



Annual Budget

For the year ending 30 June 2014



SHIRE OF YALGOO
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Statement of Comprehensive Income by Program	3
Statement of Cash Flows	4
Rate Setting Statement	5
Notes to and Forming Part of the Budget	6 to 32
Supplementary Information	

SHIRE OF YALGOO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUE				
Rates	8	1,749,370	1,522,792	1,507,194
Operating Grants, Subsidies and Contributions		2,196,021	2,732,133	1,610,443
Fees and Charges	11	249,155	142,760	157,023
Interest Earnings	2(a)	142,425	147,965	127,244
Other Revenue		<u>79,350</u>	<u>125,890</u>	<u>31,600</u>
		4,416,321	4,671,540	3,433,504
EXPENSES				
Employee Costs		(1,282,007)	(1,194,559)	(1,203,798)
Materials and Contracts		(2,271,575)	(1,710,223)	(1,447,665)
Utility Charges		(43,000)	(40,515)	(49,600)
Depreciation	2(a)	(1,275,432)	(1,193,327)	(1,286,239)
Interest Expenses	2(a)	(30,000)	(31,742)	(31,800)
Insurance Expenses		(275,544)	(223,592)	(247,633)
Other Expenditure		<u>(83,240)</u>	<u>(73,313)</u>	<u>(63,761)</u>
		<u>(5,260,798)</u>	<u>(4,467,271)</u>	<u>(4,330,496)</u>
		(844,477)	204,269	(896,992)
Non-Operating Grants, Subsidies and Contributions		9,584,010	2,230,938	2,059,106
Net Loss on Revaluation of Plant and Equipment		0	(941,726)	0
Profit on Asset Disposals	4	72,750	4,022	0
Loss on Asset Disposals	4	<u>(56,450)</u>	<u>(19,162)</u>	<u>(62,637)</u>
NET RESULT		8,755,833	1,478,341	1,099,477
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>8,755,833</u>	<u>1,478,341</u>	<u>1,099,477</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, are impacted upon by external forces and are 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 2014

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		0	0	0
General Purpose Funding		3,901,816	4,138,775	3,036,017
Law, Order, Public Safety		34,300	9,489	38,700
Health		17,700	16,443	14,123
Education and Welfare		0	0	0
Housing		15,000	13,310	12,000
Community Amenities		35,150	13,757	13,300
Recreation and Culture		4,200	1,962	5,300
Transport		115,000	250,127	164,264
Economic Services		118,800	87,352	97,600
Other Property and Services		174,355	140,325	52,200
		<u>4,416,321</u>	<u>4,671,540</u>	<u>3,433,504</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(454,621)	(373,221)	(427,255)
General Purpose Funding		(162,005)	(150,946)	(170,806)
Law, Order, Public Safety		(191,884)	(175,332)	(180,898)
Health		(90,139)	(95,258)	(98,718)
Education and Welfare		(11,843)	(5,506)	(9,431)
Housing		(338,509)	(310,846)	(306,380)
Community Amenities		(326,688)	(279,930)	(246,543)
Recreation & Culture		(713,620)	(612,607)	(619,928)
Transport		(2,184,037)	(1,972,980)	(1,741,385)
Economic Services		(741,767)	(371,820)	(508,488)
Other Property and Services		(15,685)	(87,684)	11,136
		<u>(5,230,798)</u>	<u>(4,436,130)</u>	<u>(4,298,696)</u>
NET LOSS ON REVALUATION OF PLANT AND EQUIPMENT				
Recreation & Culture		0	(40,460)	0
Transport		0	(442,405)	0
Other Property and Services		0	(458,861)	0
		<u>0</u>	<u>(941,726)</u>	<u>0</u>
FINANCE COSTS (Refer Notes 2 & 5)				
General Purpose Funding		(600)	0	(600)
Housing		(24,000)	(25,488)	(25,500)
Community Amenities		(5,400)	(5,653)	(5,700)
		<u>(30,000)</u>	<u>(31,141)</u>	<u>(31,800)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
Law, Order, Public Safety		900	127,853	11,000
Housing		360,000	0	0
Community Amenities		0	70,500	0
Recreation and Culture		326,886	562,721	691,817
Transport		8,519,082	1,418,556	1,316,289
Economic Services		377,142	51,308	40,000
		<u>9,584,010</u>	<u>2,230,938</u>	<u>2,059,106</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)				
Community Amenities		(4,000)	0	0
Law, Order, Public Safety		0	182	0
Transport		36,300	(19,162)	(19,637)
Economic Services		0	0	0
Other Property and Services		(16,000)	3,840	(43,000)
		<u>16,300</u>	<u>(15,140)</u>	<u>(62,637)</u>
NET RESULT		8,755,833	1,478,341	1,099,477
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>8,755,833</u>	<u>1,478,341</u>	<u>1,099,477</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, are impacted upon by external forces and are 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 2014

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,749,370	1,522,792	1,507,194
Operating Grants, Subsidies and Contributions		2,314,531	2,732,133	1,451,647
Fees and Charges		249,155	56,865	157,023
Interest Earnings		142,425	147,965	127,244
Goods and Services Tax		250,000	239,278	455,995
Other		79,350	125,890	31,600
		<u>4,784,831</u>	<u>4,824,923</u>	<u>3,730,703</u>
Payments				
Employee Costs		(1,282,007)	(1,158,957)	(1,384,064)
Materials and Contracts		(2,113,164)	(1,189,965)	(1,489,046)
Utility Charges		(43,000)	(40,515)	(49,600)
Insurance Expenses		(275,544)	(223,592)	(247,633)
Interest Expenses		(30,000)	(31,851)	(34,249)
Goods and Services Tax		(450,000)	(464,544)	(433,050)
Other		(83,240)	(73,313)	(63,761)
		<u>(4,276,955)</u>	<u>(3,182,737)</u>	<u>(3,701,403)</u>
Net Cash Provided By Operating Activities	15(b)	<u>507,876</u>	<u>1,642,186</u>	<u>29,300</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	3	(2,645,096)	(1,879,550)	(2,244,578)
Payments for Construction of Infrastructure	3	(8,692,571)	(1,958,455)	(1,911,148)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		9,584,010	2,230,938	2,059,106
Proceeds from Sale of Plant & Equipment	4	319,500	128,818	177,363
Net Cash Used in Investing Activities		<u>(1,434,157)</u>	<u>(1,478,249)</u>	<u>(1,919,257)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(29,939)	(28,592)	(28,593)
Net Cash Provided By (Used In) Financing Activities		<u>(29,939)</u>	<u>(28,592)</u>	<u>(28,593)</u>
Net Increase (Decrease) in Cash Held		(956,220)	135,345	(1,918,550)
Cash at Beginning of Year		3,609,271	3,473,926	3,434,988
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>2,653,051</u></u>	<u><u>3,609,271</u></u>	<u><u>1,516,438</u></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 2014

	NOTE	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
REVENUES	1,2			
General Purpose Funding		2,152,446	2,615,983	1,528,823
Law, Order, Public Safety		35,200	137,524	49,700
Health		17,700	16,443	14,123
Housing		375,000	13,310	12,000
Community Amenities		35,150	84,257	13,300
Recreation and Culture		331,086	564,683	697,117
Transport		8,706,832	1,668,683	1,480,553
Economic Services		495,942	138,660	137,600
Other Property and Services		174,355	144,165	52,200
		<u>12,323,711</u>	<u>5,383,708</u>	<u>3,985,416</u>
EXPENSES	1,2			
Governance		(454,621)	(373,221)	(427,255)
General Purpose Funding		(162,605)	(150,946)	(171,406)
Law, Order, Public Safety		(191,884)	(175,332)	(180,898)
Health		(90,139)	(95,258)	(98,718)
Education and Welfare		(11,843)	(5,506)	(9,431)
Housing		(362,509)	(336,334)	(331,880)
Community Amenities		(336,088)	(285,583)	(252,243)
Recreation & Culture		(713,620)	(612,607)	(619,928)
Transport		(2,220,487)	(1,992,142)	(1,761,022)
Economic Services		(741,767)	(371,820)	(508,488)
Other Property and Services		(31,685)	(1,029,410)	(31,864)
		<u>(5,317,248)</u>	<u>(5,428,159)</u>	<u>(4,393,133)</u>
Net Operating Result Excluding Rates		7,006,463	(44,451)	(407,717)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Net Loss on Revaluation of Plant and Equipment		0	941,726	0
(Profit)/Loss on Asset Disposals	4	(16,300)	15,140	62,637
Movement in Employee Benefit Provisions		0	15,618	(3,922)
Depreciation on Assets	2(a)	1,275,432	1,193,327	1,286,239
Capital Expenditure and Revenue				
Purchase Land and Buildings	3	(1,907,596)	(1,258,673)	(1,626,817)
Purchase Infrastructure Assets - Roads	3	(8,302,571)	(1,635,536)	(1,566,601)
Purchase Infrastructure Assets - Other	3	(390,000)	(280,219)	(344,547)
Purchase Plant and Equipment	3	(737,500)	(614,956)	(610,261)
Purchase Furniture and Equipment	3	0	(5,921)	(7,500)
Proceeds from Disposal of Assets	4	319,500	128,818	177,363
Repayment of Debentures	5	(29,939)	(28,592)	(28,593)
Transfers to Reserves (Restricted Assets)	6	(1,029,441)	(143,526)	(170,354)
Transfers from Reserves (Restricted Assets)	6	631,000	25,454	210,454
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	1,431,582	1,600,581	1,522,425
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	1,431,582	0
Total Amount Raised from General Rate	8	<u>(1,749,370)</u>	<u>(1,522,792)</u>	<u>(1,507,194)</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 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(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.

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.

(b) 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.

(c) 2012/13 Actual Balances

Balances shown in this budget as 2012/13 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) 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.

(f) Goods and Services Tax

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.

(g) 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.

(h) 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 with original maturities of three months or less 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 on the statement of financial position.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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.

(j) 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 purchased for development and/or resale 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 resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(k) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or 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.

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.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Land Under Control

In accordance with local Government (Financial Management) Regulation 16(a), the Council is 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 other policies detailed in this Note. Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Initial Recognition

All assets are initially recognised at cost. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following guide:

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

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.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

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 this 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 of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods 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.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
- (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; and
- (d) less any reduction for impairment.

The effective interest rate 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 at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. They are subsequently measured at fair value with changes to 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.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities 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 (ie 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 the 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 (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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 having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, 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 is reclassified into profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued 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.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment

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 (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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 2014.

In any event, an impairment loss is a non-current 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

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(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.

(q) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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 resale where it is held as non-current based on Council's intentions to release for sale.

(s) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation of 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 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	12,000	21,323	20,000
Other Services	10,000	0	0
 Depreciation			
<u>By Program</u>			
Governance	0	0	1,300
Law, Order, Public Safety	56,475	42,624	43,842
Health	20,153	20,153	20,263
Housing	78,147	76,168	75,324
Community Amenities	21,413	19,612	24,840
Recreation and Culture	131,773	105,952	113,886
Transport	758,710	726,461	744,541
Economic Services	34,551	29,135	262,243
Other Property and Services	174,210	173,222	0
	<u>1,275,432</u>	<u>1,193,327</u>	<u>1,286,239</u>
 <u>By Class</u>			
Land and Buildings	236,210	206,863	193,011
Furniture and Equipment	19,216	18,603	30,038
Plant and Equipment	575,084	542,591	604,453
Roads	406,526	390,990	409,120
Other infrastructure	38,396	34,280	49,617
	<u>1,275,432</u>	<u>1,193,327</u>	<u>1,286,239</u>
 Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	29,400	31,142	31,200
- Overdraft	600	600	600
	<u>30,000</u>	<u>31,742</u>	<u>31,800</u>
 (ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	58,325	72,961	70,044
- Other Funds	80,100	70,736	51,200
Other Interest Revenue (<i>refer note 13</i>)	4,000	4,268	6,000
	<u>142,425</u>	<u>147,965</u>	<u>127,244</u>

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

REVENUES AND EXPENSES (Continued)

2.

(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.

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.

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 2014

3. ACQUISITION OF ASSETS

2013/14
Budget
\$

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

By Program

Housing

1 Selwyn St	LB	150,000
Weekes St Housing x 2 new	LB	541,373

Community Amenities

Payne's Find Tip - Ramp Facility	IO	40,000
Yalgoo Tip - Fencing	IO	20,000
Yalgoo Town Sewerage Upgrade	IO	5,000

Recreation and Culture

Yalgoo Hub - CSRFF	LB	32,714
Yalgoo Hub - MWIP	LB	26,571
CYC - CLGF 12-13	LB	120,411
Yalgoo Hall - flooring	LB	15,000
Anglican Church Heritage Preservation Works	LB	8,000
Museum Works	LB	10,000
Yalgoo Hub - Waterpark hard cover	LB	40,000
Yalgoo Hub - Sporting Equip Shed	LB	12,000
Yalgoo Hub - Bungarra	IO	20,000
RDAF Round 5 Grant project	IO	132,000
Community Park	IO	50,000

Transport

Side Tipper	PE	95,000
Forklift	PE	40,000
FUSO Works Truck	PE	73,000
Tandem Dolly	PE	28,000
Side Tipper - Roadwest	PE	95,000
Works Maint Ute	PE	40,000
Sundry Small Plant	PE	20,000
Trailer - 7 x 4	PE	4,500
Trailer - 8 x 5	PE	5,000
Air Compressor - Depot	PE	10,000
Footpaths	IO	15,000
YA-MO Rd Deflector Mine intersection	IR	250,000
YA-MO Rd - RRG MRWA SLK 0-13 Formation	IR	474,313
YA-MO Rd - CLGF 13-14 SLK 13-23 Formation	IR	271,524
YA-MO Rd - R2R SLK 13-23 Formation	IR	304,918
YA-MO Rd - RRG MRWA SLK 13-23 Seal	IR	228,138
YA-MO Rd - CLGF 13-14 SLK 13-23 Seal	IR	150,000
YA-MO Rd - CLGF 12-13 SLK 0-6 Seal	IR	255,000
YA-NI Rd - RRG MRWA SLK 11-40 Widen/Resheet	IR	433,488
YA-NI Rd - Sinosteel 7.4kms	IR	800,000
YA-NI Rd - Top Irons	IR	5,000,000
YA-NO Rd - Hills SLK 15-20 Resheet	IR	85,190
Grids - replace broken/damaged	IR	50,000

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET

3. ACQUISITION OF ASSETS (Continued)

2013/14
Budget
\$

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

By Program

Economic Services

CDO Car	PE	38,000
Caravan Park Redevelopment - TIRF	LB	250,000
Caravan Park Redevelopment - CLGF 2012-13	LB	250,000
Payne's Find Beautification incl MWDC \$9k Solar Security Lighting grant	OI	93,000
Diesel Fuel Tank	OI	15,000

Other Property and Services

Works Ute	PE	40,000
Works Ute	PE	40,000
Project Executive Vehicle	PE	46,000
Works Depot - VESTOC/Workshop	LB	431,527
CEO 4WD	PE	80,000
Admin Car	PE	38,000
Computers and Server	PE	45,000
Admin Building - extend/renovate - plans	LB	20,000
		<u>11,337,667</u>

By Class

Land and Buildings	1,907,596
Infrastructure Assets - Roads	8,302,571
Infrastructure Assets - Other	390,000
Plant and Equipment	737,500
Furniture and Equipment	0
	<u>11,337,667</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 2014

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)
	2013/14 BUDGET	2013/14 BUDGET	2013/14 BUDGET
	\$	\$	\$
Community Amenities			
CDO Car (Asset #485)	20,000	16,000	(4,000)
Transport			
Side Tipper (Asset #219)	0	35,000	35,000
Forklift (Asset #435)	8,000	2,000	(6,000)
FUSO Works Truck (Asset #458)	25,000	30,000	5,000
Tandem Dolly (Asset #400)	4,500	12,000	7,500
Side Tipper - Roadwest (Asset #407)	25,000	50,000	25,000
Works Maint Ute (Asset #571)	30,000	25,000	(5,000)
Works Ute (Asset #546)	35,000	25,000	(10,000)
Works Ute (Asset = 2013-14 purchase)	35,000	25,000	(10,000)
PE Vehicle (Asset #562)	35,000	30,000	(5,000)
Trailer - 7 x 4 (Asset #213)	0	250	250
Trailer - 8 x 5 (Asset #378)	700	250	(450)
Other Property and Services			
CEO 4WD (Asset #573)	65,000	55,000	(10,000)
Admin Car (Asset #482)	20,000	14,000	(6,000)
	303,200	319,500	16,300

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2013/14 BUDGET	2013/14 BUDGET	2013/14 BUDGET
	\$	\$	\$
Plant and Equipment			
CDO Car (Asset #485)	20,000	16,000	(4,000)
Side Tipper (Asset #219)	0	35,000	35,000
Forklift (Asset #435)	8,000	2,000	(6,000)
FUSO Works Truck (Asset #458)	25,000	30,000	5,000
Tandem Dolly (Asset #400)	4,500	12,000	7,500
Side Tipper - Roadwest (Asset #407)	25,000	50,000	25,000
Works Maint Ute (Asset #571)	30,000	25,000	(5,000)
Works Ute (Asset #546)	35,000	25,000	(10,000)
Works Ute (Asset = 2013-14 purchase)	35,000	25,000	(10,000)
PE Vehicle (Asset #562)	35,000	30,000	(5,000)
Trailer - 7 x 4 (Asset #213)	0	250	250
Trailer - 8 x 5 (Asset #378)	700	250	(450)
CEO 4WD (Asset #573)	65,000	55,000	(10,000)
Admin Car (Asset #482)	20,000	14,000	(6,000)
	303,200	319,500	16,300

Summary

Profit on Asset Disposals
Loss on Asset Disposals

**2013/14
BUDGET
\$**

72,750
(56,450)
16,300

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Housing								
Loan 53 - 19a & b Stanley	163,362		11,189	10,481	152,173	152,881	10,700	11,348
Loan 55 - 18 c & d Shamrock	209,674		13,062	12,765	196,612	196,909	13,300	14,140
Community Amenities								
Loan 54 - Public Toilets	86,974		5,688	5,346	81,286	81,628	5,400	5,653
	460,010	0	29,939	28,592	430,071	431,418	29,400	31,141

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

(b) New Debentures - 2013/14

No new debentures are anticipated in 2013/14.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2013 nor is it expected to have unspent debenture funds as at 30th June 2014.

(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 that this facility will be required during 2013/14.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	94,054	89,884	89,884
Amount Set Aside / Transfer to Reserve	3,006	4,170	4,045
Amount Used / Transfer from Reserve	0	0	0
	<u>97,060</u>	<u>94,054</u>	<u>93,929</u>
(b) Plant Reserve			
Opening Balance	235,811	217,034	217,034
Amount Set Aside / Transfer to Reserve	505,554	18,777	18,475
Amount Used / Transfer from Reserve	(423,000)	0	0
	<u>318,365</u>	<u>235,811</u>	<u>235,509</u>
(c) Building Reserve			
Opening Balance	481,605	460,251	460,251
Amount Set Aside / Transfer to Reserve	96,856	21,354	20,711
Amount Used / Transfer from Reserve	(150,000)	0	(150,000)
	<u>428,461</u>	<u>481,605</u>	<u>330,962</u>
(d) Yalgoo Ninghan Road Reserve			
Opening Balance	160,727	168,369	168,369
Amount Set Aside / Transfer to Reserve	5,625	7,812	7,577
Amount Used / Transfer from Reserve	0	(15,454)	(15,454)
	<u>166,352</u>	<u>160,727</u>	<u>160,492</u>
(e) Sports Complex Reserve			
Opening Balance	84,270	80,534	80,534
Amount Set Aside / Transfer to Reserve	22,949	3,736	3,624
Amount Used / Transfer from Reserve	(28,000)	0	0
	<u>79,219</u>	<u>84,270</u>	<u>84,158</u>
(f) Community Amenities Maintenance Reserve			
Opening Balance	171,885	163,308	163,307
Amount Set Aside / Transfer to Reserve	71,016	8,577	7,349
Amount Used / Transfer from Reserve	(10,000)	0	(15,000)
	<u>232,901</u>	<u>171,885</u>	<u>155,656</u>
(g) HCP Reserve			
Opening Balance	117,397	53,323	53,324
Amount Set Aside / Transfer to Reserve	4,109	64,074	64,000
Amount Used / Transfer from Reserve	0	0	0
	<u>121,506</u>	<u>117,397</u>	<u>117,324</u>
(h) Housing Maintenance Reserve			
Opening Balance	29,754	37,991	37,991
Amount Set Aside / Transfer to Reserve	76,041	1,763	1,710
Amount Used / Transfer from Reserve	0	(10,000)	(10,000)
	<u>105,795</u>	<u>29,754</u>	<u>29,701</u>
(i) Yalgoo Morawa Road Reserve			
Opening Balance	91,849	87,775	87,775
Amount Set Aside / Transfer to Reserve	38,213	4,074	3,950
Amount Used / Transfer from Reserve	0	0	0
	<u>130,062</u>	<u>91,849</u>	<u>91,725</u>

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES (Continued)			
(j) General Road Reserve			
Opening Balance	107,008	102,263	102,263
Amount Set Aside / Transfer to Reserve	3,745	4,745	4,602
Amount Used / Transfer from Reserve	0	0	0
	<u>110,753</u>	<u>107,008</u>	<u>106,865</u>
(k) Superannuation Back-Pay Reserve			
Opening Balance	77,966	74,510	74,509
Amount Set Aside / Transfer to Reserve	2,729	3,456	3,353
Amount Used / Transfer from Reserve	0	0	0
	<u>80,695</u>	<u>77,966</u>	<u>77,862</u>
(l) Office Equipment Reserve			
Opening Balance	22,284	21,296	21,297
Amount Set Aside / Transfer to Reserve	780	988	958
Amount Used / Transfer from Reserve	(20,000)	0	(20,000)
	<u>3,064</u>	<u>22,284</u>	<u>2,255</u>
(m) Digital Communications Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	30,000
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>30,000</u>
(n) Road Agreement YA-NI Rd Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	180,618	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>180,618</u>	<u>0</u>	<u>0</u>
(o) Natural Disaster Triggerpoint Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	11,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>11,000</u>	<u>0</u>	<u>0</u>
(p) Emergency Road Repairs Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	7,200	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>7,200</u>	<u>0</u>	<u>0</u>
Total Reserves	<u><u>2,073,051</u></u>	<u><u>1,674,610</u></u>	<u><u>1,516,438</u></u>

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

The amount of any revaluation adjustment at 30 June 2014 is not known. Any transfer to or from an asset revaluation reserve will be a non-cash transaction (treated as Other Comprehensive Income) and as such, has no impact on this budget document.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
6. RESERVES (Continued)			
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Leave Reserve	3,006	4,170	4,045
Plant Reserve	505,554	18,777	18,475
Building Reserve	96,856	21,354	20,711
Yalgoo Ninghan Road Reserve	5,625	7,812	7,577
Sports Complex Reserve	22,949	3,736	3,624
Community Amenities Maintenance Reserve	71,016	8,577	7,349
HCP Reserve	4,109	64,074	64,000
Housing Maintenance Reserve	76,041	1,763	1,710
Yalgoo Morawa Reserve	38,213	4,074	3,950
General Roads Reserve	3,745	4,745	4,602
Superannuation Back-Pay Reserve	2,729	3,456	3,353
Office Equipment Reserve	780	988	958
Digital Communications Reserve	0	0	30,000
Road Agreement YA-NI Rd Reserve	180,618	0	0
Natural Disaster Triggerpoint Reserve	11,000	0	0
Emergency Road Repairs Reserve	7,200	0	0
	<u>1,029,441</u>	<u>143,526</u>	<u>170,354</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Plant Reserve	(423,000)	0	0
Building Reserve	(150,000)	0	(150,000)
Yalgoo Ninghan Road Reserve	0	(15,454)	(15,454)
Sports Complex Reserve	(28,000)	0	0
Community Amenities Maintenance Reserve	(10,000)	0	(15,000)
HCP Reserve	0	0	0
Housing Maintenance Reserve	0	(10,000)	(10,000)
Yalgoo Morawa Reserve	0	0	0
General Roads Reserve	0	0	0
Superannuation Back-Pay Reserve	0	0	0
Office Equipment Reserve	(20,000)	0	(20,000)
Digital Communications Reserve	0	0	0
Road Agreement YA-NI Rd Reserve	0	0	0
Natural Disaster Triggerpoint Reserve	0	0	0
Emergency Road Repairs Reserve	0	0	0
	<u>(631,000)</u>	<u>(25,454)</u>	<u>(210,454)</u>
Total Transfer to/(from) Reserves	<u>398,441</u>	<u>118,072</u>	<u>(40,100)</u>

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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.

Digital Communications Reserve

- to be used to transition from analogue to digital television services.

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 Leave, Plant and Computer 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 2014

	Note	2013/14 Budget \$	2012/13 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	580,000	1,934,661
Cash - Restricted Reserves	15(a)	2,073,051	1,674,610
Receivables		60,000	178,510
Inventories		<u>37,354</u>	<u>37,354</u>
		2,750,405	3,825,135
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(885,328)</u>	<u>(926,917)</u>
NET CURRENT ASSET POSITION		1,865,077	2,898,218
Less: Cash - Restricted Reserves	15(a)	(2,073,051)	(1,674,610)
Add: Provisions Supported by Reserves		<u>207,974</u>	<u>207,974</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>0</u></u>	<u><u>1,431,582</u></u>

The estimated surplus/(deficiency) c/fwd in the 2012/13 actual column represents the surplus (deficit) brought forward as at 1 July 2013.

The estimated surplus/(deficiency) c/fwd in the 2013/14 budget column represents the surplus (deficit) carried forward as at 30 June 2014.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

8. RATING INFORMATION - 2013/14 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2013/14 Budgeted Rate Revenue \$	2013/14 Budgeted Interim Rates \$	2013/14 Budgeted Back Rates \$	2013/14 Budgeted Total Revenue \$	2012/13 Actual \$
Differential Rate								
GRV Townsites Improved	0.0712	34	284,064	20,225	0	0	20,225	19910
UV Pastoral Rates	0.0628	22	894,124	56,151	0	0	56,151	55954
UV Mining Leases	0.3575	137	4,058,975	1,451,084	30,000	0	1,481,084	1,251,971
UV Exploration/Prospecting	0.1899	130	699,475	132,830	0	0	132,830	127,035
							0	
Sub-Totals		323	5,936,638	1,660,290	30,000	0	1,690,290	1,454,870
	Minimum \$							
Minimum Rates								
GRV Townsites Improved	260	2	4,155	520	0	0	520	500
GRV Townsites Vacant	600	11	386	6,600	0	0	6,600	6,900
UV Pastoral Rates	260	3	5,589	780	0	0	780	750
UV Mining Leases	260	30	16,473	7,800	0	0	7,800	9,258
UV Exploration/Prospecting	260	113	66,639	29,380	0	0	29,380	36,876
							0	
Sub-Totals		159	93,242	45,080	0	0	45,080	54,284
Discounts (Note 12)							(1,000)	(1,000)
Total Amount of General Rates							1,734,370	1,508,154
Ex-gratia							15,000	14,638
Total Rates							1,749,370	1,522,792

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 2013/14 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 2014

9. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

No Specified Area rates will be levied in the 2013/14 financial year.

10. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

No Service charges will be imposed in the 2013/14 financial year.

11. FEES & CHARGES REVENUE	2013/14 Budget \$	2012/13 Actual \$
General Purpose Funding	8,200	5,645
Law, Order, Public Safety	4,100	8,522
Health	17,700	16,443
Housing	15,000	13,310
Community Amenities	13,400	13,757
Recreation & Culture	4,200	1,962
Transport	0	4,500
Economic Services	59,800	52,825
Other Property & Services	<u>126,755</u>	<u>25,796</u>
	<u><u>249,155</u></u>	<u><u>142,760</u></u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR**

An early ratepayer prize to the value of \$1,000 is to be offered by lucky draw to those ratepayers who have paid their rates in by 4.00pm on the due date shown on the rates notice.

No discount is granted for the early payment of rates.

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

13. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

Two separate option plans will be available to ratepayers for payment of their rates.

Option 1 (Full Payment)

Full amount of rates and charges including arrears to be paid on or before the due date **4 October, 2013.**

Option 2 (4 Instalments)

Ratepayers have the option of paying in four equal instalments, due 35 days after the date of issue of rate notices.

First instalment is due on the **4 October, 2013** and includes any arrears and a quarter of the current rates.

Second Instalment due on the **30 November 2013.**

Third Instalment due on the **7 February 2014.**

Fourth Instalment due on the **4 April 2014.**

Administration charges of **\$5.00** per instalment will be applied for the final three instalments. Total budget income is **\$ 6,000.**

Interest will be charged on rates unpaid after **35** days from date of issue of rate notices, as follows:-

Interest on unpaid rates	11% pa	Budget Income \$ 4,000
Interest on instalments plan	5.5% pa	Budget Income \$ Nil

14. ELECTED MEMBERS REMUNERATION

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

	2013/14 Budget \$	2012/13 Actual \$
Meeting Fees	20,412	11,045
President's Allowance	9,343	6,720
Deputy President's Allowance	2,335	1,325
Travelling Expenses	13,650	11,401
Telecommunications Allowance	21,000	4,470
	<u>66,740</u>	<u>34,961</u>

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2013/14 Budget \$	2012/13 Actual \$	2012/13 Budget \$
Cash - Unrestricted	580,000	1,934,661	0
Cash - Restricted	<u>2,073,051</u>	<u>1,674,610</u>	<u>1,516,438</u>
	<u><u>2,653,051</u></u>	<u><u>3,609,271</u></u>	<u><u>1,516,438</u></u>

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

Long Service Leave Reserve	97,060	94,054	93,929
Plant Reserve	318,365	235,811	235,509
Building Reserve	428,461	481,605	330,962
Yalgoo Ningham Road Reserve	166,352	160,727	160,492
Sports Complex Reserve	79,219	84,270	84,158
Community Amenities Maintenance Reserve	232,901	171,885	155,656
HCP Reserve	121,506	117,397	117,324
Housing Maintenance	105,795	29,754	29,701
Yalgoo Morawa Road Reserve	130,062	91,849	91,725
General Roads Reserve	110,753	107,008	106,865
Superannuation Back-Pay Reserve	80,695	77,966	77,862
Office Equipment Reserve	3,064	22,284	2,255
Digital Communications Reserve	0	0	30,000
Road Agreement YA-NI Rd Reserve	180,618	0	0
Natural Disaster Triggerpoint Reserve	11,000	0	0
Emergency Road Repairs Reserve	7,200	0	0
	<u>2,073,051</u>	<u>1,674,610</u>	<u>1,516,438</u>

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

Net Result	8,755,833	1,478,341	1,099,477
Amortisation		0	0
Depreciation	1,275,432	1,193,327	1,286,239
(Profit)/Loss on Sale of Asset	(16,300)	15,140	62,637
(Increase)/Decrease in Receivables	118,510	(85,895)	(135,851)
(Increase)/Decrease in Inventories	0	(36,674)	(1,967)
Increase/(Decrease) in Payables	(41,589)	351,713	(214,162)
Increase/(Decrease) in Employee Provisions	0	15,446	(7,967)
Grants/Contributions for the Development of Assets	(9,584,010)	(2,230,938)	(2,059,106)
Net Loss on Revaluation of Plant and Equipment	0	941,726	0
Net Cash from Operating Activities	<u><u>507,876</u></u>	<u><u>1,642,186</u></u>	<u><u>29,300</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	7,000	7,000	7,000
Credit Card Balance at Balance Date	0	0	0
Total Amount of Credit Unused	<u><u>57,000</u></u>	<u><u>57,000</u></u>	<u><u>57,000</u></u>

Loan Facilities

Loan Facilities in use at Balance Date	<u><u>430,071</u></u>	<u><u>429,530</u></u>	<u><u>460,008</u></u>
Unused Loan Facilities at Balance Date	<u><u>Nil</u></u>	<u><u>Nil</u></u>	<u><u>Nil</u></u>

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014

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-13 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-14 \$
Bus Bonds	450	0	0	450
Bus Yalgo Hall - Annual Bond	300	0	0	300
Hall Bonds	150	0	0	150
Casual Complex	1,150	0	0	1,150
Yamatjii Hall	150	0	(150)	0
Housing Bonds Other	5,584	0	0	5,584
Land Auction Proceeds	2,500	0	(2,500)	0
Library Bonds	25	0	0	25
Licensing	(4,639)	4,639	0	0
Post Office Bonds	30	0	0	30
Museum Account	9,220	100	0	9,320
Unclassified	(157)	157	0	0
Candidates Deposits	160	240	(400)	0
	<u>14,923</u>	<u>5,136</u>	<u>(3,050)</u>	<u>17,009</u>

**SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2014**

17. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2013/14.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2013/14.