

**SHIRE OF WEST ARTHUR**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

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**SHIRE OF WEST ARTHUR  
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 \$
<b>Revenue</b>				
Rates	8	1,563,465	1,517,126	1,517,928
Operating grants, subsidies and contributions		2,286,667	1,018,080	1,041,700
Fees and charges	14	340,105	316,390	360,170
Interest earnings	2(a)	113,512	126,066	108,656
Other revenue	2(a)	114,572	224,485	117,096
		<u>4,418,321</u>	<u>3,202,147</u>	<u>3,145,550</u>
<b>Expenses</b>				
Employee costs		(1,745,528)	(1,618,420)	(1,561,554)
Materials and contracts		(2,137,238)	(1,019,952)	(1,179,468)
Utility charges		(68,021)	(67,297)	(68,700)
Depreciation on non-current assets	2(a)	(1,856,368)	(1,827,818)	(1,546,987)
Interest expenses	2(a)	(32,487)	(33,691)	(32,336)
Insurance expenses		(109,103)	(80,101)	(106,200)
Other expenditure		(35,276)	(57,378)	(35,472)
		<u>(5,984,021)</u>	<u>(4,704,657)</u>	<u>(4,530,717)</u>
		(1,565,700)	(1,502,510)	(1,385,167)
Non-operating grants, subsidies and contributions		1,564,418	1,282,665	1,786,643
Profit on asset disposals	6	17,787	1,006	0
Loss on asset disposals	6	0	(10,806)	(20,072)
Loss on revaluation of non current assets		0	0	0
		<u>16,505</u>	<u>(229,645)</u>	<u>381,404</u>
<b>NET RESULT</b>				
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>				
		<u><u>16,505</u></u>	<u><u>(229,645)</u></u>	<u><u>381,404</u></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 WEST ARTHUR**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Revenue (Refer Notes 1,2,8,10 to 14)</b>				
Governance		200	289	0
General purpose funding		2,918,178	2,086,759	2,073,584
Law, order, public safety		130,300	141,907	120,324
Education and welfare		143,400	143,759	155,000
Housing		230,866	280,529	420,000
Community amenities		48,000	131,543	61,870
Recreation and culture		185,437	127,970	85,712
Transport		115,500	125,480	107,200
Economic services		37,280	44,152	26,300
Other property and services		72,760	113,586	89,260
		<u>4,418,321</u>	<u>3,202,147</u>	<u>3,145,550</u>
<b>Expenses Excluding Finance Costs Refer Notes 1, 2 &amp; 15)</b>				
Governance		(332,544)	(246,847)	(372,983)
General purpose funding		(81,494)	(76,174)	(80,219)
Law, order, public safety		(242,996)	(269,941)	(234,759)
Health		(136,121)	(88,178)	(109,752)
Education and welfare		(267,403)	(280,272)	(271,890)
Housing		(1,215,985)	(438,303)	(530,187)
Community amenities		(272,894)	(250,421)	(288,732)
Recreation and culture		(856,232)	(668,759)	(671,607)
Transport		(2,365,899)	(2,054,548)	(1,686,971)
Economic services		(140,518)	(151,928)	(149,805)
Other property and services		(39,448)	(145,595)	(101,476)
		<u>(5,951,534)</u>	<u>(4,670,966)</u>	<u>(4,498,381)</u>
<b>Finance Costs (Refer Notes 2 &amp; 9)</b>				
Law, order, public safety		0	0	0
Housing		(24,598)	(26,737)	(26,737)
Community amenities		0	0	0
Recreation and culture		0	0	0
Transport		0	0	0
Economic services		(3,016)	(1,355)	0
		<u>(32,487)</u>	<u>(33,691)</u>	<u>(32,336)</u>
<b>Non-operating Grants, Subsidies and Contributions</b>				
Law, order, public safety		0	0	0
Health		530,000	0	400,000
Education and welfare		0	0	0
Recreation and culture		65,000	27,545	17,545
Transport		969,418	1,255,120	1,369,098
		<u>1,564,418</u>	<u>1,282,665</u>	<u>1,786,643</u>

**SHIRE OF WEST ARTHUR  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Profit/(Loss) On</b>				
<b>Disposal Of Assets (Refer Note 6)</b>				
Housing		0	0	0
Transport		9,987	(2,281)	(20,072)
Other property and services		0	0	0
		<u>17,787</u>	<u>(9,800)</u>	<u>(20,072)</u>
<b>Loss on</b>				
<b>Revaluation Of Non Current Assets</b>				
Transport		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
<b>NET RESULT</b>		<b>16,505</b>	<b>(229,645)</b>	<b>381,404</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>16,505</u></b>	<b><u>(229,645)</u></b>	<b><u>381,404</u></b>

**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 WEST ARTHUR  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,583,465	1,505,922	1,584,898
Operating grants, subsidies and contributions		2,447,162	1,002,170	1,257,488
Fees and charges		340,105	316,390	360,170
Interest earnings		113,512	126,066	108,656
Goods and services tax		275,000	279,237	238,000
Other revenue		114,572	224,485	117,096
		<u>4,873,816</u>	<u>3,454,270</u>	<u>3,666,308</u>
<b>Payments</b>				
Employee costs		(1,745,528)	(1,661,779)	(1,561,554)
Materials and contracts		(2,234,917)	(1,106,850)	(1,162,296)
Utility charges		(68,021)	(67,297)	(68,700)
Interest expenses		(32,487)	(33,691)	(32,336)
Insurance expenses		(109,103)	(80,101)	(106,200)
Goods and services tax		(275,000)	(273,022)	(238,000)
Other expenditure		(35,276)	(57,378)	(35,472)
		<u>(4,500,332)</u>	<u>(3,280,118)</u>	<u>(3,204,558)</u>
<b>Net cash provided by (used in) operating activities</b>	3(b)	<u>373,484</u>	<u>174,152</u>	<u>461,750</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of land held for resale	5	0	(102,493)	(110,000)
Payments for purchase of property, plant & equipment	5	(2,185,690)	(906,671)	(2,435,745)
Payments for construction of infrastructure	5	(2,112,751)	(1,403,766)	(2,366,470)
Non-operating grants, subsidies and contributions used for the development of assets		1,813,981	1,282,665	1,786,643
Proceeds from sale of plant & equipment	6	43,000	116,070	98,000
<b>Net cash provided by (used in) investing activities</b>		<u>(2,441,460)</u>	<u>(1,014,195)</u>	<u>(3,027,572)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures	7	(53,691)	(46,621)	(42,108)
Proceeds from new debentures	7	560,000	100,000	225,000
<b>Net cash provided by (used in) financing activities</b>		<u>506,309</u>	<u>53,379</u>	<u>182,892</u>
<b>Net increase (decrease) in cash held</b>		(1,561,667)	(786,664)	(2,382,930)
Cash at beginning of year		<u>2,808,594</u>	<u>3,595,258</u>	<u>3,595,258</u>
<b>Cash and cash equivalents at the end of the year</b>	3(a)	<u>1,246,927</u>	<u>2,808,594</u>	<u>1,212,328</u>

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

**SHIRE OF WEST ARTHUR  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	4	1,206,058	2,079,930	2,079,930
<b>Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)</b>	1,2			
Governance		200	289	0
General purpose funding		1,354,713	569,633	555,656
Law, order, public safety		130,300	141,907	120,324
Health		536,400	6,173	6,300
Education and welfare		143,400	143,759	155,000
Housing		230,866	280,529	420,000
Community amenities		55,800	131,543	61,870
Recreation and culture		185,437	127,970	85,712
Transport		125,487	126,486	107,200
Economic services		37,280	44,152	26,300
Other property and services		72,760	113,586	89,260
		<u>2,872,643</u>	<u>1,686,027</u>	<u>1,627,622</u>
<b>Expenditure from operating activities</b>	1,2			
Governance		(332,544)	(246,847)	(372,983)
General purpose funding		(81,494)	(76,174)	(80,219)
Law, order, public safety		(242,996)	(272,692)	(234,759)
Health		(136,121)	(88,178)	(109,752)
Education and welfare		(267,403)	(280,272)	(271,890)
Housing		(1,240,583)	(465,040)	(556,924)
Community amenities		(272,894)	(250,421)	(288,732)
Recreation and culture		(856,232)	(673,527)	(671,607)
Transport		(2,365,899)	(2,057,835)	(1,707,043)
Economic services		(143,534)	(153,283)	(149,805)
Other property and services		(44,321)	(151,194)	(107,075)
		<u>(5,984,021)</u>	<u>(4,715,463)</u>	<u>(4,550,789)</u>
<b>Operating activities excluded from budget</b>				
(Profit)/Loss on asset disposals	6	(17,787)	9,800	20,072
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	1,856,368	1,827,818	1,546,987
Movement in employee benefit provisions (non-current)		0	(43,359)	0
<b>Amount attributable to operating activities</b>		<u>(66,739)</u>	<u>844,753</u>	<u>723,822</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,564,418	1,282,665	1,786,643
Purchase land held for resale	5	0	(102,493)	(110,000)
Purchase property, plant and equipment	5	(2,185,690)	(906,671)	(2,435,745)
Purchase and construction of infrastructure	5	(2,112,751)	(1,403,766)	(2,366,470)
Proceeds from disposal of assets	6	43,000	116,070	98,000
<b>Amount attributable to investing activities</b>		<u>(2,691,023)</u>	<u>(1,014,195)</u>	<u>(3,027,572)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	7	(53,691)	(46,621)	(42,108)
Proceeds from new debentures	7	560,000	100,000	225,000
Transfers to cash backed reserves (restricted assets)	9	(584,012)	(572,094)	(633,356)
Transfers from cash backed reserves (restricted assets)	9	1,272,000	377,089	1,236,286
<b>Amount attributable to financing activities</b>		<u>1,194,297</u>	<u>(141,626)</u>	<u>785,822</u>
<b>Budgeted deficiency before general rates</b>		<u>(1,563,465)</u>	<u>(311,068)</u>	<u>(1,517,928)</u>
<b>Estimated amount to be raised from general rates</b>	8	1,563,465	1,517,126	1,517,928
<b>Net current assets at end of financial year - surplus/(deficit)</b>	4	<u>0</u>	<u>1,206,058</u>	<u>0</u>

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

**SHIRE OF WEST ARTHUR  
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 WEST ARTHUR  
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 WEST ARTHUR  
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 WEST ARTHUR  
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	70 years
seal	
- bituminous and asphalt seals	15 - 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
Bridges	60 - 90 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 \$2,000 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 WEST ARTHUR  
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 WEST ARTHUR  
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 WEST ARTHUR  
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 WEST ARTHUR  
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 WEST ARTHUR  
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 WEST ARTHUR**  
**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.



**SHIRE OF WEST ARTHUR  
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 WEST ARTHUR  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2017**

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>2. REVENUES AND EXPENSES</b>			
(a) <b>Net Result</b>			
The net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
Audit services	17,000	15,800	15,000
Other services	0	2,650	0
<b>Depreciation By Program</b>			
Governance	0	0	0
General purpose funding	0	0	0
Law, order, public safety	66,979	68,203	70,062
Health	11,353	11,353	11,353
Education and welfare	0	0	0
Housing	23,987	23,987	23,858
Community amenities	16,820	16,820	20,357
Recreation and culture	232,390	217,196	231,947
Transport	1,158,764	1,158,765	860,696
Economic services	20,708	15,533	17,165
Other property and services	325,367	315,961	311,549
	<u>1,856,368</u>	<u>1,827,818</u>	<u>1,546,987</u>
<b>Depreciation By Asset Class</b>			
Land and buildings	231,078	210,709	209,817
Furniture and equipment	4,399	5,659	7,413
Plant and equipment	354,477	345,036	335,727
Roads	800,741	800,741	847,383
Infrastructure - Other	120,492	120,492	146,647
Bridges	345,181	345,181	0
	<u>1,856,368</u>	<u>1,827,818</u>	<u>1,546,987</u>
<b>Interest Expenses (Finance Costs)</b>			
- Debentures ( <i>refer note 7(a)</i> )	32,487	33,691	32,336
Other			
	<u>32,487</u>	<u>33,691</u>	<u>32,336</u>
(ii) Crediting as revenues:			
<b>Interest Earnings</b>			
Investments			
- Reserve funds	53,712	47,730	48,056
- Other funds	38,000	40,619	40,000
Other interest revenue ( <i>refer note 12</i> )	21,800	37,717	20,600
	<u>113,512</u>	<u>126,066</u>	<u>108,656</u>
(iii) <b>Other Revenue</b>			
Reimbursements and recoveries	114,572	224,485	117,096
Other			
	<u>114,572</u>	<u>224,485</u>	<u>117,096</u>

**SHIRE OF WEST ARTHUR  
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, and for each of its broad activities/programs.

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

**GOVERNANCE**

Costs associated with meetings, elections, preparing annual reports and other statutory reporting requirements, public relations and policy development and review.

Goal: To set and achieve Council's goals and objectives for the ratepayers by providing high level direction, co-ordination and management policy.

**GENERAL PURPOSE FUNDING**

Costs associated with raising and collecting rates, rate enquiries, preparing general purpose income from general rate revenue, penalty for late payments, ex-gratia rates, general purpose grants and untied road grants.

Goal: To raise sufficient funds through rates, investment and grants to fund Council's current and future expenditure

**LAW, ORDER, PUBLIC SAFETY**

Fire control and prevention, and animal control.

Goal: To protect the community from the risk of fire and other emergencies and to uphold the regulatory requirements for the control of animals.

**HEALTH**

Food control, services of Council's Environmental Health Officer and provision and maintenance of medical buildings and subsidies to services

Goal: To protect and promote the health and well-being of the community through awareness programs, by environmental health and public safety programs.

**EDUCATION AND WELFARE**

Education prizes, school bus turnarounds and other works associated with education.

Assistance to playgroups, aged residences and other voluntary services including Westcare.

Goal: To promote education and welfare through awareness programs for all and the provision of services for elderly citizens and people with disabilities

**HOUSING**

Maintenance and provision of GEHA and community housing.

Goal: To provide a suitable standard of housing for new residents which attract quality employees to the Shire of West Arthur for employment in the district.

**COMMUNITY AMENITIES**

Rubbish collection services, operation of refuse site, administration of the town planning scheme, storm water drainage, protection of the environment, cemetery maintenance,

Maintenance for unpotable water supply to Duranillin townsite and regional development.

Goal: To provide services with the overall intention that they are safe, efficient and to the benefit of the community, so as residents are not disadvantaged by living in this district.

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE BUDGET**

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

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

**RECREATION AND CULTURE**

Maintenance of halls, provision of library services, maintenance of historical buildings and maintenance of reserves and recreation facilities.

Goal: To provide quality facilities and stimulate social and cultural values and energies of the Shire's residents.

**TRANSPORT**

Maintenance of roads, drainage works, footpaths, street lighting, median strips, traffic management, parking facilities and roadworks program.

Goal: To provide a smooth, safe, efficient and clearly defined road network that is environmentally acceptable and which enhances travels throughout the Shire.

**ECONOMIC SERVICES**

Tourism and area promotion, pest control services and implementation of building controls.

Goal: To promote the Shire of West Arthur to potential visitors, to promote economic sustainability and service the shire in area of pest control and building service.

**OTHER PROPERTY & SERVICES**

Public works overheads, plant/vehicle operations, stock and materials, depot operations and private works.

Goal: To source extra income for the Shire and gain insight into the efficiency of Council's plant and staff overheads.

**SHIRE OF WEST ARTHUR**  
**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:

	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Budget \$</b>
Cash - unrestricted	82,792	956,471	158,140
Cash - restricted	1,164,135	1,852,123	1,054,188
	<u>1,246,927</u>	<u>2,808,594</u>	<u>1,212,328</u>

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

Long Service Leave Reserve	130,121	87,581	94,563
Plant Reserve	385,604	228,964	159,067
Building Reserve	99,662	325,230	320,273
Town Development Reserve	1,298	40,134	20,141
Recreation Reserve	35,734	34,727	34,734
Heritage Reserve	4,130	3,722	3,658
Community Housing Reserve	108,436	105,380	103,404
Waste Management Reserve	76,897	74,730	74,744
Darkan Swimming Pool Reserve	31,372	26,601	27,605
Information Technology Reserve	55,460	53,897	53,904
Darkan Sport and Community Centre Reserve	159,536	125,885	125,904
Health and Resource Centre Reserve	5,501	734,209	23,987
Arthur River Country Club Renewal Reserve	15,384	11,063	12,204
Museum	55,000	0	0
	<u>1,164,135</u>	<u>1,852,123</u>	<u>1,054,188</u>

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

Net result	16,505	(229,645)	381,404
Depreciation	1,856,368	1,827,818	1,546,987
(Profit)/loss on sale of asset	(17,787)	9,800	20,072
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	430,058	(20,899)	282,758
(Increase)/decrease in inventories	10,000	(12,215)	(2,000)
Increase/(decrease) in payables	(107,679)	(126,771)	19,172
Increase/(decrease) in employee provisions	0	8,729	0
Grants/contributions for the development of assets	(1,813,981)	(1,282,665)	(1,786,643)
<b>Net Cash from Operating Activities</b>	<u>373,484</u>	<u>174,152</u>	<u>461,750</u>

**SHIRE OF WEST ARTHUR  
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 \$
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	150,000	150,000	150,000
Bank overdraft at balance date			0
<b>Total Amount of Credit Unused</b>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
<b>Loan Facilities</b>			
Loan facilities in use at balance date	<u>1,064,227</u>	<u>557,918</u>	<u>687,431</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

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

**Composition of estimated net current assets**

**CURRENT ASSETS**

Cash - unrestricted	3(a)	82,792	956,471
Cash - restricted reserves	3(a)	1,164,135	1,852,123
Receivables		128,033	558,091
Inventories		19,143	29,143
		<u>1,394,103</u>	<u>3,395,828</u>

**LESS: CURRENT LIABILITIES**

Trade and other payables		(236,955)	(344,634)
Short term borrowings		0	0
Long term borrowings		(87,879)	(53,619)
Provisions		(354,035)	(354,035)
		<u>(678,869)</u>	<u>(752,288)</u>

**Unadjusted net current assets**

**715,234                      2,643,540**

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)	(1,164,135)	(1,852,123)
Add: Current portion of debentures		87,879	53,619
Add: Current liabilities not expected to be cleared at end of year		361,022	361,022

<b>Adjusted net current assets - surplus/(deficit)</b>		<u><u>0</u></u>	<u><u>1,206,058</u></u>
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**SHIRE OF WEST ARTHUR  
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						Other		2016/17 Budget Total \$	2015/16 Actual Total \$
	Health \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Property and Services \$	Property and Services \$			
<u>Property, Plant and Equipment</u>									
Land and buildings	100,000	0	1,688,590	44,100	85,000		1,917,690	466,530	
Furniture and equipment	0	0	7,000	0	8,000		15,000	11,533	
Plant and equipment	0	0	0	253,000	0		253,000	428,608	
	<b>100,000</b>	<b>0</b>	<b>1,695,590</b>	<b>297,100</b>	<b>93,000</b>		<b>2,185,690</b>	<b>906,671</b>	
<u>Infrastructure</u>									
Roads	0	0	0	1,877,040	0		1,877,040	1,387,578	
Other	0	21,411	214,300		0		235,711	16,188	
	<b>0</b>	<b>21,411</b>	<b>214,300</b>	<b>1,877,040</b>	<b>0</b>		<b>2,112,751</b>	<b>1,403,766</b>	
<u>Land Held for Resale</u>									
Land Held for Resale	0	0	0	0	0		0	102,493	
	<b>100,000</b>	<b>21,411</b>	<b>1,909,890</b>	<b>2,174,140</b>	<b>93,000</b>		<b>4,298,441</b>	<b>2,310,437</b>	

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

- plant replacement programme
- other assets
- road replacement programme
- other infrastructure

**SHIRE OF WEST ARTHUR  
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.

	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
<b>Transport</b>				
Toyota Kluger	16,813	20,000	3,187	0
Mower	1,200	8,000	6,800	0
<b>Community Ammenities</b>				
Holden Colorado 4x4 dual cab	7,200	15,000	7,800	0
	<b>25,213</b>	<b>43,000</b>	<b>17,787</b>	<b>0</b>

	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
<b>Plant and Equipment</b>				
Toyota Kluger	16,813	20,000	3,187	0
Holden Colorado 4x4 dual cab	7,200	15,000	7,800	0
Mower	1,200	8,000	6,800	0
	<b>25,213</b>	<b>43,000</b>	<b>17,787</b>	<b>0</b>
	<b>25,213</b>	<b>43,000</b>	<b>17,787</b>	<b>0</b>



**SHIRE OF WEST ARTHUR  
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 01-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 \$	
<b>Housing</b>									
Loan 70 - GROH Housing	387,526		33,963	31,825	353,563	387,526	24,598	26,737	
<b>Economic services</b>									
Loan 72 - Industrial Land	95,488		8,718	4,512	86,770	95,488	3,016	1,355	
<b>Other property and services</b>									
Loan 69 - Staff Housing Lot 30 Hillman Street	74,904		11,010	10,284	63,894	74,904	4,873	5,599	
	<b>557,918</b>	<b>0</b>	<b>53,691</b>	<b>46,621</b>	<b>504,227</b>	<b>557,918</b>	<b>32,487</b>	<b>33,691</b>	
<b><u>Self Supporting Loans</u></b>									
Loan 73 - Cottage Homes	0	560,000	0	0	560,000	0	0	0	
	<b>0</b>	<b>560,000</b>	<b>0</b>	<b>0</b>	<b>560,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>557,918</b>	<b>560,000</b>	<b>53,691</b>	<b>46,621</b>	<b>1,064,227</b>	<b>557,918</b>	<b>32,487</b>	<b>33,691</b>	

All debenture repayments will be financed by general purpose revenue.

**SHIRE OF WEST ARTHUR  
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 \$
Cottage Homes	560,000	WA Treasury	Fixed	15	172,222	3.00%	560,000	0
								0
					172,222		560,000	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 National Australia Bank does exist. It is not anticipated that this facility will be required to be utilised during 2016/17.

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**8. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>2016/17 Budgeted Rate Revenue \$</b>	<b>2016/17 Budgeted Interim Rates \$</b>	<b>2016/17 Budgeted Back Rates \$</b>	<b>2016/17 Budgeted Total Revenue \$</b>	<b>2015/16 Actual \$</b>
<b>Differential general rate or general rate</b>								
GRV Townsite	0.0832000	90	623,250	51,854	0	0	51,854	50,359
GRV Commerical	0.0832000	16	256,672	21,355	0	0	21,355	20,739
GRV Industrial	0.0832000	7	104,528	8,698	0	0	8,698	8,403
GRV Other Townsite	0.0832000	15	71,944	5,986	0	0	5,986	5,813
UV Rural	0.0059858	396	251,043,000	1,502,693	0	0	1,502,693	1,455,618
<b>Sub-Totals</b>		524	252,099,394	1,590,586	0	0	1,590,586	1,540,932
<b>Minimum payment</b>	<b>Minimum \$</b>							
GRV Townsite	445	30	116,594	13,350	0	0	13,350	12,960
GRV Commerical	445	10	24,440	4,450	0	0	4,450	4,320
GRV Industrial	445	4	13,060	1,780	0	0	1,780	1,756
GRV Other Townsite	308	18	14,097	5,544	0	0	5,544	5,382
UV Rural	445	33	1,095,624	11,390	0	0	14,685	14,471
<b>Sub-Totals</b>		95	1,263,815	36,513	0	0	39,808	38,889
Discounts (Note 13)							(70,224)	(65,893)
<b>Total amount raised from general rates</b>							1,560,170	1,513,928
Ex Gratia Rates							3,295	3,198
<b>Total Rates</b>							1,563,465	1,517,126

**SHIRE OF WEST ARTHUR  
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 West Arthur is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of West Arthur.

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.

SHIRE OF WEST ARTHUR  
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 \$
Long Service Leave Reserve	87,581	62,540	(20,000)	130,121	82,104	22,365	(16,888)	87,581	82,104	22,382	(9,923)	94,563
Plant Reserve	228,964	366,640	(210,000)	385,604	211,921	356,104	(339,061)	228,964	211,921	356,146	(409,000)	159,067
Building Reserve	325,230	24,432	(250,000)	99,662	218,924	106,306	0	325,230	218,924	166,349	(65,000)	320,273
Town Development Reserve	40,134	1,164	(40,000)	1,298	39,010	1,124	0	40,134	39,010	1,131	(20,000)	20,141
Recreation Reserve	34,727	1,007	0	35,734	33,755	972	0	34,727	33,755	979	0	34,734
Heritage Reserve	3,722	408	0	4,130	3,264	458	0	3,722	3,264	394	0	3,658
Community Housing Reserve	105,380	3,056	0	108,436	119,926	3,454	(18,000)	105,380	119,926	3,478	(20,000)	103,404
Waste Management Reserve	74,730	2,167	0	76,897	72,638	2,092	0	74,730	72,638	2,106	0	74,744
Darkan Swimming Pool Reserve	26,601	4,771	0	31,372	22,940	3,661	0	26,601	22,940	4,665	0	27,605
Information Technology Reserve	53,897	1,563	0	55,460	37,808	16,089	0	53,897	37,808	16,096	0	53,904
Darkan Sport and Community Centre Reserve	125,885	33,651	0	159,536	93,201	32,684	0	125,885	93,201	32,703	0	125,904
Health and Resource Centre Reserve	734,209	21,292	(750,000)	5,501	713,654	20,555	0	734,209	713,654	20,696	(710,363)	23,987
Arthur River Country Club Renewal Reserve	11,063	6,321	(2,000)	15,384	7,973	6,230	(3,140)	11,063	7,973	6,231	(2,000)	12,204
Museum	0	55,000	0	55,000	0	0	0	0	0	0	0	0
	1,852,123	584,012	(1,272,000)	1,164,135	1,657,118	572,094	(377,089)	1,852,123	1,657,118	633,356	(1,236,286)	1,054,188

**SHIRE OF WEST ARTHUR  
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:

<b>Purpose of the reserve</b>	
Long Service Leave Reserve	To be used to fund annual and long service leave requirements.
Plant Reserve	To be used for the purchase of major plant.
Building Reserve	To be used for the construction and maintenance of Council buildings.
Town Development Reserve	To be used to enhance town infrastructure.
Recreation Reserve	To be used to enhance recreation infrastructure.
Heritage Reserve	To be used to maintain and improve the heritage buildings of the Shire.
Community Housing Reserve	To be used for the maintenance and provision of housing within the Shire.
Waste Management Reserve	To be used to assist with funding future infrastructure requirements for waste management.
Darkan Swimming Pool Reserve	To be used to assist with funding works at the Darkan Swimming Pool.
Information Technology Reserve	To be used for upgrades to computers and office equipment.
Darkan Sport and Community Centre Reserve	To be used to maintain and improve the Darkan Sport and Community Centre.
Health and Resource Centre Reserve	To be used for the expansion of the Health and Resource Centre.
Arthur River Country Club Renewal Reserve	To be used to maintain and improve the Arthur River Country Club.
Museum	To be used to maintain and to provide new displays in the Museum

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2017**

**10. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates are to be levied in the 2016/17 financial year.

**11. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges are to be raised for the 2016/17 financial year.

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

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Admin Charge Revenue \$	Instalment Plan Interest Rate %	Instalment Plan Interest Earned \$	Unpaid Rates Interest Rate %	Unpaid Rates Interest Earned \$	2016/17 Budget Revenue \$	2015/16 Actual \$
Option 1 (Full Payment)	09/16/16					11%	20,000	20,000	37,717
Option 2 (Two Instalments)	09/16/16 11/18/16	5	300	5.50%	600			0	
Option 3 (Four Instalments)	09/16/16 11/18/16 01/20/16 03/24/16	15	300	5.50%	1,200			1,500	1,635
			600		1,800		20,000	21,500	39,352

**SHIRE OF WEST ARTHUR  
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**

<b>Rate or Fee and Charge to which Discount is Granted</b>	<b>Type</b>	<b>Disc % or Amount (\$)</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>	<b>Circumstances in which Discount is Granted</b>
Rates paid on time	Discount	5.00%	70,224	65,893	Rates paid by the due date.
			70,224	65,893	

**Waivers or Concessions**

No waivers or concessions are budgeted to be granted in the 2016/17 financial year.



**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2017**

<b>14. FEES &amp; CHARGES REVENUE</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>
Governance	0	0
General purpose funding	1,200	2,348
Law, order, public safety	1,600	1,735
Health	400	416
Education and welfare	101,000	92,389
Housing	98,000	97,510
Community amenities	46,000	49,519
Recreation and culture	10,725	3,915
Transport	0	221
Economic services	37,280	21,821
Other property and services	43,900	46,516
	<u>340,105</u>	<u>316,390</u>

<b>15. ELECTED MEMBERS REMUNERATION</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>
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The following fees, expenses and allowances were paid to council members and/or the Mayor/President.

Meeting fees	7,000	8,200
Mayor/President's allowance	2,980	2,000
Deputy Mayor/President's allowance	745	500
Travelling expenses	2,500	1,907
Telecommunications allowance	3,500	3,500
	<u>16,725</u>	<u>16,107</u>

**SHIRE OF WEST ARTHUR**  
**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 01-Jul-16 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-17 \$
Bonds Other	7,986	187	(4,054)	4,119
Landcare Officer	38,638	907	0	39,545
Westcare	46,805	1,098	0	47,903
Youth Advisory Council	6,245	147	0	6,392
Tourist Committee	5,929	139	0	6,068
Seniors Luncheon	408	10	0	418
Kids Central	10,442	245	0	10,687
The Shed	10,346	243	0	10,589
Rural Towns Program	4,819	0	(4,819)	0
Hillman Zone Project Management	2,692	0	(2,692)	0
Landcare Projects	24,992	587	0	25,579
Tidy Towns	5,207	122	0	5,329
Collie Darkan Rail Trail Maint	1,116	26	0	1,142
Arthur River Development	3,437	81	0	3,518
RSL Trust Fund	4,415	104	(2,000)	2,519
Community Gym	4,434	104	0	4,538
West Arthur Trials Group	26,732	0	(26,732)	0
	<u>204,641</u>	<u>4,000</u>	<u>(40,297)</u>	<u>168,344</u>

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2017**

**17. MAJOR LAND TRANSACTIONS**

No major land transactions will occur in 2016/17.

**18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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