

SHIRE OF PERENJORI
BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

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SHIRE OF PERENJORI
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	2,590,889	2,616,541	2,674,298
Operating grants, subsidies and contributions		2,528,605	1,311,551	3,127,754
Fees and charges	14	1,050,550	1,082,504	1,534,450
Service charges	11	0	0	0
Interest earnings	2(a)	64,861	70,121	58,551
Other revenue	2(a)	136,500	351,871	94,050
		<u>6,371,405</u>	<u>5,432,588</u>	<u>7,489,103</u>
Expenses				
Employee costs		(2,222,271)	(2,471,156)	(2,218,229)
Materials and contracts		(1,336,991)	(1,452,168)	(2,241,728)
Utility charges		(224,445)	(240,070)	(232,594)
Depreciation on non-current assets	2(a)	(3,155,150)	(3,527,076)	(1,855,939)
Interest expenses	2(a)	(74,483)	(88,944)	(79,096)
Insurance expenses		(128,228)	(129,025)	(144,632)
Other expenditure		(300,470)	(280,165)	(265,039)
		<u>(7,442,038)</u>	<u>(8,188,604)</u>	<u>(7,037,257)</u>
		(1,070,633)	(2,756,016)	451,846
Non-operating grants, subsidies and contributions		2,168,346	1,973,149	2,473,897
Profit on asset disposals	6	10,155	22,813	37,927
Loss on asset disposals	6	(22,182)	(164,247)	(62,927)
Loss on revaluation of non current assets		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		1,085,686	(924,301)	2,900,743
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>1,085,686</u>	<u>(924,301)</u>	<u>2,900,743</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 PERENJORI
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		100,811	151,427	30,475
General purpose funding		4,475,643	3,578,286	4,547,693
Law, order, public safety		24,100	29,614	19,750
Education and welfare		129,940	97,632	118,500
Housing		165,000	177,794	200,500
Community amenities		68,500	100,038	35,450
Recreation and culture		431,833	165,312	69,100
Transport		204,978	337,715	1,244,185
Economic services		279,000	294,798	360,250
Other property and services		489,000	496,530	859,000
		<u>6,371,405</u>	<u>5,431,859</u>	<u>7,489,103</u>
Expenses Excluding Finance Costs Refer Notes 1, 2 & 15)				
Governance		(217,722)	(278,406)	(209,934)
General purpose funding		(151,310)	(132,396)	(87,334)
Law, order, public safety		(186,842)	(149,815)	(202,313)
Health		(131,919)	(105,858)	(85,690)
Education and welfare		(418,521)	(372,148)	(278,648)
Housing		(81,568)	(465,115)	(474,367)
Community amenities		(367,113)	(381,765)	(378,241)
Recreation and culture		(1,365,791)	(1,215,022)	(900,548)
Transport		(3,372,429)	(3,830,074)	(2,844,564)
Economic services		(689,724)	(740,252)	(831,637)
Other property and services		(384,616)	(428,080)	(664,885)
		<u>(7,367,555)</u>	<u>(8,098,931)</u>	<u>(6,958,161)</u>
Finance Costs (Refer Notes 2 & 9)				
Housing		(20,963)	(26,116)	(23,949)
Community amenities		(21,520)	(25,009)	(23,398)
Recreation and culture		(25,550)	(33,433)	(31,749)
Transport		(6,450)	(4,386)	0
		<u>(74,483)</u>	<u>(88,944)</u>	<u>(79,096)</u>
Non-operating Grants, Subsidies and Contributions				
Law, order, public safety		30,000	2,400	0
Education and welfare		0	0	105,000
Housing		368,000	0	355,697
Community amenities		147,570	50,000	58,000
Recreation and culture		6,667	200,000	200,000
Transport		1,516,109	1,670,749	1,555,200
Economic services		100,000	50,000	200,000
		<u>2,168,346</u>	<u>1,973,149</u>	<u>2,473,897</u>
Profit/(Loss) On Disposal Of Assets (Refer Note 6)				
Governance		(8,500)	0	0
Housing		0	(164,247)	(44,000)
Transport		(3,527)	22,813	37,928
Other property and services		0	0	(18,928)
		<u>(12,027)</u>	<u>(141,434)</u>	<u>(25,000)</u>
NET RESULT		<u>1,085,686</u>	<u>(924,301)</u>	<u>2,900,743</u>
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,085,686</u>	<u>(924,301)</u>	<u>2,900,743</u>

SHIRE OF PERENJORI
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF COMPREHENSIVE INCOME (Continued)

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 PERENJORI
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		2,570,889	2,718,482	2,719,278
Operating grants, subsidies and contributions		2,528,605	1,255,234	3,127,754
Fees and charges		1,050,550	1,082,504	1,579,804
Service charges		0	0	0
Interest earnings		64,861	70,121	58,551
Goods and services tax		600,000	704,774	489,387
Other revenue		136,500	351,871	94,050
		<u>6,951,405</u>	<u>6,182,986</u>	<u>8,068,824</u>
Payments				
Employee costs		(2,122,271)	(2,292,914)	(2,218,229)
Materials and contracts		(1,236,991)	(1,730,390)	(2,221,743)
Utility charges		(224,445)	(240,070)	(232,594)
Interest expenses		(74,483)	(60,012)	(79,096)
Insurance expenses		(128,228)	(129,025)	(144,632)
Goods and services tax		(600,000)	(648,073)	(500,000)
Other expenditure		(300,470)	(280,165)	(265,039)
		<u>(4,686,888)</u>	<u>(5,380,649)</u>	<u>(5,661,332)</u>
Net cash provided by (used in) operating activities	3(b)	<u>2,264,517</u>	<u>802,337</u>	<u>2,407,492</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	(2,014,125)	(1,366,015)	(2,288,659)
Payments for construction of infrastructure	5	(3,102,981)	(2,438,531)	(2,626,773)
Non-operating grants, subsidies and contributions used for the development of assets		2,168,346	1,973,149	2,473,897
Proceeds from sale of plant & equipment	6	95,000	207,546	291,100
Net cash provided by (used in) investing activities		<u>(2,853,760)</u>	<u>(1,623,851)</u>	<u>(2,150,435)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	7	(238,737)	(187,992)	(175,004)
Advances to community groups		0	0	0
Proceeds from self supporting loans		0	0	0
Proceeds from new debentures	7	0	276,000	0
Net cash provided by (used in) financing activities		<u>(238,737)</u>	<u>88,008</u>	<u>(175,004)</u>
Net increase (decrease) in cash held		(827,980)	(733,506)	82,053
Cash at beginning of year		<u>2,521,307</u>	<u>3,254,813</u>	<u>1,464,115</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>1,693,327</u></u>	<u><u>2,521,307</u></u>	<u><u>1,546,168</u></u>

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

**SHIRE OF PERENJORI
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	749,960	1,843,807	13,821
Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)	1,2			
Governance		100,811	151,427	30,475
General purpose funding		1,896,290	973,508	1,873,395
Law, order, public safety		24,100	29,614	19,750
Health		2,600	2,713	4,200
Education and welfare		129,940	97,632	118,500
Housing		165,000	177,794	200,500
Community amenities		68,500	100,038	35,450
Recreation and culture		431,833	165,312	69,100
Transport		215,133	360,528	1,282,113
Economic services		279,000	294,798	360,250
Other property and services		489,000	496,530	859,000
		<u>3,802,207</u>	<u>2,849,894</u>	<u>4,852,733</u>
Expenditure from operating activities	1,2			
Governance		(226,222)	(278,406)	(209,934)
General purpose funding		(151,310)	(132,396)	(87,334)
Law, order, public safety		(186,842)	(149,815)	(202,313)
Health		(131,919)	(105,858)	(85,690)
Education and welfare		(418,521)	(372,148)	(278,648)
Housing		(102,531)	(655,478)	(542,316)
Community amenities		(388,633)	(406,774)	(401,639)
Recreation and culture		(1,391,341)	(1,248,455)	(932,297)
Transport		(3,392,561)	(3,834,460)	(2,844,564)
Economic services		(689,724)	(740,252)	(831,637)
Other property and services		(384,616)	(428,080)	(683,813)
		<u>(7,464,220)</u>	<u>(8,352,122)</u>	<u>(7,100,184)</u>
Operating activities excluded from budget				
(Profit)/Loss on asset disposals	6	12,027	141,434	25,000
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	3,155,150	3,527,076	1,855,939
Movement in employee benefit provisions (non-current)		0	95,561	0
Amount attributable to operating activities		<u>255,124</u>	<u>105,650</u>	<u>(352,691)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,168,346	1,973,149	2,473,897
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(2,014,125)	(1,366,015)	(2,288,659)
Purchase and construction of infrastructure	5	(3,102,981)	(2,438,531)	(2,626,773)
Proceeds from disposal of assets	6	95,000	206,818	291,100
Amount attributable to investing activities		<u>(2,853,760)</u>	<u>(1,624,579)</u>	<u>(2,150,435)</u>
FINANCING ACTIVITIES				
Repayment of debentures	7	(238,737)	(187,992)	(175,004)
Proceeds from new debentures	7	0	276,000	0
Proceeds from self supporting loans		0	0	0
Transfers to cash backed reserves (restricted assets)	9	(132,861)	(443,897)	(222,990)
Transfers from cash backed reserves (restricted assets)	9	452,500	20,000	226,822
Amount attributable to financing activities		<u>80,902</u>	<u>(335,889)</u>	<u>(171,172)</u>
Budgeted deficiency before general rates		<u>(2,517,734)</u>	<u>(1,854,818)</u>	<u>(2,674,298)</u>
Estimated amount to be raised from general rates	8	<u>2,579,353</u>	<u>2,604,778</u>	<u>2,674,298</u>
Net current assets at end of financial year - surplus/(deficit)	4	<u>61,619</u>	<u>749,960</u>	<u>0</u>

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

SHIRE OF PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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 PERENJORI
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	25,000	26,498	25,000
Other services			
Depreciation By Program			
Governance	61,553	67,185	61,934
General purpose funding	0	0	0
Law, order, public safety	35,348	37,925	59,024
Health	10,674	11,651	9,623
Education and welfare	103,713	113,203	0
Housing	101,546	110,592	54,905
Community amenities	10,475	13,789	232
Recreation and culture	273,625	298,543	101,971
Transport	2,339,506	2,618,883	1,552,980
Economic services	59,368	64,723	15,270
Other property and services	159,342	190,582	0
	<u>3,155,150</u>	<u>3,527,076</u>	<u>1,855,939</u>
Depreciation By Asset Class			
Buildings	422,241	472,014	175,605
Furniture & Equipment	13,087	14,630	22,837
Plant & Equipment	245,357	274,280	184,420
Infrastructure Assets - Roads	2,239,033	2,502,968	1,428,665
Infrastructure Assets - Footpaths	13,594	15,196	6,819
Infrastructure Assets - Parks , Ovals & Dams	138,680	155,027	33,124
Infrastructure Assets - Other	33,824	37,811	4,469
Infrastructure Assets - Airfield	49,334	55,150	0
	<u>3,155,150</u>	<u>3,527,076</u>	<u>1,855,939</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 7(a)</i>)	74,483	88,944	79,096
Other	0	0	0
	<u>74,483</u>	<u>88,944</u>	<u>79,096</u>
(ii) Crediting as revenues:			
Interest Earnings			
Investments			
- Reserve funds	32,861	23,897	29,775
- Other funds	26,000	39,018	23,776
Other interest revenue (<i>refer note 12</i>)	6,000	7,206	5,000
	<u>64,861</u>	<u>70,121</u>	<u>58,551</u>
(iii) Other Revenue			
Reimbursements and recoveries	50,000	260,308	94,050
Other	86,500	91,563	0
	<u>136,500</u>	<u>351,871</u>	<u>94,050</u>

**SHIRE OF PERENJORI
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.

Council has adopted a 'Plan for the future' comprising a Strategic Community Plan and Corporate Business Plan to provide the long term community vision, aspirations and objectives.

Based upon feedback received from the community the vision of the Shire is:

"A wonderful place to live, work, invest and visit with the community working together to achieve shared objectives"

The Strategic Community Plan defines the key objectives of the Shire as:

"Economic: A strong, resilient and balanced economy.

Environment: Our unique natural and built environment is protected and enhanced.

Social: Our community enjoys a high quality of life.

Civic Leadership: A collaborative and engaged community."

GOVERNANCE

Activities:

Expenses associated with provision of services to members of council and elections. Also included are costs associated with computer operations, corporate accounting, corporate records and asset management. Costs reported as administrative expenses are redistributed in accordance with the principle of activity based costing (ABC).

GENERAL PURPOSE FUNDING

Activities:

Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on Police Licensing. The costs associated with raising the above mentioned revenues, eg. Valuation expenses, debt collection and overheads.

LAW, ORDER, PUBLIC SAFETY

Activities:

Enforcement of Local Laws, fire prevention, animal control and provision of ranger services.

HEALTH

Activities:

Health inspection services, food quality control, mosquito control and contributions towards provision of medical health services.

EDUCATION AND WELFARE

Activities:

Assists with the provision of Child Care at the Perenjori Child Care Centre and Youth Activities within the Shire.

HOUSING

Activities:

Provision and maintenance of rented housing accommodation for pensioners and employees.

**SHIRE OF PERENJORI
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)

COMMUNITY AMENITIES

Activities:

Sanitation, sewerage, stormwater drainage, protection of the environment, public conveniences, cemeteries and town planning.

RECREATION AND CULTURE

Activities:

Parks, gardens and recreation reserves, library services, television and radio re-broadcasting, swimming facilities, walk trails, youth recreation, public halls.

TRANSPORT

Activities:

Construction and maintenance of roads, footpaths, drainage works, parking facilities, traffic control, depot operations, plant purchase, marine facilities and cleaning of streets.

ECONOMIC SERVICES

Activities:

Tourism, community development, pest control, building services, caravan parks and private works.

OTHER PROPERTY & SERVICES

Activities:

Plant works, plant overheads and stock of materials.

SHIRE OF PERENJORI
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	103,561	611,902	62,284
Cash - restricted	<u>1,589,766</u>	<u>1,909,405</u>	<u>1,483,884</u>
	<u><u>1,693,327</u></u>	<u><u>2,521,307</u></u>	<u><u>1,546,168</u></u>

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

Leave Reserve	60,376	59,114	59,499
Plant Reserve	152,487	236,246	27,638
Reserve - Computer	8,522	8,522	8,653
Reserve - Refuse Site	98,129	96,398	96,856
Reserve - Swimming Pool	84,429	82,940	83,337
Reserves - Gravel Pit Rehabilitation	19,117	18,780	18,872
Reserves - Joint Venture Housing	291,902	286,752	285,979
Reserve - Tourism - CVP Village	31,841	30,927	49,949
Reserve - Sport & Recreation Amenities	2,756	2,707	2,725
Reserve - Mt Gibson Infrastructure	520,690	511,490	292,734
Reserve - Airstrip Development	3,033	2,980	2,995
Reserve - Water Harvesting Control	40,627	39,910	39,663
Reserve - Vocal History	7,597	7,463	7,499
Reserve - Water Supply	18,518	18,191	18,277
Reserve - Community Bus & Maintenance	18,276	17,954	1,790
Reserve - Road	10,487	10,302	10,351
Reserve - Community Amenities	5,271	24,825	24,973
Reserve - Communications	155,187	152,450	150,000
	<u>1,589,766</u>	<u>1,909,405</u>	<u>1,483,884</u>

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

Net result	1,085,686	(924,301)	2,900,743
Depreciation	3,155,150	3,527,076	1,855,939
(Profit)/loss on sale of asset	12,027	141,434	25,000
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	80,000	72,480	79,721
(Increase)/decrease in inventories	0	(65,965)	6,885
Increase/(decrease) in payables	100,000	(135,071)	13,100
Increase/(decrease) in employee provisions	0	159,833	0
Grants/contributions for the development of assets	<u>(2,168,346)</u>	<u>(1,973,149)</u>	<u>(2,473,897)</u>
Net Cash from Operating Activities	<u><u>2,264,517</u></u>	<u><u>802,337</u></u>	<u><u>2,407,492</u></u>

SHIRE OF PERENJORI
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	0	0	300,000
Bank overdraft at balance date	0	0	0
Credit card limit	20,000	20,000	20,000
Credit card balance at balance date	(5,000)	(7,967)	0
Total Amount of Credit Unused	<u>15,000</u>	<u>12,033</u>	<u>320,000</u>
Loan Facilities			
Loan facilities in use at balance date	<u>1,248,524</u>	<u>1,487,261</u>	<u>1,224,845</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			
CURRENT ASSETS			
Cash - unrestricted	3(a)	103,561	611,902
Cash - restricted reserves	3(a)	1,589,766	1,909,405
Receivables		185,247	265,247
Inventories		158,862	158,862
		<u>2,037,436</u>	<u>2,945,416</u>
LESS: CURRENT LIABILITIES			
Trade and other payables		(386,051)	(286,051)
Long term borrowings		13,949	(224,788)
Provisions		(245,047)	(245,047)
		<u>(617,149)</u>	<u>(755,886)</u>
Unadjusted net current assets		1,420,287	2,189,530
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 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)	(1,589,766)	(1,909,405)
Add: Current portion of debentures		(13,949)	224,788
Add: Current liabilities not expected to be cleared at end of year		245,047	245,047
Adjusted net current assets - surplus/(deficit)		<u>61,619</u>	<u>749,960</u>

SHIRE OF PERENJORI
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 & Welfare \$	Housing \$	Community Amenities \$	Recreation & Culture \$	Transport \$	Economic Services \$	Other Property and Services \$		
<i>Property, Plant and Equipment</i>													
Land	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	60,000	0	65,000	9,500	0	799,896	159,000	220,000	14,316	116,000	0	1,443,712	367,249
Plant & Equipment	0	0	5,000	0	0	0	0	0	555,413	0	0	560,413	987,378
Furniture & Equipment	5,000	0	0	0	0	0	0	5,000	0	0	0	10,000	11,388
Tools	0	0	0	0	0	0	0	0	0	0	0	0	0
	65,000	0	70,000	9,500	0	799,896	159,000	225,000	569,729	116,000	0	2,014,125	1,366,015
<i>Infrastructure</i>													
Infrastructure Assets - Roads	0	0	0	0	0	0	0	0	2,297,981	0	0	2,297,981	2,351,743
Infrastructure Assets - Footpaths	0	0	0	0	0	0	0	0	0	0	0	0	28,942
Infrastructure Assets - Parks , Ovals	0	0	0	0	0	0	0	50,000	0	250,000	0	300,000	57,847
Infrastructure Assets - Other	0	0	0	0	0	0	505,000	0	0	0	0	505,000	0
Infrastructure Assets - Airfield	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure Assets - Subdivision	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure Assets - Caravan Park	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	505,000	50,000	2,297,981	250,000	0	3,102,981	2,438,531
<i>Land Held for Resale</i>													
Land Held for Resale	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Acquisitions	65,000	0	70,000	9,500	0	799,896	664,000	275,000	2,867,710	366,000	0	5,117,106	3,804,546

SHIRE OF PERENJORI
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.

By Program	2016/17 Budget			
	Net Book Value	Sale Proceeds	Profit	Loss
	\$	\$	\$	\$
Governance				
2PJ - CDO	18,000	18,000	0	0
4PJ -MCDS	24,500	16,000	0	(8,500)
Transport				
PJ1575 - Backhoe	47,682	34,000	0	(13,682)
PJ1562 - 2012 Mitsubishi Triton	0	9,000	9,000	0
PJ1570 - 2011 Mitsubishi Triton	7,845	9,000	1,155	0
PJ1572 - 2012 Mitsubishi Triton	9,000	9,000	0	0
	107,027	95,000	10,155	(22,182)

By Class	2016/17 Budget			
	Net Book Value	Sale Proceeds	Profit	Loss
	\$	\$	\$	\$
Plant and Equipment				
	107,027	95,000	10,155	(22,182)
	107,027	95,000	10,155	(22,182)

SHIRE OF PERENJORI
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 \$
Loan 94 Industrial Land	18,180		8,880	8,221	9,300	18,180	1,182	1,948
Loan 96 CHA Housing	111,172		10,974	10,290	100,198	111,172	7,094	8,210
Loan 97 Flat Pack Housing	143,974		21,432	20,345	122,542	143,974	6,492	8,382
Loan 98 John St Subdivision	295,834		16,690	15,360	279,144	295,834	20,338	23,061
Loan 99 Aquatic Centre	262,121		69,807	65,404	192,314	262,121	14,922	19,902
Loan 100 Acquatic Centre	229,326		34,070	32,301	195,256	229,326	10,628	13,532
Loan 101 - 2 X Duplex Housing	163,606		24,214	23,119	139,392	163,606	7,377	9,525
Loan 102 - Grader	263,048		52,670	12,952	210,378	263,048	6,450	4,386
	1,487,261	0	238,737	187,992	1,248,524	1,487,261	74,483	88,944

All debenture repayments will be financed by general purpose revenue.

(b) New Debentures - 2016/17

The Shire does not propose to raised any debt through the issue of debenture this financial year

(c) Unspent Debentures

The Shire has no unspent debenture funds as at 30th June 2016, nor is it expected to have unspent debentures funds as at 30th June 2017.

(d) Overdraft

Council does not have an overdraft overdraft facility.

SHIRE OF PERENJORI
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 - Townsite	7.9114	102	1,109,336	87,764	0	0	87,764	85,208
GRV - Mining	7.9114	2	4,320,020	341,774	0	0	341,774	494,272
UV - Rural/Pastoral	2.0024	265	85,773,600	1,717,531	0	0	1,717,531	1,565,711
UV - Mining	34.3112	61	1,770,875	607,608	0	0	607,608	650,888
Sub-Totals		430	92,973,831	2,754,677	0	0	2,754,677	2,796,080
Minimum payment	Minimum \$							
GRV - Townsite	319	36	34,888	11,484			11,484	10,850
GRV - Mining	319	0	0	0			0	
UV - Rural/Pastoral	319	11	74,100	3,509			3,509	2,790
UV - Mining	319	34	18,866	10,846			10,846	10,962
Sub-Totals		81	127,854	25,839	0	0	25,839	24,602
Discounts (Note 13)							(201,163)	(215,903)
Total amount raised from general rates							2,579,353	2,604,778
Exgratia rates							11,536	11,763
Specified area rates (Note 10)							0	0
Total Rates							2,590,889	2,616,541

**SHIRE OF PERENJORI
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 Perenjori is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of Perenjori.

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 - Rural/Pastoral	Properties within the Shire that are for broad acre farming	The 3% increase in the UV Rural rate in the \$ will result in revenue yield being almost 3% higher than the previous year for this rating category	The UV rate reflects the significant contribution by the rural industries to the Shire income and is kept as reasonably low as possible.
UV - Mining	Properties within the Shire with a mining, exploration or prospecting tenement lease	Council has increased the rate in the dollar by 3% following a freeze in rates in 2014/2015. The decrease in valuation and relinquishing of leases has resulted in a decrease in income compared to the previous year. Council have not changed the previous rate in the dollar but a reduction in Valuation has resulted in almost a 4.5% reduction in the rate revenue compared to the previous year.	The UV Mining category is rated higher to reflect the higher infrastructure maintenance & renewal costs the Shire bears due to mining in the area. It also reflects the advantage that mining companies enjoy being able to utilise already established services and facilities in the area.

Differential Minimum Payment

Description	Characteristics	Objects	Reasons
UV - Rural/Pastoral	Properties within the Shire that are for broad acre farming	The object of the minimums is to raise a reasonable contribution from all ratepayers towards the cost of providing municipal services.	The minimum is a realistic contribution that any property should make towards the cost of services provided.
UV - Mining	Properties within the Shire with a mining, exploration or prospecting tenement lease.		

SHIRE OF PERENJORI
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 \$	Interest	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Interest	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Interest	Transfer (from) \$	Closing Balance \$
Leave Reserve	59,114	0	1,262	0	60,376	58,079	0	1,035	0	59,114	58,079	0	1,420	0	59,499
Plant Reserve	236,246	100,000	4,241	(188,000)	152,487	232,112	0	4,135	0	236,246	231,683	0	6,777	(210,822)	27,638
Reserve - Computer	8,522	0	0	0	8,522	8,380	0	141	0	8,522	8,378	0	275	0	8,653
Reserve - Staff Housing	274,484	0	3,130	(244,500)	33,114	171,284	100,000	3,200	0	274,484	170,987	100,000	4,185	0	275,172
Reserve - Local Group Interest Free Loan	16,158	0	290	0	16,448	15,875	0	283	0	16,158	15,847	0	390	0	16,237
Reserve - Local Achievement	2,646	0	0	0	2,646	2,603	0	43	0	2,646	2,673	0	0	0	2,673
Reserve - Refuse Site	96,398	0	1,731	0	98,129	94,711	0	1,687	0	96,398	94,546	0	2,310	0	96,856
Reserve - Swimming Pool	82,940	0	1,489	0	84,429	81,488	0	1,452	0	82,940	81,347	0	1,990	0	83,337
Reserves - Gravel Pit Rehabilitation	18,780	0	337	0	19,117	18,451	0	329	0	18,780	18,419	0	453	0	18,872
Reserves - Joint Venture Housing	286,752	0	5,150	0	291,902	183,337	100,000	3,415	0	286,752	183,084	100,000	2,895	0	285,979
Reserve - Tourism - Caravan Park	8,169	0	147	0	8,316	8,025	0	143	0	8,169	8,012	0	0	0	8,012
Reserve - Tourism - CVP Village	30,927	0	914	0	31,841	50,036	0	891	(20,000)	30,927	49,949	0	0	0	49,949
Reserve - Sport & Recreation Amenities	2,707	0	49	0	2,756	2,660	0	47	0	2,707	2,660	0	65	0	2,725
Reserve - Mt Gibson Infrastructure	511,490	0	9,200	0	520,690	288,972	220,000	2,518	0	511,490	292,734	0	0	0	292,734
Reserve - Airstrip Development	2,980	0	53	0	3,033	2,928	0	52	0	2,980	2,923	0	72	0	2,995
Reserve - Water Harvesting Control	39,910	0	717	0	40,627	39,211	0	698	0	39,910	39,143	0	520	0	39,663
Reserve - Vocal History	7,463	0	134	0	7,597	7,332	0	131	0	7,463	7,319	0	180	0	7,499
Reserve - Water Supply	18,191	0	327	0	18,518	17,872	0	318	0	18,191	17,841	0	436	0	18,277
Reserve - Depot Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve - Community Bus & Maintenance	17,954	0	322	0	18,276	17,640	0	314	0	17,954	17,610	0	180	(16,000)	1,790
Reserve - Road	10,302	0	185	0	10,487	10,122	0	180	0	10,302	10,104	0	247	0	10,351
Reserve - Community Amenities	24,825	0	446	(20,000)	5,271	24,391	0	434	0	24,825	24,378	0	595	0	24,973
Reserve - Communications	152,450	0	2,737	0	155,187	150,000	0	2,450	0	152,450	150,000	0	0	0	150,000
	1,909,405	100,000	32,861	(452,500)	1,589,766	1,485,508	420,000	23,897	(20,000)	1,909,405	1,487,716	200,000	22,990	(226,822)	1,483,884

**SHIRE OF PERENJORI
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
Plant Reserve	- to be used for the purchase of major plant
Reserve - Computer	- to be used to maintain the administration computer systems
Reserve - Staff Housing	- to be used for future staff housing
Reserve - Local Group Interest Free Loans	- to be used for community groups in purchasing equipment for their activities
Reserve - Local Achievement	- to be used as an incentive to local achievers
Reserve - Refuse Site	- to be used for a future landfill site
Reserve - Swimming Pool	- to be used for the refurbishment and upgrade of the Perenjori swimming pool facilities
Reserves - Gravel Pit Rehabilitation	- for the purpose of covering the costs of rehabilitating exhausted pits
Reserves - Joint Venture Housing	- surplus funds to be used as per the JV housing agreement
Reserve - Tourism - Caravan Park	- to be used to maintain and upgrade the facilities at the Perenjori caravan park
Reserve - Tourism - CVP Village	- to fund maintenance costs in the accommodation village
Reserve - Sport & Recreation Amenities	- to be used to support the maintenance and replacement of sporting & recreation facilities
Reserve - Mt Gibson Infrastructure	- to be used for the purpose of supporting the acquisition, restoration, extension or improvement of infrastructure assets including but not limited to public buildings, recreation facilities, parks and gardens, power supply, water supply, land drainage or roads. (As per agreement)
Reserve - Airstrip Development	- to be used for the ongoing development and maintenance of the airstrip
Reserve - Water Harvesting Control	- to be used for the purchase and installation of dams to increase water capacity for 'supplementing the town's parks, gardens and reserve water supply.
Reserve - Vocal History	- to be used for the history of our pioneers
Reserve - Water Supply	- to be used for holding loan funds for the project to supply scheme water to the West Bogada locality
Reserve - Community Bus & Maintenance	- to be used for the ongoing maintenance and eventual replacement if the Community Bus
Reserve - Road	- for the purpose of completing road projects
Reserve - Community Amenities	- for assisting organisations providing community amenities
Reserve - Communications	- to subsidise the funding of telephone communication towers in and near Perenjori

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

10. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

The Shire of Perenjori does not impose a specified area rate as prescribed under the Local Government Act WA.

11. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

The Shire of Perenjori does not impose a service charge as prescribed under the Local Government Act WA.

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

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Payment in Full	12/09/2016			
Payment by Instalment				
1st Instalment	12/09/2016			
2nd Instalment	14/11/2016	10	5.50%	11%
3rd Instalment	16/01/2017	10	5.50%	11%
4th Instalment	17/03/2017	10	5.50%	11%

Interest and Charges	2016/17 Budget Revenue \$	2015/16 Actual \$
Interest on Unpaid Rates	3,000	3,914
Interest on Instalment Plan	3,000	3,292
Charges on Instalment Plan	1,500	1,500
	7,500	8,706

**SHIRE OF PERENJORI
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
Current Rates & Charges (excluding Interim Rates and Minimum Rates)	Discount	11.00%	201,163	215,903	A discount is offered to ratepayers who pay the full amount of rates and charges including any previous outstanding amounts, on or before the due date as stated on the rates notice; this date is at least 35 days after the notice is issued. This discount does not apply to Interim Rates levied and those properties to which a minimum rate applies.

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
Photocopy and Paper Charges	Waiver	Gratis	0	unknown	A Waiver will be granted for community groups where Council considers support for these groups is required for the benefit of the overall community.	To assist community groups with photocopying and printing facilities	To relieve community groups of the costs associated with the printing of documents for community purposes.

SHIRE OF PERENJORI
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	3,950	5,935
General purpose funding	1,650	13,579
Law, order, public safety	1,800	2,301
Health	2,600	2,713
Education and welfare	90,000	82,692
Housing	165,000	175,101
Community amenities	42,000	46,218
Recreation and culture	15,500	18,194
Transport	10,050	16,017
Economic services	279,000	294,798
Other property and services	439,000	424,955
	<u>1,050,550</u>	<u>1,082,504</u>

15. ELECTED MEMBERS REMUNERATION	2016/17 Budget \$	2015/16 Actual \$
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.		
Meeting fees	30,000	23,210
Mayor/President's allowance	21,850	19,000
Deputy Mayor/President's allowance	5,500	4,750
Travelling expenses	15,000	10,231
Telecommunications allowance	0	0
	<u>72,350</u>	<u>57,191</u>

**SHIRE OF PERENJORI
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 \$
Sundry Income	0	0	0	0
Bus Bonds	1,000	1,200	(1,000)	1,200
Hall Bonds	400	200	(600)	0
Housing Bonds	2,820	0	0	2,820
Nomination Bonds	0	0	0	0
Yarra Yarra regional Council	0	0	0	0
Other bonds	0	500	(500)	0
BCITF Levy	0	600	(600)	0
Public Benefit Fund	132,522	0	0	132,522
	<u>136,743</u>	<u>2,500</u>	<u>(2,700)</u>	<u>136,543</u>

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

17. MAJOR LAND TRANSACTIONS

John Street/Hirshauer Street Residential Subdivision

(a) Details

Council commenced this 21 lot sub-division on Council owned land in 2007 -2008. The sub-division currently comprises of the following lots: 3 lots have been sold to others and 18 are owned by the Shire of Perenjori.

It is proposed to review the market value of the lots and develop a marketing plan to sell those lots not required by the Shire.

(b) Current year transactions	2016/17 Budget \$	2015/16 Actual \$
Operating Revenue		
- Profit on sale	0	0
Capital Revenue		
- Sale proceeds	0	0
Capital Expenditure		
- Purchase of land	0	0
- Development costs	0	0
	<u>0</u>	<u>0</u>

There are no liabilities in relation to this land transaction as at 30 June 2016.

(c) Expected Future Cash Flows

	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	Total \$
Cash Outflows						0
Loan Principal Repayments	16,448	17,615	18,865	20,202	21,635	94,765
	<u>16,448</u>	<u>17,615</u>	<u>18,865</u>	<u>20,202</u>	<u>21,635</u>	<u>94,765</u>
Cash Inflows						0
Sale Proceeds	0	0	50,000	50,000	50,000	150,000
	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>150,000</u>
Net Cash Flows	<u>16,448</u>	<u>17,615</u>	<u>68,865</u>	<u>70,202</u>	<u>71,635</u>	<u>244,765</u>

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

The Shire has no Interests in Joint Arrangements