



Shire of
Chapman Valley
Love the Rural Life

Statutory Budget
2016 - 2017

SHIRE OF CHAPMAN VALLEY
STATUTORY BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

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SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Revenue				
Rates	8	2,472,531	2,329,129	2,321,246
Operating grants, subsidies and contributions		1,510,073	1,563,725	1,716,743
Fees and charges	14	336,500	358,919	369,280
Service charges	11	0	0	0
Interest earnings	2(a)	51,680	70,489	57,000
Other revenue	2(a)	12,000	17,324	11,050
		<u>4,382,784</u>	<u>4,339,586</u>	<u>4,475,319</u>
Expenses				
Employee costs		(1,521,023)	(1,345,686)	(1,543,403)
Materials and contracts		(1,568,741)	(1,864,291)	(2,017,477)
Utility charges		(64,743)	(48,970)	(61,887)
Depreciation on non-current assets	2(a)	(1,640,343)	(3,933,867)	(1,280,034)
Interest expenses	2(a)	(9,964)	(9,279)	(10,701)
Insurance expenses		(142,028)	(135,975)	(187,854)
Other expenditure		(123,032)	(52,128)	(98,665)
		<u>(5,069,874)</u>	<u>(7,390,196)</u>	<u>(5,200,021)</u>
		(687,090)	(3,050,610)	(724,702)
Non-operating grants, subsidies and contributions		1,884,040	1,323,888	1,073,328
Profit on asset disposals	6	43,013	29,692	64,900
Loss on asset disposals	6	(97,830)	(19,818)	(34,000)
Loss on revaluation of non current assets		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		1,142,133	(1,716,848)	379,526
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>1,142,133</u>	<u>(1,716,848)</u>	<u>379,526</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets 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.

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 30 JUNE 2017

	NOTE	2016/17 Budget	2015/16 Actual	2015/16 Budget
		\$	\$	\$
Revenue (Refer Notes 1,2,8,10 to 14)				
Governance		3,092	19,925	7,700
General purpose funding		3,381,014	2,826,265	2,796,457
Law, order, public safety		26,562	35,603	33,970
Health		6,330	6,482	4,573
Education and welfare		0	0	8,022
Housing		8,640	18,806	14,040
Community amenities		250,040	340,629	222,290
Recreation and culture		455,418	95,773	482,710
Transport		158,403	870,469	799,436
Economic services		26,050	37,625	31,450
Other property and services		67,235	88,010	74,670
		<u>4,382,784</u>	<u>4,339,587</u>	<u>4,475,318</u>
Expenses Excluding Finance Costs Refer Notes 1, 2 & 15)				
Governance		(473,423)	(461,576)	(451,002)
General purpose funding		(133,994)	(93,129)	(120,959)
Law, order, public safety		(211,719)	(177,193)	(209,856)
Health		(8,840)	(8,417)	(8,370)
Education and welfare		(4,450)	(2,001)	(7,200)
Housing		(10,758)	(8,645)	(15,227)
Community amenities		(946,103)	(720,696)	(974,229)
Recreation and culture		(704,285)	(548,403)	(669,950)
Transport		(2,100,599)	(5,050,797)	(2,246,013)
Economic services		(398,953)	(301,960)	(413,799)
Other property and services		(66,786)	(8,101)	(72,714)
		<u>(5,059,910)</u>	<u>(7,380,918)</u>	<u>(5,189,319)</u>
Finance Costs (Refer Notes 2 & 9)				
Law, order, public safety		0	0	0
Housing		0	0	0
Community amenities		0	0	0
Recreation and culture		(2,485)	(2,988)	(2,901)
Transport		(5,979)	(5,995)	(5,800)
Economic services		0	0	0
		<u>(9,964)</u>	<u>(9,279)</u>	<u>(10,701)</u>
Non-operating Grants, Subsidies and Contributions				
Law, order, public safety		0	115,819	0
Health		0	0	0
Education and welfare		0	0	0
Recreation and culture		40,000	37,500	39,500
Transport		1,844,040	1,170,569	1,033,828
		<u>1,884,040</u>	<u>1,323,888</u>	<u>1,073,328</u>

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Profit/(Loss) On				
Disposal Of Assets (Refer Note 6)				
Housing		(56,078)	0	0
Transport		1,261	9,874	30,900
Other property and services		0	0	0
		<u>(54,817)</u>	<u>9,874</u>	<u>30,900</u>
Loss on				
Revaluation Of Non Current Assets				
Transport		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		1,142,133	(1,716,848)	379,526
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>1,142,133</u>	<u>(1,716,848)</u>	<u>379,526</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets 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 remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

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

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

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,496,678	2,365,506	2,321,246
Operating grants, subsidies and contributions		1,543,821	1,776,657	1,716,743
Fees and charges		336,500	370,369	369,280
Service charges		0	0	0
Interest earnings		51,680	70,489	57,000
Goods and services tax		23,159	(83,626)	0
Other revenue		12,000	17,324	11,050
		<u>4,463,838</u>	<u>4,516,719</u>	<u>4,475,319</u>
Payments				
Employee costs		(1,522,210)	(1,352,996)	(1,543,403)
Materials and contracts		(1,649,181)	(1,668,239)	(1,817,477)
Utility charges		(64,743)	(45,086)	(61,887)
Interest expenses		(9,947)	(9,224)	(10,701)
Insurance expenses		(142,028)	(135,975)	(187,854)
Goods and services tax		0	0	0
Other expenditure		(123,032)	(52,128)	(98,665)
		<u>(3,511,141)</u>	<u>(3,263,648)</u>	<u>(3,719,987)</u>
Net cash provided by (used in) operating activities	3(b)	<u>952,697</u>	<u>1,253,071</u>	<u>755,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(1,759,619)	(1,108,398)	(1,149,586)
Payments for construction of infrastructure	5	(2,803,224)	(1,837,836)	(2,645,792)
Non-operating grants, subsidies and contributions used for the development of assets		1,884,040	1,323,888	1,073,328
Proceeds from sale of plant & equipment	6	204,500	181,179	209,000
Net cash provided by (used in) investing activities		<u>(2,474,303)</u>	<u>(1,441,167)</u>	<u>(2,513,050)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	7	(55,990)	(58,888)	(58,888)
Advances to community groups		0	0	0
Proceeds from self supporting loans		0	0	0
Proceeds from new debentures	7	200,000	73,884	140,199
Net cash provided by (used in) financing activities		<u>144,010</u>	<u>14,996</u>	<u>81,311</u>
Net increase (decrease) in cash held		(1,377,597)	(173,100)	(1,676,407)
Cash at beginning of year		<u>2,697,603</u>	<u>2,870,703</u>	<u>2,870,703</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>1,320,006</u></u>	<u><u>2,697,603</u></u>	<u><u>1,194,296</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 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	1,255,084	1,806,954	1,618,266
Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)	1,2			
Governance		3,092	19,925	7,700
General purpose funding		908,483	497,136	475,211
Law, order, public safety		26,562	35,603	33,970
Health		6,330	6,482	4,573
Education and welfare		0	0	8,022
Housing		18,653	18,806	14,040
Community amenities		250,040	340,629	222,290
Recreation and culture		455,418	95,773	482,710
Transport		191,403	900,160	864,337
Economic services		26,050	37,625	31,450
Other property and services		67,235	88,010	74,670
		<u>1,953,266</u>	<u>2,040,149</u>	<u>2,218,973</u>
Expenditure from operating activities	1,2			
Governance		(473,423)	(461,576)	(451,002)
General purpose funding		(135,494)	(93,129)	(122,959)
Law, order, public safety		(211,719)	(177,193)	(209,856)
Health		(8,840)	(8,417)	(8,370)
Education and welfare		(4,450)	(2,001)	(7,200)
Housing		(76,849)	(8,645)	(15,227)
Community amenities		(946,103)	(720,696)	(974,229)
Recreation and culture		(706,770)	(551,391)	(672,851)
Transport		(2,138,317)	(5,076,609)	(2,285,814)
Economic services		(398,953)	(301,960)	(413,799)
Other property and services		(66,786)	(8,397)	(72,714)
		<u>(5,167,704)</u>	<u>(7,410,014)</u>	<u>(5,234,021)</u>
Operating activities excluded from budget				
(Profit)/Loss on asset disposals	6	54,817	(9,874)	(30,900)
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	1,640,343	3,933,867	1,280,034
Amount attributable to operating activities		<u>(264,194)</u>	<u>361,082</u>	<u>(147,648)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,884,040	1,323,888	1,073,328
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(1,759,619)	(1,108,398)	(1,149,586)
Purchase and construction of infrastructure	5	(2,803,224)	(1,837,836)	(2,645,792)
Proceeds from disposal of assets	6	204,500	181,179	209,000
Amount attributable to investing activities		<u>(2,474,303)</u>	<u>(1,441,167)</u>	<u>(2,513,050)</u>
FINANCING ACTIVITIES				
Repayment of debentures	7	(55,990)	(58,888)	(58,888)
Proceeds from new debentures	7	200,000	73,884	140,199
Proceeds from self supporting loans		0	0	0
Transfers to cash backed reserves (restricted assets)	9	(536,680)	(338,049)	(26,400)
Transfers from cash backed reserves (restricted assets)	9	658,638	329,092	284,541
Amount attributable to financing activities		<u>265,968</u>	<u>6,039</u>	<u>339,452</u>
Budgeted deficiency before general rates		<u>(2,472,531)</u>	<u>(1,074,045)</u>	<u>(2,321,246)</u>
Estimated amount to be raised from general rates	8	2,472,531	2,329,129	2,321,246
Net current assets at end of financial year - surplus/(deficit)	4	<u>0</u>	<u>1,255,084</u>	<u>0</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 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The Local Government Reporting Entity

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 16 to this budget document.

(b) 2015/16 Actual Balances

Balances shown in this budget as 2015/16 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire obtains control over the assets comprising the contributions.

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

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(f) Superannuation

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

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

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

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

(h) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(i) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

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 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.

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 CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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:

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

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

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

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

Capitalisation Threshold

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

(k) Fair Value of Assets and Liabilities

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

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Shire 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 are consistent with one or more of the following valuation approaches:

Market approach

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire 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.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Impairment of Assets

In accordance with Australian Accounting Standards the Shire assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2017.

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

(n) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Shire'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'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'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's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(q) Provisions

Provisions are recognised when the Shire has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(r) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(s) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire'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 19.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire 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's intentions to release for sale.

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

2. REVENUES AND EXPENSES	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(a) Net Result			
The net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Audit services	36,500	20,300	40,000
Other services	0	0	0
Depreciation By Program			
Governance	53,045	53,045	88,732
Law, order, public safety	69,781	68,801	75,380
Housing	3,200	3,200	3,775
Community amenities	12,487	12,487	18,095
Recreation and culture	147,265	137,266	90,406
Transport	1,112,708	3,477,445	754,395
Economic services	9,009	9,009	15,840
Other property and services	232,848	172,614	233,411
	<u>1,640,343</u>	<u>3,933,867</u>	<u>1,280,034</u>
Depreciation By Asset Class			
Land and buildings	116,765	106,765	91,000
Furniture and equipment	25,483	25,483	26,000
Plant and equipment	329,600	268,386	382,034
Roads	1,100,000	3,461,548	750,000
Footpaths	0	3,190	0
Parks and Ovals	42,365	42,365	17,000
Other Infrastructure	26,130	26,130	14,000
	<u>1,640,343</u>	<u>3,933,867</u>	<u>1,280,034</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 7(a)</i>)	8,464	8,982	8,701
Other	1,500	297	2,000
	<u>9,964</u>	<u>9,279</u>	<u>10,701</u>
(ii) Crediting as revenues:			
Interest Earnings			
Investments			
- Reserve funds	11,680	13,857	16,900
- Other funds	25,000	33,490	25,000
Other interest revenue (<i>refer note 12</i>)	15,000	23,142	15,100
	<u>51,680</u>	<u>70,489</u>	<u>57,000</u>
(iii) Other Revenue			
Reimbursements and recoveries	0	0	0
Other	12,000	17,324	11,050
	<u>12,000</u>	<u>17,324</u>	<u>11,050</u>

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

GOVERNANCE

Objective:

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

Activities:

Governance

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

Administration

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

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

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

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

Activities:

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

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY & SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

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:

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Cash - unrestricted	262,835	1,518,474	282,264
Cash - restricted	1,057,171	1,179,129	912,032
	<u>1,320,006</u>	<u>2,697,603</u>	<u>1,194,296</u>

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

Leave Reserve	114,784	93,784	93,583
Water Strategy Reserve	14,172	13,992	14,013
Computer and Office Equipment Reserve	39,395	19,195	18,845
Plant/Light Vehicle Reserve	329,605	262,094	130,929
Legal Reserve	39,825	39,325	38,878
Unspent Grants Reserve	2,475	134,924	0
Land Development Reserve	63,168	62,168	63,054
Roadworks Reserve	101,060	1,060	452
Landcare	15,857	25,557	22,121
Building	336,830	527,030	530,157
	<u>1,057,171</u>	<u>1,179,129</u>	<u>912,032</u>

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

Net result	1,142,133	(1,716,848)	379,526
Depreciation	1,640,343	3,933,867	1,280,034
(Profit)/loss on sale of asset	54,817	(9,874)	(30,900)
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	81,054	165,852	0
(Increase)/decrease in inventories	65	21	0
Increase/(decrease) in payables	(81,675)	203,941	200,000
Increase/(decrease) in employee provisions	0	0	0
Grants/contributions for the development of assets	(1,884,040)	(1,323,888)	(1,073,328)
Net Cash from Operating Activities	<u>952,697</u>	<u>1,253,071</u>	<u>755,332</u>

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

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

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	250,000	250,000	250,000
Bank overdraft at balance date	0	0	0
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	0	0
Total Amount of Credit Unused	<u>260,000</u>	<u>260,000</u>	<u>260,000</u>
Loan Facilities			
Loan facilities in use at balance date	<u>351,866</u>	<u>207,856</u>	<u>274,170</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2016/17 Budget \$	2015/16 Actual \$
4. NET CURRENT ASSETS			

Composition of estimated net current assets

CURRENT ASSETS

Cash - unrestricted	3(a)	262,835	1,518,474
Cash - restricted reserves	3(a)	1,057,171	1,179,129
Receivables		160,000	241,054
Inventories		2,000	2,065
		<u>1,482,006</u>	<u>2,940,722</u>

LESS: CURRENT LIABILITIES

Trade and other payables		(424,834)	(506,509)
Short term borrowings		0	0
Long term borrowings		(55,990)	(58,888)
Provisions		(314,941)	(314,941)
		<u>(795,765)</u>	<u>(880,338)</u>

Unadjusted net current assets

686,241 2,060,384

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 FM Reg 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)	(1,057,171)	(1,179,129)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		0	0
Add: Current portion of debentures		55,990	58,888
Add: Current liabilities not expected to be cleared at end of year		314,941	314,941
Adjusted net current assets - surplus/(deficit)		<u>0</u>	<u>1,255,084</u>

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

5. ACQUISITION OF ASSETS

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

Asset Class	Reporting Program										2016/17 Budget Total \$	2015/16 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	200,000		12,000					860,230				1,072,230	273,757
Furniture and equipment	3,600						7,000					10,600	30,285
Plant and equipment									632,789			632,789	781,041
Tools & Equipment									44,000			44,000	23,315
	203,600	0	12,000	0	0	0	7,000	860,230	676,789	0	0	1,759,619	1,108,398
<i>Infrastructure</i>													
Roads									2,803,224			2,803,224	1,833,736
Footpaths													
Drainage													
Parks and ovals													4,100
	0	0	0	0	0	0	0	0	2,803,224	0	0	2,803,224	1,837,836
<i>Land Held for Resale</i>													
Land Held for Resale													
Total Acquisitions	203,600	0	12,000	0	0	0	7,000	860,230	3,480,013	0	0	4,562,843	2,946,234

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

- plant replacement programme
- other assets
- road replacement programme
- other infrastructure

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

6. DISPOSALS OF ASSETS

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

<u>By Program</u>	2016/17 Budget			
	Net Book Value	Sale Proceeds	Profit	Loss
	\$	\$	\$	\$
Housing				
Lot 19 Chapman Valley Rd	141,091	75,000	0	(66,091)
Lot 23 Chapman Valley Rd	49,987	60,000	10,013	0
Transport				
2004 Case Vibe Roller	43,322	19,000	0	(24,322)
2008 Caterpillar Skid Steer Loader	24,917	17,500	0	(7,417)
2001 Mazda Bravo	0	5,000	5,000	0
2012 Ford Ranger XL	0	28,000	28,000	0
	259,317	204,500	43,013	(97,830)

<u>By Class</u>	2016/17 Budget			
	Net Book Value	Sale Proceeds	Profit	Loss
	\$	\$	\$	\$
Land and Buildings				
Lot 19 Chapman Valley Rd	141,091	75,000	0	(66,091)
Lot 23 Chapman Valley Rd	49,987	60,000	10,013	0
	191,078	135,000	10,013	(66,091)
Plant and Equipment				
2004 Case Vibe Roller	43,322	19,000	0	(24,322)
2008 Caterpillar Skid Steer Loader	24,917	17,500	0	(7,417)
2001 Mazda Bravo	0	5,000	5,000	0
2012 Ford Ranger XL	0	28,000	28,000	0
	68,239	69,500	33,000	(31,739)
	259,317	204,500	43,013	(97,830)

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

7. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

Particulars	Principal 1-Jul-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Recreation and culture								
Stadium Upgrade - Loan 89	39,761		7,940	7,482	31,821	39,761	2,485	2,988
Transport								
Plant Renewal - Loan 95	0		0	22,236	0	0	0	696
Plant Renewal - Loan 96	94,210		30,259	29,170	63,951	94,210	3,762	4,704
Plant Renewal - Loan 97	73,885		17,791	0	56,094	73,885	2,217	594
Bill Hemsley Park Development- Loan		200,000	0	0	200,000	0	0	0
	207,856	200,000	55,990	58,888	351,866	207,856	8,464	8,982
Self Supporting Loans								
	0	0	0	0	0	0	0	0
	207,856	200,000	55,990	58,888	351,866	207,856	8,464	8,982

All debenture repayments will be financed by general purpose revenue.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

7. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Council is anticipating borrowings of \$200,000 this Financial Year to facilitate the Bill Hemsley Park Development of a nature based play ground and community building, consistent with the long term financial plan.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2016 nor is it expected to have unspent debenture funds as at 30th June 2017.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$250,000 with the Westpac Bank does exist. It is not anticipated that this facility will be required to be utilised during 2016/17.

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

8. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2016/17 Budgeted Rate Revenue \$	2016/17 Budgeted Interim Rates \$	2016/17 Budgeted Back Rates \$	2016/17 Budgeted Total Revenue \$	2015/16 Actual \$
Differential general rate or general rate								
GRV	0.071835	465	5,251,071	377,211			377,211	338,778
UV Rural	0.010057	421	179,065,217	1,800,859			1,800,859	1,706,718
UV Oakajee Industrial Estate	0.020110	2	8,833,000	177,632			177,632	174,168
Sub-Totals		888	193,149,288	2,355,701	0	0	2,355,701	2,219,664
Minimum payment	Minimum \$							
GRV	560	198		110,880			110,880	116,550
UV Rural	350	17		5,950			5,950	7,350
UV Oakajee Industrial Estate	350	0		0			0	0
Sub-Totals		215	0	116,830	0	0	116,830	123,900
Discounts (Note 13)							0	0
Movement in Excess Rates								(14,435)
Total amount raised from general rates							2,472,531	2,329,129
Specified area rates (Note 10)							0	0
Total Rates							2,472,531	2,329,129

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

8(a). RATING INFORMATION - 2016/17 FINANCIAL YEAR (CONTINUED)

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

The general rates detailed above for the 2016/17 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

OBJECTIVES AND REASONS FOR DIFFERENTIAL RATING

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential General Rate

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

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

8(a). RATING INFORMATION - 2016/17 FINANCIAL YEAR (CONTINUED)

The advertised rate in the dollar for general and differential rates are reflective of the Long Term Financial Plan rate revenue annual increase of 6.50% and have been amended (reduced) to take into account growth and make adjustment for the lesser rate revenue increase required to meet the budgetary deficiency due to a better than expected estimated opening position.

The Shire of Chapman Valley advertised the following rates which differs from the actual rates to be levied for all categories:

General Rates	Advertised	Levied
GRV	7.2516	7.1835
UV Rural	1.0153	1.0057
UV Oakajee Industrial Estate Buffer Zone	2.0286	2.011

Minimum Payment	Advertised	Levied
GRV	540	560
UV Rural	350	350
UV Oakajee Industrial Estate Buffer Zone	350	350

Differential Minimum Payment - N/A

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

9. CASH BACKED RESERVES

	2016/17 Budget				2015/16 Actual				2015/16 Budget			
	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$
Leave Reserve	93,784	21,000	0	114,784	92,583	1,201	0	93,784	92,583	1,000	0	93,583
Water Strategy Reserve	13,992	180	0	14,172	13,812	180	0	13,992	13,813	200	0	14,013
Computer and Office Equipment Reserve	19,195	20,200	0	39,395	43,645	550	(25,000)	19,195	43,645	200	(25,000)	18,845
Plant/Light Vehicle Reserve	262,094	251,500	(183,989)	329,605	128,929	185,747	(52,582)	262,094	128,929	2,000	0	130,929
Legal Reserve	39,325	500	0	39,825	28,378	10,947	0	39,325	28,378	10,500	0	38,878
Unspent Grants Reserve	134,924	0	(132,449)	2,475	63,541	130,361	(58,978)	134,924	63,541	0	(63,541)	0
Land Development Reserve	62,168	1,000	0	63,168	120,054	1,114	(59,000)	62,168	120,054	2,000	(59,000)	63,054
Roadworks Reserve	1,060	100,000	0	101,060	112,452	608	(112,000)	1,060	112,452	0	(112,000)	452
Landcare	25,557	300	(10,000)	15,857	36,621	468	(11,532)	25,557	36,621	500	(15,000)	22,121
Building	527,030	142,000	(332,200)	336,830	530,157	6,873	(10,000)	527,030	530,157	10,000	(10,000)	530,157
	1,179,129	536,680	(658,638)	1,057,171	1,170,172	338,049	(329,092)	1,179,129	1,170,173	26,400	(284,541)	912,032

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

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:

Purpose of the reserve

Leave Reserve	To be used to fund annual and long service leave requirements.
Water Strategy Reserve	To be used for the construction and operational costs of facilities for fire fighting purposes.
Computer and Office Equipment Reserve	To be used to replace Information and Communications Technology equipment.
Plant/Light Vehicle Reserve	To be used for the purchase of major plant and light vehicles.
Legal Reserve	To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.
Unspent Grants Reserve	To be used to quarantine unspent grants and loans.
Land Development Reserve	To be used for further subdivisional development in the Shire of Chapman Valley.
Roadworks Reserve	To be used to fund road infrastructure projects.
Landcare	To be used for landcare related purposes.
Building	To be used for the construction of shire buildings or capital upgrades of existing shire buildings.

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

The building reserve is expected to be utilised in 2016/2017.

10. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No Specified Area Rate will be imposed for 2016/2017.

11. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No Service Charges will be imposed for 2016/2017

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES - 2016/17 FINANCIAL YEAR

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Admin Charge Revenue \$	Instalment Plan Interest Rate %	Instalment Plan Interest Earned \$	Unpaid Rates Interest Rate %	Unpaid Rates Interest Earned \$	2016/17 Budget Revenue \$	2015/16 Actual \$
Option One									
Single Payment in full	12/09/2016	0	0			11%	10,000	10,000	16,560
Option Two									
First Instalment	12/09/2016	0	0	5.50%		11%	0	0	
Second Instalment	14/11/2016	9	2,000	5.50%		11%	0	2,000	
Option Three									
First Instalment	12/09/2016	0	0	5.50%		11%	0	0	6,582
Second Instalment	14/11/2016	9	1,000	5.50%		11%	0	1,000	
Third Instalment	13/01/2017	9	1,000	5.50%		11%	0	1,000	
Fourth Instalment	14/03/2017	9	1,000	5.50%		11%	0	1,000	
			5,000				10,000	15,000	23,142

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2016/17 FINANCIAL YEAR**

Rates Discounts

Rate or Fee and Charge to which Discount is Granted	Type	Disc % or Amount (\$)	2016/17 Budget \$	2015/16 Actual \$	Circumstances in which Discount is Granted
Rates	General	100.00%			Council has granted a waiver of rates to the Yuna CWA for the 2016/2017 rating year on the basis it is a non-profit community organisation.
Administration charge on instalment	Instalment	100.00%			Council has granted a waiver of instalment charges (\$9) for any pensioner wishing to take advantage of making payment of current rates by instalments.
			0	0	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Disc % or Amount (\$)	2016/17 Budget \$	2015/16 Actual \$	Circumstances in which the Waiver or Concession is Granted	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Hall Hire	Fee	100.00%			Community Groups	Council may grant a waiver to community groups who reside in the shire who wish to use the hall facilities in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Photocopy Charges	Fee	100.00%			Community Groups	Council may grant a waiver to community groups who reside in the shire who wish to use the photocopy facilities in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Private Works Hire Charges	Fee	100.00%			Community Groups	Council may grant a waiver to community groups who reside in the shire who request private works within the Shire in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Pool Inspections & Water Testing Charges	Fee	100.00%			Yuna Primary School	Council will grant a waiver to Yuna Primary School for pool inspection and water testing at the Yuna Primary School pool under the condition the school has the pool open outside of school hours during summer.	Council considers support of this as a benefit of the community.
Venue Hire Recreation Facilities	Fee	100.00%			Yuna Primary School/ Nabawa Primary School	Council will grant a waiver to Yuna Primary School and Nabawa Primary School for the use of recreation facilities within the Shire with the exception of the grassed area at Yuna.	Council considers support of this as a benefit of the community.
			0	0			

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

14. FEES & CHARGES REVENUE	2016/17 Budget \$	2015/16 Actual \$
Governance	0	0
General purpose funding	18,080	17,965
Law, order, public safety	9,350	11,408
Health	6,330	6,482
Education and welfare	0	0
Housing	8,640	18,806
Community amenities	170,640	170,976
Recreation and culture	77,388	86,385
Transport	1,902	2,053
Economic services	18,300	23,210
Other property and services	25,870	21,634
	<u>336,500</u>	<u>358,919</u>

15. ELECTED MEMBERS REMUNERATION	2016/17 Budget \$	2015/16 Actual \$
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The following fees, expenses and allowances were paid to council members and/or the Mayor/President.

Meeting fees	75,280	30,071
President's allowance	10,000	9,751
Deputy President's allowance	2,500	2,438
Travelling expenses	400	8,000
Telecommunications allowance	4,000	8,950
	<u>92,180</u>	<u>59,210</u>

**SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-16 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-17 \$
Bonds - Hall Hire	1,580	5,000	(6,580)	0
Building Commission	1,168	10,000	(11,039)	129
CTF Levy	1,265	10,000	(11,167)	98
Yuna Swimming Pool Subsidy	3	0	(3)	0
Refundable Deposit	5,000	0	(5,000)	0
Contribution from Sub-divider	603,243	0	(300,000)	303,243
Post Office Deposit	1,262	124	(124)	1,262
Standpipe Card Bond Income	100	0	0	100
	<u>613,621</u>	<u>25,124</u>	<u>(333,913)</u>	<u>304,832</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated Council will have any major land transactions in 2016/2017.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2016/2017.

19. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated Council will have any interests in joint arrangements in 2016/2017.