



SHIRE OF
Chapman Valley
love the rural life!



Statutory Budget

2018 - 2019

SHIRE OF CHAPMAN VALLEY
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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SHIRE'S VISION

"We are a thriving community, making the most of our coastline, ranges and rural settings to SUPPORT us to GROW and PROSPER."

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	2,703,726	2,571,155	2,576,965
Operating grants, subsidies and contributions	9	905,418	1,752,105	1,239,924
Fees and charges	8	320,649	338,726	342,050
Interest earnings	10(a)	45,752	51,935	44,460
Other revenue	10(b)	11,050	12,611	12,000
		<u>3,986,595</u>	<u>4,726,532</u>	<u>4,215,399</u>
Expenses				
Employee costs		(2,031,169)	(1,647,936)	(1,966,295)
Materials and contracts		(2,068,874)	(1,606,483)	(2,276,137)
Utility charges		(59,639)	(49,194)	(54,058)
Depreciation on non-current assets	5	(2,333,307)	(2,292,226)	(2,220,576)
Interest expenses	10(d)	(9,453)	(10,538)	(10,614)
Insurance expenses		(155,789)	(152,461)	(161,001)
Other expenditure		(120,430)	(95,539)	(123,430)
		<u>(6,778,661)</u>	<u>(5,854,377)</u>	<u>(6,812,111)</u>
		<u>(2,792,066)</u>	<u>(1,127,845)</u>	<u>(2,596,712)</u>
Non-operating grants, subsidies and contributions	9	1,082,772	1,254,154	1,115,667
Profit on asset disposals	4(b)	20,285	77,062	68,131
Loss on asset disposals	4(b)	(21,238)	(72,494)	(85,158)
Net result		(1,710,247)	130,877	(1,498,072)
Other comprehensive income				
Total other comprehensive income		0	0	0
Total comprehensive income		(1,710,247)	130,877	(1,498,072)

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

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 of Chapman Valley 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 14 to the budget.

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service charges.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUES (CONTINUED)

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		17,744	21,542	1,200
General purpose funding		3,160,152	3,375,763	3,028,243
Law, order, public safety		26,858	178,712	31,000
Health		5,492	5,728	6,799
Housing		9,360	9,566	9,360
Community amenities		185,077	188,375	200,955
Recreation and culture		98,420	398,730	331,082
Transport		376,942	379,590	450,450
Economic services		21,550	23,327	25,330
Other property and services		85,000	145,199	130,980
		3,986,595	4,726,532	4,215,399
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(448,883)	(454,416)	(481,463)
General purpose funding		(119,610)	(96,833)	(118,159)
Law, order, public safety		(197,755)	(183,570)	(199,810)
Health		(16,776)	(16,489)	(15,841)
Education and welfare		(2,000)	0	(2,000)
Housing		(4,219)	(2,785)	(8,763)
Community amenities		(824,027)	(593,838)	(777,930)
Recreation and culture		(764,912)	(662,818)	(839,829)
Transport		(3,981,548)	(3,417,854)	(3,884,787)
Economic services		(326,264)	(274,020)	(311,521)
Other property and services		(83,214)	(141,216)	(161,394)
		(6,769,208)	(5,843,839)	(6,801,497)
Finance costs	6, 10(d)			
General purpose funding		(500)	0	(500)
Recreation and culture		(6,616)	(7,237)	(6,751)
Transport		(2,337)	(3,301)	(3,363)
		(9,453)	(10,538)	(10,614)
		(2,792,066)	(1,127,845)	(2,596,712)
Non-operating grants, subsidies and contributions	9	1,082,772	1,254,154	1,115,667
Profit on disposal of assets	4(b)	20,285	77,062	68,131
(Loss) on disposal of assets	4(b)	(21,238)	(72,494)	(85,158)
Net result		(1,710,247)	130,877	(1,498,072)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(1,710,247)	130,877	(1,498,072)

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

FOR THE YEAR ENDED 30TH JUNE 2019

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources	<p><u>Governance</u> 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.</p> <p><u>Administration</u> 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.</p>
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	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	To provide services to help ensure a safer and environmentally conscious community.	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.

HEALTH	To provide an operational framework for environmental and community health.	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	To provide services to disadvantaged persons, the elderly, children and youth.	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	To provide and maintain residential housing for staff, with the surplus available for private rental.	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	To provide services required by the community.	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.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which will help the social well being of the community.	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	To provide safe, effective and efficient transport services to the community.	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

To help promote the shire and its economic wellbeing.

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 AND SERVICES

To monitor and control council's overheads operating accounts.

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.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,704,989	2,588,724	2,606,715
Operating grants, subsidies and contributions		979,303	1,717,147	1,239,924
Fees and charges		320,649	338,726	386,308
Interest earnings		45,752	51,935	44,460
Goods and services tax		0	0	867
Other revenue		11,050	12,611	12,000
		4,061,743	4,709,143	4,290,274
Payments				
Employee costs		(2,019,930)	(1,662,585)	(1,966,295)
Materials and contracts		(1,868,848)	(1,592,777)	(2,203,530)
Utility charges		(59,639)	(49,194)	(54,058)
Interest expenses		(9,453)	(11,295)	(10,596)
Insurance expenses		(155,789)	(152,461)	(161,001)
Other expenditure		(120,430)	(95,539)	(123,430)
		(4,234,089)	(3,563,851)	(4,518,910)
Net cash provided by (used in) operating activities	3	(172,346)	1,145,292	(228,636)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(743,281)	(1,787,740)	(1,585,246)
Payments for construction of infrastructure	4(a)	(1,376,687)	(1,613,149)	(1,435,932)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,082,772	1,254,154	1,115,667
Proceeds from sale of plant & equipment	4(b)	76,500	174,473	184,655
Net cash provided by (used in) investing activities		(960,696)	(1,972,262)	(1,720,856)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(99,136)	(95,983)	(95,983)
Proceeds from new borrowings	6(b)	85,000	0	0
Net cash provided by (used in) financing activities		(14,136)	(95,983)	(95,983)
Net increase (decrease) in cash held		(1,147,178)	(922,953)	(2,045,475)
Cash at beginning of year		2,079,796	3,002,748	3,002,748
Cash and cash equivalents at the end of the year	3	932,618	2,079,795	957,273

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	2	1,279,178	1,691,081
		1,279,178	1,691,081
Revenue from operating activities (excluding rates)			1,550,929
Operating grants, subsidies and contributions	9	905,418	1,752,105
Fees and charges	8	320,649	338,726
Interest earnings	10(a)	45,752	51,935
Other revenue	10(b)	11,050	12,611
Profit on asset disposals	4(b)	20,285	77,062
		1,303,154	2,232,439
Expenditure from operating activities			1,706,565
Employee costs		(2,031,169)	(1,647,936)
Materials and contracts		(2,068,874)	(1,606,483)
Utility charges		(59,639)	(49,194)
Depreciation on non-current assets	5	(2,333,307)	(2,292,226)
Interest expenses	10(d)	(9,453)	(10,538)
Insurance expenses		(155,789)	(152,461)
Other expenditure		(120,430)	(95,539)
Loss on asset disposals	4(b)	(21,238)	(72,494)
		(6,799,899)	(5,926,871)
Operating activities excluded from budget			
(Profit) on asset disposals	4(b)	(20,285)	(77,062)
Loss on disposal of assets	4(b)	21,238	72,494
Depreciation on assets	5	2,333,307	2,292,226
Amount attributable to operating activities		(1,883,307)	284,307
			(1,402,172)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	9	1,082,772	1,254,154
Purchase property, plant and equipment	4(a)	(743,281)	(1,787,740)
Purchase and construction of infrastructure	4(a)	(1,376,687)	(1,613,149)
Proceeds from disposal of assets	4(b)	76,500	174,473
Amount attributable to investing activities		(960,696)	(1,972,262)
			(1,720,856)
FINANCING ACTIVITIES			
Repayment of borrowings	6(a)	(99,136)	(95,983)
Proceeds from new borrowings	6	85,000	0
Transfers to cash backed reserves (restricted assets)	7(a)	(154,652)	(301,607)
Transfers from cash backed reserves (restricted assets)	7(a)	309,065	793,568
Amount attributable to financing activities		140,277	395,978
			546,064
Budgeted deficiency before general rates		(2,703,726)	(1,291,977)
Estimated amount to be raised from general rates	1	2,703,726	2,571,155
Net current assets at end of financial year - surplus/(deficit)	2	0	1,279,178
			0

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	1,279,178	1,691,081	1,550,929
		1,279,178	1,691,081	1,550,929
Revenue from operating activities (excluding rates)				
Governance		17,744	21,542	1,200
General purpose funding		456,426	804,608	451,278
Law, order, public safety		26,858	178,712	31,000
Health		5,492	5,728	6,799
Housing		9,360	9,566	9,360
Community amenities		185,077	188,375	200,955
Recreation and culture		98,420	398,730	331,082
Transport		397,227	456,652	518,581
Economic services		21,550	23,327	25,330
Other property and services		85,000	145,199	130,980
		1,303,154	2,232,439	1,706,565
Expenditure from operating activities				
Governance		(448,883)	(454,416)	(481,463)
General purpose funding		(120,110)	(96,833)	(118,659)
Law, order, public safety		(197,755)	(238,116)	(199,810)
Health		(16,776)	(16,489)	(15,841)
Education and welfare		(2,000)	0	(2,000)
Housing		(4,219)	(3,130)	(91,804)
Community amenities		(824,027)	(593,838)	(777,930)
Recreation and culture		(771,528)	(677,825)	(846,580)
Transport		(4,005,123)	(3,430,988)	(3,890,267)
Economic services		(326,264)	(274,020)	(311,521)
Other property and services		(83,214)	(141,216)	(161,394)
		(6,799,899)	(5,926,871)	(6,897,269)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(20,285)	(77,062)	(68,131)
Loss on disposal of assets	4(b)	21,238	72,494	85,158
Depreciation on assets	5	2,333,307	2,292,226	2,220,576
Amount attributable to operating activities		(1,883,307)	284,307	(1,402,172)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,082,772	1,254,154	1,115,667
Purchase property, plant and equipment	4(a)	(743,281)	(1,787,740)	(1,585,246)
Purchase and construction of infrastructure	4(a)	(1,376,687)	(1,613,149)	(1,435,932)
Proceeds from disposal of assets	4(a)	76,500	174,473	184,655
Amount attributable to investing activities		(960,696)	(1,972,262)	(1,720,856)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(99,136)	(95,983)	(95,983)
Proceeds from new borrowings	6(b)	85,000	0	0
Transfers to cash backed reserves (restricted assets)	7(a)	(154,652)	(301,607)	(192,715)
Transfers from cash backed reserves (restricted assets)	7(a)	309,065	793,568	834,762
Amount attributable to financing activities		140,277	395,978	546,064
Budgeted deficiency before general rates		(2,703,726)	(1,291,977)	(2,576,965)
Estimated amount to be raised from general rates	1	2,703,726	2,571,155	2,576,965
Net current assets at end of financial year - surplus/(deficit)	2	0	1,279,178	0

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
GRV	0.076430	286	5,785,127	442,157	0	0	442,157	430,791
UV Rural	0.011105	410	177,497,089	1,971,105	0	0	1,971,105	1,873,681
UV Oakajee Industrial Estate Buffer Zone	0.021740	2	8,917,000	193,856	0	0	193,856	184,626
Sub-Totals		698	192,199,216	2,607,118	0	0	2,607,118	2,489,098
Minimum	\$							
Minimum payment								
GRV	600	181	0	108,600	0	0	108,600	98,000
UV Rural	400	16	0	6,400	0	0	6,400	4,900
UV Oakajee Industrial Estate Buffer Zone	400	0	0	0	0	0	0	0
Sub-Totals		197	0	115,000	0	0	115,000	102,900
		895	192,199,216	2,722,118	0	0	2,722,118	2,591,998
Discounts/concessions (Refer note 1(h))							0	0
Excess Rates							(18,392)	(20,843)
Total amount raised from general rates							2,703,726	2,571,155
Specified area rates (Refer note 1(f))							0	0
Total rates							2,703,726	2,571,155

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

The general rates detailed for the 2018/19 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 rate(s) have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single Payment in Full	6/09/2018	0	0.00%	11.00%
Option two				
Two Instalment Paymer	6/09/2018	0	0.00%	11.00%
	5/11/2018	9	5.50%	11.00%
Option three				
Four Instalment Payme	6/09/2018	0	0.00%	11.00%
	5/11/2018	9	5.50%	11.00%
	4/01/2019	9	5.50%	11.00%
	5/03/2019	9	5.50%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan interest earned	7,000	7,176
Unpaid rates and service charge interest earned	12,500	17,721
	19,500	24,897

(c) 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 the Town Planning Scheme No.1	To recover from this sector an equitable share of the rates relating to the land held by Landcorp so that the Shire of Chapman Valley should not be financially disadvantaged due to the acquisition and subsequent development of the land. This follows on from the written commitment made in September 1998, by the then Minister for Resources Development & Energy, the Shire of Chapman Valley would 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.

(d) Differential Minimum Payment - N/A

(e) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.

Differential general rate or general rate	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
GRV	7.801500	7.643000	The advertised rate in the dollar for general and differential rates are reflective of
UV Rural	1.110800	1.110500	the Long Term Financial Plan rate revenue annual increase of 5.0%
UV Oakajee Industrial Estate Buffer Zone	2.174000	2.174000	The amended rate in the dollar (reduced) take into account the increase in valuations effective for 1 July 2018.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2019.

(g) Service Charges

The Shire did not raise service charges for the year ended 30th June 2019.

1. RATES AND SERVICE CHARGES (CONTINUED)

(h) Rates discounts

Rate or fee to which discount is granted		Disc % or Amount (\$)	2018/19 Budget	2017/18 Actual	Circumstances in which discount is granted
Rates	General	100%	\$ 0	\$ 0	0 Council has granted a waiver of rates to the Yuna CWA for the 2018/2019 rating year on the basis it is a non-profit community organisation.
Administration charge on instalment	Instalment	100%	0	0	0 Council has granted a waiver of instalment charges (\$9) for any pensioner wishing to take advantage of making payment of current rates by instalments.
			0	0	

(i) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2018/19 Budget	2017/18 Actual	Circumstances in which the waiver or concession is granted	Objects of the waiver or concession	Reasons of the waiver or concession
Venue Hire	Fee	100%	\$ 0	\$ 0	0 Community Groups	Council may grant a waiver to community groups who reside in the shire who wish to use the facilities in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Photocopy Charges	Fee	100%	0	0	0 Community Groups	Council may grant a waiver to community groups who reside in the shire who wish to use the photocopy facilities in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Private Works Hire Charges	Fee	100%	0	0	0 Community Groups	Council may grant a waiver to community groups who reside in the shire who request private works within the Shire in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Pool Inspections & Water Testing Charges	Fee	100%	0	0	0 Yuna Primary School	Council will grant a waiver to Yuna Primary School for pool inspection and water testing at the Yuna Primary School pool under the condition the school has the pool open outside of school hours during summer.	Council considers support of this as a benefit of the community.
Venue Hire Recreation Facilities	Fee	100%	0	0	0 Yuna Primary School/ Nabawa Primary School P & C's	Council will grant a waiver to Yuna and Nabawa Parents and Citizens Association for the use of recreation facilities within the Shire.	Council considers support of this as a benefit of the community.
			0	0			

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2019.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

2. NET CURRENT ASSETS

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3	300,181	1,292,946
Cash - restricted reserves	3	632,437	786,850
Receivables		102,259	177,407
Inventories		1,912	1,912
		1,036,789	2,259,115
Less: current liabilities			
Trade and other payables		(404,352)	(193,086)
Short term borrowings		0	0
Long term borrowings		(99,136)	(95,983)
Provisions		(333,262)	(333,262)
		(836,750)	(622,331)
Unadjusted net current assets		200,039	1,636,784
Adjustments			
Less: Cash - restricted reserves	3	(632,437)	(786,850)
Add: Current portion of borrowings		99,136	95,983
Add: Current liabilities not expected to be cleared at end of year		333,262	333,262
Adjusted net current assets - surplus/(deficit)		0	1,279,178

Reason for Adjustments

The 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 *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments above.

SIGNIFICANT ACCOUNTING POLICIES

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 of Chapman Valley's operational cycle. In the case of liabilities where the Shire of Chapman Valley 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 of Chapman Valley's intentions to release for sale.

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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

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 of Chapman Valley 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.

PROVISIONS

Provisions are recognised when the Shire of Chapman Valley 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.

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.

Superannuation

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire of Chapman Valley'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 of Chapman Valley'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 of Chapman Valley's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

3. 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:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
Cash - unrestricted	\$ 300,181	\$ 1,292,946	\$ 320,508
Cash - restricted	632,437	786,850	636,763
	<u>932,618</u>	<u>2,079,796</u>	<u>957,271</u>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave Reserve	81,094	115,054	67,406
Water Strategy Reserve	14,235	14,163	14,209
Computer and Office Equipment	39,777	39,537	39,449
Plant/ Light Vehicle Reserve	153,398	213,579	121,681
Legal Reserve	39,988	39,808	39,838
Unspent Grants Reserve	0	13,617	1
Land Development Reserve	52,104	51,804	47,560
Roadworks Reserve	102,160	101,620	101,085
Landcare Reserve	846	15,766	803
Building Reserve	148,835	181,902	204,731
	<u>632,437</u>	<u>786,850</u>	<u>636,763</u>
Reconciliation of net cash provided by operating activities to net result			
Net result	(1,710,247)	130,877	(1,498,072)
Depreciation	2,333,307	2,292,226	2,220,576
(Profit)/loss on sale of asset	953	(4,568)	17,027
(Increase)/decrease in receivables	75,148	(17,389)	74,718
(Increase)/decrease in inventories	0	(582)	30
Increase/(decrease) in payables	211,265	(1,118)	72,752
Grants/contributions for the development of assets	(1,082,772)	(1,254,154)	(1,115,667)
Net cash from operating activities	<u>(172,346)</u>	<u>1,145,292</u>	<u>(228,636)</u>

SIGNIFICANT ACCOUNTING POLICES

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 2 - Net Current Assets.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2018/19 Budget total	2017/18 Actual total	
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>														
Land - vested in and under the control of Council	0	0	0	0	0	0	0	0	0	0	0	0	0	11,112
Buildings - non-specialised	34,267	0	0	0	0	0	5,000	106,714	25,800	0	0	0	171,781	0
Buildings - specialised	0	0	0	0	0	0	0	0	0	0	0	0	0	1,002,723
Plant and equipment	0	0	0	0	0	0	0	0	562,000	0	0	0	562,000	764,837
Tools and equipment	0	0	0	0	0	0	0	0	9,500	0	0	0	9,500	9,068
	34,267	0	0	0	0	0	5,000	106,714	597,300	0	0	0	743,281	1,787,740
<i>Infrastructure</i>														
Infrastructure - Roads	0	0	0	0	0	0	0	0	1,376,687	0	0	0	1,376,687	1,613,149
	0	0	0	0	0	0	0	0	1,376,687	0	0	0	1,376,687	1,613,149
Total acquisitions	34,267	0	0	0	0	0	5,000	106,714	1,973,987	0	0	0	2,119,968	3,400,889

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	Net book value	Sale proceeds	2018/19 Budget		2017/18 Actual		2017/18 Budget	
			Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Law, order, public safety	0	0	0	0	0	(54,546)	0	0
Housing	0	0	0	0	0	(345)	0	(83,041)
Recreation and culture	0	0	0	0	0	(7,770)	0	0
Transport	77,453	76,500	20,285	(21,238)	77,062	(9,833)	68,131	(2,117)
	<u>77,453</u>	<u>76,500</u>	<u>20,285</u>	<u>(21,238)</u>	<u>77,062</u>	<u>(72,494)</u>	<u>68,131</u>	<u>(85,158)</u>
By Class								
<i>Property, Plant and Equipment</i>								
Land - freehold land	0	0	0	0	0	(345)	0	(83,041)
Plant and equipment	77,453	76,500	20,285	(21,238)	77,062	(72,149)	68,131	(2,117)
	<u>77,453</u>	<u>76,500</u>	<u>20,285</u>	<u>(21,238)</u>	<u>77,062</u>	<u>(72,494)</u>	<u>68,131</u>	<u>(85,158)</u>

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

5. ASSET DEPRECIATION

By Program

Governance
Law, order, public safety
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Tools and equipment
Infrastructure - Roads
Infrastructure - Footpaths

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
	39,195	34,388	34,886
	76,485	74,179	72,097
	1,345	1,345	3,200
	9,200	9,193	9,450
	224,632	226,538	170,792
	1,422,080	1,395,974	1,311,164
	11,821	11,821	11,643
	548,549	538,788	607,344
	2,333,307	2,292,226	2,220,576
	1,345	1,345	0
	232,214	210,562	182,955
	32,512	32,757	32,706
	431,139	674,215	685,989
	28,831	30,117	25,852
	1,603,278	1,339,242	1,289,086
	3,988	3,988	3,988
	2,333,307	2,292,226	2,220,576

SIGNIFICANT ACCOUNTING POLICIES

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 of the lease or the estimated useful life of the improvements.

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.

DEPRECIATION (CONTINUED)

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

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Recreation and culture								
Loan 89 - Nabawa Stadium Upgrade	23,394	0	8,943	8,427	14,451	23,394	1,423	1,840
Loan 98 - Bill Hemsley Park	162,070	0	38,938	37,930	123,132	162,070	5,193	5,397
Transport								
Loan 96 - Plant	32,561	0	32,561	31,389	0	32,561	1,200	1,951
Loan 97 - Plant	37,857	0	18,694	18,237	19,163	37,857	1,137	1,350
Loan 99 - Plant	0	85,000	0	0	85,000	0	0	0
	255,882	85,000	99,136	95,983	241,746	255,882	8,953	10,538
	255,882	85,000	99,136	95,983	241,746	255,882	8,953	10,538

All borrowing repayments, other than Self Supporting Loans, will be financed by general purpose revenue.
The self supporting loan(s) repayment will be fully reimbursed.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Loan 99 - Plant	WA Treasury	Debenture	4	3.53%	\$ 85,000	\$ 6,889	\$ 85,000	\$ 0
					85,000	6,889	85,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

(d) Credit Facilities

**Undrawn borrowing facilities
credit standby arrangements**

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Total amount of credit unused

Loan facilities

Loan facilities in use at balance date

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
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
Total amount of credit unused	260,000	260,000	260,000
Loan facilities			
Loan facilities in use at balance date	241,746	255,882	255,883

SIGNIFICANT ACCOUNTING POLICIES

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.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	115,054	540	(34,500)	81,094	114,448	606	0	115,054	114,448	600	(47,642)	67,406
Water Strategy Reserve	14,163	72	0	14,235	14,089	75	0	14,163	14,089	120	0	14,209
Computer and Office Equipment	39,537	240	0	39,777	39,329	208	0	39,537	39,329	120	0	39,449
Plant/ Light Vehicle Reserve	213,579	151,500	(211,681)	153,398	367,101	213,398	(366,920)	213,579	367,101	121,500	(366,920)	121,681
Legal Reserve	39,808	180	0	39,988	39,598	210	0	39,808	39,598	240	0	39,838
Unspent Grants Reserve	13,617	0	(13,617)	0	7,602	13,617	(7,602)	13,617	7,601	0	(7,600)	1
Land Development Reserve	51,804	300	0	52,104	62,600	317	(11,113)	51,804	62,600	360	(15,400)	47,560
Roadworks Reserve	101,620	540	0	102,160	101,084	535	0	101,620	101,085	0	0	101,085
Landcare Reserve	15,766	80	(15,000)	846	15,683	83	0	15,766	15,683	120	(15,000)	803
Building Reserve	181,902	1,200	(34,267)	148,835	517,276	72,558	(407,933)	181,902	517,276	69,655	(382,200)	204,731
	786,850	154,652	(309,065)	632,437	1,278,810	301,607	(793,568)	786,850	1,278,810	192,715	(834,762)	636,763

7. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Leave Reserve		To be used to fund annual and long service leave requirements.
Water Strategy Reserve		To be used for the construction and operational costs of facilities for fire fighting purposes.
Computer and Office Equipment		To be used to replace Information and Communications Technology equipment.
Plant/ Light Vehicle Reserve		To be used for the purchase of major plant and light vehicles.
Legal Reserve		To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.
Unspent Grants Reserve		To be used to quarantine unspent grants and loans.
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.
Landcare Reserve		To be used for landcare related purposes.
Building Reserve		To be used for the construction of shire buildings or capital upgrades of existing shire buildings.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
General purpose funding	12,500	8,272
Law, order, public safety	9,950	12,647
Health	5,492	5,728
Education and welfare	0	9,566
Housing	9,360	0
Community amenities	165,427	181,892
Recreation and culture	84,420	97,490
Economic services	13,500	14,736
Other property and services	20,000	8,395
	320,649	338,726

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance	17,745	21,518
General purpose funding	398,174	879,888
Law, order, public safety	16,907	30,578
Community amenities	19,650	6,483
Recreation and culture	14,000	301,240
Transport	373,942	375,594
Economic services	0	136,804
Other property and services	65,000	0
	905,418	1,752,105
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	135,487
Recreation and culture	5,000	0
Transport	1,077,772	1,118,667
	1,082,772	1,254,154

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

10. OTHER INFORMATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
The net result includes as revenues	\$	\$	\$
(a) Interest earnings			
Investments			
- Reserve funds	4,652	6,836	4,860
- Other funds	21,600	20,202	21,600
Other interest revenue (refer note 1b)	19,500	24,897	18,000
	45,752	51,935	44,460
(b) Other revenue			
Other	11,050	12,611	12,000
	11,050	12,611	12,000
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	35,975	14,083	36,545
	35,975	14,083	36,545
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	8,953	10,538	10,114
Other	500	0	500
	9,453	10,538	10,614
(e) Elected members remuneration			
Meeting fees	72,280	72,246	75,280
President's allowance	10,000	9,926	10,000
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	400	384	400
Telecommunications allowance	4,000	3,839	4,000
	89,180	88,895	92,180

SIGNIFICANT ACCOUNTING POLICIES

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 of Chapman Valley 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.

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/19.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

13. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2018/19.

SIGNIFICANT ACCOUNTING POLICIES

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.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Chapman Valley's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

14. 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 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
Bonds - Hall Hire	2,960	7,000	(7,000)	2,960
Contribution from Sub Divider	338,212	0	0	338,212
Refundable Deposit	15,610	0	0	15,610
CTF Levy	1,666	8,000	(8,000)	1,666
Building Commission	1,358	6,000	(6,000)	1,358
Post Office Deposit	1,390	120	(120)	1,390
Unclaimed Monies	250	0	0	250
Standpipe Card Bond Income	100	0	0	100
	361,546	21,120	(21,120)	361,546

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

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.

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

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

OTHER

(i) Budget Variations - Variations to operational budgets within the programs may be approved by the Chief Executive Officer, on the recommendation of the Manager Finance and Corporate Services.

Variations to budgets between programs require approval from Council.

(ii) Signatories to Accounts - Two (2) signatories are required for the operation of all Shire accounts.

Authority is vested in the Chief Executive Officer to sign all cheques.

(a) The Chief Executive Office may delegate to the Manager Finance and Corporate Services and the Deputy Chief Executive Officer, in that order of precedence, on all cheques and direct entry payments.

(b) The Chief Executive Officer may also delegate to any one of either the Manager Finance and Corporate Services or Deputy Chief Executive Officer as secondary signatories to sign all cheques and direct entry payments.

(c) In the absence of these staff members, the President or Deputy President may sign as either the primary or secondary signature

(d) In the absence of any of the authorised signatories, officers acting in those positions are also authorised to sign all cheques

(e) The authorised signatories are only authorised to approve payment of accounts on the condition that such expenditure has been incurred in compliance with Section 6.8 of the Local Government Act 1995.

(f) Lists of all payments made are to be included in the agenda of the next Ordinary Meeting of Council to be received and included in the Minutes of the Meeting.

(g) The lists of all cheques and direct entry payments are to be signed and certified by the Chief Executive Officer and Manager of Finance and Corporate Services (or those person acting in those positions) to the effect that all accounts paid have been certified as true and correct, correctly authorised and is approved expenditure.

(h) Vouchers, supporting invoices and other relevant documentation will be made available for inspection by Councillors at any time following the date of payment and at the next Ordinary Meeting of Council.

(i) The Capital Threshold has been determined at \$5,000

(j) Non Current Provision is made for the Shire of Chapman Valley's obligations for long-term employee benefits. Long term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly after 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Long-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Shire of Chapman Valley's obligations for long-term employee benefits such as wages and salaries are recognised as a part of non current provision in the statement of financial position. The Shire of Chapman Valley's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

15. BUDGET RATIOS

	2015/16	2016/17	2017/18	2018/19
	Actual	Actual	Actual	Budget
Operating Surplus	(0.18)	(0.08)	(0.24)	(0.70)
Funds After Operations	1.18	1.27	1.11	0.30
PPE	0.02	0.28	0.09	0.05
Infrastructure	0.03	0.07	(0.03)	0.03
Cash Reserves	0.50	0.51	0.31	0.23
Borrowings	0.09	0.14	0.10	0.09
Debt Servicing	0.03	0.04	0.04	0.04

The ratios are calculated as follows:

OPERATIONS

Operating Surplus $\frac{\text{Adjusted underlying surplus (or deficit)}}{\text{Adjusted underlying revenue}}$

Funds After Operations $\frac{\text{Funds remaining after operations}}{\text{General funds}}$

ASSET RATIOS

PPE $\frac{\text{Closing WDV value of PPE less Opening WDV value of PPE}}{\text{Opening WDV value of PPE}}$

Infrastructure $\frac{\text{Closing WDV Infrastructure less Opening WDV infrastructure}}{\text{Opening WDV Infrastructure}}$

FINANCING RATIOS

Cash Reserves $\frac{\text{Discretionary Reserve Balance}}{\text{General Funds}}$

Borrowings $\frac{\text{Principal outstanding}}{\text{General funds}}$

Debt Servicing $\frac{\text{Principal and interest due}}{\text{General funds}}$