



SHIRE OF UPPER GASCOYNE

BUDGET

FOR THE YEAR ENDED 30 JUNE 2018

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**SHIRE OF UPPER GASCOYNE
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	408,782	356,427	286,942
Operating grants, subsidies and contributions	15	12,253,643	5,998,913	3,975,978
Fees and charges	14	33,120	36,844	21,180
Service charges	11	0	0	0
Interest earnings	2(a)	44,837	90,460	40,593
Other revenue	2(a)	163,245	258,121	186,465
		<u>12,903,627</u>	<u>6,740,765</u>	<u>4,511,158</u>
Expenses				
Employee costs		(1,105,419)	(969,491)	(1,406,712)
Materials and contracts		(11,970,331)	(1,451,892)	(1,218,426)
Utility charges		(110,391)	(137,161)	(117,385)
Depreciation on non-current assets	2(a)	(2,012,150)	(1,993,176)	(3,106,374)
Interest expenses	2(a)	(114,208)	(35,045)	(37,456)
Insurance expenses		(206,010)	(165,558)	(168,460)
Other expenditure		(161,906)	(76,559)	(207,297)
		<u>(15,680,415)</u>	<u>(4,828,882)</u>	<u>(6,262,110)</u>
		(2,776,788)	1,911,883	(1,750,952)
Non-operating grants, subsidies and contributions	15	1,241,392	1,493,639	1,724,184
Profit on asset disposals	6	0	0	3,350
Loss on asset disposals	6	(98,466)	(19,477)	(15,102)
Loss on revaluation of non current assets		0	0	0
Net result		<u>(1,633,862)</u>	<u>3,386,045</u>	<u>(38,520)</u>
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>(1,633,862)</u>	<u>3,386,045</u>	<u>(38,520)</u>

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

**SHIRE OF UPPER GASCOYNE
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 15)				
Governance		12,880	(7,807)	12,880
General purpose funding		1,723,245	4,533,028	2,995,897
Law, order, public safety		140,140	142,080	158,979
Health		1,000	573	1,000
Education and welfare		119,600	80,313	71,800
Housing		0	0	0
Community amenities		4,080	3,740	3,740
Recreation and culture		17,250	50,898	41,050
Transport		10,500,387	1,732,635	1,019,277
Economic services		333,145	130,831	107,335
Other property and services		51,900	74,475	99,200
		<u>12,903,627</u>	<u>6,740,766</u>	<u>4,511,158</u>
Expenses excluding finance costs (refer notes 1, 2 & 16)				
Governance		(470,841)	(459,952)	(497,036)
General purpose funding		(104,553)	(104,802)	(102,630)
Law, order, public safety		(340,283)	(327,615)	(390,605)
Health		(48,105)	(12,071)	(11,400)
Education and welfare		(297,331)	(270,195)	(319,828)
Housing		(343,854)	(299,219)	(370,439)
Community amenities		(102,831)	(85,581)	(98,978)
Recreation and culture		(282,915)	(286,036)	(308,020)
Transport		(12,829,254)	(2,442,843)	(3,588,737)
Economic services		(746,240)	(421,738)	(506,981)
Other property and services		0	(87,875)	(30,000)
		<u>(15,566,207)</u>	<u>(4,797,927)</u>	<u>(6,224,654)</u>
Finance costs (refer notes 2 & 7)				
General purpose funding		(108,901)	(30,956)	(37,456)
Housing		(5,307)	0	0
		<u>(114,208)</u>	<u>(30,956)</u>	<u>(37,456)</u>
		<u>(2,776,788)</u>	<u>1,911,883</u>	<u>(1,750,952)</u>
Non-operating grants, subsidies and contributions:	15	1,241,392	1,493,639	1,724,184
Profit on disposal of assets	6	0	0	3,350
(Loss) on disposal of assets	6	(98,466)	(19,477)	(15,102)
Loss on revaluation of non current assets		0	0	0
		<u>1,142,926</u>	<u>1,474,162</u>	<u>1,712,432</u>
Net result		(1,633,862)	3,386,045	(38,520)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		<u>(1,633,862)</u>	<u>3,386,045</u>	<u>(38,520)</u>

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

**SHIRE OF UPPER GASCOYNE
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		408,782	341,148	300,987
Operating grants, subsidies and contributions		12,253,643	5,880,057	3,975,978
Fees and charges		33,120	36,844	21,180
Service charges		0	0	0
Interest earnings		44,837	99,932	40,593
Goods and services tax		0	1,587	320
Other revenue		163,245	258,121	186,383
		<u>12,903,627</u>	<u>6,617,689</u>	<u>4,525,441</u>
Payments				
Employee costs		(1,098,072)	(1,019,308)	(1,434,982)
Materials and contracts		(11,720,544)	(2,126,295)	(1,938,640)
Utility charges		(110,391)	(137,161)	(117,385)
Interest expenses		(114,208)	(30,003)	(37,456)
Insurance expenses		(206,010)	(165,558)	(168,460)
Goods and services tax		0	0	0
Other expenditure		(161,919)	(76,559)	(207,134)
		<u>(13,411,144)</u>	<u>(3,554,884)</u>	<u>(3,904,057)</u>
Net cash provided by (used in) operating activities	3(b)	<u>(507,517)</u>	<u>3,062,805</u>	<u>621,384</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	(1,177,937)	(553,978)	(540,595)
Payments for construction of infrastructure	5	(2,917,432)	(10,833,217)	(11,930,764)
Non-operating grants, subsidies and contributions		1,241,392	1,493,639	1,724,184
Proceeds from sale of plant & equipment	6	130,000	90,909	139,000
Net cash provided by (used in) investing activities		<u>(2,723,977)</u>	<u>(9,802,647)</u>	<u>(10,608,175)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7	(52,719)	(35,557)	(35,557)
Proceeds from new borrowings	7	355,000	0	0
Net cash provided by (used in) financing activities		<u>302,281</u>	<u>(35,557)</u>	<u>(35,557)</u>
Net increase (decrease) in cash held		(2,929,213)	(6,775,399)	(10,022,348)
Cash at beginning of year		<u>4,729,135</u>	<u>11,504,534</u>	<u>11,504,534</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>1,799,922</u></u>	<u><u>4,729,135</u></u>	<u><u>1,482,186</u></u>

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

**SHIRE OF UPPER GASCOYNE
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	<u>3,249,787</u> 3,249,787	<u>9,439,229</u> 9,439,229	<u>9,476,853</u> 9,476,853
Revenue from operating activities (excluding rates)				
Governance		12,880	(7,807)	12,880
General purpose funding		1,314,463	4,176,601	2,708,955
Law, order, public safety		140,140	142,080	158,979
Health		1,000	573	1,000
Education and welfare		119,600	80,313	71,800
Housing		0	0	0
Community amenities		4,080	3,740	3,740
Recreation and culture		17,250	50,898	41,050
Transport		10,500,387	1,732,635	1,022,627
Economic services		333,145	130,831	107,335
Other property and services		<u>51,900</u>	<u>74,475</u>	<u>99,200</u>
		12,494,845	6,384,339	4,227,566
Expenditure from operating activities				
Governance		(470,841)	(459,952)	(497,036)
General purpose funding		(213,453)	(135,759)	(140,086)
Law, order, public safety		(340,283)	(327,615)	(390,605)
Health		(48,105)	(12,071)	(11,400)
Education and welfare		(297,331)	(270,195)	(319,828)
Housing		(349,161)	(299,219)	(370,439)
Community amenities		(102,831)	(85,581)	(98,978)
Recreation and culture		(282,915)	(286,036)	(308,020)
Transport		(12,927,720)	(2,462,319)	(3,603,839)
Economic services		(746,240)	(421,738)	(506,981)
Other property and services		<u>(0)</u>	<u>(87,875)</u>	<u>(30,000)</u>
		(15,778,881)	(4,848,359)	(6,277,212)
Operating activities excluded from budget				
(Profit) on asset disposals	6	0	0	(3,350)
Loss on disposal of assets	6	98,466	19,477	15,102
	2(a)	2,012,150	1,993,176	3,106,374
Movement in employee benefit provisions (non-current)		<u>7,334</u>	<u>(42,889)</u>	<u>0</u>
Amount attributable to operating activities		2,083,700	12,944,973	10,545,333
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	15	1,241,392	1,493,639	1,724,184
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(1,177,937)	(553,978)	(540,595)
Purchase and construction of infrastructure	5	(2,917,432)	(10,833,217)	(11,930,764)
Proceeds from disposal of assets	6	<u>130,000</u>	<u>90,909</u>	<u>139,000</u>
Amount attributable to investing activities		(2,723,977)	(9,802,647)	(10,608,175)
FINANCING ACTIVITIES				
Repayment of borrowings	7	(52,719)	(35,557)	(35,557)
Proceeds from new borrowings	7	355,000	0	0
Transfers to cash backed reserves (restricted assets)	9	(529,787)	(251,736)	(252,543)
Transfers from cash backed reserves (restricted assets)	9	<u>459,000</u>	<u>38,327</u>	<u>64,000</u>
Amount attributable to financing activities		231,494	(248,966)	(224,100)
Budgeted deficiency before general rates		<u>(408,782)</u>	<u>2,893,360</u>	<u>(286,942)</u>
Estimated amount to be raised from general rates	8	<u>408,782</u>	<u>356,427</u>	<u>286,942</u>
Net current assets at end of financial year - surplus/(deficit)	4	<u><u>0</u></u>	<u><u>3,249,787</u></u>	<u><u>0</u></u>

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

**SHIRE OF UPPER GASCOYNE
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.

Critical accounting estimates

The preparation of a budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The local government reporting Entity

All funds through which the Shire of Upper Gascoyne 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 17 to the budget.

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) Comparative figures

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

(e) Budget comparative figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Forecast fair value adjustments

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.

(g) Rates, grants, donations and other contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Upper Gascoyne 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.

(h) 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.

(i) Superannuation

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

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

(j) 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.

(k) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) Fixed assets

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

Mandatory requirement to revalue non-current assets

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

During the year ended 30 June 2013, the Shire of Upper Gascoyne commenced the process of adopting fair value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at fair value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire of Upper Gascoyne revalues its asset classes in accordance with this mandatory timetable.

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Revaluation

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

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 UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities

When performing a revaluation, the Shire of Upper Gascoyne uses a mix of both independent and management valuations using the following as a guide:

Fair value is the price that the Shire of Upper Gascoyne 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.

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Shire of Upper Gascoyne 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 of Upper Gascoyne are consistent with one or more of the following valuation approaches:

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities (continued)

Market approach

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

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 of Upper Gascoyne 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.

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire of Upper Gascoyne becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Upper Gascoyne 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 UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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 of Upper Gascoyne 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 UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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 of Upper Gascoyne 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.

(p) Impairment of assets

In accordance with Australian Accounting Standards the Shire of Upper Gascoyne 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 UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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.

(q) 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 of Upper Gascoyne 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.

(r) Employee benefits

Short-term employee benefits

Provision is made for the Shire of Upper Gascoyne'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 of Upper Gascoyne'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 of Upper Gascoyne'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 of Upper Gascoyne's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Upper Gascoyne 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 UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Provisions

Provisions are recognised when the Shire of Upper Gascoyne 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.

(u) 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 of Upper Gascoyne, 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.

(v) Investment in associates

An associate is an entity over which the Shire of Upper Gascoyne has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire of Upper Gascoyne's share of net assets of the associate. In addition, the Shire of Upper Gascoyne's share of the profit or loss of the associate is included in the

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Upper Gascoyne's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investment in associates (continued)

Profits and losses resulting from transactions between the Shire of Upper Gascoyne and the associate are eliminated to the extent of the Shire of Upper Gascoyne's interest in the associate.

When the Shire of Upper Gascoyne's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Upper Gascoyne discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire of Upper Gascoyne will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.

(x) 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 of Upper Gascoyne'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.

(y) 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 of Upper Gascoyne's operational cycle. In the case of liabilities where the Shire of Upper Gascoyne 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 of Upper Gascoyne's intentions to

SHIRE OF UPPER GASCOYNE
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			
Net result			
The net result includes:			
Charging as an expense:			
Auditors remuneration			
Audit services	22,000	29,438	22,000
Other services	0	0	0
Depreciation by program			
Governance	38,800	30,512	54,100
General purpose funding	0	0	0
Law, order, public safety	0	0	0
Health	350	349	300
Education and welfare	10,200	10,160	23,100
Housing	21,500	21,469	35,800
Community amenities	10,200	6,470	6,100
Recreation and culture	28,800	28,738	44,700
Transport	1,422,800	1,412,721	2,435,574
Economic services	117,400	117,365	323,900
Other property and services	362,100	365,393	182,800
	<u>2,012,150</u>	<u>1,993,176</u>	<u>3,106,374</u>
Depreciation by asset class			
Land and buildings	193,240	113,812	511,351
Furniture and equipment	24,910	35,951	64,958
Plant and equipment	374,600	380,328	202,176
Roads	1,344,800	1,334,759	2,327,889
Other Infrastructure	74,600	128,326	0
	<u>2,012,150</u>	<u>1,993,176</u>	<u>3,106,374</u>
Interest expenses (finance costs)			
- Borrowings (refer note 7(a))	35,003	30,956	31,510
- Interest on overdraft to fund WANDRRA flood dar	75,000	0	0
- WA treasury Loan Guarantee Fee	4,205	4,088	4,205
Other	0	0	1,741
	<u>114,208</u>	<u>35,045</u>	<u>37,456</u>
Crediting as revenues:			
Interest earnings			
Investments			
- Reserve funds	24,837	19,786	20,593
- Other funds	15,000	62,677	15,000
Other interest revenue (refer note 12)	5,000	7,997	5,000
	<u>44,837</u>	<u>90,460</u>	<u>40,593</u>
Other revenue			
Reimbursements and recoveries			
Other	163,245	258,121	186,465
	<u>163,245</u>	<u>258,121</u>	<u>186,465</u>

**SHIRE OF UPPER GASCOYNE
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

The Shire of Upper Gascoyne will be a sustainable service base supporting the pastoral, tourism and mining industries and the local community.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth

Activities:

Provide a range of appropriate services via the Community Resource Centre.

HOUSING

Objective:

Maintain staff housing to facilitate attraction and retention of staff in this remote area.

Activities:

Provide housing for staff.

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

REVENUES AND EXPENSES (Continued)

(b) Statement of objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resources which will help the social well being of the community.

Activities:

Maintenance of public use buildings and areas including various sporting facilities.
Provision and maintenance of parks, gardens and playgrounds.
Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

Facilitate safe, effective and efficient transport options for the community.

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion. Building Control.

OTHER PROPERTY & SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF UPPER GASCOYNE
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	422,083	3,422,083	200,000
Cash - restricted	1,377,839	1,307,052	1,282,186
	<u>1,799,922</u>	<u>4,729,135</u>	<u>1,482,186</u>

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

Plant Replacement Reserve	390,107	663,830	664,616
Airport Reserve	62,388	40,969	41,000
Employee Entitlement Reserve	87,266	85,555	99,269
Tourism Precinct Reserve	368,037	340,786	341,246
Building Reserve	53,861	110,732	136,055
Works Reserve	71,180	65,180	0
Roads Flood Damage Reserve	75,000	0	0
Bridge Maintenance Reserve	20,000	0	0
Economic Development Reserve	250,000	0	0
	<u>1,377,839</u>	<u>1,307,052</u>	<u>1,282,186</u>

b) Reconciliation of net cash provided by operating activities to net result

Net result	(1,633,862)	3,386,045	(38,520)
Depreciation	2,012,150	1,993,176	3,106,374
(Profit)/loss on sale of asset	98,466	19,477	11,752
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	0	(121,931)	14,446
(Increase)/decrease in inventories	0	70,059	64,157
Increase/(decrease) in payables	249,774	(739,420)	(784,371)
Increase/(decrease) in employee provisions	7,347	(50,962)	(28,270)
Grants/contributions for the development of assets	(1,241,392)	(1,493,639)	(1,724,184)
Net cash from operating activities	<u>(507,517)</u>	<u>3,062,805</u>	<u>621,384</u>

**SHIRE OF UPPER GASCOYNE
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	3,700,000	3,700,000	700,000
Bank overdraft at balance date	0	(16)	0
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	(1,119)	0
Total amount of credit unused	<u>3,710,000</u>	<u>3,708,865</u>	<u>710,000</u>
Loan facilities			
Loan facilities in use at balance date	<u>900,706</u>	<u>598,425</u>	<u>598,425</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)	422,083	3,422,083
Cash - restricted reserves	3(a)	1,377,839	1,307,052
Receivables		149,937	149,937
Inventories		160,650	160,650
		<u>2,110,509</u>	<u>5,039,722</u>

Less: current liabilities

Trade and other payables		(656,842)	(407,055)
Short term borrowings		0	0
Long term borrowings		(70,691)	(37,372)
Provisions		(68,892)	(68,892)
		<u>(796,425)</u>	<u>(513,319)</u>

Unadjusted net current assets

1,314,084 4,526,403

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 *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.

Adjustments

Less: Cash - restricted reserves	3(a)	(1,377,839)	(1,307,052)
Less: Land held for resale		(76,550)	(76,550)
Add: Current portion of borrowings		70,691	37,372
Add: Current liabilities not expected to be cleared at end of year		69,614	69,614
Adjusted net current assets - surplus/(deficit)		<u><u>0</u></u>	<u><u>3,249,787</u></u>

**SHIRE OF UPPER GASCOYNE
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						602,830							602,830	72,857
Furniture and equipment	12,000												12,000	78,229
Plant and equipment									563,107				563,107	402,892
	12,000	0	0	0	0	602,830	0	0	563,107	0	0	0	1,177,937	553,978
<i>Infrastructure</i>														
Roads									2,660,832				2,660,832	10,833,217
Other Infrastructure								135,000	26,000	95,600			256,600	0
	0	0	0	0	0	0	0	135,000	2,686,832	95,600	0	0	2,917,432	10,833,217
<i>Land Held for Resale</i>														
Land held for resale														0
Total acquisitions	12,000	0	0	0	0	602,830	0	135,000	3,249,939	95,600	0	0	4,095,369	11,387,195

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document at Capital Expenditure by Schedule/Type (Page 4).

**SHIRE OF UPPER GASCOYNE
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>	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
Transport	228,466	130,000	0	(98,466)	0	(19,477)	3,350	(15,102)
	228,466	130,000	0	(98,466)	0	(19,477)	3,350	(15,102)

<u>By Class</u>	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
Land and buildings	0	0	0	0	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0
Plant and equipment	228,466	130,000	0	98,466	0	(19,477)	3,350	(15,102)
	228,466	130,000	0	98,466	0	(19,477)	3,350	(15,102)

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

- Profit/Loss Sale of Plant & Equipment Supplementary Information Page 30

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

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 1-Jul-17	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2017/18 Budget	2016/17 Actual	2017/18 Budget	2016/17 Actual	2017/18 Budget	2016/17 Actual
			\$	\$	\$	\$	\$	\$
Housing								
Loan 29 Staff Housing	0	355,000	15,347	0	339,653	0	5,307	0
Economic services								
Loan 28 Tourism Precinct	598,425	0	37,372	35,557	561,053	598,425	29,696	30,956
	598,425	355,000	52,719	35,557	900,706	598,425	35,003	30,956

All borrowing repayments will be financed by general purpose revenue.

(b) New borrowings - 2017/18

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate %	Amount borrowed budget \$	Total interest & charges \$	Amount used budget \$	Balance unspent \$
Staff Housing	WATC	P&I	10	2.99	355,000	413,341	355,000	0
					355,000	413,341	355,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

(d) Overdraft

The Shire has not utilised an overdraft facility during the 2016/17 financial year although an overdraft facility of \$700,000 with the Commonwealth Bank does exist.

The Shire has negotiated an additional \$3,000,000 overdraft to assist with Flood Damage repairs resulting from a rain event in February 2017.

Funding assistance for \$10.4million has been obtained through WANDRRA. The purpose of the overdraft facility is to fund payments to contractors prior to reimbursement by WANDRRA. It is estimated that the average amount borrowed during the course of the year will be in the order of \$1.5million.

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

8. RATING INFORMATION

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 - Gascoyne Junction	0.081500	20	151,366	12,336			12,336	7,902
UV - Pastoral	0.037400	26	1,452,139	54,310			54,310	58,521
UV - Mining	0.139300	109	2,255,679	314,216			314,216	265,678
Sub-Totals		155	3,859,184	380,862	0	0	380,862	332,102
Minimum								
Minimum payment								
	\$							
GRV - Gascoyne Junction	185	4		740			740	925
UV - Pastoral	200	12		2,400			2,400	2,400
UV - Mining	420	59		24,780			24,780	21,000
Sub-Totals		75	0	27,920	0	0	27,920	24,325
		230	3,859,184	408,782	0	0	408,782	356,427
Ex-Gratia Rates							1,400	1,417
Discounts/concessions (<i>Refer note 13</i>)							0	0
Total amount raised from general rates							410,182	357,844
Specified area rates (<i>Refer note 10</i>)							0	0
Total rates							410,182	357,844

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

8(a). RATING INFORMATION

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

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.

Differential general rate

Description	Characteristics	Objects	Reasons
GRV General	Properties predominately within the town site boundaries with a predominant residential use and is valued by the Valuer General on a GRV basis.	This rate is to contribute to the service desired by the community.	This is considered to be the base rate above which all other GRV rated properties are assessed.
UV Rural	Consists of properties used predominately for rural purposes.	This rate contributes to the service desired by the community.	This is considered to be the base rate above which all other UV rated properties are assessed.
UV Mining	Properties with a land use associated with mining and petroleum leases and tenements.	The objective is to raise additional revenue to contribute toward higher costs associated with mining activity.	The objective is to raise additional revenue to contribute toward higher costs such as higher vehicle traffic weights and volumes associated with mining activity.

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

8(a). RATING INFORMATION continued

Differential minimum payment

Description	Characteristics	Objects	Reasons
GRV General	Properties predominately within the town site boundaries with a predominate residential use and valued by the Valuer General on a GRV basis.	This rate is considered the minimum contribution for basic services and infrastructure.	This is considered to be the base minimum for GRV rated properties.
UV Rural	Consists of properties used predominately for rural purposes.	This rate is considered the minimum contribution for basic services and infrastructure.	This is considered to be the base minimum for UV rated properties.
UV Mining	Properties with a land use associated with mining and petroleum leases and tenements.	This rate is considered the minimum contribution for basic services and infrastructure and raises additional revenue to contribute toward higher costs associated with mining activity.	The objective is to raise additional revenue to contribute toward higher costs such as higher vehicle traffic weights and volumes associated with mining activity.

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

9. CASH BACKED RESERVES

	2017/18 Budget Opening balance \$	2017/18 Budget Transfer to \$	2017/18 Budget Transfer (from) \$	2017/18 Budget Closing balance \$	2016/17 Actual Opening balance \$	2016/17 Actual Transfer to \$	2016/17 Actual Transfer (from) \$	2016/17 Actual Closing balance \$	2016/17 Budget Opening balance \$	2016/17 Budget Transfer to \$	2016/17 Budget Transfer (from) \$	2016/17 Budget Closing balance \$
Plant Replacement Reserve	663,830	46,277	(320,000)	390,107	501,584	162,246	0	663,830	501,584	163,032	0	664,616
Airport Reserve	40,969	21,419	0	62,388	20,000	20,969	0	40,969	20,000	21,000	0	41,000
Employee Entitlement Reserve	85,555	1,711	0	87,266	97,323	1,559	(13,327)	85,555	97,323	1,946	0	99,269
Tourism Precinct Reserve	340,786	27,251	0	368,037	292,951	47,835	0	340,786	292,951	48,295	0	341,246
Building Reserve	110,732	18,129	(75,000)	53,861	117,785	17,947	(25,000)	110,732	117,785	18,270	0	136,055
Works Reserve	65,180	70,000	(64,000)	71,180	64,000	1,180	0	65,180	64,000	0	(64,000)	0
Roads Flood Damage Reserve	0	75,000	0	75,000	0	0	0	0	0	0	0	0
Bridge Maintenance Reserve	0	20,000	0	20,000	0	0	0	0	0	0	0	0
Economic Development Reserve	0	250,000	0	250,000	0	0	0	0	0	0	0	0
	1,307,052	529,787	(459,000)	1,377,839	1,093,643	251,736	(38,327)	1,307,052	1,093,643	252,543	(64,000)	1,282,186

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

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:

Reserve name	Anticipated date of use	Purpose of the reserve
Plant Replacement Reserve	Note 1	- to be used to be used for the purchase of major plant and also to fund major mechanical breakdowns
Airport Reserve	30/06/2025	- to fund the resealing of the Gascoyne Junction Airport
Employee Entitlement Reserve	Note 1	- to be used to fund annual and long service leave requirements
Tourism Precinct Reserve	Note 1	- to be used for future significant repairs or upgrades on an as required basis
Building Reserve	Note 1	- to be used for new buildings, future repairs or upgrades on an as required basis (excluding the Tourism Precinct)
Works Reserve	Note 1	- to be used to support funding of major infrastructure projects
Roads Flood Damage Reserve	Note 1	- to be used towards the required Shire contribution for WANDRRA funding
Bridge Maintenance Reserve	Note 1	- to be used for repairs and maintenance of Killili bridge as required
Economic Development Reserve	Note 1	- to set aside funds for economic development initiatives.
	Note 1	Reserve not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

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

10. SPECIFIED AREA RATE

There are no Specified Area Rates charged in 2017/18.

11. SERVICE CHARGES

The Shire of Upper Gascoyne will not be imposing any new service charges in the 2017/18 financial year.

No interest will be charged on the late payment of service charges

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rate %	Unpaid rates interest rates %
Option one				
First Instalment	12/10/2017	\$0	5.50%	11.00%
Second Instalment	12/12/2017	\$5	5.50%	11.00%
Third Instalment	12/02/2018	\$5	5.50%	11.00%
Forth Instalment	12/04/2018	\$5	5.50%	11.00%

	2017/18 Budget revenue \$	2016/17 Actual \$
Instalment plan admin charge revenue	2,000	620
Instalment plan interest earned	500	1,217
Unpaid rates interest earned	4,500	6,780
	<u>7,000</u>	<u>8,617</u>

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS

No Discounts, Waivers or Concessions in relation to Rates are proposed for 2017/18.

**SHIRE OF UPPER GASCOYNE
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	100
General purpose funding	7,140	0
Law, order, public safety	0	6,654
Health	1,000	573
Education and welfare	400	368
Housing	0	0
Community amenities	4,080	3,740
Recreation and culture	17,200	23,082
Transport	0	0
Economic services	2,300	2,327
Other property and services	1,000	0
	<u>33,120</u>	<u>36,844</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	(20,000)
General purpose funding	1,291,726	4,078,455
Law, order, public safety	133,000	133,957
Health	0	0
Education and welfare	96,000	54,841
Housing	0	0
Community amenities	0	0
Recreation and culture	0	0
Transport	10,492,637	1,503,299
Economic services	189,380	198,500
Other property and services	50,900	49,861
	<u>12,253,643</u>	<u>5,998,913</u>
Non-operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	0	0
Law, order, public safety	0	14,000
Health	0	0
Education and welfare	0	7,045
Housing	0	0
Community amenities	0	0
Recreation and culture	41,136	0
Transport	1,200,256	1,472,594
Economic services	0	0
Other property and services	0	0
	<u>1,241,392</u>	<u>1,493,639</u>

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

	2017/18 Budget \$	2016/17 Actual \$
16. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and/or the President.		
Meeting fees	72,500	74,675
Mayor/President's allowance	19,000	19,570
Deputy Mayor/President's allowance	4,750	4,893
Travelling expenses	23,230	20,412
Telecommunications allowance	24,499	24,500
	143,979	144,050

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 1-Jul-17 \$	Estimated amounts received \$	Estimated amounts paid (\$)	Estimated balance 30-Jun-18 \$
Community Fund	461	0	0	461
Bond - Tourism Precinct	75,127	0	0	75,127
Election Deposits	80	320	(400)	0
	75,668	320	(400)	75,588

18. MAJOR LAND TRANSACTIONS

There are no major land transactions budgeted in 2016/17

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

It is not anticipated the Shire will be party to any joint venture arrangements during 2017/18.