

**TOWN OF PORT HEDLAND**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

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**TOWN OF PORT HEDLAND**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2007**

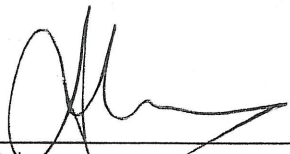
**LOCAL GOVERNMENT ACT 1995**

**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Town of Port Hedland being the annual financial report and other information for the financial year ended 30th June 2007 are in my opinion properly drawn up to present fairly the financial position of the Town of Port Hedland at 30th June 2007 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 regulations under that Act.

Signed on the 7 day of FEBRUARY, 2008.

  
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Mr. C. Adams  
Chief Executive Officer

TOWN OF PORT HEDLAND

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	22	8,889,659	8,703,650	8,354,507
Grants and Subsidies	28	3,850,892	4,111,250	5,029,217
Contributions Reimbursements and Donations		2,809,108	1,787,510	2,060,960
Service Charges	24	5,346,544	4,291,256	0
Fees and Charges	27	8,294,270	6,435,710	6,586,136
Interest Earnings	2(a)	780,697	521,700	530,590
Other Revenue		361,176	276,100	356,077
		<u>30,332,346</u>	<u>26,127,176</u>	<u>22,917,487</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		(8,012,181)	(7,946,730)	(8,054,565)
Materials and Contracts		(12,709,444)	(11,842,946)	(5,555,155)
Utilities		(882,781)	(784,810)	(1,065,935)
Depreciation	2(a)	(3,603,824)	(3,290,300)	(3,014,094)
Interest Expenses	2(a)	(264,050)	(382,900)	(297,719)
Insurance		(374,136)	(264,500)	(602,774)
Other Expenditure		(3,879,591)	(1,163,450)	(622,849)
		<u>(29,726,007)</u>	<u>(25,675,636)</u>	<u>(19,213,091)</u>
		606,339	451,540	3,704,396
Grants and Subsidies - non-operating	28	1,457,471	1,946,300	2,118,492
Contributions Reimbursements and Donations - non-operating		1,100,000	0	0
Profit on Asset Disposals	20	65,465	0	0
Loss on Asset Disposals	20	(105,395)	(125,491)	(2,112)
<b>NET RESULT</b>		<u>3,123,880</u>	<u>2,272,349</u>	<u>5,820,776</u>

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

TOWN OF PORT HEDLAND

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		21,371	10,270	50,277
General Purpose Funding		11,818,978	11,286,950	10,967,397
Law, Order, Public Safety		171,365	504,580	126,662
Health		49,703	32,900	35,630
Education and Welfare		1,273,668	2,152,250	2,577,662
Housing		241,660	230,000	132,280
Community Amenities		9,460,165	6,798,153	4,395,495
Recreation and Culture		831,492	1,276,010	947,429
Transport		7,184,336	4,093,116	4,921,804
Economic Services		1,416,819	1,295,400	691,269
Other Property and Services		485,725	393,847	190,074
		<u>32,955,282</u>	<u>28,073,476</u>	<u>25,035,979</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		(714,697)	(651,970)	(1,250,657)
General Purpose Funding		(287,771)	(274,530)	(268,872)
Law, Order, Public Safety		(561,970)	(615,170)	(505,172)
Health		(348,750)	(343,200)	(201,820)
Education and Welfare		(2,194,631)	(2,501,837)	(2,621,561)
Housing		(259,423)	(252,000)	(277,632)
Community Amenities		(9,419,925)	(8,041,593)	(2,256,945)
Recreation & Culture		(5,559,500)	(5,842,180)	(4,924,167)
Transport		(8,645,901)	(5,841,700)	(5,502,582)
Economic Services		(688,449)	(693,600)	(581,671)
Other Property and Services		(886,335)	(360,447)	(526,405)
		<u>(29,567,352)</u>	<u>(25,418,227)</u>	<u>(18,917,484)</u>
<b>BORROWING COSTS EXPENSE</b>				
Governance		(30,750)	(30,700)	(45,886)
Law, Order, Public Safety		(24,116)	(24,100)	(25,314)
Education and Welfare		(32,638)	(32,700)	(34,278)
Housing		(77,124)	(77,100)	(84,561)
Community Amenities		0	(118,900)	0
Recreation & Culture		(85,831)	(85,900)	(92,724)
Transport		(8,450)	(8,400)	(9,628)
Economic Services		(5,141)	(5,100)	(5,328)
	2 (a)	<u>(264,050)</u>	<u>(382,900)</u>	<u>(297,719)</u>
<b>NET RESULT</b>		<u>3,123,880</u>	<u>2,272,349</u>	<u>5,820,776</u>

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

TOWN OF PORT HEDLAND

BALANCE SHEET

AS AT 30TH JUNE 2007

	NOTE	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	8,227,390	11,352,322
Trade and Other Receivables	4	4,746,751	1,859,682
Inventories	5	1,589	4,436
<b>TOTAL CURRENT ASSETS</b>		<u>12,975,730</u>	<u>13,216,440</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	562,458	38,705
Property, Plant and Equipment	6	24,782,526	22,413,202
Infrastructure	7	85,104,626	83,389,358
<b>TOTAL NON-CURRENT ASSETS</b>		<u>110,449,610</u>	<u>105,841,265</u>
<b>TOTAL ASSETS</b>		<u>123,425,340</u>	<u>119,057,705</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	2,423,836	1,596,007
Short Term Borrowings	9	299,954	0
Long Term Borrowings	9	583,814	532,415
Provisions	10	907,397	856,875
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,215,001</u>	<u>2,985,297</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	3,904,765	3,763,578
Provisions	10	393,870	521,006
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>4,298,635</u>	<u>4,284,584</u>
<b>TOTAL LIABILITIES</b>		<u>8,513,636</u>	<u>7,269,881</u>
<b>NET ASSETS</b>		<u>114,911,704</u>	<u>111,787,824</u>
<b>EQUITY</b>			
Retained Surplus		105,835,136	105,350,685
Reserves - Cash Backed	11	8,224,040	5,584,611
Reserves - Asset Revaluation	12	852,528	852,528
<b>TOTAL EQUITY</b>		<u>114,911,704</u>	<u>111,787,824</u>

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

**TOWN OF PORT HEDLAND**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2006		105,350,685	102,785,184
Net Result		3,123,880	5,820,776
Transfer from/(to) Reserves		<u>(2,639,429)</u>	<u>(3,255,275)</u>
Balance as at 30 June 2007		<u>105,835,136</u>	<u>105,350,685</u>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2006		5,584,611	2,329,336
Amount Transferred (to)/from Retained Surplus		<u>2,639,429</u>	<u>3,255,275</u>
Balance as at 30 June 2007	11	<u>8,224,040</u>	<u>5,584,611</u>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2006		852,528	852,528
Revaluation Increment		0	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2007	12	<u>852,528</u>	<u>852,528</u>
<b>TOTAL EQUITY</b>		<u>114,911,704</u>	<u>111,787,824</u>

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

**TOWN OF PORT HEDLAND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2007**

	NOTE	2007 \$	2007 Budget \$	2006 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		8,924,431	8,620,956	8,487,614
Grants and Subsidies - operating		3,237,049	4,111,250	5,029,217
Contributions, Reimbursements & Donations		1,141,695	1,787,510	1,738,150
Service Charges		4,662,749	3,522,056	0
Fees and Charges		7,839,821	7,485,710	6,550,268
Interest Earnings		780,697	521,700	530,590
Goods and Services Tax		2,244,075	0	31,724
Other		361,176	308,056	356,077
		<u>29,191,693</u>	<u>26,357,238</u>	<u>22,723,640</u>
<b>Payments</b>				
Employee Costs		(8,088,795)	(8,004,455)	(7,753,089)
Materials and Contracts		(12,616,978)	(12,832,727)	(4,803,684)
Utilities (gas, electricity, water, etc)		(882,781)	(788,055)	(1,026,527)
Insurance		(374,136)	(264,500)	(602,774)
Interest		(273,583)	(382,900)	(301,471)
Goods and Services Tax		(2,270,169)	0	0
Other		(3,131,848)	(1,163,450)	(622,849)
		<u>(27,638,290)</u>	<u>(23,436,087)</u>	<u>(15,110,394)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	13(b)	<u>1,553,403</u>	<u>2,921,150</u>	<u>7,613,246</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of				
Property, Plant & Equipment		(4,239,688)	(6,023,095)	(683,210)
Payments for Construction of				
Infrastructure		(3,820,368)	(3,250,350)	(2,754,172)
Advances to Community Groups		0	0	0
Grants/Contributions for				
the Development of Assets		2,557,471	1,946,300	2,118,492
Proceeds from Sale of				
Plant & Equipment		331,711	276,000	5,455
		<u>(5,170,874)</u>	<u>(7,051,145)</u>	<u>(1,313,435)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		<u>(5,170,874)</u>	<u>(7,051,145)</u>	<u>(1,313,435)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(532,415)	(983,500)	(498,744)
Proceeds from Self Supporting Loans		0	4,000	3,786
Proceeds from New Debentures		725,000	2,740,500	0
		<u>192,585</u>	<u>1,761,000</u>	<u>(494,958)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(3,424,886)</u>	<u>(2,368,995)</u>	<u>5,804,853</u>
Cash at Beginning of Year		11,352,322	8,365,003	5,547,469
<b>Cash and Cash Equivalents</b>				
<b>at the End of the Year</b>	13(a)	<u><u>7,927,436</u></u>	<u><u>5,996,008</u></u>	<u><u>11,352,322</u></u>

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

TOWN OF PORT HEDLAND

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$
<b>REVENUES</b>			
Governance		21,371	10,270
General Purpose Funding		2,929,319	2,583,300
Law, Order, Public Safety		171,365	504,580
Health		49,703	32,900
Education and Welfare		1,273,668	2,152,250
Housing		241,660	230,000
Community Amenities		9,460,165	6,798,153
Recreation and Culture		831,492	1,276,010
Transport		7,184,336	4,093,116
Economic Services		1,416,819	1,295,400
Other Property and Services		485,725	393,847
		<u>24,065,623</u>	<u>19,369,826</u>
<b>EXPENSES</b>			
Governance		(745,447)	(682,670)
General Purpose Funding		(287,771)	(274,530)
Law, Order, Public Safety		(586,086)	(639,270)
Health		(348,750)	(343,200)
Education and Welfare		(2,227,269)	(2,534,537)
Housing		(336,547)	(329,100)
Community Amenities		(9,419,925)	(8,160,493)
Recreation & Culture		(5,645,331)	(5,928,080)
Transport		(8,654,351)	(5,850,100)
Economic Services		(693,590)	(698,700)
Other Property and Services		(886,335)	(360,447)
		<u>(29,831,402)</u>	<u>(25,801,127)</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals		39,930	125,491
Movement in Non-Current Receivables		(527,774)	0
Movement in Non-Current Employee Provisions		138,151	0
Depreciation and Amortisation on Assets		3,603,824	3,290,300
<b>Capital Expenditure and Revenue</b>			
Purchase Land and Buildings		(1,260,060)	(2,727,840)
Purchase Infrastructure Assets - Roads		(1,815,997)	(2,313,800)
Purchase Infrastructure Assets - Parks & Other		(2,004,371)	(2,020,000)
Purchase Plant and Equipment		(2,761,139)	(2,524,000)
Purchase Furniture and Equipment		(218,489)	(306,500)
Proceeds from Disposal of Assets		331,711	276,000
Repayment of Debentures		(532,415)	(983,500)
Proceeds from New Debentures		725,000	2,740,500
Self-Supporting Loan Principal Income		4,021	4,000
Transfers to Restricted Assets		0	(1,769,200)
Transfers to Reserves (Restricted Assets)		(5,486,206)	(2,371,537)
Transfers from Reserves (Restricted Assets)		2,846,777	3,873,237
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		5,712,860	2,434,500
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,919,703	0
<b>Amount Required to be Raised from Rates</b>	<b>22</b>	<u><u>(8,889,659)</u></u>	<u><u>(8,703,650)</u></u>

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



**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2007**

**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 applicable Australian Accounting Standards, 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.

**Compliance with IFRSs**

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 '*Financial Reporting by Local Governments*' also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- the recognition of non-reciprocal revenue;
  - the definition of value in use for the purposes of estimating the recoverable amount of impaired assets;
- and
- the offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

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 2007.

Council is of the view the new standards or amendments will have no direct impact on the amounts included in the financial report although the changes may impact upon the way in which some financial information is disclosed.

**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.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2007**

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

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

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

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

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

**(c) Goods and Services Tax**

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

**(d) Cash and Cash Equivalents**

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

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

**(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.

**(f) Inventories**

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2007**

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

**(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 reporting date.

***Land under Roads***

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

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

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

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

Buildings	30 to 150 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
- asphalt	25 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years
Footpaths - <i>in situ</i>	50 years

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

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

**(i) Investments and Other Financial Assets**

Financial Assets in the scope of AASB 139 '*Financial Instruments: Recognition and Measurement*' are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

**(j) Impairment**

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

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

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

**(k) 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.

**(l) Employee Benefits**

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

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

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the 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) Annual Leave and Long Service Leave (Long-term Benefits)**

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

**(m) 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 the balance sheet date.

**Borrowing Costs**

Borrowing costs are recognised as an expense when incurred.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2007**

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

**(n) Leases**

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

**(o) 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 Balance Sheet and Income Statement. Information about the joint venture is set out in Note 16.

**(p) 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.

**(q) Superannuation**

The Town of Port Hedland contributes to the Local Government Superannuation Scheme and such other superannuation funds deemed to be defined contribution schemes.

**(r) Interest Rate Risk**

Information on interest rate risk as it applies to financial instruments is disclosed in Note 33.

**(s) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report.

The one major concentration of credit risk within the municipality is in relation to its cash and cash equivalent deposits which are all with the one financial institution.

**(t) Liquidity Risk**

The Council's liquidity risk is managed via the use of its cash and cash equivalent balances, other financial assets and borrowing policy.

**(u) Fair Value**

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**(v) Rounding Off Figures**

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

**(w) Comparative Figures**

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

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

<b>2. REVENUES AND EXPENSES</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Result from Ordinary Activities</b>		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
<b>Significant Income and Expense</b>		
Transport - Income	<u>1,235,402</u>	<u>0</u>
Transport - Expense	<u>1,901,043</u>	
This significant income and expense related to the Town's recovery following from Severe Tropical Cyclone George. It is shown as a significant item due to its size.		
<b>Auditors Remuneration</b>		
- Audit	22,223	33,762
- Other Services	8,987	1,120
<b>Bad &amp; Doubtful Debts</b>		
- Rates	672	7,815
- Sundry Debtors	257	31,525
<b>Depreciation</b>		
Buildings	702,542	665,333
Furniture and Equipment	145,825	109,220
Plant and Equipment	575,823	506,286
Roads	1,248,616	895,111
Infrastructure - Airport	442,114	418,583
Infrastructure - Other	<u>488,904</u>	<u>419,561</u>
	<u>3,603,824</u>	<u>3,014,094</u>
<b>Interest Expenses</b>		
Debentures ( <i>refer Note 21(a)</i> )	<u>264,050</u>	<u>297,719</u>
	<u>264,050</u>	<u>297,719</u>
<b>Rental Charges</b>		
- Operating Leases	<u>113,427</u>	<u>134,653</u>
(ii) Crediting as Revenue:		
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	300,010	120,000
- Other Funds	401,718	372,200
Other Interest Revenue ( <i>refer note 26</i> )	<u>78,969</u>	<u>77,647</u>
	<u>780,697</u>	<u>521,700</u>
	<u>780,697</u>	<u>530,590</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

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

**(b) Statement of Objective**

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

**GOVERNANCE**

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

Activities: Administration and operation of facilities and services to members of council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council service

**GENERAL PURPOSE FUNDING**

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

Activities: Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Objective: To provide services to help to ensure a safer community.

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

**HEALTH**

Objective: To provide an operational framework for good community health.

Activities: Food quality and pest control, and Aboriginal environmental health.

**EDUCATION AND WELFARE**

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

Activities: Operation of senior and frail citizens' centres, day care centres and theatre; and assistance to playgroups, aged care and other voluntary services.

**HOUSING**

Objective: Help ensure adequate housing.

Activities: Maintenance of staff and community housing.

**COMMUNITY AMENITIES**

Objective: Provide services required by the community.

Activities: Rubbish collection services, operation of tips, administration of the town planning scheme, maintenance of cemeteries, maintenance of rest centre and storm water drainage maintenance.

**RECREATION AND CULTURE**

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

Activities: Maintenance of halls, aquatic centres, recreation centres and various reserves; operation of library and arts centre operations.

**TRANSPORT**

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

Activities: Airport operations; construction and maintenance of streets, roads, bridges; cleaning and lighting of streets, and depot maintenance.

**ECONOMIC SERVICES**

Objective: To help promote the Town and improve its economic wellbeing.

Activities: The regulation and provision of tourism, area promotion, building control, and cattleyards.

**OTHER PROPERTY & SERVICES**

Activities: Private works operation, plant repairs and operation costs.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

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

	2007	2006
	\$	\$
<b>(c) Conditions Over Contributions</b>		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Anderson Street RRG	8,950	0
BHP - Environment Projects	49,838	49,838
BHP - Rec & Leisure Facility Grant	49,600	70,000
BHP - ToPH Alliance	400,000	0
BHP - Wilson/Anderson Upgrade	50,000	50,000
Black Spot Funding	0	90,830
Building Safety (Fire) Grant	35,000	35,000
Graffiti Grant	0	24,000
Hamilton Rd/North Circular Rd - BS	11,700	0
Main Roads - Anderson Footpath	0	60,000
Murdoch Drive/North Circular Rd - BS	11,800	0
North Circular Rd West	6,950	0
PFDC - Child Care Assistance	41,808	0
PH Underground Power Project	1,750,000	0
Roads to Recovery	693,734	311,954
RRG MRWA Road Grant	0	21,834
SH Cemetery Upgrade	90,600	0
Throssel Street - BS	11,250	0
Volunteer Resource Centre	17,071	27,904
Wallwork Rd RRG	6,450	0
Youth Affairs - Skate Grant	11,000	11,000
	3,245,751	752,360
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Anderson Street RRG	0	8,950
BHP - ToPH Alliance	0	400,000
Department of Health - HACC Bus	27,789	0
Hamilton Rd/North Circular Rd - BS	0	11,700
Murdoch Drive/North Circular Rd - BS	0	11,800
North Circular Rd West	0	6,950
Office of Crime Prevention (Port & South Skate Parks)	20,000	0
Office of Crime Prevention (Crime Prevention CSCPP)	20,000	0
PFDC - Child Care Assistance	0	41,808
PH Underground Power Project	0	1,750,000
Pilbara Fund(Street Lighting)	90,000	0
Pilbara Fund (SH Skate Park)	70,000	0
Roads to Recovery	0	693,734
SH Cemetery Upgrade	0	90,600
Throssel Street - BS	0	11,250
Wallwork Rd RRG	0	6,450
	227,789	3,033,242



TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES (Continued)

	2007	2006
	\$	\$
<b>(c) Conditions Over Contributions (Continued)</b>		
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Anderson Street RRG	8,950	0
BHP - Rec & Leisure Facility Grant	26,266	20,400
BHP - ToPH Alliance	400,000	0
Black Spot Funding	0	90,830
Building Safety (Fire) Grant	10,000	0
Graffiti Grant	0	24,000
Hamilton Rd/North Circular Rd - BS	8,777	0
Main Roads - Anderson Footpath	0	60,000
Murdoch Drive/North Circular Rd - BS	11,800	0
North Circular Rd West	6,950	0
PFDC - Child Care Assistance	41,808	0
PH Underground Power Project	1,750,000	0
Roads to Recovery	339,364	311,954
RRG MRWA Road Grant	0	21,834
SH Cemetery Upgrade	90,600	0
Throssel Street - BS	11,250	0
Volunteer Resource Centre	17,071	10,833
Wallwork Rd RRG	6,450	0
Youth Affairs - Skate Grant	11,000	0
	<u>2,740,286</u>	<u>539,851</u>
Closing balances of unexpended grants	<u>733,254</u>	<u>3,245,751</u>

Comprises:

Anderson Street RRG	0	8,950
BHP - Environment Projects	49,838	49,838
BHP - Rec & Leisure Facility Grant	23,334	49,600
BHP - ToPH Alliance	0	400,000
BHP - Wilson/Anderson Upgrade	50,000	50,000
Building Safety (Fire) Grant	25,000	35,000
Department of Health - HACC Bus	27,789	0
Hamilton Rd/North Circular Rd -BS	2,923	11,700
Murdoch Drive/North Circular Rd - BS	0	11,800
North Circular Rd West	0	6,950
Office of Crime Prevention (Port & South Skate Parks)	20,000	0
Office of Crime Prevention (Crime Prevention CSCPP)	20,000	0
PFDC - Child Care Assistance	0	41,808
Pilbara Fund(Street Lighting)	90,000	0
Pilbara Fund (SH Skate Park)	70,000	0
PH Underground Power Project	0	1,750,000
Roads to Recovery	354,370	693,734
SH Cemetery Upgrade	0	90,600
Throssel Street - BS	0	11,250
Volunteer Resource Centre	0	17,071
Wallwork Rd RRG	0	6,450
Youth Affairs - Skate Grant	0	11,000
	<u>733,254</u>	<u>3,245,751</u>

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2006 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		3,350	2,521,960
Restricted		8,224,040	8,830,362
		<u>8,227,390</u>	<u>11,352,322</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve		797,823	514,915
Airport Employee's Leave Reserve		0	17,621
Airport Capital Works Reserve		2,345,028	1,063,169
Airport Staff Housing Reserve		0	37,283
Plant Reserve		113,125	10,322
Housing Reserve		213,524	8,557
Planning Projects Reserve		38,841	36,887
Public Open Space Reserve		446,185	423,740
Car Parking Reserve		22,242	21,124
Landfill Site Development Reserve		0	312,511
Waste Collection Reserve		971,227	684,536
Bus Replacement Reserve		8,050	7,645
Bushfire Management Reserve		17,177	16,313
Aged Hostel Reserve		36,310	34,483
Lights Replacement Reserve		30,815	29,265
Depot Facilities Reserve		12,455	11,829
Oval Development Reserve		68,546	65,098
Cattleyard Reserve		30,865	29,312
Insurance Reserve		221,084	209,962
BHP-TOPH Alliance Reserve		585,470	514,739
South Hedland Library Reserve		143,217	218,300
SES Shed Reserve		355,910	420,000
Permiability Reserve		75,814	72,000
Waste Management Recycle Reserve		341,995	325,000
BHP Reserve		785,916	500,000
Civil Building / Infrastructure Reserve		562,421	0
Unspent Grants	9 (a)	0	3,245,751
		<u>8,224,040</u>	<u>8,830,362</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		123,603	158,375
Service Charges - Underground Power		156,021	0
Sundry Debtors		2,774,772	1,702,459
Provisions for Doubtful Debts		(24,980)	(24,980)
GST Receivable		35,885	9,791
Loans - Clubs/Institutions		3,786	3,786
Accrued Income		1,677,664	10,251
		<u>4,746,751</u>	<u>1,859,682</u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		18,841	18,841
Service Charges - Underground Power		527,774	0
Loans - Clubs/Institutions		15,843	19,864
		<u>562,458</u>	<u>38,705</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel		1,589	4,436
		<u>1,589</u>	<u>4,436</u>

TOWN OF PORT HEDLAND  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land - Cost	1,111,476	1,109,303
	<u>1,111,476</u>	<u>1,109,303</u>
Buildings - Cost	25,859,590	24,676,238
Less Accumulated Amortisation	<u>(7,261,838)</u>	<u>(6,559,296)</u>
	18,597,752	18,116,942
Furniture and Equipment - Cost	3,108,161	3,017,356
Less Accumulated Depreciation	<u>(2,462,198)</u>	<u>(2,441,375)</u>
	645,963	575,981
Plant and Equipment - Cost	10,305,203	8,511,431
Less Accumulated Depreciation	<u>(5,877,868)</u>	<u>(5,900,455)</u>
	4,427,335	2,610,976
	<u><u>24,782,526</u></u>	<u><u>22,413,202</u></u>

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

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	Building	Furniture & Equipment	Plant & Equipment	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2006	1,109,303	18,116,942	575,981	2,610,976	22,413,202
Additions	2,173	1,257,887	209,510	2,761,139	4,230,709
(Disposals)	0	0	(2,683)	(368,957)	(371,640)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0
- reversals	0	0	0	0	0
Depreciation (Expense)	0	(702,542)	(145,825)	(575,823)	(1,424,190)
Other Movements	0	(74,535)	8,980	0	(65,555)
Balance as at 30 June 2007	<u>1,111,476</u>	<u>18,597,752</u>	<u>645,963</u>	<u>4,427,335</u>	<u>24,782,526</u>

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	71,558,011	69,742,015
Less Accumulated Depreciation	<u>(14,772,821)</u>	<u>(13,524,205)</u>
	56,785,190	56,217,810
Footpaths - Cost	5,996,935	5,514,188
Less Accumulated Depreciation	<u>(2,084,139)</u>	<u>(1,798,765)</u>
	3,912,796	3,715,423
Drainage - Cost	9,046,600	8,945,503
Less Accumulated Depreciation	<u>(2,706,749)</u>	<u>(2,586,131)</u>
	6,339,851	6,359,372
Parks & Ovals - Cost	12,684,362	11,793,316
Less Accumulated Depreciation	<u>(3,976,257)</u>	<u>(3,936,026)</u>
	8,708,105	7,857,290
Bridges - Cost	623,347	623,347
Less Accumulated Depreciation	<u>(297,061)</u>	<u>(279,212)</u>
	326,286	344,135
Bus Shelters - Cost	111,073	79,727
Less Accumulated Depreciation	<u>(40,657)</u>	<u>(29,549)</u>
	70,416	50,178
Depot - Cost	549,029	537,589
Less Accumulated Depreciation	<u>(83,615)</u>	<u>(69,890)</u>
	465,414	467,699
Airport - Cost	17,684,575	17,123,344
Less Accumulated Depreciation	<u>(9,188,008)</u>	<u>(8,745,893)</u>
	8,496,567	8,377,451
	<u><u>85,104,626</u></u>	<u><u>83,389,358</u></u>

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Bridges \$	Bus Shelters \$	Depot \$	Airport \$	Total \$
Balance as at 1 July 2006	56,217,809	3,715,423	6,359,372	7,857,289	344,135	50,178	467,699	8,377,451	83,389,356
Additions	1,815,997	482,746	101,098	816,511	0	31,345	11,441	561,230	3,820,368
(Disposals)	0	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0	0	0	0
- reversals	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(1,248,616)	(285,374)	(120,618)	(40,230)	(17,849)	(11,107)	(13,726)	(442,114)	(2,179,634)
Other Movements	0	0	0	74,535	0	0	0	0	74,535
Balance as at 30 June 2007	<u>56,785,190</u>	<u>3,912,795</u>	<u>6,339,852</u>	<u>8,708,105</u>	<u>326,286</u>	<u>70,416</u>	<u>465,414</u>	<u>8,496,567</u>	<u>85,104,625</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>8. TRADE AND OTHER PAYABLES</b>			
<b>Current</b>			
Sundry Creditors		2,154,409	1,406,666
Accrued Interest on Debentures		24,407	33,940
Accrued Salaries and Wages		245,020	155,401
		<u>2,423,836</u>	<u>1,596,007</u>
<b>9. BORROWINGS</b>			
<b>a) Short-Term</b>			
Unsecured			
Bank Overdraft		1,033,208	0
Restricted Funds Held		<u>(733,254)</u>	<u>0</u>
		<u>299,954</u>	<u>0</u>
The following restrictions have been imposed by regulation or other extremely imposed requirements.			
Unspent Grants	2( c)	<u>733,254</u>	<u>0</u>
<b>b) Long-Term</b>			
<b>Current</b>			
Secured by Floating Charge			
Debentures		<u>583,814</u>	<u>532,415</u>
		<u>583,814</u>	<u>532,415</u>
<b>Non-Current</b>			
Secured by Floating Charge			
Debentures		<u>3,904,765</u>	<u>3,763,578</u>
		<u>3,904,765</u>	<u>3,763,578</u>

Additional detail on borrowings is provided in Note 21.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	2007	2006
	\$	\$
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	543,910	488,324
Provision for Long Service Leave	150,458	103,752
Provision for Sick Leave	53,029	104,799
Provision for Pilbara Family Day Care	160,000	160,000
	<u>907,397</u>	<u>856,875</u>
<b>Non-Current</b>		
Provision for Annual Leave	136,021	205,498
Provision for Long Service Leave	102,163	190,265
Provision for Sick Leave	155,686	125,243
	<u>393,870</u>	<u>521,006</u>



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	2007 \$	2007 Budget \$	2006 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>a) Leave Reserve</b>			
Opening Balance	514,915	626,015	127,615
Amount Set Aside / Transfer to Reserve	282,908	9,100	387,300
Amount Used / Transfer from Reserve	0	0	0
	<u>797,823</u>	<u>635,115</u>	<u>514,915</u>
<b>b) Housing Reserve</b>			
Opening Balance	8,557	8,504	8,104
Amount Set Aside / Transfer to Reserve	204,967	200	453
Amount Used / Transfer from Reserve	0	0	0
	<u>213,524</u>	<u>8,704</u>	<u>8,557</u>
<b>c) Insurance Reserve</b>			
Opening Balance	209,963	207,823	198,823
Amount Set Aside / Transfer to Reserve	11,121	4,900	11,139
Amount Used / Transfer from Reserve	0	0	0
	<u>221,084</u>	<u>212,723</u>	<u>209,962</u>
<b>d) Landfill Site Development Reserve</b>			
Opening Balance	312,511	312,511	237,511
Amount Set Aside / Transfer to Reserve	13,679	0	75,000
Amount Used / Transfer from Reserve	(326,190)	(312,511)	0
	<u>0</u>	<u>0</u>	<u>312,511</u>
<b>e) Waste Management Reserve (Formerly the Waste Collection Reserve)</b>			
Opening Balance	684,536	684,536	147,236
Amount Set Aside / Transfer to Reserve	1,454,441	877,611	537,300
Amount Used / Transfer from Reserve	(1,167,750)	(1,000,000)	0
	<u>971,227</u>	<u>562,147</u>	<u>684,536</u>
<b>f) Plant Reserve</b>			
Opening Balance	10,322	10,175	9,775
Amount Set Aside / Transfer to Reserve	102,803	200	547
Amount Used / Transfer from Reserve	0	0	0
	<u>113,125</u>	<u>10,375</u>	<u>10,322</u>
<b>g) Bushfire Management Reserve</b>			
Opening Balance	16,313	16,247	15,447
Amount Set Aside / Transfer to Reserve	864	400	866
Amount Used / Transfer from Reserve	0	0	0
	<u>17,177</u>	<u>16,647</u>	<u>16,313</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	2007 \$	2007 Budget \$	2006 \$
<b>11. RESERVES - CASH BACKED (continued)</b>			
<b>h) Aged Hostel Reserve</b>			
Opening Balance	34,484	34,254	32,654
Amount Set Aside / Transfer to Reserve	1,826	800	1,829
Amount Used / Transfer from Reserve	0	0	0
	<u>36,310</u>	<u>35,054</u>	<u>34,483</u>
<b>l) Lights Replacement Reserve</b>			
Opening Balance	29,265	29,012	27,712
Amount Set Aside / Transfer to Reserve	1,550	700	1,553
Amount Used / Transfer from Reserve	0	0	0
	<u>30,815</u>	<u>29,712</u>	<u>29,265</u>
<b>j) Cattleyard Reserve</b>			
Opening Balance	29,312	29,257	27,757
Amount Set Aside / Transfer to Reserve	1,553	700	1,555
Amount Used / Transfer from Reserve	0	0	0
	<u>30,865</u>	<u>29,957</u>	<u>29,312</u>
<b>k) Public Open Space Reserve</b>			
Opening Balance	423,740	423,741	279,241
Amount Set Aside / Transfer to Reserve	22,445	3,200	144,499
Amount Used / Transfer from Reserve	0	(250,000)	0
	<u>446,185</u>	<u>176,941</u>	<u>423,740</u>
<b>l) Car Parking Reserve</b>			
Opening Balance	21,123	20,903	20,003
Amount Set Aside / Transfer to Reserve	1,119	500	1,121
Amount Used / Transfer from Reserve	0	0	0
	<u>22,242</u>	<u>21,403</u>	<u>21,124</u>
<b>m) Planning Projects Reserve</b>			
Opening Balance	36,887	36,530	34,930
Amount Set Aside / Transfer to Reserve	1,954	900	1,957
Amount Used / Transfer from Reserve	0	0	0
	<u>38,841</u>	<u>37,430</u>	<u>36,887</u>
<b>n) Bus Replacement Reserve</b>			
Opening Balance	7,645	7,540	7,240
Amount Set Aside / Transfer to Reserve	405	200	405
Amount Used / Transfer from Reserve	0	0	0
	<u>8,050</u>	<u>7,740</u>	<u>7,645</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	2007 \$	2007 Budget \$	2006 \$
<b>11. RESERVES - CASH BACKED (continued)</b>			
<b>o) Oval Development Reserve</b>			
Opening Balance	65,097	64,444	61,644
Amount Set Aside / Transfer to Reserve	3,449	1,500	3,454
Amount Used / Transfer from Reserve	0	0	0
	<u>68,546</u>	<u>65,944</u>	<u>65,098</u>
<b>p) Depot Facilities Reserve</b>			
Opening Balance	11,828	11,701	11,201
Amount Set Aside / Transfer to Reserve	627	300	628
Amount Used / Transfer from Reserve	0	0	0
	<u>12,455</u>	<u>12,001</u>	<u>11,829</u>
<b>q) Airport Reserve (Formerly the Airport Capital Works Reserve)</b>			
Opening Balance	1,063,169	1,013,866	787,066
Amount Set Aside / Transfer to Reserve	1,331,859	328,626	523,100
Amount Used / Transfer from Reserve	(50,000)	0	(246,997)
	<u>2,345,028</u>	<u>1,342,492</u>	<u>1,063,169</u>
<b>r) Airport Staff Housing Reserve</b>			
Opening Balance	37,283	36,805	35,305
Amount Set Aside / Transfer to Reserve	1,632	900	1,978
Amount Used / Transfer from Reserve	(38,915)	(37,705)	0
	<u>0</u>	<u>0</u>	<u>37,283</u>
<b>s) Airport Employee's Leave Reserve</b>			
Opening Balance	17,621	17,621	9,321
Amount Set Aside / Transfer to Reserve	772	400	8,300
Amount Used / Transfer from Reserve	(18,393)	(18,021)	0
	<u>0</u>	<u>0</u>	<u>17,621</u>
<b>t) BHP Billiton - ToPH Alliance</b>			
Opening Balance	514,740	511,751	250,751
Amount Set Aside / Transfer to Reserve	415,730	12,000	263,988
Amount Used / Transfer from Reserve	(345,000)	(270,000)	0
	<u>585,470</u>	<u>253,751</u>	<u>514,739</u>
<b>u) SH Library Reserve</b>			
Opening Balance	218,300	218,300	0
Amount Set Aside / Transfer to Reserve	11,563	5,100	218,300
Amount Used / Transfer from Reserve	(86,646)	0	0
	<u>143,217</u>	<u>223,400</u>	<u>218,300</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	2007 \$	2007 Budget \$	2006 \$
<b>11. RESERVES - CASH BACKED (continued)</b>			
<b>v) SES Shed Reserve</b>			
Opening Balance	420,000	420,000	0
Amount Set Aside / Transfer to Reserve	19,470	9,900	420,000
Amount Used / Transfer from Reserve	(83,560)	(420,000)	0
	<u>355,910</u>	<u>9,900</u>	<u>420,000</u>
<b>w) BHP Reserve</b>			
Opening Balance	500,000	500,000	0
Amount Set Aside / Transfer to Reserve	1,016,239	1,011,700	500,000
Amount Used / Transfer from Reserve	(730,323)	(1,500,000)	0
	<u>785,916</u>	<u>11,700</u>	<u>500,000</u>
<b>x) Newcrest Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	100,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>100,000</u>	<u>0</u>
<b>y) Planning Permeability Reserve</b>			
Opening Balance	72,000	72,000	0
Amount Set Aside / Transfer to Reserve	3,814	1,700	72,000
Amount Used / Transfer from Reserve	0	0	0
	<u>75,814</u>	<u>73,700</u>	<u>72,000</u>
<b>z) Waste Management &amp; Recycling Reserve</b>			
Opening Balance	325,000	325,000	0
Amount Set Aside / Transfer to Reserve	16,995	0	325,000
Amount Used / Transfer from Reserve	0	(65,000)	0
	<u>341,995</u>	<u>260,000</u>	<u>325,000</u>
<b>aa) Civil Building/ Infrastructure</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	562,421	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>562,421</u>	<u>0</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>8,224,040</u></u>	<u><u>4,136,836</u></u>	<u><u>5,584,611</u></u>

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

**TOWN OF PORT HEDLAND**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2007**

**11. RESERVES - CASH BACKED (continued)**

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

Leave Reserve

- to be used to fund annual and long service leave requirements.

Housing Reserve

- to be used for the construction of new staff housing when required.

Insurance Reserve

- to be used to fund council's 2007/08 insurance scheme expense.

Landfill Site Development Reserve

- was to be used for the development of a new rubbish landfill site - consolidated with the Waste Management Reserve and closed 30 June 2007.

Waste Management Reserve

- to fund Council's waste management facilities, including landfill and waste collection operations

Plant Reserve

- to be used for the purchase of major plant on an ongoing basis.

Bushfire Management Reserve

- to be used for the replacement of Bush Fire plant and equipment.

Aged Hostel Reserve

- to be used for the ongoing upgrade of the Mitanya Maya Frail Aged Hostel on an ongoing basis.

Lights Replacement Reserve

- to be used for the upgrading and replacement of oval lights on an ongoing basis.

Cattle Yards Reserve

- to be used for the future upgrade and maintenance of the cattle yards on an ongoing basis.

Public Open Space Reserve

- to be used to fund public open space facilities when required. Funds come from developers and are restricted to specific purposes.

Car Parking Reserve

- to be used to fund new car parking facilities when required. Funds come from the developers and are restricted to specific purposes.

Planning Projects Reserve

- to be used to fund any unexpected costs should the need arise and is ongoing.

Bus Replacement Reserve

- to be used to fund replacement of the Senior Citizens' Bus.

Oval Development Reserve

- to be used for future upgrade and maintenance of the sporting ovals within the municipality.

Depot Facilities Reserve

- to be used for the depot upgrade which is due for completion in 2005-06 financial year.

Airport Reserve

- to fund the ongoing and future operation and upgrading of the Port Hedland International Airport

Airport Staff Housing Reserve

- was to be used to fund upgrading of airport staff housing - consolidated with Airport Reserve and closed 30 June 2007.

## TOWN OF PORT HEDLAND

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

#### 11. RESERVES - CASH BACKED (continued)

Airport Employees' Leave Reserve

- was to be used to fund Airport Staff annual and long service leave requirements - consolidated with Airport Reserve and closed 30 June 2007.

BHP Billiton - ToPH Alliance Reserve

- to be used to support Community Services and such projects as agreed upon by BHP Billiton and Town of Port Hedland.

SH Library Reserve

- to be used to fund South Hedland library upgrade/ extension.

SES Shed Reserve

- to hold funds associated with the construction of the SES Shed at the TOPH Airport

BHP Reserve

- to hold funds contributed by BHP to assist the Council in achieving the Strategic Plan

Newcrest Reserve

- to hold funds contributed by New Crest Mining to assist Council in achieving the Strategic Plan

Planning Permeability Reserve

- to fund future traffic permeability management facilities

Waste Management & Recycling Reserve

- to fund future waste recycling projects.

Civil Building/ Infrastructure

- to fund the upgrade of existing buildings, the construction of existing buildings, and the establishment of associated infrastructure.

The Leave, Housing, Waste Management, Plant, Bushfire Management, Lights Replacement, Cattle Yards, Public Open Space, Car Parking, Planning Projects, Oval Development, Depot Facilities, Airport, BHP, Planning Permeability, Waste Management and Recycling and Civil Buildings/ Infrastructure Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The Insurance, Aged Hostel, Bus Replacement, South Hedland Library, BHP Billiton - ToPH Alliance and SES Shed Reserves are expected to be utilised in 2007/08.

**TOWN OF PORT HEDLAND**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2007**

**12. RESERVES - ASSET REVALUATION**

**2007**  
**\$**

**2006**  
**\$**

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

**(a) Land and Buildings**

Balance as at 1 July 2006	662,217	662,217
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2007	662,217	662,217

**(b) Roads**

Balance as at 1 July 2006	190,311	190,311
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2007	190,311	190,311

**TOTAL ASSET REVALUATION RESERVES**

**852,528**

**852,528**

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

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

**(a) Reconciliation of Cash**

For the purposes of the cash flow statement, 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 balance sheet as follows:

	2007 \$	2007 Budget \$	2006 \$
Cash and Cash Equivalents	8,227,390	5,996,008	11,352,322
Bank Overdraft	(299,954)	0	0
	<u>7,927,436</u>	<u>5,996,008</u>	<u>11,352,322</u>

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

Net Result	3,123,880	2,272,349	5,820,776
Amortisation	0	17,000	0
Depreciation	3,603,824	3,273,300	3,014,094
(Increase)/Decrease in Receivables	(3,410,822)	999,262	(193,851)
(Profit)/Loss on Sale of Asset	39,930	125,491	2,112
(Increase)/Decrease in Inventories	2,847	(2,869)	2,695
Increase/(Decrease) in Payables	827,829	(1,867,083)	801,470
Increase/(Decrease) in Provisions	(76,614)	50,000	284,442
Grants/Contributions for the Development of Assets	(2,557,471)	(1,946,300)	(2,118,492)
<b>Net Cash from Operating Activities</b>	<u>1,553,403</u>	<u>2,921,150</u>	<u>7,613,246</u>

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

Credit Card limit	11,000	11,000
Credit Card Balance at Balance Date	0	0
<b>Total Amount of Credit Unused</b>	<u>11,000</u>	<u>11,000</u>

**Loan Facilities**

Loan Facilities - Current	583,814	532,415
Loan Facilities - Non-Current	3,904,765	3,763,578
<b>Total Facilities in Use at Balance Date</b>	<u>4,488,579</u>	<u>4,295,993</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>11,000</u>	<u>11,000</u>
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**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

	2007	2006
	\$	\$
<b>14. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Finance Lease Commitments</b>		
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	0	0
Minimum Lease Payments	<u>0</u>	<u>0</u>
Less Future Finance Charges	<u>0</u>	<u>0</u>
Total Lease Liability	<u><u>0</u></u>	<u><u>0</u></u>
<b>(b) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	68,057	94,925
- later than one year but not later than five years	45,370	63,286
- later than five years	0	0
	<u>113,427</u>	<u>158,211</u>
<b>(c) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects	351,539	0
- plant & equipment purchases	0	158,000
Payable:		
- not later than one year	351,539	158,000
The capital expenditure projects outstanding at the end of the current reporting period comprise:		
- Construction of SES Shed (\$336,439)		
- Installation of an Auto Loo in Wedge St (\$15,100)		

**TOWN OF PORT HEDLAND**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2007**

**15. CONTINGENT LIABILITIES**

Council is currently in dispute with the Department of Health and Ageing (DHA) over a request by the DHA for the partial repayment of a capital grant Council received in 1995. The grant was used to upgrade the facilities at the Mirtanya Maya Aged Care Facility (MM).

The DHA has claimed repayment of \$860,560 on the basis that MM was not operated until at least 2012 as required by the funding agreement.

On three separate occasions Council has made submissions to the DHA setting out grounds for why the requested repayment should be waived. The DHA recently advised the Town they remain of the opinion the repayment of \$860,560 is appropriate. The Town responded on 30 November 2008 requesting an urgent meeting between the Town, DHA and the WA Country Health Service (WACHS) to discuss this matter.

Council remains of the opinion there are valid grounds for waiver of the repayment and resolved to take no further action until the meetings mentioned have taken place and a formal response has been received from the Hon. Nicola Roxon, Federal Minister for Health on this issue.

**16. JOINT VENTURE**

The Town of Port Hedland together with the Pilbara Arts Craft Design Aboriginal Corporation (PACDAC) have a joint venture arrangement to purchase the "Court House" in Edgar Street Port Hedland on a 50/50 basis. The purpose of the joint venture is to establish a community arts facility. The operations of the facility are recorded in the financial statements under Education and Welfare and described within Function 8 of the schedules. The only asset of the joint venture is the court house building. Council's half of the building is included in the asset register under Buildings as follows:

	2007	2006
	\$	\$
<b>Non-Current Assets</b>		
Plant & Equipment	436,577	195,668
Less: Accumulated Depreciation	(31,133)	(23,175)
	405,444	172,493

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

Governance	142,443	211,463
General Purpose Funding	1,128,160	2,311,683
Law, Order, Public Safety	660,695	705,807
Health	289,126	591,174
Education and Welfare	1,505,686	3,021,186
Housing	4,317,907	4,261,646
Community Amenities	4,243,688	2,766,451
Recreation and Culture	9,286,097	16,494,080
Transport	82,680,835	84,183,617
Economic Services	15,871,332	498,729
Other Property and Services	213,740	2,054,847
Unallocated	3,085,632	1,957,022
	123,425,341	119,057,705

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

18. FINANCIAL RATIOS	2007	2006	2005
Current Ratio	1.35	1.79	2.24
Untied Cash to Trade Creditors Ratio	0.00	1.79	3.32
Debt Ratio	0.07	0.06	0.06
Debt Service Ratio	0.03	0.03	0.04
Gross Debt to Revenue Ratio	0.15	0.17	0.23
Gross Debt to Economically Realisable Assets Ratio	0.13	0.12	0.16
Rate Coverage Ratio	0.27	0.34	0.37
Outstanding Rates Ratio	0.01	0.02	0.04

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 Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
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	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

**TOWN OF PORT HEDLAND**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2007**

**19. TRUST FUNDS**

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

	Balance 1-Jul-06 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-07 \$
Deposits - Halls	3,250	13,672	(1,350)	15,572
Deposits - Trailer / Community Bus	600	1,000	(200)	1,400
Deposits - Cleanup	2,160	0	0	2,160
Deposits - Sports Grounds	6,800	7,050	(1,850)	12,000
Deposits - MDCC	178	516	0	694
Unclaimed Wages	8,747	438	0	9,185
Sundry	601	0	0	601
Building Bonds	27,280	0	0	27,280
Building Retention	4,616	0	0	4,616
Ranger Services Bonds	0	200	0	200
Staff Bonds	9,080	1,500	(7,944)	2,636
	63,312			76,344

## TOWN OF PORT HEDLAND

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

## 20. DISPOSALS OF ASSETS - 2006/07 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Profit						
<b>Governance</b>						
Furniture & Equipment	150	0	659	0	509	0
<b>Law Order &amp; Public Safety</b>						
Furniture & Equipment	0	0	18	0	18	0
<b>Education &amp; Welfare</b>						
Furniture & Equipment	0	0	124	0	124	0
<b>Recreation &amp; Culture</b>						
Furniture & Equipment	0	0	54	0	54	0
<b>Transport</b>						
1TBR 838-Howard Porter Trailer	6,465	0	7,548	0	1,083	0
PH 4897-Tip Truck 6x4	7,767	0	69,700	0	61,933	0
Furniture & Equipment	2,533	0	4,262	0	1,729	0
<b>Other Property &amp; Service</b>						
Furniture & Equipment	0	0	15	0	15	0
Loss						
<b>Transport</b>						
PH 5800-Toyota Hilux	17,487	20,646	10,795	14,000	(6,692)	(6,646)
PH 5759-Toyota Hilux	14,694	15,431	9,091	10,000	(5,603)	(5,431)
PH 5777-Toyota Hilux	16,733	17,989	10,968	14,000	(5,765)	(3,989)
PH 5789-Toyota Hilux	18,744	18,744	12,728	14,000	(6,016)	(4,744)
PH 5649-Toyota Hilux	10,950	13,141	8,723	10,000	(2,227)	(3,141)
PH 5784-Toyota Hilux	24,254	20,646	16,582	14,000	(7,672)	(6,646)
PH 667-International Acco	54,274	64,519	35,020	50,000	(19,254)	(14,519)
PH 5247-Mibsubishi Canter	19,451	21,474	12,000	5,000	(7,451)	(16,474)
PH 5184-Mibsubishi Tipper	16,115	18,082	14,000	10,000	(2,115)	(8,082)
1AUF921-Mibsubishi Tipper	16,115	18,082	13,000	10,000	(3,115)	(8,082)
P120803-04-Rideon Mower	11,369	12,040	7,810	5,000	(3,559)	(7,040)
PH 5776-Toyota Hilux	17,960	0	12,727	0	(5,233)	0
PH 5804-Toyota Hilux	19,903	0	13,636	0	(6,267)	0
PH 5503 Toyota Avalon Sedan	11,549	0	7,168	0	(4,381)	0
PH 9038-Holden Belina	23,548	0	15,455	0	(8,093)	0
1BGZ 949-Land Rover Discovery	29,588	0	21,818	0	(7,770)	0
PH 9080-Toyota Camry Sportivo	23,331	0	20,000	0	(3,331)	0
P12092-03-Rideon Mower	8,660	0	7,810	0	(850)	0
Other						
<b>Community Amenities</b>						
Catamore Court	0	104,007	0	80,000	0	(24,007)
<b>Transport</b>						
PH 5196-Toyota Hilux	0	10,549	0	5,000	0	(5,549)
PH 9055-Toyota Landcruiser	0	34,768	0	25,000	0	(9,768)
P30027-Rideon Mower	0	5,523	0	5,000	0	(523)
P1088-Rideon Mower	0	5,850	0	5,000	0	(850)
	371,640	401,491	331,711	276,000	(39,930)	(125,491)

TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 01-Jul-06 \$	New Loans \$	Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>								
Admin/Civic Centre Upgrade 104	137,137		137,137	137,100	0	127,219	7,949	11,500
Admin/Civic Centre Upgrade 108	185,949		57,934	58,000	128,015	182,177	11,539	11,300
Admin/Civic Centre Upgrade 117	212,822		28,086	28,000	184,736	211,432	11,262	7,900
<b>Law, Order &amp; Public Safety</b>								
State Emergency Service Shec 123	384,035		19,744	19,700	364,291	382,880	24,116	24,100
<b>Education &amp; Welfare</b>								
HACC House Upgrade 122	457,184		23,504	23,500	433,680	455,762	28,709	28,700
St Matthews Church 121	66,619		3,714	3,700	62,905	66,420	3,929	4,000
<b>Housing</b>								
Staff Housing 106	820,315		79,840	79,800	740,475	815,104	55,408	55,400
Staff Housing 107	399,241		40,836	40,800	358,405	397,090	21,716	21,700
<b>Community Amenities</b>								
Waste Water Treatment L124	0	725,000	0	183,600	725,000	861,650	0	67,940
<b>Recreation &amp; Culture</b>								
Aquatic Centres 112	714,579		45,701	45,700	668,878	711,661	47,194	47,200
Swimming Pool Extensions 114	418,351		26,485	26,500	391,866	416,867	23,845	23,800
J D Hardie Upgrade 118	73,571		19,684	19,700	53,887	72,566	3,587	3,600
Netball Courts 119A	71,218		9,326	9,300	61,892	70,731	3,956	4,000
Gratwick Pool 119B	49,852		6,528	6,500	43,324	49,521	2,769	2,800
Tennis Courts 120	56,975		7,461	7,500	49,514	56,525	3,165	3,200
PH Golf Club (*) 111	23,639		4,021	4,000	19,618	23,425	1,315	1,300
<b>Transport</b>								
Depot 113	134,882		19,049	19,000	115,833	133,753	8,450	8,400
<b>Economic Services</b>								
Port Hedland Visitors Centre 116	89,627		3,365	3,400	86,262	89,405	5,141	5,100
	4,295,996	725,000	532,415	715,800	4,488,581	5,124,188	264,050	331,940

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

All other loan repayments were financed by general purpose revenue.

TOWN OF PORT HEDLAND  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2006/07

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Underground Power (a) L124	725,000	2,090,500	Treasury Corp	Principal & Interest	4	118,348	6.88	725,000	725,000	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 30-Jun-06 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-07 \$
SES Shed - Loan 123	13-Feb-04	411,083	0	83,561	327,522
		411,083	0	83,561	327,522

(d) Overdraft

\$Nil

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

22. RATING INFORMATION - 2006/07 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential General Rate</b>											
GRV Residential	10.7899	3,967	5,335,542	5,756,997	64,221	22,685	5,843,903	5,714,778	50,000	0	5,764,780
GRV Commercial	10.7899	319	979,040	1,056,374	(16,960)	(2,724)	1,036,690	1,037,845	0	0	1,037,845
GRV Industrial	10.7899	281	706,020	761,789	764	1,470	764,023	730,734	0	0	730,735
GRV Shopping Centre	10.7899	2	504,663	544,526	0	0	544,526	526,114	0	0	526,114
GRV Ex Gratia	10.7899	1	37,050	39,977	0	0	39,977	39,977	0	0	39,977
UV Mining Improved	12.1196	53	162,205	196,586	(1,267)	(10,737)	184,582	196,561	0	0	196,561
UV Mining Vacant	12.1195	28	46,156	55,939	11,810	0	67,749	32,119	0	0	32,119
UV Pastoral	8.9920	10	53,164	47,805	180	26	48,011	46,028	0	0	46,028
UV Other	9.7739	12	71,431	69,816	(8,706)	(2,658)	58,452	65,941	0	0	65,941
UV Other Vacant	9.7739	1	7,763	7,587	7,330	11,667	26,584	0	0	0	0
<b>Minimum</b>	<b>\$</b>	<b>4,674</b>	<b>7,903,034</b>	<b>8,537,396</b>	<b>57,372</b>	<b>19,729</b>	<b>8,614,497</b>	<b>8,390,097</b>	<b>50,000</b>	<b>0</b>	<b>8,440,100</b>
<b>Minimum Rates</b>											
GRV Residential	600	244		146,400			146,400	138,000	0	0	138,000
GRV Commercial	600	84		50,400			50,400	51,000	0	0	51,000
GRV Industrial	600	16		9,600			9,600	10,200	0	0	10,200
GRV Shopping Centre	600	0		0			0	0	0	0	0
GRV Ex Gratia	600	0		0			0	0	0	0	0
UV Mining Improved	400	58		23,200			23,200	20,800	0	0	20,800
UV Mining Vacant	400	235		94,000			94,000	91,600	0	0	91,600
UV Pastoral	400	1		400			400	400	0	0	400
UV Other	400	1		400			400	0	0	0	0
UV Other Vacant	400	11		4,400			4,400	5,200	0	0	5,200
<b>Specified Area Rate (refer note 23)</b>		<b>650</b>	<b>0</b>	<b>328,800</b>	<b>0</b>	<b>0</b>	<b>328,800</b>	<b>317,200</b>	<b>0</b>	<b>0</b>	<b>317,200</b>
<b>Discounts (refer note 25)</b>							<b>8,943,297</b>				<b>8,757,300</b>
<b>Totals</b>							<b>8,943,297</b>				<b>8,757,300</b>
							<b>(53,638)</b>				<b>(53,650)</b>
							<b>8,889,659</b>				<b>8,703,650</b>



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

**23. SPECIFIED AREA RATE - 2006/07 FINANCIAL YEAR**

As per Council Policy, the Town of Port Hedland did not levy a Specified Area Rate during the fiscal year.

**24. SERVICE CHARGES - 2006/07 FINANCIAL YEAR**

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Underground Power - Levies	0	5,346,544	4,291,256	5,346,544	7,041,256
Underground Power Connection*	1,733	0	0	0	0
Charge per KVA**	286	0	0	0	0
		5,346,544	4,291,256	5,346,544	7,041,256

\* Standard connection fee per dwelling

\*\* Six KVA for a standard dwelling as determined by Horizon Power

The service charge was for the provision of underground Power to Port Hedland. The charge was applicable to all owners occupiers within the townsite of Port Hedland (Post Code 6721).

The proceeds of the service charge were applied in full to the costs of undergrounding overhead power services.

No transfer to or from reserve accounts has occurred.

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2006/07 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
A130114 - Sub Lot of 5812 R39012, Lotteries House	Waiver	100	17,814	
A127580 - Portion 6 Anderson St, Business Enterprise Centre	Waiver	100	3,591	
A406870 - Lot 2916 Stanley St, Youth Involvement Centre	Waiver	100	1,431	
A106284 - 9 Hamilton St, Murtanya Maya Hostel	Waiver	100	2,525	
A130290 - Lot 5915 McGregor St, Freemasons Homes for Aged	Waiver	100	13,185	
A156300 - Lot 4508 Shoata Rd, Port Hedland Pistol Club	Waiver	100	600	
A156260 - Location 118 of Forrest Loc., Port Hedland Speedway	Waiver	100	3,421	
A802207 - Lot 2466 Lawson St, Youth Involvement Centre	Waiver	100	1,954	
A156550 - Lots 55,56,57 McKay St, Volunteer Marine Rescue Service	Waiver	100	1,683	
A113872 - Lot 43, 10 Steamer Ave, Baptise Church	Waiver	100	1,795	
A154780 - 4 Treloar St, Treloar Child Care Centre	Waiver	50	842	
A402430 - Lot 2513 Dempster St, Len Taplin Centre	Waiver	50	1,122	
A802155 - Lot 5164 Shota Rd, South Hedland Owners & Trainers	Waiver	50	3,665	
<b>Total</b>			53,638	53,650
A130510 - 17 Schillaman St, Lions Club dissolves Sundry Debtors	Write-Off Write-Off		672 257	

Council offered a rate incentive to ratepayers who elected to pay their rates in full by 29 September 2006.

The prizes consisted of:

First Prize: \$1,000 cash - donated by the National Bank Port Hedland.

Second Prize: \$500 cash - Council's contribution to the rate incentive scheme.

Third Prize: Dinner for two at The Lodge, South Hedland valued to approximately \$60.

26. INTEREST CHARGES AND INSTALMENTS - 2006/07 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.0		48,139	52,800
Interest on Instalments Plan	5.5		30,336	28,500
Charges on Instalment Plan		30	32,100	32,800
Charges on Arrangement Plan		50	9,300	10,000
			119,875	124,100

Ratepayers had the option of paying rates in four equal instalments, due on 29th September 2006, 29th November 2006, 31st January 2007 and 27th March 2007. Administration charges and interest applied for the final three instalments.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2007**

<b>27. FEES &amp; CHARGES</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Governance	1,656	612
General Purpose Funding	79,515	81,876
Law, Order, Public Safety	52,822	36,452
Health	49,643	31,715
Education & Welfare	55,408	185,514
Housing	0	100,386
Community Amenities	3,235,498	2,505,235
Recreation & Culture	275,931	178,775
Transport	4,165,119	3,211,825
Economic Services	316,778	194,863
Other Property & Services	61,900	58,883
	<u>8,294,270</u>	<u>6,586,136</u>

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

**28. GRANT REVENUE**

**By Nature and Type:**

Grants and Subsidies - operating	3,850,892	5,029,217
Grants and Subsidies - non-operating	1,457,471	2,118,492
	<u>5,308,363</u>	<u>7,147,709</u>

**By Program:**

General Purpose Funding	2,015,848	1,872,061
Law, Order, Public Sector	85,000	88,000
Education & Welfare	1,010,377	1,510,092
Community Amenities	631,345	972,671
Recreation and Culture	216,306	242,452
Transport	1,300,838	2,462,433
Economic Services	48,649	0
	<u>5,308,363</u>	<u>7,147,709</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2007**

**29. COUNCILLORS' REMUNERATION**

	2007 \$	2007 Budget \$	2006 \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	49,000	70,000	69,000
Mayor's Allowance	20,000	20,000	20,000
Deputy Mayor's Allowance	5,000	5,000	5,000
Travelling Expenses	4,282	0	2,233
Telecommunications Allowance	9,600	10,800	0
Tchnology Expenses	7,000	9,000	0
	94,882	114,800	96,233

**30. EMPLOYEES' REMUNERATION**

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

Salary Range \$	2007	2006
100,000 - 109,999	3	3
110,000 - 119,999	0	0
120,000 - 129,999	0	0
130,000 - 139,999	0	0
140,000 - 149,999	0	0
150,000 - 159,999	1	1
160,000 - 169,999	0	0

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent Employees at balance date

	110	113
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**32. MAJOR LAND TRANSACTIONS**

The Town of Port Hedland did not participate in any major land undertakings during the reporting period.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the reporting period.

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

34. INTEREST RATE RISK

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

Year Ended 30 June 2007	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>FINANCIAL ASSETS</b>								
<b>Fixed Rate</b>								
Other Financial Assets	5,692,104	0	0	0	0	0	5,692,104	6.40%
Weighted Average Effective Interest Rate	6.40%							
<b>Floating Rate</b>								
Cash and Cash Equivalents	2,348,671	0	0	0	0	0	2,348,671	3.75%
Weighted Average Effective Interest Rate	3.75%							
<b>FINANCIAL LIABILITIES</b>								
<b>Fixed Rate</b>								
Debentures	0	128,014	698,620	0	115,833	3,465,645	4,408,112	6.44%
Weighted Average Effective Interest Rate		6.72%	6.05%		6.49%	6.51%		

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

34. INTEREST RATE RISK (Continued)

Year Ended 30 June 2006	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %	
<b>FINANCIAL ASSETS</b>									
<b>Fixed Rate</b>									
Other Financial Assets	8,806,937	0	0	0	0	0	8,806,937	5.90%	
Weighted Average Effective Interest Rate									5.90%
<b>Floating Rate</b>									
Cash and Cash Equivalents	2,826,127	0	0	0	0	0	2,826,127	3.66%	
Weighted Average Effective Interest Rate									3.66%
<b>FINANCIAL LIABILITIES</b>									
<b>Fixed Rate</b>									
Debentures	137,137	0	185,949	73,571	0	3,899,336	4,295,993	6.41%	
Weighted Average Effective Interest Rate									6.05%

**INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE TOWN OF PORT HEDLAND**

*Report on the Financial Report*

We have audited the accompanying financial report of the Town of Port Hedland, which comprises the balance sheet as at 30 June 2007 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and 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 Town of Port Hedland 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 Town's financial position as at 30 June 2007 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).

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**INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE TOWN OF PORT HEDLAND (continued)**

**Statutory Compliance**

During the course of the audit we became aware of the following instance where the Council did not comply with Local Government (Financial Management) Regulations 1996 (as amended).

**Differential Rates Information**

Council imposed differential rates that differed from those set forth in the local public notice. The details of those rates set forth in the local public notice and the reasons for these differences were not included by Council in its annual budget, rate notice or information accompanying the rate notice as required by Financial Management Regulation 23(b) and 56(4)(b).

**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 Town.
- b) Except as detailed above, no other 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: 8 February 2008  
Perth, WA