

SHIRE OF WONGAN-BALLIDU
BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

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SHIRE OF WONGAN-BALLIDU
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Revenue				
Rates	8	2,707,294	2,666,648	2,679,539
Operating grants, subsidies and contributions		2,324,395	1,756,365	1,751,517
Fees and charges	14	1,014,544	1,109,778	1,029,300
Service charges	11	0	25,400	25,400
Interest earnings	2(a)	87,599	135,707	75,234
Other revenue	2(a)	64,636	238,215	94,505
		<u>6,198,468</u>	<u>5,932,113</u>	<u>5,655,495</u>
Expenses				
Employee costs		(2,308,197)	(2,028,713)	(2,245,037)
Materials and contracts		(1,428,290)	(1,895,260)	(2,142,241)
Utility charges		(304,392)	(297,332)	(281,010)
Depreciation on non-current assets	2(a)	(2,408,839)	(2,275,925)	(2,351,410)
Interest expenses	2(a)	(37,113)	(52,994)	(36,935)
Insurance expenses		(254,222)	(215,621)	(236,157)
Other expenditure		(248,094)	(234,320)	(263,791)
		<u>(6,989,147)</u>	<u>(7,000,165)</u>	<u>(7,556,581)</u>
		(790,679)	(1,068,052)	(1,901,086)
Non-operating grants, subsidies and contributions		1,265,892	1,283,624	993,167
Profit on asset disposals	6	2,000	202	0
Loss on asset disposals	6	(60,500)	(145,651)	(47,304)
Loss on revaluation of non current assets		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		416,713	70,123	(955,223)
Other comprehensive income				
Changes on revaluation of non-current assets		<u>0</u>	<u>0</u>	<u>0</u>
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>416,713</u>	<u>70,123</u>	<u>(955,223)</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF WONGAN-BALLIDU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget	2015/16 Actual	2015/16 Budget
Revenue (Refer Notes 1,2,8,10 to 14)		\$	\$	\$
Governance		24,300	70,993	24,300
General purpose funding		4,706,525	3,729,406	3,732,581
Law, order, public safety		32,300	34,186	30,470
Health		19,200	71,778	5,150
Education and welfare		4,381	6,447	4,704
Housing		75,362	77,053	82,880
Community amenities		174,810	248,702	174,285
Recreation and culture		78,170	125,709	113,991
Transport		768,065	582,461	602,168
Economic services		11,750	35,560	14,950
Other property and services		303,605	949,819	870,016
		<u>6,198,468</u>	<u>5,932,114</u>	<u>5,655,495</u>
Expenses Excluding Finance Costs Refer Notes 1, 2 & 15)				
Governance		(249,140)	(245,923)	(303,919)
General purpose funding		(110,782)	(109,471)	(113,322)
Law, order, public safety		(191,581)	(195,533)	(129,025)
Health		(201,133)	(280,788)	(114,127)
Education and welfare		(208,251)	(196,980)	(212,364)
Housing		(214,864)	(191,220)	(209,760)
Community amenities		(442,171)	(465,882)	(443,264)
Recreation and culture		(1,639,225)	(1,449,029)	(1,412,225)
Transport		(2,556,543)	(2,370,794)	(2,923,407)
Economic services		(243,239)	(212,845)	(137,053)
Other property and services		(895,105)	(1,228,707)	(1,521,180)
		<u>(6,952,034)</u>	<u>(6,947,172)</u>	<u>(7,519,646)</u>
Finance Costs (Refer Notes 2 & 9)				
Governance		0	0	0
General purpose funding		0	0	0
Law, order, public safety		0	0	0
Health		0	0	0
Education and welfare		(4,131)	(4,524)	(4,204)
Housing		(9,362)	(14,497)	(10,280)
Community amenities		0	0	0
Recreation and culture		(3,020)	(4,530)	(3,954)
Transport		0	0	0
Economic services		0	0	0
Other property and services		(20,600)	(29,443)	(18,497)
		<u>(37,113)</u>	<u>(52,994)</u>	<u>(36,935)</u>
Non-operating Grants, Subsidies and Contributions				
Law, order, public safety		0	0	0
Health		0	0	0
Education and welfare		0	0	0
Recreation and culture		0	0	0
Transport		1,265,892	1,283,624	993,167
		<u>1,265,892</u>	<u>1,283,624</u>	<u>993,167</u>

SHIRE OF WONGAN-BALLIDU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Profit/(Loss) On				
Disposal Of Assets (Refer Note 6)				
Governance		(1,000)	(14,699)	(11,999)
Education and welfare		(4,000)	0	0
Transport		(52,500)	(102,929)	(30,075)
Economic services		(1,000)	(3,760)	(5,230)
Other property and services		0	(24,061)	0
		<u>(58,500)</u>	<u>(145,449)</u>	<u>(47,304)</u>
Loss on				
Revaluation Of Non Current Assets				
Transport		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		416,713	70,123	(955,223)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>416,713</u>	<u>70,123</u>	<u>(955,223)</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

**SHIRE OF WONGAN-BALLIDU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,807,294	2,652,092	2,547,853
Operating grants, subsidies and contributions		2,462,890	2,269,098	1,751,517
Fees and charges		1,014,544	1,109,778	1,029,300
Service charges		0	25,400	25,400
Interest earnings		87,599	135,707	75,234
Goods and services tax		52,277	4,920	131,686
Other revenue		64,636	238,215	94,505
		<u>6,489,240</u>	<u>6,435,210</u>	<u>5,655,495</u>
Payments				
Employee costs		(2,308,197)	(2,174,036)	(2,230,037)
Materials and contracts		(1,428,290)	(1,872,027)	(1,557,225)
Utility charges		(304,392)	(297,332)	(281,010)
Interest expenses		(37,113)	(40,697)	(36,935)
Insurance expenses		(254,222)	(215,621)	(236,157)
Goods and services tax		0	(34,392)	0
Other expenditure		(248,094)	(265,571)	(265,279)
		<u>(4,580,308)</u>	<u>(4,899,676)</u>	<u>(4,606,643)</u>
Net cash provided by (used in) operating activities	3(b)	<u>1,908,932</u>	<u>1,535,534</u>	<u>1,048,852</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(1,103,088)	(1,061,219)	(1,203,145)
Payments for construction of infrastructure	5	(2,645,478)	(2,567,797)	(2,253,745)
Non-operating grants, subsidies and contributions used for the development of assets		1,265,892	1,283,624	993,167
Proceeds from sale of plant & equipment	6	200,000	212,955	203,800
Net cash provided by (used in) investing activities		<u>(2,282,674)</u>	<u>(2,132,437)</u>	<u>(2,259,923)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	7	(52,699)	(97,979)	(97,979)
Advances to community groups		0	0	(400,000)
Proceeds from self supporting loans		52,699	63,153	62,778
Proceeds from new debentures	7	0	0	400,000
Net cash provided by (used in) financing activities		<u>0</u>	<u>(34,826)</u>	<u>(35,201)</u>
Net increase (decrease) in cash held		(373,742)	(631,729)	(1,246,272)
Cash at beginning of year		<u>3,313,938</u>	<u>3,945,667</u>	<u>3,944,187</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>2,940,196</u></u>	<u><u>3,313,938</u></u>	<u><u>2,697,915</u></u>

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

**SHIRE OF WONGAN-BALLIDU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	659,018	3,128,064	3,078,622
Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)	1,2			
Governance		24,300	70,992	24,300
General purpose funding		1,999,231	1,062,758	1,053,042
Law, order, public safety		32,300	34,186	30,470
Health		19,200	71,778	5,150
Education and welfare		4,381	6,447	4,704
Housing		75,362	77,053	82,880
Community amenities		174,810	248,702	174,285
Recreation and culture		78,170	125,709	113,991
Transport		770,065	582,663	602,168
Economic services		11,750	35,560	14,950
Other property and services		303,605	949,819	870,016
		<u>3,493,174</u>	<u>3,265,667</u>	<u>2,975,956</u>
Expenditure from operating activities	1,2			
Governance		(250,140)	(260,622)	(315,918)
General purpose funding		(110,782)	(109,471)	(113,322)
Law, order, public safety		(191,581)	(195,533)	(129,025)
Health		(201,133)	(280,788)	(114,127)
Education and welfare		(216,382)	(201,504)	(216,568)
Housing		(224,226)	(205,717)	(220,040)
Community amenities		(442,171)	(465,882)	(443,264)
Recreation and culture		(1,642,245)	(1,453,559)	(1,416,179)
Transport		(2,611,043)	(2,473,924)	(2,953,482)
Economic services		(244,239)	(216,605)	(142,283)
Other property and services		(915,705)	(1,282,211)	(1,539,677)
		<u>(7,049,647)</u>	<u>(7,145,816)</u>	<u>(7,603,885)</u>
Operating activities excluded from budget				
(Profit)/Loss on asset disposals	6	58,500	145,449	47,304
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	2,408,839	2,275,925	2,351,410
Movement in balance sheet items		(786)	(88,488)	0
Amount attributable to operating activities		<u>(430,902)</u>	<u>1,580,801</u>	<u>849,407</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,265,892	1,283,624	993,167
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(1,103,088)	(1,061,219)	(1,203,145)
Purchase and construction of infrastructure	5	(2,645,478)	(2,567,797)	(2,253,745)
Proceeds from disposal of assets	6	200,000	212,955	203,800
Amount attributable to investing activities		<u>(2,282,674)</u>	<u>(2,132,437)</u>	<u>(2,259,923)</u>
FINANCING ACTIVITIES				
Repayment of debentures	7	(52,699)	(97,979)	(97,979)
Proceeds from new debentures	7	0	0	400,000
Advances from New Debentures		0	0	(400,000)
Adjustment for LSL Provision	9	0	0	0
Proceeds from self supporting loans		52,699	63,153	62,778
Transfers to cash backed reserves (restricted assets)	9	(313,718)	(1,978,974)	(1,866,281)
Transfers from cash backed reserves (restricted assets)	9	320,000	557,806	440,000
Amount attributable to financing activities		<u>6,282</u>	<u>(1,455,994)</u>	<u>(1,461,482)</u>
Budgeted deficiency before general rates		<u>(2,707,294)</u>	<u>(2,007,630)</u>	<u>(2,871,998)</u>
Estimated amount to be raised from general rates	8	<u>2,707,294</u>	<u>2,666,648</u>	<u>2,679,539</u>
Net current assets at end of financial year - surplus/(deficit)	4	<u>0</u>	<u>659,018</u>	<u>(192,459)</u>

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

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

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

The Local Government Reporting Entity

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

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

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

(b) 2015/16 Actual Balances

Balances shown in this budget as 2015/16 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire 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.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Superannuation

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

All funds to which the Shire contributes are defined contribution plans.

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.

(h) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

(i) Inventories

General

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

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

Land Held for Resale

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

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land Under Roads

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

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

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

Whilst 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 Shire

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

Major depreciation periods used for each class of depreciable asset are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(k) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

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

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Impairment of Assets

In accordance with Australian Accounting Standards the Shire 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2017.

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

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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 until such time as the asset is substantially ready for its intended use or sale.

(q) Provisions

Provisions are recognised when the Shire has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

(r) 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 Shire, are classified as finance leases.

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

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

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

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

(s) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 19.

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

2. REVENUES AND EXPENSES	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(a) Net Result			
The net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Audit services	20,000	20,081	30,000
Other services	12,500	2,100	15,000
Depreciation By Program			
Governance	48,158	34,538	34,500
General purpose funding	0	0	0
Law, order, public safety	3,919	3,834	7,200
Health	35,606	35,469	18,750
Education and welfare	24,027	23,997	37,950
Housing	13,275	13,259	24,350
Community amenities	29,073	28,868	34,300
Recreation and culture	529,741	510,112	304,200
Transport	1,274,364	1,228,735	1,638,060
Economic services	117,112	116,967	14,400
Other property and services	333,564	280,146	237,700
	<u>2,408,839</u>	<u>2,275,925</u>	<u>2,351,410</u>
Depreciation By Asset Class			
Land and buildings	506,719	415,625	308,300
Furniture and equipment	10,337	17,210	6,500
Plant and equipment	299,048	276,852	278,800
Motor Vehicles	79,322	27,258	27,950
Roads Infrastructure	1,229,885	919,984	1,627,110
Other Infrastructure	283,528	618,996	102,750
	<u>2,408,839</u>	<u>2,275,925</u>	<u>2,351,410</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 7(a)</i>)	37,113	52,994	36,935
	<u>37,113</u>	<u>52,994</u>	<u>36,935</u>
(ii) Crediting as revenues:			
Interest Earnings			
Investments			
- Reserve funds	39,717	50,555	25,500
- Other funds	40,382	72,723	31,734
Other interest revenue (<i>refer note 12</i>)	7,500	12,429	18,000
	<u>87,599</u>	<u>135,707</u>	<u>75,234</u>
(iii) Other Revenue			
Reimbursements and recoveries	34,906	132,517	0
Other	29,730	105,698	94,505
	<u>64,636</u>	<u>238,215</u>	<u>94,505</u>

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Objective:

The objective of the Governance program is to provide an efficient decision making process for the efficient allocation of scarce resources. Activities to achieve this include administration and operation of facilities and services to members of Council and other costs associated with assisting elected members and ratepayers on matters not concerning specific Shire Services.

GENERAL PURPOSE FUNDING

Objective:

The objective of this program is to generate general purpose funding to deliver a high quality of services to the community. Activities involve the raising of rates, maximisation of general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

The objective of the program is to provide the highest standard of supervision of various local laws and statutory regulations with respect to animal control, fire prevention and emergency services to ensure a safer community.

HEALTH

Objective:

The Shire's health program aims to provide an operational framework for good community health through a high level of supervision of food quality and pest control, provision of maternal and infant health and the provision of a doctor and dentist residence and surgery to the community.

EDUCATION AND WELFARE

Objective:

Proportion and support of education for the youth of the community and care of the elderly through the operation of Lovegrove Lodge and maintenance of the Community Health Centre are the objectives of this program.

HOUSING

Objective:

This program aims to provide and maintain a high standard of housing to the community and staff through management and maintenance of various rental residences throughout Wongan Hills.

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

The objective of this program is to provide and maintain a high quality of sanitation services to the community of the Shire of Wongan-Ballidu through refuse collection services and maintenance of refuse sites and the recycled sewerage scheme. Other objectives include provision of an appropriate town planning scheme allowing for development, maintenance of cemeteries for the community and support of Lan care facilities for the benefit of the district.

RECREATION AND CULTURE

Objective:

The areas of recreation and culture are of the highest importance to the community of the Shire of Wongan-Ballidu and as such Council's objective for this program is to provide, develop and maintain a superior level and quality of recreation facilities and cultural activities. This includes maintenance of civic centres and halls, recreation centres, ovals, parks and gardens, swimming areas, museums and the library facilities.

TRANSPORT

Objective:

Maintenance and development of the Shire's infrastructure and transport services is the objective of this program. Construction and maintenance of streets, roads, bridges and footpaths, cleaning and lighting of streets, depot maintenance and maintenance of aerodromes are all provided to community through this program.

ECONOMIC SERVICES

Objective:

This program aims to regulate and provide tourism and area promotion to generate interest in the Shire and therefore generate tourist dollars for the benefit of the community. This program also provides building control to ensure the towns residences and buildings conform to certain standards, control of noxious weeds and vermin and the provision and maintenance of standpipes. All of these sub-programs aim to provide community satisfaction and well being.

OTHER PROPERTY & SERVICES

Objective:

The objective of this program is to provide private works to the community upon request, maintain Council's plant to ensure its efficient operation and maintenance of government building including the Wongan Hills Community Resource Centre. Support for the Business Enterprise Centre also falls under this program which aims to generate business oppoertunities for the district. the Shire also provides incentives for development within the municipality under this program.

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

3. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Cash - unrestricted	302,972	670,432	49,296
Cash - restricted	<u>2,637,224</u>	<u>2,643,506</u>	<u>2,648,619</u>
	<u><u>2,940,196</u></u>	<u><u>3,313,938</u></u>	<u><u>2,697,915</u></u>

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

Depot Reserve	6,119	6,028	5,987
Plant Reserve	553,571	570,994	571,900
Loan Repayments Reserve	507,621	500,121	500,000
Housing Reserve	1,772	1,728	159
Community resource Centre Reserve	12,803	12,613	12,528
Land and Building Reserve	0	0	0
Long Service Leave Reserve	77,593	76,444	75,933
Swimming Pool Reserve	131,781	100,273	100,049
Historical Publications Reserve	6,696	6,597	6,553
Industrial and LIA Park Reserve	0	0	0
Medical Facilities and R4R Special Projects Reserv	406,097	400,097	400,000
Waste Management Facilities Reserve	28,207	22,863	22,742
Centenary Celebrations Reserve	0	0	0
Housing JV Stickland Street Reserve	25,938	30,480	30,309
Housing JV Quinlan Street Reserve	37,742	32,257	35,370
Housing JV Patterson Street Reserve	27,259	21,929	28,029
Sporting Co-Location Reserve	814,025	861,082	859,060
	<u><u>2,637,224</u></u>	<u><u>2,643,506</u></u>	<u><u>2,648,619</u></u>

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

Net result	416,713	70,123	(955,223)
Depreciation	2,408,839	2,275,925	2,351,410
(Profit)/loss on sale of asset	58,500	145,449	47,304
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	290,772	437,454	(1,488)
(Increase)/decrease in inventories	0	30,145	(11,032)
Increase/(decrease) in payables	0	(93,096)	611,048
Increase/(decrease) in employee provisions	0	(46,842)	0
Grants/contributions for the development of assets	<u>(1,265,892)</u>	<u>(1,283,624)</u>	<u>(993,167)</u>
Net Cash from Operating Activities	<u><u>1,908,932</u></u>	<u><u>1,535,534</u></u>	<u><u>1,048,852</u></u>

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

3. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	100,000	100,000	100,000
Bank overdraft at balance date	0	0	0
Credit card limit	7,500	7,500	7,500
Credit card balance at balance date	0	0	0
Total Amount of Credit Unused	<u>107,500</u>	<u>107,500</u>	<u>107,500</u>
 Loan Facilities			
Loan facilities in use at balance date	<u>695,696</u>	<u>744,756</u>	<u>1,148,395</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2016/17 Budget \$	2015/16 Actual \$
4. NET CURRENT ASSETS			

Composition of estimated net current assets

CURRENT ASSETS

Cash - unrestricted	3(a)	302,972	670,432
Cash - restricted reserves	3(a)	2,637,224	2,643,506
Receivables		119,498	462,969
Inventories		9,521	9,521
		<u>3,069,215</u>	<u>3,786,428</u>

LESS: CURRENT LIABILITIES

Trade and other payables		(66,841)	(66,841)
Long term borrowings		2,391	(50,308)
Provisions		(356,798)	(356,798)
		<u>(421,248)</u>	<u>(473,947)</u>

Unadjusted net current assets

2,647,967 **3,312,481**

Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with FM Reg 32 as movements for these items have been funded within the budget estimates.

These differences are disclosed as adjustments below.

Adjustments

Less: Cash - restricted reserves	3(a)	(2,637,224)	(2,643,506)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		14,559	(67,258)
Add: Current portion of debentures		(2,391)	50,308
Add: Current liabilities not expected to be cleared at end of year		(100,504)	(62,583)
Add: Cash-Backed Leave Reserve		77,593	69,576
Adjusted net current assets - surplus/(deficit)		<u>0</u>	<u>659,018</u>

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

5. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year.

Asset Class	Reporting Program											2016/17 Budget Total \$	2015/16 Actual Total \$
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$	Other Property and Services \$		
<i>Property, Plant and Equipment</i>													
Land and buildings	31,251	0	0	0	0	15,168	0	185,885	19,634	0	10,000	261,938	279,010
Furniture and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Plant and equipment	0	0	0	0	0	0	0	0	566,000	0	0	566,000	646,850
Motor Vehicles	69,000	0	0	45,000	0	0	0	81,000	45,200	0	34,950	275,150	135,359
	100,251	0	0	45,000	0	15,168	0	266,885	630,834	0	44,950	1,103,088	1,061,219
<i>Infrastructure</i>													
Roads	0	0	0	0	0	0	0	0	2,578,777	0	0	2,578,777	2,467,851
Footpaths	0	0	0	0	0	0	0	0	23,200	0	0	23,200	69,161
Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0
Parks and ovals	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	25,000	0	0	18,501	0	43,501	30,785
	0	0	0	0	0	0	25,000	0	2,601,977	18,501	0	2,645,478	2,567,797
Total Acquisitions	100,251	0	0	45,000	0	15,168	25,000	266,885	3,232,811	18,501	44,950	3,748,566	3,629,016

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

6. DISPOSALS OF ASSETS

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

<u>By Program</u>	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Governance				
Toyota Landcruiser	65,000	64,000	0	(1,000)
Health				
Holden Captiva	22,000	18,000	0	(4,000)
Recreation and Culture				
Toyota Utility	11,000	8,000	0	(3,000)
Ford Tip Truck	26,000	9,000	0	(17,000)
Transport				
Toyota Kluger	34,000	24,500	0	(9,500)
Volvo Tip Truck	70,000	45,000	0	(25,000)
CAT Loader	23,000	25,000	2,000	0
Other Property and Services				
Toyota Hilux	7,500	6,500	0	(1,000)
	258,500	200,000	2,000	(60,500)

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

6. DISPOSALS OF ASSETS (Conitnued)

<u>By Class</u>	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Motor Vehicle				
Toyota Landcruiser	65,000	64,000	0	(1,000)
Holden Captiva	22,000	18,000	0	(4,000)
Toyota Hilux	11,000	8,000	0	(3,000)
Ford Tip Truck	26,000	9,000	0	(17,000)
Toyota Kluger	34,000	24,500	0	(9,500)
Toyota Hilux	7,500	6,500	0	(1,000)
	165,500	130,000	0	(35,500)
Plant and Equipment				
Volvo Tip Truck	70,000	45,000	0	(25,000)
CAT Loader	23,000	25,000	2,000	0
	93,000	70,000	2,000	(25,000)
	258,500	200,000	2,000	(60,500)

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

7. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Movement in debentures and interest between the beginning and the end of the current financial year.

Particulars	Principal 1-Jul-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Other property and services								
145C - Land Purchase and Development	500,000	0	0	0	500,000	500,000	20,600	27,773
	500,000	0	0	0	500,000	500,000	20,600	27,773
Self Supporting Loans								
Housing								
142 - Community Association	144,129	0	32,832	31,346	111,297	140,490	9,362	14,497
Recreation and culture								
149 - Wongan Hills Bowling Club	48,406	0	12,794	11,662	35,612	48,406	3,020	3,916
150 - Wongan Hills Sports Council	0	0	0	13,161	0	0	0	614
Other property and services								
143 - Land Purchase and Development	0	0	0	35,201	0	0	0	1,670
147 - Construction of Aged Complex	55,860	0	7,073	6,609	48,787	55,860	4,131	4,524
	248,395	0	52,699	97,979	195,696	244,756	16,513	25,221
	748,395	0	52,699	97,979	695,696	744,756	37,113	52,994

All debenture repayments will be financed by general purpose revenue.

(2,391)

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

7. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Nil								0
								0
					0		0	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2016 nor is it expected to have unspent debenture funds as at 30th June 2017.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$150,000 with the ANZ Bank of Australia does exist. It is not anticipated that this facility will be required to be utilised during 2016/17.

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

8. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2016/17 Budgeted Rate Revenue \$	2016/17 Budgeted Interim Rates \$	2016/17 Budgeted Back Rates \$	2016/17 Budgeted Total Revenue \$	2015/16 Actual \$
Differential general rate or general rate								
Gross Rental Values								
General Rates GRV - Wongan Hills	0.106395	448	4,926,729	524,179	2,500	0	526,679	503,334
General Rates GRV - Ballidu & Cadoux	0.106395	62	350,816	37,325	0	0	37,325	36,593
Unimproved Value								
General Rates UV - Rural	0.012952	280	162,400,500	2,103,411	0	0	2,103,411	2,084,002
General Rates UV - Mining	0.012952	1	29,120	377	0	0	377	1,482
Sub-Totals		791	167,707,165	2,665,293	2,500	0	2,667,793	2,625,411
Minimum payment	Minimum \$							
Gross Rental Value								
General Rates GRV - Wongan Hills	604.10	61	155,624	36,850	0	0	36,850	37,312
General Rates GRV - Ballidu & Cadoux	315.20	28	20,780	8,826	0	0	8,826	8,652
Unimproved Value								
General Rates UV - Rural	315.20	12	134,400	3,782	0	0	3,782	5,562
General Rates UV - Mining	315.20	16	63,640	5,043	0	0	5,043	4,944
Sub-Totals		117	374,444	54,501	0	0	54,501	56,470
Ex-Gratia Rates							17,000	16,964
Discounts (Note 13)							(32,000)	(32,197)
Total amount raised from general rates							2,707,294	2,666,648
Specified area rates (Note 10)							0	0
Total Rates							2,707,294	2,666,648

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

8(a). RATING INFORMATION - 2016/17 FINANCIAL YEAR (CONTINUED)

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

The general rates detailed above for the 2016/17 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

OBJECTIVES AND REASONS FOR DIFFERENTIAL RATING

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential General Rate

Description	Characteristics	Objects / Reasons
GRV - Residential	Properties within the townsite boundaries excepting land zoned as Commercial and Industrial.	This is to be considered the base rate by which all other GRV properties are assessed.
GRV - Residential Vacant	Vacant properties located within the townsite boundaries excepting land zoned as Commercial and Industrial.	Designed to encourage land owners to develop their vacant land and also reflects the different method used for valuation of vacant residential land by the Valuer General.
GRV Commercial	Properties used for commercial and industrial purpose and non-residential land.	The higher rate reflects the additional cost of servicing commercial activity including car parking, landscaping and other amenities.
UV Rural	Consists of properties exclusively for rural use.	This is considered the base rate for which all other UV rated properties are assessed.
UV Commercial Rural	Properties outside the town having a commercial use.	This category is rated higher to reflect the higher infrastructure maintenance to Council.
Minimum Rates	The setting of minimum rates within the categories is an important method of ensuring all properties contribute an equitable rate amount.	

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

9. CASH BACKED RESERVES

	2016/17 Budget				2015/16 Actual				2015/16 Budget			
	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$
Depot Reserve	6,028	91		6,119	5,870	158		6,028	5,870	117		5,987
Plant Reserve	570,994	232,577	(250,000)	553,571	586,188	284,806	(300,000)	570,994	586,188	285,712	(300,000)	571,900
Loan Repayments Reserve	500,121	7,500		507,621	0	500,121		500,121	0	500,000		500,000
Housing Reserve	1,728	44		1,772	95,101	1,627	(95,000)	1,728	95,101	58	(95,000)	159
Community resource Centre Reserve	12,613	190		12,803	12,283	330		12,613	12,283	245		12,528
Land and Building Reserve	0	0		0	0	0		0	0	0		0
Long Service Leave Reserve	76,444	1,149		77,593	74,445	1,999		76,444	74,445	1,488		75,933
Swimming Pool Reserve	100,273	31,508		131,781	142,205	3,068	(45,000)	100,273	142,205	2,844	(45,000)	100,049
Historical Publications Reserve	6,597	99		6,696	6,425	172		6,597	6,425	128		6,553
Industrial and LIA Park Reserve	0			0	0	0		0	0			0
Medical Facilities and R4R Special Projects Reserve	400,097	6,000		406,097	0	400,097		400,097	0	400,000		400,000
Waste Management Facilities Reserve	22,863	5,344		28,207	17,395	5,468		22,863	17,395	5,347		22,742
Centenary Celebrations Reserve	0	0		0	0	0		0	0	0		0
Housing JV Stickland Street Reserve	30,480	5,458	(10,000)	25,938	24,813	5,667		30,480	24,813	5,496		30,309
Housing JV Quinlan Street Reserve	32,257	5,485		37,742	29,775	5,800	(3,318)	32,257	29,775	5,595		35,370
Housing JV Patterson Street Reserve	21,929	5,330		27,259	22,578	5,606	(6,255)	21,929	22,578	5,451		28,029
Sporting Co-Location Reserve	861,082	12,943	(60,000)	814,025	205,260	764,055	(108,233)	861,082	205,260	653,800		859,060
	2,643,506	313,718	(320,000)	2,637,224	1,222,338	1,978,974	(557,806)	2,643,506	1,222,338	1,866,281	(440,000)	2,648,619

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

9. CASH BACKED RESERVES (Continued)

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

Purpose of the reserve

Depot Reserve	- To be used To fund capital improvements and maintenance works at the Shire of Wongan-Ballidu depot.
Plant Reserve	- To be used for the purchase of major plant.
Loan Repayments Reserve	- To be used to fund loan repayments for land and housing development in the Shields Crescent and Danubin Rise areas.
Housing Reserve	- To be used for the deveopment of housing within the Shire.
Community resource Centre Reserve	- To be used to transfer funds from the Community Resource Centre operations for the future purchase of capital, furniture and equipment.
Land and Building Reserve	- To be used for purchase of land and the construction and maintenance of Council's assets.
Long Service Leave Reserve	- To be used for Council's current and non-current long service leave liability.
Swimming Pool Reserve	- To be used to fund capital and maintenance works at the Wongan Hills Memorial Swimming Pool.
Historical Publications Reserve	- To be used to fund historical publications and projects of the Shire.
Industrial and LIA Park Reserve	- To be used to funds the development and operating costs of Wongan Hills Industrial and LIA Park. To be used as the facility to record all of the project costs and revenues with the balance after completion of the project to be transferred to the Municipal Fund.
Medical Facilities and R4R Special Projects Reserve	- To be used to fund the refurbishment of a multi-purpose medical facility in Wongan Hills to house the doctor, dentist and other medical services and to fund projects identified for the Royalties for Regions programme.
Waste Management Facilities Reserve	- To be used to fund the future waste management facility needs of the Shire.
Centenary Celebrations Reserve	- To be used to fund community groups and Council eventsto commemorate the Centenery and other historic activities as determined by th
Housing JV Stickland Street Reserve	- To be used to fund the capital and operating costs of the Housing joint venture in Stickland Street.
Housing JV Quinlan Street Reserve	- To be used to fund the capital and operating costs of the Housing joint venture in Quinlan Street.
Housing JV Patterson Street Reserve	- To be used to fund the capital and operating costs of the Housing joint venture in Patterson Street.
Sporting Co-Location Reserve	- To be used to fund the capital improvements associated with the co-location of sporting facilities within Wongan Hills.

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

10. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

There are no specified area rates in 2016/17 financial year.

11. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

There are no service charges in 2016/17 financial year.

	Amount of Charge \$	2016/17 Budgeted Revenue \$	Budget Amount to be Applied to Costs \$	Budget Amount to be Set Aside to Reserve \$	Reserve Amount to be Applied to costs \$	2015/16 Actual Revenue \$
Service Charge						
Radio / TV Service Charge	0	0	0	0	0	25,400
		0	0	0	0	25,400

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES - 2016/17 FINANCIAL YEAR

An interest charge of 11% will be charged on all rate payments which are late. It is estimated this will generate rate income of \$10,500. Three separate option plans will be available to ratepayers for payment.

Option One - Full Payment including discount

The full amount of rates and charges including arrears is to be paid on or before 21 days after the date of service appearing on the rates notice. A discount of 2% applies for this option.

Option Two - Full Payment

The full amount of rates and charges including arrears is to be paid on or before 35 days after the date of service appearing on the rates notice.

Option Three - Four Instalments

The first installment is to be received on or before 35 days after the date of service appearing on the rate notice and including all arrears and one quarter of current rates and service charges.

The second, third and fourth installment payments are to be made 95, 155 and 215 days respectively after the date of service thereafter. The cost of the installment plan will comprise of simple interest of 5.5% pa calculated from the date the first installment is due together with an administration fee of \$11.00 for each installment notice (e.g. \$33.00 of Option Three).

	2016/17 Budget Revenue \$	2015/16 Actual \$
Instalment Plan Admin Charge Revenue	10,500	14,686
Instalment Plan Interest Earned	7,000	12,429
Unpaid Rates Interest Earned	500	0
	18,000	27,115

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2016/17 FINANCIAL YEAR**

Rates Discounts

Rate or Fee and Charge to which Discount is Granted	Type	Disc % or Amount (\$)	2016/17 Budget \$	2015/16 Actual \$	Circumstances in which Discount is Granted
Early Payment Discount			32,000	32,197	
			32,000	32,197	

SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

14. FEES & CHARGES REVENUE	2016/17 Budget \$	2015/16 Actual \$
Governance	5,800	4,791
General purpose funding	6,200	9,427
Law, order, public safety	5,100	10,538
Health	6,200	48,847
Education and welfare	250	264
Housing	65,000	61,915
Community amenities	173,810	186,227
Recreation and culture	32,650	38,883
Transport	582,684	52,350
Economic services	11,600	19,074
Other property and services	125,250	677,462
	<u>1,014,544</u>	<u>1,109,778</u>

15. ELECTED MEMBERS REMUNERATION	2016/17 Budget \$	2015/16 Actual \$
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.		
Meeting fees	10,710	8,420
Mayor/President's allowance	1,000	1,000
Deputy Mayor/President's allowance	250	250
Travelling expenses	2,534	2,445
Telecommunications allowance	7,000	7,780
	<u>21,494</u>	<u>19,895</u>

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-16 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-17 \$
Housing (Tenancy Bonds)	3,886	500	(500)	3,886
Department of Transport	16,083	286,000	(284,500)	17,583
Bushfire Brigades	13,252	1,250	(6,500)	8,002
CRC Bonds	500	500	(500)	500
	<u>33,721</u>	<u>288,250</u>	<u>(292,000)</u>	<u>29,971</u>

**SHIRE OF WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

17. MAJOR LAND TRANSACTIONS

It is not anticipated there will be any major land transactions or any major trading undertakings will occur in 2016/17.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated there will be any major land transactions or any major trading undertakings will occur in 2016/17.

19. INTERESTS IN JOINT ARRANGEMENTS

	% Shire
Stickland Street Units	11
Quinlan Street Units	9
Patterson Street Units	12