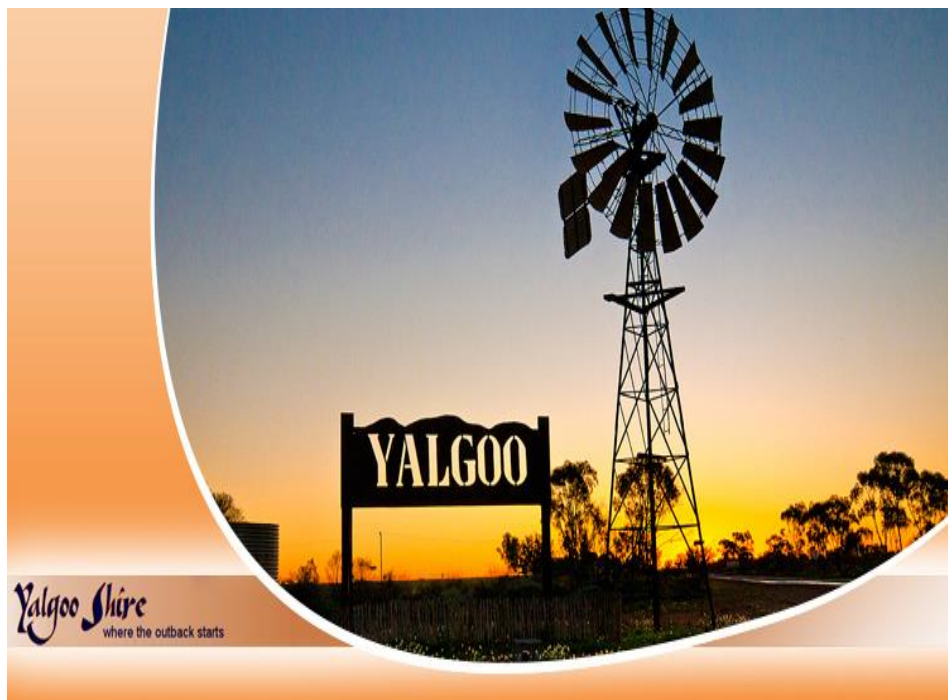




Annual Budget

For the year ending 30 June 2015



SHIRE OF YALGOO
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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SHIRE OF YALGOO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
REVENUE				
Rates	8	1,857,320	1,831,019	1,749,370
Operating Grants, Subsidies and Contributions		4,131,266	2,222,125	2,196,021
Fees and Charges	11	171,644	197,842	249,155
Interest Earnings	2(a)	102,704	127,341	142,425
Other Revenue		67,700	94,255	79,350
		<u>6,330,634</u>	<u>4,472,582</u>	<u>4,416,321</u>
EXPENSES				
Employee Costs		(2,285,657)	(2,049,723)	(1,282,007)
Materials and Contracts		(2,190,471)	(1,062,961)	(2,271,575)
Utility Charges		(45,000)	(49,144)	(43,000)
Depreciation	2(a)	(1,191,529)	(1,124,745)	(1,275,432)
Interest Expenses	2(a)	(36,600)	(26,993)	(30,000)
Insurance Expenses		(264,688)	(261,946)	(275,544)
Other Expenditure		(100,600)	(135,313)	(83,240)
		<u>(6,114,545)</u>	<u>(4,710,825)</u>	<u>(5,260,798)</u>
		216,089	(238,243)	(844,477)
Non-Operating Grants, Subsidies and Contributions		903,833	1,654,885	9,584,010
Profit on Asset Disposals	4	200	18,347	72,750
Loss on Asset Disposals	4	<u>(183,500)</u>	<u>(117,553)</u>	<u>(56,450)</u>
NET RESULT		936,622	1,317,436	8,755,833
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>936,622</u>	<u>1,317,436</u>	<u>8,755,833</u>

Notes:

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

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

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

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

SHIRE OF YALGOO
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)			
Governance	2,000	2,000	0
General Purpose Funding	4,237,890	3,525,621	3,901,816
Law, Order, Public Safety	37,100	3,382	34,300
Health	17,800	16,629	17,700
Housing	18,000	13,872	15,000
Community Amenities	14,820	18,268	35,150
Recreation and Culture	8,700	189,466	4,200
Transport	1,691,400	345,565	115,000
Economic Services	208,900	217,713	118,800
Other Property and Services	94,024	140,066	174,355
	<u>6,330,634</u>	<u>4,472,582</u>	<u>4,416,321</u>
EXPENSES EXCLUDING			
FINANCE COSTS (Refer Notes 1,2 & 14)			
Governance	(413,998)	(505,376)	(454,621)
General Purpose Funding	(65,065)	(171,370)	(162,005)
Law, Order, Public Safety	(172,842)	(165,932)	(191,884)
Health	(89,426)	(86,202)	(90,139)
Education and Welfare	(9,196)	(6,271)	(11,843)
Housing	(321,963)	(316,173)	(338,509)
Community Amenities	(189,968)	(229,182)	(326,688)
Recreation & Culture	(750,652)	(711,814)	(713,620)
Transport	(3,434,460)	(1,857,015)	(2,184,037)
Economic Services	(608,982)	(609,503)	(741,767)
Other Property and Services	(21,393)	(24,994)	(15,685)
	<u>(6,077,945)</u>	<u>(4,683,832)</u>	<u>(5,230,798)</u>
FINANCE COSTS (Refer Notes 2 & 5)			
General Purpose Funding	(600)	0	(600)
Housing	(31,000)	(23,388)	(24,000)
Community Amenities	(5,000)	(3,605)	(5,400)
	<u>(36,600)</u>	<u>(26,993)</u>	<u>(30,000)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS			
Law, Order, Public Safety	0	9,581	900
Housing	0	360,000	360,000
Recreation & Culture	75,000	89,331	326,886
Transport	706,333	1,073,473	8,519,082
Economic Services	122,500	122,500	377,142
	<u>903,833</u>	<u>1,654,885</u>	<u>9,584,010</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)			
Community Amenities	0	(8,494)	(4,000)
Transport	(183,300)	(80,455)	36,300
Other Property and Services	0	(10,257)	(16,000)
	<u>(183,300)</u>	<u>(99,206)</u>	<u>16,300</u>
NET RESULT	936,622	1,317,436	8,755,833
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>936,622</u>	<u>1,317,436</u>	<u>8,755,833</u>

Notes:

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

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

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

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

SHIRE OF YALGOO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,974,983	1,831,019	1,749,370
Operating Grants, Subsidies and Contributions		4,131,266	2,169,629	2,314,531
Fees and Charges		171,644	197,842	249,155
Interest Earnings		102,704	127,341	142,425
Goods and Services Tax		540,643	510,000	250,000
Other Revenue		67,700	94,256	79,350
		<u>6,988,940</u>	<u>4,930,087</u>	<u>4,784,831</u>
Payments				
Employee Costs		(2,268,500)	(2,044,520)	(1,282,007)
Materials and Contracts		(2,025,977)	(1,232,640)	(2,113,164)
Utility Charges		(45,000)	(49,144)	(43,000)
Insurance Expenses		(264,688)	(261,946)	(275,544)
Interest Expenses		(36,600)	(26,993)	(30,000)
Goods and Services Tax		(558,000)	(510,000)	(450,000)
Other		(100,600)	(135,314)	(83,240)
		<u>(5,299,365)</u>	<u>(4,260,557)</u>	<u>(4,276,955)</u>
Net Cash Provided By Operating Activities	15(b)	<u>1,689,575</u>	<u>669,530</u>	<u>507,876</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	3	(2,127,500)	(1,717,287)	(2,645,096)
Payments for Construction of Infrastructure	3	(1,167,190)	(2,017,860)	(8,692,571)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		903,833	1,654,885	9,584,010
Proceeds from Sale of Plant & Equipment	4	360,700	345,225	319,500
Net Cash Used in Investing Activities		<u>(2,030,157)</u>	<u>(1,735,037)</u>	<u>(1,434,157)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(53,500)	(30,479)	(29,939)
Proceeds from New Debentures	5	400,000	0	0
Net Cash Provided By (Used In) Financing Activities		346,500	(30,479)	(29,939)
Net Increase (Decrease) in Cash Held		5,918	(1,095,986)	(956,220)
Cash at Beginning of Year		2,508,646	3,604,632	3,609,271
Cash and Cash Equivalents at the End of the Year	15(a)	<u>2,514,564</u>	<u>2,508,646</u>	<u>2,653,051</u>

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

SHIRE OF YALGOO
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
REVENUES	1,2			
Governance		2,000	2,000	0
General Purpose Funding		2,380,570	1,694,602	2,152,446
Law, Order, Public Safety		37,100	12,963	35,200
Health		17,800	16,629	17,700
Housing		18,000	373,872	375,000
Community Amenities		14,820	18,268	35,150
Recreation and Culture		83,700	278,797	331,086
Transport		2,397,933	1,423,566	8,706,832
Economic Services		331,400	340,213	495,942
Other Property and Services		94,024	153,885	174,355
		<u>5,377,347</u>	<u>4,314,795</u>	<u>12,323,711</u>
EXPENSES	1,2			
Governance		(413,998)	(505,376)	(454,621)
General Purpose Funding		(65,665)	(171,370)	(162,605)
Law, Order, Public Safety		(172,842)	(165,932)	(191,884)
Health		(89,426)	(86,202)	(90,139)
Education and Welfare		(9,196)	(6,271)	(11,843)
Housing		(352,963)	(339,561)	(362,509)
Community Amenities		(194,968)	(241,281)	(336,088)
Recreation & Culture		(750,652)	(711,814)	(713,620)
Transport		(3,617,960)	(1,941,998)	(2,220,487)
Economic Services		(608,982)	(609,503)	(741,767)
Other Property and Services		(21,393)	(49,070)	(31,685)
		<u>(6,298,045)</u>	<u>(4,828,378)</u>	<u>(5,317,248)</u>
Net Operating Result Excluding Rates		(920,698)	(513,583)	7,006,463
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	183,300	99,206	(16,300)
Depreciation on Assets	2(a)	1,191,529	1,124,745	1,275,432
Movement in Non-Current Staff Leave Provisions		0	(30,756)	0
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	(1,015,000)	(936,192)	(1,907,596)
Purchase Infrastructure Assets - Roads	3	(992,190)	(1,971,556)	(8,302,571)
Purchase Infrastructure Assets - Other	3	(175,000)	(46,304)	(390,000)
Purchase Plant and Equipment	3	(1,092,500)	(772,473)	(737,500)
Purchase Furniture and Equipment	3	(20,000)	(8,622)	0
Proceeds from Disposal of Assets	4	360,700	345,225	319,500
Repayment of Debentures	5	(53,500)	(30,479)	(29,939)
Proceeds from New Debentures	5	400,000	0	0
Transfers to Reserves (Restricted Assets)	6	(414,295)	(379,725)	(1,029,441)
Transfers from Reserves (Restricted Assets)	6	508,863	20,000	631,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	181,471	1,450,966	1,431,582
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	181,471	0
Total Amount Raised from General Rate	8	<u>(1,857,320)</u>	<u>(1,831,019)</u>	<u>(1,749,370)</u>

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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) 2013/14 Actual Balances

Balances shown in this budget as 2013/14 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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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 the statement of financial position.

(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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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.

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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

Buildings	35 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 10 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/ road base	41 years
Gravel roads	
clearing and earthworks	not depreciated
construction/ road base	23 years
gravel sheet	23 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/ road base	14 years
Footpaths - slab	not depreciated

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 \$2,000 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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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 2015.

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 of 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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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) 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.

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUES AND EXPENSES

(a) Net Result	2014/15	2013/14	2013/14
The Net Result includes:	Budget	Actual	Budget
	\$	\$	\$
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	22,000	24,271	12,000
Other Services	0	0	10,000
Depreciation			
<u>By Program</u>			
Governance	150	150	0
General Purpose Funding	0	0	0
Law, Order, Public Safety	42,609	42,609	56,475
Health	20,283	20,283	20,153
Education and Welfare	0	0	0
Housing	75,261	75,126	78,147
Community Amenities	17,583	17,562	21,413
Recreation and Culture	139,692	130,387	131,773
Transport	724,046	686,984	758,710
Economic Services	43,960	30,637	34,551
Other Property and Services	127,945	121,007	174,210
	<u>1,191,529</u>	<u>1,124,745</u>	<u>1,275,432</u>
<u>By Class</u>			
Land and Buildings	264,916	243,978	236,210
Furniture and Equipment	452,189	430,635	19,216
Plant and Equipment	9,100	9,100	575,084
Roads	39,351	38,676	406,526
Other infrastructure	425,973	402,354	38,396
	<u>1,191,529</u>	<u>1,124,743</u>	<u>1,275,432</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	36,000	26,993	29,400
- Overdraft	600	0	600
	<u>36,600</u>	<u>26,993</u>	<u>30,000</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	58,604	64,798	58,325
- Other Funds	40,100	38,801	80,100
Other Interest Revenue (<i>refer note 13</i>)	4,000	23,742	4,000
	<u>102,704</u>	<u>127,341</u>	<u>142,425</u>

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

GOVERNANCE

Administration and operation of facilities and services to members of council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern other specific functions/activities of the Shire are also recorded here.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

Food quality, pest control and immunisation services.

EDUCATION AND WELFARE

Telecentre Access Point Service

HOUSING

Provision and maintenance of staff, rental and Joint Venture Housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of tips, noise control, litter control, administration of the town planning scheme, strategic planning, maintenance of the cemetery, public conveniences and town storm water collection.

RECREATION AND CULTURE

Recreation of halls, recreation centres and various reserves, operation of libraries, maintenance of cultural heritage assets and TV/radio transmission services.

TRANSPORT

Construction and maintenance of streets, roads, footpaths, drainage works, lighting of streets maintenance of the depot and airstrips.

**SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Regulation and provision of tourism, area promotion, building control, noxious weeds and vermin control.

OTHER PROPERTY & SERVICES

Private works operations, plant repairs and operation costs.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

3. ACQUISITION OF ASSETS	2014/15 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Housing	
75 Weekes St - MWIP	LB 340,000
74 Weekes St	LB 50,000
Two additional residences	LB 500,000
Recreation and Culture	
Yalgoo Hub (CYC) - CLGF 12-13	LB 40,000
Yalgoo Hub - Waterpark Hard cover	LB 40,000
Yalgoo Hub - Bungarra	IO 5,000
Yalgoo Hub - Waterpark Pumping System	PE 40,000
Yalgoo Hub - Tennis Court resurface	IO 11,000
Transport	
Grader - Rippers 14ft	PE 360,000
Roller - Multi typre, 17 tonne	PE 185,000
Prime Mover	PE 250,000
Truck - 3 tonne tipper (town) Mid Mount 1.2 deck	PE 8,000
Car Trailer - Tandem	PE 9,000
Trailer - community sport	PE 11,500
EMWI Vehicle	PE 122,000
Works Ute	PE 97,000
YA-MO Rd SL 0-13 4m seal	IR 225,500
YA-NI Rd SLK 18-25 Reform & Sheet	IR 376,500
YA-MO Rd SLK	IR 305,000
Security fencing - Depot	IO 10,000
Security system - Depot	IO 10,000
Ablution Block - Depot	LB 45,000
YA NO Rd- Hills SLK 15-20 Resheet	IO 85,190
Paynes Find Airstrip Fence	IO 50,000
Yalgoo Airstrip Hardstand surface	IO 5,000
Economic Services	
Payne's Find Beautification	IO 84,000
Other Property and Services	
Synergy Accounting Package	PE 10,000
2 x Document Fire Protection Safes	FE 20,000
	<u>3,294,690</u>
<u>By Class</u>	
Land and Buildings	LB 1,015,000
Infrastructure Assets - Roads	IR 992,190
Infrastructure Assets - Other	IO 175,000
Plant and Equipment	PE 1,092,500
Furniture and Equipment	FE 20,000
	<u>3,294,690</u>

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

4. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2014/15 BUDGET	2014/15 BUDGET	2014/15 BUDGET
	\$	\$	\$
Transport			
Caterpillar 140H - YA420	230,000	150,000	(80,000)
Volvo FH16 - YA480	100,000	40,000	(60,000)
John Deere X300 - YA486	6,000	2,000	(4,000)
TSE Transport - YA1590	4,000	1,500	(2,500)
Trailer - YA1610	0	200	200
Bomag BW24R - YA484	40,000	15,000	(25,000)
EMWI Vehicle - YA840	94,000	84,000	(10,000)
Works Ute - YA899	70,000	68,000	(2,000)
	544,000	360,700	(183,300)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2014/15 BUDGET	2014/15 BUDGET	2014/15 BUDGET
	\$	\$	\$
Plant and Equipment			
Caterpillar 140H - YA420	230,000	150,000	(80,000)
Volvo FH16 - YA480	100,000	40,000	(60,000)
John Deere X300 - YA486	6,000	2,000	(4,000)
TSE Transport - YA1590	4,000	1,500	(2,500)
Trailer - YA1610	0	200	200
Bomag BW24R - YA484	40,000	15,000	(25,000)
EMWI Vehicle - YA840	94,000	84,000	(10,000)
Works Ute - YA899	70,000	68,000	(2,000)
	544,000	360,700	(183,300)

Summary

	2014/15 BUDGET \$
Profit on Asset Disposals	200
Loss on Asset Disposals	(183,500)
	<u>(183,300)</u>

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2014/15 Budget \$	2013/14 Actual \$	2014/15 Budget \$	2013/14 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Housing								
Loan 53 - 19a & b Stanley	163,362		12,000	11,189	151,362	152,173	10,000	10,700
Loan 55 - 18c & d Shamrock	209,674		14,500	13,602	195,174	196,072	12,500	10,893
Loan 56 - Staff Housing	0	400,000	21,000	0	379,000	400,000	8,500	0
Community Amenities								
Loan 54 - Public Toilets	86,973		6,000	5,688	80,973	81,285	5,000	5,400
	460,009	400,000	53,500	30,479	806,509	829,530	36,000	26,993

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

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Purchase of Staff Housing	400,000	WATC	Debenture	8	476,891	4.2%	400,000	0

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2014 nor is it expected to have unspent debenture funds as at 30th June 2015.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$50,000 with the National Australia Bank does exist. It is not anticipated this facility will be required to be utilised during 2014/15.

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	97,549	94,054	94,054
Amount Set Aside / Transfer to Reserve	2,926	3,495	3,006
Amount Used / Transfer from Reserve	0	0	0
	<u>100,475</u>	<u>97,549</u>	<u>97,060</u>
(b) Plant Reserve			
Opening Balance	293,873	235,811	235,811
Amount Set Aside / Transfer to Reserve	178,507	58,062	505,554
Amount Used / Transfer from Reserve	(250,000)	0	(423,000)
	<u>222,380</u>	<u>293,873</u>	<u>318,365</u>
(c) Building Reserve			
Opening Balance	564,501	481,605	481,605
Amount Set Aside / Transfer to Reserve	16,935	82,896	96,856
Amount Used / Transfer from Reserve	(150,000)	0	(150,000)
	<u>431,436</u>	<u>564,501</u>	<u>428,461</u>
(d) Yalgoo Ningham Road Reserve			
Opening Balance	166,699	160,727	160,727
Amount Set Aside / Transfer to Reserve	5,001	5,972	5,625
Amount Used / Transfer from Reserve	0	0	0
	<u>171,700</u>	<u>166,699</u>	<u>166,352</u>
(e) Sports Complex Reserve			
Opening Balance	107,401	84,270	84,270
Amount Set Aside / Transfer to Reserve	3,222	23,131	22,949
Amount Used / Transfer from Reserve	(28,000)	0	(28,000)
	<u>82,623</u>	<u>107,401</u>	<u>79,219</u>
(f) Community Amenities Maintenance Reserve			
Opening Balance	233,272	171,885	171,885
Amount Set Aside / Transfer to Reserve	6,998	61,387	71,016
Amount Used / Transfer from Reserve	0	0	(10,000)
	<u>240,270</u>	<u>233,272</u>	<u>232,901</u>
(g) HCP Reserve			
Opening Balance	121,760	117,398	117,397
Amount Set Aside / Transfer to Reserve	3,653	4,362	4,109
Amount Used / Transfer from Reserve	0	0	0
	<u>125,413</u>	<u>121,760</u>	<u>121,506</u>
(h) Housing Maintenance Reserve			
Opening Balance	105,860	29,754	29,754
Amount Set Aside / Transfer to Reserve	3,176	76,106	76,041
Amount Used / Transfer from Reserve	0	0	0
	<u>109,036</u>	<u>105,860</u>	<u>105,795</u>
Reserves Balance carried forward	<u>1,483,333</u>	<u>1,690,915</u>	<u>1,549,659</u>

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES (Continued)			
Reserves Balance brought forward	1,483,333	1,690,915	1,549,659
(i) Yalgoo Morawa Road Reserve			
Opening Balance	130,261	91,848	91,849
Amount Set Aside / Transfer to Reserve	3,908	38,413	38,213
Amount Used / Transfer from Reserve	0	0	0
	<u>134,169</u>	<u>130,261</u>	<u>130,062</u>
(j) General Road Reserve			
Opening Balance	110,984	107,008	107,008
Amount Set Aside / Transfer to Reserve	3,330	3,976	3,745
Amount Used / Transfer from Reserve	0	0	0
	<u>114,314</u>	<u>110,984</u>	<u>110,753</u>
(k) Superannuation Back-Pay Reserve			
Opening Balance	80,863	77,966	77,966
Amount Set Aside / Transfer to Reserve	0	2,897	2,729
Amount Used / Transfer from Reserve	(80,863)	0	0
	<u>0</u>	<u>80,863</u>	<u>80,695</u>
(l) Office Equipment Reserve			
Opening Balance	3,112	22,284	22,284
Amount Set Aside / Transfer to Reserve	93	828	780
Amount Used / Transfer from Reserve	0	(20,000)	(20,000)
	<u>3,205</u>	<u>3,112</u>	<u>3,064</u>
(m) Road Agreement YA-NI Rd Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	186,000	0	180,618
Amount Used / Transfer from Reserve	0	0	0
	<u>186,000</u>	<u>0</u>	<u>180,618</u>
(n) Natural Disaster Triggerpoint Reserve			
Opening Balance	11,000	0	0
Amount Set Aside / Transfer to Reserve	330	11,000	11,000
Amount Used / Transfer from Reserve	0	0	0
	<u>11,330</u>	<u>11,000</u>	<u>11,000</u>
(o) Emergency Road Repairs Reserve			
Opening Balance	7,200	0	0
Amount Set Aside / Transfer to Reserve	216	7,200	7,200
Amount Used / Transfer from Reserve	0	0	0
	<u>7,416</u>	<u>7,200</u>	<u>7,200</u>
Total Reserves	<u>1,939,767</u>	<u>2,034,335</u>	<u>2,073,051</u>

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

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES (Continued)			
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Leave Reserve	2,926	3,495	3,006
Plant Reserve	178,507	58,062	505,554
Building Reserve	16,935	82,896	96,856
Yalgoo Ningham Road Reserve	5,001	5,972	5,625
Sports Complex Reserve	3,222	23,131	22,949
Community Amenities Maintenance Reserve	6,998	61,387	71,016
HCP Reserve	3,653	4,362	4,109
Housing Maintenance Reserve	3,176	76,106	76,041
Yalgoo Morawa Road Reserve	3,908	38,413	38,213
General Road Reserve	3,330	3,976	3,745
Superannuation Back-Pay Reserve	0	2,897	2,729
Office Equipment Reserve	93	828	780
Road Agreement YA-NI Rd Reserve	186,000	0	180,618
Natural Disaster Triggerpoint Reserve	330	11,000	11,000
Emergency Road Repairs Reserve	216	7,200	7,200
	<u>414,295</u>	<u>379,725</u>	<u>1,029,441</u>
Transfers from Reserves			
Plant Reserve	(250,000)	0	(423,000)
Building Reserve	(150,000)	0	(150,000)
Sports Complex Reserve	(28,000)	0	(28,000)
Superannuation Back-Pay Reserve	(80,863)	0	0
Office Equipment Reserve	0	(20,000)	(20,000)
	<u>(508,863)</u>	<u>(20,000)</u>	<u>(631,000)</u>
	<u>(94,568)</u>	<u>359,725</u>	<u>398,441</u>

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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:

Leave Reserve

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

Plant Reserve

- to be used for the purchase of major plant.

Building Reserve

- to be used for the replacement of council properties including housing and other properties.

Yalgoo Ninghan Road Reserve

- to be used to maintain the sealed Yalgoo Ningham Road

Sports Complex Reserve

- for the development of new recreational facilities.

Community Amenities Maintenance Reserve

- for the maintenance of community amenities.

HCP Reserves

- for future community projects operating expenditure.

Housing Maintenance Reserve

- for the maintenance of staff and other housing owned by the Shire.

Yalgoo Morawa Road Reserve

- to be used to maintain the sealed Yalgoo Morawa Road.

General Road Reserve

- for the maintenance of grids, etc on roads in the Shire.

Superannuation Back-Pay Reserve

- for the purpose of paying any superannuation back pay costs.

Office Equipment Reserve

- for the purpose of purchase of new office equipment and the maintenance of existing equipment.

Road Agreement YA-NI Rd Reserve

- to be used for asset renewal of the Yalgoo Ninghan Road relating to Restricted Access Vehicles Road Use Agreement funding.

Natural Disaster Triggerpoint Reserve

- to be used to fund the Shire's mandatory contribution ('triggerpoint') when the Shire receives funding for reparation after natural disaster events.

Emergency Road Repairs Reserve

- to be used to fund emergency repairs to roads that are damaged by unfunded events (eg unfunded storm damages, vehicular etc).

The Superannuation Back-Pay Reserve is expected to be utilised in 2014-15.

All other Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF YALGOO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2014/15 Budget \$	2013/14 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	580,000	474,311
Cash - Restricted Reserves	15(a)	1,939,767	2,034,335
Receivables		150,000	250,306
Inventories		1,200	2,019
		<u>2,670,967</u>	<u>2,760,971</u>
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(903,381)</u>	<u>(739,706)</u>
NET CURRENT ASSET POSITION		1,767,586	2,021,265
Less: Cash - Restricted Reserves	15(a)	(1,939,767)	(2,034,335)
Add: Leave Liabilities		<u>172,181</u>	<u>194,541</u>
ESTIMATED SURPLUS C/FWD		<u><u>0</u></u>	<u><u>181,471</u></u>

The estimated surplus c/fwd in the 2013/14 actual column represents the surplus brought forward as at 1 July 2014.

The estimated zero balance c/fwd in the 2014/15 budget column represents a balanced budget as at 30 June 2015.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

8. RATING INFORMATION - 2014/15 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2014/15 Budgeted Rate Revenue \$	2014/15 Budgeted Interim Rates \$	2014/15 Budgeted Back Rates \$	2014/15 Budgeted Total Revenue \$	2013/14 Actual \$
Differential General Rate/General Rate								
GRV Townsites Improved	7.1200	34	284,064	20,225	0	0	20,225	20,225
UV Pastoral Rates	6.2800	22	917,567	57,623	0	0	57,623	57,388
UV Mining Leases	35.7500	132	4,390,963	1,569,769	30,000	0	1,599,769	1,570,119
UV Exploration/Prospecting	18.9900	124	736,296	139,823	0	0	139,823	135,347
Sub-Totals		312	6,328,890	1,787,440	30,000	0	1,817,440	1,783,079
Minimum Payment	Minimum \$							
GRV Townsites Improved	260	2	4,155	520	0	0	520	520
GRV Townsites Vacant	600	11	386	6,600	0	0	6,600	6,600
UV Pastoral Rates	260	3	5,589	780	0	0	780	780
UV Mining Leases	260	29	16,632	7,540	0	0	7,540	7,800
UV Exploration/Prospecting	260	94	58,276	24,440	0	0	24,440	32,240
Sub-Totals		139	85,038	39,880	0	0	39,880	47,940
Total Amount Raised from General Rate							1,857,320	1,831,019
Total Rates								

All land except exempt land in the Shire of Yalgoo 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 2014/15 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 YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

**8(a). RATING INFORMATION - 2014/15 FINANCIAL YEAR
(continued)**

OBJECTIVES AND REASONS FOR DIFFERENTIAL RATING

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

GRV - Town Improved

Properties within the townsite boundaries which have useable commercial or residential

GRV Townsite Vacant

Vacant properties located within the townsite boundaries there are no useable commercial or residential structures. This category is rated higher to encourage landholders with vacant lots to undertake development.

UV Pastoral

Properties for which a pastoral lease has been issued.

UV Rural

Consists of properties exclusively for rural use.

UV Exploration

Consists of properties which have an exploration lease as lodged with the Department of

UV Mining

Consists of properties which have a mining lease as lodged with the Department of Mines

Minimum Rates

The setting of minimum rates within the categories is an important method of ensuring all properties contribute an equitable rate amount.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

9. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

No Specified Area Rates will be levied in the 2014/15 financial year

10. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

No Service Charges will be imposed in the 2014/15 financial year.

11. FEES & CHARGES REVENUE	2014/15 Budget \$	2013/14 Actual \$
Governance	2,000	2,000
General Purpose Funding	14,000	10,752
Law, Order, Public Safety	4,100	3,382
Health	17,800	16,629
Housing	18,000	13,872
Community Amenities	14,820	18,268
Recreation & Culture	1,700	2,465
Economic Services	69,900	81,715
Other Property & Services	29,324	48,759
	<u>171,644</u>	<u>197,842</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS & CONCESSIONS -
- 2014/15 FINANCIAL YEAR**

There are no discounts, concessions or waivers for rate payments in 2014/15.

13. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Budgeted Revenue \$	Actual 13-14 \$
Interest on Unpaid Rates	11.00%		4,000	23,742
Interest on Instalments Plan	5.50%		0	0
Charges on Instalment Plan		15	10,000	10,612
			<u>12,000</u>	<u>14,667</u>

Ratepayers have the option of paying rates in four equal instalments, due on 3 October 2014, 5 December 2014, 6 February 2015 and 10 April 2015. Administration charges and interest apply for the final three instalments.

14. ELECTED MEMBERS REMUNERATION	2014/15 Budget \$	2013/14 Actual \$
Meeting Fees	22,000	34,376
President's Allowance	9,500	9,903
Deputy President's Allowance	2,500	2,236
Travelling Expenses	28,200	42,824
Telecommunications Allowance	21,000	18,915
	<u>83,200</u>	<u>108,254</u>

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

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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:

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash - Unrestricted	580,000	474,311	580,000
Cash - Restricted	<u>1,939,767</u>	<u>2,034,335</u>	<u>2,073,051</u>
	<u><u>2,519,767</u></u>	<u><u>2,508,646</u></u>	<u><u>2,653,051</u></u>

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

Long Service Leave Reserve	100,475	97,549	97,060
Plant Reserve	222,380	293,874	318,365
Building Reserve	431,436	564,501	428,461
Yalgoo Ningham Road Reserve	171,700	166,699	166,352
Sports Complex Reserve	82,624	107,402	79,219
Community Amenities Maintenance Reserve	240,270	233,271	232,901
HCP Reserve	125,413	121,760	121,506
Housing Maintenance	109,035	105,859	105,795
Yalgoo Morawa Road Reserve	134,169	130,261	130,062
General Roads Reserve	114,314	110,984	110,753
Superannuation Back-Pay Reserve	0	80,863	80,695
Office Equipment Reserve	3,205	3,112	3,064
Road Agreement YA-NI Rd Reserve	186,000	0	180,618
Natural Disaster Triggerpoint Reserve	11,330	11,000	11,000
Emergency Road Repairs Reserve	7,416	7,200	7,200
	<u>1,939,767</u>	<u>2,034,335</u>	<u>2,073,051</u>

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

Net Result	936,622	1,317,436	8,755,833
Depreciation	1,191,529	1,124,745	1,275,432
(Profit)/Loss on Sale of Asset	183,300	99,206	(16,300)
(Increase)/Decrease in Receivables	100,306	(52,496)	118,510
(Increase)/Decrease in Inventories	819	35,336	0
Increase/(Decrease) in Payables	163,675	(205,015)	(41,589)
Increase/(Decrease) in Employee Provisions	17,157	5,203	0
Grants/Contributions for the Development of Assets	<u>(903,833)</u>	<u>(1,654,885)</u>	<u>(9,584,010)</u>
Net Cash from Operating Activities	<u><u>1,689,575</u></u>	<u><u>669,530</u></u>	<u><u>507,876</u></u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	50,000	50,000	50,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	6,000	6,000	7,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u><u>56,000</u></u>	<u><u>56,000</u></u>	<u><u>57,000</u></u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>806,509</u>	<u>829,530</u>	<u>430,071</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

16. TRUST FUNDS

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

Detail	Balance 1-Jul-14 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-15 \$
Bus Bonds	450	0	0	450
Bus Yalgoo Hall - Annual Bond	300	0	0	300
Hall Bonds	150	0	0	150
Casual Complex	1,150	0	0	1,150
Casual Bus	100	0	(100)	0
Yamatjii Hall	150	0	(150)	0
Housing Bonds Other	5,884	600	0	6,484
Land Auction Proceeds	2,500	0	0	2,500
Library Bonds	25	0	0	25
Licensing	0	0	0	0
Post Office Bonds	30	0	0	30
Museum Accounts	9,220	0	0	9,220
Unclassified	(157)	0	0	(157)
Candidates Deposits	240	0	(240)	0
	<u>20,042</u>	<u>600</u>	<u>(490)</u>	<u>20,152</u>

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2014/15.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2014/15.