, ORDER AND PUBLIC SAFETY

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

Includes expenditure for the Ranger Services, State Emergency Service and also cyclone preparation expenses.

HEALTH

Food control, immunisation services, mosquito control and maintenance of child health centres.

Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses mainly relating to mosquito control.

EDUCATION AND WELFARE

Maintain preschool facilities and day care centres.

It includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.

HOUSING

Maintain staff housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of tip, administration of town planning schemes and operation of cemeteries.

Also included are the cost associated with the maintaining and cleaning of public toilets.

RECREATION AND CULTURE

Maintenance of halls, swimming pool, recreation centres, various reserves and operation of libraries.

Expenditure includes the cost of the Karratha Entertainment Centre and other pavilions, oval and parks maintenance, Karratha Swimming Pool, coastal rehabilitation, and the four libraries. Expenses relating to the historical town of Cossack, the Walkington Theatre and SBS television and JJJ radio re-broadcasting are also included in this function.

TRANSPORT

Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs and the aerodromes.

It includes expenditure for the construction and maintenance of the roads, footpaths and also the expenditure relating to parking control and the operation of the Karratha Airport.

ECONOMIC SERVICES

Tourism and administration of building controls.

Expenditure includes Councils contributions to the Karratha and Roebourne Tourist Bureau's and the Pilbara Tourism Association, and the costs associated with building control.

OTHER PROPERTY AND SERVICES

Private works and other unclassified works.

It also includes expenditure relating to plant operations and the Technical Services Division however these cost are then reallocated to the other functions.

The costs associated with financing are allocated direct to the relevant functions.

The costs associated with administration are allocated to the relevant functions as set out in Appendix 2.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
Grant/Contribution	Function/ Activity	Balance (*) 1-Jul-09	2009/10	2009/10	Balance (*) 30-Jun-10	2010/11	2010/11	Balance 30-Jun-11
		\$	\$	\$	\$	\$	\$	\$
PDC Andover Way Park		3,600	0	0	3,600	0	0	3,600
Regional Youth Co-ordinators		2,153	0	(2,153)	0	0	0	0
Office of Crime Prevention								0
"Roebourne Sports Activity Officer)		20,000	0	0	20,000	0	0	20,000
Community Safety Plan		0	0	0	0	18,000	0	18,000
PDC Hydrology Grant		40,000	0	0	40,000	0	0	40,000
City of Belmont								0
"Finding My Place"		4,877	0	0	4,877	0	0	4,877
PDC Cultural Planning and								0
Development - formerly								0
"Art Consultancy"		20,981	0	0	20,981	0	0	20,981
WA Tourism Commission					0			0
Tourism Feasibility		2,273	0	0	2,273	0	0	2,273
Waterways Grant-St Luke's Oval		45,455	0	0	45,455	0	0	45,455
Royalties for Regions - Leisure & Learning Precinct		20,300,000	0	(20,300,000)	0			0
Country Regional Council Funding								0
Nickol West Skate Park		56,000	0	(56,000)	0			0
Frank Butler Community Centre		0	0	0	0	557,284	0	557,284
Royalties for Regions					0			0
Nickol West Skate Park		224,000	0	(224,000)	0			0
Wickham Skate Park		56,000	0	0	56,000	0	0	56,000
Dampier Pavilion		56,000	0	(56,000)	0			0
Dept of Sport and Rec					0			0
Roebourne Enhancement Scheme		111,909	220,041	0	331,950	0	0	331,950
Dept of Agriculture								0
2010 Dry Season Assistance Scheme		0	0	0	0	20,000	0	20,000
Disability Services Commission								0
Accessible Communities Grant - Disabled Toilet		0	0	0	0	8,830	0	8,830
National Libraries Australia								0
Community Heritage Grant		0	0	0	0	13,600	(2,489)	11,111
Baynton West Family Centre		1,000,000	0	(1,000,000)	0			0
Roads to Recovery		77,930	2,189	0	80,119	0	(80,119)	0
Regional Road Group Funding		0	0	0	0	58,738	0	58,738
RLCIP Playground Structures		0	158,182	0	158,182	0	(158,182)	0
Forward Capital Planning Grant		0	35,000	0	35,000	0	(35,000)	0
Dept of Transport					0			0
John's Creek Boat Ramp Carpark		0	218,947	0	218,947	0	(218,947)	0
Walking Paths Network		1,797	100,000	0	101,797	0	(101,797)	0
Pilbara Iron					0			0
Pt Samson Entry Statement		0	141,437	0	141,437	0	(141,437)	0
Planning Compliance Officer 2011		0	0	0	0	250,178	0	250,178
Roebourne Community Recreation Assoc Inc		23,024	0	0	23,024	0	0	23,024
Footpaths		176,674	0	(176,674)	0			0
Pilbara Mesquite Committee		5,766	0	(5,766)	0			0
Total		22,228,439	875,796	(21,820,593)	1,283,642	926,630	(737,971)	1,472,301

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.

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

	2011	2010
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted		
Cash on Hand	12,840	86,990
Cash at Municipal Bank	2,931,735	0
Cash at Bank LSL	363,572	344,007
Restricted	<u>83,650,428</u>	<u>63,430,971</u>
	<u><u>86,958,575</u></u>	<u><u>63,861,968</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserves		
Aerodrome	14,296,582	15,839,476
Airconditioner Replacement	0	0
Dampier Drainage	24,520	23,432
Walkington Theatre Operating Plant Replacement	4,661	4,454
Workers Compensation	2,321,551	1,572,522
Waste Management	1,145,797	1,094,922
Infrastructure	9,930,704	6,893,215
Housing	16,331,878	13,261,070
Parks, Ovals and Recreation Facilities	1,554,188	1,485,179
Information Technology	0	0
Aged Persons Homes	0	0
Junior Sports	75,032	71,700
Public Open Space	85,532	81,734
History and Cultural Publications	1,644,488	2,074,544
Mosquito Control	51,759	49,461
Medical Services Incentive Scheme	2,759	2,159
Royalty for Regions	252,569	241,355
	<u>35,928,408</u>	<u>20,735,748</u>
	<u><u>83,650,428</u></u>	<u><u>63,430,971</u></u>

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

4. TRADE AND OTHER RECEIVABLES	2011	2010
	\$	\$
Current		
Sundry Debtors		
Rates	857,914	1,198,196
Rubbish	1,107,201	1,262,356
Legal Costs Rates	42,347	25,154
Fees and Charges for Services	15,018	8,820
Private Works	21,715	430,947
Income from Property	125,930	28,209
Aerodrome	3,249,733	5,448,768
Grants and Contributions	1,418,866	312,584
Reimbursements and General	571,679	347,330
Excess Rates Receipts	(100,285)	174,482
Staff Housing Bonds	122,565	140,105
Self Supporting Loans	2,631	5,601
Pensioner Rebates Unclaimed	875	0
Interest Free Loans	7,536	94,000
Accrued Income	1,563,938	124,292
Prepayments	174,582	136,715
Less Provision for Doubtful Debts	(617,909)	(351,323)
GST Receivable	827,475	0
	<u>9,391,811</u>	<u>9,386,236</u>
Non-Current		
Loans to Local Groups	15,037	30,109
Self Supporting Loans	59,070	61,623
Deferred Pensioners Rates	9,064	11,441
	<u>83,171</u>	<u>103,173</u>
5. INVENTORIES		
Current		
Fuel and Materials	235,516	257,512
Food, Drinks & Merchandise TienTsin Inne	23,606	30,954
Food, Drinks & Merchandise Karratha Entertainment Centre	1,103	1,373
Food, Drinks & Merchandise Cossack Café	2,603	4,896
Food, Drinks & Merchandise Karratha Aquatic Centre	6,070	4,097
Food, Drinks & Merchandise Roebourne Aquatic Centre	1,930	1,710
	<u>270,828</u>	<u>300,542</u>
Non-Current		
Land Held for Resale - Work in Progress		
Cost of Acquisition	0	37,370
Development Costs	0	180,255
	<u>0</u>	<u>217,625</u>

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

	2011	2010
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land		
Land at cost	6,409,438	5,133,881
	<u>6,409,438</u>	<u>5,133,881</u>
Buildings		
Buildings at Cost	70,321,544	60,047,245
Less Accumulated Depreciation	<u>(18,202,676)</u>	<u>(17,514,904)</u>
	52,118,868	42,532,341
Plant		
Plant at Cost	11,693,748	10,880,741
Less Accumulated Depreciation	<u>(2,244,767)</u>	<u>(3,402,040)</u>
	9,448,981	7,478,701
Equipment (External)		
Equipment (External) at Cost	3,226,722	3,283,099
Less Accumulated Depreciation	<u>(2,808,608)</u>	<u>(2,765,789)</u>
	418,114	517,310
Furniture (Internal)		
Furniture (Internal) - Cost	3,263,003	2,908,499
Less Accumulated Depreciation	<u>(2,042,902)</u>	<u>(1,841,494)</u>
	1,220,101	1,067,005
Artwork/Sculptures		
Artwork/Sculptures Assets at Cost	127,829	127,829
Less Accumulated Depreciation	<u>(21,951)</u>	<u>(19,399)</u>
	105,878	108,430
Works in Progress		
Works in Progress	<u>9,238,700</u>	<u>5,597,060</u>
	9,238,700	5,597,060
	<u><u>78,960,080</u></u>	<u><u>62,434,728</u></u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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 \$	Plant \$	Equipment \$	Furniture \$	Artworks \$	Work in Progress \$	Total \$
Balance as at the beginning of the year	5,133,881	42,532,341	7,478,701	517,310	1,067,005	108,430	5,597,060	62,434,728
Transfers		5,279,906		3,383			(5,283,289)	0
Additions	1,385,557	6,072,808	4,253,892	99,922	530,776	0	8,924,929	21,267,884
(Disposals)	(110,000)	(1,078,415)	(3,440,885)	(159,682)	(176,272)			(4,965,254)
Revaluation - Increments - (Decrements)								0 0
Impairment - (losses) - reversals								0 0
Depreciation (Expense)		(687,772)	1,157,273	(42,819)	(201,408)	(2,552)		222,722
Carrying amount at the end of year	6,409,438	52,118,868	9,448,981	418,114	1,220,101	105,878	9,238,700	78,960,080

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

	2011	2010
	\$	\$
7. INFRASTRUCTURE		
Roads		
Infrastructure assets at cost	65,954,092	64,623,521
Less Accumulated Depreciation	<u>(44,635,126)</u>	<u>(42,359,298)</u>
	21,318,966	22,264,223
Footpaths		
Infrastructure assets at cost	6,670,233	6,473,004
Less Accumulated Depreciation	<u>(3,577,499)</u>	<u>(3,325,962)</u>
	3,092,734	3,147,042
Aerodromes		
Infrastructure assets at cost	36,919,880	36,919,525
Less Accumulated Depreciation	<u>(7,810,562)</u>	<u>(6,481,346)</u>
	29,109,318	30,438,179
Parks and Gardens		
Infrastructure assets at cost	8,894,810	8,871,725
Less Accumulated Depreciation	<u>(900,913)</u>	<u>(957,374)</u>
	7,993,897	7,914,351
Hardcourt Facilities		
Infrastructure assets at cost	3,426,938	3,200,060
Less Accumulated Depreciation	<u>(914,343)</u>	<u>(820,070)</u>
	2,512,595	2,379,990
Bridges and Culverts		
Infrastructure assets at cost	5,141,229	5,141,228
Less Accumulated Depreciation	<u>(4,019,520)</u>	<u>(3,894,638)</u>
	1,121,709	1,246,590
Drainage		
Infrastructure assets at cost	1,209,325	819,057
Less Accumulated Depreciation	<u>(499,124)</u>	<u>(477,356)</u>
	710,201	341,701
Boat Ramps and Jetties		
Infrastructure assets at cost	2,415,002	2,414,853
Less Accumulated Depreciation	<u>(1,430,679)</u>	<u>(1,306,272)</u>
	984,323	1,108,581
Miscellaneous Structures		
Infrastructure assets at cost	6,182,696	4,144,673
Less Accumulated Depreciation	<u>(1,394,572)</u>	<u>(1,157,226)</u>
	4,788,124	2,987,447
Work in Progress	<u>13,010,243</u>	<u>2,246,301</u>
	84,642,110	74,074,405

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Footpaths \$	Aerodromes \$	Parks and Gardens \$	Hardcourt Facilities \$	Bridges and Culverts \$	Drainage \$	Boat Ramps and Jetties \$	Miscellaneous Structures \$	Work in Progress \$	Total \$
Balance at the beginning of the year	22,264,223	3,147,042	30,438,179	7,914,351	2,379,990	1,246,590	341,701	1,108,581	2,987,447	2,246,301	74,074,405
Transfers	6,836	0	355	0	57,445	0	390,268	0	595,225	(1,050,129)	0
Additions	1,323,736	197,230	0	23,084	169,433	0	0	149	1,442,798	11,814,071	14,970,501
(Disposals)	0	0	0	0	0	0	0	0	0	0	0
Revaluation - Increments - (Decrements)											0
Impairment - (losses) - reversals											0
Depreciation (Expense)	(2,275,829)	(251,538)	(1,329,216)	56,462	(94,273)	(124,881)	(21,768)	(124,407)	(237,346)		(4,402,796)
Carrying amount at the end of year	21,318,966	3,092,734	29,109,318	7,993,897	2,512,595	1,121,709	710,201	984,323	4,788,124	13,010,243	84,642,110

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

	2011	2010
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	5,082,525	3,294,993
Other Liabilities	12,204	14,053
Retention Monies	405,515	524,293
Accrued Expenses	3,854,993	510,495
GST Payable	961,415	301,069
Income Received in Advance	636,722	740,239
	<u>10,953,374</u>	<u>5,385,142</u>
9. BORROWINGS		
(a) Short Term Borrowings		
Unsecured		
Bank Overdraft	<u>0</u>	<u>2,546,614</u>
Represented by:		
Municipal Overdraft	0	4,772,476
Unspent Loan Money Loan 96	0	(942,220)
Unspent Grants and Contributions	<u>0</u>	<u>(1,283,642)</u>
	<u>0</u>	<u>2,546,614</u>
(b) Long Term Borrowings		
Current		
WA Treasury Loans	2,883,439	1,683,281
Commonwealth Bank	133,992	138,305
Lease Liability	<u>0</u>	<u>0</u>
	<u>3,017,431</u>	<u>1,821,586</u>
Non-Current		
WA Treasury Loans	14,611,250	15,996,985
Commonwealth Bank	240,361	370,040
Lease Liability	<u>0</u>	<u>0</u>
	<u>14,851,611</u>	<u>16,367,025</u>

Additional detail on borrowings is provided in Note 21.

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

	2011	2010
	\$	\$
10. PROVISIONS		
Current		
Provision for Annual Leave		1,431,926
Executive Services	94,647	
Corporate Services	193,920	
Community Services & Development	167,679	
Development & Regulatory Services	206,500	
Infrastructure Services	541,427	
Waste Management	156,555	
Aerodrome & TTI	143,136	
Provision for Long Service Leave		693,241
Executive Services	22,197	
Corporate Services	91,755	
Community Services & Development	46,685	
Development & Regulatory Services	123,544	
Infrastructure Services	310,406	
Waste Management	42,055	
Aerodrome & TTI	71,154	
	<u>2,211,660</u>	<u>2,125,167</u>
Non-Current		
Provision for Long Service Leave		167,490
Executive Services	5,943	
Corporate Services	41,085	
Community Services & Development	36,428	
Development & Regulatory Services	43,593	
Infrastructure Services	58,608	
Waste Management	16,444	
Aerodrome & TTI	18,708	
	<u>220,809</u>	<u>167,490</u>

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

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED			
(a) Aerodrome Reserve			
Opening Balance	15,839,476	14,192,921	12,473,340
Transfer From Accumulated Surplus	724,804	287,295	4,766,136
Transfer To Accumulated Surplus	<u>(2,267,698)</u>	<u>(5,173,492)</u>	<u>(1,400,000)</u>
Closing Balance	<u>14,296,582</u>	<u>9,306,724</u>	<u>15,839,476</u>
(b) Airconditioning Reserve			
Opening Balance	0	0	118,741
Transfer From Accumulated Surplus	0	0	4,326
Transfer To Accumulated Surplus	<u>0</u>	<u>0</u>	<u>(123,067)</u>
Closing Balance	<u>0</u>	<u>0</u>	<u>0</u>
(c) Dampier Drainage Reserve			
Opening Balance	23,432	33,060	32,056
Transfer From Accumulated Surplus	1,088	732	1,168
Transfer To Accumulated Surplus	<u>0</u>	<u>0</u>	<u>(9,792)</u>
Closing Balance	<u>24,520</u>	<u>33,792</u>	<u>23,432</u>
(d) Walkington Theatre Reserve			
Opening Balance	4,454	4,432	4,297
Transfer From Accumulated Surplus	207	98	157
Transfer To Accumulated Surplus	<u>0</u>	<u>0</u>	<u>0</u>
Closing Balance	<u>4,661</u>	<u>4,530</u>	<u>4,454</u>
(e) Plant Replacement Reserve			
Opening Balance	1,572,522	1,210,286	1,810,736
Transfer From Accumulated Surplus	749,029	41,356	418,965
Transfer To Accumulated Surplus	<u>0</u>	<u>(745,977)</u>	<u>(657,179)</u>
Closing Balance	<u>2,321,551</u>	<u>505,665</u>	<u>1,572,522</u>
(f) Workers Compensation Reserve			
Opening Balance	1,094,922	1,089,540	1,056,442
Transfer From Accumulated Surplus	50,875	24,128	38,480
Transfer To Accumulated Surplus	<u>0</u>	<u>0</u>	<u>0</u>
Closing Balance	<u>1,145,797</u>	<u>1,113,668</u>	<u>1,094,922</u>
(g) Waste Management Reserve			
Opening Balance	6,893,215	5,981,751	5,345,051
Transfer From Accumulated Surplus	3,037,489	407,623	1,548,164
Transfer To Accumulated Surplus	<u>0</u>	<u>(1,302,865)</u>	<u>0</u>
Closing Balance	<u>9,930,704</u>	<u>5,086,509</u>	<u>6,893,215</u>

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

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED (con't)			
(h) Infrastructure Reserve			
Opening Balance	13,261,070	10,040,296	7,624,334
Transfer From Accumulated Surplus	8,222,912	918,136	5,938,890
Transfer To Accumulated Surplus	(5,152,104)	(7,751,338)	(302,154)
Closing Balance	<u>16,331,878</u>	<u>3,207,094</u>	<u>13,261,070</u>
(i) Housing Reserve			
Opening Balance	1,485,179	305,778	5,706,614
Transfer From Accumulated Surplus	69,009	1,488,162	280,055
Transfer To Accumulated Surplus	0	(1,604,135)	(4,501,490)
Closing Balance	<u>1,554,188</u>	<u>189,805</u>	<u>1,485,179</u>
(j) Parks, Ovals & Recreation Facilities Reserve			
Opening Balance	0	0	7,586
Transfer From Accumulated Surplus	0	0	276
Transfer To Accumulated Surplus	0	0	(7,862)
Closing Balance	<u>0</u>	<u>0</u>	<u>0</u>
(k) Information Technology Reserve			
Opening Balance	0	0	110,972
Transfer From Accumulated Surplus	0	0	4,042
Transfer To Accumulated Surplus	0	0	(115,014)
Closing Balance	<u>0</u>	<u>0</u>	<u>0</u>
(l) Aged Persons Units Reserve			
Opening Balance	71,700	71,400	58,867
Transfer From Accumulated Surplus	3,332	1,345	12,833
Transfer To Accumulated Surplus	0	0	0
Closing Balance	<u>75,032</u>	<u>72,745</u>	<u>71,700</u>
(m) Junior Sport Reserve			
Opening Balance	81,734	69,648	67,532
Transfer From Accumulated Surplus	3,798	1,542	14,202
Transfer To Accumulated Surplus	0	0	0
Closing Balance	<u>85,532</u>	<u>71,190</u>	<u>81,734</u>
(n) Public Open Space Reserve			
Opening Balance	2,074,544	2,047,596	533,402
Transfer From Accumulated Surplus	991,875	12,355	1,541,142
Transfer To Accumulated Surplus	(1,421,931)	(1,198,000)	0
Closing Balance	<u>1,644,488</u>	<u>861,951</u>	<u>2,074,544</u>
(o) History & Cultural Publications Reserve			
Opening Balance	49,461	49,217	47,722
Transfer From Accumulated Surplus	2,298	1,090	1,739
Transfer To Accumulated Surplus	0	0	0
Closing Balance	<u>51,759</u>	<u>50,307</u>	<u>49,461</u>

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

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED (con't)			
(p) Mosquito Control Reserve			
Opening Balance	2,159	2,151	1,601
Transfer From Accumulated Surplus	600	537	558
Transfer To Accumulated Surplus	0	0	0
Closing Balance	<u>2,759</u>	<u>2,688</u>	<u>2,159</u>
(q) Medical Services Assistance Package Reserve			
Opening Balance	241,355	276,343	335,124
Transfer From Accumulated Surplus	11,214	7,654	12,207
Transfer To Accumulated Surplus	0	0	(105,976)
Closing Balance	<u>252,569</u>	<u>283,997</u>	<u>241,355</u>
(r) Royalties for Regions Reserve			
Opening Balance	20,735,748	20,300,000	0
Transfer From Accumulated Surplus	22,376,688	400,000	21,066,739
Transfer To Accumulated Surplus	(7,184,028)	(18,066,500)	(330,991)
Closing Balance	<u>35,928,408</u>	<u>2,633,500</u>	<u>20,735,748</u>
(s) Underground Power Reserve			
Opening Balance	0	0	0
Transfer From Accumulated Surplus	0	3,985,345	0
Transfer To Accumulated Surplus	0	0	0
Closing Balance	<u>0</u>	<u>3,985,345</u>	<u>0</u>
	<u>83,650,428</u>	<u>27,409,510</u>	<u>63,430,971</u>

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

11. RESERVES - CASH BACKED (con't)

Aerodrome Reserve

The purpose of this reserve is to fund future developments and maintenance of the airport. Any surplus funds generated by the airport are transferred to this reserve.

Airconditioning Reserve

The purpose of this reserve is to fund upgrades to major Airconditioning plant.

Dampier Drainage Reserve

This reserve is maintained as part of an agreement between Council and Hamersley Iron, the purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron contribute \$10,000 each year and any surplus funds are placed in the reserve.

Walkington Theatre Reserve

The purpose of this reserve is to fund future capital works at the Walkington Theatre.

Plant Replacement Reserve

The purpose of this reserve is to fund the capital purchase of plant and equipment . Council allocates a replacement charge on each job plant is used and these funds are transferred to the reserve.

Workers Compensation Reserve

The purpose of this reserve is to provide Council with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme to which it is a member. This reserve will continue to build up until Council is satisfied that sufficient liability is covered. It is likely that the benefits of this Reserve will be evident after year 5 of participating in the scheme.

Waste Management Reserve

The purpose of this reserve is to fund the replacement and rehabilitation of Waste Management Facilities.

Infrastructure Reserve

The purpose of this reserve is to fund the replacement of major infrastructure items which includes large buildings and facilities.

Housing Reserve

The purpose of this reserve is to fund the replacement of housing.

Parks, Ovals & Recreation Facilities Reserve

The purpose of this reserve is to fund the development/replacement of Parks, Ovals and Recreation Facilities.

Information Technology Reserve

This Reserve was created in June 2004 for the specific purpose of replacing major items relating to Councils Information Technology. Major organisational software upgrades will be sourced from this fund as well.

Aged Persons Units Reserve

This Reserve is in accordance with the joint adventure agreement with the Department of Housing and Works for future major maintenance/upgrading of the Aged Persons Units.

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

11. RESERVES - CASH BACKED (con't)

Junior Sport Reserve

The purpose of this Reserve is to fund the development of junior sport within the Shire of Roebourne including infrastructure.

Public Open Space Reserve

The purpose of this reserve is to fund future developments of public open spaces with contributions coming from developers of new subdivisions. The money is to be spent in the locality of the new subdivision.

History & Cultural Publications Reserve

The purpose of this reserve is to fund future history and cultural publications. The income is generated from the sale of these publications.

Mosquito Control Reserve

The purpose of this reserve is to fund any future major mosquito control programmes.

Medical Services Assistance Package Reserve

The purpose of this reserve is to fund future assistance to Medical Services.

Royalties for Regions

Unexpended grant revenues from the State Government's Royalties for Regions programme.

Underground Power Reserve

The purpose of this reserve is to secure the unspent portions of borrowings pertaining to the Shire of Roebourne's 25% share of costs in relation to the Pilbara Underground Power Project.

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

12. RESERVES - ASSET REVALUATION

2011 **2010**
\$ **\$**

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

(a) Land

Opening balance	3,594,711	3,594,711
Revaluation Increment	0	0
Revaluation Decrement	0	0
Closing Balance	3,594,711	3,594,711

(b) Buildings

Opening Balance	8,086,099	8,086,099
Revaluation Increment	0	0
Revaluation Decrement	0	0
Closing Balance	8,086,099	8,086,099

(c) Artwork

Opening Balance	200	200
Revaluation Increment	0	0
Revaluation Decrement	0	0
Closing Balance	200	200

TOTAL ASSET REVALUATION RESERVES	11,681,010	11,681,010
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SHIRE OF ROEBOURNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2011 \$	2011 Budget \$	2010 \$
Cash and Cash Equivalents	86,958,575	33,005,283	63,861,968
Borrowings - Short Term	<u>0</u>	<u>0</u>	<u>(2,546,614)</u>
	<u><u>86,958,575</u></u>	<u><u>33,005,283</u></u>	<u><u>61,315,354</u></u>

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

Net Result	47,086,037	7,932,134	21,103,871
Amortisation	0	0	0
Movement in Work in Progress	0	0	546,004
Depreciation	7,209,845	7,798,569	6,656,480
(Profit)/Loss on Sale of Asset	(618,344)	(3,506,519)	(129,376)
(Increase)/Decrease in Receivables	(92,629)	1,425,000	(2,245,604)
(Increase)/Decrease in Inventories	247,339	50,000	210,194
Increase/(Decrease) in Payables	5,568,231	2,100,000	(373,588)
Increase/(Decrease) in Employee Provisions	139,812	75,000	277,876
Grants/Contributions for the Development of Assets	<u>(26,297,290)</u>	<u>(8,167,433)</u>	<u>(4,485,328)</u>
Net Cash from Operating Activities	<u><u>33,243,001</u></u>	<u><u>7,706,751</u></u>	<u><u>21,560,529</u></u>

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

Bank Overdraft limit	1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date	0	0	(2,546,614)
Credit Card limit	60,000		50,000
Credit Card Balance at Balance Date	<u>26,502</u>	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u><u>1,086,502</u></u>	<u><u>1,000,000</u></u>	<u><u>(1,496,614)</u></u>

Loan Facilities

Loan Facilities - Current	2,883,439	1,835,380	1,821,586
Loan Facilities - Non-Current	<u>240,361</u>	<u>33,608,394</u>	<u>16,367,025</u>
Total Facilities in Use at Balance Date	<u><u>3,123,800</u></u>	<u><u>35,443,774</u></u>	<u><u>18,188,611</u></u>

Unused Loan Facilities at Balance Date

	<u><u>911,182</u></u>	<u><u>4,927,565</u></u>	<u><u>0</u></u>
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SHIRE OF ROEBOURNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

14. CONTINGENT LIABILITIES

During the financial year, the Shire provided the following Bank Guarantee with the Challenge Bank for the Nor West Jockey Club for their overdraft facility

	2011	2010
	\$	\$
Nor West Jockey Club		
Amount of original guarantee	65,000	65,000
Amount required as at 30 June	65,000	65,000

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

	2011	2010
	\$	\$
Payable:		
not later than one year	852,281	1,093,289
later than one year but not later than five years	205,977	312,505
later than five years	0	239,514
	<u>1,058,258</u>	<u>1,645,308</u>

(b) Capital Expenditure Commitments

At the reporting date the Shire had entered into contracts for the following:

Not later than one year		
Bulgarra Community Facility	4,024,069	280,805
Karratha Airport Building/Carpark Improvements	361,571	813,089
Baynton West Family Centre	4,939,677	213,299
Karratha Leisure Centre	23,922,839	0
Bulgarra Precinct Electrical Upgrade	200,000	0
Bulgarra Oval Softball Diamonds	251,821	0
Catrrall Park Upgrade	513,978	0
Karratha Airport Low Voltage Upgrade	890,215	0
Karratha Youth Shed	4,003,703	0
Staff Housing	4,998,086	0
Various Outstanding Purchase Orders	30,419	817,244
	<u>44,136,378</u>	<u>2,124,437</u>
Later than one year but not later than two years		
Bulgarra Community Facility	0	3,400,000
Baynton West Family Centre	0	9,310,664
Karratha Leisure Centre	9,077,161	0
	<u>9,077,161</u>	<u>12,710,664</u>

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

16. JOINT VENTURE

Council has entered into a joint venture agreement with the State Housing Commission to construct 6 Aged Persons Units. Council will receive rent charged and are responsible for the maintenance and management of the units. An amount equivalent to 1% of the current replacement cost of the properties shall be set aside from the annual rental income, per annum, for the long term maintenance needs of the joint venture.

	2011	2010
	\$	\$
Non-Current Assets		
Buildings	359,475	359,475
Less: Accumulated Depreciation	<u>(45,436)</u>	<u>(38,966)</u>
	<u><u>314,039</u></u>	<u><u>320,509</u></u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	158,238	97,333
General Purpose Funding	7,680,797	6,811,206
Law, Order, Public Safety	638,001	638,468
Health	768,666	615,010
Education and Welfare	3,585,936	3,585,407
Housing	20,377,567	10,996,972
Community Amenities	9,958,213	4,806,102
Recreation and Culture	35,737,625	27,066,955
Transport	83,716,259	72,600,217
Economic Services	165,928	4,000,501
Other Property and Services	814,959	1,293,575
Unallocated	<u>96,704,386</u>	<u>77,866,931</u>
	<u><u>260,306,575</u></u>	<u><u>210,378,677</u></u>

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

18. FINANCIAL RATIOS	2011	2010	2009
Current Ratio	1.726	1.116	1.034
Untied Cash to Unpaid Trade Creditors Ratio	1.452	0.131	0.319
Debt Ratio	0.120	0.135	0.146
Debt Service Ratio	0.040	0.050	0.015
Gross Debt to Revenue Ratio	0.260	0.367	0.422
Gross Debt to Economically Realisable Assets Ratio	-0.226	0.355	0.175
Rate Coverage Ratio	0.198	0.265	0.186
Outstanding Rates Ratio	0.048	0.070	0.052

The above ratios are calculated as follows:

CURRENT RATIO

	Current Assets	96,621,214		
Less:	Restricted Current Assets	83,650,428		
	-Reserve cash at bank	83,650,428		
			12,970,786	
			= ----- =	1.726
	Current Liabilities	16,182,465		
Less:	Liabs Assoc with Rest Curr Assets	8,666,802	7,515,663	
	- Leave provisions assoc with waste & aero -Note 10	412,900		
	- Accrued Capex for R4R funded projects	2,434,415		
	-Sundry Creditors Reserve funded 10/11	2,804,608		
	- Loans 91,92,93,94,95,98 -Backed by reserves	2,103,697		
	- Repayment of unspent Loan 96 funds from reserve	911,182		

UNTIED CASH TO UNPAID TRADE CREDITORS RATIC

	Untied Cash	3,308,147		
		-----	= 1.452	
	Untied Creditors	2,277,917		
Less:	Creditors	5,082,525		
	sundry creditors assoc with capital funded by reserve	2,804,608		

DEBT RATIO

	Total Liabilities	31,254,885		
		-----	= 0.120	
	Total Assets	260,306,575		

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

GROSS DEBT TO REVENUE RATIO

Gross Debt	17,869,042	
- loans - current	3,017,431	
- loans - non current	14,851,611	
- overdraft	0	
	-----	= 0.260
Total Revenue	68,723,989	
- operating revenue	95,021,279	
- less: specific purpose grants	26,297,290	
- less: specific purpose contribs&donations	0	

GROSS DEBT TO ECONOMICALLY REALISABLE ASSETS RATIO

Gross Debt	17,869,042	
- loans - current	3,017,431	
- loans - non current	14,851,611	
- overdraft	0	
	-----	= -0.226
Economically Realisable Assets	-78,960,080	
- total Assets	0	
- less: infrastructure assets	78,960,080	
- less: other		

RATE COVERAGE RATIO

Net Rate Revenue	18,842,067	
- gross rate revenue	18,807,466	
- add: interest & charges on instalments	222,081	
- less: discounts, concessions, write offs	187,480	
	-----	= 0.198
Operating revenue	95,021,279	

OUTSTANDING RATES RATIO

Rates Outstanding	911,353	
- rates o/s - current	656,756	
	-----	= 0.048
Rates Collectable	18,842,067	
- rate revenue	18,842,067	
- current rates o/s - prior year		

The following information is to be considered when calculating the above ratios:

The current liability for long service and annual leave provision associated with Airport and Waste Department employees is reserve backed and therefore has been excluded from current ratio current liabilities (\$412,900).

The current liability for accrued expenses includes expenditure for royalties for regions capital projects which are funded by reserve transfers and therefore these accruals have been excluded from the current ratio current liabilities (\$2,434,415).

The current liability for trade creditors includes expenditure for royalties for regions capital projects which are funded by reserve transfers and therefore these accruals have been excluded from the current ratio current liabilities (\$2,804,608). This amount has also been excluded from the Untied Cash to Unpaid Trade Creditors Ratio.

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

19. TRUST FUNDS

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

	Balance 1-Jul-10 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-11 \$
Building/Kerb Deposits	34,699	1,211	(23,370)	12,540
BCITF Levy	0	0	0	0
Hall Hire Bonds	7,675	36,776	(33,986)	10,465
Pool Hire Bonds	110	0	(110)	0
BRB Levy	0	0	0	0
Retention Funds	0	310,729	0	310,729
Other Deposits				
Bonds & Guarantees	1,116,538	521,714	(329,581)	1,308,671
Bonds & Guarantees (old)	2,520	0	0	2,520
Kerb Deposits (old)	2,800	0	0	2,800
Stale Cheques	1,825	2,090	0	3,915
ATM Monies	820	0	0	820
Unclaimed Wages	37	0	0	37
Housing Bonds	33,936	0	(33,936)	0
Staff Travel Allowances	29,758	51,860	(51,454)	30,164
NADC Research Funds	805	0	0	805
	<u>1,231,523</u>			<u>1,683,466</u>

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

20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land						
74500018 Lot 1286 A/B Frinderstein Way		87,370		500,000		412,630
74500002 Lot 190 Richardson Way		60,000		400,000		340,000
74500003 Lot 201 Richardson Way		63,000		400,000		337,000
74500004 Lot 212 Richardson Way		60,000		400,000		340,000
74500012 Lot 1127 Richardson Way		75,000		500,000		425,000
74500011 Lot 944 A/B Harding Way	82,000	0	495,020	0	413,020	0
74500028 Lot 218 # 38 Nelley Way	28,000	0	28,000	0	0	0
Buildings						
14500018 Lot 1286 A/B Frinderstein Way		170,797		350,000		179,203
14500002 Lot 190 Richardson Way		79,160		200,000		120,840
14500003 Lot 201 Richardson Way		89,712		200,000		110,288
14500004 Lot 212 Richardson Way		78,404		200,000		121,596
14500012 Lot 1127 Richardson Way		129,150		350,000		220,850
10000012 Lot 944 A/B Harding Way-Shed L944A	3,289	0	3,289	0	0	0
14500011 Lot 944 A/B Harding Way	193,026	0	382,209	0	189,183	0
14500023 10 Knight Place-vertical blinds	887	0	0	0	(887)	0
14500028 Lot 218 #38 Nelley Way	142,789	0	448,500	0	305,711	0
14500029 5 Kwong Cl-blinds	562	0	0	0	(562)	0
16300013 Hunt Way Pavillion	266,311	0	0	0	(266,311)	0
Plant						
20000135 P754 Howard EDH Slasher	1,248	1,349	900	500	(348)	(849)
40000001 P942 Tipping Cage Trailer	0	0	600	0	600	0
40000003 P805 Duvelo Sweeper	0	0	409	500	409	500
40000004 P944 Trailer for Duvelo Sweeper	0	0	91	50	91	50
40000005 P943 Semi Trailer Water Tanker	0	0	15,000	500	15,000	500
40000006 P425 Thermofogger	0	0	100	0	100	0
40000007 P851 Wacker Roller Compactor	0	0	950	100	950	100
40000021 P883 International Acco-Hiab Crane truck	0	0	28,200	18,000	28,200	18,000
40000057 P951 Box Trailer 8x5	40	74	1,600	50	1,560	(24)
40000088 P867 Massey Ferguson Tractor	7,654	8,715	18,000	10,000	10,346	1,285
40000089 P752 Reach Mower	3,512	3,999	5,000	3,000	1,488	(999)
40000090 P854 Protec PRO Multi Tyred Roller	7,250	14,850	16,000	20,000	8,750	5,150
40000091 P890 Mack Prime Mover	10,849	22,175	34,560	45,000	23,711	22,825
40000112 P894 UD Patching Truck	0	0	23,636	23,636	23,636	23,636
40000128 P952 Fuel Tank on Polmac Trailer	0	1,518	0	300	0	(1,218)
40000132 P868 Kubota L4310 Tractor	11,703	12,355	11,818	8,000	115	(4,355)
40000136 P811 CAT 12H Grader	75,097	80,077	100,000	90,000	24,903	9,923
40000140 P953 Tri-Axle Semi Tipper	14,036	16,750	21,820	20,000	7,784	3,250
40000164 P813 Volvo Loader L60E	0	0	0	80,000	0	80,000
40000167 P812 John Deere Backhoe/Loader	43,981	45,976	41,000	45,000	(2,981)	(976)
40000175 P898 Mitsubishi Hookbin	0	2,217	62,000	68,000	62,000	65,783
40000177 P956 Trailer Hook Bin	10,953	13,092	10,950	5,000	(3)	(8,092)
40000227 P760 Ground Keeper Amazone	8,875	9,936	500	3,000	(8,375)	(6,936)
40000228 P761 Roller Mower Jarratt TM180	4,727	4,858	200	200	(4,527)	(4,658)
40000232 P815 Vertidrain Cutter	20,296	0	1,000	0	(19,296)	0
40000232 P719 John Deere LX280	0	0	550	1,500	550	1,500
40000233 P904 Isuzi Tipper	85,981	87,147	71,000	68,000	(14,981)	(19,147)
40000234 P903 Isuzu Tipper Truck	81,884	91,189	71,270	68,000	(10,614)	(23,189)
40000235 P905 Isuzu Tipper Truck	81,884	91,189	71,270	68,000	(10,614)	(23,189)
40000265 P720 John Deere X324	4,858	4,972	700	1,500	(4,158)	(3,472)

SHIRE OF ROEBOURNE
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20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR (Continued)

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant						
40000266 P721 John Deere X324 plus catcher	5,697	5,831	550	1,500	(5,147)	(4,331)
40000269 P906 Iveco Acco Side Load Rubbish Truck	183,835	188,061	43,650	60,000	(140,185)	(128,061)
40000272 P236 Toyota Hilux	15,685	16,405	14,091	13,000	(1,594)	(3,405)
40000275 P042 Toyota Hilux	0	19,908	0	21,000	0	1,092
40000277 P048 Falcon BA XT Wagon	19,781	18,657	13,000	11,000	(6,781)	(7,657)
40000278 P049 Falcon BA XT Wagon	19,128	18,309	11,091	11,000	(8,037)	(7,309)
40000282 P235 Holden Rodeo	18,546	21,954	20,127	19,000	1,581	(2,954)
40000286 P241 Toyota Hilux	22,194	22,690	25,454	21,000	3,260	(1,690)
40000287 P242 Toyota Hilux	22,060	22,541	22,727	21,000	667	(1,541)
40000288 P244 Holden Rodeo	19,653	20,538	19,091	19,000	(562)	(1,538)
40000289 P245 Holden Rodeo	21,456	23,738	16,364	19,000	(5,092)	(4,738)
40000294 P497 Spray Unit Silvan 400Lt Sled Mount	1,739	1,821	450	500	(1,289)	(1,321)
40000295 P045 Toyota Hilux	22,625	0	26,170	0	3,545	0
40000296 P246 Toyota Hilux	19,677	20,550	20,909	19,000	1,232	(1,550)
40000299 P243 Toyota Commuter Bus	27,208	31,343	28,636	27,000	1,428	(4,343)
40000300 P047 Mitsubishi Triton	0	19,309	0	14,000	0	(5,309)
40000301 P046 Mitsubishi Triton	20,113	20,978	17,273	14,000	(2,840)	(6,978)
40000303 P044 Mitsubishi Triton	21,411	25,041	17,273	14,000	(4,138)	(11,041)
40000305 P249 Holden Colorado	24,985	28,386	19,091	19,000	(5,894)	(9,386)
40000310 P104 Toyota Hilux	21,729	20,893	15,000	13,000	(6,729)	(7,893)
40000312 P247 Holden Rodeo	22,487	22,928	20,000	19,000	(2,487)	(3,928)
40000313 P103 Toyota Hilux	26,923	30,524	16,364	19,000	(10,559)	(11,524)
40000317 P052 Holden Colorado	21,519	22,386	20,000	19,000	(1,519)	(3,386)
40000318 P053 Holden Colorado	26,114	31,996	18,182	19,000	(7,932)	(12,996)
40000321 P059 Toyota Hilux	21,534	20,441	15,455	13,000	(6,079)	(7,441)
40000324 P060 Toyota Landcruiser	54,045	60,685	62,727	56,000	8,682	(4,685)
40000381 P8808 Iveco Acco Side Load Rubbish Truck	59,671	61,531	40,360	55,000	(19,311)	(6,531)
41120002 P940 Trailer Box Top	0	0	1,200	50	1,200	50
41120003 P865 Massey Ferguson 399 2WD Tractor	0	0	10,000	5,000	10,000	5,000
41250003 P850 Pacific 38 tonne Multi Tyred Roller	0	0	2,000	10,000	2,000	10,000
45135148 P35148 Tandem Trailer	0	0	0	0	0	0
46335198 P35198 Tandem Trailer	0	0	1,350	100	1,350	100
47203066 P3066 Chamberlain Loader	0	0	2,250	500	2,250	500
47232019 P32019 Pacific Towed Broom	0	0	50	500	50	500
47235237 P35237 Trailer 8x5	0	0	0	50	0	50
47235318 P35318 Low Boy 3 Axle Plant Trailer	0	0	10,950	10,000	10,950	10,000
47235172 P35172 Tilt Trailer R15335	0	0	375	0	375	0
47235237 P34237 Cage Trailer 1TCZ052	0	0	1,100	0	1,100	0
47235342 P35342 41ft Semi Trailer 7TN847	0	0	4,000	0	4,000	0
47535261 P35261 Semi Trailer Flat top	0	0	2,000	0	2,000	0
49020763 P20763 Komatsu Forklift	0	0	6,750	4,000	6,750	4,000
Furniture & Equipment						
30000074 Canterbury Polisher	0	0	25	0	25	0
30000075 Canterbury Polisher	0	0	0	0	0	0
30000120 Bodyline System	0	0	100	0	100	0
30000126 Olympic Home Exercise System	0	0	225	0	225	0
30000127 Dumb Bells	0	0	375	0	375	0
30000149 Procurve Switch	0	0	0	0	0	0
30000197 Proteus SPC4000	0	0	150	0	150	0
30000235 Advance 30" Scrubber	0	0	50	0	50	0
30000257 Kyocera FS7000 Printer	0	0	20	0	20	0
30000264 2 way radio	9	0	0	0	(9)	0
30000292 Kyocera Laser Printer	0	0	20	0	20	0
30000303 Ricoh 2900L Fax	0	0	0	0	0	0
30000350 Video Conferencing Unit	0	0	0	0	0	0
30000357 IS330DC Scanner	0	0	50	0	50	0
30000365 OKI Microline Printer	0	0	10	0	10	0
30000415 Panasonic Toughbook	0	0	20	0	20	0
30000416 Panasonic Toughbook	0	0	20	0	20	0

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

20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR (Continued)

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Furniture & Equipment						
30000465 Tandem Multi Surface Vac Sweeper	0	0	0	0	0	0
30000466 Windsor Commodore 20 extractor	0	0	50	0	50	0
30000524 HP D530 Ultrastim Computer	0	0	7	0	7	0
30000525 HP D530 Ultrastim Computer	0	0	20	0	20	0
30000528 17" TFT flat screen display	0	0	20	0	20	0
30000551 HP D530 Ultrastim Computer	0	0	7	0	7	0
30000552 HP D530 Ultrastim Computer	0	0	12	0	12	0
30000553 HP D530 Ultrastim Computer	0	0	20	0	20	0
30000555 HP D530 Ultrastim Computer	0	0	20	0	20	0
30000557 HP D530 Ultrastim Computer	0	0	20	0	20	0
30000558 HP D530 Ultrastim Computer	0	0	8	0	8	0
30000559 HP D530 Ultrastim Computer	0	0	8	0	8	0
30000560 HP D530 Ultrastim Computer	0	0	8	0	8	0
30000561 HP D530 Ultrastim Computer	0	0	12	0	12	0
30000562 HP D530 Ultrastim Computer	0	0	20	0	20	0
30000563 HP D530 Ultrastim Computer	0	0	7	0	7	0
30000564 HP D530 Ultrastim Computer	0	0	20	0	20	0
30000565 HP Compaq	0	0	20	0	20	0
30000566 HP D530 Ultrastim Computer	0	0	7	0	7	0
30000567 HP Compaq	0	0	8	0	8	0
30000568 HP D530 Ultrastim Computer	0	0	7	0	7	0
30000569 HP D530 Ultrastim Computer	0	0	10	0	10	0
30000570 HP D530 Ultrastim Computer	0	0	7	0	7	0
30000594 HP DC1700 Ultrastim computer	0	0	7	0	7	0
30000595 HP DC1700 Ultrastim computer	0	0	11	0	11	0
30000601 HP DC1700 Ultrastim computer	0	0	7	0	7	0
30000606 HP DC1700 Ultrastim computer	0	0	7	0	7	0
30000608 HP DC1700 Ultrastim computer	0	0	7	0	7	0
30000609 HP DC1700 Ultrastim computer	0	0	8	0	8	0
30000610 HP DC1700 Ultrastim computer	0	0	7	0	7	0
30000614 Oki B4350 Printer	0	0	50	0	50	0
30000621 HP Designjet 800 Printer	0	0	600	0	600	0
30000636 59Cm Colour TV	39	0	10	0	(29)	0
30000637 59Cm Colour TV	39	0	25	0	(14)	0
30000648 Epson LQ590 Dot Matrix Printer	0	0	50	0	50	0
30000653 HP Compaq	0	0	20	0	20	0
30000655 HP Compaq	0	0	7	0	7	0
30000656 HP Compaq	0	0	7	0	7	0
30000658 HP Compaq	0	0	20	0	20	0
30000659 HP Compaq	0	0	7	0	7	0
30000661 HP Compaq	0	0	7	0	7	0
30000662 HP Compaq	0	0	7	0	7	0
30000663 HP Compaq	0	0	7	0	7	0
30000665 HP Compaq	0	0	11	0	11	0
30000667 HP Compaq	0	0	7	0	7	0
30000668 HP Compaq	0	0	7	0	7	0
30000669 HP Compaq	0	0	20	0	20	0
30000670 HP Compaq	0	0	20	0	20	0
30000671 HP Compaq	0	0	8	0	8	0
30000672 HP Compaq	0	0	8	0	8	0
30000673 HP Compaq	0	0	20	0	20	0
30000675 Elite Silent Carpet Extractor	0	0	25	0	25	0
30000691 HP Compaq	0	0	20	0	20	0
30000696 La Cimbali Coffee Machine	1,057	0	200	0	(857)	0
30000717 Ricoh Aficio Copier	0	0	50	0	50	0
30000718 Ricoh Aficio Copier	0	0	140	0	140	0
30000730 Dell Optiplex 745	0	0	7	0	7	0
30000733 Dell Optiplex 745	0	0	7	0	7	0
30000772 Epson DFX9000 Printer	0	0	0	0	0	0
30000945 17" Micro M170 Touch Screen	150	0	0	0	(150)	0
30000951 Southern Cross Starline Motor Pump	2,253	0	100	0	(2,153)	0
30100016 Rinnai 3 door bar fridge	0	0	1,700	0	1,700	0
31140007 Fellowes Ps70 Shredder	0	0	0	0	0	0
31250006 Hobart SM100 Dishwasher	0	0	0	0	0	0

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

20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR (Continued)

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Equipment						
20000008 P301 Generator Honda/Dunlite	0	0	200	50	200	50
20000013 P302 Kanga Hammer	0	0	90	50	90	50
20000014 P303 Kanga Hammer	0	0	0	50	0	50
20000027 P946 12000L Water Tank	0	0	1,000	0	1,000	0
20000047 Nobles Floor Polisher	0	0	50	0	50	0
20000049 P635 Deutcher	0	0	250	50	250	50
20000050 P634 Deutcher	0	0	175	50	175	50
20000063 P652 Deutcher	0	0	150	50	150	50
20000069 P853 MacDonald Steel Roller 10 tonne	0	0	500	500	500	500
20000076 P309 Kanga Hammer K950X	0	0	125	50	125	50
20000098 P433 3KVA Generator	0	0	200	0	200	0
20000099 P311 Queenie 3kva mower	0	0	100	0	100	0
20000140 2 way radio	0	0	0	0	0	0
20000145 Tait 2 way radio	0	0	0	0	0	0
20000149 P448 Frame Mounted Spray Unit	0	0	300	0	300	0
20000160 P692 Air Chainsaw	0	0	100	0	100	0
20000177 P756 Superior Finish Mower	0	0	1,182	500	1,182	500
20000205 P616 Edger Lawn Briggs & Stratton	0	0	20	50	20	50
20000206 P614 Rover Lawnmower	0	0	0	50	0	50
20000223 P459 Tow Behind Sprayer	0	0	450	0	450	0
20000241 P466 Spitwater High Pressure Cleaner	0	0	300	0	300	0
20000260 P641 FS450 Brushcutter	0	0	100	0	100	0
20000261 P758 Mott Alamo 88" Flail	0	0	100	3,000	100	3,000
20000265 P759 Mower Beaver 5 gang	0	0	100	500	100	500
20000278 P315 Pressure Cleaner Gurney	0	0	20	50	20	50
20000279 P470 Spray Unit	0	0	300	0	300	0
20000296 P317 Rotary Jack Hammer	0	0	100	0	100	0
20000312 P513 Brushcutter Stihl FS480	0	0	100	0	100	0
20000313 P514 Brushcutter Stihl FS480	0	0	100	100	100	100
20000442 Rifle-CZ .223	258	0	773	0	515	0
20000443 Rifle-Marlin 30/30	220	0	500	0	280	0
20000457 P722 John Deere X324	0	242	500	1,500	500	1,258
20000459 P724 John Deere F717a Zero Turn Mower	0	0	1,500	1,200	1,500	1,200
20000462 P537 Brushcutter Stihl FS480	0	0	100	100	100	100
20000464 P539 Brushcutter Stihl FS480	0	0	20	100	20	100
20000484 P529 Brushcutter Stihl FS350	0	48	100	100	100	52
20000485 P530 Brushcutter Stihl FS350	0	48	20	100	20	52
20000491 P536 Brushcutter Stihl FS350	0	12	20	100	20	88
20000504 P550 Brushcutter Stihl FS350	0	407	0	100	0	(307)
21120003 P750 Howard Stealth Mower	0	0	100	2,000	100	2,000
21220001 P301 Kanga Hammer	0	0	100	50	100	50
21250002 2 way radio	0	0	0	0	0	0
26315061 P15061 Rotary Hoe	0	0	400	0	400	0
26315223 P15223-Rotary Hoe attachment	0	0	800	0	800	0
26316203 P16203 Deutcher	0	0	100	50	100	50
26321010 P21010 Hardie Boom Spray	0	0	600	20	600	20
26321222 P21222 Hardi Skid Mounted Spray Unit	0	0	800	50	800	50
26321311 P21311-Water tanks	0	0	150	0	150	0
27220991 P20991 Motorised Bitumen Sprayer Unit	0	0	150	50	150	50
27221248 P21248 Wacker Plate Compactor	0	0	225	50	225	50
27221450 P21450 Dunlite Generator 3Kva Honda	0	0	200	0	200	0
27232043 P32043 Sewll Towed Broom B200	0	0	100	500	100	500
27521183 P21183 Wagner Line Marker	0	0	200	50	200	50
29000010 Servex Press	0	0	2,800	0	2,800	0
29020789 P20789 Sand Leveller	0	0	200	0	200	0
40000011 P751 Howard Rotary Slasher	0	0	500	500	500	500
	1,935,532	2,203,232	2,553,876	4,726,756	618,344	2,523,524

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-10 \$	New Loans \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
86A-Hampton Harbour Boat & Sailing Club *	3,220		3,220	3,220	0	0	62	147
88-Chamber of Commerce *	64,003		2,381	2,381	61,622	61,622	4,434	4,477
91-Administration Building Renovation	2,457,798		436,566	436,566	2,021,232	2,021,232	134,983	139,951
92-Aged Persons Units	84,981		26,921	26,921	58,060	58,060	3,919	3,972
93-Wickham Transfer Station	508,345		133,992	133,992	374,353	374,353	30,173	30,526
94-Staff Housing	4,313,953		198,146	198,146	4,115,807	4,115,807	270,675	271,916
95-Staff Housing	571,581		101,527	101,527	470,054	470,054	31,391	32,547
96-Cossack Infrastructure	985,840		74,659	74,659	911,182	911,181	57,466	58,329
98-Karratha Airport Upgrade	9,186,890	1,497,700	839,861	839,861	8,359,029	8,359,029	418,723	435,430
99-Plant Purchases 10/11			10,980	10,980	1,497,700	(10,980)	11,420	3,514
Underground Power			0	0				0
Bulgarra Community Centre			2,920	2,920		(2,920)		7,583
Baynton West Family Centre			4,207	4,207		(4,207)		10,913
	18,188,611	1,497,700	1,817,272	1,835,380	17,869,039	16,353,231	963,246	999,305

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
99-Plant Purchases 10/11	1,497,700	1,497,700								
Underground Power	0	14,612,940								
Bulgarra Community Centre	0	1,400,000								
Baynton West Family Centre	0	2,010,664								
			WATC	Debenture	5	248,046	5.68	1,497,700	1,497,700	0

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

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-10 \$	Borrowed During Year \$	Expended/Repaid During Year \$	Balance 30-Jun-11 \$
96-Cossack Infrastructure	21-May-05	942,220	0	31,038	911,182
99-Plant Purchases	13-May-11	0	1,497,700	1,497,700	0
		942,220	1,497,700	1,528,738	911,182

(d) Overdraft

Council established an overdraft facility of \$1,000,000 with Westpac Banking Corporation to assist with short term liquidity requirements. The balance to the bank overdraft at 30 June 2011 was \$0 (2010 was \$2,546,614). The facility was renewed for 12 months.

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

22. RATING INFORMATION - 2010/11 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Gross Rental Values											
Residential	0.027490	5,105	327,530,196	9,003,805			9,003,805	9,033,307			9,033,307
Commercial/Tourism/Town Centre/Airport	0.054981	233	33,177,678	1,824,142			1,824,142	1,824,142			1,824,142
Industry/Mixed Business	0.047872	282	18,765,980	898,365			898,365	899,927			899,927
Transient Workforce	0.090124	10	20,307,100	1,830,157			1,830,157	1,830,157			1,830,157
Strategic Industry (GRV)	0.054981	2	10,845,000	596,269			596,269	596,269			596,269
Interim Rates		201	19,262,154		536,054	9,729	536,054	801,795	10,000		801,795
Back Rates							9,729				10,000
											0
											0
Unimproved Values											
Strategic Industry (UV)	0.114437	239	20,940,239	2,162,221			2,162,221	975,810			975,810
Pastoral	0.057218						0	234,113			234,113
Mining/General	0.114437						0	347,438			347,438
Prospecting	0.114437						0	8,729			8,729
Exploration	0.114437						0	79,174			79,174
Interim Rates		13	1,288,323		143,388		143,388		15,000		15,000
Back Rates							0			5,000	5,000
Sub-Totals		6,085	452,116,670	16,314,959	679,442	9,729	17,004,130	16,620,961	25,000	5,000	16,650,961
	Minimum \$										
Minimum Rates											
Gross Rental Values											
Residential	1,070	1,488	32,311,858	1,570,760			1,570,760	1,565,410			1,565,410
Commercial/Tourism/Town Centre/Airport	1,070	163	2,113,319	174,410			174,410	174,410			174,410
Industry/Mixed Business	1,070	130	1,655,184	219,350			219,350	222,560			222,560
Transient Workforce	1,070						0	0			0
Strategic Industry (GRV)	1,070	(26)	(585,380)		(41,113)	1,479	(41,113)	0			0
Interim Rates							1,479				0
Back Rates											0
											0
Unimproved Values											
Strategic Industry (UV)	400	17	11,094,351	6,800			6,800	8,000			8,000
Pastoral	400	0	4,091,600	0			0	0			0
Mining/General	400	76	5,015,987	30,400			30,400	30,000			30,000
Prospecting	200	12	72,547	2,400			2,400	2,400			2,400
Exploration	400	29	665,754	11,600			11,600	11,200			11,200
Interim Rates		6	11,033		1,732		1,732				0
Back Rates							0				0
Sub-Totals		1,875	56,446,253	2,015,720	(39,381)	1,479	1,977,818	2,013,980	0	0	2,013,980
											18,664,841
Ex-Gratia Rates											
Cossack Rates Concession							(19,360)				(19,360)
Pastoral Rates Concession							(168,100)				(168,100)
Rates Written Off							0				0
Excess Rates Receipts							(174,482)				(174,482)
Discounts (refer note 25)							0				0
Totals							18,619,986				18,477,741

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

23. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

No Specified area rates were raised in the 2010/11 financial year.

24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

No Service Charges were imposed in the 2010/11 financial year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Cossack Rate Concession	Concession		19,380	19,000
Pastoral Rate Concession	Concession		168,100	168,100
			187,480	187,100
Write-offs	Write-Offs		5,504	0
			192,984	187,100

No discount on rates were granted to rate payers in the 2010/11 financial year.

Rate payers who paid their rates and rubbish collection charges in full by the due date (35 days from date of issue) were eligible for the rates incentive scheme as outlined in our 2010/11 Budget Note 4.2 (Rating Information)

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

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates & Rubbish	11.00%		147,551	150,000
Interest / Charges on Instalments	5.50%	5.00	74,530	60,000
			222,081	210,000

Option No. 1

No. Of Payments One

Payments Due 1) Tuesday 31 August 2010

Option No. 2

No. Of Payments Two

Payments Due 1) Tuesday 31 August 2010
 2) Monday 1 November 2010

Option No. 3

No. Of Payments Four

Payments Due 1) Tuesday 31 August 2010
 2) Monday 1 November 2010
 3) Friday 7 January 2011
 4) Friday 11 March 2011

27. FEES & CHARGES

	2011 \$	2010 \$
Governance	11,299	16,124
General Purpose Funding	138,046	120,353
Law, Order, Public Safety	35,798	32,868
Health	55,341	36,971
Education and Welfare	53,992	63,808
Housing	242,423	171,449
Community Amenities	10,958,326	8,814,369
Recreation and Culture	1,106,747	1,069,810
Transport	22,978,039	20,563,153
Economic Services	1,493,632	963,223
Other Property and Services	265,662	180,621
	37,339,305	32,032,749

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

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

28. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Nature and Type:	2011	2010
	\$	\$
Operating Grants, Subsidies and Contributions	6,428,544	5,406,250
Non-Operating Grants, Subsidies and Contributions	<u>26,297,290</u>	<u>4,485,328</u>
	<u><u>32,725,834</u></u>	<u><u>9,891,578</u></u>
By Program:		
Governance	13,265	13,950
General Purpose Funding	3,861,360	3,297,420
Law, Order, Public Safety	200,768	161,209
Health	12,010	8,000
Education and Welfare	31,667	1,266,392
Housing	0	1,670,171
Community Amenities	1,362,817	63,479
Recreation and Culture	23,284,050	1,588,013
Transport	1,687,997	1,787,062
Economic Services	2,271,900	700
Other Property and Services	<u>0</u>	<u>35,182</u>
	<u><u>32,725,834</u></u>	<u><u>9,891,578</u></u>

29. ELECTED MEMBERS REMUNERATION

The Local Government Act 1995 provides for the payment to Councillors of the following fees, expenses and allowances

Sitting Fees

	2011	2011	2010
	\$	Budget	\$
		\$	
Shire President at \$14,000 per year	14,000	14,000	14,000
Deputy President at \$7,000 per year	7,000	7,000	7,000
8 Councillors at \$7,000 per year	56,000	63,000	60,667

Local Government Allowance

Shire President at \$60,000 per year	60,000	60,000	60,000
Deputy President at \$15,000 per year (25% of President's Allowance)	15,000	15,000	15,000

Telephone Expenses

10 Councillors at \$2,400 per year	24,000	26,400	25,600
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Information Technology

10 Councillors at \$1,000 per year	10,000	11,000	10,667
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Other Expenses

Childcare (actual costs or \$20/hour whichever is lower)	0	0	0
Travelling expenses (as per Local Govt Officers Award)	6,609	22,000	7,857

Councillors receive a Professional Development Allowance of \$5,500 which covers costs associated with Conferences

48,740	60,500	1,672
<u>241,349</u>	<u>278,900</u>	<u>202,463</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2011	2010
<u>219</u>	<u>170</u>

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

31. MAJOR LAND TRANSACTIONS

Residential Subdivision

(a) Details

Council endorsed the Business Plan for Major Land Transactions titled:

"Purchase, Develop and dispose of Land - Part of Lot 4933, Karratha Reserve 32335 and Lot 837 Clarkson Way, Karratha and Part of Lot 4655 Karratha Reserve 40041" and authorised proceedings with the purchase, development and sale of said land at the Ordinary Council Meeting of 16 June 2009, resolution number 14389.

The plan provided for the development of 21 freehold lots with 10 to be utilised for staff housing, 2 lots for GPs under the Medical Services Package and the remaining 9 lots to be disposed of in accordance with s3.58(2) of the Local Government Act 1995.

Development of the lots was completed in 2009/10.

2010/11 Transactions

The Council had 9 lots available for sale in accordance with the 2009/10 business plan. Two of the lots are subject to Native Land Title and will not be transferred to the Council if clearance cannot be secured. Four lots were sold in the 2009/10 year. The remaining three lots were sold in 2010/11, as described below.

The net proceeds from sale of these lots are being utilised for POS development, specifically the redevelopment of Catrall Park.

	2011 \$	2011 Budget \$	2010 \$
(b) Current year transactions			
Operating Revenue			
Profit on sale	778,090	982,995	1,521,713
Capital Revenue			
Sale Proceeds - 4 Lots Teesdale			1,847,273
Sale Proceeds - 3 Lots Clarkson	997,147	1,200,000	
Capital Expenditure			
Purchase of Land	0	217,005	0
Development Costs	1,432	0	49,308
	1,432	217,005	49,308

The above capital expenditure is included in land held for resale (refer Note 5).

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

(c) Expected Future Cash Flows

	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$	Total \$
Cash Outflows						
Development Costs	0	0	0	0	0	0
Loan Repayments	0	0	0	0	0	0
	0	0	0	0	0	0
Cash Inflows						
Loan Proceeds	0	0	0	0	0	0
Sale Proceeds	0	0	0	0	0	0
	0	0	0	0	0	0
Net Cash Flows	0	0	0	0	0	0

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Tien Tsin Inne operates inside the Karratha Airport Terminal Building. The Tien Tsin Inne is a self-funded trading undertaking, with any surplus transferred as a rate of return to the Airport Reserve.

	2011	2011	2010
	\$	Budget	\$
	\$	\$	\$
Operating Revenue			
Kiosk/Bar	2,474,527	2,468,000	2,616,888
	<u>2,474,527</u>	<u>2,468,000</u>	<u>2,616,888</u>
Operating Expenditure			
Employment Costs	(1,139,889)	(966,269)	(1,067,214)
Office Expenses	(4,998)	(7,647)	(32,060)
Write Off Bad Debts	0	0	0
Building Costs	(21,733)	(11,000)	(15,185)
Insurance	(192)	(47)	(213)
Equipment Repairs & Replacement	(6,491)	(5,000)	(7,040)
Consumables/Shrinkage	(41,488)	(22,300)	(32,297)
Kiosk Expenses	(588,713)	(600,000)	(508,399)
Bar Expenses	(437,303)	(450,000)	(472,182)
Depreciation	(11,051)	(6,945)	(5,299)
Employee Leave Provisions	(6,634)	(35,000)	(37,105)
Total	<u>(2,258,492)</u>	<u>(2,104,208)</u>	<u>(2,176,994)</u>
Net Operating Surplus	216,035	363,792	439,894
Capital Expenditure			
Purchase Furniture & Equipment	(32,543)	(30,500)	(12,832)
Transfer to Airport Reserve	0	0	(469,466)
	<u>(32,543)</u>	<u>(30,500)</u>	<u>(482,298)</u>
Add Back Non Cash			
Depreciation	11,051	6,945	5,299
Employee Leave Provisions	6,634	35,000	37,105
	<u>17,685</u>	<u>41,945</u>	<u>42,404</u>
Rate of Return utilised to fund Airport Capital Improvements	201,177	375,237	0
Net Surplus/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>

This statement does not include and of the followign expenses as they are embedded in the total cost of running the airport:

- Administration
- Utilities - power, water consumption, water rates, ESL
- Lease/rent expenses - nil applicable
- Airport Security

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (con't)

	2011	2010
	\$	\$
Current Assets		
Cash and Cash Equivalents	8,600	8,600
Inventories	<u>23,606</u>	<u>30,955</u>
Total Current Assets	<u>32,206</u>	<u>39,555</u>
Non-Current Assets		
Property, Plant and Equipment	<u>79,954</u>	<u>47,411</u>
Total Non-Current Assets	<u>79,954</u>	<u>47,411</u>
Total Assets	<u>112,160</u>	<u>86,966</u>
Current Liabilities		
Provisions	<u>31,257</u>	<u>117,608</u>
Total Current Liabilities	<u>31,257</u>	<u>117,608</u>
Non-Current Liabilities		
Provisions	<u>4,521</u>	<u>1,536</u>
Total Non-Current Liabilities	<u>4,521</u>	<u>1,536</u>
Total Liabilities	<u>35,778</u>	<u>119,144</u>
Net Assets	<u><u>76,382</u></u>	<u><u>(32,178)</u></u>

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

33. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	86,958,575	63,861,968	86,958,575	63,861,968
Receivables	9,474,982	9,489,409	9,474,982	9,489,409
	<u>96,433,557</u>	<u>73,351,377</u>	<u>96,433,557</u>	<u>73,351,377</u>
Financial Liabilities				
Payables	10,953,374	5,385,142	10,953,374	5,385,142
Borrowings - Short Term	0	2,546,614	0	2,546,614
Borrowings - Long Term	17,869,041	18,188,611	17,869,041	18,188,611
	<u>28,822,415</u>	<u>26,120,367</u>	<u>28,822,415</u>	<u>26,120,367</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 ROEBOURNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

33. 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.

	2011	2010
	\$	\$
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	7,764,365	6,310,324
- Statement of Comprehensive Income	7,764,365	6,310,324

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.

Impact of a 1% (*) movement in interest rates on cash and investments:

- Equity	776,437	631,032
- Statement of Comprehensive Income	776,437	631,032

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

33. 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:

	2011	2010
Percentage of Rates and Annual Charges		
- Current	72.06%	0.00%
- Overdue	27.94%	100.00%
Percentage of Other Receivables		
- Current	88.87%	82.00%
- Overdue	11.13%	18.00%

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

33. 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:

	<u>2011</u>	<u>2010</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	10,953,374	0	0	10,953,374	10,953,374
Borrowings - Short Term	0	0	0	0	0
Borrowings - Long Term	<u>3,127,411</u>	<u>12,118,822</u>	<u>8,773,118</u>	<u>24,019,351</u>	<u>17,869,041</u>
	<u>14,080,785</u>	<u>12,118,822</u>	<u>8,773,118</u>	<u>34,972,725</u>	<u>28,822,415</u>
Payables	5,385,142	0	0	5,385,142	5,385,142
Borrowings - Short Term	2,546,614	0	0	2,546,614	0
Borrowings - Long Term	<u>235,871</u>	<u>10,725,670</u>	<u>10,649,339</u>	<u>21,610,880</u>	<u>18,188,611</u>
	<u>8,167,627</u>	<u>10,725,670</u>	<u>10,649,339</u>	<u>29,542,636</u>	<u>23,573,753</u>

**SHIRE OF ROEBOURNE
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FOR THE YEAR ENDED 30TH JUNE 2011**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2011</u>								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	0	432,413	0	2,491,286	14,945,340	17,869,039	5.47%
Weighted Average Effective Interest Rate	0.00%	0.00%	6.24%	0.00%	5.85%	5.38%		
<u>Year Ended 30 June 2010</u>								
Payables								
Borrowings								
Fixed Rate								
Debentures	3,220	0	593,326	0	3,029,379	14,562,686	18,188,611	5.45%
Weighted Average Effective Interest Rate	6.04%	0.00%	6.23%	0.00%	5.85%	5.33%		

**SHIRE OF ROEBOURNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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