

SHIRE OF TAMMIN
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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SHIRE OF TAMMIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue				
Rates	8	881,580	824,430	823,500
Operating Grants, Subsidies and Contributions		1,256,010	1,130,913	1,091,560
Fees and Charges	11	148,650	351,231	411,060
Interest Earnings	2(a)	25,500	36,475	33,000
Other Revenue	2(a)	600	51,024	14,835
		<u>2,312,340</u>	<u>2,394,073</u>	<u>2,373,955</u>
Expenses				
Employee Costs		(863,560)	(858,916)	(900,257)
Materials and Contracts		(964,690)	(555,590)	(894,143)
Utility Charges		(112,725)	(61,839)	(107,775)
Depreciation on Non-Current Assets	2(a)	(1,450,790)	(1,276,232)	(535,556)
Interest Expenses	2(a)	(34,090)	(10,030)	(10,105)
Insurance Expenses		(57,380)	(65,030)	(63,450)
Other Expenditure		(35,635)	(41,216)	(56,410)
		<u>(3,518,870)</u>	<u>(2,868,853)</u>	<u>(2,567,696)</u>
		(1,206,530)	(474,780)	(193,741)
Non-Operating Grants,				
Subsidies and Contributions		578,670	599,218	614,800
Profit on Asset Disposals	3	4,610	2,723	33,521
Loss on Asset Disposals	3	(90,980)	(79,508)	(106,983)
NET RESULT		(714,230)	47,653	347,597
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(714,230)</u>	<u>47,653</u>	<u>347,597</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 in accordance with the mandating of fair value measurement through Other Comprehensive Income, are impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

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

It is anticipated, in all instances, any changes 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 TAMMIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue (Refer Notes 1,2,8 to 13)				
Governance		0	25,088	6,000
General Purpose Funding		1,948,890	1,912,221	1,917,565
Law, Order, Public Safety		1,400	1,131	1,450
Health		650	1,284	650
Education and Welfare		60,100	59,957	61,650
Housing		43,600	0	0
Community Amenities		78,730	41,105	37,460
Recreation and Culture		94,220	43,410	42,355
Transport		62,200	70,240	64,500
Economic Services		600	1,513	700
Other Property and Services		21,950	238,123	241,625
		<u>2,312,340</u>	<u>2,394,072</u>	<u>2,373,955</u>
Expenses Excluding Finance Costs (Refer Notes 1,2 & 14)				
Governance		(242,580)	(273,652)	(365,880)
General Purpose Funding		(67,450)	(92,140)	(79,376)
Law, Order, Public Safety		(37,870)	(21,536)	(25,642)
Health		(22,650)	(19,969)	(25,528)
Education and Welfare		(121,340)	(107,126)	(106,511)
Housing		(61,305)	0	0
Community Amenities		(256,565)	(174,389)	(161,073)
Recreation and Culture		(745,470)	(518,632)	(554,302)
Transport		(1,843,445)	(1,295,068)	(857,076)
Economic Services		(73,980)	(100,708)	(117,361)
Other Property and Services		(12,125)	(255,603)	(264,842)
		<u>(3,484,780)</u>	<u>(2,858,823)</u>	<u>(2,557,591)</u>
Finance Costs (Refer Notes 2 & 5)				
Housing		(8,820)	0	0
Recreation and Culture		(20,000)	0	0
Transport		(5,270)	(6,409)	(6,539)
Other Property and Services		0	(3,621)	(3,566)
		<u>(34,090)</u>	<u>(10,030)</u>	<u>(10,105)</u>
Non-operating Grants, Subsidies and Contributions				
General Purpose Funding		0	313,556	313,560
Recreation and Culture		123,000	0	0
Transport		455,670	285,662	301,240
		<u>578,670</u>	<u>599,218</u>	<u>614,800</u>
Profit/(Loss) On Disposal Of Assets (Refer Note 3)				
Governance		0	1,937	3,521
Housing		(85,190)	0	0
Transport		0	(79,508)	(106,983)
Other Property and Services		(1,180)	787	30,000
		<u>(86,370)</u>	<u>(76,784)</u>	<u>(73,462)</u>
NET RESULT		(714,230)	47,653	347,597
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>(714,230)</u>	<u>47,653</u>	<u>347,597</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 in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the 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 TAMMIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		891,580	801,408	823,500
Operating Grants, Subsidies and Contributions		1,360,051	1,055,934	1,135,960
Fees and Charges		148,650	351,231	411,060
Interest Earnings		25,500	36,476	33,000
Goods and Services Tax		250,000	260,623	233,225
Other Revenue		600	51,021	14,835
		<u>2,676,381</u>	<u>2,556,693</u>	<u>2,651,580</u>
Payments				
Employee Costs		(863,560)	(853,393)	(1,056,120)
Materials and Contracts		(1,610,881)	38,685	(894,143)
Utility Charges		(112,725)	(61,839)	(107,775)
Interest Expenses		(34,090)	(10,030)	(10,105)
Insurance Expenses		(57,380)	(65,030)	(63,450)
Goods and Services Tax		(250,000)	(260,623)	(233,225)
Other Expenditure		(35,635)	(41,239)	(56,410)
		<u>(2,964,271)</u>	<u>(1,253,469)</u>	<u>(2,421,228)</u>
Net Cash Provided By Operating Activities	15(b)	<u>(287,890)</u>	<u>1,303,224</u>	<u>230,352</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	4	(621,000)	(722,069)	(794,700)
Payments for Construction of Infrastructure	4	(750,690)	(562,432)	(586,993)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		578,670	599,218	614,800
Proceeds from Sale of Plant & Equipment	3	144,700	164,563	121,000
Net Cash Used in Investing Activities		<u>(648,320)</u>	<u>(520,720)</u>	<u>(645,893)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(34,626)	(54,535)	(54,535)
Proceeds from New Debentures	5	150,000	130,000	100,000
Net Cash Provided By (Used In) Financing Activities		<u>115,374</u>	<u>75,465</u>	<u>45,465</u>
Net Increase (Decrease) in Cash Held		(820,836)	857,969	(370,076)
Cash at Beginning of Year		1,791,991	934,022	966,839
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>971,155</u></u>	<u><u>1,791,991</u></u>	<u><u>596,763</u></u>

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

SHIRE OF TAMMIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue	1,2			
Governance		0	27,025	9,521
General Purpose Funding		1,067,310	1,401,347	1,407,625
Law, Order, Public Safety		1,400	1,131	1,450
Health		650	1,284	650
Education and Welfare		60,100	59,957	61,650
Housing		43,600	0	0
Community Amenities		78,730	41,105	37,460
Recreation and Culture		217,220	43,410	42,355
Transport		517,870	355,902	365,740
Economic Services		600	1,513	700
Other Property and Services		26,560	238,910	271,625
		<u>2,014,040</u>	<u>2,171,584</u>	<u>2,198,776</u>
Expenses	1,2			
Governance		(242,580)	(273,652)	(365,880)
General Purpose Funding		(67,450)	(92,140)	(79,376)
Law, Order, Public Safety		(37,870)	(21,536)	(25,642)
Health		(22,650)	(19,969)	(25,528)
Education and Welfare		(121,340)	(107,126)	(106,511)
Housing		(155,315)	0	0
Community Amenities		(256,565)	(174,389)	(161,073)
Recreation and Culture		(765,470)	(518,632)	(554,302)
Transport		(1,848,715)	(1,380,985)	(970,598)
Economic Services		(73,980)	(100,708)	(117,361)
Other Property and Services		(17,915)	(259,224)	(268,408)
		<u>(3,609,850)</u>	<u>(2,948,361)</u>	<u>(2,674,679)</u>
Net Result Excluding General Rates		(1,595,810)	(776,777)	(475,903)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	86,370	76,785	73,462
Depreciation on Assets	2(a)	1,450,790	1,276,232	535,556
Movement in Non-Current Staff Leave Provisions		0	(1,965)	0
Capital Expenditure and Revenue				
Purchase Property, Plant and Equipment	3	(621,000)	(722,069)	(794,700)
Purchase Infrastructure	3	(750,690)	(562,432)	(586,993)
Proceeds from Disposal of Assets	4	144,700	164,563	121,000
Repayment of Debentures	5	(34,626)	(54,535)	(54,535)
Proceeds from New Debentures	5	150,000	130,000	100,000
Transfers to Reserves (Restricted Assets)	6	(22,500)	(383,467)	(119,147)
Transfers from Reserves (Restricted Assets)	6	8,000	108,290	100,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	303,186	224,131	277,760
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	303,186	0
Amount Required to be Raised from General Rate	8	<u>(881,580)</u>	<u>(824,430)</u>	<u>(823,500)</u>

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

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

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

(b) 2014/15 Actual Balances

Balances shown in this budget as 2014/15 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 local government 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 Council contributes to a number of Superannuation Funds on behalf of employees.

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

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 7 - 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.

(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.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or
 - (II) infrastructure; and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of state or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014 and now form part of Land and Buildings to be subject to regular revaluation as detailed above.

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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Revaluation

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

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

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 Council.

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.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

Buildings	10 to 100 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	3 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	15 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.

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

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 Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council 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 TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council 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 Council 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 TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or 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 TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable 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 TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council 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 Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 2016.

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

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council'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 Council'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 Council'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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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 TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council 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 Council, 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 Council'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 17.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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 Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council'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 TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	20,000	20,150	10,400
Depreciation			
<u>By Program</u>			
Governance	60,350	52,747	24,476
Law, Order, Public Safety	10,040	10,041	4,928
Education and Welfare	40,710	40,590	23,746
Housing	34,690	0	0
Community Amenities	23,600	22,602	7,111
Recreation and Culture	225,200	218,530	160,496
Transport	1,045,270	890,730	262,389
Economic Services	4,840	5,500	4,684
Other Property and Services	6,090	35,492	47,726
	<u>1,450,790</u>	<u>1,276,232</u>	<u>535,556</u>
<u>By Class</u>			
Land and Buildings	231,250	210,794	135,004
Furniture and Equipment	48,420	50,210	28,137
Plant and Equipment	234,630	226,701	32,405
Roads	828,670	654,265	205,000
Footpaths	14,100	40,546	40,546
Other	93,720	93,716	94,464
	<u>1,450,790</u>	<u>1,276,232</u>	<u>535,556</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	34,090	10,030	10,105
	<u>34,090</u>	<u>10,030</u>	<u>10,105</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	12,500	16,423	7,000
- Other Funds	10,000	13,554	22,000
Other Interest Revenue	3,000	6,498	4,000
	<u>25,500</u>	<u>36,475</u>	<u>33,000</u>

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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.

GOVERNANCE

Activities:

Members of council allowances and reimbursements, civic functions and election expenses.

GENERAL PURPOSE FUNDING

Activities:

Rates and their collection; general purpose grants and interest received on investments.

LAW, ORDER, PUBLIC SAFETY

Activities:

Supervision of various local laws; fire prevention and animal control

HEALTH

Activities:

Food and Water quality control; meat Inspection and septic system inspection.

EDUCATION AND WELFARE

Activities:

Support of school activities and seniors activities. Provision of seniors accomodation.

HOUSING

Activities:

Staff Housing; provision of general rental accomodation when buildings not required by staff.

COMMUNITY AMENITIES

Activities:

Rubbish collection services; operation of tip; administration of the town planning scheme; landcare; community development officer; maintenance of cemeteries and public conveniences.

RECREATION AND CULTURE

Activities:

Maintenance of halls; tennis/ netball courts; oval and reserves; operation of library; heritage and history; functions and events.

TRANSPORT

Activities:

Construction and maintenance of streets, roads, street lighting; traffic and directional signs and depot maintenance; motor vehicle licence agency.

ECONOMIC SERVICES

Activities:

Tourism; implementation of building controls; noxious weeds and vermin.

OTHER PROPERTY & SERVICES

Activities:

Private works operations; plant repairs and operation costs; administration; salaries and wages controls and other classified activities.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

3. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Housing	175,190	90,000	(85,190)
Other Property and Services	55,880	54,700	(1,180)
	231,070	144,700	(86,370)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Land	15,000	15,000	0
Buildings	160,190	75,000	(85,190)
Plant and Equipment	55,724	54,700	(1,024)
Furniture and Equipment	156	0	(156)
	231,070	144,700	(86,370)

Summary

	2015/16 BUDGET \$
Profit on Asset Disposals	4,610
Loss on Asset Disposals	(90,980)
	<u>(86,370)</u>

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

4. ACQUISITION OF ASSETS

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

Asset Class	Reporting Program						Total \$
	Governance \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	
<i>Property, Plant and Equipment</i>							
Buildings		8,000	140,000		375,000		523,000
Plant and Equipment	48,000			30,000		20,000	98,000
<i>Infrastructure</i>							
Roads						695,340	695,340
Footpaths						55,350	55,350
	48,000	8,000	140,000	30,000	375,000	770,690	1,371,690

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

5. 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-14	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Housing								
Loan 79	69,912		9,418	8,986	60,494	69,912	3,510	3,621
Loan 80	130,000		11,081		118,919	130,000	5,310	
Recreation and Culture								
Loan - Bowling Green		150,000			150,000	0	20,000	
Transport								
Loan 77	0		0	32,070	0	0		978
Loan 78	104,868		14,127	13,479	90,741	104,868	5,270	5,431
	304,780	150,000	34,626	54,535	420,154	304,780	34,090	10,030

All debenture repayments will be financed by general purpose revenue.

**SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
New Bowling Greens	150,000	WATC	Debenture	10	20,000	5	150,000	0
					20,000		150,000	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2015 nor is it expected to have unspent debenture funds as at 30th June 2016.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$100,000 with the National Australia Bank does exist. It is not anticipated that this facility will be required to be utilised during 2015/16.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES			
(a) Information & Technology Reserve Fund			
Opening Balance	10,864	10,545	10,545
Amount Set Aside / Transfer to Reserve	280	319	422
Amount Used / Transfer from Reserve	0	0	0
	<u>11,144</u>	<u>10,864</u>	<u>10,967</u>
(b) Plant Reserve Fund			
Opening Balance	312,212	149,970	149,970
Amount Set Aside / Transfer to Reserve	1,350	262,242	3,399
Amount Used / Transfer from Reserve	0	(100,000)	(100,000)
	<u>313,562</u>	<u>312,212</u>	<u>53,369</u>
(c) Long Service Leave Reserve Fund			
Opening Balance	24,632	17,759	17,759
Amount Set Aside / Transfer to Reserve	620	6,873	29,353
Amount Used / Transfer from Reserve	0	0	0
	<u>25,252</u>	<u>24,632</u>	<u>47,112</u>
Tamma Village Upgrade & Improvements			
(d) Reserve Fund			
Opening Balance	26,210	25,440	25,440
Amount Set Aside / Transfer to Reserve	660	770	1,018
Amount Used / Transfer from Reserve	(8,000)	0	0
	<u>18,870</u>	<u>26,210</u>	<u>26,458</u>
Tammin Sports, Recreation & Community Facilities Upgrade and Improvements			
(e) Reserve Fund			
Opening Balance	478,875	365,631	365,631
Amount Set Aside / Transfer to Reserve	9,590	113,244	84,625
Amount Used / Transfer from Reserve	0	0	0
	<u>488,465</u>	<u>478,875</u>	<u>450,256</u>
(f) Entitlements Reserves Fund			
Opening Balance	0	6,151	6,151
Amount Set Aside / Transfer to Reserve	0	14	245
Amount Used / Transfer from Reserve	0	(6,165)	0
	<u>0</u>	<u>0</u>	<u>6,396</u>
(g) Community Reserve Fund			
Opening Balance	0	2,120	2,120
Amount Set Aside / Transfer to Reserve	0	5	85
Amount Used / Transfer from Reserve	0	(2,125)	0
	<u>0</u>	<u>0</u>	<u>2,205</u>
(h) Bowling Green Replacement Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	10,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>10,000</u>	<u>0</u>	<u>0</u>
Total Reserves	<u>867,293</u>	<u>852,793</u>	<u>596,763</u>

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

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

6. RESERVES (Continued)	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Information & Technology Reserve Fund	280	319	422
Plant Reserve Fund	1,350	262,242	3,399
Long Service Leave Reserve Fund	620	6,873	29,353
Tamma Village Upgrade & Improvements Reserve Fund	660	770	1,018
Tammin Sports, Recreation & Community Facilities Upgrade and Improvements Reserve Fund	9,590	113,244	84,625
Entitlements Reserves Fund	0	14	245
Community Reserve Fund	0	5	85
Bowling Green Replacement Reserve	10,000	0	0
	<u>22,500</u>	<u>383,467</u>	<u>119,147</u>
Transfers from Reserves			
Information & Technology Reserve Fund	0	0	0
Plant Reserve Fund	0	(100,000)	(100,000)
Long Service Leave Reserve Fund	0	0	0
Tamma Village Upgrade & Improvements Reserve Fund	(8,000)	0	0
Tammin Sports, Recreation & Community Facilities Upgrade and Improvements Reserve Fund	0	0	0
Entitlements Reserves Fund	0	(6,165)	0
Community Reserve Fund	0	(2,125)	0
Bowling Green Replacement Reserve	0	0	0
	<u>(8,000)</u>	<u>(108,290)</u>	<u>(100,000)</u>
Total Transfer to/(from) Reserves	<u>14,500</u>	<u>275,177</u>	<u>19,147</u>

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

6. RESERVES (Continued)

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

Information & Technology Reserve Fund
- to fund IT requirements

Plant Reserve Fund
- for purchase of major plant and machinery

Long Service Leave Reserve Fund
- to fund long service leave requirements

Tamma Village Upgrade & Improvements Reserve Fund
- for maintenance and upgrades of tamma village units

Tammin Sports, Recreation & Community Facilities Upgrade and Improvements Reserve Fund
- for improvements of tammins sport, recreation and community facilities

Entitlements Reserves Fund
- no longer utilised

Community Reserve Fund
- no longer utilised

Bowling Green Replacement Reserve
- The purpose of The reserve fund is to set aside funds for The replacement of The synthetic playing surface at the end of its useful life.

**SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2015/16 Budget \$	2014/15 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	103,862	939,198
Cash - Restricted Reserves	15(a)	867,293	852,793
Receivables		76,011	190,052
		1,047,166	1,982,043
LESS: CURRENT LIABILITIES			
Trade and Other Payables		(100,067)	(746,258)
Long Term Borrowings		0	(34,626)
Provisions		(79,806)	(79,806)
		(179,873)	(860,690)
NET CURRENT ASSET POSITION		867,293	1,121,353
Less: Cash - Restricted Reserves	15(a)	(867,293)	(852,793)
Add: Current Portion of Debentures		0	34,626
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		0	303,186

The estimated surplus/(deficiency) c/fwd in the 2014/15 actual column represents the surplus (deficit) brought forward as at 1 July 2015.

The estimated surplus/(deficiency) c/fwd in the 2015/16 budget column represents the surplus (deficit) carried forward as at 30 June 2016.

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2015/16 Budgeted Rate Revenue \$	2015/16 Budgeted Interim Rates \$	2015/16 Budgeted Back Rates \$	2015/16 Budgeted Total Revenue \$	2014/15 Actual \$
General Rate								
Gross Rental Value	0.1037	81	755,456	78,360	0	0	78,360	73,246
Unimproved Value	0.0171	173	46,842,000	802,500	200	0	802,700	750,687
Sub-Totals		254	47,597,456	880,860	200	0	881,060	823,933
Minimum Payment								
Minimum \$								
Gross Rental Value	465	51	38,769	23,720	0	0	23,720	23,715
Unimproved Value	465	20	330,200	9,300	0	0	9,300	8,835
Sub-Totals		71	368,969	33,020	0	0	33,020	32,550
Discounts (Note 12)							(38,000)	(37,854)
Total Amount Raised from General Rate							876,080	818,629
Ex Gratia							5,500	5,801
Total Rates							881,580	824,430

**SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

8(a). RATING INFORMATION - 2015/16 FINANCIAL YEAR (CONTINUED)

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

The general rates detailed above for the 2015/16 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

SHIRE OF TAMMIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

9. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire of Tammin did not levy a specified area rate for 2014/15

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire of Tammin did not levy any service charges for 2014/15

11. FEES & CHARGES REVENUE	2015/16 Budget \$	2014/15 Actual \$
General Purpose Funding	3,250	1,895
Law, Order, Public Safety	1,400	1,131
Health	650	1,284
Education and Welfare	58,800	59,411
Housing	34,300	0
Community Amenities	28,480	41,105
Recreation and Culture	5,420	13,510
Transport	8,200	8,632
Economic Services	600	1,513
Other Property and Services	<u>7,550</u>	<u>222,750</u>
	<u><u>148,650</u></u>	<u><u>351,231</u></u>

12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR

Offer a discount of 5% of the value of the current rates (rates levied in 2014/15) if all rates and charges appearing on the rates notice, including arrears are paid in full within 35 days of issue of the rates assesment notice.

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13. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	2015/16 Budget \$	2014/15 Actual \$
Interest on Unpaid Rates	11.00%		2,500	6,101
Interest on Instalments Plan	5.50%		500	397
Charges on Instalment Plan		30	750	709
			3,750	7,207

Instalment dates for the payment of rates are as follows:

Instalment One - Thursday 10th September 2015

Instalment Two - Wednesday 11th November 2015

Instalment Three - Tuesday 12th January 2016

Instalment Four - Monday 14th March 2016

	2015/16 Budget \$	2014/15 Actual \$
14. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and/or the president.		
Meeting Fees	11,000	8,500
President's Allowance	2,400	2,400
Deputy President's Allowance	600	600
Travelling Expenses	2,500	1,844
	16,500	13,344

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15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash - Unrestricted	103,862	939,198	0
Cash - Restricted	867,293	852,793	596,763
	<u>971,155</u>	<u>1,791,991</u>	<u>596,763</u>

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

Information & Technology Reserve Fund	11,144	10,864	10,967
Plant Reserve Fund	313,562	312,212	53,369
Long Service Leave Reserve Fund	25,252	24,632	47,112
Tamma Village Upgrade & Improvements Reserve Fund	18,870	26,210	26,458
Tammin Sports, Recreation & Community Facilities Upgrade	488,465	478,875	450,256
Entitlements Reserves Fund	0	0	6,396
Community Reserve Fund	0	0	2,205
Bowling Green Replacement Reserve	10,000	0	0
	<u>867,293</u>	<u>852,793</u>	<u>596,763</u>

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

Net Result	(714,230)	47,653	347,597
Depreciation	1,450,790	1,276,232	535,556
(Profit)/Loss on Sale of Asset	86,370	76,784	73,462
(Increase)/Decrease in Receivables	114,041	(98,002)	44,400
Increase/(Decrease) in Payables	(646,191)	594,252	(143,843)
Increase/(Decrease) in Employee Provisions	0	5,523	(12,020)
Grants/Contributions for the Development of Assets	(578,670)	(599,218)	(614,800)
Net Cash from Operating Activities	<u>(287,890)</u>	<u>1,303,224</u>	<u>230,352</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft Limit	100,000	100,000	100,000
Bank Overdraft at Balance Date	0	0	0
Credit Card Limit	20,000	20,000	20,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>420,154</u>	<u>304,780</u>	<u>274,780</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

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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-15 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-16 \$
Licensing	339	200,000	(200,000)	339
Housing Bonds	980	0	0	980
Tammin Land Conservation Trust	10,824	0	0	10,824
Best Memorial Trust	931	0	0	931
	<u>13,074</u>	<u>200,000</u>	<u>(200,000)</u>	<u>13,074</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land Transaction will occur in 2015/16

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2015/16.