

SHIRE OF WANDERING

BUDGET

FOR THE YEAR ENDED 30 JUNE 2018



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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	936,766	873,876	865,641
Operating grants, subsidies and contributions	15	2,030,919	1,107,511	841,613
Fees and charges	14	633,381	660,017	666,945
Interest earnings	2(a)	12,594	10,584	14,094
Other revenue	2(a)	40,500	43,285	17,500
		<u>3,654,160</u>	<u>2,695,273</u>	<u>2,405,793</u>
Expenses				
Employee costs		(1,333,295)	(640,634)	(806,232)
Materials and contracts		(2,054,508)	(1,042,439)	(1,139,609)
Utility charges		(45,902)	(44,228)	(43,702)
Depreciation on non-current assets	2(a)	(707,691)	(693,069)	(703,844)
Interest expenses	2(a)	(9,721)	(8,644)	(8,005)
Insurance expenses		(112,155)	(112,383)	(107,155)
Other expenditure		(14,025)	(5,411)	0
		<u>(4,277,297)</u>	<u>(2,546,808)</u>	<u>(2,808,547)</u>
		(623,137)	148,465	(402,754)
Non-operating grants, subsidies and contributions	15	498,820	900,981	923,060
Profit on asset disposals	6	0	0	0
Loss on asset disposals	6	0	(54,243)	(123,662)
Loss on revaluation of non current assets		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		(124,317)	995,203	396,644
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>(124,317)</u>	<u>995,203</u>	<u>396,644</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

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

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

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

SHIRE OF WANDERING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue (Refer Notes 1,2,8,10 to 14)				
Governance		0	2,016	0
General purpose funding		1,429,024	1,759,109	1,566,350
Law, order, public safety		37,520	44,404	29,045
Health		1,000	1,912	1,000
Education and welfare		0	0	0
Housing		40,300	36,536	39,864
Community amenities		41,150	44,757	50,450
Recreation and culture		1,500	1,097	3,200
Transport		1,377,430	1,102	2,500
Economic services		695,786	742,964	682,435
Other property and services		30,450	61,377	30,950
		<u>3,654,160</u>	<u>2,695,274</u>	<u>2,405,794</u>
Expenses Excluding Finance Costs Refer Notes 1, 2 & 15)				
Governance		(184,857)	(175,965)	(193,488)
General purpose funding		(85,262)	(80,943)	(94,645)
Law, order, public safety		(141,232)	(152,671)	(163,568)
Health		(30,642)	(34,209)	(32,702)
Education and welfare		(3,770)	(1,632)	(4,124)
Housing		(57,661)	(39,258)	(31,582)
Community amenities		(208,582)	(196,754)	(243,536)
Recreation and culture		(194,332)	(158,943)	(172,706)
Transport		(2,474,499)	(802,852)	(898,462)
Economic services		(802,656)	(941,937)	(954,800)
Other property and services		(85,283)	46,999	(12,129)
		<u>(4,268,776)</u>	<u>(2,538,165)</u>	<u>(2,801,742)</u>
Finance Costs (Refer Notes 2 & 9)				
Housing		(8,521)	(8,644)	(6,805)
		<u>(8,521)</u>	<u>(8,644)</u>	<u>(6,805)</u>
Non-operating Grants, Subsidies and Contributions				
Transport		498,820	900,981	923,060
Economic services		0	0	0
Other property and services		0	0	0
		<u>498,820</u>	<u>900,981</u>	<u>923,060</u>
Profit/(Loss) On				
Disposal Of Assets (Refer Note 6)				
Housing		0	0	(24,257)
Transport		0	0	(83,905)
Other property and services		0	(54,243)	(15,500)
		<u>0</u>	<u>(54,243)</u>	<u>(123,662)</u>
Loss on				
Revaluation Of Non Current Assets				
Transport		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT				
Other comprehensive income		(124,317)	995,203	396,644
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>(124,317)</u>	<u>995,203</u>	<u>396,644</u>

SHIRE OF WANDERING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

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

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

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

**SHIRE OF WANDERING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		951,766	857,097	860,641
Operating grants, subsidies and contributions		2,080,546	1,176,705	1,003,374
Fees and charges		633,381	660,017	666,945
Service charges		0	0	
Interest earnings		12,594	10,584	14,094
Goods and services tax		(25,000)	(14,724)	0
Other revenue		40,500	43,285	17,500
		<u>3,693,787</u>	<u>2,732,964</u>	<u>2,562,554</u>
Payments				
Employee costs		(1,323,295)	(667,148)	(845,568)
Materials and contracts		(2,022,646)	(1,110,374)	(1,191,259)
Utility charges		(45,902)	(44,228)	(43,702)
Interest expenses		(9,721)	(8,644)	(8,005)
Insurance expenses		(112,155)	(112,383)	(107,155)
Goods and services tax		0	0	0
Other expenditure		(14,025)	(5,411)	0
		<u>(3,527,744)</u>	<u>(1,948,188)</u>	<u>(2,195,689)</u>
Net cash provided by (used in) operating activities	3(b)	<u>166,043</u>	<u>784,776</u>	<u>366,864</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(9,000)	(277,847)	(333,149)
Payments for construction of infrastructure	5	(848,724)	(1,292,239)	(1,338,714)
Non-operating grants, subsidies and contributions used for the development of assets		498,820	900,981	923,060
Proceeds from sale of Property, plant & equipment	6	0	132,868	254,360
Net cash provided by (used in) investing activities		<u>(358,904)</u>	<u>(536,236)</u>	<u>(494,443)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	7	(69,957)	(68,247)	(68,247)
Advances to community groups		0		
Proceeds from self supporting loans		0	1,250	1,250
Proceeds from new debentures	7	0	0	0
Net cash provided by (used in) financing activities		<u>(69,957)</u>	<u>(66,997)</u>	<u>(66,997)</u>
Net increase (decrease) in cash held		(262,818)	184,036	(194,576)
Cash at beginning of year		566,178	382,142	382,142
Cash and cash equivalents at the end of the year	3(a)	<u>303,360</u>	<u>566,178</u>	<u>187,566</u>

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

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

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	346,590	47,739	47,733
Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)	1,2			
Governance		0	2,016	0
General purpose funding		494,950	887,726	703,202
Law, order, public safety		37,520	44,404	29,045
Health		1,000	1,912	1,000
Education and welfare		0	0	0
Housing		40,300	36,536	39,864
Community amenities		41,150	44,757	50,450
Recreation and culture		1,500	1,097	3,200
Transport		1,377,430	1,102	2,500
Economic services		695,786	742,964	682,435
Other property and services		30,450	61,377	30,950
		<u>2,720,086</u>	<u>1,823,891</u>	<u>1,542,646</u>
Expenditure from operating activities	1,2			
Governance		(184,857)	(175,965)	(193,488)
General purpose funding		(85,262)	(80,943)	(94,645)
Law, order, public safety		(141,232)	(152,671)	(163,568)
Health		(30,642)	(34,209)	(32,702)
Education and welfare		(3,770)	(1,632)	(4,124)
Housing		(66,182)	(47,902)	(62,644)
Community amenities		(208,582)	(196,754)	(243,536)
Recreation and culture		(194,332)	(158,943)	(172,706)
Transport		(2,474,499)	(802,852)	(982,367)
Economic services		(802,656)	(941,937)	(954,800)
Other property and services		(85,283)	(7,244)	(27,629)
		<u>(4,277,297)</u>	<u>(2,601,052)</u>	<u>(2,932,209)</u>
Operating activities excluded from budget				
(Profit)/Loss on asset disposals	6	0	54,243	123,662
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	707,691	693,069	703,844
Movement in employee benefit provisions (non-current)		0	(2,212)	0
Amount attributable to operating activities		<u>(502,930)</u>	<u>15,678</u>	<u>(514,324)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		498,820	900,981	923,060
Purchase land held for resale	5	0	0	
Purchase property, plant and equipment	5	(9,000)	(277,847)	(333,149)
Purchase and construction of infrastructure	5	(848,724)	(1,292,239)	(1,338,714)
Proceeds from disposal of assets	6	0	132,868	254,360
Amount attributable to investing activities		<u>(358,904)</u>	<u>(536,236)</u>	<u>(494,443)</u>
FINANCING ACTIVITIES				
Repayment of debentures	7	(69,957)	(68,247)	(68,247)
Proceeds from self supporting loans		0	1,250	1,250
Transfers to cash backed reserves (restricted assets)	9	(2,283)	(3,470)	(2,316)
Transfers from cash backed reserves (restricted assets)	9	0	66,233	200,000
Amount attributable to financing activities		<u>(72,240)</u>	<u>(4,234)</u>	<u>130,687</u>
Budgeted deficiency before general rates		<u>(934,074)</u>	<u>(524,792)</u>	<u>(878,081)</u>
Estimated amount to be raised from general rates	8	<u>934,074</u>	<u>871,383</u>	<u>863,148</u>
Net current assets at end of financial year - surplus/(deficit)	4	<u>(0)</u>	<u>346,590</u>	<u>(14,932)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The Local Government Reporting Entity

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

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

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

(b) 2016/17 Actual Balances

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

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

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

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

(e) Goods and Services Tax (GST)

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

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

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

(f) Superannuation

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

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

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets

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

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

Land Under Roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$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 Shire uses a mix of both independent and management valuations using the following as a guide:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(m) Impairment of Assets

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

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

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

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

(q) Provisions

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

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

(r) Leases

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

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

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

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

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

(s) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 20.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Audit services	13,500	15,350	13,500
Other services	2,000	138	2,000
Depreciation By Program			
Governance	0	0	90
General purpose funding	0	0	0
Law, order, public safety	52,352	52,198	48,702
Health	0	0	0
Education and welfare	0	0	0
Housing	44,682	44,181	57,390
Community amenities	12,768	12,658	11,819
Recreation and culture	56,478	56,298	39,488
Transport	430,000	417,728	347,066
Economic services	25,326	25,135	28,314
Other property and services	86,085	84,871	170,974
	<u>707,691</u>	<u>693,069</u>	<u>703,844</u>
Depreciation By Asset Class			
Land and buildings	101,685	100,253	111,320
Furniture and equipment	17,401	17,287	32,846
Plant and equipment	113,618	112,860	172,612
Roads, Bridges Drainages	409,481	397,214	342,925
Footpaths	3,225	3,250	4,141
Recreation Infrastructure	41,292	41,241	20,760
Infrastructure Other	20,989	20,963	19,240
	<u>707,691</u>	<u>693,069</u>	<u>703,844</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 7(a)</i>)	8,521	8,521	8,005
Overdraft facility Charges	1,200	123	0
	<u>9,721</u>	<u>8,644</u>	<u>8,005</u>
(ii) Crediting as revenues:			
Interest Earnings			
Investments		2,119	
- Reserve funds	3,500	3,470	5,000
- Other funds	9,094	0	9,094
Other interest revenue (<i>refer note 12</i>)	0	4,994	0
	<u>12,594</u>	<u>10,584</u>	<u>14,094</u>
(iii) Other Revenue			
Reimbursements and recoveries			
Other	40,500	43,285	17,500
	<u>40,500</u>	<u>43,285</u>	<u>17,500</u>

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

A healthy, harmonious and progressive community where all people are willing to contribute and enjoy opportunities to be successful

GOVERNANCE

Objective & Activities

Members expenses and other costs of the Shire that relate to the tasks of assisting Councillors and the public on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Objective & Activities

Rates and their collection; Financial Assistance Grants from Grants Commission; Interest.

LAW, ORDER, PUBLIC SAFETY

Objective & Activities

Community safety initiatives; fire prevention; and animal control.

HEALTH

Objective & Activities

Food and water quality control; septic system inspection.

EDUCATION AND WELFARE

Objective & Activities

Support of school activities and Aged care

HOUSING

Objective & Activities

Provision of general rental accommodation when buildings not required by Staff.

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective & Activities

Rubbish collection services; operation of waste transfer station; administration of the town planning scheme; maintenance of cemeteries; and public conveniences.

RECREATION AND CULTURE

Objective & Activities

Maintenance of halls; Playgrounds, Playing fields and courts; oval and reserves; heritage and history.

TRANSPORT

Objective & Activities

Construction and maintenance of streets, roads, bridges; street lighting; traffic and directional signs; depot maintenance.

ECONOMIC SERVICES

Objective & Activities

Tourism (including caravan park); implementation of building controls; Australia Post agency; noxious weeds, vermin. Management of Wandering CRC , Motor Vehicle licencing agency. Manage fuel facility.

OTHER PROPERTY & SERVICES

Objective & Activities

Private works operations, plant repairs and operation costs and all administration costs.

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

3. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - unrestricted	17,375	148,726	38,785
Cash - restricted	<u>285,985</u>	<u>417,452</u>	<u>148,781</u>
	<u><u>303,360</u></u>	<u><u>566,178</u></u>	<u><u>187,566</u></u>

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

Office Equipment Reserve	34,985	34,642	34,698
Leave Reserve	39,249	38,864	38,979
Unspent Grants fund	0	133,750	0
Land & Building Reserve	5,494	5,440	5,436
Plant Replacement Reserve	<u>206,257</u>	<u>204,757</u>	<u>69,668</u>
	<u><u>285,985</u></u>	<u><u>417,452</u></u>	<u><u>148,781</u></u>

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

Net result	(124,317)	995,203	396,642
Depreciation	707,691	693,069	703,844
(Profit)/loss on sale of asset	0	54,243	123,662
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	39,627	63,653	156,761
(Increase)/decrease in inventories	(500)	(555)	0
Increase/(decrease) in payables	42,362	(106,886)	(99,723)
Increase/(decrease) in employee provisions	0	(12,970)	8,737
Grants/contributions for the development of assets	(498,820)	(900,981)	(923,060)
Net Cash from Operating Activities	<u><u>166,043</u></u>	<u><u>784,776</u></u>	<u><u>366,864</u></u>

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

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

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	200,000	200,000	200,000
Bank overdraft at balance date	(200,000)	(200,000)	(200,000)
Credit card limit	20,000	20,000	20,000
Credit card balance at balance date	(20,000)	(20,000)	(20,000)
Total Amount of Credit Unused	<u>0</u>	<u>0</u>	<u>0</u>
Loan Facilities			
Loan facilities in use at balance date	<u>145,217</u>	<u>215,174</u>	<u>258,278</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

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

Composition of estimated net current assets

CURRENT ASSETS

Cash - unrestricted	3(a)	17,375	148,726
Cash - restricted reserves	3(a)	285,985	417,452
Receivables		99,515	139,142
Inventories		43,475	42,975
		<u>446,350</u>	<u>748,295</u>

LESS: CURRENT LIABILITIES

Trade and other payables		(94,229)	(51,751)
Short term borrowings		0	0
Long term borrowings		(69,957)	(69,957)
Provisions		(105,115)	(105,115)
		<u>(269,301)</u>	<u>(226,823)</u>
Unadjusted net current assets		177,049	521,472

Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with FM Reg 32 as movements for these items have been funded within the budget estimates.

These differences are disclosed as adjustments below.

Adjustments

Less: Cash - restricted reserves	3(a)	(285,985)	(283,702)
Add: Cash back leave reserve		38,979	38,864
Add: Current portion of debentures		69,957	69,957
Adjusted net current assets - surplus/(deficit)		<u>0</u>	<u>346,590</u>

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

5. ACQUISITION OF ASSETS

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

Asset Class	Reporting Program											2017/18 Budget Total \$	2016/17 Actual Total \$
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$	Other Property and Services \$		
<i>Property, Plant and Equipment</i>													
Land and buildings	0	0	0	0	0	0	0	0	0	0	0		87,005
Furniture and equipment	2,000	0	0	0	0	0	0	0	0	0	0	2,000	0
Plant and equipment	0	0	0	0	0	0	0	0	7,000		0	7,000	190,841
	2,000	0	0	0	0	0	0	0	7,000	0	0	9,000	277,847
<i>Infrastructure</i>													
Roads & Bridges	0	0	0	0	0	0	0	0	848,724		0	848,724	1,292,239
	0	0	0	0	0	0	0	0	848,724	0	0	848,724	1,292,239
Total Acquisitions	2,000	0	0	0	0	0	0	0	855,724	0	0	857,724	1,570,086

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

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

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

6. DISPOSALS OF ASSETS

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

<u>By Program</u>	2017/18 Budget			
	Net Book Value	Sale Proceeds	Profit	Loss
	\$	\$	\$	\$
Housing	0	0		
Transport	0	0		
Other Property and Services	0	0		
	0	0	0	0

<u>By Class</u>	2017/18 Budget			
	Net Book Value	Sale Proceeds	Profit	Loss
	\$	\$	\$	\$
Land and Buildings	0	0		
	0	0	0	0
Plant and Equipment	0	0		
Furniture and Equipment	0	0	0	0
	0	0	0	0
	0	0	0	0

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

7. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

Particulars	Principal 01-Jul-17	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Housing	215,174	0	69,957	68,247	145,217	215,174	8,521	8,521
	215,174	0	69,957	68,247	145,217	215,174	8,521	8,521
<u>Self Supporting Loans</u>								
	0	0	0	0	0	0	0	0
	215,174	0	69,957	68,247	145,217	215,174	8,521	8,521

All debenture repayments will be financed by general purpose revenue.

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

7. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2017/18
Nil

(c) Unspent Debentures
Nil

(d) Overdraft
Council has an overdraft facility of \$200,000

(e) Credit Card
Council has a credit card facility of \$20000

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

8. RATING INFORMATION - 2017/18 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2017/18 Budgeted Rate Revenue \$	2017/18 Budgeted Interim Rates \$	2017/18 Budgeted Back Rates \$	2017/18 Budgeted Total Revenue \$	2016/17 Actual \$
Differential general rate or general rate								
GRV Residential	0.09129	41	471,224	43,018			43,018	39,569
GRV Special Use	0.11010	3	157,820	17,376			17,376	16,076
UV Rural Residential	0.01230	56	5,412,500	66,574			66,574	59,604
UV Rural	0.00665	126	100,136,000	665,904			665,904	642,082
UV Mining	0.00665	0	0	0			0	0
Sub-Totals		226	106,177,544	792,872	0	0	792,872	757,331
Minimum payment	Minimum \$							
GRV Residential	902	38	151,832	34,276			34,276	31,730
GRV Special Use	1101	2	6,705	2,202			2,202	2,038
UV Rural Residential	1090	47	3,681,500	51,230			51,230	49,931
UV Rural	1080	83	9,295,900	89,640			89,640	61,427
UV Mining	1080	5	170,186	5,400			5,400	5,035
Sub-Totals		175	13,306,123	182,748	0	0	182,748	150,161
Discounts (Note 13)							(41,546)	(36,109)
Total amount raised from general rates							934,074	871,383
Specified area rates (Note 10)							0	0
Ex Gratia Rates							2,692	2,493
Total Rates							936,766	873,876

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

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

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

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

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

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 - Residential

Properties within the townsite boundaries with a predominant residential use. This is considered to be the base rate by which all other GRV rated properties are assessed.

GRV Special Use

Properties used for commercial and industrial purposes and non - residential land. The higher rate reflects the additional cost of servicing commercial activity including car parking, landscaping and other amenities.

UV Rural

Consists of properties exclusively for rural use. This is considered the base rate for which all other UV rated properties are assessed.

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

UV Residential Rural

Consists of properties outside the townsite having a commercial use. This category is rated higher to reflect the higher infrastructure maintenance to Council.

UV Mining

Consists of properties outside the townsite having a Mining use. This category is rated higher to reflect the higher infrastructure maintenance to Council.

Differential Minimum Payment

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

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

9. CASH BACKED RESERVES

	2017/18 Budget				2016/17 Actual				2016/17 Budget			
	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$
Office Equipment Reserve	34,642	344		34,985	34,298	344	0	34,642	34,298	400	0	34,698
Leave Reserve	38,864	385		39,249	38,478	385		38,864	38,479	500	0	38,979
Land & Building Reserve	5,440	54		5,494	5,386	54	0	5,440	5,386	50	0	5,436
Plant Replacement Reserve	204,757	1,500		206,257	268,303	2,687	(66,233)	204,757	268,302	1,366	(200,000)	69,668
	283,702	2,283	0	285,985	346,465	3,470	(66,233)	283,702	346,465	2,316	(200,000)	148,781

9. CASH BACKED RESERVES (Continued)

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

Purpose of the reserve

Office Equipment Reserve	For the replacement of Office Equipment
Leave Reserve	For the payment of long service leave and termination leave
Land & Building Reserve	For the purchase of land and building and major repairs/upgrading of existing buildings
Plant Replacement Reserve	For the purchase and replacement of plant and vehicles

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

10. SPECIFIED AREA RATE - 2017/18 FINANCIAL YEAR

There were no specified rates levied during 2017/18

11. SERVICE CHARGES - 2017/18 FINANCIAL YEAR

There were no service charges levied during 2017/18

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

Simple interest of 11% (accruing on a daily basis) will be levied on all rates & rubbish collection charges outstanding after the due date shown on the rate notice. This charge does not apply to pensioners referred to in Note (12) above. The penalty will also apply to the late payment of any payments when the instalment plan is selected as the method of payment.

Rates paid by instalments are offered for the 2017/18 financial year. A charge of \$30.00 will apply to this option and this amount along with any other charges must be paid in full with the first instalment by the due date 31 August 2017. Three other equal instalments will be payable at (2) monthly intervals as shown on the rate notice and as follows - Second instalment 31 October 2017; Third instalment 2 January 2018; Final instalment 5 March 2018. The penalty as above will apply to any instalments not paid by the due date.

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

Rates Discounts

Rate or Fee and Charge to which Discount is Granted	Type	Disc % or Amount (\$)	2017/18 Budget \$	2016/17 Actual \$	Circumstances in which Discount is Granted
Rates	Discount	5%	41,546		5% discount on current rates is allowed for the 2017/18 financial year if all rates and charges (including any arrears) are paid in full by the due date shown on the rate notice.
			41,546	0	

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

	2017/18 Budget \$	2016/17 Actual \$
14. FEES & CHARGES REVENUE		
Governance	0	0
General purpose funding	2,400	2,816
Law, order, public safety	6,920	5,847
Health	1,000	1,912
Education and welfare	0	0
Housing	40,300	36,536
Community amenities	41,150	44,757
Recreation and culture	1,500	1,097
Transport	2,500	1,102
Economic services	524,161	541,424
Other property and services	13,450	24,526
	<u>633,381</u>	<u>660,017</u>
15. GRANT REVENUE		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	477,264	869,654
Law, order, public safety	30,600	29,775
Health	0	
Education and welfare	0	
Housing	0	
Community amenities	0	
Recreation and culture	0	
Transport	1,374,930	0
Economic services	148,125	198,082
Other property and services		10,000
	<u>2,030,919</u>	<u>1,107,511</u>
Non-operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	0	0
Law, order, public safety	0	0
Health	0	0
Education and welfare	0	0
Housing	0	0
Community amenities	0	0
Recreation and culture	0	0
Transport	498,820	873,127
Economic services	0	27,854
Other property and services	0	0
	<u>498,820</u>	<u>900,981</u>

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

16. ELECTED MEMBERS REMUNERATION	2017/18 Budget \$	2016/17 Actual \$
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.		
Meeting fees	500	0
Mayor/President's allowance	4,000	4,000
	<u>4,500</u>	<u>4,000</u>

17. 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 01-Jul-17 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-18 \$
Cleaning Bond	1,600	2,350	(2,550)	1,400
Town Planning Bond	12,613	1,000	(1,000)	12,613
Fire Brigade Donation	3,340	0	0	3,340
Declared Species Group	32,117		(29,680)	2,437
Councillors Nominations	0	320	320	
	<u>49,670</u>	<u>3,670</u>	<u>(32,910)</u>	<u>19,790</u>

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

18. MAJOR LAND TRANSACTIONS

Dunmall Drive Residential Subdivision

(a) Details

This project commenced in 2001/2002 with the release of (7) lots and a further release of 22 lots in 2007/2008. One (1) lot remains unsold at the completion of the 2016/17 financial year.

(b) Current year transactions	2017/18 Budget \$	2016/17 Actual \$
Operating Revenue		
- Profit on sale	0	0
Capital Revenue		
- Sale proceeds	0	0
Capital Expenditure		
- Purchase of land	0	0
- Development costs	0	0
	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>

(c) Expected Future Cash Flows

	2017/18 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	Total \$
Cash Outflows						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Inflows						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Flows	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18

20. INTERESTS IN JOINT ARRANGEMENTS

Nil