

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

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SHIRE OF ROEBOURNE

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the *1st* day of *December* 2010.


C Longmore
Chief Executive Officer

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

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	23	16,388,289	16,090,709	13,235,942
Operating Grants, Subsidies and Contributions	29	5,406,250	5,981,686	4,304,386
Fees and Charges	28	32,032,749	24,229,047	26,459,545
Interest Earnings	2(a)	2,728,542	2,893,177	1,928,626
Other Revenue		<u>1,636,379</u>	<u>206,065</u>	<u>817,520</u>
		58,192,209	49,400,684	46,746,019
EXPENSES				
Employee Costs		(16,381,892)	(17,493,511)	(13,912,026)
Materials and Contracts		(10,466,499)	(10,331,094)	(9,384,561)
Utility Charges		(2,308,839)	(2,080,430)	(2,351,088)
Depreciation on Non-Current Assets	2(a)	(6,656,480)	(6,648,955)	(5,720,183)
Interest Expenses	2(a)	(1,072,592)	(1,072,605)	(552,169)
Insurance Expenses		(707,188)	(664,223)	(544,507)
Other Expenditure		<u>(4,109,552)</u>	<u>(2,255,966)</u>	<u>(2,711,814)</u>
		<u>(41,703,042)</u>	<u>(40,546,784)</u>	<u>(35,176,348)</u>
		16,489,167	8,853,900	11,569,671
Non-Operating Grants, Subsidies and Contributions	29	4,485,328	5,792,517	24,981,360
Profit on Asset Disposals	21	253,840	390,618	33,806
Loss on Asset Disposal	21	<u>(124,464)</u>	<u>(97,512)</u>	<u>(1,753,018)</u>
NET RESULT		21,103,871	14,939,523	34,831,819
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>21,103,871</u></u>	<u><u>14,939,523</u></u>	<u><u>34,831,819</u></u>

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

SHIRE OF ROEBOURNE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		114,689	122,549	19,399,005
General Purpose Funding		22,507,138	21,399,883	101,970
Law, Order, Public Safety		200,148	186,862	127,729
Health		45,400	45,166	21,642
Education and Welfare		1,330,199	1,088,849	1,468,176
Housing		1,841,620	2,032,719	149,508
Community Amenities		9,060,646	6,129,415	7,922,265
Recreation and Culture		2,701,043	4,930,912	22,929,428
Transport		22,450,711	17,433,254	17,218,988
Economic Services		968,888	2,089,430	1,432,978
Other Property and Services		<u>1,710,895</u>	<u>97,281</u>	<u>989,496</u>
	2 (a)	62,931,377	55,556,320	71,761,185
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(1,589,664)	(1,914,572)	(1,462,362)
General Purpose Funding		(463,435)	(450,364)	(575,940)
Law, Order, Public Safety		(1,177,190)	(1,339,206)	(1,087,595)
Health		(936,255)	(1,118,373)	(786,374)
Education and Welfare		(291,324)	(320,859)	(203,150)
Housing		(551,443)	(386,357)	(639,981)
Community Amenities		(6,375,739)	(6,738,078)	(5,740,199)
Recreation & Culture		(12,314,728)	(12,996,454)	(11,122,438)
Transport		(14,757,617)	(13,670,400)	(12,391,164)
Economic Services		(1,345,327)	(1,180,276)	(1,132,510)
Other Property and Services		<u>(952,192)</u>	<u>570,747</u>	<u>(1,235,484)</u>
	2 (a)	(40,754,914)	(39,544,192)	(36,377,197)
FINANCE COSTS				
General Purpose Funding		(5,153)	(5,159)	(6,058)
Governance		(164,412)	(164,412)	(183,597)
Housing		(327,535)	(327,536)	(77,389)
Community Amenities		(38,731)	(38,737)	(46,255)
Recreation & Culture		(62,580)	(62,580)	(66,004)
Transport		<u>(474,181)</u>	<u>(474,181)</u>	<u>(172,866)</u>
	2 (a)	(1,072,592)	(1,072,605)	(552,169)
NET RESULT		21,103,871	14,939,523	34,831,819
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>21,103,871</u>	<u>14,939,523</u>	<u>34,831,819</u>

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

**SHIRE OF ROEBOURNE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	63,861,968	60,057,558
Trade and Other Receivables	4	9,386,236	7,059,704
Inventories	5	518,167	728,361
TOTAL CURRENT ASSETS		<u>73,766,371</u>	<u>67,845,623</u>
NON-CURRENT ASSETS			
Other Receivables	4	103,173	108,774
Property, Plant and Equipment	6	62,434,728	47,885,325
Infrastructure	7	74,074,405	72,490,219
TOTAL NON-CURRENT ASSETS		<u>136,612,306</u>	<u>120,484,318</u>
TOTAL ASSETS	18	<u>210,378,677</u>	<u>188,329,941</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	5,385,142	5,536,730
Short Term Borrowings	9	2,546,614	0
Long Term Borrowings	10	1,821,586	1,728,038
Provisions	11	2,125,167	1,781,296
TOTAL CURRENT LIABILITIES		<u>11,878,509</u>	<u>9,046,064</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	16,367,025	18,188,610
Provisions	11	167,490	233,485
TOTAL NON-CURRENT LIABILITIES		<u>16,534,515</u>	<u>18,422,095</u>
TOTAL LIABILITIES		<u>28,413,024</u>	<u>27,468,159</u>
NET ASSETS		<u>181,965,653</u>	<u>160,861,782</u>
EQUITY			
Retained Surplus		106,853,672	113,846,355
Reserves - Cash Backed	12	63,430,971	35,334,417
Reserves - Asset Revaluation	13	11,681,010	11,681,010
TOTAL EQUITY		<u>181,965,653</u>	<u>160,861,782</u>

**SHIRE OF ROEBOURNE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008	90,450,464	23,898,489	11,681,010	126,029,963
Net Result	34,831,819	0	0	34,831,819
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(11,435,928)	11,435,928	0	0
Balance as at 30 June 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	<u>106,853,672</u>	<u>63,430,971</u>	<u>11,681,010</u>	<u>181,965,653</u>

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

**SHIRE OF ROEBOURNE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		15,760,826	19,079,820	13,140,513
Operating Grants, Subsidies and Contributions		6,589,287	5,993,025	3,018,177
Fees and Charges		28,761,755	24,194,047	25,756,695
Interest Earnings		2,728,542	2,893,177	2,005,290
Goods and Services Tax		2,972,007	2,750,000	1,139,443
Other Revenue		2,106,195	206,065	1,057,753
		<u>58,918,612</u>	<u>55,116,134</u>	<u>46,117,871</u>
Payments				
Employee Costs		(15,904,228)	(17,101,020)	(12,995,117)
Materials and Contracts		(10,584,746)	(10,137,433)	(12,293,786)
Utility Charges		(2,308,839)	(2,095,430)	(2,382,979)
Insurance Expenses		(707,188)	(664,223)	(544,507)
Interest expenses		(1,072,592)	(1,072,605)	(356,851)
Goods and Services Tax		(2,670,938)	(2,750,000)	(1,139,443)
Other Expenditure		(4,109,552)	(2,433,093)	(2,432,676)
		<u>(37,358,083)</u>	<u>(36,253,804)</u>	<u>(32,145,359)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>21,560,529</u>	<u>18,862,330</u>	<u>13,972,512</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(17,537,573)	(21,337,520)	(6,228,701)
Payments for Construction of Infrastructure		(6,472,804)	(14,902,014)	(19,291,014)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		4,485,328	5,792,517	24,981,360
Proceeds from Sale of Plant & Equipment		803,680	2,395,200	452,632
Net Cash Provided By (Used In) Investing Activities		<u>(18,721,369)</u>	<u>(28,051,817)</u>	<u>(85,723)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(1,728,037)	(1,728,120)	(704,489)
Proceeds from Self Supporting Loans		11,137	11,206	16,170
Proceeds from Local Group Loans		135,536	135,536	26,895
Proceeds from New Debentures		0	0	14,500,000
Net Cash Provided By (Used In) Financing Activities		<u>(1,581,364)</u>	<u>(1,581,378)</u>	<u>13,838,576</u>
Net Increase (Decrease) in Cash Held		1,257,796	(10,770,865)	27,725,365
Cash at Beginning of Year		60,057,558	59,922,391	32,332,193
Cash and Cash Equivalents at the End of the Year	14(a)	<u>61,315,354</u>	<u>49,151,526</u>	<u>60,057,558</u>

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

**SHIRE OF ROEBOURNE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		149,689	122,549
General Purpose Funding		6,118,849	5,309,174
Law, Order, Public Safety		235,148	186,862
Health		45,400	45,166
Education and Welfare		80,199	1,088,849
Housing		271,449	2,032,719
Community Amenities		9,045,404	4,994,415
Recreation and Culture		2,471,741	1,760,062
Transport		20,960,098	15,946,587
Economic Services		968,888	2,089,430
Other Property and Services		<u>1,710,895</u>	<u>97,281</u>
		42,057,760	33,673,094
EXPENSES			
Governance		(1,754,076)	(455,523)
General Purpose Funding		(468,588)	(2,078,984)
Law, Order, Public Safety		(1,177,190)	(1,339,206)
Health		(936,255)	(1,118,373)
Education and Welfare		(291,324)	(320,859)
Housing		(878,978)	(713,893)
Community Amenities		(6,414,470)	(6,776,815)
Recreation & Culture		(12,377,308)	(13,059,034)
Transport		(15,231,798)	(14,144,581)
Economic Services		(1,345,327)	(1,180,276)
Other Property and Services		<u>(952,192)</u>	<u>570,744</u>
		(41,827,506)	(40,616,800)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	21	(129,376)	(293,106)
Movement in Accrued Interest		(22,127)	(22,127)
Movement in Accrued Salaries & Wages		(343,493)	
Contributions for the Development of Assets		4,485,328	5,792,517
Movement in Non-Current Pensioner Assets		0	0
Movement Works in Progress		546,004	0
Movement in Employee Benefit Provisions		277,876	392,491
Depreciation and Amortisation on Assets	2 (a)	6,656,480	6,648,955
Capital Expenditure and Revenue			
Purchase Land and Buildings		(12,206,237)	(14,669,920)
Purchase Equipment		(124,075)	(737,840)
Purchase Infrastructure		(6,472,804)	(14,902,014)
Purchase Plant		(4,554,485)	(5,603,500)
Purchase Furniture and Equipment		(652,776)	(326,260)
Proceeds from Disposal of Assets	21	803,680	2,395,200
Repayment of Debentures	22	(1,728,037)	(1,728,120)
Interest Free Loan Principal		(222,000)	(222,000)
Self-Supporting Loan Principal Income		11,137	11,206
Interest Free Loan Interest Repayments from Local Groups		135,536	135,536
Restricted Income		0	(741,000)
Transfers to Reserves (Restricted Assets)	12	(35,650,079)	(6,750,535)
Transfers from Reserves (Restricted Assets)	12	7,553,525	18,150,694
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		27,212,616	3,473,372
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		2,195,236	150,552
Amount Required to be Raised from Rates	23	<u>(16,388,289)</u>	<u>(16,090,709)</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 2010

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to this financial report.

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

Land under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

parks maintenance, Karratha and Roebourne Swimming Pools, coastal rehabilitation, and the 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%

Depreciation on each asset is charged to the programme to which the asset principally relates or, where possible, to the activity in which the asset is used.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets (continued)

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 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the statement of financial position and statement of comprehensive income. Information about the joint venture is set out in Note 17.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

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

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

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

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

AASB 101: Presentation of Financial Statements

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

Disclosure Impact

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

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

	2010	2009
	\$	\$
Auditors Remuneration		
- Audit	23,625	23,255
- Other Services	30,012	6,078
Depreciation		
Artwork/Sculptures	2,542	2,502
Buildings	942,550	888,822
Equipment	201,739	185,671
Furniture and Equipment	289,575	240,153
Plant	877,460	848,075
Infrastructure - Roads	2,221,158	2,071,938
Infrastructure - Paths and Cylceways	220,206	169,326
Infrastructure - Aerodromes	1,285,342	694,319
Infrastructure - Parks and Gardens	86,538	84,139
Infrastructure - Hardcourt Facilities	81,142	58,225
Infrastructure - Bridges and Culverts	149,406	195,913
Infrastructure - Drainage	14,744	14,743
Infrastructure - Miscellaneous	195,325	179,750
Infrastructure - Boat Ramps/Jetties	88,753	86,607
	<u>6,656,480</u>	<u>5,720,183</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 22(a)</i>)	1,072,592	552,169
	<u>1,072,592</u>	<u>552,169</u>
Rental Charges		
- Operating Leases	27,215	115,840
	<u>27,215</u>	<u>115,840</u>

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

2. REVENUE AND EXPENSES (Continued)

(a) Net Result

The Net Result includes:

(ii) Crediting as Revenue:

	2010	2010	2009
	\$	Budget	\$
		\$	
Interest Earnings			
Earnings on Reserve Funds			
Aerodrome Reserve	454,325	576,230	603,767
Airconditioner Replacement Reserve	4,325	5,302	7,505
Dampier Drainage Reserve	1,168	1,435	1,394
Walkington Theatre Operating Reserve	156	185	1,536
Plant Replacement Reserve	65,954	80,815	86,797
Workers Compensation Reserve	38,480	46,572	56,431
Waste Management Reserve	194,689	235,179	153,247
Infrastructure Reserve	277,710	350,710	286,946
Housing Reserve	209,820	254,135	69,446
Parks, Ovals and Recreation Facilities Reserve	276	303	7,234
Information Technology Reserve	4,042	0	14,018
Aged Persons Homes Reserve	2,144	2,632	3,045
Junior Sport Reserve	2,460	2,686	3,802
Public Open Space Reserve	19,429	23,819	33,714
History & Cultural Publications Reserve	1,738	2,131	3,016
Mosquito Control Reserve	58	73	70
Medical Services Incentive Scheme Reserve	12,207	10,320	14,606
Royalties for Region Reserve	766,739	720,000	0
Earnings on Municipal Funds			
General Funds	659,783	559,650	558,741
Long Service Leave	13,039	21,000	23,311
	<u>2,728,542</u>	<u>2,893,177</u>	<u>1,928,626</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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, 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 costs 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, ovals and parks maintenance, Karratha and Roebourne Swimming Pools, 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.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

TRANSPORT

Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs and the aerodrome. 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 Bureaux 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 costs are then relocated to other functions.

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-08 \$	Received (+) 2008/09 \$	Expended (#) 2008/09 \$	Closing Balance (*) 30-Jun-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Closing Balance 30-Jun-10 \$
PDC Andover Way Park		3,600	0	0	3,600	0	0	3,600
Regional Youth Co-ordinators		2,509	0	(356)	2,153	0	(2,153)	0
Office of Crime Prevention								0
- Community Safety Plan		20,000	0	0	20,000	0	0	20,000
PDC Hydrology Grant		40,000	0	0	40,000	0	0	40,000
City of Belmont - "Finding My Place"		4,877	0	0	4,877	0	0	4,877
PDC-Cultural Planning & Development								0
- formerly "Art Consultancy"		50,000	0	(29,019)	20,981	0	0	20,981
WA Tourism Commission - 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
Leisure & Learning Precinct		0	20,300,000	0	20,300,000	0	(20,300,000)	0
Royalties for Regions - Nickol West Skate Park		0	224,000	0	224,000	0	(224,000)	0
Country Regional Council Funding - Nickol West Skate Park		0	56,000	0	56,000	0	(56,000)	0
Royalties for Regions - Wickham Skate Park		0	56,000	0	56,000	0	0	56,000
Royalties for Regions - Dampier Pavilion		0	56,000	0	56,000	0	(56,000)	0
Dept Of Sport & Rec - Roebourne Enhancement Scheme		0	111,909	0	111,909	220,041	0	331,950
Baynton West Family Centre		0	1,000,000	0	1,000,000	0	(1,000,000)	0
Roads to Recovery		0	77,930	0	77,930	2,189	0	80,119
RLCIP Playground Structures		0	0	0	0	158,182	0	158,182
Forward Capital Planning Grant		0	0	0	0	35,000	0	35,000
Dept of Transport - John's Creek Boat Ramp Carpark		0	0	0	0	218,947	0	218,947
Walking Paths Network		0	0	0	1,797	100,000	0	101,797
Pilbara Iron - Pt Samson Entry Statement		0	0	0	0	141,437	0	141,437
Income from Roebourne Community Recreation Assoc. Inc		0	23,024	0	23,024	0	0	23,024
Footpaths		0	176,674	0	176,674	0	(176,674)	0
Pilbara Mesquite Committee		5,766	0	0	5,766	0	(5,766)	0
Total		174,480	22,081,537	(29,375)	22,228,439	875,796	(21,820,593)	1,283,642

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 2010

	NOTE	2010 \$	2009 \$
3. CASH AND CASH EQUIVALENTS			
Cash on Hand - Unrestricted		86,990	1,221,515
Cash at Municipal Bank - Unrestricted		344,007	330,967
Restricted		<u>63,430,971</u>	<u>58,505,076</u>
		<u>63,861,968</u>	<u>60,057,558</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves			
Aerodrome Reserve		15,839,476	12,473,340
Walkington Theatre reserve		4,454	4,297
Airconditioning reserve		0	118,741
Dampier Drainage Reserve		23,432	32,056
Plant Replacement Reserve		1,572,522	1,810,736
Infrastructure Reserve		13,261,070	7,624,334
Workers Compensation Reserve		1,094,922	1,056,442
Waste Management Reserve		6,893,215	5,345,051
Housing Reserve		1,485,179	5,706,614
Parks, Ovals and Recreation Facilities Reserve		0	7,586
Information Technology Reserve		0	110,972
Aged Person Reserve		71,700	58,867
Public Open Space Reserve		2,074,544	533,402
History & Cultural Publications Reserve		49,461	47,722
Junior Sport Reserve		81,734	67,532
Mosquito Control Reserve		2,159	1,601
Medical Services Assistance Package Reserve		241,355	335,124
Royalties for Regions Reserve		<u>20,735,748</u>	<u>0</u>
Reserve Funds Total	12	<u>63,430,971</u>	<u>35,334,417</u>
Other Restricted Funds			
Unspent Loan Money - Loan 96 (Refer Note 9)		<u>0</u>	<u>942,220</u>
Other Restricted Funds total		<u>0</u>	<u>942,220</u>
Unspent Grants and Contributions (Refer Note 9)		0	22,228,439
		<u>63,430,971</u>	<u>58,505,076</u>

SHIRE OF ROEBOURNE
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FOR THE YEAR ENDED 30TH JUNE 2010

4. TRADE AND OTHER RECEIVABLES	2010	2009
	\$	\$
Current		
Sundry Debtors - Rates	1,198,196	756,656
Sundry Debtors - Rubbish	1,262,356	14,711
Sundry Debtors - Legal Costs Rates	25,154	2,285
Sundry Debtors - Fees & Charges for Services	8,820	1,366,044
Sundry Debtors - Private Works	430,947	243,667
Sundry Debtors - Income from Property	28,209	2,936
Sundry Debtors - Aerodrome	5,448,768	2,303,617
Sundry Debtors - Government Grants	312,584	1,495,621
Sundry Debtors - Reimbursements & General	347,330	579,736
Sundry Debtors - Self-Supporting Loans	0	0
Sundry Debtors - Excess Rates Receipts	174,482	0
Staff Housing Bonds	140,105	86,048
Self Supporting Loans	5,601	11,137
Pensioner Rebates Unclaimed	0	0
Interest Free Loans	94,000	7,536
Accrued Income	124,292	483,388
Prepayments	136,715	177,161
- Less Provision for Doubtful Debts	(351,323)	(470,839)
	<u>9,386,236</u>	<u>7,059,704</u>
Non-Current		
Loans to Local Groups	30,109	30,109
Self Supporting Loans	61,623	67,224
Deferred Pensioner Rates	11,441	11,441
	<u>103,173</u>	<u>108,774</u>

**SHIRE OF ROEBOURNE
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	2010 \$	2009 \$
5. INVENTORIES		
Current		
Fuel and Materials	257,512	211,376
Food, Drinks & Merchandise TienTsin Inne	30,954	14,221
Food, Drinks & Merchandise Karratha Entertainment Centre	1,373	896
Food, Drinks & Merchandise Cossack Café	4,896	5,568
Food, Drinks & Merchandise Karratha Swimming Pool	4,097	2,148
Food, Drinks & Merchandise Roebourne Swimming Pool	1,710	275
Land Held for Resale - Work in Progress		
Cost of Acquisition	37,370	37,370
Development Costs	180,255	456,507
	<u>518,167</u>	<u>728,361</u>
	2010	2009
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land		
Land at cost	<u>5,133,881</u>	<u>4,116,881</u>
	5,133,881	4,116,881
Buildings		
Buildings at Cost	60,047,245	52,091,860
Less Accumulated Depreciation	<u>(17,514,904)</u>	<u>(16,572,355)</u>
	42,532,341	35,519,505
Plant		
Plant at Cost	10,880,741	8,222,163
Less Accumulated Depreciation	<u>(3,402,040)</u>	<u>(3,746,183)</u>
	7,478,701	4,475,980
Equipment (External)		
Equipment (External) at Cost	3,283,099	3,276,237
Less Accumulated Amortisation	<u>(2,765,789)</u>	<u>(2,681,263)</u>
	517,310	594,974
Furniture (Internal)		
Furniture (Internal) - Cost	2,908,499	2,297,210
Less Accumulated Depreciation	<u>(1,841,494)</u>	<u>(1,591,351)</u>
	1,067,005	705,859
Artwork/Sculptures		
Artwork/Sculptures Assets at Cost	127,829	125,774
Less Accumulated Depreciation	<u>(19,399)</u>	<u>(16,857)</u>
	108,430	108,917
Works in Progress		
Works in Progress	<u>5,597,060</u>	<u>2,363,209</u>
	5,597,060	2,363,209
	<u>62,434,728</u>	<u>47,885,325</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land	Buildings	Plant	Equipment (External)	Furniture (Internal)	Artworks Sculptures	Works in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2009	4,116,881	35,519,505	4,475,980	594,974	705,859	108,917	2,363,209	47,885,325
Additions	1,017,000	7,955,386	4,554,485	124,075	650,721	2,055	3,233,851	17,537,573
(Disposals)	0	0	(674,304)	0	0	0	0	(674,304)
Revaluation - Increments	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0	0	0
- reversals	0	0	0	0	0	0	0	0
Depreciation (Expense)	0	(942,550)	(877,460)	(201,739)	(289,575)	(2,542)	0	(2,313,866)
Other Movements	0	0	0	0	0	0	0	0
Balance as at 30 June 2010	<u>5,133,881</u>	<u>42,532,341</u>	<u>7,478,701</u>	<u>517,310</u>	<u>1,067,005</u>	<u>108,430</u>	<u>5,597,060</u>	<u>62,434,728</u>

SHIRE OF ROEBOURNE
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	2010	2009
	\$	\$
7. INFRASTRUCTURE		
Roads		
Infrastructure Assets at Cost	64,623,521	62,042,818
Less Accumulated Depreciation	<u>(42,359,298)</u>	<u>(40,138,139)</u>
	22,264,223	21,904,679
Paths and Cycleways		
Infrastructure Assets at Cost	6,473,004	5,492,084
Less Accumulated Depreciation	<u>(3,325,962)</u>	<u>(3,105,756)</u>
	3,147,042	2,386,328
Aerodromes		
Infrastructure Assets at Cost	36,919,525	35,585,211
Less Accumulated Depreciation	<u>(6,481,346)</u>	<u>(5,196,004)</u>
	30,438,179	30,389,207
Parks and Gardens		
Infrastructure Assets at Cost	8,871,725	8,596,206
Less Accumulated Depreciation	<u>(957,374)</u>	<u>(870,836)</u>
	7,914,351	7,725,370
Hardcourt Facilities		
Infrastructure Assets at Cost	3,200,060	2,518,407
Less Accumulated Depreciation	<u>(820,070)</u>	<u>(738,928)</u>
	2,379,990	1,779,479
Bridges and Culverts		
Infrastructure Assets at Cost	5,141,228	5,141,228
Less Accumulated Depreciation	<u>(3,894,638)</u>	<u>(3,745,232)</u>
	1,246,590	1,395,996
Drainage		
Infrastructure Assets at Cost	819,057	371,188
Less Accumulated Depreciation	<u>(477,356)</u>	<u>(14,743)</u>
	341,701	356,445
Boat Ramps		
Infrastructure Assets at Cost	2,414,853	1,847,689
Less Accumulated Depreciation	<u>(1,306,272)</u>	<u>(1,217,519)</u>
	1,108,581	630,170
Miscellaneous Structures		
Infrastructure Assets at Cost	4,144,673	4,092,141
Less Accumulated Depreciation	<u>(1,157,226)</u>	<u>(961,901)</u>
	2,987,447	3,130,240
Works in Progress		
Works in Progress	<u>2,246,301</u>	<u>2,792,305</u>
	<u>74,074,405</u>	<u>72,490,219</u>

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Pathways & Cycleways \$	Aerodromes \$	Parks and Gardens \$	Hardcourt Facilities \$	Bridges & Culverts \$	Drainage \$	Boat Ramps \$	Miscellaneous Structures \$	Works in Progress \$	Total \$
Balance as at 1 July 2009	21,904,679	2,386,328	30,389,207	7,725,370	1,779,479	1,395,996	356,445	630,170	3,130,240	2,792,305	72,490,219
Additions	2,580,702	980,920	1,334,314	275,519	681,653	0	0	567,164	52,532	0	6,472,804
(Disposals)	0	0	0	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0	0	0	0	0	0
- reversals	0	0	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(2,221,158)	(220,206)	(1,285,342)	(86,538)	(81,142)	(149,406)	(14,744)	(88,753)	(195,325)	0	(4,342,614)
Other Movements	0	0	0	0	0	0	0	0	0	(546,004)	(546,004)
Balance as at 30 June 2010	<u>22,264,223</u>	<u>3,147,042</u>	<u>30,438,179</u>	<u>7,914,351</u>	<u>2,379,990</u>	<u>1,246,590</u>	<u>341,701</u>	<u>1,108,581</u>	<u>2,987,447</u>	<u>2,246,301</u>	<u>74,074,405</u>

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

	2010	2009
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	3,294,993	3,833,699
Other Liabilities	14,053	0
Retention Monies	524,293	0
Accrued Expenses	510,495	1,601,432
GST Payable	301,069	0
Income Received in Advance	740,239	101,599
	<u>5,385,142</u>	<u>5,536,730</u>
9. SHORT-TERM BORROWINGS		
Unsecured		
Bank Overdraft	<u>2,546,614</u>	<u>0</u>
Represented by:		
Municipal Overdraft	4,772,476	0
Unspent Loan Money Loan 96 (Note 22)	(942,220)	0
Unspent Grants and Contributions (Note 2)	(1,283,642)	0
	<u>2,546,614</u>	<u>0</u>
10. LONG-TERM BORROWINGS		
Current		
WA Treasury Loans	1,683,281	1,602,251
Commonwealth Bank Loan	138,305	125,787
	<u>1,821,586</u>	<u>1,728,038</u>
Non-Current		
WA Treasury Loans	15,996,985	17,680,265
Commonwealth Bank Loan	370,040	508,345
	<u>16,367,025</u>	<u>18,188,610</u>
Additional detail on borrowings is provided in Note 22.		
11. PROVISIONS		
Current		
Provision for Annual Leave	1,431,926	1,125,996
Provision for Long Service Leave	693,241	655,300
	<u>2,125,167</u>	<u>1,781,296</u>
Non-Current		
Provision for Long Service Leave	167,490	233,485
	<u>167,490</u>	<u>233,485</u>

SHIRE OF ROEBOURNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH BACKED			
(a) Aerodrome Reserve			
Opening Balance	12,473,340	12,805,121	12,962,105
Amount Set Aside / Transfer to Reserve	4,766,136	576,230	6,623,936
Amount Used / Transfer from Reserve	<u>(1,400,000)</u>	<u>(3,614,325)</u>	<u>(7,112,701)</u>
	<u>15,839,476</u>	<u>9,767,026</u>	<u>12,473,340</u>
(b) Walkington Theatre Operating Reserve			
Opening Balance	4,297	4,111	22,761
Amount Set Aside / Transfer to Reserve	157	185	1,536
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(20,000)</u>
	<u>4,454</u>	<u>4,296</u>	<u>4,297</u>
(c) Air-Conditioning Reserve			
Opening Balance	118,741	117,833	111,236
Amount Set Aside / Transfer to Reserve	4,326	5,302	7,505
Amount Used / Transfer from Reserve	<u>(123,067)</u>	<u>(117,833)</u>	<u>0</u>
	<u>0</u>	<u>5,302</u>	<u>118,741</u>
(d) Plant Replacement Reserve			
Opening Balance	1,810,736	1,795,899	1,213,528
Amount Set Aside / Transfer to Reserve	418,965	880,815	924,208
Amount Used / Transfer from Reserve	<u>(657,179)</u>	<u>(1,506,500)</u>	<u>(327,000)</u>
	<u>1,572,522</u>	<u>1,170,214</u>	<u>1,810,736</u>
(e) Dampier Drainage Reserve			
Opening Balance	32,056	31,887	20,662
Amount Set Aside / Transfer to Reserve	1,168	1,435	11,394
Amount Used / Transfer from Reserve	<u>(9,792)</u>	<u>0</u>	<u>0</u>
	<u>23,432</u>	<u>33,322</u>	<u>32,056</u>
(f) Infrastructure Reserve			
Opening Balance	7,624,334	7,793,552	4,252,883
Amount Set Aside / Transfer to Reserve	5,938,890	4,357,487	4,983,566
Amount Used / Transfer from Reserve	<u>(302,154)</u>	<u>(4,358,050)</u>	<u>(1,612,115)</u>
	<u>13,261,070</u>	<u>7,792,989</u>	<u>7,624,334</u>
(g) Workers Compensation Reserve			
Opening Balance	1,056,442	1,034,938	836,368
Amount Set Aside / Transfer to Reserve	38,480	257,117	220,074
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,094,922</u>	<u>1,292,055</u>	<u>1,056,442</u>

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

	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH BACKED (Continued)			
(h) Waste Management Reserve			
Opening Balance	5,345,051	5,226,208	2,271,303
Amount Set Aside / Transfer to Reserve	1,548,164	364,679	3,073,748
Amount Used / Transfer from Reserve	<u>0</u>	<u>(2,637,008)</u>	<u>0</u>
	<u>6,893,215</u>	<u>2,953,879</u>	<u>5,345,051</u>
(i) Housing Reserve			
Opening Balance	5,706,614	5,647,446	1,029,275
Amount Set Aside / Transfer to Reserve	280,055	254,135	4,677,339
Amount Used / Transfer from Reserve	<u>(4,501,490)</u>	<u>(5,647,446)</u>	<u>0</u>
	<u>1,485,179</u>	<u>254,135</u>	<u>5,706,614</u>
(j) Parks, Ovals & Recreation Facilities Reserve			
Opening Balance	7,586	6,710	107,216
Amount Set Aside / Transfer to Reserve	276	302	7,234
Amount Used / Transfer from Reserve	<u>(7,862)</u>	<u>0</u>	<u>(106,864)</u>
	<u>0</u>	<u>7,012</u>	<u>7,586</u>
(k) Information Technology Reserve			
Opening Balance	110,972	109,273	207,760
Amount Set Aside / Transfer to Reserve	4,042	0	14,018
Amount Used / Transfer from Reserve	<u>(115,014)</u>	<u>(109,273)</u>	<u>(110,806)</u>
	<u>0</u>	<u>0</u>	<u>110,972</u>
(l) Ages Persons Unit Reserve			
Opening Balance	58,867	58,499	45,133
Amount Set Aside / Transfer to Reserve	12,833	13,321	13,734
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>71,700</u>	<u>71,820</u>	<u>58,867</u>
(m) Public Open Space Reserve			
Opening Balance	533,402	529,319	499,688
Amount Set Aside / Transfer to Reserve	1,541,142	23,819	33,714
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,074,544</u>	<u>553,138</u>	<u>533,402</u>
(n) History & Cultural Publications Reserve			
Opening Balance	47,722	47,357	44,706
Amount Set Aside / Transfer to Reserve	1,739	2,131	3,016
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>49,461</u>	<u>49,488</u>	<u>47,722</u>
(o) Junior Sport Reserve			
Opening Balance	67,532	59,699	56,357
Amount Set Aside / Transfer to Reserve	14,202	2,686	11,175
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>81,734</u>	<u>62,385</u>	<u>67,532</u>

SHIRE OF ROEBOURNE
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	2010 \$	2010 Budget \$	2009 \$
12. RESERVES - CASH BACKED (Continued)			
(p) Mosquito Control Reserve			
Opening Balance	1,601	1,592	1,031
Amount Set Aside / Transfer to Reserve	558	572	570
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,159</u>	<u>2,164</u>	<u>1,601</u>
(q) Medical Services Assistance Package Reserve			
Opening Balance	335,124	229,314	216,477
Amount Set Aside / Transfer to Reserve	12,207	10,319	118,647
Amount Used / Transfer from Reserve	<u>(105,976)</u>	<u>(160,256)</u>	<u>0</u>
	<u>241,355</u>	<u>79,377</u>	<u>335,124</u>
(r) Royalties for Regions Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	21,066,739	0	0
Amount Used / Transfer from Reserve	<u>(330,991)</u>	<u>0</u>	<u>0</u>
	<u>20,735,748</u>	<u>0</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>63,430,971</u>	<u>24,098,602</u>	<u>35,334,417</u>

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

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

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.

Walkington Theatre Operating Reserve

The purpose of this reserve is to fund future capital works at the Walkington Theatre. It is anticipated that these funds will be utilised over the next four years.

Air-Conditioning Reserve

The Council maintains this reserve so that funds are available on an as needs basis for the replacement of major air-conditioning plant.

The funds in this reserve will be utilised by council over an expected period of 10 years.

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12. RESERVES - CASH BACKED (Continued)

Plant Replacement Reserve

This reserve is operated in line with a Plant Replacement Schedule and Council Policy to enable the cost of replacing plant to be funded over the course of its useful life.

This reserve is funded by annual allocations from the Municipal Fund.

Dampier Drainage Reserve

This reserve is maintained as a result of an agreement between the Council and Hamersley Iron. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron pay to the Council each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.

Infrastructure Reserve

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

It is anticipated that these monies will be utilised in the next two years.

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.

This reserve is funded by annual allocations form the Municipal Fund.

Waste Management Reserve

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

Housing Reserve

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

This reserve is funded by annual allocations form the Municipal Fund and from sale of Staff Housing.

Parks, Ovals and Recreation Facilities Reserve

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

It is anticipated that these monies will be utilised in the next year.

Information Technology Reserve

The purpose of this reserve is to fund future major upgrades to Corporate Software and Hardware.

As equipment reaches the end of its useful life this Reserve will have sufficient funds to replace it if and when required.

Aged Persons Unit Reserve

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

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.

**SHIRE OF ROEBOURNE
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12. RESERVES - CASH BACKED (Continued)

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.

Junior Sport Reserve

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

Mosquito Control Reserve

The purpose of this Reserve is to fund any future major mosquito control programme.

Medical Services Assistance Package Reserve

The purpose of this Reserve is to fund assistance to Medical Services.

Royalties for Regions Reserve

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

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13. RESERVES - ASSET REVALUATION	2010	2009
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land		
Balance as at 1 July 2009	3,594,711	3,594,711
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>3,594,711</u>	<u>3,594,711</u>
(b) Buildings		
Balance as at 1 July 2009	8,086,099	8,086,099
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>8,086,099</u>	<u>8,086,099</u>
(c) Artwork		
Balance as at 1 July 2009	200	200
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	<u>200</u>	<u>200</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>11,681,010</u></u>	<u><u>11,681,010</u></u>

SHIRE OF ROEBOURNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	63,861,968	49,151,526	60,057,558
Borrowings - Short Term	(2,546,614)	0	0
	<u>61,315,354</u>	<u>49,151,526</u>	<u>60,057,558</u>

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

Net Result	21,103,871	14,939,523	34,831,819
Depreciation	6,656,480	6,648,955	5,720,183
Movement in Works in Progress	546,004	0	0
(Profit)/Loss on Sale of Asset	(129,376)	(293,106)	1,719,212
(Increase)/Decrease in Receivables	(2,245,604)	2,939,111	(1,702,725)
(Increase)/Decrease in Inventories	210,194	50,000	(469,224)
Increase/(Decrease) in Payables	(373,588)	(22,127)	(1,544,654)
Increase/(Decrease) in Employee Provisions	277,876	392,491	399,261
Grants/Contributions for the Development of Assets	<u>(4,485,328)</u>	<u>(5,792,517)</u>	<u>(24,981,360)</u>
Net Cash from Operating Activities	<u>21,560,529</u>	<u>18,862,330</u>	<u>13,972,512</u>

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

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

*Theoretical overdrawn balance due to Reserve Transfers that will occur in the Budget 2010/11

Loan Facilities

Loan Facilities - Current	1,821,586	1,728,038
Loan Facilities - Non-Current	<u>16,367,025</u>	<u>18,188,610</u>
Total Facilities in Use at Balance Date	<u>18,188,611</u>	<u>19,916,648</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

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

15. 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.

	2010	2009
	\$	\$
Nor West Jockey Club		
Amount of original guarantee	65,000	65,000
Amount required as at 30 June 2010	65,000	65,000

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

At the reporting date, the local government had the following obligations under non cancellable operating leases (those obligations are not recognised as liabilities):

	2010	2009
	\$	\$
Payable:		
- not later than one year		
Staff Housing Leases	1,093,289	1,028,274
- later than one year but not later than two years		
Staff Housing Leases	312,505	325,430
- later than two years but not later than five years		
Staff Housing Leases	239,514	417,145
- later than five years	0	0
Total Lease Liability	<u>1,645,309</u>	<u>1,770,849</u>

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

16. CAPITAL AND LEASING COMMITMENTS (Continued)

(c) Capital Expenditure Commitments

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

	2010	2009
	\$	\$
<u>Not later than one year</u>		
Information System Upgrade	0	75,000
Staff Housing-Infill Subdivision Works	0	9,200,000
Bulgarra Community Facility	280,805	0
Karratha Airport Building/Carpark Improvements	813,089	2,000,000
Baynton West Family Centre	216,299	270,000
Various Outstanding Purchase Orders	817,244	855,876
	<u>2,127,437</u>	<u>12,400,876</u>
<u>Later than one year and not later than two years</u>		
Baynton West Family Centre	9,310,664	730,000
Bulgarra Community Facility	3,400,000	0
	<u>12,710,664</u>	<u>730,000</u>
<u>Later than two years and not later than five years</u>		
Leisure and Learning Precinct	0	20,300,000
	<u>0</u>	<u>20,300,000</u>

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

17. 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 be 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 properties.

	2010	2009
	\$	\$
Non-Current Assets		
Buildings	359,475	359,475
Less: Accumulated Depreciation	<u>(38,966)</u>	<u>(32,495)</u>
	<u><u>320,509</u></u>	<u><u>326,980</u></u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	97,333	108,774
General Purpose Funding	6,811,206	6,970,228
Law, Order, Public Safety	638,468	669,489
Health	615,010	524,855
Education and Welfare	3,585,407	3,660,120
Housing	10,996,972	6,352,632
Community Amenities	4,806,102	2,130,504
Recreation and Culture	27,066,955	11,734,694
Transport	72,600,217	28,377,621
Economic Services	4,000,501	56,629,986
Other Property and Services	1,293,575	876,828
Unallocated	<u>77,866,931</u>	<u>70,294,210</u>
	<u><u>210,378,677</u></u>	<u><u>188,329,941</u></u>

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

	2010	2009	2008
19. FINANCIAL RATIOS			
Current Ratio	1.060	1.034	1.132
Untied Cash to Unpaid Trade Creditors Ratio	0.026	0.319	1.252
Debt Ratio	0.135	0.146	0.106
Debt Service Ratio	0.050	0.015	0.026
Gross Debt to Revenue Ratio	0.367	0.422	0.164
Gross Debt to Economically Realisable Assets Ratio	0.152	0.175	0.142
Rate Coverage Ratio	0.282	0.186	0.264
Outstanding Rates Ratio	0.070	0.052	0.053

The above ratios are calculated as follows:

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

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

20. 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-09	Amounts Received	Amounts Paid	Balance 30-Jun-10
	\$	\$	(\$)	\$
Building/Kerb Deposits	106,650	3,984	(75,935)	34,699
BCITF Levy	474,982	0	(474,982)	0
Hall Hire Bonds	6,145	4,790	(3,260)	7,675
Pool Hire Bonds	110	0	0	110
BRB Levy	11,128	0	(11,128)	0
Other Deposits				
Bonds and Guarantees	992,994	718,504	(565,202)	1,146,296
Bonds and Guarantees (old)	2,520	0	0	2,520
Kerb Deposits (old)	2,800	0	0	2,800
Stale Cheques	1,825	0	0	1,825
ATM Monies	820	0	0	820
Unclaimed Wages	37	0	0	37
Housing Bonds	4,178	52,335	(22,577)	33,936
Nomination Deposits	0	720	(720)	0
NADC Research Funds	805	0	0	805
	<u>1,604,994</u>			<u>1,231,523</u>

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

21. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land						
for Staff Housing	0	1,443,965	0	1,680,000	0	236,035
						0
Plant						0
P021 400000196 Ford Falcon Sedan	9,525	9,790	5,000	7,000	(4,525)	(2,790)
P036 400000260 Toyota Prado GX Turbo Diesel	28,361	28,384	30,909	31,000	2,548	2,616
P037 400000261 Toyota Prado GX Turbo Diesel	27,969	28,574	30,000	31,000	2,031	2,426
P038 400000267 Toyota Prado GX Turbo Diesel	28,976	28,421	30,909	31,000	1,933	2,579
P039 400000259 Toyota Hilux 4x4 Dualcab	21,462	21,048	24,545	20,000	3,083	(1,048)
P040 400000273 Toyota Prado GXL V6 Petrol	36,443	36,956	34,545	33,000	(1,898)	(3,956)
P041 400000274 Toyota Hilux 4x4 Dualcab	25,936	25,953	26,364	22,000	428	(3,953)
P043 400000276 Toyota Hiace Van	20,358	21,819	21,364	22,000	1,006	181
P097 Ford Falcon XR6 1CRG-882	19,266	0	15,000	0	(4,266)	0
P226 400000256 Holden Rodeo 4x2 T/Back Ute	12,671	12,382	9,091	10,000	(3,580)	(2,382)
P228 400000255 Holden Rodeo 4x2 T/Back Ute	12,671	12,382	9,091	10,000	(3,580)	(2,382)
P229 400000257 Holden Rodeo 4x2 T/Back Kingcab	12,456	12,776	9,545	9,000	(2,911)	(3,776)
P230 400000254 Holden Rodeo 4x4 Dualcab Ute	16,630	16,645	15,000	15,800	(1,630)	(845)
P231 400000263 Holden Rodeo 4x2 T/Back Ute	13,547	14,446	12,273	12,700	(1,274)	(1,746)
P237 400000271 Toyota Hilux 4x4 T/Back Ute	22,819	22,419	18,182	19,000	(4,637)	(3,419)
P238 400000283 Holden Commodore Ute	18,056	18,070	12,727	14,000	(5,329)	(4,070)
P239 400000284 Toyota Hilux 4x2 T/Back Ute	19,358	19,029	12,727	16,500	(6,631)	(2,529)
P240 Holden Rodeo R7259	24,423	0	16,364	0	(8,059)	0
P497 400000294 Spray Unit Silvan 400lt Sled	0	2,143	0	500	0	(1,643)
P719 400000232 John Deere LX280	0	0	0	1,500	0	1,500
P757 Toro Groundmaster	30,327	0	6,170	0	(24,157)	0
P761 400000228 Roller Mower Jarrett TM180	0	5,567	0	200	0	(5,367)
P807 400000009 Cat 928G Loader	0	0	50,000	75,000	50,000	75,000
P809 400000084 D7R Dozer	81,216	88,912	212,091	100,000	130,875	11,088
P855 400000183 Cat CS563 12 Tonne Drum Roller	68,006	70,219	80,000	95,000	11,994	24,781
P867 400000088 Massey Ferguson	0	12,937	0	10,000	0	(2,937)
P888 400000036 Mits FE657EV 4 Tonne Tipper	1,147	2,429	13,182	10,000	12,035	7,571
P894 400000112 UD Patching Truck	0	0	0	15,000	0	15,000
P900 400000207 Hino Dutro 505C-TB Truck	9,608	11,549	25,455	15,000	15,847	3,451
P901 400000214 Isuzu NPR300 Litter Truck	15,626	18,460	22,050	20,000	6,424	1,540
P902 400000237 Iveco Side Load Rubbish Truck	97,447	109,880	45,460	60,000	(51,987)	(49,880)
P940 41120002 Trailer Box Top	0	0	0	50	0	50
P943 400000005 Semi Trailer Water Tanker 30,000 L	0	0	0	500	0	500
P951 400000057 Box Trailer 8x5	0	97	0	50	0	(47)
P20763 49020763 Komatsu Forklift	0	0	0	0	0	0
P35198 46335198 Tandem Trailer	0	0	0	100	0	100
P35237 47235237 Trailer 8x5	0	0	0	50	0	50

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

22. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
86A - Hampton Harbour Boat and Sailing Club*	6,255		3,035	3,088	3,220	3,167	333	333
88 - Chamber of Commerce*	66,225		2,222	2,221	64,003	64,004	4,637	4,637
91 - Administration Building Renovation	2,869,903		412,105	412,105	2,457,798	2,457,798	164,412	164,412
92 - Aged Persons Units	110,587		25,606	25,606	84,981	84,981	5,286	5,299
93 - Wickham Transfer Station	634,132		125,787	125,801	508,345	508,331	38,731	38,731
94 - Staff Housing	4,500,000		186,047	186,047	4,313,953	4,313,953	284,014	284,014
95 - Staff Housing	667,419		95,838	95,839	571,581	571,580	38,235	38,235
96 - Cossack Infrastructure	1,056,247		70,407	70,407	985,840	985,840	62,580	62,580
97 - Hampton Harbour Boat and Sailing Club*	5,880		5,880	5,880	0	0	183	183
98 - Karratha Airport Upgrade	10,000,000		801,110	801,110	9,198,890	9,198,890	474,181	474,181
	19,916,648	0	1,728,037	1,728,104	18,188,611	18,188,544	1,072,592	1,072,605

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

All other loan repayments were financed by general purpose & reserve revenue.

(b) New Debentures - 2009/10

No new debentures were raised in 2009/10.

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

22. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-09 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-10 \$
Loan 96 Cossack Infrastructure	21-May-05	942,220	0	0	942,220
		942,220	0	0	942,220

(d) Overdraft

Council established an overdraft facility of \$1,000,000 with Westpac Banking Corporation to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2010 was \$2,546,614 (2009 was nil). The facility was renewed for 12 months.

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

23. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rate \$	Back Rate \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Gross Rental Values											
Residential	0.025692	4,807	303,786,416	7,804,879	0	0	7,804,879	7,804,880	0	0	7,804,880
Commercial/Tourism/Town Centre	0.051384	225	30,755,738	1,580,352	0	0	1,580,352	1,619,110	0	0	1,619,110
Industry/Mixed Business	0.037564	261	17,252,470	648,072	0	0	648,072	648,072	0	0	648,072
Transient Workforce	0.084228	9	20,204,600	1,701,793	0	0	1,701,793	1,701,793	0	0	1,701,793
Strategic Industry	0.051384	2	11,450,000	588,347	0	0	588,347	588,346	0	0	588,346
Airport	0.051384	11	754,260	38,757	0	0	38,757	0	0	0	0
Interim Rates		304	26,127,490	0	516,032	0	516,032	0	734,000	0	734,000
Back Rates					0	988	988	0	0	4,000	4,000
Unimproved Values											
General Unimproved	0.106950	252	10,610,497	1,134,793	0	0	1,134,793	1,126,535	0	0	1,126,535
Prospecting Licences	0.106950	0	0	0	0	0	0	8,258	0	0	8,258
Sub-Totals		5,871	420,941,471	13,496,993	516,032	988	14,014,013	13,496,994	734,000	4,000	14,234,994
Minimum Rates	Minimum \$										
Gross Rental Values											
Residential	1000	1,475	32,652,358	1,475,000	0	0	1,475,000	1,476,000	0	0	1,476,000
Commercial/Tourism/Town Centre	1000	164	2,102,119	164,000	0	0	164,000	165,000	0	0	165,000
Industry/Mixed Business	1000	211	2,426,900	211,000	0	0	211,000	211,000	0	0	211,000
Airport	1000	1	18,200	1,000	0	0	1,000	0	0	0	0
Interim Rates		11	4,007,578	0	330,041	0	330,041	0	25,000	0	25,000
Back Rates					0	30,168	30,168	0	0	1,500	1,500
Unimproved Values											
General Unimproved	200	95	60,703	19,000	0	0	19,000	19,000	0	0	19,000
Prospecting Licences	100	10	3,278	1,000	0	0	1,000	1,000	0	0	1,000
Sub-Totals		1,967	41,271,136	1,871,000	330,041	30,168	2,231,209	1,872,000	25,000	1,500	1,898,500
Cossack Rates Concession							16,245,222				16,133,494
Pastoral Rates Concession							(18,050)				(18,050)
Rates Written Off							(13,365)				(24,735)
Excess Rates Receipts							0				0
Totals							174,482				0
							16,388,289				16,090,709

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

24. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

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

25. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

No Service Charges were imposed in the 2009/10 financial year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Cossack Rate Concession	Concession		18,050	18,050
Pastoral Rate Concession	Concession		13,365	24,735
			31,415	42,785

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		227,340	103,000
Interest/charges on Instalments Plan	5.50%	5	61,627	46,875
			288,967	149,875

Rates Instalment Options

Instalment Option No. 1

No. of Payments Two

Payments Due 1) Friday 23 October 2009
2) Wednesday 6 January 2010

Instalment Rate Interest 5.50%
Administration Charge \$5.00

Instalment Option No. 2

No. of Payments Four

Payments Due 1) Friday 23 October 2009
2) Wednesday 6 January 2010
3) Wednesday 17 March 2010
4) Thursday 27 May 2010

Instalment Rate Interest 5.50%
Administration Charge \$15.00

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

28. FEES & CHARGES	2010	2009
	\$	\$
Governance	16,124	16,944
General Purpose Funding	120,353	164,652
Law, Order, Public Safety	32,868	36,588
Health	36,971	9,920
Education and Welfare	63,808	22,858
Housing	171,449	149,508
Community Amenities	8,814,369	7,893,461
Recreation and Culture	1,069,810	708,790
Transport	20,563,153	15,569,977
Economic Services	963,223	1,423,031
Other Property and Services	180,621	463,816
	<u>32,032,749</u>	<u>26,459,545</u>

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 2010

29. GRANT REVENUE	2010	2009
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	5,406,250	4,304,386
Non-Operating Grants, Subsidies and Contributions	4,485,328	24,981,360
	<u>9,891,578</u>	<u>29,285,746</u>
By Program:		
Governance	13,950	14,160
General Purpose Funding	3,297,420	4,069,331
Law, Order, Public Safety	161,209	73,308
Health	8,000	11,722
Education and Welfare	1,266,392	1,445,317
Housing	1,670,171	0
Community Amenities	63,479	15,646
Recreation and Culture	1,588,013	22,058,623
Transport	1,787,062	1,597,639
Economic Services	700	0
Other Property and Services	35,182	0
	<u>9,891,578</u>	<u>29,285,746</u>

30. COUNCILLORS' REMUNERATION	2010	2010	2009
	\$	Budget	\$
		\$	
The Local Government Act 1995 provides for the payment to Councillors of the following fees, expenses and allowances;			
Sitting Fees			
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
9 Councillors at \$7,000 each per year	60,667	63,000	63,000
Local Government Allowance			
Shire President at \$60,000 per year	60,000	60,000	60,000
Deputy Shire President at \$15,000 per year (25% of Presidents allowance)	15,000	15,000	15,000
Telephone Expenses			
11 Councillors at \$2,400 per year	25,600	26,400	26,400
Information Technology			
Each Councillor receives an annual allowance of \$1,000	10,667	11,000	11,000
Professional Development Allowance			
Councillors receive a Professional Development Allowance of \$5,500 which will include the above expenses and also costs associated with conferences.	11,672	60,500	26,699
An additional allowance has been made for Councillors not residing in Karratha for travel associated with Council meetings.	7,857	8,000	3,356
	<u>212,463</u>	<u>264,900</u>	<u>226,455</u>

31. EMPLOYEE NUMBERS	2010	2009
The number of full-time equivalent employees at balance date	<u>170</u>	<u>148</u>

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

32. MAJOR LAND TRANSACTIONS

Residential Development

(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 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. There are three lots remaining for sale in the 2010/11 budget as described below. The net proceeds from sale of these lots are being utilised for POS development, specifically the redevelopment of Catrall Park.

(b) Current year transactions	2010 \$	2010 Budget \$	2009 \$
Operating Revenue			
- Profit on sale	1,521,713	1,172,800	0
Capital Revenue			
- Sale Proceeds - 4 Lots Teesdale	1,847,273	960,000	0
- Sale Proceeds - 3 Lots Clarkson	0	720,000	0
Capital Expenditure			
- Purchase of Land	0	0	37,370
- Development Costs	49,308	507,200	456,507
	<u>49,308</u>	<u>507,200</u>	<u>493,877</u>

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

There are no liabilities in relation to this land transaction as at 30 June 2010.

(c) Expected Future Cash Flows

	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
Cash Outflows					
- Development Costs - Purchase	(217,005)	0	0	0	(217,005)
	<u>(217,005)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(217,005)</u>
Cash Inflows					
- Sale Proceeds Clarkson Way (3 lots)	1,200,000	0	0	0	1,200,000
	<u>1,200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,200,000</u>
Net Cash Flows	<u>982,995</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>982,995</u>

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

33. TRADING UNDERTAKINGS

The Tien Tsin Inne Kiosk & Bar operates inside the Karratha Airport Terminal Building. Any surplus is transferred to the Airport Reserve. The Tien Tsin Inne is expected to be self-funded without the expectation that rate revenue is needed. A rate of return is paid to the Shire each year.

	2010 \$	2010 Budget \$	2009 \$
Operating Revenue			
Kiosk/Bar	2,616,888	2,258,400	2,095,244
	<u>2,616,888</u>	<u>2,258,400</u>	<u>2,095,244</u>
Expenditure			
Employment Costs	(1,067,214)	(890,042)	(861,529)
Office Expenses	(32,060)	(30,500)	(14,152)
Write Off Bad Debts	0	0	0
Building Costs	(15,185)	(46,000)	(19,219)
Insurance	(213)	(213)	(189)
Equipment Repairs & Replacement	(7,040)	(10,000)	(2,680)
Consumables/Shrinkages	(32,297)	(30,750)	(14,764)
Kiosk Expenses	(508,399)	(720,000)	(441,922)
Bar Expenses	(472,182)	(360,000)	(399,569)
Depreciation	(5,299)	(5,000)	(4,108)
Employee Leave Provisions	(37,105)	(35,000)	(40,371)
Total	<u>(2,176,994)</u>	<u>(2,127,505)</u>	<u>(1,798,503)</u>
Net Operating Surplus	439,894	130,895	296,741
Capital Expenditure			
Purchase - Furniture & Equipment	(12,832)	(18,000)	(22,349)
Transfer to Airport Reserve	(469,466)	(150,082)	(312,940)
	<u>(482,298)</u>	<u>(168,082)</u>	<u>(335,289)</u>
Add Back Non Cash			
Depreciation	5,299	5,000	4,108
Employee	37,105	35,000	40,371
	<u>42,404</u>	<u>40,000</u>	<u>44,479</u>
Rate of Return	0	(2,813)	(5,931)
Net Surplus/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>

This statement does not include any of the following 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 2010**

33. TRADING UNDERTAKINGS (con't)

Balance Sheet

	2010	2009
	\$	\$
Current Assets		
Cash and Cash Equivalents	8,600	8,600
Inventories	<u>30,955</u>	<u>53,070</u>
Total Current Assets	<u>39,555</u>	<u>61,670</u>
Non-Current Assets		
Property, Plant and Equipment	<u>47,411</u>	<u>34,579</u>
	47,411	34,579
Total Assets	<u>86,966</u>	<u>96,249</u>
Current Liabilities		
Provisions	<u>117,608</u>	<u>71,624</u>
Total Current Liabilities	<u>117,608</u>	<u>71,624</u>
Non-Current Liabilities		
Provisions	<u>1,536</u>	<u>10,413</u>
Total Non-Current Liabilities	<u>1,536</u>	<u>10,413</u>
Total Liabilities	<u>119,144</u>	<u>82,037</u>
Net Assets	<u>(32,178)</u>	<u>14,212</u>
Equity	<u>(32,178)</u>	<u>14,212</u>

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

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets				
Cash and cash equivalents	63,861,968	60,057,558	63,861,968	60,057,558
Receivables	9,489,409	7,168,478	9,489,409	7,168,478
	<u>73,351,377</u>	<u>67,226,036</u>	<u>73,351,377</u>	<u>67,226,036</u>
Financial Liabilities				
Payables	5,385,142	5,536,730	5,385,142	5,536,730
Borrowings - Short Term	18,188,611	19,916,648	18,188,611	19,916,648
Borrowings - Long Term	2,546,614	0	2,546,614	0
	<u>23,573,753</u>	<u>25,453,378</u>	<u>23,573,753</u>	<u>25,453,378</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 2010**

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio.

Council has an investment policy and the policy is subject to review by Council. A Cash Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Another risk associated with cash 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 depositing funds with major banking institutions.

	30-Jun-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	631,032	600,000
- Income Statement	631,032	600,000

Notes:

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

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

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

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

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

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

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

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

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

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

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	0%	43%
- Overdue	100%	57%
Percentage of Other Receivables		
- Current	82%	79%
- Overdue	18%	21%

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2010</u>					
Payables	5,385,142	0	0	5,385,142	5,385,142
Borrowings - Short Term	2,546,614	0	0	0	0
Borrowings - Long Term	235,871	10,725,670	10,649,339	21,610,880	18,188,611
	<u>8,167,627</u>	<u>10,725,670</u>	<u>10,649,339</u>	<u>26,996,022</u>	<u>23,573,753</u>
<u>2009</u>					
Payables	5,536,730	0	0	5,536,730	5,536,730
Borrowings	2,800,630	11,055,013	12,664,459	26,520,102	19,916,648
	<u>8,337,360</u>	<u>11,055,013</u>	<u>12,664,459</u>	<u>32,056,832</u>	<u>25,453,378</u>

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2010</u>								
Borrowings								
Variable Rate Overdraft	2,546,614	0	0	0	0	0	2,546,614	
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%		
<u>Year Ended 30 June 2009</u>								
Borrowings								
Fixed Rate								
Debentures	5,881	6,255	0	0	744,719	19,159,793	19,916,648	5.45%
Weighted Average Effective Interest Rate	6.20%	6.04%	0.00%	0.00%	6.22%	5.42%		

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS 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 2010 and the Statement of Comprehensive Income by nature or type, Statement of Comprehensive Income by program, Statement of Changes in Equity, Statement of Cash flows, Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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.

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

Independence

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

Auditor's Opinion

In our opinion, the financial report of the Shire of Roebourne is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF ROEBOURNE (continued)**

Other Matters

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

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 1 December 2010
Perth, WA