



SHIRE OF QUAIRADING

BUDGET

FOR THE YEAR ENDED 30 JUNE 2018

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SHIRE OF QUAIRADING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	2,136,843	2,052,801	2,054,405
Operating grants, subsidies and contributions	15	9,639,332	2,789,435	2,159,067
Fees and charges	14	1,049,674	1,097,396	1,161,784
Service charges	11	0	0	0
Interest earnings	2(a)	104,726	140,611	101,915
Other revenue	2(a)	672,585	421,110	101,872
		<u>13,603,160</u>	<u>6,501,353</u>	<u>5,579,043</u>
Expenses				
Employee costs		(2,097,117)	(2,038,800)	(2,190,011)
Materials and contracts		(10,638,066)	(1,379,042)	(1,781,014)
Utility charges		(215,336)	(218,564)	(216,995)
Depreciation on non-current assets	2(a)	(3,329,995)	(3,330,360)	(3,564,310)
Interest expenses	2(a)	(19,146)	(9,104)	(11,811)
Insurance expenses		(203,887)	(250,078)	(217,357)
Other expenditure		(114,791)	(362,502)	(87,440)
		<u>(16,618,338)</u>	<u>(7,588,450)</u>	<u>(8,068,938)</u>
		(3,015,178)	(1,087,097)	(2,489,895)
Non-operating grants, subsidies and contributions	15	1,306,810	3,006,336	3,375,983
Profit on asset disposals	6	0	8,381	0
Loss on asset disposals	6	0	(9,091)	0
Loss on revaluation of non current assets		0	0	0
Net result		<u>(1,708,368)</u>	<u>1,918,529</u>	<u>886,088</u>
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>(1,708,368)</u></u>	<u><u>1,918,529</u></u>	<u><u>886,088</u></u>

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 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue (refer notes 1,2,8,10 to 15)				
Governance		7,436	17,666	34,300
General purpose funding		3,036,822	4,738,923	3,812,293
Law, order, public safety		159,310	155,756	160,728
Health		479,794	441,458	491,258
Education and welfare		222,763	209,282	177,149
Housing		91,827	82,953	80,232
Community amenities		133,550	217,672	225,933
Recreation and culture		45,541	46,550	40,931
Transport		9,090,534	152,190	153,525
Economic services		111,645	136,138	101,430
Other property and services		223,938	302,765	301,264
		<u>13,603,160</u>	<u>6,501,353</u>	<u>5,579,043</u>
Expenses excluding finance costs (refer notes 1, 2 & 16)				
Governance		(490,013)	(460,531)	(514,024)
General purpose funding		(103,848)	(94,827)	(70,911)
Law, order, public safety		(307,534)	(321,269)	(338,586)
Health		(727,143)	(693,386)	(735,902)
Education and welfare		(335,982)	(321,531)	(356,569)
Housing		(247,967)	(204,338)	(209,424)
Community amenities		(486,474)	(476,549)	(665,175)
Recreation and culture		(815,656)	(837,312)	(822,803)
Transport		(12,280,521)	(3,372,632)	(3,402,246)
Economic services		(642,680)	(598,384)	(670,502)
Other property and services		(161,374)	(198,587)	(270,985)
		<u>(16,599,192)</u>	<u>(7,579,346)</u>	<u>(8,057,127)</u>
Finance costs (refer notes 2 & 7)				
Recreation and culture		(9,696)	(9,104)	(11,811)
Transport		(9,450)	0	0
		<u>(19,146)</u>	<u>(9,104)</u>	<u>(11,811)</u>
		<u>(3,015,178)</u>	<u>(1,087,097)</u>	<u>(2,489,895)</u>
Non-operating grants, subsidies and contributions	15	1,306,810	3,006,336	3,375,983
Profit on disposal of assets	6	0	8,381	0
(Loss) on disposal of assets	6	0	(9,091)	0
Loss on revaluation of non current assets		0	0	0
		<u>1,306,810</u>	<u>3,005,626</u>	<u>3,375,983</u>
Net result		(1,708,368)	1,918,529	886,088
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		<u>(1,708,368)</u>	<u>1,918,529</u>	<u>886,088</u>

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

**SHIRE OF QUAIRADING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,139,843	2,049,261	2,082,482
Operating grants, subsidies and contributions		9,640,832	3,298,628	2,661,067
Fees and charges		1,049,674	1,097,396	1,161,784
Service charges		0	0	0
Interest earnings		104,726	140,611	101,915
Goods and services tax		(559,575)	577,464	150,000
Other revenue		672,585	421,110	100,872
		<u>13,048,085</u>	<u>7,584,470</u>	<u>6,258,120</u>
Payments				
Employee costs		(2,097,117)	(2,112,290)	(2,228,958)
Materials and contracts		(10,612,266)	(2,386,214)	(2,131,473)
Utility charges		(215,336)	(218,564)	(216,995)
Interest expenses		(19,146)	(11,811)	(12,111)
Insurance expenses		(203,887)	(250,078)	(217,357)
Goods and services tax		559,575	(559,575)	0
Other expenditure		(114,791)	(362,502)	(87,440)
		<u>(12,702,968)</u>	<u>(5,901,034)</u>	<u>(4,894,334)</u>
Net cash provided by (used in) operating activities	3(b)	<u>345,117</u>	<u>1,683,436</u>	<u>1,363,786</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	(10,000)	(505)	(10,000)
Payments for purchase of property, plant & equipment	5	(1,942,701)	(2,864,724)	(4,633,000)
Payments for construction of infrastructure	5	(4,056,994)	(3,984,836)	(6,218,045)
Non-operating grants, subsidies and contributions used for the development of assets		1,306,810	3,006,336	3,375,983
Proceeds from sale of plant & equipment	6	221,528	170,916	246,898
Net cash provided by (used in) investing activities		<u>(4,481,357)</u>	<u>(3,672,813)</u>	<u>(7,238,164)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7	(53,324)	(31,164)	(30,599)
Advances to community groups		0		0
Proceeds from self supporting loans		32,524	31,164	0
Proceeds from new borrowings	7	660,000	0	600,000
Net cash provided by (used in) financing activities		<u>639,200</u>	<u>0</u>	<u>569,401</u>
Net increase (decrease) in cash held		(3,497,040)	(1,989,377)	(5,304,977)
Cash at beginning of year		<u>5,748,802</u>	<u>7,738,179</u>	<u>7,738,179</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>2,251,762</u></u>	<u><u>5,748,802</u></u>	<u><u>2,433,202</u></u>

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

**SHIRE OF QUAIRADING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	<u>3,283,323</u>	<u>3,289,621</u>	<u>3,285,126</u>
		3,283,323	3,289,621	3,285,126
Revenue from operating activities (excluding rates)				
Governance		7,436	24,600	34,300
General purpose funding		910,844	2,692,588	1,757,188
Law, order, public safety		159,310	155,756	160,728
Health		479,794	441,458	491,258
Education and welfare		222,763	209,282	177,149
Housing		91,827	82,953	80,232
Community amenities		133,550	217,672	225,933
Recreation and culture		45,541	46,550	40,931
Transport		9,090,534	153,637	153,525
Economic services		111,645	136,138	101,430
Other property and services		223,938	302,765	301,264
		<u>11,477,182</u>	<u>4,463,399</u>	<u>3,523,938</u>
Expenditure from operating activities				
Governance		(490,013)	(460,531)	(514,024)
General purpose funding		(103,848)	(94,827)	(70,911)
Law, order, public safety		(307,534)	(321,269)	(338,586)
Health		(727,143)	(693,386)	(735,902)
Education and welfare		(335,982)	(321,531)	(356,569)
Housing		(247,967)	(204,338)	(209,424)
Community amenities		(486,474)	(476,549)	(665,175)
Recreation and culture		(825,352)	(846,416)	(834,614)
Transport		(12,289,971)	(3,381,723)	(3,402,246)
Economic services		(642,680)	(598,384)	(670,502)
Other property and services		(161,374)	(198,587)	(270,985)
		<u>(16,618,338)</u>	<u>(7,597,541)</u>	<u>(8,068,938)</u>
Operating activities excluded from budget				
(Profit) on asset disposals	6	0	(8,381)	0
Loss on disposal of assets	6	0	9,091	0
Depreciation on assets	2(a)	3,329,995	3,330,360	3,564,310
Movement in LSL Reserves (Added Back)		0	51,890	0
Movement in employee benefit provisions (non-current)		0	5,572	0
Amount attributable to operating activities		<u>1,472,162</u>	<u>3,544,011</u>	<u>2,304,436</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	15	1,306,810	3,006,336	3,375,983
Purchase land held for resale	5	(10,000)	(505)	(10,000)
Purchase property, plant and equipment	5	(1,942,701)	(2,864,724)	(4,633,000)
Purchase and construction of infrastructure	5	(4,056,994)	(3,984,836)	(6,218,045)
Proceeds from disposal of assets	6	221,528	170,916	246,898
Amount attributable to investing activities		<u>(4,481,357)</u>	<u>(3,672,813)</u>	<u>(7,238,164)</u>
FINANCING ACTIVITIES				
Repayment of borrowings	7	(53,324)	(31,164)	(30,599)
Proceeds from new borrowings	7	660,000	0	600,000
Proceeds from self supporting loans		32,524	31,164	30,599
Transfers to cash backed reserves (restricted assets)	9	(467,795)	(727,404)	(665,108)
Transfers from cash backed reserves (restricted assets)	9	713,812	2,093,194	2,943,731
Amount attributable to financing activities		<u>885,217</u>	<u>1,365,790</u>	<u>2,878,623</u>
Budgeted deficiency before general rates		<u>(2,123,978)</u>	<u>1,236,988</u>	<u>(2,055,105)</u>
Estimated amount to be raised from general rates	8	<u>2,125,978</u>	<u>2,046,335</u>	<u>2,055,105</u>
Net current assets at end of financial year - surplus/(deficit)	4	<u>2,000</u>	<u>3,283,323</u>	<u>0</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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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.

The local government reporting eEntity

All funds through which the Shire of Quairading 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 17 to the budget.

(b) 2016/17 actual balances

Balances shown in this budget as 2016/17 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) Comparative figures

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

(e) 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.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Forecast fair value adjustments

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

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

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

(g) Rates, grants, donations and other contributions

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

(h) 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.

(i) Superannuation

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

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

(j) Cash and cash equivalents

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

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

(k) 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.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) 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.

During the year ended 30 June 2013, the Shire of Quairading commenced the process of adopting fair value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at fair value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire of Quairading revalues its asset classes in accordance with this mandatory timetable.

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire of Quairading 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 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

Land under roads

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

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

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Depreciation

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

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

Land	0%	Not depreciated
Buildings	2-3%	30 to 50 years
Plant and Equipment		
- Heavy (eg. Loaders)	7-20%	5 to 15 years
- Medium (eg. Light Trucks)	10 - 20%	5 to 10 years
- Light (eg. Chainsaws)	20-40%	3 to 5 years
Furniture & Equipment	10-25%	4 to 10 years
Computer and Electronic Equipment	33-45%	2 to 3 years
Unsealed Roads	3-4%	25 to 30 years
Sealed Roads and Streets -		
Original surfacing and major re-surfacing		
- Aggregate Surfaces	3.0%	30 years
- Asphalt Surfaces	3%	30 years
- Pavement Surfaces	2.5%	40 years
Drainage Systems	1.3%	75 years
Clearing and Formation	0%	Not depreciated
Culverts / Floodways	2%	50 years
Concrete Footpaths	3%	30 years
Footpaths Other	4%	25 years
Kerbing	2%	50 years
Bridges	1.3%	75 years

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

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

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

Capitalisation threshold

Expenditure on items of equipment under \$10,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities

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

Fair value is the price that the Shire of Quairading 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.

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities (continued)

Market approach

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

Income approach

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

Cost approach

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

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

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

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire of Quairading becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Quairading 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire of Quairading 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

Impairment

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

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire of Quairading 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.

(p) Impairment of assets

In accordance with Australian Accounting Standards the Shire of Quairading 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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 2018.

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

(q) 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 Quairading 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.

(r) Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

The Shire of Quairading's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Quairading 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Provisions

Provisions are recognised when the Shire of Quairading 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.

(u) 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 Quairading, 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.

(v) Investment in associates

An associate is an entity over which the Shire of Quairading has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire of Quairading's share of net assets of the associate. In addition, the Shire of Quairading's share of the profit or loss of the associate is included in the

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Quairading's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investment in associates (continued)

Profits and losses resulting from transactions between the Shire of Quairading and the associate are eliminated to the extent of the Shire of Quairading's interest in the associate.

When the Shire of Quairading's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Quairading discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire of Quairading will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.

(x) Interests in joint arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Quairading'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 20.

(y) 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 Quairading's operational cycle. In the case of liabilities where the Shire of Quairading 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 Quairading's intentions to release for sale.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
2. REVENUES AND EXPENSES			
(a) Net result			
The net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Audit services	20,650	21,527	22,000
Other services	6,000	1,700	6,000
Depreciation by program			
Governance	31,900	31,065	35,300
Law, order, public safety	90,800	105,032	92,500
Health	4,450	4,466	4,450
Education and welfare	15,300	14,977	17,815
Housing	74,635	73,543	73,645
Community amenities	27,900	28,390	30,600
Recreation and culture	240,320	261,023	234,720
Transport	2,556,420	2,550,225	2,761,820
Economic services	188,820	170,292	188,460
Other property and services	99,450	91,347	125,000
	<u>3,329,995</u>	<u>3,330,360</u>	<u>3,564,310</u>
Depreciation by asset class			
Land and buildings	318,510	330,334	317,670
Furniture and equipment	32,275	26,521	35,165
Plant and equipment	209,860	224,708	242,725
Roads	2,322,300	2,318,842	2,347,000
Footpaths	6,700	6,608	6,700
Bridges	169,400	166,268	140,000
Other Community & Recreational Facilities	270,950	257,079	475,050
	<u>3,329,995</u>	<u>3,330,360</u>	<u>3,564,310</u>
Interest expenses (finance costs)			
- Borrowings (refer note 7(a))	19,146	9,104	11,811
	<u>19,146</u>	<u>9,104</u>	<u>11,811</u>
(ii) Crediting as revenues:			
Interest earnings			
Investments			
- Reserve funds	49,580	70,155	45,754
- Other funds	29,500	54,098	29,500
- Self Supporting Loans	9,696	(2,708)	11,811
Other interest revenue (refer note 12)	15,950	19,066	14,850
	<u>104,726</u>	<u>140,611</u>	<u>101,915</u>
(iii) Other revenue			
Reimbursements and recoveries	600,000	325,283	0
Other	72,585	95,827	101,872
	<u>672,585</u>	<u>421,110</u>	<u>101,872</u>

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of objective

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

COMMUNITY VISION

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, Employment of a Shared Community Emergency Services Manager.

HEALTH

Health Inspections, Food Quality Control, Pest Control and Operation of the Medical Centre.

EDUCATION AND WELFARE

Operation and Maintenance of the Little Rainmakers Childcare Centre. Maintenance and Operation of the Arthur Kelly Village. Minor In-Kind Association with the Frail Aged Lodge Facility. Youth Programme and the Quairading Youth Centre.

HOUSING

Maintenance of housing rented to staff and non-staff.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

2. REVENUES AND EXPENSES (Continued)

(b) Statement of objective (Continued)

COMMUNITY AMENITIES

Rubbish collection and recycling services, operation of Waste and Recycling Site, and administration of the Town Planning Scheme and Heritage Services. Provision of Community Bus service, maintenance of Cemeteries / Public Conveniences and Environment Services.

RECREATION AND CULTURE

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

TRANSPORT

Construction and maintenance of roads, drainage works, footpaths, parking facilities, traffic signs and cleaning of streets. Natural Disaster Road and Bridge Repairs. Operation of on-line Licensing as a Contractor to the Department of Transport. Maintenance of Airstrip.

ECONOMIC SERVICES

Community Development, Operation of the Caravan Park and Short Term Accommodation, Tourism and Townscape, and Website Management. Control of Noxious Weeds/Plants, Pests and Building Control. Operation of the Community Gym and Building Maintenance of the Community Resource and Arts Centre.

OTHER PROPERTY & SERVICES

Public Works Overheads, Plant Operation Costs, Allocation of salaries and wages, Operation of Electrical Service and Private Works and other financial transactions not included elsewhere.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

3. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - unrestricted	164,654	3,415,677	1,012,910
Cash - restricted	2,087,108	2,333,125	1,420,292
	<u>2,251,762</u>	<u>5,748,802</u>	<u>2,433,202</u>

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

Building Reserve	497,263	807,763	636,121
Furniture, Fittings & Equipment Reserve	11,010	10,760	10,646
Plant Reserve	531,173	634,270	214,383
Health Reserve	45,933	44,923	44,784
Swimming Pool Reserve	6,896	6,736	14,849
Long Service & Annual Leave Reserve	223,171	179,221	177,910
Sustainable Environment Reserve	158,846	155,346	4,711
Town Planning & Development	281,774	277,524	175,797
HomesWest Joint Venture Housing	5,025	4,915	4,900
Road Infrastructure	326,017	211,667	136,191
	<u>2,087,108</u>	<u>2,333,125</u>	<u>1,420,292</u>

(b) Reconciliation of net cash provided by operating activities to net result

Net result	(1,708,368)	1,918,529	886,088
Depreciation	3,329,995	3,330,360	3,564,310
(Profit)/loss on sale of asset	0	710	0
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	4,500	523,542	679,077
(Increase)/decrease in inventories	0	(2,767)	0
Increase/(decrease) in payables	25,800	(1,033,919)	(354,759)
Increase/(decrease) in employee provisions	0	(46,683)	(34,947)
Grants/contributions for the development of assets	(1,306,810)	(3,006,336)	(3,375,983)
Net cash from operating activities	<u>345,117</u>	<u>1,683,436</u>	<u>1,363,786</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 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	(616)	0
Total amount of credit unused	<u>5,000</u>	<u>4,384</u>	<u>5,000</u>
 Loan facilities			
Loan facilities in use at balance date	<u>758,879</u>	<u>152,203</u>	<u>752,768</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2017/18 Budget \$	2016/17 Actual \$
4. NET CURRENT ASSETS			

Composition of estimated net current assets

Current assets

Cash - unrestricted	3(a)	164,654	3,415,677
Cash - restricted reserves	3(a)	2,087,108	2,333,125
Receivables		282,885	287,385
Inventories		18,869	8,869
		<u>2,553,516</u>	<u>6,045,056</u>

Less: current liabilities

Trade and other payables		(257,979)	(232,179)
Short term borrowings		0	0
Long term borrowings		(53,324)	564
Provisions		(376,214)	(376,214)
		<u>(687,517)</u>	<u>(607,829)</u>

Unadjusted net current assets

1,865,999 **5,437,227**

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 below.

Adjustments

Less: Cash - restricted reserves	3(a)	(2,087,108)	(2,333,125)
Less: Land held for resale		(10,000)	0
Less: Current loans - clubs / institutions		564	564
Add: Current portion of borrowings		53,324	(564)
Add: Current liabilities not expected to be cleared at end of year		179,221	179,221
Adjusted net current assets - surplus/(deficit)		<u><u>2,000</u></u>	<u><u>3,283,323</u></u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

5. ACQUISITION OF ASSETS

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

Asset class	Reporting program										2017/18 Budget total \$	2016/17 Actual total \$	
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$			Other property and services \$
<i>Property, Plant and Equipment</i>													
Land and buildings				13,500	3,850			93,149	866,715	330,000		1,307,214	2,370,616
Furniture and equipment	27,805			6,500								34,305	0
Plant and equipment	83,000				20,470				497,712			601,182	494,108
	110,805	0	0	20,000	24,320	0	0	93,149	1,364,427	330,000	0	1,942,701	2,864,724
<i>Infrastructure</i>													
Roads									4,043,694			4,043,694	3,909,881
Other Community & Recreational Facilities								13,300				13,300	74,955
	0	0	0	0	0	0	0	13,300	4,043,694	0	0	4,056,994	3,984,836
<i>Land Held for Resale</i>													
Land held for resale							10,000					10,000	505
Total acquisitions	110,805	0	0	20,000	24,320	0	10,000	106,449	5,408,121	330,000	0	6,009,695	6,850,065

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

6. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Governance	66,000	66,000	0	0	6,934	0	0	0
Education and welfare	10,909	10,909	0	0	0	0	0	0
Transport	144,619	144,619	0	0	1,447	(9,091)	0	0
	221,528	221,528	0	0	8,381	(9,091)	0	0

<u>By Class</u>	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	221,528	221,528	0	0	8,381	(9,091)	0	0
	221,528	221,528	0	0	8,381	(9,091)	0	0

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 1-Jul-17	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Transport								
Loan 118 - Depot Building	0	500,000	20,800	0	479,200	0	9,450	0
Economic services								
Loan 119 - Park Cottages	0	160,000	0	0	160,000	0	0	0
	0	660,000	20,800	0	639,200	0	9,450	0
<u>Self Supporting Loans</u>								
Recreation and culture								
Loan 115 - Bowling Club	138,092	0	29,336	28,046	108,756	138,092	9,066	8,428
Loan 116 - Tennis Club	4,684	0	1,728	1,681	2,956	4,684	185	229
Loan 117 - Golf Club	9,427	0	1,460	1,437	7,967	9,427	445	447
	152,203	0	32,524	31,164	119,679	152,203	9,696	9,104
	152,203	660,000	53,324	31,164	758,879	152,203	19,146	9,104

All borrowing repayments, except the self supporting loans above, will be financed by general purpose revenue.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

7. INFORMATION ON BORROWINGS (Continued)

(b) New borrowings - 2017/18

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate %	Amount borrowed budget \$	Total interest & charges \$	Amount used budget \$	Balance unspent \$
Loan 118 - Depot Building	WATC	Debenture	10	3.78	500,000	Unknown	500,000	0
Loan 119 - Park Cottages	WATC	Debenture	10	3.78	160,000	Unknown	160,000	0
					660,000		660,000	0
					660,000		660,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

(d) Overdraft

The Shire did not have an overdraft facility during the financial year and it does not expect to use one in 2017/18.

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

8. RATING INFORMATION

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2017/18 Budgeted rate revenue \$	2017/18 Budgeted interim rates \$	2017/18 Budgeted back rates \$	2017/18 Budgeted total revenue \$	2016/17 Actual \$
General rate								
GRV - Residential	12.6235	313	2,539,476	320,571	0	0	320,571	301,128
GRV - Industrial	12.6235	20	261,785	33,046	0	0	33,046	30,858
GRV - Commercial	12.6235	10	248,376	31,354	0	0	31,354	33,531
UV - Rural	1.3190	377	127,764,000	1,685,207	0	0	1,685,207	1,626,098
Sub-Totals		720	130,813,637	2,070,178	0	0	2,070,178	1,991,615
Minimum payment								
	Minimum \$							
GRV - Residential	600	62	68,054	37,200	0	0	37,200	39,900
GRV - Industrial	600	5	6,315	3,000	0	0	3,000	3,990
GRV - Commercial	600	0	0	0	0	0	0	570
UV - Rural	600	26	576,418	15,600	0	0	15,600	10,260
Sub-Totals		93	650,787	55,800	0	0	55,800	54,720
		813	131,464,424	2,125,978	0	0	2,125,978	2,046,335
Discounts/concessions (Refer note 13)							0	0
Total amount raised from general rates							2,125,978	2,046,335
Specified area rates (Refer note 10)							0	0
Ex - Gratia Rates							11,565	10,807
Rates Written Off							(700)	(178)
Movement in Excess Rates							0	(4,163)
Total rates							2,136,843	2,052,801

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

8(a). RATING INFORMATION

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 of Quairading.

The general rates detailed above for the 2017/18 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 30 JUNE 2018

9. CASH BACKED RESERVES

	2017/18 Budget Opening balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing balance	2016/17 Actual Opening balance	2016/17 Actual Transfer to	2016/17 Actual Transfer (from)	2016/17 Actual Closing balance	2016/17 Budget Opening balance	2016/17 Budget Transfer to	2016/17 Budget Transfer (from)	2016/17 Budget Closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Building Reserve	807,763	19,500	(330,000)	497,263	1,088,683	350,648	(631,568)	807,763	1,088,683	327,438	(780,000)	636,121
Furniture, Fittings & Equipment Reserve	10,760	250	0	11,010	10,516	244	0	10,760	10,516	130	0	10,646
Plant Reserve	634,270	280,715	(383,812)	531,173	370,786	263,484	0	634,270	370,786	258,597	(415,000)	214,383
Health Reserve	44,923	1,010	0	45,933	43,906	1,017	0	44,923	43,906	878	0	44,784
Swimming Pool Reserve	6,736	160	0	6,896	1,422,936	45,426	(1,461,626)	6,736	1,422,936	15,644	(1,423,731)	14,849
Long Service & Annual Leave Reserve	179,221	43,950	0	223,171	127,331	51,890	0	179,221	127,331	50,579	0	177,910
Sustainable Environment Reserve	155,346	3,500	0	158,846	151,829	3,517	0	155,346	151,829	2,882	(150,000)	4,711
Town Planning & Development	277,524	4,250	0	281,774	271,243	6,281	0	277,524	271,243	4,554	(100,000)	175,797
HomesWest Joint Venture Housing	4,915	110	0	5,025	4,804	111	0	4,915	4,804	96	0	4,900
Road Infrastructure	211,667	114,350	0	326,017	206,881	4,786	0	211,667	206,881	4,310	(75,000)	136,191
	2,333,125	467,795	(713,812)	2,087,108	3,698,915	727,404	(2,093,194)	2,333,125	3,698,915	665,108	(2,943,731)	1,420,292

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

9. CASH BACKED RESERVES (Continued)

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

Reserve name	Anticipated date of use	Purpose of the reserve
Building Reserve	Ongoing	- 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	Ongoing	- To be used in funding the various furniture, fittings and equipment installed in Council buildings.
Plant Reserve	Ongoing	- To be used to assist in funding the purchase of major plant items.
Health Reserve	Ongoing	- To be used to assist in funding the improvement of Medical Services & Facilities.
Swimming Pool Reserve	Ongoing	- To be used to assist in funding future major capital/upgrade works at the Quairading Memorial Swimming Pool
Long Service & Annual Leave Reserve	Ongoing	- To be used to fund future Employee Leave requirements.
Sustainable Environment Reserve	Ongoing	- 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	Ongoing	- 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	Ongoing	- 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	Ongoing	- To be used to towards road infrastructure projects including replacement of culverts and bridges.

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

10. SPECIFIED AREA RATE

Council did not Budget to raise a Specified Area Rate in the 2017/18 Financial Year.

11. SERVICE CHARGES

The Shire of Quairading does not intend to raise any Service Charges during 2017/18.

12. 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 full payment	13/10/2017			11.00%
Option two				
First Instalment	13/10/2017			11.00%
Second Instalment	13/12/2017	5	5.50%	11.00%
Third Instalment	13/02/2018	5	5.50%	11.00%
Fourth Instalment	13/04/2018	5	5.50%	11.00%
		2017/18 Budget revenue \$	2016/17 Actual \$	
Instalment plan admin charge revenue		1,950	1,810	
Instalment plan interest earned		3,850	3,648	
Interest on deferred rates		100	21	
Penalty Interest on ESL		0	485	
Unpaid rates interest earned		12,000	14,912	
		<u>17,900</u>	<u>20,876</u>	

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS

No discount will be offered to rate payers for the early payment of rates in the 2017/18 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 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$
14. FEES & CHARGES REVENUE		
Governance	100	209
General purpose funding	6,750	4,781
Law, order, public safety	3,900	4,015
Health	479,294	438,108
Education and welfare	28,548	32,720
Housing	86,927	77,909
Community amenities	129,550	193,728
Recreation and culture	23,555	21,876
Transport	0	0
Economic services	111,550	92,481
Other property and services	179,500	231,569
	<u>1,049,674</u>	<u>1,097,396</u>
15. GRANT REVENUE		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance	6,736	14,680
General purpose funding	798,199	2,538,328
Law, order, public safety	151,410	30,362
Health	500	0
Education and welfare	194,215	51,179
Housing	4,900	(796)
Community amenities	4,000	0
Recreation and culture	1,400	14,810
Transport	8,466,234	128,025
Economic services	0	12,847
Other property and services	11,738	0
	<u>9,639,332</u>	<u>2,789,435</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	19,067
Recreation and culture	104,449	632,000
Transport	1,202,361	2,355,269
	<u>1,306,810</u>	<u>3,006,336</u>

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$
16. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and/or the President.		
Meeting fees	32,992	32,755
President's allowance	508	508
	33,500	33,263

17. TRUST FUNDS

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

Detail	Balance 1-Jul-17 \$	Estimated amounts received \$	Estimated amounts paid (\$)	Estimated balance 30-Jun-18 \$
Factory Unit Bonds	1,014	0	0	1,014
CRC Rental Bond	540	540	0	1,080
Police Licensing	5,708	620,000	(623,000)	2,708
Hall/C Building Hire Bonds	0	5,250	(5,250)	0
Hall Table Bonds	0	0	0	0
Barracks Bond	400	1,000	(1,400)	0
Bus Hire Bond	0	600	(600)	0
Cottage Bond	1,000	3,000	(3,600)	400
Cat Trap Bond	0	0	0	0
Housing Bond	652	400	(1,052)	0
Building Reg	0	2,000	(2,000)	0
BCITF	0	1,500	(1,500)	0
QARRAS - Luncheon	3,708	0	0	3,708
Doodenanning Cemetery	1,196	0	0	1,196
South Caroling Cemetery	4,887	0	0	4,887
Nomination Fees	0	320	(320)	0
Footpath Bonds	0	0	0	0
Town Planning	1,000	0	0	1,000
Rural Youth	73,227	0	0	73,227
	93,332	634,610	(638,722)	89,220

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

18. MAJOR LAND TRANSACTIONS

It is not anticipated that any major land transactions will occur in the 2017/18 financial year.

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18.

20. INTERESTS IN JOINT ARRANGEMENTS

The Shire of Quairading is involved in the following Joint Venture agreement with Homeswest:

Lot 12 & 13 (50A & 50B) Suburban Road