



Shire of
Chapman Valley
Love the Rural Life



Statutory Budget

2013/2014

SHIRE OF CHAPMAN VALLEY
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUE				
Rates	8	2,066,902	1,886,784	1,930,153
Operating Grants, Subsidies and Contributions		1,460,748	1,732,267	906,100
Fees and Charges	11	449,483	344,573	451,062
Interest Earnings	2(a)	66,140	80,397	89,258
Other Revenue		1,000	10,196	350
		<u>4,044,273</u>	<u>4,054,217</u>	<u>3,376,923</u>
EXPENSES				
Employee Costs		(1,331,168)	(1,487,249)	(1,349,381)
Materials and Contracts		(2,419,984)	(1,923,759)	(1,905,095)
Utility Charges		(61,905)	(60,181)	(56,505)
Depreciation	2(a)	(1,061,505)	(1,034,552)	(665,571)
Interest Expenses	2(a)	(22,740)	(28,300)	(27,035)
Insurance Expenses		(188,984)	(172,167)	(170,028)
Other Expenditure		(5,000)	(46,728)	(51,175)
		<u>(5,091,286)</u>	<u>(4,752,936)</u>	<u>(4,224,790)</u>
		<u>(1,047,013)</u>	<u>(698,719)</u>	<u>(847,867)</u>
Non-Operating Grants, Subsidies and Contributions		2,226,039	2,204,838	2,447,366
Profit on Asset Disposals	4	347,703	1,773	2,000
Loss on Asset Disposals	4	<u>(40,015)</u>	<u>(14,614)</u>	<u>(22,600)</u>
NET RESULT		1,486,714	1,493,278	1,578,899
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>1,486,714</u>	<u>1,493,278</u>	<u>1,578,899</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 CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		22,299	55,991	11,932
General Purpose Funding		2,537,463	2,723,850	2,411,241
Law, Order, Public Safety		45,435	30,736	33,500
Health		4,820	5,862	7,000
Education and Welfare		7,100	6,948	10,500
Housing		39,697	24,565	22,880
Community Amenities		1,053,728	719,599	507,688
Recreation and Culture		82,280	93,664	77,880
Transport		160,840	183,608	180,502
Economic Services		21,650	21,694	45,800
Other Property and Services		68,961	173,540	70,000
		<u>4,044,273</u>	<u>4,040,057</u>	<u>3,378,923</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(401,823)	(412,074)	(369,635)
General Purpose Funding		(233,785)	(215,973)	(218,734)
Law, Order, Public Safety		(122,554)	(121,666)	(119,570)
Health		(25,664)	(20,426)	(1,100)
Education and Welfare		(1,276)	(922)	(22,787)
Housing		(32,245)	(13,806)	(8,035)
Community Amenities		(1,695,775)	(1,158,962)	(1,158,775)
Recreation & Culture		(448,310)	(383,016)	(325,032)
Transport		(1,862,294)	(1,967,105)	(1,744,478)
Economic Services		(201,783)	(175,615)	(180,327)
Other Property and Services		(43,037)	(266,592)	(50,496)
		<u>(5,068,546)</u>	<u>(4,736,157)</u>	<u>(4,198,969)</u>
FINANCE COSTS (Refer Notes 2 & 5)				
General Purpose Funding		(2,000)	0	0
Governance		0	(512)	(512)
Community Amenities		(2,305)	(3,493)	(3,435)
Rec & Culture		(4,512)	(4,037)	(3,979)
Transport		(13,923)	(20,258)	(19,895)
		<u>(22,740)</u>	<u>(28,300)</u>	<u>(27,821)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
Law, Order, Public Safety		416,860	107,357	0
Education and Welfare		16,000	0	0
Community Amenities		90,364	0	26,215
Economic Services		0	88,864	85,000
Recreation & Culture		57,739	0	0
Transport		1,645,076	2,008,617	2,336,151
		<u>2,226,039</u>	<u>2,204,838</u>	<u>2,447,366</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)				
Governance		0	(3,094)	(8,100)
Community Amenities		0	0	(1,000)
Housing		347,703	0	0
Transport		(40,015)	15,934	(11,500)
		<u>307,688</u>	<u>12,840</u>	<u>(20,600)</u>
NET RESULT		1,486,714	1,493,278	1,578,899
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>1,486,714</u>	<u>1,493,278</u>	<u>1,578,899</u>

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014**

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 CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,066,902	1,890,765	1,876,370
Operating Grants, Subsidies and Contributions		1,479,989	1,707,152	980,199
Fees and Charges		449,483	344,573	451,062
Service Charges		0	0	0
Interest Earnings		66,140	80,397	89,258
Goods and Services Tax		210,000	210,000	210,000
Other		1,000	10,196	350
		<u>4,273,514</u>	<u>4,243,083</u>	<u>3,607,239</u>
Payments				
Employee Costs		(1,331,168)	(1,424,924)	(1,349,381)
Materials and Contracts		(2,486,329)	(1,902,028)	(1,748,597)
Utility Charges		(61,905)	(60,181)	(56,505)
Insurance Expenses		(188,984)	(172,167)	(170,028)
Interest Expenses		(22,740)	(28,299)	(27,035)
Goods and Services Tax		(210,000)	(210,000)	(210,000)
Other		(5,000)	(46,728)	(51,175)
		<u>(4,306,126)</u>	<u>(3,844,327)</u>	<u>(3,612,721)</u>
Net Cash Provided By Operating Activities	15(b)	<u>(32,612)</u>	<u>398,756</u>	<u>(5,482)</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	0	0	0
Payments for Purchase of Property, Plant & Equipment	3	(828,889)	(440,473)	(360,350)
Payments for Construction of Infrastructure	3	(2,948,988)	(1,369,705)	(2,466,130)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,226,039	2,204,838	2,447,366
Proceeds from Sale of Plant & Equipment	4	545,000	53,027	52,000
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(1,006,838)</u>	<u>447,687</u>	<u>(327,114)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(186,585)	(168,367)	(168,367)
Repayment of Finance Leases		0	0	0
Proceeds from New Debentures	5	160,000	0	0
Net Cash Provided By (Used In) Financing Activities		<u>(26,585)</u>	<u>(168,367)</u>	<u>(168,367)</u>
Net Increase (Decrease) in Cash Held		(1,066,035)	678,076	(500,963)
Cash at Beginning of Year		2,348,703	1,670,627	1,670,627
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>1,282,668</u></u>	<u><u>2,348,703</u></u>	<u><u>1,169,664</u></u>

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

**SHIRE OF CHAPMAN VALLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUES	1,2			
Governance		22,300	55,991	11,932
General Purpose Funding		470,561	837,066	481,088
Law, Order, Public Safety		462,295	138,093	33,500
Health		4,820	5,862	7,000
Education and Welfare		23,100	6,948	10,500
Housing		387,400	24,565	22,880
Community Amenities		1,144,092	719,599	533,903
Recreation and Culture		140,019	93,664	77,880
Transport		1,805,916	2,208,159	2,516,653
Economic Services		21,650	110,558	130,800
Other Property and Services		68,961	173,540	70,000
		<u>4,551,114</u>	<u>4,374,045</u>	<u>3,896,136</u>
EXPENSES	1,2			
Governance		(402,823)	(415,680)	(378,247)
General Purpose Funding		(233,785)	(215,973)	(218,734)
Law, Order, Public Safety		(122,554)	(121,666)	(119,570)
Health		(25,664)	(20,426)	(1,100)
Education and Welfare		(1,276)	(922)	(22,787)
Housing		(32,245)	(13,806)	(8,035)
Community Amenities		(1,698,080)	(1,162,455)	(1,163,210)
Recreation & Culture		(452,823)	(387,053)	(329,011)
Transport		(1,916,232)	(1,987,363)	(1,775,873)
Economic Services		(201,783)	(175,615)	(180,327)
Other Property and Services		(43,037)	(266,592)	(50,496)
		<u>(5,130,302)</u>	<u>(4,767,551)</u>	<u>(4,247,390)</u>
Net Operating Result Excluding Rates		(579,188)	(393,506)	(351,254)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets due to change in Regulations				
- Land		0		
- Easements		0		
Movement in Employee Benefits		0		
Movement in Excess Rates		0	0	(53,783)
Movement in Accrued Interest		0	3,855	0
(Profit)/Loss on Asset Disposals	4	(307,688)	12,840	20,600
Depreciation on Assets	2(a)	1,061,505	1,034,552	665,571
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	0	0	0
Purchase Land and Buildings	3	(173,529)	(64,939)	(41,950)
Purchase Infrastructure Assets - Roads	3	(2,948,988)	(1,369,705)	(2,466,130)
Purchase Infrastructure Assets - Parks	3	0	0	0
Purchase Plant and Equipment	3	(655,360)	(367,542)	(285,900)
Purchase Furniture and Equipment	3	0	(4,245)	(12,500)
Purchase Tools and Equipment	3	0	(3,747)	(20,000)
Proceeds from Disposal of Assets	4	545,000	53,027	52,000
Repayment of Debentures	5	(186,585)	(168,367)	(168,367)
Proceeds from New Debentures	5	160,000	0	0
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	6	(39,140)	(90,284)	(52,666)
Transfers from Reserves (Restricted Assets)	6	192,560	178,652	296,058
Estimated Surplus/(Deficit) July 1 B/Fwd	7	909,552	375,166	488,168
Estimated Surplus/(Deficit) June 30 C/Fwd	7	45,041	909,552	0
Total Amount Raised from General Rate	8	<u>(2,066,902)</u>	<u>(1,886,784)</u>	<u>(1,930,153)</u>

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

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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.

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.

(b) 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, but a separate statement of those monies appears at Note 16 to this budget document.

(c) 2012/13 Actual Balances

Balances shown in this budget as 2012/13 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

(e) 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

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

(f) Goods and Services Tax

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.

(g) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 with original maturities of three months or less 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 on the statement of financial position.

(i) 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.

Collectibility 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.

(j) 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 purchased for development and/or resale 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 the statement of comprehensive income 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 resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or 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.

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.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is 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 other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

Initial Recognition

All assets are initially recognised at cost. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

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.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

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 this 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.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) 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 at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
- (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; and
- (b) less any reduction for impairment.

The effective interest rate 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 at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to 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.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities 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.

They are subsequently measured at fair value with changes in such fair value (ie 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 the 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 (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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 having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, 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 into profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment

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 (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(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

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(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.

(q) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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 resale where it is held as non-current based on Council's intentions to release for sale.

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	18,100	38,430	17,050
Other Services	0	7,700	4,000
Depreciation			
<u>By Program</u>			
Governance	68,257	68,257	41,100
General Purpose Funding	0	0	0
Law, Order, Public Safety	10,947	10,947	12,000
Health	0	0	0
Education and Welfare	0	0	0
Housing	5,259	5,259	5,732
Community Amenities	21,025	21,024	7,695
Recreation and Culture	33,308	33,308	24,654
Transport	652,709	645,709	377,390
Economic Services	0	0	0
Other Property and Services	270,000	250,048	197,000
	<u>1,061,505</u>	<u>1,034,552</u>	<u>665,571</u>
<u>By Class</u>			
Land and Buildings	45,635	45,635	44,087
Furniture and Equipment	34,092	34,092	21,100
Plant and Equipment	334,068	307,115	200,900
Roads	643,510	643,510	375,390
Parks and Ovals	4,200	4,200	24,094
	<u>1,061,505</u>	<u>1,034,552</u>	<u>665,571</u>
Borrowing Costs (Interest)			
- Finance Lease Charges	0	0	0
- Overdraft Interest	2,000	0	0
- Debentures (refer note 5(a))	20,740	28,300	27,821
	<u>22,740</u>	<u>28,300</u>	<u>27,821</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	39,640	49,248	52,668
- Other Funds	12,600	15,598	22,059
Other Interest Revenue (refer note 13)	13,900	15,551	14,531
	<u>66,140</u>	<u>80,397</u>	<u>89,258</u>

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

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

Governance

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

Administration

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks. Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranger's expenses are collected here and apportioned throughout the various programs to which they relate.

HEALTH

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

EDUCATION AND WELFARE

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

HOUSING

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

3. ACQUISITION OF ASSETS

**2013/14
Budget
\$**

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

By Program

Governance

Land and Buildings	25,031
--------------------	--------

Law, Order, Public Safety

Plant and Equipment	416,860
---------------------	---------

Education and Welfare

Land and Buildings	16,000
--------------------	--------

Housing

Land and Buildings	45,944
--------------------	--------

Community Amenities

Land and Buildings	37,464
--------------------	--------

Recreation and Culture

Land and Buildings	49,090
--------------------	--------

Transport

Plant and Equipment	238,500
---------------------	---------

Infrastructure Assets - Roads	2,948,988
-------------------------------	-----------

	3,777,877
--	-----------

By Class

Land and Buildings	173,529
--------------------	---------

Infrastructure Assets - Roads	2,948,988
-------------------------------	-----------

Plant and Equipment	655,360
---------------------	---------

	3,777,877
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A detailed breakdown of acquisitions on an individual asset basis can be found in the management budget schedule format document

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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)
	2013/14 BUDGET	2013/14 BUDGET	2013/14 BUDGET
	\$	\$	\$
Housing			
Lot 1 Indialla Road, Nabawa	28,898	180,000	151,102
Lot 31 Indialla Road, Nabawa	103,399	300,000	196,601
Transport			
Water Tanker (1977)	42,928	15,000	(27,928)
Side Tipper Trailer (2002)	36,329	25,000	(11,329)
Hilux Dual Cab 4x4 (2011)	25,758	25,000	(758)
	237,312	545,000	307,688

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2013/14 BUDGET	2013/14 BUDGET	2013/14 BUDGET
	\$	\$	\$
Land and Buildings			
Lot 1 Indialla Road, Nabawa	28,898	180,000	151,102
Lot 31 Indialla Road, Nabawa	103,399	300,000	196,601
			0
Plant and Equipment			0
Water Tanker (1977)	42,928	15,000	(27,928)
Side Tipper Trailer (2002)	36,329	25,000	(11,329)
Hilux Dual Cab 4x4 (2011)	25,758	25,000	(758)
	237,312	545,000	307,688

Summary

	2013/14 BUDGET
	\$
Profit on Asset Disposals	347,703
Loss on Asset Disposals	(40,015)
	<u><u>307,688</u></u>

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Governance								
- Building Extension - Loan 87	0		0	14,572	0	0	0	512
Recreation & Culture								
- Stadium Upgrade - Loan 89	62,536		8,243	6,167	54,293	62,536	4,512	4,037
Transport								
- Plant Renewal - Loan 92	65,788		65,788	41,001	0	65,788	3,790	5,384
- Plant Renewal - Loan 93	146,870		71,493	67,810	75,377	146,870	7,121	10,805
- Plant Renewal - Loan 95	63,234		19,941	18,883	43,293	63,234	3,012	4,069
- Plant Renewal - Loan 96		160,000	0	0	160,000	0	0	0
Community Amenities								
- Bulla Study - Loan 94	43,499		21,120	19,933	22,379	43,499	2,305	3,493
	381,927	160,000	186,585	168,366	355,342	381,927	20,740	28,300

All debenture repayments are to be financed by general purpose revenue.

SHIRE OF CHAPMAN VALLEY

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
<i>Transport</i> - Plant Renewal - Loan 96	160,000	WA Treasury	Debenture	5	15,662	3.47%	160,000	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2013 nor is it expected to have unspent debenture funds as at 30th June 2014.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$250,000 with the Westpac Bank,

SHIRE OF CHAPMAN VALLEY

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	52,646	57,733	57,733
Amount Set Aside / Transfer to Reserve	1,800	1,840	2,483
Amount Used / Transfer from Reserve	0	(6,927)	0
	<u>54,446</u>	<u>52,646</u>	<u>60,216</u>
(b) Water Strategy Reserve			
Opening Balance	13,204	12,796	12,796
Amount Set Aside / Transfer to Reserve	400	408	550
Amount Used / Transfer from Reserve	0	0	0
	<u>13,604</u>	<u>13,204</u>	<u>13,346</u>
(c) Computer & Office Reserve			
Opening Balance	12,646	16,370	16,370
Amount Set Aside / Transfer to Reserve	500	521	702
Amount Used / Transfer from Reserve	0	(4,245)	(15,000)
	<u>13,146</u>	<u>12,646</u>	<u>2,072</u>
(d) Plant Reserve			
Opening Balance	101,820	163,558	163,558
Amount Set Aside / Transfer to Reserve	5,000	5,205	6,049
Amount Used / Transfer from Reserve	(10,000)	(66,943)	(100,743)
	<u>96,820</u>	<u>101,820</u>	<u>68,864</u>
(e) Legal Reserve			
Opening Balance	27,126	26,288	26,288
Amount Set Aside / Transfer to Reserve	840	838	1,130
Amount Used / Transfer from Reserve	0	0	0
	<u>27,966</u>	<u>27,126</u>	<u>27,418</u>
(f) Unspent Reserve			
Opening Balance	608	180	180
Amount Set Aside / Transfer to Reserve	0	428	0
Amount Used / Transfer from Reserve	0	0	(180)
	<u>608</u>	<u>608</u>	<u>0</u>
(g) Land Development Reserve			
Opening Balance	127,175	146,942	146,942
Amount Set Aside / Transfer to Reserve	4,500	4,682	6,319
Amount Used / Transfer from Reserve	0	(24,449)	(57,885)
	<u>131,675</u>	<u>127,175</u>	<u>95,376</u>
(h) Roadworks Reserve			
Opening Balance	107,496	157,810	157,810
Amount Set Aside / Transfer to Reserve	5,000	5,024	6,786
Amount Used / Transfer from Reserve	(100,000)	(55,338)	(100,000)
	<u>12,496</u>	<u>107,496</u>	<u>64,596</u>
(i) Landcare Reserve			
Opening Balance	80,958	24,269	34,269
Amount Set Aside / Transfer to Reserve	1,100	61,189	1,474
Amount Used / Transfer from Reserve	(50,060)	(4,500)	0
	<u>31,998</u>	<u>80,958</u>	<u>35,743</u>
(j) Building Reserve			
Opening Balance	635,838	631,939	631,939
Amount Set Aside / Transfer to Reserve	20,000	20,149	27,173
Amount Used / Transfer from Reserve	(32,500)	(16,250)	(22,250)
	<u>623,338</u>	<u>635,838</u>	<u>636,862</u>
Total Reserves	<u>1,006,097</u>	<u>1,159,517</u>	<u>1,004,493</u>

SHIRE OF CHAPMAN VALLEY

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

6. RESERVES (Continued)

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

Council have a policy of annual revaluation of road infrastructure. The amount of any revaluation adjustment at 30 June 2014 is not known. Any transfer to or from an asset revaluation reserve will be a non-cash transaction (treated as Other Comprehensive Income) and as such, has no impact on this budget document.

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES (Continued)			
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Leave Reserve	1,800	1,840	2,483
Water Strategy Reserve	400	408	550
Computer & Office Reserve	500	521	702
Plant Reserve	5,000	5,205	6,049
Legal Reserve	840	428	1,130
Unspent Grants	0	428	0
Land Development Reserve	4,500	4,682	6,319
Roadworks Reserve	5,000	5,024	6,786
Landcare Reserve	1,100	61,189	1,474
Building Reserve	20,000	20,149	27,173
	<u>39,140</u>	<u>99,874</u>	<u>52,666</u>
Transfers from Reserves			
Leave Reserve	0	(6,927)	0
Water Strategy Reserve	0	0	0
Computer & Office Reserve	0	(4,245)	(15,000)
Plant Reserve	(10,000)	(66,943)	(100,743)
Legal Reserve	0	0	0
Unspent Grants	0	0	(180)
Land Development Reserve	0	(24,449)	(57,885)
Roadworks Reserve	(100,000)	(55,338)	(100,000)
Landcare Reserve	(50,060)	(4,500)	0
Building Reserve	(32,500)	(16,250)	(22,250)
	<u>(192,560)</u>	<u>(178,652)</u>	<u>(296,058)</u>
Total Transfer to/(from) Reserves	<u>(153,420)</u>	<u>(78,778)</u>	<u>(243,392)</u>

SHIRE OF CHAPMAN VALLEY

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2014

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:

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

Leave Reserve

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

Plant Reserve

- To be used for the purchase of major plant.

Water Strategy Reserve

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

Computer and Office Equipment Reserve

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

Light Vehicle Reserve

- To be used for the purchase of light vehicles.

Unspent Grants and Loans Reserve

- To be used to quarantine unspent grants and loans.

Legal Reserve

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

Land Development Reserve

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

Roadworks Reserve

- To be used to fund road infrastructure projects.

Building Reserve Fund

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

Landcare Reserve Fund

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

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

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2013/14 Budget \$	2012/13 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	276,571	1,189,186
Cash - Restricted Reserves	15(a)	1,006,097	1,159,517
Receivables		263,470	282,711
Inventories		5,000	4,434
		<u>1,551,138</u>	<u>2,635,848</u>
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(500,000)</u>	<u>(566,779)</u>
NET CURRENT ASSET POSITION		1,051,138	2,069,069
Less: Cash - Restricted Reserves	15(a)	(1,006,097)	(1,159,517)
Less: Cash - Restricted Municipal		<u> </u>	<u>0</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>45,041</u></u>	<u><u>909,552</u></u>

The estimated surplus c/fwd in the 2012/13 actual column represents the surplus brought forward as at 1 July 2013.

The estimated surplus c/fwd in the 2013/14 budget column represents the surplus carried forward as at 30 June 2014.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

8. RATING INFORMATION - 2013/14 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2013/14 Budgeted Rate Revenue \$	2013/14 Budgeted Interim Rates \$	2013/14 Budgeted Back Rates \$	2013/14 Budgeted Total Revenue \$	2012/13 Actual \$
General Rate								
GRV	10.4802	287	2,840,268	288,231	0	0	288,231	252,720
UV Rural	0.8729	398	173,986,519	1,518,728	0	0	1,518,728	1,422,937
UV Oakajee Industrial Estate	1.8399	3	897,400	165,113	0	0	165,113	154,359
Sub-Totals		688	177,724,187	1,972,072	0	0	1,972,072	1,830,016
Minimum Rates	Minimum \$							
GRV	650	141	519,310	91,650	0	0	91,650	103,950
UV Rural	320	19	95,588	6,080	0	0	6,080	6,600
UV Oakajee Industrial Estate	320		0	0	0	0	0	
Sub-Totals		160	614,898	97,730	0	0	97,730	110,550
Movement Excess Rates							2,069,802	1,940,566
Less Concessions								(53,782)
Less Write-off allowance							(2,900)	0
Total Amount of General Rates							2,066,902	1,886,784

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

8. RATING INFORMATION (Continued)

All land except exempt land in the Shire of Chapman Valley is rated according to its Gross Rental Value (GRV) in townships or Unimproved Value (UV) in the remainder of the Shire, with the exception of Parkfalls. Parkfalls is not a gazetted township but it is rated according to Gross Rental Value GRV as it is an urban area of the Shire.

The general rates detailed above for the 2013/14 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.

The Shire of Chapman Valley has differential general rates. The UV rate in the dollar is different for the Oakajee Industrial Estate compared to the Rural. The objective of the differential rate on the Oakajee Industrial Estate is to recover from this sector an equitable share of the rates relating to the Unimproved Value of the land. This follows a commitment from the State Government that the Shire of Chapman Valley should not be financially disadvantaged due to the development and subsequent acquisition of land by Landcorp relating to the Oakajee Industrial Estate and buffer zone.

On the 19th July 2013 the Shire of Chapman Valley advertised the notice of intention to levy the following differential rates. This differs from the actual rate in the dollar to be levied for the UV Rural.

	Advertised	Levied
General Rates		
GRV	10.4802	10.4802
UV Rural	0.8251	0.8729
Oakajee UV	1.8399	1.8399
Minimum Payments		
GRV	650	650
UV Rural	320	320
Oakajee UV	320	320

The reason for the change in rate in the dollar for UV Rural is because the annual Landgate valuation for these properties was 6% lower than expected at the time of advertising. The rate in the dollar was then adjusted to retain the a 7% increase in rates as originally intended.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

9. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

No specified area rate will be imposed for 2013/14.

10. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

No service charges will be imposed for 2013/14.

11. FEES & CHARGES REVENUE	2013/14 Budget \$	2012/13 Actual \$
Governance	0	0
General Purpose Funding	5,940	5,868
Law, Order, Public Safety	13,700	6,563
Health	4,820	5,862
Education and Welfare	7,100	6,948
Housing	26,500	22,456
Community Amenities	209,132	131,467
Recreation & Culture	82,280	80,056
Transport	9,400	9,247
Economic Services	21,650	17,317
Other Property & Services	68,961	58,789
	<u>449,483</u>	<u>344,573</u>

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

a) Rates

Waiver

Council has granted a waiver of rates to the Yuna CWA for the 2012/132 financial year on the basis it is a non-profit community organisation.

Waiver of Administration Charge on Instalment Option

Any pensioner who wishes to take advantage of the option to make payment of current rates by instalments will be eligible for a waiver of the usual \$7 administration charge. Proof of pensioner status may be required to claim this waiver.

b) Community Groups - Hall Hire and Photocopying Charges

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

c) Community Groups - Private Works Hire Charges

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

d) Yuna Primary School - Water Testing Charges

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

e) Yuna & Nabawa Primary Schools - Recreation Facilities

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

13. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

Interest on Instalments

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

Instalment Fees

For ratepayers electing to pay their rates between 2 and 4 instalments, then a charge of \$7.00 per instalment reminder is charged.

For ratepayers making an alternative arrangement to pay their rates, then a one off fee of \$7.00 is charged.

Instalment Options

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

Option 1 (Full Payment): To pay their rates in full within 35 days after the rates notice has been issued

Option 2 (Two Instalments): To pay their rates in two (2) equal instalments

Option 3 (Four Instalments): to pay their rates in four (4) equal instalments

Penalty Interest on Late Payments - Rates

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

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

The revenue from the imposition of the interest and administrative charge is estimated as follows:

2013/14 Budget \$	
Rates Interest	\$ 9,000
Rates Instalment Charge	\$ 2,800
Instalment Interest	\$ 4,900

14. ELECTED MEMBERS REMUNERATION

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

	2013/14 Budget \$	2012/13 Actual \$
Meeting Fees	33,052	16,590
President's Allowance	12,500	9,500
Deputy President's Allowance	3,125	2,375
Travelling Expenses	12,000	6,366
Telecommunications Allowance	8,000	8,238
	<u>68,677</u>	<u>43,069</u>

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Cash - Unrestricted	276,571	1,189,186	165,171
Cash - Restricted	1,006,097	1,159,517	1,004,493
	<u>1,282,668</u>	<u>2,348,703</u>	<u>1,169,664</u>

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

Leave Reserve	54,446	52,646	60,216
Water Reserve	13,604	13,204	13,346
Computer Reserve	13,146	12,646	2,072
Plant Reserve	96,820	101,820	68,864
Unspent Grant Reserve	608	608	0
Legal Reserve	27,966	27,126	27,418
Land Development Reserve	131,675	127,175	95,376
Roadworks Reserve	12,496	107,496	64,596
Building Reserve	623,338	635,838	636,862
Landcare Reserve	31,998	80,958	35,743
	<u>1,006,097</u>	<u>1,159,517</u>	<u>1,004,493</u>

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

Net Result	1,486,714	1,493,278	1,578,899
Depreciation	1,061,505	1,034,552	665,571
(Profit)/Loss on Sale of Asset	(307,688)	12,840	20,600
(Increase)/Decrease in Receivables	19,241	(21,134)	74,099
(Increase)/Decrease in Rates Excess		0	(53,783)
(Increase)/Decrease in Inventories	(566)	0	2,434
Increase/(Decrease) in Payables	(66,779)	21,723	134,064
Increase/(Decrease) in Employee Provisions		62,335	20,000
Grants/Contributions for the Development of Assets	(2,226,039)	(2,204,838)	(2,447,366)
Non-Current Assets recognised due to change in Legislative Requirements			
Net Cash from Operating Activities	<u>(33,612)</u>	<u>398,756</u>	<u>(5,482)</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	250,000	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	10,000	10,000	10,000
Credit Card Balance at Balance Date	0	9,924	0
Total Amount of Credit Unused	<u>260,000</u>	<u>19,924</u>	<u>10,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>355,342</u>	<u>381,927</u>	<u>381,927</u>
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Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>
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SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
Council Housing Bonds	1,920			1,920
Bonds Hall Hire	387	1,120	(1,507)	0
Building Commission	1,061	5,000	(6,061)	0
CTF	3,248	8,000	(11,248)	0
Social Club	(222)	4,000	(3,778)	0
Contributions - Subdivisions	174,356	0	0	174,356
Post Box Deposits	760	0	0	760
Engineering Bonds	10,000	0	0	10,000
Standpipe Card Bond	100	0	0	100
	<u>191,610</u>			<u>187,136</u>

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

17. MAJOR LAND TRANSACTIONS

It is not anticipated Council will have any major land transactions in 2013/14.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2013/14.

