



SHIRE OF QUAIRADING

BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

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SHIRE OF QUAIRADING

**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	1,956,546	1,840,750	1,845,487
Operating Grants, Subsidies and Contributions		1,337,444	2,833,405	2,578,234
Fees and Charges	11	1,100,409	816,095	871,786
Interest Earnings	2(a)	142,300	197,769	189,870
Other Revenue		<u>64,543</u>	<u>419,523</u>	<u>53,690</u>
		4,601,242	6,107,542	5,539,067
EXPENSES				
Employee Costs		(2,092,437)	(1,977,914)	(1,971,457)
Materials and Contracts		(1,729,748)	(1,145,163)	(1,404,723)
Utility Charges		(210,933)	(201,905)	(214,308)
Depreciation	2(a)	(1,943,010)	(1,912,427)	(1,881,256)
Interest Expenses	2(a)	(13,803)	(10,819)	(14,331)
Insurance Expenses		(188,614)	(248,611)	(188,886)
Other Expenditure		<u>(82,950)</u>	<u>(41,709)</u>	<u>(86,300)</u>
		<u>(6,261,495)</u>	<u>(5,538,548)</u>	<u>(5,761,261)</u>
		(1,660,253)	568,994	(222,194)
Non-Operating Grants, Subsidies and Contributions		2,908,923	1,008,781	1,659,115
Profit on Asset Disposals	4	0	3,975	0
Loss on Asset Disposals	4	<u>0</u>	<u>(145,279)</u>	<u>0</u>
NET RESULT		1,248,670	1,436,471	1,436,921
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>1,248,670</u>	<u>1,436,471</u>	<u>1,436,921</u>

Notes:

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss and (if any) 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 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 in revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

SHIRE OF QUAIRADING
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		22,370	36,437	18,817
General Purpose Funding		2,919,498	4,548,498	3,684,517
Law, Order, Public Safety		144,387	192,530	502,368
Health		473,588	438,143	498,833
Education and Welfare		161,952	178,567	177,113
Housing		78,816	83,361	80,998
Community Amenities		243,340	288,528	248,270
Recreation and Culture		40,497	54,678	75,391
Transport		153,800	143,176	138,800
Economic Services		88,035	80,869	74,760
Other Property and Services		274,959	62,755	39,200
		<u>4,601,242</u>	<u>6,107,542</u>	<u>5,539,067</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(544,185)	(531,641)	(567,769)
General Purpose Funding		(73,940)	(59,355)	(65,623)
Law, Order, Public Safety		(294,998)	(299,437)	(316,776)
Health		(695,445)	(659,058)	(715,581)
Education and Welfare		(275,693)	(224,353)	(260,109)
Housing		(225,240)	(152,326)	(161,350)
Community Amenities		(769,173)	(595,278)	(704,726)
Recreation & Culture		(703,265)	(647,015)	(607,083)
Transport		(2,016,694)	(1,980,625)	(1,903,698)
Economic Services		(421,917)	(315,869)	(422,159)
Other Property and Services		(227,142)	(62,772)	(22,056)
		<u>(6,247,692)</u>	<u>(5,527,729)</u>	<u>(5,746,930)</u>
FINANCE COSTS (Refer Notes 2 & 5)				
Recreation & Culture		(13,803)	(10,819)	(14,331)
		<u>(13,803)</u>	<u>(10,819)</u>	<u>(14,331)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
Law, Order, Public Safety		335,000	381,227	42,645
Education and Welfare		0	32,775	0
Recreation & Culture		240,000	38,523	9,800
Transport		2,304,023	556,256	1,606,670
Economic Services		29,900	0	0
		<u>2,908,923</u>	<u>1,008,781</u>	<u>1,659,115</u>

SHIRE OF QUAIRADING
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 4)			
Governance	0	(7,986)	0
Law, Order, Public Safety	0	(28,527)	0
Health	0	(3,187)	0
Housing	0	245	0
Community Amenities	0	(7,357)	0
Recreation and Culture	0	0	0
Transport	0	3,730	0
Transport	0	(98,222)	0
	<u>0</u>	<u>(141,304)</u>	<u>0</u>
NET RESULT	<u>1,248,670</u>	<u>1,436,471</u>	<u>1,436,921</u>
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><u>1,248,670</u></u>	<u><u>1,436,471</u></u>	<u><u>1,436,921</u></u>

Notes:

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss and (if any) 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 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 in revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

SHIRE OF QUAIRADING
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		1,961,501	1,873,486	1,850,687
Operating Grants, Subsidies and Contributions		1,340,654	2,828,628	2,581,739
Fees and Charges		1,149,659	808,449	923,791
Interest Earnings		142,300	197,769	189,870
Goods and Services Tax		450,000	484,473	450,000
Other		64,543	338,457	53,690
		<u>5,108,657</u>	<u>6,531,262</u>	<u>6,049,777</u>
Payments				
Employee Costs		(2,083,151)	(2,046,532)	(1,963,552)
Materials and Contracts		(1,722,268)	(1,321,557)	(1,397,138)
Utility Charges		(210,738)	(201,905)	(214,103)
Insurance Expenses		(188,614)	(248,611)	(188,886)
Interest Expenses		(13,803)	(14,330)	(14,331)
Goods and Services Tax		(448,105)	(459,281)	(447,950)
Other		(82,950)	(41,709)	(86,300)
		<u>(4,749,629)</u>	<u>(4,333,925)</u>	<u>(4,312,260)</u>
Net Cash Provided By Operating Activities	15(b)	<u>359,028</u>	<u>2,197,337</u>	<u>1,737,517</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	(10,000)	0	(13,000)
Payments for Purchase of Property, Plant & Equipment	3	(3,631,140)	(1,576,187)	(2,008,006)
Payments for Construction of Infrastructure	3	(4,441,561)	(1,304,431)	(3,709,751)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,908,923	1,044,531	1,659,115
Proceeds from Sale of Plant & Equipment	4	142,000	543,087	467,418
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(5,031,778)</u>	<u>(1,293,000)</u>	<u>(3,604,224)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(28,790)	(27,089)	(27,088)
Proceeds from Self Supporting Loans		28,790	27,089	27,088
Proceeds from New Debentures	5	0	0	0
Net Cash Provided By (Used In) Financing Activities		0	0	0
Net Increase (Decrease) in Cash Held		(4,672,750)	904,337	(1,866,707)
Cash at Beginning of Year		6,542,517	5,638,180	5,638,180
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>1,869,767</u></u>	<u><u>6,542,517</u></u>	<u><u>3,771,473</u></u>

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

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

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
REVENUES	1,2			
Governance		22,370	36,437	18,817
General Purpose Funding		962,952	2,707,748	1,839,030
Law, Order, Public Safety		479,387	573,757	545,013
Health		473,588	438,143	498,833
Education and Welfare		161,952	211,342	177,113
Housing		78,816	83,606	80,998
Community Amenities		243,340	288,528	248,270
Recreation and Culture		280,497	93,201	85,191
Transport		2,457,823	703,162	1,745,470
Economic Services		117,935	80,869	74,760
Other Property and Services		274,959	62,755	39,200
		<u>5,553,619</u>	<u>5,279,548</u>	<u>5,352,695</u>
EXPENSES	1,2			
Governance		(544,185)	(539,627)	(567,769)
General Purpose Funding		(73,940)	(59,355)	(65,623)
Law, Order, Public Safety		(294,998)	(327,964)	(316,776)
Health		(695,445)	(662,245)	(715,581)
Education and Welfare		(275,693)	(224,353)	(260,109)
Housing		(225,240)	(152,326)	(161,350)
Community Amenities		(769,173)	(602,635)	(704,726)
Recreation & Culture		(717,068)	(657,834)	(621,414)
Transport		(2,016,694)	(2,078,847)	(1,903,698)
Economic Services		(421,917)	(315,869)	(422,159)
Other Property and Services		(227,142)	(62,772)	(22,056)
		<u>(6,261,495)</u>	<u>(5,683,827)</u>	<u>(5,761,261)</u>
Net Operating Result Excluding Rates		(707,876)	(404,279)	(408,566)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	0	141,304	0
Movement in Deferred Pensioner Rates (Non-Current)		0	0	0
Movement in Employee Benefit Provisions (Non-Current)		0	0	0
Movement in LSL Reserve (Added Back)		0	(8,950)	0
Rounding Adjustment		0	(2)	0
Depreciation on Assets	2(a)	1,943,010	1,912,427	1,881,256
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	(10,000)	0	(13,000)
Purchase Land and Buildings	3	(2,755,840)	(359,824)	(590,650)
Purchase Plant and Equipment	3	(809,000)	(1,197,064)	(1,341,956)
Purchase Furniture and Equipment	3	(66,300)	(19,299)	(75,400)
Purchase Infrastructure Assets - Roads	3	(3,736,925)	(1,059,636)	(2,829,117)
Purchase Infrastructure Assets - Footpaths	3	(19,500)	0	0
Purchase Infrastructure Assets - Bridges	3	0	(140,198)	(170,429)
Purchase Infrastructure Assets - Other	3	(685,136)	(104,597)	(710,205)
Proceeds from Disposal of Assets	4	142,000	520,587	467,418
Repayment of Debentures	5	(28,790)	(27,089)	(27,088)
Proceeds from New Debentures	5	0	0	0
Advances to Community Groups		0	0	0
Self-Supporting Loan Principal Income		28,790	27,089	27,088
Transfers to Reserves (Restricted Assets)	6	(562,073)	(1,234,279)	(838,030)
Transfers from Reserves (Restricted Assets)	6	3,432,335	653,701	1,324,676
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	1,878,759	1,338,118	1,458,516
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	1,878,759	0
Amount Required to be Raised from Rates	8	<u>(1,956,546)</u>	<u>(1,840,750)</u>	<u>(1,845,487)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Accounting

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) 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 QUAIRADING
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 the statement of financial position.

(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 QUAIRADING
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 QUAIRADING
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 QUAIRADING
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:

Land	0%
Buildings	2%
Plant and Equipment	
- Heavy (eg. Loaders)	7%
- Medium (eg. Light Trucks)	10%
- Light (eg. Chainsaws)	20%
Furniture & Equipment	10%
Computer and Electronic Equipment	33%
Unsealed Roads	5%
Sealed Roads and Streets -	
Original surfacing and major re-surfacing	
- Aggregate Surfaces	6.7%
- Asphalt Surfaces	5%
- Pavement Surfaces	2.5%
Drainage Systems	1.3%
Clearing and Formation	0%
Culverts / Floodways	2%
Concrete Footpaths	2%
Footpaths Other	4%
Kerbing	2%
Bridges	1.3%

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.

Light Vehicles (sedans, station wagons and utilities) are not depreciated if replacement is scheduled within 40,000km or two years.

Capitalisation Threshold

Expenditure on items of equipment under \$10,000 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 QUAIRADING
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 QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

(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 QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 QUAIRADING
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 QUAIRADING
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 QUAIRADING
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 QUAIRADING
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 QUAIRADING

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 from Ordinary Activities was arrived at after:			
 (i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	22,000	24,580	21,500
Other Services	6,000	1,249	6,000
 Depreciation			
<u>By Program</u>			
Governance	30,390	30,195	20,300
General Purpose Funding	0	0	0
Law, Order, Public Safety	90,000	82,870	90,000
Health	5,550	6,423	15,700
Education and Welfare	15,250	14,702	16,878
Housing	78,250	78,034	48,380
Community Amenities	20,150	19,879	30,470
Recreation and Culture	166,110	165,792	99,185
Transport	1,364,460	1,335,216	1,315,658
Economic Services	71,550	71,348	71,685
Other Property and Services	101,300	107,968	173,000
	<u>1,943,010</u>	<u>1,912,427</u>	<u>1,881,256</u>
 <u>By Class</u>			
Land and Buildings	284,900	278,625	182,405
Furniture and Equipment	31,940	31,792	35,313
Plant and Equipment	210,910	212,589	288,730
Roads	1,315,365	1,316,366	1,275,888
Footpaths	7,000	4,674	5,230
Bridges	0	409	0
Other	92,895	67,972	93,690
	<u>1,943,010</u>	<u>1,912,427</u>	<u>1,881,256</u>
 Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	13,803	10,819	14,331
	<u>13,803</u>	<u>10,819</u>	<u>14,331</u>
 Rental Charges			
- Operating Leases	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
 (ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	99,450	129,278	133,030
- Other Funds	29,500	54,928	42,000
Other Interest Revenue (<i>refer note 13</i>)	13,350	13,563	14,840
	<u>142,300</u>	<u>197,769</u>	<u>189,870</u>

SHIRE OF QUAIRADING

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 and for each of its broad activities/programs.

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

GOVERNANCE

The Governance function accumulates the costs of Members expenses and other costs of Council that relate to the tasks of assisting Councillors and the Ratepayers on matters which do not concern specific Council services. The type of expenses that can be expected under this function/activity are Election expenses; meeting costs; allowances and expenses of members; policy and planning expenses; general information and publicity; audit fees; some aspects of accounting; budgeting and annual reports and public ceremonies/functions. The cost of compliance with the Local Government Act and other legislation is recorded in Other Governance.

GENERAL PURPOSE FUNDING

This function includes rates and general purpose Government grants in the Revenue section. The type of expenses included are the cost of collecting and administering Rates and General Purpose grants, for example: Wages for the Rates Officer, postage and stationery, valuation costs, Grant submissions and a proportion of computer expenses.

LAW, ORDER, PUBLIC SAFETY

This includes fire control which covers the maintenance of bushfire equipment and insurance; animal control, emergency management and supervision of various local laws.

HEALTH

Food quality control, pest control and operation of the Medical Centre and Dental Surgery.

EDUCATION AND WELFARE

Maintenance of Pre-School facility. Provide assistance to the operation of the Frail Aged Lodge, Retirement Village facilities, Youth Programme and the Quairading Youth Centre.

HOUSING

Maintenance of housing rented to staff and non-staff.

COMMUNITY AMENITIES

Rubbish collection and recycling services, operation of rubbish tip, sewerage services and administration of the Town Planning Scheme. Provision of Community Bus service, maintenance of cemetery / public conveniences and Environment Services.

RECREATION AND CULTURE

Maintenance of Halls, Swimming Pool, Community Building and various Reserves and operation of Library.

SHIRE OF QUAIRADING
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)

TRANSPORT

Construction and maintenance of roads, drainage works, footpaths, parking facilities, traffic signs and cleaning of streets. Operation of on-line Licensing as a contractor to the Department of Transport.

ECONOMIC SERVICES

Community Development, Tourism and Area Promotion. Control of noxious weeds/plants, pests and Building Control.

OTHER PROPERTY & SERVICES

Public Works Overheads, plant operation costs, allocation of salaries and wages and other financial transactions not included elsewhere.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

3. ACQUISITION OF ASSETS	2015/16 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	
CEO Vehicle x 2	90,000
Administration Vehicle x 1	34,000
Admin Centre - Airconditioning Units & Solar	36,000
Computer Upgrades	6,000
Law, Order, Public Safety	
New Fire Appliances	335,000
Emergency Display Board	16,850
Education and Welfare	
Independant Living Units - WACHS Land	100,000
Community Amenities	
Land Valuation & Sale Costs	10,000
Recreation and Culture	
Shire Hall - Audio Visual Upgrade	15,000
Community Building	
- Retiling & Plumbing - Changerooms	25,000
Swimming Pool Upgrade	2,000,000
Sports Gound - Storage Shed & Pump	24,540
Transport	
Manager of Works Vehicle	44,000
Recycling Bailer / Sorting Conveyor	150,000
Electricians Van	15,000
2 x Side Tipping Trailers	100,000
Mulching Head	41,000
Works Depot - Phase 1	200,000
Street Furniture	18,500
Road Construction	3,736,925
Footpath Construction	19,500
Economic Services	
Resource Centre - Furniture & Equipment (Gym)	55,300
Railway Barracks - Furniture & Equipment	5,000
Caravan Park Infrastructure Upgrade	649,786
Caravan Park Ablutions	355,300
Total of Acquisitions by Program	<u><u>8,082,701</u></u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

3. ACQUISITION OF ASSETS (Continued)

2015/16
Budget
\$

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

By Class

Land Held for Resale	10,000
Land and Buildings	2,755,840
Plant and Equipment	809,000
Furniture and Equipment	66,300
Infrastructure Assets - Roads	3,736,925
Infrastructure Assets - Footpaths	19,500
Infrastructure Assets - Bridges	0
Infrastructure Assets - Other	685,136
	<u>8,082,701</u>

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

- plant replacement programme
- other assets

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

4. 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
	\$	\$	\$
Governance			
CEO Vehicle - Q0 (x2)	80,000	80,000	0
Admin Vehicle - 0Q (x1)	20,000	20,000	0
Transport			
Manager Works Utility - Q190	32,000	32,000	0
Side Tipping Trailer - Q4229	5,000	5,000	0
Side Tipping Trailer - Q4270	5,000	5,000	0
	142,000	142,000	0

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET	2015/16 BUDGET	2015/16 BUDGET
	\$	\$	\$
Plant and Equipment			
CEO Vehicle - Q0 (x2)	80,000	80,000	0
Manager Works Utility - Q190	32,000	32,000	0
Side Tipping Trailer - Q4229	5,000	5,000	0
Side Tipping Trailer - Q4270	5,000	5,000	0
	142,000	142,000	0

Summary

	2015/16 BUDGET
	\$
Profit on Asset Disposals	0
Loss on Asset Disposals	0
	<u>0</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Interest Rate %	Maturity Date	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 \$
Recreation & Culture										
Loan 115 - Bowling Club*	6.39	1/7/2021	191,981	0	25,843	24,255	166,138	191,981	12,895	10,037
Loan 116 - Tennis Club *	3.89	13/11/2019	7,712	0	1,600	1,540	6,112	7,712	333	303
Loan 117 - Golf Club *	4.08	8/5/2023	12,464	0	1,347	1,294	11,117	12,464	575	479
			212,157	0	28,790	27,089	183,367	212,157	13,803	10,819

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

(b) New Debentures - 2015/16

Council has not budgeted to raise any new debenture funds during 2015/16.

(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 no expectation to utilise overdraft facilities during the financial year.

SHIRE OF QUAIRADING

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) Building Reserve			
Opening Balance	871,028	841,962	841,962
Amount Set Aside / Transfer to Reserve	282,657	29,066	29,900
Amount Used / Transfer from Reserve	<u>(901,335)</u>	<u>0</u>	<u>(340,000)</u>
	<u>252,350</u>	<u>871,028</u>	<u>531,862</u>
(b) Furniture, Fittings & Equipment Reserve			
Opening Balance	10,263	5,088	5,088
Amount Set Aside / Transfer to Reserve	236	5,175	5,180
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>10,499</u>	<u>10,263</u>	<u>10,268</u>
(c) Plant Reserve			
Opening Balance	185,607	264,303	264,303
Amount Set Aside / Transfer to Reserve	204,269	309,120	309,400
Amount Used / Transfer from Reserve	<u>(167,000)</u>	<u>(387,816)</u>	<u>(408,000)</u>
	<u>222,876</u>	<u>185,607</u>	<u>165,703</u>
(d) Health Reserve			
Opening Balance	42,822	41,384	41,384
Amount Set Aside / Transfer to Reserve	985	1,438	1,500
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>43,807</u>	<u>42,822</u>	<u>42,884</u>
(e) Swimming Pool Reserve			
Opening Balance	2,264,538	1,415,664	1,415,664
Amount Set Aside / Transfer to Reserve	52,084	848,874	450,300
Amount Used / Transfer from Reserve	<u>(1,800,000)</u>	<u>0</u>	<u>0</u>
	<u>516,622</u>	<u>2,264,538</u>	<u>1,865,964</u>
(f) Long Service Leave Reserve			
Opening Balance	137,551	146,501	146,501
Amount Set Aside / Transfer to Reserve	3,164	5,061	5,200
Amount Used / Transfer from Reserve	<u>0</u>	<u>(14,011)</u>	<u>0</u>
	<u>140,715</u>	<u>137,551</u>	<u>151,701</u>
(g) Sustainable Environment Reserve			
Opening Balance	148,161	143,219	143,219
Amount Set Aside / Transfer to Reserve	3,407	4,942	5,100
Amount Used / Transfer from Reserve	<u>(150,000)</u>	<u>0</u>	<u>(145,000)</u>
	<u>1,568</u>	<u>148,161</u>	<u>3,319</u>
(h) Town Planning & Development			
Opening Balance	264,656	255,890	255,890
Amount Set Aside / Transfer to Reserve	6,087	8,766	9,100
Amount Used / Transfer from Reserve	<u>(150,000)</u>	<u>0</u>	<u>(150,000)</u>
	<u>120,743</u>	<u>264,656</u>	<u>114,990</u>

SHIRE OF QUAIRADING

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)			
(i) HomesWest Joint Venture Housing			
Opening Balance	4,689	4,447	4,447
Amount Set Aside / Transfer to Reserve	107	242	150
Amount Used / Transfer from Reserve	0	0	0
	4,796	4,689	4,597
(j) Road Infrastructure			
Opening Balance	394,100	624,379	624,379
Amount Set Aside / Transfer to Reserve	9,077	21,595	22,200
Amount Used / Transfer from Reserve	(264,000)	(251,874)	(281,676)
	139,177	394,100	364,903
Total Reserves	1,453,153	4,323,415	3,256,191

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

SHIRE OF QUAIRADING

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 Transfers			
To Cash Backed Reserves			
Transfers to Reserves			
Building Reserve	282,657	29,066	29,900
Furniture, Fittings & Equipment Reserve	236	5,175	5,180
Plant Reserve	204,269	309,120	309,400
Health Reserve	985	1,438	1,500
Swimming Pool Reserve	52,084	848,874	450,300
Long Service Leave Reserve	3,164	5,061	5,200
Sustainable Environment Reserve	3,407	4,942	5,100
Town Planning & Development Reserve	6,087	8,766	9,100
HomesWest Joint Venture Housing Reserve	107	242	150
Road Infrastructure Reserve	9,077	21,595	22,200
	<u>562,073</u>	<u>1,234,279</u>	<u>838,030</u>
Transfers from Reserves			
Building Reserve	(901,335)	0	(340,000)
Furniture, Fittings & Equipment Reserve	0	0	0
Plant Reserve	(167,000)	(387,816)	(408,000)
Health Reserve	0	0	0
Swimming Pool Reserve	(1,800,000)	0	0
Long Service Leave Reserve	0	(14,011)	0
Sustainable Environment Reserve	(150,000)	0	(145,000)
Town Planning & Development Reserve	(150,000)	0	(150,000)
HomesWest Joint Venture Housing Reserve	0	0	0
Road Infrastructure Reserve	(264,000)	(251,874)	(281,676)
	<u>(3,432,335)</u>	<u>(653,701)</u>	<u>(1,324,676)</u>
Total Transfer to/(from) Reserves	<u>(2,870,262)</u>	<u>580,578</u>	<u>(486,646)</u>

SHIRE OF QUAIRADING
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:

Building Reserve

- To assist in funding the construction of new Council buildings and to provide for future maintenance and upgrading of Council commercial and residential properties.

Furniture, Fittings & Equipment Reserve

- To be used in funding the various furniture, fittings and equipment installed in Council buildings.

Plant Reserve

- To be used to assist in funding the purchase of major plant items.

Health Reserve

- To be used to assist in funding the improvement of Medical Services & Facilities.

Swimming Pool Upgrade Reserve

- To be used to assist in funding future major capital/upgrade works at the Quairading Memorial Swimming Pool.

Long Service Leave Reserve

- To be used to fund future Long Service Leave requirements.

Sustainable Environment Reserve

- To be used to assist in funding projects and initiatives which foster a sustainable environment. Such areas include waste management, recycling, water usage, gravel supplies, energy conservation and environmentally sustainable projects.

Town Planning & Development Reserve

- To be used to assist in funding of planning and implementation of the development of Council land and the purchase of land for future development.

HomesWest Joint Venture Housing Reserve

- To be used to assist with compliance with Councils Joint Venture Agreement held with the State Housing Commission and to provide funds for the maintenance, management and improvement of the Joint Venture Units.

Road Infrastructure Reserve

- To be used to towards road infrastructure projects including replacement of culverts and bridges.

The Reserves are not expected to be used within a set period as further transfers to the Reserve Accounts are expected as funds are utilised.

SHIRE OF QUAIRADING

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)	416,614	862,670
Cash - Restricted Unspent Grants	15(a)	0	1,356,432
Cash - Restricted Unspent Loans	15(a)	0	0
Cash - Restricted Reserves		1,453,153	4,323,415
Sundry Debtors		99,929	152,389
Rates Debtors - Current		69,022	73,977
Accrued Income		0	0
Prepayments		0	0
Less: Provision for Doubtful Debts		0	0
GST Receivable		48,813	48,813
Inventories		7,425	9,380
		2,094,956	6,827,076
LESS: CURRENT LIABILITIES			
Sundry Creditors		(345,407)	(329,222)
Taxation Liability		(27,715)	(25,820)
Other Liability		(85,114)	(83,129)
ESL Liability		4,488	4,488
Accrued Interest on Loans		0	0
Accrued Salaries and Wages		0	0
Current Employee Benefits Provision		(328,770)	(328,770)
Current Loan Liability		0	0
		(782,518)	(762,453)
NET CURRENT ASSET POSITION		1,312,438	6,064,623
Less: Cash - Restricted Reserves	15(a)	(1,453,153)	(4,323,415)
Less: Cash - Restricted Municipal		0	0
Add Back : Liabilities Supported by Reserves			
- Lesser of Leave Provision and Leave Reserve		140,715	137,551
Add Back : Current Loan Liability		0	0
		0	0
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		0	1,878,759

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

The estimated surplus/(deficiency) c/fwd in the 2015/16 budget column represents the surplus (deficit) carried forward as at 30 June 2016.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	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								
GRV - Residential	14.0692	308	2,032,983	286,024	0	0	286,024	269,649
GRV - Industrial	14.0692	18	209,411	29,462	0	0	29,462	27,860
GRV - Commercial	14.0692	10	227,551	32,015	0	0	32,015	30,274
UV - Rural	1.3338	379	116,055,500	1,547,945	0	0	1,547,945	1,459,527
Sub-Totals		715	118,525,445	1,895,446	0	0	1,895,446	1,787,310
Minimum Rates	Minimum \$							
GRV - Residential	530	71	90,453	37,630	0	0	37,630	35,500
GRV - Industrial	530	7	9,725	3,710	0	0	3,710	4,000
GRV - Commercial	530	1	2,288	530	0	0	530	500
UV - Rural	530	18	359,545	9,540	0	0	9,540	9,000
Sub-Totals		97	462,011	51,410	0	0	51,410	49,000
Ex-Gratia Rates							1,946,856	1,836,310
Discounts							10,390	9,710
Rate Write-offs							0	0
Movement in Excess Rates							(700)	(375)
							0	(4,895)
Total General Rates							1,956,546	1,840,750
Specified Area Rates (Note 9)							0	0
Total Rates (Per Nature & Type)							1,956,546	1,840,750

All land except exempt land in the Shire of Quairading 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.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

9. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

Council did not Budget to raise a Specified Area Rate in the 2015/16 Financial Year.

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire of Quairading does not intend to raise any Service Charges during 2015/16.

11. FEES & CHARGES REVENUE	2015/16 Budget \$	2014/15 Actual \$
Governance	150	322
General Purpose Funding	8,650	3,888
Law, Order, Public Safety	4,200	4,340
Health	473,088	437,643
Education and Welfare	27,612	27,626
Housing	72,966	77,757
Community Amenities	163,615	152,357
Recreation & Culture	22,275	21,357
Transport	0	0
Economic Services	85,870	75,382
Other Property & Services	241,983	15,423
	<u>1,100,409</u>	<u>816,095</u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

No discount will be offered to rate payers for the early payment of rates in the 2015/16 financial year.

Requests to waive or write off debts are dealt with when received and resolved by an Absolute Majority decision of Council.

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

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

An interest rate of 11% will be charged on all rate payments which are late. It is estimated this will generate income of \$9,450. Three separate payment option plans will be available to ratepayers for payment of their rates.

Option 1 (Full Payment)

Full amount of rates and charges including arrears to be paid on or before Friday 16th October 2015 or 35 days after the date of service appearing on the rates notice, whichever is the later.

See Note 12 for discount provisions under this option

Option 2 (Four Instalments)

First instalment to be received on or before Friday 16th October 2015 or 35 days after the date of service appearing on the rate notice, whichever is the later. This payment is to include all arrears and one quarter of the current rates and service charges. Second, third and fourth instalments are to be made at two monthly intervals thereafter, being Wednesday 16th December 2015, Tuesday 16th February 2016 and Monday 18th April 2016.

Costs of Instalment Options

The cost of the instalment plans will comprise if simple interest of 5.5% per annum, calculated daily from the date the first instalment is due, together with an administration fee of \$5.00 for each instalment notice. (ie. \$15.00 for Option 2).

The total revenue from the imposition of the administration charge is estimated at \$1,650

	Interest Rate %	Admin Charge \$	Budgeted Revenue \$	Actual Revenue \$
Interest on Unpaid Rates	11		9,450	9,542
Interest on Instalments Plan	5.5		3,450	3,209
Interest on Deferred Rates	11		450	474
Interest on ESL	11		0	338
Charges on Instalment Plan		5	1,650	1,500

14. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2015/16 Budget \$	2014/15 Actual \$
Meeting Fees	33,350	30,934
President's Allowance	500	500
Deputy President's Allowance	0	0
Travelling Expenses	0	0
	<u>33,850</u>	<u>31,434</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

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	416,614	862,670	515,282
Cash - Restricted	1,453,153	5,679,847	3,256,191
	<u>1,869,767</u>	<u>6,542,517</u>	<u>3,771,473</u>

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

Building Reserve	252,350	871,028	531,862
Furniture, Fittings & Equipment Reserve	10,499	10,263	10,268
Plant Reserve	222,876	185,607	165,703
Health Reserve	43,807	42,822	42,884
Swimming Pool Reserve	516,622	2,264,538	1,865,964
Long Service Leave Reserve	140,715	137,551	151,701
Sustainable Environment Reserve	1,568	148,161	3,319
Town Planning & Development Reserve	120,743	264,656	114,990
HomesWest Joint Venture Housing Reserve	4,796	4,689	4,597
Road Infrastructure Reserve	139,177	394,100	364,903
Unspent Grants	0	1,356,432	0
Unspent Loans	0	0	0
	<u>1,453,153</u>	<u>5,679,847</u>	<u>3,256,191</u>

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

Net Result	1,248,670	1,436,471	1,436,921
Depreciation	1,943,010	1,912,427	1,881,256
(Profit)/Loss on Sale of Asset	0	141,304	0
(Increase)/Decrease in Receivables	57,415	(65,111)	60,710
(Increase)/Decrease in Inventories	1,955	(1,557)	2,050
Increase/(Decrease) in Payables	10,946	(181,666)	9,695
Increase/(Decrease) in Employee Provisions	5,955	0	6,000
Grants/Contributions for the Development of Assets	(2,908,923)	(1,044,531)	(1,659,115)
Net Cash from Operating Activities	<u>359,028</u>	<u>2,197,337</u>	<u>1,737,517</u>

SHIRE OF QUAIRADING

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

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

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	0	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	5,000	5,000	5,000
Credit Card Balance at Balance Date	0	(287)	0
Total Amount of Credit Unused	<u>5,000</u>	<u>4,713</u>	<u>5,000</u>
 Loan Facilities			
Loan Facilities in use at Balance Date	<u>183,367</u>	<u>212,157</u>	<u>212,158</u>
 Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF QUAIRADING

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 District has no control and which are not included in the financial statements are as follows:

Detail	Balance 1-Jul-15 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-16 \$
Factory Unit Bonds	1,014	0	0	1,014
CRC Rental Bond	992	0	0	992
Police Licensing	4,649	537,230	(531,510)	10,369
Hall Hire Bonds	1,300	5,500	(4,200)	2,600
Hall Table Bonds	0	0	0	0
Barracks Bond	100	1,200	(1,000)	300
Bus Hire Bond	100	1,900	(1,800)	200
Cottage Bond	100	500	(300)	300
Cat Trap Bond	0	60	(60)	0
Housing Bond	0	0	0	0
Building Reg	235	655	(760)	130
BCITF	294	3,500	(3,149)	645
QARRAS - Luncheon	3,119	0	0	3,119
Doodenanning Cemetery	1,146	0	0	1,146
Nomination Fees	0	560	(560)	0
Footpath Bonds	0	500	(500)	0
	<u>13,049</u>			<u>20,815</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated that any major land transactions will occur in the 2015/16 financial year.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

Cash Flow Movements Used in Budget

Nature and Type

	Sundry Debtors	Rates Debtors	Provision Doubtful Debts	GST Receivable	Total	
Receipts						
Rates		4,955			4,955	Add to SoCF
Operating Grants, Subsidies and Contributions	3,210				3,210	Add to SoCF
Fees and Charges	49,250		0		49,250	Add to SoCF
Service Charges					0	Add to SoCF
Interest Earnings					0	Add to SoCF
Goods and Services Tax				0	0	Add to SoCF
Other					0	Add to SoCF
	52,460	4,955	0	0	57,415	

Deduct Note 7

Add Note 15 Movements

	Sundry Creditors	Taxation Liability	Other Liability	ESL Liability	Inventories	Movement Leave Reserve/ Provisions	Employee Benefits	Total	
Payments									
Employee Costs	2,555		1,985	0	1,955	(3,164)	5,955	9,286	Add to SoCF
Materials and Contracts	7,480							7,480	Add to SoCF
Utility Charges	195							195	Add to SoCF
Insurance Expenses								0	Add to SoCF
Interest Expenses								0	Add to SoCF
Goods and Services Tax		1,895						1,895	Add to SoCF
Other								0	Add to SoCF
	10,230	1,895	1,985	0	1,955	(3,164)	5,955	18,856	

Deduct Note 7

Add Note 15 Movements