

SHIRE OF DOWERIN
BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	1,247,570	1,211,846	1,211,651
Operating grants, subsidies and contributions		1,326,409	2,706,123	1,871,634
Fees and charges	14	422,200	310,716	286,061
Fees and charges - Sewerage	10	137,807	132,831	132,227
Interest earnings	2(a)	57,740	49,876	61,500
Other revenue	2(a)	28,866	34,211	35,106
		<u>3,220,592</u>	<u>4,445,603</u>	<u>3,598,179</u>
Expenses				
Employee costs		(1,553,120)	(1,406,899)	(1,493,710)
Materials and contracts		(843,690)	(908,954)	(881,179)
Utility charges		(177,710)	(156,757)	(147,160)
Depreciation on non-current assets	2(a)	(1,138,280)	(1,032,973)	(1,112,647)
Interest expenses	2(a)	(39,455)	(40,952)	(44,659)
Insurance expenses		(162,650)	(148,421)	(146,402)
Other expenditure		(94,340)	(78,347)	(88,349)
		<u>(4,009,245)</u>	<u>(3,773,303)</u>	<u>(3,914,106)</u>
		(788,653)	672,300	(315,927)
Non-operating grants, subsidies and contributions		1,839,985	1,308,272	2,074,000
Profit on asset disposals	6	40,800	0	0
Loss on asset disposals	6	(7,200)	0	0
NET RESULT		1,084,932	1,980,572	1,758,073
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>1,084,932</u>	<u>1,980,572</u>	<u>1,758,073</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 DOWERIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue (Refer Notes 1,2,8,10 to 14)				
Governance		4,730	4,867	8,525
General purpose funding		2,034,417	3,345,290	2,570,551
Law, order, public safety		25,310	19,857	24,150
Health		267,152	324,840	259,000
Education and welfare		132,510	98,595	129,894
Housing		142,590	151,297	128,256
Community amenities		235,837	249,499	228,327
Recreation and culture		81,840	82,075	80,700
Transport		147,630	144,277	146,100
Economic services		137,866	14,932	12,176
Other property and services		10,710	10,074	10,500
		<u>3,220,592</u>	<u>4,445,603</u>	<u>3,598,179</u>
Expenses Excluding Finance Costs (Refer Notes 1, 2 & 15)				
Governance		(479,770)	(544,736)	(505,037)
General purpose funding		(142,710)	(148,585)	(134,898)
Law, order, public safety		(68,680)	(60,758)	(81,231)
Health		(312,810)	(298,853)	(310,563)
Education and welfare		(166,000)	(121,340)	(170,271)
Housing		(196,250)	(215,484)	(175,349)
Community amenities		(295,770)	(265,042)	(310,220)
Recreation and culture		(748,960)	(735,834)	(704,429)
Transport		(1,226,750)	(1,139,514)	(1,283,028)
Economic services		(329,140)	(206,464)	(183,454)
Other property and services		(2,950)	4,259	(10,967)
		<u>(3,969,790)</u>	<u>(3,732,351)</u>	<u>(3,869,447)</u>
Finance Costs (Refer Notes 2 & 7)				
Recreation and culture		(13,687)	(17,404)	(16,605)
Economic services		(25,768)	(23,548)	(28,054)
		<u>(39,455)</u>	<u>(40,952)</u>	<u>(44,659)</u>
Non-operating Grants, Subsidies and Contributions				
Law, order, public safety		241,000	0	0
Community amenities		170,000	0	0
Recreation and culture		12,000	0	0
Transport		816,985	706,454	874,000
Economic services		600,000	601,818	1,200,000
		<u>1,839,985</u>	<u>1,308,272</u>	<u>2,074,000</u>
Profit/(Loss) On				
Disposal Of Assets (Refer Note 6)				
Governance		2,700	0	0
Health		(7,100)	0	0
Transport		38,000	0	0
		<u>33,600</u>	<u>0</u>	<u>0</u>
NET RESULT		<u>1,084,932</u>	<u>1,980,572</u>	<u>1,758,073</u>
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>1,084,932</u>	<u>1,980,572</u>	<u>1,758,073</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 DOWERIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,247,570	1,183,984	1,218,983
Operating grants, subsidies and contributions		1,388,406	2,706,123	2,175,308
Fees and charges		420,203	298,799	282,387
Service charges		137,807	132,831	132,227
Interest earnings		57,740	49,876	61,500
Goods and services tax		200,000	242,305	217,378
Other revenue		51,268	34,211	35,106
		<u>3,502,994</u>	<u>4,648,129</u>	<u>4,122,889</u>
Payments				
Employee costs		(1,553,120)	(1,407,275)	(1,531,843)
Materials and contracts		(1,037,393)	(679,427)	(969,252)
Utility charges		(171,872)	(156,757)	(147,160)
Interest expenses		(39,455)	(40,952)	(74,659)
Insurance expenses		(162,155)	(148,421)	(146,402)
Goods and services tax		(200,000)	(205,078)	(196,791)
Other expenditure		(94,340)	(78,347)	(113,350)
		<u>(3,258,335)</u>	<u>(2,716,257)</u>	<u>(3,179,457)</u>
Net cash provided by (used in) operating activities	3(b)	<u>244,659</u>	<u>1,931,872</u>	<u>943,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5	(1,738,737)	(1,651,998)	(2,473,038)
Payments for construction of infrastructure	5	(1,484,927)	(936,740)	(1,123,913)
Non-operating grants, subsidies and contributions used for the development of assets		1,839,985	1,308,272	2,074,000
Proceeds from sale of plant & equipment	6	155,500	0	0
Net cash provided by (used in) investing activities		<u>(1,228,179)</u>	<u>(1,280,466)</u>	<u>(1,522,951)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	7	(117,510)	(99,262)	(113,357)
Advances to community groups		0	0	0
Proceeds from self supporting loans		23,722	23,002	23,002
Proceeds from new debentures	7	0	785,250	785,250
Net cash provided by (used in) financing activities		<u>(93,788)</u>	<u>708,990</u>	<u>694,895</u>
Net increase (decrease) in cash held		(1,077,308)	1,360,396	115,376
Cash at beginning of year		<u>3,381,474</u>	<u>2,021,078</u>	<u>1,884,497</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>2,304,166</u></u>	<u><u>3,381,474</u></u>	<u><u>1,999,873</u></u>

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

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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	1,134,516	(16,508)	164,258
Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)	1,2			
Governance		7,530	4,867	8,525
General purpose funding		807,647	2,153,602	1,358,900
Law, order, public safety		25,310	19,857	24,150
Health		267,152	324,840	259,000
Education and welfare		132,510	98,595	129,894
Housing		142,590	151,297	128,256
Community amenities		235,837	249,499	228,327
Recreation and culture		81,840	82,075	80,700
Transport		185,630	144,277	146,100
Economic services		137,866	14,932	12,176
Other property and services		10,710	10,074	10,500
		<u>2,034,622</u>	<u>3,253,915</u>	<u>2,386,528</u>
Expenditure from operating activities	1,2			
Governance		(479,870)	(544,736)	(505,037)
General purpose funding		(142,710)	(148,585)	(134,898)
Law, order, public safety		(68,680)	(60,758)	(81,231)
Health		(319,910)	(298,853)	(310,563)
Education and welfare		(166,000)	(121,340)	(170,271)
Housing		(196,250)	(215,484)	(175,349)
Community amenities		(295,770)	(265,042)	(310,220)
Recreation and culture		(762,647)	(753,238)	(721,034)
Transport		(1,226,750)	(1,139,514)	(1,283,028)
Economic services		(354,908)	(230,012)	(211,508)
Other property and services		(2,950)	4,259	(10,967)
		<u>(4,016,445)</u>	<u>(3,773,303)</u>	<u>(3,914,106)</u>
Operating activities excluded from budget				
(Profit)/Loss on asset disposals	6	(33,600)	0	0
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	1,138,280	1,032,973	1,112,647
Movement in employee benefit provisions (non-current)		0	(48,661)	0
Amount attributable to operating activities		<u>257,373</u>	<u>448,416</u>	<u>(250,673)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,839,985	1,308,272	2,074,000
Purchase land held for resale	5	0	0	
Purchase property, plant and equipment	5	(1,738,737)	(1,651,998)	(2,473,038)
Purchase and construction of infrastructure	5	(1,484,927)	(936,370)	(1,123,913)
Proceeds from disposal of assets	6	155,500	0	
Amount attributable to investing activities		<u>(1,228,179)</u>	<u>(1,280,096)</u>	<u>(1,522,951)</u>
FINANCING ACTIVITIES				
Repayment of debentures	7	(117,510)	(99,262)	(113,357)
Proceeds from new debentures	7	0	785,250	785,250
Proceeds from self supporting loans		23,756	23,002	23,002
Transfers to cash backed reserves (restricted assets)	9	(352,053)	(516,328)	(432,922)
Transfers from cash backed reserves (restricted assets)	9	195,844	581,846	300,000
Amount attributable to financing activities		<u>(249,963)</u>	<u>774,507</u>	<u>561,973</u>
Budgeted deficiency before general rates		<u>(1,220,769)</u>	<u>(57,172)</u>	<u>(1,211,651)</u>
Estimated amount to be raised from general rates	8	1,226,770	1,191,688	1,211,651
Net current assets at end of financial year - surplus/(deficit)	4	<u>6,001</u>	<u>1,134,516</u>	<u>0</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

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) 2016/17 Actual Balances

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) 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 DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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

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

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.

(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 DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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 (i.e. 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 DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

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

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

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

2. REVENUES AND EXPENSES	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
(a) Net Result			
The net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Audit services	25,000	10,500	16,700
Other services	0	900	0
Depreciation By Program			
Governance	10,800	10,427	19,767
Law, order, public safety	36,950	35,669	52,346
Health	5,280	5,080	9,487
Education and welfare	15,120	15,089	15,187
Housing	92,860	92,864	73,709
Community amenities	32,210	31,751	38,081
Recreation and culture	221,400	220,727	226,848
Transport	472,550	472,097	453,369
Economic services	70,450	29,448	24,004
Other property and services	180,660	119,821	199,849
	<u>1,138,280</u>	<u>1,032,973</u>	<u>1,112,647</u>
Depreciation By Asset Class			
Buildings	360,380	319,144	294,057
Furniture & Equipment	19,190	18,814	26,424
Vehicles & Plant	210,460	147,450	260,368
Tools & Equipment	4,100	3,964	6,835
Infrastructure - Roads	411,320	410,978	392,172
Infrastructure - Footpaths	11,160	11,137	11,151
Infrastructure - Drainage	15,570	15,541	15,561
Infrastructure - Sewerage	13,020	13,002	13,019
Infrastructure - Signs	15,630	15,601	15,621
Infrastructure - Parks & Ovals	71,300	71,205	71,295
Infrastructure - Street Lighting	6,150	6,136	6,144
	<u>1,138,280</u>	<u>1,032,973</u>	<u>1,112,647</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 7(a)</i>)	39,455	40,952	44,659
	<u>39,455</u>	<u>40,952</u>	<u>44,659</u>
(ii) Crediting as revenues:			
Interest Earnings			
Investments			
- Reserve funds	39,380	25,215	52,500
- Other funds	7,140	11,419	1,000
Other interest revenue (<i>refer note 12</i>)	11,220	13,242	8,000
	<u>57,740</u>	<u>49,876</u>	<u>61,500</u>
(iii) Other Revenue			
Reimbursements and recoveries	9,866	15,989	15,106
Other	19,000	18,222	20,000
	<u>28,866</u>	<u>34,211</u>	<u>35,106</u>

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

A thriving rural community which will be a lifestyle choice for generations, a preferred location for business development and a recognised leader in environmental management.

The Shire's Strategic Community plan provides the following Key Themes.

Community - A Strong, Healthy and Safe Community

Economic - A Strong and Diverse Local Economy

Environment - To have a Sustainable Natural and Built Environment that meets our community's needs, now and in the future

Local Government Leadership - A Vibrant and Progressive Community lead by an Innovative Council. This budget provides projects and programs to progress Community aspirations.

GOVERNANCE

Activities:

Administration and operation of facilities and services to elected members of Council. Other costs

GENERAL PURPOSE FUNDING

Activities:

Rates including income and expenses relating to the imposition of rates.

General purpose government grants and interest earnings.

LAW, ORDER, PUBLIC SAFETY

Activities:

Supervision and enactment of various Local Laws, fire prevention, animal control and community crime prevention.

HEALTH

Activities:

Environmental health services including food quality, pest control, inspection of buildings, and food premises. Home and community care services and meals on wheels services.

EDUCATION AND WELFARE

Activities:

Care for the aged, community nursing.

Maintenance costs Community Resource Centre.

HOUSING

Activities:

Maintenance of staff and other rental housing including Community Housing Project units operated by joint venture with Homeswest.

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Activities:

Rubbish collection & recycling services, operation of disposal sites, administration and operation of the Dowerin townsite sewerage scheme, administration of the town planning scheme, operation of Dowerin and Minnivale public cemeteries, maintenance to public toilets, Dowerin community bus.

RECREATION AND CULTURE

Activities:

Maintenance of various halls and sports pavilions, parks and gardens, sports playing surface areas and reserves (including football oval, hockey oval, grassed tennis courts, bowling greens and golf course). Contribution to the operation of the public library

TRANSPORT

Activities:

Construction and maintenance of streets, roads, footpaths, drainage, signs. Maintenance of street trees. Lighting of streets. Maintenance of works depot. Purchase of road plant.

ECONOMIC SERVICES

Activities:

Regulation of tourism, area promotion, building control, saleyards, noxious weeds, vermin. Assistance with administration and infrastructure of Dowerin Field Days.

OTHER PROPERTY & SERVICES

Activities:

Private Works. Plant repairs and operation. Engineering and Administration overheads. Material stocks.

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

3. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - unrestricted	360,561	1,594,078	14,038
Cash - restricted	<u>1,943,605</u>	<u>1,787,396</u>	<u>1,985,835</u>
	<u><u>2,304,166</u></u>	<u><u>3,381,474</u></u>	<u><u>1,999,873</u></u>

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

Leave Reserve	54,695	53,493	154,664
Plant Reserve	166,082	142,872	227,499
Sewerage Asset Preservation Reserve	1,137,786	1,043,357	1,056,331
Land & Building Reserve	191,887	146,594	93,007
Swimming Pool Reserve	0	32,456	64,907
Recreation Facilities Reserve	186,602	180,866	183,398
Community Housing Project Reserve	47,260	46,221	46,942
Community Bus Reserve	0	40,787	41,390
Economic Development Reserve	54,292	12,021	24,474
All hours Gym Reserve	0	1,684	5,277
Bowling Green Replacement Reserve	72,842	61,461	62,025
Tennis Court Replacement Reserve	<u>32,159</u>	<u>25,584</u>	<u>25,921</u>
	<u><u>1,943,605</u></u>	<u><u>1,787,396</u></u>	<u><u>1,985,835</u></u>

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

Net result	1,084,932	1,980,572	1,758,073
Depreciation	1,138,280	1,032,973	1,112,647
(Profit)/loss on sale of asset	(33,600)	0	0
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	187,735	8,258	324,710
(Increase)/decrease in inventories	0	(29,754)	(75,000)
Increase/(decrease) in payables	(292,703)	248,472	(64,865)
Increase/(decrease) in employee provisions	0	(376)	(38,133)
Grants/contributions for the development of assets	<u>(1,839,985)</u>	<u>(1,308,272)</u>	<u>(2,074,000)</u>
Net Cash from Operating Activities	<u><u>244,659</u></u>	<u><u>1,931,873</u></u>	<u><u>943,432</u></u>

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

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	60,000	60,000	60,000
Bank overdraft at balance date	0	0	0
Credit card limit	15,000	15,000	15,000
Credit card balance at balance date	(2,500)	(5,967)	(2,500)
Total Amount of Credit Unused	<u>72,500</u>	<u>69,033</u>	<u>72,500</u>
Loan Facilities			
Loan facilities in use at balance date	<u>1,064,967</u>	<u>1,182,477</u>	<u>1,168,383</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

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

Composition of estimated net current assets

CURRENT ASSETS

Cash - unrestricted	3(a)	360,561	1,594,078
Cash - restricted reserves	3(a)	1,943,605	1,787,396
Receivables		13,887	201,622
Inventories		35,256	35,256
		<u>2,353,309</u>	<u>3,618,352</u>

LESS: CURRENT LIABILITIES

Trade and other payables		(263,959)	(556,662)
Short term borrowings		0	0
Long term borrowings		0	(117,509)
Provisions		(169,330)	(169,330)
		<u>(433,289)</u>	<u>(843,501)</u>

Unadjusted net current assets

1,920,020 **2,774,851**

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)	(1,943,605)	(1,787,396)
Less: Current loans - clubs / institutions		(25,109)	(23,941)
Add: Current portion of debentures		0	117,509
Add: Current liabilities not expected to be cleared at end of year		0	0
Add: Cash Backed Leave Reserve		54,695	53,493
Adjusted net current assets - surplus/(deficit)		<u>6,001</u>	<u>1,134,516</u>

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

5. ACQUISITION OF ASSETS

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

Asset Class	Reporting Program											2017/18 Budget Total \$	2016/17 Actual Total \$
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$	Other Property and Services \$		
<u>Property, Plant and Equipment</u>													
Land Assets	0	0	0	0	0	0	0	13,000	0	0	0	13,000	0
Buildings	72,500	0	264,000	21,770	0	0	0	100,000	0	837,430	0	1,295,700	1,651,998
Furniture & Equipment	13,900	0	0	4,400	0	0	0	0	0	0	0	18,300	0
Vehicles & Plant	29,660	0	0	32,077	0	0	0	0	350,000	0	0	411,737	0
	116,060	0	264,000	58,247	0	0	0	113,000	350,000	837,430	0	1,738,737	1,651,998
<u>Infrastructure</u>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	1,213,927	0	0	1,213,927	931,183
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	14,000	0	0	14,000	0
Infrastructure - Signs	0	0	0	0	0	0	0	0	0	0	0	0	5,187
Infrastructure - Other	0	0	0	0	0	0	250,000	0	7,000	0	0	257,000	0
	0	0	0	0	0	0	250,000	0	1,234,927	0	0	1,484,927	936,370
<u>Land Held for Resale</u>													
Land Held for Resale													
Total Acquisitions	116,060	0	264,000	58,247	0	0	250,000	113,000	1,584,927	837,430	0	3,223,664	2,588,368

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

6. DISPOSALS OF ASSETS

It is anticipated that the Shire will dispose of the following assets during 2017/2018.

<u>By Program</u>	2017/18 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Governance				
D0 Ford Falcon	5,200	8,000	2,800	0
D002 Ford Territory	5,600	5,500	0	(100)
Health				
Hacc Vehicle	9,100	2,000	0	(7,100)
Transport				
D007 Grader Cat 12M	102,000	140,000	38,000	0
	121,900	155,500	40,800	(7,200)

<u>By Class</u>	2017/18 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Plant and Equipment	121,900	155,500	40,800	(7,200)
	0	0	0	0
	121,900	155,500	40,800	(7,200)

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

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-17	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Recreation and Culture								
Loan 97 - Community Club	350,628		64,565	62,003	286,063	350,628	13,687	17,404
Economic Services								
Loan 99 - Accommodation	770,993		29,189	14,257	741,804	770,993	23,982	20,867
	1,121,621	0	93,754	76,260	1,027,867	1,121,621	37,669	38,271
Self Supporting Loans								
Loan 98 - Dowerin Events	60,856		23,756	23,002	37,100	60,856	1,786	2,681
	60,856	0	23,756	23,002	37,100	60,856	1,786	2,681
	1,182,477	0	117,510	99,262	1,064,967	1,182,477	39,455	40,952

All debenture repayments will be financed by general purpose revenue.

(b) New Debentures - 2017/18

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

(c) Unspent Debentures

The Shire has no unspent debenture funds as at 30th June 2017, nor is it expected to have unspent debentures funds as at 30th June 2018.

(d) Overdraft

Council has an overdraft facility of \$60,000 with the National Australia Bank to assist with short term liquidity requirements. It is not anticipated that this facility will be required to be utilised in 2017/18.

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

8. RATING INFORMATION - 2017/18 FINANCIAL YEAR

RATE TYPE	Rate in \$ cents	Number of Properties	Rateable Value \$	2017/18 Budgeted Rate Revenue \$	2017/18 Budgeted Interim Rates \$	2017/18 Budgeted Back Rates \$	2017/18 Budgeted Total Revenue \$	2016/17 Actual \$
Differential general rate or general rate								
GRV - Residential	9.2300	182	1,333,264	123,060	0	0	123,060	114,573
GRV - Commercial/Industrial	9.2300	33	256,474	23,673	0	0	23,673	32,497
GRV - Town Rural	9.2300	27	133,530	12,325	0	0	12,325	8,937
GRV - Other Towns	9.2300	0	0	0	0	0	0	219
UV - Rural Farmland	0.7910	295	120,307,500	951,632	0	0	951,632	932,478
Sub-Totals		537	122,030,768	1,110,690	0	0	1,110,690	1,088,704
Minimum payment	Minimum \$							
GRV - Residential	706	48	260,468	33,888	0	0	33,888	34,986
GRV - Commercial/Industrial	706	18	66,871	12,708	0	0	12,708	10,290
GRV - Town Rural	706	16	41,551	11,296	0	0	11,296	11,662
GRV - Other Towns	206	19	7,659	3,914	0	0	3,914	3,600
UV - Rural Farmland	706	69	3,535,300	48,714	0	0	48,714	37,044
UV - Commercial/Industrial	706	4	400	2,824	0	0	2,824	2,744
UV - Town Rural	706	3	63,000	2,118	0	0	2,118	2,058
UV - Mining Tenement	206	3	5,867	618	0	0	618	600
Sub-Totals		180	3,981,116	116,080	0	0	116,080	102,984
Discounts (Note 13)							0	0
Total amount raised from general rates							1,226,770	1,191,688
Ex- Gratia Rates							20,800	20,158
Specified area rates (Note 8b)							0	0
Total Rates							1,247,570	1,211,846

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

8(a). RATING INFORMATION - 2017/18 FINANCIAL YEAR (CONTINUED)

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

The general rates detailed above for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

8(b). SPECIFIED AREA RATE - 2017/18 FINANCIAL YEAR

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

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

1. CASH BACKED RESERVES

	2017/18 Budget					2016/17 Actual					2016/17 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	53,493	0	1,202	0	54,695	101,780	50,000	1,097	(99,384)	53,493	101,780	50,000	2,884	0	154,664
Plant Reserve	142,872	140,000	3,210	(120,000)	166,082	92,264	190,000	1,608	(141,000)	142,872	92,264	132,621	2,614	0	227,499
Sewerage Asset Preservation Reserve	1,043,357	71,000	23,429	0	1,137,786	951,502	77,869	13,986	0	1,043,357	951,502	77,869	26,960	0	1,056,331
Land & Building Reserve	146,594	42,000	3,293	0	191,887	20,494	125,000	1,100	0	146,594	20,494	71,932	581	0	93,007
Swimming Pool Reserve	32,456	0	0	(32,456)	0	32,000	32,000	701	(32,245)	32,456	32,000	32,000	907	0	64,907
Recreation Facilities Reserve	180,866	1,673	4,063	0	186,602	178,345	0	2,521	0	180,866	178,345	0	5,053	0	183,398
Community Housing Project Reserve	46,221	0	1,039	0	47,260	45,649	0	572	0	46,221	45,649	0	1,293	0	46,942
Community Bus Reserve	40,787	0	917	(41,704)	0	40,250	0	537	0	40,787	40,250	0	1,140	0	41,390
Economic Development Reserve	12,021	42,000	271	0	54,292	315,534	0	2,204	(305,717)	12,021	315,534	0	8,940	(300,000)	24,474
All hours Gym Reserve	1,684	0	0	(1,684)	0	5,132	0	52	(3,500)	1,684	5,132	0	145	0	5,277
Bowling Green Replacement Reserve	61,461	10,000	1,381	0	72,842	50,681	10,000	780	0	61,461	50,681	10,000	1,344	0	62,025
Tennis Court Replacement Reserve	25,584	6,000	575	0	32,159	19,282	6,000	302	0	25,584	19,282	6,000	639	0	25,921
	1,787,396	312,673	39,380	(195,844)	1,943,605	1,852,913	490,869	25,459	(581,846)	1,787,396	1,852,913	380,422	52,500	(300,000)	1,985,835

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 as per Council Policy

Leave Reserve	- to be used to fund annual and long service leave requirements.
Plant Reserve	- to be used to fund the replacement of plant.
Sewerage Asset Preservation Reserve	- to be used for the renewal and development of town sewerage infrastructure.
Land & Building Reserve	- to be used for the development, purchase and/or renewal of land and building assets.
Swimming Pool Reserve	- to be used for the maintenance and or renewal of the swimming pool
Recreation Facilities Reserve	- to be used for the renewal and/or upgrades and development of recreation facilities, including the swimming pool.
Community Housing Project Reserve	- to be used for Council's contribution to housing projects.
Community Bus Reserve	- to be transferred to Plant Reserve in FY17/18. This reserve will then become inactive as per Council policy.
Economic Development Reserve	- to provide Council with seed funding to leverage grant funding and other economic development opportunities and initiatives.
All hours Gym Reserve	- to be transferred to the Recreation Facilities Reserve in FY17/18. This reserve to become inactive as per Council policy.
Bowling Green Replacement Reserve	- to be used for the replacement of Bowling Greens.
Tennis Court Replacement Reserve	- to be used for the replacement of the Tennis Court playing surface.

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

10. SEWERAGE CHARGES - 2017/18 FINANCIAL YEAR

	Rate in \$	Number of Properties \$	Rateable Value \$	2017/18 Budgeted Revenue \$	Budget to be applied to costs \$	2016/17 Actual Revenue \$
General Charge						
Residential	7.0781	166	1,553,536	109,961	109,961	92,173
Commercial/Industrial	7.0781	4	25,586	1,811	1,811	15,806
Minimum						
Residential	350.20	16	40,196	5,603	5,603	3,400
Commercial/Industrial	721.00	14	41,585	10,094	10,094	8,400
Vacant Land	350.20	0	0	0	0	1,700
Government	350.20	0	0	0	0	1,400
Total Charges		200	1,660,903	127,469	127,469	122,879
Fixtures	Rate					
1st Fixture	237.00	14	n/a	3,318	3,318	3,192
Other Fixtures	108.00	65	n/a	7,020	7,020	6,760
Total Fixtures Charges		79	0	10,338	10,338	9,952
		279	1,660,903	137,807	137,807	132,831

11. SERVICE CHARGES - 2017/18 FINANCIAL YEAR

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

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES - 2017/18 FINANCIAL YEAR

Payment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Payment in Full - Option 1				
	29/09/2017	0	0	0
Payment by Instalment - Option 2				
1st Instalment	29/09/2017	\$4.00	5.50%	11%
2nd Instalment	30/03/2018	\$4.00	5.50%	11%
Payment by Instalment - Option 3				
1st Instalment	29/09/2017	\$4.00	5.50%	11%
2nd Instalment	29/11/2017	\$4.00	5.50%	11%
3rd Instalment	29/01/2018	\$4.00	5.50%	11%
4th Instalment	30/03/2018	\$4.00	5.50%	11%

	2017/18 Budget Revenue \$	2016/17 Actual \$
Interest on Unpaid Rates & Instalments	11,220	13,242
Charges on Instalment Plan	920	924
Interest on Unpaid Debtors	0	0
	12,140	14,166

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2017/18 FINANCIAL YEAR**

No discounts are offered for early payment of rates.

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

14. FEES & CHARGES REVENUE	2017/18 Budget \$	2016/17 Actual \$
Governance	30	29
General purpose funding	1,940	3,024
Law, order, public safety	2,950	3,169
Health	15,220	15,548
Education and welfare	1,800	1,620
Housing	142,590	150,853
Community amenities	97,110	95,350
Recreation and culture	28,350	31,037
Transport	620	360
Economic services	129,040	4,996
Other property and services	2,550	4,730
	<u>422,200</u>	<u>310,716</u>

15. ELECTED MEMBERS REMUNERATION	2017/18 Budget \$	2016/17 Actual \$
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.		
Meeting fees	23,000	21,145
Mayor/President's allowance	3,120	3,000
Deputy Mayor/President's allowance	780	750
Travelling expenses	0	0
Telecommunications expenses/allowance	2,000	540
	<u>28,900</u>	<u>25,435</u>

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

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-17 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-18 \$
Housing Bonds	3,428	0	(3,428)	0
Key Deposits	90	0	0	90
Tidy Towns	3,219	0	0	3,219
Hacc Funds	691	0	(691)	0
Building Deposits	0	0	0	0
Hacc Fundraising	2,521	0	0	2,521
Recreation Steering Committee	0	0	0	0
Other Deposits	2,358	500	(500)	2,358
	<u>12,307</u>	<u>500</u>	<u>(4,619)</u>	<u>8,188</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated that any major land transactions undertakings will occur in 2017/2018

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/2018.

19. INTERESTS IN JOINT ARRANGEMENTS

The Shire has no Interests in Joint Arrangements.