



Shire of
Chapman Valley
Love the Rural Life



Statutory Budget

2015 - 2016

SHIRE OF CHAPMAN VALLEY
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

| | NOTE | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|--|------|-------------------------|-------------------------|-------------------------|
| Revenue | | | | |
| Rates | 8 | 2,321,246 | 2,188,162 | 2,199,837 |
| Operating Grants, Subsidies and Contributions | | 1,716,743 | 1,845,699 | 1,215,030 |
| Fees and Charges | 11 | 369,280 | 385,532 | 392,040 |
| Service Charges | 10 | 0 | 0 | 0 |
| Interest Earnings | 2(a) | 57,000 | 90,706 | 65,800 |
| Other Revenue | 2(a) | 11,050 | 6,747 | 500 |
| | | <u>4,475,319</u> | <u>4,516,846</u> | <u>3,873,207</u> |
| Expenses | | | | |
| Employee Costs | | (1,543,403) | (1,259,909) | (1,223,219) |
| Materials and Contracts | | (2,017,477) | (1,389,858) | (1,623,816) |
| Utility Charges | | (61,887) | (51,642) | (75,975) |
| Depreciation on Non-Current Assets | 2(a) | (1,280,034) | (1,172,435) | (1,098,985) |
| Interest Expenses | 2(a) | (10,701) | (14,807) | (19,031) |
| Insurance Expenses | | (187,854) | (170,568) | (167,025) |
| Other Expenditure | | (98,665) | (107,125) | (32,000) |
| | | <u>(5,200,021)</u> | <u>(4,166,344)</u> | <u>(4,240,051)</u> |
| | | (724,702) | 350,502 | (366,844) |
| Non-Operating Grants, | | | | |
| Subsidies and Contributions | | 1,073,328 | 2,608,894 | 3,191,720 |
| Profit on Asset Disposals | 3 | 64,900 | 4,784 | 14,338 |
| Loss on Asset Disposals | 3 | (34,000) | (1,683) | (3,789) |
| NET RESULT | | 379,526 | 2,962,497 | 2,835,425 |
| 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>379,526</u> | <u>2,962,497</u> | <u>2,835,425</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 in accordance with the mandating of fair value measurement through Other Comprehensive Income, are impacted upon by external forces and is 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 CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

| | NOTE | 2015/16 Budget | 2014/15 Actual | 2014/15 Budget |
|--|------|--------------------|--------------------|--------------------|
| | | \$ | \$ | \$ |
| Revenue (Refer Notes 1,2,8 to 13) | | | | |
| Governance | | 7,700 | 24,510 | 32,500 |
| General Purpose Funding | | 2,796,457 | 3,561,795 | 3,105,918 |
| Law, Order, Public Safety | | 33,970 | 41,163 | 36,365 |
| Health | | 4,573 | 8,918 | 5,450 |
| Education and Welfare | | 8,022 | 7,292 | 7,320 |
| Housing | | 14,040 | 93,181 | 9,360 |
| Community Amenities | | 222,290 | 476,962 | 388,149 |
| Recreation and Culture | | 482,710 | 82,873 | 73,610 |
| Transport | | 799,436 | 148,591 | 121,385 |
| Economic Services | | 31,450 | 37,107 | 20,400 |
| Other Property and Services | | 74,670 | 116,121 | 72,750 |
| | | <u>4,475,318</u> | <u>4,598,513</u> | <u>3,873,207</u> |
| Expenses Excluding Finance Costs (Refer Notes 1,2 & 14) | | | | |
| Governance | | (451,002) | (342,554) | (443,203) |
| General Purpose Funding | | (120,959) | (201,503) | (237,620) |
| Law, Order, Public Safety | | (209,856) | (183,897) | (171,819) |
| Health | | (8,370) | (21,107) | (21,333) |
| Education and Welfare | | (7,200) | (3,448) | (7,839) |
| Housing | | (15,227) | (101,305) | (32,786) |
| Community Amenities | | (974,229) | (1,017,007) | (1,073,493) |
| Recreation and Culture | | (669,950) | (443,929) | (512,543) |
| Transport | | (2,246,013) | (1,725,285) | (1,281,982) |
| Economic Services | | (413,799) | (160,986) | (184,995) |
| Other Property and Services | | (72,714) | (32,183) | (253,407) |
| | | <u>(5,189,319)</u> | <u>(4,233,204)</u> | <u>(4,221,020)</u> |
| Finance Costs (Refer Notes 2 & 5) | | | | |
| General Purpose Funding | | (2,000) | (11) | (2,000) |
| Community Amenities | | 0 | (1,048) | (2,248) |
| Recreation and Culture | | (2,901) | (3,154) | (3,154) |
| Transport | | (5,800) | (10,594) | (11,629) |
| | | <u>(10,701)</u> | <u>(14,807)</u> | <u>(19,031)</u> |
| Non-operating Grants, Subsidies and Contributions | | | | |
| Governance | | 0 | 0 | 0 |
| General Purpose Funding | | 0 | 0 | 0 |
| Law, Order, Public Safety | | 0 | 311,690 | 550,000 |
| Community Amenities | | 0 | 0 | 52,674 |
| Recreation and Culture | | 39,500 | 756,041 | 1,057,727 |
| Transport | | 1,033,828 | 1,541,163 | 1,531,319 |
| Economic Services | | 0 | 0 | 0 |
| Other Property and Services | | 0 | 0 | 0 |
| | | <u>1,073,328</u> | <u>2,608,894</u> | <u>3,191,720</u> |

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016**

| | NOTE | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|--|------|-------------------------|-------------------------|-------------------------|
| Profit/(Loss) On | | | | |
| Disposal Of Assets (Refer Note 3) | | | | |
| Housing | | 0 | 4,784 | 0 |
| Transport | | 30,900 | (1,683) | 10,549 |
| | | <u>30,900</u> | <u>3,101</u> | <u>10,549</u> |
| NET RESULT | | 379,526 | 2,962,497 | 2,835,425 |
| 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>379,526</u> | <u>2,962,497</u> | <u>2,835,425</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 in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is 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 CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

| | NOTE | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|--|-------|-------------------------|-------------------------|-------------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 2,321,246 | 2,186,210 | 2,199,837 |
| Operating Grants, Subsidies and Contributions | | 1,716,743 | 1,774,560 | 1,215,030 |
| Fees and Charges | | 369,280 | 385,532 | 392,040 |
| Service Charges | | 0 | | |
| Interest Earnings | | 57,000 | 90,706 | 65,800 |
| Goods and Services Tax | | 0 | 257,190 | 243,018 |
| Other Revenue | | 11,050 | 6,747 | 500 |
| | | <u>4,475,319</u> | <u>4,700,945</u> | <u>4,116,225</u> |
| Payments | | | | |
| Employee Costs | | (1,543,403) | (1,313,556) | (1,223,219) |
| Materials and Contracts | | (1,817,477) | (1,336,717) | (1,865,277) |
| Utility Charges | | (61,887) | (51,642) | (75,975) |
| Interest Expenses | | (10,701) | (14,807) | (19,031) |
| Insurance Expenses | | (187,854) | (170,568) | (167,025) |
| Goods and Services Tax | | 0 | (203,042) | (210,000) |
| Other Expenditure | | (98,665) | (107,125) | (32,000) |
| | | <u>(3,719,987)</u> | <u>(3,197,457)</u> | <u>(3,592,527)</u> |
| Net Cash Provided By Operating Activities | 15(b) | <u>755,332</u> | <u>1,503,488</u> | <u>523,698</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Development of Land Held for Resale | 4 | 0 | 0 | 0 |
| Payments for Purchase of Property, Plant & Equipment | 4 | (1,149,586) | (1,304,295) | (1,748,869) |
| Payments for Construction of Infrastructure | 4 | (2,645,792) | (2,605,214) | (3,453,570) |
| Non-Operating Grants, Subsidies and Contributions used for the Development of Assets | | 1,073,328 | 2,608,894 | 3,191,720 |
| Proceeds from Sale of Plant & Equipment | 3 | 209,000 | 83,351 | 85,000 |
| Net Cash Used in Investing Activities | | <u>(2,513,050)</u> | <u>(1,217,264)</u> | <u>(1,925,719)</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | 5 | (58,888) | (153,982) | (151,608) |
| Advances to Community Groups | | | | |
| Proceeds from New Debentures | 5 | 140,199 | 0 | 0 |
| Net Cash Provided By (Used In) Financing Activities | | <u>81,311</u> | <u>(153,982)</u> | <u>(151,608)</u> |
| Net Increase (Decrease) in Cash Held | | (1,676,407) | 132,242 | (1,553,629) |
| Cash at Beginning of Year | | <u>2,870,703</u> | <u>2,738,461</u> | <u>2,738,460</u> |
| Cash and Cash Equivalents at the End of the Year | 15(a) | <u><u>1,194,296</u></u> | <u><u>2,870,703</u></u> | <u><u>1,184,831</u></u> |

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

**SHIRE OF CHAPMAN VALLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

| | NOTE | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|---|------|-------------------------|-------------------------|-------------------------|
| Revenue | 1,2 | | | |
| Governance | | 7,700 | 24,510 | 32,500 |
| General Purpose Funding | | 475,211 | 1,373,633 | 906,081 |
| Law, Order, Public Safety | | 33,970 | 352,853 | 586,365 |
| Health | | 4,573 | 8,918 | 5,450 |
| Education and Welfare | | 8,022 | 7,292 | 7,320 |
| Housing | | 14,040 | 97,965 | 9,360 |
| Community Amenities | | 222,290 | 476,962 | 440,823 |
| Recreation and Culture | | 522,210 | 838,914 | 1,131,337 |
| Transport | | 1,898,164 | 1,689,754 | 1,663,253 |
| Economic Services | | 31,450 | 37,107 | 20,400 |
| Other Property and Services | | 74,670 | 116,121 | 72,750 |
| | | <u>3,292,300</u> | <u>5,024,029</u> | <u>4,875,639</u> |
| Expenses | 1,2 | | | |
| Governance | | (451,002) | (342,554) | (443,203) |
| General Purpose Funding | | (122,959) | (201,514) | (239,620) |
| Law, Order, Public Safety | | (209,856) | (183,897) | (171,819) |
| Health | | (8,370) | (21,107) | (21,333) |
| Education and Welfare | | (7,200) | (3,448) | (7,839) |
| Housing | | (15,227) | (101,305) | (32,786) |
| Community Amenities | | (974,229) | (1,018,055) | (1,075,741) |
| Recreation and Culture | | (672,851) | (447,083) | (515,697) |
| Transport | | (2,285,813) | (1,737,562) | (1,293,611) |
| Economic Services | | (413,799) | (160,986) | (184,995) |
| Other Property and Services | | (72,714) | (32,183) | (253,407) |
| | | <u>(5,234,020)</u> | <u>(4,249,694)</u> | <u>(4,240,051)</u> |
| Net Result Excluding General Rates | | (1,941,720) | 774,335 | 635,588 |
| Adjustments for Cash Budget Requirements: | | | | |
| Non-Cash Expenditure and Revenue | | | | |
| (Profit)/Loss on Asset Disposals | 4 | (30,900) | (3,101) | (10,549) |
| Depreciation on Assets | 2(a) | 1,280,034 | 1,172,435 | 1,098,985 |
| Movement in Non-Current Staff Leave Provisions | | 0 | | 0 |
| Capital Expenditure and Revenue | | | | |
| Purchase Land Held for Resale | 3 | 0 | | 0 |
| Purchase Property, Plant and Equipment | 3 | (1,149,586) | (1,304,295) | (1,748,869) |
| Purchase Infrastructure | 3 | (2,645,792) | (2,605,214) | (3,453,570) |
| Proceeds from Disposal of Assets | 4 | 209,000 | 83,351 | 85,000 |
| Repayment of Debentures | 5 | (58,888) | (153,982) | (151,608) |
| Proceeds from New Debentures | 5 | 140,199 | 0 | 0 |
| Transfers to Reserves (Restricted Assets) | 6 | (26,400) | (326,982) | (301,765) |
| Transfers from Reserves (Restricted Assets) | 6 | 284,541 | 808,553 | 782,462 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | 7 | 1,618,266 | 985,004 | 864,489 |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | 7 | 0 | 1,618,266 | 0 |
| Amount Required to be Raised from General Rate | 8 | <u>(2,321,246)</u> | <u>(2,188,162)</u> | <u>(2,199,837)</u> |

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

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council 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) 2014/15 Actual Balances

Balances shown in this budget as 2014/15 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 local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

(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 Council contributes to a number of Superannuation Funds on behalf of employees.

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

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 7 - 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.

(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.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or
 - (II) infrastructure; and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the budget as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of state or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014 and now form part of Land and Buildings to be subject to regular revaluation as detailed above.

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 Council 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.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

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 Council.

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.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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 | 40 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.

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

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 Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council 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 CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council 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 Council 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 CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

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 Council 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or 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 CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council's 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 CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council 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 Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an 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 CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 2016.

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 Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, 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 Council'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 Council'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 Council'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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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 CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council 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 Council, 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 Council'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 17.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council'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 CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

| | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|---|-------------------------|-------------------------|-------------------------|
| 2. REVENUES AND EXPENSES | | | |
| (a) Net Result | | | |
| The Net Result includes: | | | |
| (i) Charging as Expenses: | | | |
| Auditors Remuneration | | | |
| Audit Services | 40,000 | 29,732 | 40,800 |
| Other Services | | | |
| Depreciation | | | |
| <u>By Program</u> | | | |
| Governance | 88,732 | 83,752 | 70,025 |
| Law, Order, Public Safety | 75,380 | 68,581 | 39,000 |
| Housing | 3,775 | 3,725 | 4,800 |
| Community Amenities | 18,095 | 10,677 | 17,200 |
| Recreation and Culture | 90,406 | 89,953 | 34,460 |
| Transport | 754,395 | 753,805 | 733,500 |
| Economic Services | 15,840 | 0 | 0 |
| Other Property and Services | 233,411 | 161,942 | 200,000 |
| | <u>1,280,034</u> | <u>1,172,435</u> | <u>1,098,985</u> |
| <u>By Class</u> | | | |
| Land and Buildings | 91,000 | 90,224 | 45,000 |
| Furniture and Equipment | 26,000 | 25,482 | 35,000 |
| Plant and Equipment | 382,034 | 277,063 | 285,485 |
| Roads | 750,000 | 749,135 | 729,300 |
| Parks and Ovals | 17,000 | 16,924 | 4,200 |
| Other Infrastructure | 14,000 | 13,607 | |
| | <u>1,280,034</u> | <u>1,172,435</u> | <u>1,098,985</u> |
| Interest Expenses (Finance Costs) | | | |
| - Debentures (<i>refer note 5(a)</i>) | 8,701 | 14,796 | 17,031 |
| Other | 2,000 | 11 | 2,000 |
| | <u>10,701</u> | <u>14,807</u> | <u>19,031</u> |
| (ii) Crediting as Revenues: | | | |
| Interest Earnings | | | |
| Investments | | | |
| - Reserve Funds | 16,900 | 33,196 | 26,700 |
| - Other Funds | 25,000 | 36,070 | 25,000 |
| Other Interest Revenue (<i>refer note 13</i>) | 15,100 | 21,440 | 14,100 |
| | <u>57,000</u> | <u>90,706</u> | <u>65,800</u> |
| (iii) Other Revenue | | | |
| Reimbursements and Recoveries | 0 | 0 | 0 |
| Other | 11,050 | 6,747 | 500 |
| | <u>11,050</u> | <u>6,747</u> | <u>500</u> |

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

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.

COMMUNITY VISION

To maintain and enhance sustainable growth and prosperity in accordance with the Chapman Valley traditional rural and natural values.

GOVERNANCE

Objective:

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

Activities:

Governance

Administration and Operation of facilities and services to members of council; Includes fees, expenses and allowances paid to elected and committee members, election costs, insurance, subscription, conference expenses, council chamber expenses and members' entertainment. Also includes the allocation of administration expenses for the CEO and staff in preparation, administration and attendance at meetings and assisting elected members and other committees of Council. Research, development and preparation of policy documents, development of local laws, strategic planning, principal activity plans, annual budgets, annual financial reports, audit fees and the annual report.

Administration

In accordance with Legislative changes which were effective on 1st July 1997. General Administration costs have been allocated to the various programs of Council to reflect the true costs of services provided. Directly attributable costs have been recorded in the relevant program while indirect costs have been allocated using time spent by administration staff on tasks related to each of the programs as a basis.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Revenue from rates levied, interest and fees on instalment arrangements and arrears, government subsidy for entitled pensioners and rates deferred, less discounts and concessions relating to rates levied. Expenditures incurred in administration and maintaining rate records, rating valuations, serving notices, postage, stationery, advertising, debt collection, printing, indirect administration costs etc. Income receivable from the WA Grants Commission and any other Government Grant of a general purpose nature. Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks.

Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranger's expenses are collected here and apportioned throughout the various programs to which they relate.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Food quality and pest control, inspections of eating houses, lodging and boarding houses, itinerant food vendors, offensive trade, and any other outlays concerned with general health inspections and administration services provided by the Council.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Operation, improvements and maintenance of pre-school facilities; assistance to playgroups and other voluntary services. Annual awards and prizes to Nabawa and Yuna Primary Schools.

HOUSING

Objective:

To provide and maintain residential housing for staff, with the surplus available for private rental.

Activities:

Collection of revenue and expenditure in respect of the administration and operation of residential housing for council staff. The expenditure is reallocated to the relevant programmes using staff duties as a basis.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Administration and operation of domestic refuse collection and disposal services, including delivery to a regional disposal site. Provision and maintenance of rubbish disposal sites. Collection and disposal of public litter bins, special rubbish clean ups, special litter enforcement and control. Includes administration and operation of foreshore protection project. Administration and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning. Costs associated with resumption of land for recreational purposes. Hosting of a Natural Resource Management Officer to assist community groups and landowners.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective:

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

Activities:

Administration, provision and operation of public halls, community centre, sporting complex, ovals, swimming areas and beaches. Includes contributions towards operations, subsidies and improvements of sporting clubs, sporting facilities and recreational areas. Administration, provision and operation of local libraries and library services. Contributions towards heritage issues such as municipal inventory, local Historical society operations - museum development/improvement etc.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets and maintenance of depots. Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges etc. Operations relating to the licensing or regulating of traffic under the control of the local government. Includes vehicle registration, vehicle examination expenses and examination facilities.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Eradication of noxious weeds and control of vermin. The development, promotion, support etc. of tourism and area promotion to attract tourists. Administration, inspection and operations concerned with application of the building standards including examination, processing and inspections services, swimming pool inspections etc. Revenues and outlays associated with water supply - standpipes.

OTHER PROPERTY & SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the Council. These include road works on private property. Public Works Overheads - Overheads incurred as the result of the use of direct labour, which is subsequently apportioned to the appropriate works and services absorbing the total expenditure. Includes expenditure incurred in the maintenance and operation of plant, Council's hire rate absorbing the total expenditure of plant running costs and usage. The total salaries and wages incurred during the year is recorded here and allocated over the various works and services to which it relates.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

3. DISPOSALS OF ASSETS

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

| <u>By Program</u> | Net Book Value | Sale Proceeds | Profit(Loss) |
|--------------------------|---------------------------|---------------------------|---------------------------|
| | 2015/16 BUDGET | 2015/16 BUDGET | 2015/16 BUDGET |
| | \$ | \$ | \$ |
| Transport | | | |
| Grader 120H | 102,000 | 70,000 | (32,000) |
| Crew Cab Truck | 40,000 | 50,000 | 10,000 |
| Backhoe | 32,000 | 30,000 | (2,000) |
| Tractor 2WD | 4,100 | 5,000 | 900 |
| 4WD Wagon Toyota Prado | 0 | 29,000 | 29,000 |
| 4WD Utility | 0 | 25,000 | 25,000 |
| | 178,100 | 209,000 | 30,900 |

| <u>By Class</u> | Net Book Value | Sale Proceeds | Profit(Loss) |
|----------------------------|---------------------------|---------------------------|---------------------------|
| | 2015/16 BUDGET | 2015/16 BUDGET | 2015/16 BUDGET |
| | \$ | \$ | \$ |
| Plant and Equipment | | | |
| Grader 120H | 102,000 | 70,000 | (32,000) |
| Crew Cab Truck | 40,000 | 50,000 | 10,000 |
| Backhoe | 32,000 | 30,000 | (2,000) |
| Tractor 2WD | 4,100 | 5,000 | 900 |
| 4WD Wagon Toyota Prado | 0 | 29,000 | 29,000 |
| 4WD Utility | 0 | 25,000 | 25,000 |
| | 178,100 | 209,000 | 30,900 |

Summary

| | |
|---------------------------|----------------------------------|
| | 2015/16 BUDGET \$ |
| Profit on Asset Disposals | 64,900 |
| Loss on Asset Disposals | (34,000) |
| | <u><u>30,900</u></u> |

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

4. ACQUISITION OF ASSETS

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

| Asset Class | Reporting Program | | | | | | | | | | | 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 | 30,000 | | | | | | 84,000 | 160,146 | 10,000 | | | 284,146 |
| Furniture and Equipment | 25,692 | | | | | | | | | | | 25,692 |
| Plant and Equipment | | | | | | | | | 839,748 | | | 839,748 |
| <i>Infrastructure</i> | | | | | | | | | | | | |
| Roads | | | | | | | | | 2,145,792 | | | 2,145,792 |
| Footpaths | | | | | | | | | | | | |
| Other Infrastructure | | | | | | | | | | | | |
| Parks & Ovals | | | | | | | 500,000 | | | | | 500,000 |
| <i>Land Held for Resale</i> | | | | | | | | | | | | |
| | 55,692 | 0 | 0 | 0 | 0 | 0 | 584,000 | 160,146 | 2,995,540 | 0 | 0 | 3,795,378 |

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
- roads program
- 5 year building program

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

5. 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-15 | New Loans | Principal Repayments | | Principal Outstanding | | Interest Repayments | |
|-------------------------------|-----------------------|--------------|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| | | | 2015/16 Budget \$ | 2014/15 Actual \$ | 2015/16 Budget \$ | 2014/15 Actual \$ | 2015/16 Budget \$ | 2014/15 Actual \$ |
| Community Amenities | | | | | | | | |
| - Buller Study - Loan 94 | 0 | | 0 | 22,378 | 0 | 0 | 0 | 1,047 |
| Recreation and Culture | | | | | | | | |
| - Stadium Upgrade - Loan 89 | 47,243 | | 7,482 | 7,050 | 39,761 | 47,243 | 2,901 | 3,154 |
| Transport | | | | | | | | |
| - Plant Renewal - Loan 93 | 0 | | 0 | 75,377 | 0 | 0 | 0 | 3,238 |
| - Plant Renewal - Loan 95 | 22,236 | | 22,236 | 21,057 | 0 | 22,236 | 800 | 1,899 |
| - Plant Renewal - Loan 96 | 123,380 | | 29,170 | 28,120 | 94,210 | 123,380 | 5,000 | 5,458 |
| - Plant Renewal - Loan 97 | 0 | 140,199 | 0 | 0 | 140,199 | 0 | 0 | 0 |
| | 192,859 | 140,199 | 58,888 | 153,982 | 274,170 | 192,859 | 8,701 | 14,796 |

All debenture repayments will be financed by general purpose revenue.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

| Particulars/Purpose | Amount Borrowed Budget | Institution | Loan Type | Term (Years) | Total Interest & Charges | Interest Rate % | Amount Used Budget | Balance Unspent \$ |
|----------------------------|-------------------------------|--------------------|------------------|---------------------|-------------------------------------|------------------------|---------------------------|---------------------------|
| - Plant Renewal - Loan 97 | 140,199 | WA Treasury | Debenture | 4 | 13,843 | 4.03 | 140,199 | 0 |
| | | | | | 13,843 | | 140,199 | 0 |

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2015 nor is it expected to have unspent debenture funds as at 30th June 2016.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$250,000 with the Westpac Bank does exist. It is not anticipated that this facility will be required to be utilised during 2015/16.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

| | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|--|-------------------------|-------------------------|-------------------------|
| 6. RESERVES | | | |
| (a) Leave Reserve | | | |
| Opening Balance | 92,583 | 41,295 | 41,295 |
| Amount Set Aside / Transfer to Reserve | 1,000 | 51,288 | 51,000 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>93,583</u> | <u>92,583</u> | <u>92,295</u> |
| (b) Water Strategy Reserve | | | |
| Opening Balance | 13,813 | 13,535 | 13,536 |
| Amount Set Aside / Transfer to Reserve | 200 | 278 | 350 |
| Amount Used / Transfer from Reserve | | 0 | 0 |
| | <u>14,013</u> | <u>13,813</u> | <u>13,886</u> |
| (c) Computer and Office Equipment Reserve | | | |
| Opening Balance | 43,645 | 8,197 | 8,197 |
| Amount Set Aside / Transfer to Reserve | 200 | 35,448 | 35,365 |
| Amount Used / Transfer from Reserve | (25,000) | 0 | 0 |
| | <u>18,845</u> | <u>43,645</u> | <u>43,562</u> |
| (d) Plant/Light Vehicle Reserve | | | |
| Opening Balance | 128,929 | 120,390 | 120,390 |
| Amount Set Aside / Transfer to Reserve | 2,000 | 128,539 | 126,000 |
| Amount Used / Transfer from Reserve | 0 | (120,000) | (120,000) |
| | <u>130,929</u> | <u>128,929</u> | <u>126,390</u> |
| (e) Legal Reserve | | | |
| Opening Balance | 28,378 | 27,808 | 27,808 |
| Amount Set Aside / Transfer to Reserve | 10,500 | 570 | 650 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>38,878</u> | <u>28,378</u> | <u>28,458</u> |
| (f) Unspent Grants Reserve | | | |
| Opening Balance | 63,541 | 542,462 | 542,462 |
| Amount Set Aside / Transfer to Reserve | | 18,210 | 0 |
| Amount Used / Transfer from Reserve | (63,541) | (497,131) | (542,462) |
| | <u>0</u> | <u>63,541</u> | <u>0</u> |
| (g) Land Development Reserve | | | |
| Opening Balance | 120,054 | 117,644 | 117,644 |
| Amount Set Aside / Transfer to Reserve | 2,000 | 2,410 | 2,700 |
| Amount Used / Transfer from Reserve | (59,000) | 0 | 0 |
| | <u>63,054</u> | <u>120,054</u> | <u>120,344</u> |
| (h) Roadworks Reserve | | | |
| Opening Balance | 112,452 | 110,195 | 110,195 |
| Amount Set Aside / Transfer to Reserve | | 2,257 | 2,700 |
| Amount Used / Transfer from Reserve | (112,000) | 0 | 0 |
| | <u>452</u> | <u>112,452</u> | <u>112,895</u> |
| Total Reserves C/Fwd | <u>359,754</u> | <u>603,395</u> | <u>537,830</u> |

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

| | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|--|----------------------------------|----------------------------------|----------------------------------|
| 6. RESERVES (Continued) | | | |
| Total Reserves B/Fwd | <u>359,754</u> | <u>603,395</u> | <u>537,830</u> |
| (i) Landcare | | | |
| Opening Balance | 36,621 | 83,085 | 83,085 |
| Amount Set Aside / Transfer to Reserve | 500 | 1,280 | 2,000 |
| Amount Used / Transfer from Reserve | <u>(15,000)</u> | <u>(47,744)</u> | <u>0</u> |
| | <u>22,121</u> | <u>36,621</u> | <u>85,085</u> |
| (j) Building | | | |
| Opening Balance | 530,157 | 587,133 | 587,133 |
| Amount Set Aside / Transfer to Reserve | 10,000 | 86,702 | 81,000 |
| Amount Used / Transfer from Reserve | <u>(10,000)</u> | <u>(143,678)</u> | <u>(120,000)</u> |
| | <u>530,157</u> | <u>530,157</u> | <u>548,133</u> |
| Total Reserves | <u><u>912,032</u></u> | <u><u>1,170,173</u></u> | <u><u>1,171,048</u></u> |

All of the above reserve accounts are to be supported by money held in financial institutions.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

| 6. RESERVES (Continued) | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|--|----------------------------------|----------------------------------|----------------------------------|
| SUMMARY OF RESERVE TRANSFERS | | | |
| Transfers to Reserves | | | |
| Leave Reserve | 1,000 | 51,288 | 51,000 |
| Water Strategy Reserve | 200 | 278 | 350 |
| Computer and Office Equipment Reserve | 200 | 35,448 | 35,365 |
| Plant/Light Vehicle Reserve | 2,000 | 128,539 | 126,000 |
| Legal Reserve | 10,500 | 570 | 650 |
| Unspent Grants Reserve | 0 | 18,210 | 0 |
| Land Development Reserve | 2,000 | 2,410 | 2,700 |
| Roadworks Reserve | 0 | 2,257 | 2,700 |
| Landcare | 500 | 1,280 | 2,000 |
| Building | 10,000 | 86,702 | 81,000 |
| | <u>26,400</u> | <u>326,982</u> | <u>301,765</u> |
| Transfers from Reserves | | | |
| Leave Reserve | 0 | 0 | 0 |
| Water Strategy Reserve | 0 | 0 | 0 |
| Computer and Office Equipment Reserve | (25,000) | 0 | 0 |
| Plant/Light Vehicle Reserve | 0 | (120,000) | (120,000) |
| Legal Reserve | 0 | 0 | 0 |
| Unspent Grants Reserve | (63,541) | (497,131) | (542,462) |
| Land Development Reserve | (59,000) | 0 | 0 |
| Roadworks Reserve | (112,000) | 0 | 0 |
| Landcare | (15,000) | (47,744) | 0 |
| Building | (10,000) | (143,678) | (120,000) |
| | <u>(284,541)</u> | <u>(808,553)</u> | <u>(782,462)</u> |
| Total Transfer to/(from) Reserves | <u>(258,141)</u> | <u>(481,571)</u> | <u>(480,697)</u> |

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

6. 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:

Leave Reserve

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

Plant/Light Vehicle Reserve

- To be used for the purchase of major plant and light vehicles.

Water Strategy Reserve

- To be used for the construction and operational costs of facilities for fire fighting purposes

Computer and Office Equipment Reserve

- To be used to replace computers and major items of office equipment.

Unspent Grants and Loans Reserve

- To be used to quarantine unspent grants and loans.

Legal Reserve

- To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.

Land Development Reserve

- To be used for further subdivisional development in the Shire of Chapman Valley.

Roadworks Reserve

- To be used to fund road infrastructure projects.

Building Reserve Fund

- To be used for the construction of shire buildings or capital upgrades of existing shire buildings.

Landcare Reserve Fund

- To be used for Landcare related purposes as approved by Council.

All reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected.

The Building Reserve is expected to be utilised in 2015/16.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

| | Note | 2015/16 Budget \$ | 2014/15 Actual \$ |
|--|-------|-------------------------|-------------------------|
| 7. NET CURRENT ASSETS | | | |
| Composition of Estimated Net Current Asset Position | | | |
| CURRENT ASSETS | | | |
| Cash - Unrestricted | 15(a) | 282,264 | 1,700,530 |
| Cash - Restricted Reserves | 15(a) | 912,032 | 1,170,173 |
| Receivables | | 445,256 | 445,256 |
| Inventories | | 2,086 | 2,086 |
| | | 1,641,638 | 3,318,045 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and Other Payables | | (729,606) | (529,606) |
| Short Term Borrowings | | 0 | 0 |
| Long Term Borrowings | | (78,936) | 2,375 |
| Provisions | | (343,551) | (343,551) |
| | | (1,152,093) | (870,782) |
| NET CURRENT ASSET POSITION | | 489,545 | 2,447,263 |
| Less: Cash - Restricted Reserves | 15(a) | (912,032) | (1,170,173) |
| Less: Land Held for Resale | | 0 | 0 |
| Less: Current Loans - Clubs / Institutions | | 0 | 0 |
| Add: Current Portion of Debentures | | 78,936 | (2,375) |
| | | 343,551 | 343,551 |
| ESTIMATED SURPLUS/(DEFICIENCY) C/FWD | | 0 | 1,618,266 |

The estimated surplus c/fwd in the 2014/15 actual column represents the surplus brought forward as at 1 July 2015.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR

| <u>RATE TYPE</u> | Rate in \$ | Number of Properties | Rateable Value \$ | 2015/16 Budgeted Rate Revenue \$ | 2015/16 Budgeted Interim Rates \$ | 2015/16 Budgeted Back Rates \$ | 2015/16 Budgeted Total Revenue \$ | 2014/15 Actual \$ |
|---|-------------------|----------------------|-------------------|----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|-------------------|
| Differential General Rate/General Rate | | | | | | | | |
| GRV | 6.877800 | 243 | 4,757,575 | 322,062 | | 0 | 322,062 | 324,500 |
| UV Rural | 0.962900 | 401 | 178,445,017 | 1,701,116 | | 0 | 1,701,116 | 1,613,442 |
| UV Oakajee Industrial Estate | 1.928000 | 2 | 9,135,000 | 174,168 | | 0 | 174,168 | 165,636 |
| Sub-Totals | | 646 | 192,337,592 | 2,197,346 | 0 | 0 | 2,197,346 | 2,103,578 |
| Minimum Payment | Minimum \$ | | | | | | | |
| GRV | 525 | 222 | 1,218,299 | 116,550 | 0 | 0 | 116,550 | 115,068 |
| UV Rural | 350 | 21 | 138,678 | 7,350 | 0 | 0 | 7,350 | 6,500 |
| UV Oakajee Industrial Estate | 350 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Totals | | 243 | 1,356,977 | 123,900 | 0 | 0 | 123,900 | 121,568 |
| General Rate | | | | | | | 2,321,246 | 2,225,146 |
| Total Rates | | | | | | | 2,321,246 | 2,225,146 |

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8(a). RATING INFORMATION - 2015/16 FINANCIAL YEAR (CONTINUED)

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

The general rates detailed above for the 2015/16 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 |
|------------------------------|---|--|
| UV Oakajee Industrial Estate | This category includes any property zoned Oakajee Industrial Estate and Buffer within Town Planning Scheme No.1 | To recover from this sector an equitable share of the rates relating to the land held by Landcorp. This follows on from the commitment made in August 1998, at a meeting with Colin Barnett MLA, the then Minister for Resources Development & Energy that the Shire of Chapman Valley should not be financially disadvantaged due to the acquisition and subsequent development of land by Landcorp. In order to reduce the impact of the Oakajee development on other ratepayers Council has sought to introduce a differential rate |

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8(a). RATING INFORMATION - 2015/16 FINANCIAL YEAR (CONTINUED)

The advertised rate in the dollar for general and differential rates have been amended (reduced) to take into account growth and make adjustment to the base rate revenue rate in the dollar prior to applying the LTFP percentage increase.

On the 1st May 2015 the Shire of Chapman Valley advertised the notice of intention to levy the following differential rates. This differs from the actual rate in the dollar to be levied for the GRV, UV Rural and UV Oakajee Industrial Estate

| | Advertised | Levied |
|------------------|------------|--------|
| General Rates | | |
| GRV | 7.3989 | 6.8778 |
| UV Rural | 0.9656 | 0.9629 |
| Oakajee UV | 1.9313 | 1.928 |
| Minimum Payments | | |
| GRV | 525 | 525 |
| UV Rural | 350 | 350 |
| Oakajee UV | 350 | 350 |

The advertised rate in the dollar was an increase of 6.5% as per the Long Term Financial Plan. The reason for the change in the rate in the dollar to 5.5% was due to a better than expected estimated opening position. Council also averaged the rate increases over the last 5 years and with a 5.5% increase in 2015/16 the average is 6.4% which is in line with the Long Term Financial Plan.

Differential Minimum Payment - N/A

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

9. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

No specified area rates will be imposed for 2015/16.

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

No service charges will be imposed for 2015/16.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

| 11. FEES & CHARGES REVENUE | 2015/16 Budget \$ | 2014/15 Actual \$ |
|---------------------------------------|----------------------------------|----------------------------------|
| General Purpose Funding | 6,560 | 19,577 |
| Law, Order, Public Safety | 9,775 | 9,098 |
| Health | 4,573 | 8,918 |
| Education and Welfare | 8,022 | 7,292 |
| Housing | 14,040 | 17,383 |
| Community Amenities | 182,750 | 178,211 |
| Recreation and Culture | 82,710 | 82,863 |
| Transport | 2,200 | 6,153 |
| Economic Services | 26,150 | 32,951 |
| Other Property and Services | 32,500 | 23,086 |
| | <u>369,280</u> | <u>385,532</u> |

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR**

a) Rates

Waiver

Council has granted a waiver of rates to the Yuna CWA for the 2015/16 financial year on the basis it is a non-profit community organisation.

Waiver of Administration Charge on Instalment Option

Any pensioner who wishes to take advantage of the option to make payment of current rates by instalments will be eligible for a waiver of the usual \$9 administration charge. Proof of pensioner status may be required to claim this waiver.

b) Community Groups - Hall Hire and Photocopying Charges

The Council may grant a waiver to persons who reside in the Shire who wish to use the facilities of the main hall in association with a community event or who wish to use the photocopier for a community project. The waiver is made at the complete discretion of Council and may be applied for in writing to the Chief Executive Officer. Council considers support of these groups necessary for the overall benefit of the community.

c) Community Groups - Private Works Hire Charges

The Council may grant a waiver to local community groups who hire Council plant for community projects. The waiver is made at the complete discretion of Council and may be applied for in writing to the Chief Executive Officer. Council considers support of these groups necessary for the overall benefit of the community.

d) Yuna Primary School - Water Testing Charges

The Council will grant a waiver to Yuna Primary School for pool inspection/testing charges under the condition that the school provides a benefit to the community by leaving the pool open outside of school hours during summer.

e) Yuna & Nabawa Primary Schools - Recreation Facilities

The Council will grant a waiver to both the Nabawa and Yuna Primary Schools for the fee to use recreation facilities within the Shire with the exception of the grassed area at Yuna for which the Yuna Primary School will contribute towards the maintenance.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

13. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

| | Interest Rate % | Admin. Charge \$ | 2015/16 Budget \$ | 2014/15 Actual \$ |
|------------------------------|--------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Interest on Unpaid Rates | 11.00% | | 10,100 | 14,786 |
| Interest on Instalments Plan | 5.50% | | 5,000 | 6,654 |
| Charges on Instalment Plan | | 9 | 3,500 | 4,104 |
| | | | 18,600 | 25,544 |

Interest on Instalments

Council has resolved to impose the maximum interest available under the Local Government Act 1995 of 5.50% on rates paid by instalments.

Instalment Fees

For ratepayers electing to pay their rates between 2 and 4 instalments, then a charge of \$9.00 per instalment reminder is charged.

Instalment Options

Council offers three (3) payment options to ratepayers for payment of their rate accounts.

Option 1 (Full Payment):

Full payment of rates and charges including arrears to be paid on or before the 10th September 2015 or 35 days after the date of service appearing on the rate notice whichever is later.

Option 2 (Two Instalments):

Payment of rates are to be made in two equal instalments with the first instalment being on or before the 10th September 2015 or 35 days after the date of service appearing on the rate notice whichever is later including all arrears and half of the current rates. The second and final instalment is due on or before the 10th November 2015.

Option 3 (Four Instalments):

Payment of rates are to be made in four equal instalments with the first instalment being on or before the 10th September 2015 or 35 days after the date of service appearing on the rate notice whichever is later including all arrears a quarter of the current rates. The second, third and fourth instalments are to be made on or before the following dates:

| | |
|--------------------|--------------------|
| Second Instalment: | 10th November 2015 |
| Third Instalment: | 10th January 2016 |
| Fourth Instalment: | 10th March 2016 |

Penalty Interest on Late Payments - Rates

Financial Management Regulation clause 70 and section 6.51 of the Local Government Act 1995 prescribes that the maximum interest that can be levied on overdue rates is 11% per annum.

Council has resolved to set its rate at 11%. This interest will apply 45 days from the due date.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

| 14. ELECTED MEMBERS REMUNERATION | 2015/16 Budget \$ | 2014/15 Actual \$ |
|--|----------------------------------|----------------------------------|
| The following fees, expenses and allowances were paid to council members and/or the president. | | |
| Meeting Fees | 35,076 | 28,343 |
| President's Allowance | 9,751 | 6,426 |
| Deputy President's Allowance | 2,438 | 1,607 |
| Travelling Expenses | 10,300 | 7,685 |
| Telecommunications Allowance | 10,300 | 8,604 |
| | 67,865 | 52,665 |

15. 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:

| | 2015/16 Budget \$ | 2014/15 Actual \$ | 2014/15 Budget \$ |
|---------------------|-------------------------|-------------------------|-------------------------|
| Cash - Unrestricted | 282,264 | 1,700,530 | 13,783 |
| Cash - Restricted | 912,032 | 1,170,173 | 1,171,048 |
| | <u>1,194,296</u> | <u>2,870,703</u> | <u>1,184,831</u> |

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

| | | | |
|---------------------------------------|----------------|------------------|------------------|
| Leave Reserve | 93,583 | 92,583 | 92,295 |
| Water Strategy Reserve | 14,013 | 13,813 | 13,886 |
| Computer and Office Equipment Reserve | 18,845 | 43,645 | 43,562 |
| Plant/Light Vehicle Reserve | 130,929 | 128,929 | 126,390 |
| Legal Reserve | 38,878 | 28,378 | 28,458 |
| Unspent Grants Reserve | 0 | 63,541 | 0 |
| Land Development Reserve | 63,054 | 120,054 | 120,344 |
| Roadworks Reserve | 452 | 112,452 | 112,895 |
| Landcare | 22,121 | 36,621 | 85,085 |
| Building | 530,157 | 530,157 | 548,133 |
| | <u>912,032</u> | <u>1,170,173</u> | <u>1,171,048</u> |

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

| | | | |
|--|----------------|------------------|----------------|
| Net Result | 379,526 | 2,962,497 | 2,835,425 |
| Depreciation | 1,280,034 | 1,172,435 | 1,098,985 |
| (Profit)/Loss on Sale of Asset | (30,900) | (3,101) | (10,549) |
| (Increase)/Decrease in Receivables | 0 | (61,185) | 33,018 |
| (Increase)/Decrease in Inventories | 0 | 1,567 | (6,947) |
| Increase/(Decrease) in Payables | 200,000 | 93,816 | (234,514) |
| Increase/(Decrease) in Employee Provisions | 0 | (53,647) | 0 |
| Grants/Contributions for the Development of Assets | (1,073,328) | (2,608,894) | (3,191,720) |
| Net Cash from Operating Activities | <u>755,332</u> | <u>1,503,488</u> | <u>523,698</u> |

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

| | | | |
|--------------------------------------|----------------|----------------|----------------|
| Bank Overdraft Limit | 250,000 | 250,000 | 250,000 |
| Bank Overdraft at Balance Date | 0 | 0 | 0 |
| Credit Card Limit | 10,000 | 10,000 | 10,000 |
| Credit Card Balance at Balance Date | 0 | 0 | 0 |
| Total Amount of Credit Unused | <u>260,000</u> | <u>260,000</u> | <u>260,000</u> |

Loan Facilities

| | | | |
|--|----------------|----------------|----------------|
| Loan Facilities in use at Balance Date | <u>274,170</u> | <u>192,859</u> | <u>195,234</u> |
| Unused Loan Facilities at Balance Date | <u>0</u> | <u>0</u> | <u>0</u> |

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

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-15 \$ | Estimated Amounts Received \$ | Estimated Amounts Paid (\$) | Estimated Balance 30-Jun-16 \$ |
|------------------------------|------------------------------------|--|--|---|
| Building Commission | 211 | 13,700 | (13,911) | 0 |
| CTF | 315 | 28,000 | (28,315) | 0 |
| Contributions - Subdivisions | 610,501 | 0 | (300,000) | 310,501 |
| Post Box Deposits | 940 | 0 | 0 | 940 |
| Standpipe Card Bond | 100 | 0 | 0 | 100 |
| Refundable Deposits | 5,000 | 0 | (5,000) | 0 |
| | <u>617,067</u> | <u>41,700</u> | <u>(347,226)</u> | <u>311,541</u> |

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

17. MAJOR LAND TRANSACTIONS

It is not anticipated Council will have any major land transactions in 2015/16.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2015/16.