



SHIRE OF ASHBURTON

BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

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

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
REVENUE				
Rates	8	23,673,391	24,432,502	19,903,683
Operating Grants, Subsidies and Contributions		6,065,373	10,067,980	7,061,228
Fees and Charges	11	17,170,708	14,315,632	14,096,120
Interest Earnings	2(a)	657,347	1,052,862	467,500
Other Revenue		467,625	462,596	402,419
		<u>48,034,444</u>	<u>50,331,572</u>	<u>41,930,950</u>
EXPENSES				
Employee Costs		(16,854,997)	(13,495,810)	(14,096,483)
Materials and Contracts		(20,221,455)	(14,676,407)	(15,416,252)
Utility Charges		(1,329,737)	(798,490)	(1,263,419)
Depreciation	2(a)	(9,192,173)	(8,550,331)	(8,296,250)
Interest Expenses	2(a)	(250,475)	(191,825)	(177,658)
Insurance Expenses		(1,257,532)	(1,293,405)	(1,291,745)
Other Expenditure		(504,970)	(418,163)	(800,146)
		<u>(49,611,339)</u>	<u>(39,424,431)</u>	<u>(41,341,953)</u>
		(1,576,895)	10,907,141	588,997
Non-Operating Grants, Subsidies and Contributions		27,907,221	14,622,355	33,248,004
Profit on Asset Disposals	4	26,404	35,432	201,862
Loss on Asset Disposals	4	<u>(85,524)</u>	<u>(1,391,889)</u>	<u>(1,099,132)</u>
NET RESULT		26,271,206	24,173,039	32,939,731
Other Comprehensive Income				
Nil		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>26,271,206</u>	<u>24,173,039</u>	<u>32,939,731</u>

Notes:

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

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

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

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

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

SHIRE OF ASHBURTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		1,012,038	783,855	774,600
General Purpose Funding		26,754,130	32,655,753	25,097,378
Law, Order, Public Safety		123,490	128,900	114,030
Health		231,167	266,261	251,196
Education and Welfare		242,430	234,361	220,000
Housing		421,842	319,336	178,952
Community Amenities		4,413,467	4,366,857	4,620,491
Recreation and Culture		1,152,502	1,263,721	524,114
Transport		11,005,529	6,497,701	7,539,783
Economic Services		2,405,177	3,344,268	2,252,970
Other Property and Services		272,672	470,559	357,436
		<u>48,034,444</u>	<u>50,331,572</u>	<u>41,930,950</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(7,203,414)	(5,372,112)	(5,133,964)
General Purpose Funding		(37,985)	(159,830)	(55,936)
Law, Order, Public Safety		(981,619)	(827,241)	(932,643)
Health		(959,924)	(629,811)	(734,023)
Education and Welfare		(603,293)	(354,104)	(487,568)
Housing		(913,976)	(865,332)	(724,027)
Community Amenities		(9,406,260)	(5,928,688)	(6,666,591)
Recreation & Culture		(9,591,897)	(7,256,950)	(8,455,143)
Transport		(12,373,846)	(9,364,651)	(11,045,762)
Economic Services		(4,786,930)	(5,924,846)	(4,720,405)
Other Property and Services		(2,501,720)	(2,549,041)	(2,208,233)
		<u>(49,360,864)</u>	<u>(39,232,606)</u>	<u>(41,164,295)</u>
FINANCE COSTS (Refer Notes 2 & 5)				
Housing		(124,604)	(140,096)	(141,700)
Community Amenities		(96,437)	(15,898)	0
Recreation and Culture		(9,337)	(11,212)	(11,222)
Transport		(20,097)	(24,619)	(24,736)
		<u>(250,475)</u>	<u>(191,825)</u>	<u>(177,658)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
Governance		2,000,000	0	2,000,000
General Purpose Funding		0	0	0
Law, Order, Public Safety		6,810	0	0
Education and Welfare		1,000,000	1,923,652	2,000,000
Community Amenities		1,540,000	1,004,469	300,000
Recreation & Culture		15,427,310	904,141	14,515,000
Transport		7,683,101	10,790,093	14,433,004
Economic Services		250,000	0	0
		<u>27,907,221</u>	<u>14,622,355</u>	<u>33,248,004</u>

**SHIRE OF ASHBURTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)				
Governance		0	(22,199)	0
Law, Order, Public Safety		0	(1,219,107)	0
Housing		0	0	200,000
Housing		(50,000)	0	0
Transport		26,404	35,432	1,862
Transport		(35,524)	(150,583)	(99,132)
Other Property and Services		0	0	(1,000,000)
		<u>(59,120)</u>	<u>(1,356,457)</u>	<u>(897,270)</u>
NET RESULT		<u>26,271,206</u>	<u>24,173,039</u>	<u>32,939,731</u>
Other Comprehensive Income				
Nil		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>26,271,206</u>	<u>24,173,039</u>	<u>32,939,731</u>

Notes:

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

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

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

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

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

**SHIRE OF ASHBURTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		23,685,396	23,932,946	19,915,688
Operating Grants, Subsidies and Contributions		7,020,598	9,491,961	8,016,453
Fees and Charges		17,798,708	14,540,035	14,754,120
Service Charges		0	0	0
Interest Earnings		657,347	1,052,862	467,500
Goods and Services Tax		315,000	4,533,889	315,000
Other		467,625	474,308	402,419
		<u>49,944,674</u>	<u>54,026,001</u>	<u>43,871,180</u>
Payments				
Employee Costs		(16,886,497)	(13,376,931)	(14,131,293)
Materials and Contracts		(20,314,310)	(13,162,303)	(15,509,107)
Utility Charges		(1,370,942)	(798,490)	(1,304,624)
Insurance Expenses		(1,257,532)	(1,293,405)	(1,291,745)
Interest Expenses		(250,675)	(187,268)	(177,858)
Goods and Services Tax		(275,000)	(5,068,636)	(275,000)
Other		(504,970)	(418,163)	(800,146)
		<u>(40,859,926)</u>	<u>(34,305,196)</u>	<u>(33,489,773)</u>
Net Cash Provided By Operating Activities	15(b)	<u>9,084,748</u>	<u>19,720,805</u>	<u>10,381,407</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	(390,000)	(116,054)	(1,075,000)
Payments for Purchase of Property, Plant & Equipment	3	(32,501,235)	(5,098,508)	(27,209,991)
Payments for Construction of Infrastructure	3	(31,039,245)	(20,704,900)	(39,958,383)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		27,907,221	15,051,566	33,248,004
Proceeds from Sale of Plant & Equipment	4	836,000	603,733	5,265,000
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(35,187,259)</u>	<u>(10,264,163)</u>	<u>(29,730,370)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(1,296,603)	(1,540,356)	(2,123,050)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures	5	4,800,000	3,200,000	3,200,000
Net Cash Provided By (Used In) Financing Activities		<u>3,503,397</u>	<u>1,659,644</u>	<u>1,076,950</u>
Net Increase (Decrease) in Cash Held		(22,599,114)	11,116,286	(18,272,013)
Cash at Beginning of Year		45,392,913	34,276,627	34,295,815
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>22,793,799</u></u>	<u><u>45,392,913</u></u>	<u><u>16,023,802</u></u>

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

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

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
REVENUES	1,2			
Governance		3,012,038	783,855	2,774,600
General Purpose Funding		3,080,739	8,223,251	5,193,695
Law, Order, Public Safety		130,300	128,900	114,030
Health		231,167	266,261	251,196
Education and Welfare		1,242,430	2,158,013	2,220,000
Housing		421,842	319,336	378,952
Community Amenities		5,953,467	5,371,326	4,920,491
Recreation and Culture		16,579,812	2,167,862	15,039,114
Transport		18,715,034	17,323,226	21,974,649
Economic Services		2,655,177	3,344,268	2,252,970
Other Property and Services		272,672	470,559	357,436
		<u>52,294,678</u>	<u>40,556,857</u>	<u>55,477,133</u>
EXPENSES	1,2			
Governance		(7,203,414)	(5,394,311)	(5,133,964)
General Purpose Funding		(37,985)	(159,830)	(55,936)
Law, Order, Public Safety		(981,619)	(2,046,348)	(932,643)
Health		(959,924)	(629,811)	(734,023)
Education and Welfare		(603,293)	(354,104)	(487,568)
Housing		(1,088,580)	(1,005,428)	(865,727)
Community Amenities		(9,502,697)	(5,944,586)	(6,666,591)
Recreation & Culture		(9,601,234)	(7,268,162)	(8,466,365)
Transport		(12,429,467)	(9,539,853)	(11,169,630)
Economic Services		(4,786,930)	(5,924,846)	(4,720,405)
Other Property and Services		(2,501,720)	(2,549,041)	(3,208,233)
		<u>(49,696,863)</u>	<u>(40,816,320)</u>	<u>(42,441,085)</u>
Net Operating Result Excluding Rates		2,597,815	(259,463)	13,036,048
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	59,120	1,356,457	897,270
Movement in Deferred Pensioner Rates (non-current)		0	0	0
Movement in Employee Benefit Provisions (non-current)		0	0	0
Movement in Leave Reserve/Provisions (Added Back)		0	0	0
Rounding		0	(3)	0
Depreciation on Assets	2(a)	9,192,173	8,550,331	8,296,250
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	(390,000)	(116,054)	(1,075,000)
Purchase Land and Buildings	3	(30,456,175)	(2,673,716)	(24,352,730)
Purchase Furniture and Equipment	3	(519,000)	(75,492)	(107,740)
Purchase Plant and Equipment	3	(1,526,060)	(2,349,300)	(2,749,521)
Purchase Infrastructure Assets - Roads	3	(3,010,491)	(6,311,327)	(7,934,239)
Purchase Infrastructure Assets - Footpaths	3	(120,000)	(559,776)	(250,000)
Purchase Infrastructure Assets - Drainage	3	(1,899,579)	(1,321,078)	(1,369,000)
Purchase Infrastructure Assets - Parks & Ovals	3	(6,470,450)	(598,650)	(6,646,900)
Purchase Infrastructure Assets - Airports	3	(4,310,000)	(5,109,461)	(8,134,952)
Purchase Infrastructure Assets - Other	3	(15,228,725)	(6,804,608)	(15,623,292)
Proceeds from Disposal of Assets	4	836,000	647,233	5,265,000
Repayment of Debentures	5	(1,296,603)	(1,540,356)	(2,123,050)
Proceeds from New Debentures	5	4,800,000	3,200,000	3,200,000
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	6	(8,235,363)	(17,270,246)	(8,354,886)
Transfers from Reserves (Restricted Assets)	6	23,938,599	5,425,232	17,094,459
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	8,365,348	9,743,123	11,028,600
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	8,365,348	0
Total Amount Raised from General Rates	8	<u>(23,673,391)</u>	<u>(24,432,502)</u>	<u>(19,903,683)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

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

The Local Government Reporting Entity

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

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

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

(b) Actual Balances

Balances shown in this budget as 2014/15 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

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

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

(e) Goods and Services Tax (GST)

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

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

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

(f) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

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

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

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

(j) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

Land Under Control

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

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

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

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Revaluation

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

Transitional Arrangement

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

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

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

Land Under Roads

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

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

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

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

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

Depreciation

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

Buildings	2-3%	30 to 50 Years
Furniture & Fittings	10-25%	4 to 10 Years
Computer Equipment	33.33%	3 Years
Office Equipment	20%	5 Years
Plant & Equipment	6-20%	5 to 15 Years
Motor Vehicles	10%	10 Years
Infrastructure - Other	2.5%	40 Years
Water Supply Piping & Drainage systems	1.3%	75 Years
Sewerage Piping	1%	100 Years
Footpaths	2.5%	40 Years
<i>Gravel Roads</i>		
Construction/Road Base	2%	50 Years
Gravel Sheet	8.3%	12 Years
<i>Formed roads (Unsealed)</i>		
Construction /Road Base	2%	50 Years
<i>Sealed Roads & Streets</i>		
Construction/Road Base	2%	50 Years
Major re-surfacing Bituminous Seals	5%	20 Years
Asphalt Surfaces	8.3%	12 Years

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

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

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

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

Capitalisation Threshold

Expenditure under the thresholds listed below is not capitalised. Rather, it is recorded on an asset inventory listing.

- Land	Nil (All Land Capitalised)
- Buildings	2,000
- Plant & Equipment	2,000
- Furniture & Equipment	2,000
- Infrastructure	5,000

(k) Fair Value of Assets and Liabilities

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation Techniques

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

Market approach

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

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

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

Valuation Techniques (Continued)

Income approach

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

Cost approach

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

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

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

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(m) Impairment of Assets

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2015.

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

(n) Trade and Other Payables

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

(o) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

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

(q) Provisions

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

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

(r) Leases

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

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

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

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

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

(s) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

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

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	55,000	52,816	45,000
 Depreciation			
<u>By Program</u>			
Governance	263,016	241,397	201,830
General Purpose Funding	0	0	0
Law, Order, Public Safety	3,558	53,072	102,300
Health	5,123	4,702	5,500
Education and Welfare	15,640	14,354	7,000
Housing	223,641	205,258	173,900
Community Amenities	228,236	210,639	247,800
Recreation and Culture	839,811	772,190	799,530
Transport	6,574,760	6,034,363	5,901,340
Economic Services	98,488	90,393	55,050
Other Property and Services	939,900	923,963	802,000
	<u>9,192,173</u>	<u>8,550,331</u>	<u>8,296,250</u>
 <u>By Class</u>			
Land and Buildings	813,912	757,081	817,485
Furniture and Equipment	197,008	183,252	187,657
Plant and Equipment	1,096,552	1,019,985	946,181
Roads	5,070,018	4,716,005	5,350,231
Footpaths	73,118	68,013	78,378
Drainage	175,899	163,617	188,552
Parks	205,747	191,381	119,161
Airports	867,708	807,120	59,874
Leashold Improvements	10,468	9,737	0
Other	681,743	634,140	548,731
	<u>9,192,173</u>	<u>8,550,331</u>	<u>8,296,250</u>
 Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	250,475	191,825	177,658
	<u>250,475</u>	<u>191,825</u>	<u>177,658</u>
 (ii) Crediting as Revenues:			
Interest Earnings	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Investments			
- Reserve Funds	320,000	431,743	250,000
- Other Funds	165,000	409,838	150,000
Other Interest Revenue (<i>refer note 13</i>)	172,347	211,281	67,500
	<u>657,347</u>	<u>1,052,862</u>	<u>467,500</u>

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

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

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services

Activities: Rates, general purpose government grants and interest revenue

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of resources

Activities: 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 specific council services

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community

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

HEALTH

Objective: To provide an operational framework for good community health

Activities: Food quality and pest control and operation of child health clinic, analytical testing and Environmental Health Administration.

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas

Activities: Maintenance of pre-school facilities & donations to schools. Assistance to welfare groups and Youth Services

HOUSING

Objective: To manage housing

Activities: Maintenance of staff and rental housing

COMMUNITY AMENITIES

Objective: Provide services required by the community

Activities: Rubbish collections, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities and protection of the environment.

RECREATION AND CULTURE

Objective: To establish and manage efficiently infrastructure and resources which will help the social well being of the community

Activities: Maintenance of Halls, swimming pools, sporting facilities, parks & associated facilities, provision of library services in Tom Price, Onslow, Pannawonica & Paraburdoo.

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

TRANSPORT

Objective: To provide effective and efficient transport services to the community

Activities: Construction and maintenance of streets, roads, bridges, footpaths; street lighting, traffic management and airport. Purchase and disposal of Council's Road Plant.

ECONOMIC SERVICES

Objective: To help promote the shire and improve its economic wellbeing

Activities: Building control, management of tourist bureau, tourism and area promotion and standpipes.

OTHER PROPERTY & SERVICES

Activities: Private works operations, plant repairs and operation costs, stock and materials, salaries and wages of council employees.

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

3. ACQUISITION OF ASSETS	2015/16 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	10,151,000
Law, Order, Public Safety	6,810
Health	0
Education & Welfare	4,625,000
Housing	3,097,355
Community Amenities	9,164,735
Recreation and Culture	20,227,080
Transport	10,777,070
Economic Services	5,112,430
Other Property and Services	769,000
	<u>63,930,480</u>
 <u>By Class</u>	
Land Held for Resale	390,000
Land and Buildings	30,456,175
Plant and Equipment	1,526,060
Furniture and Equipment	519,000
Infrastructure Assets - Roads	3,010,491
Infrastructure assets - Footpaths	120,000
Infrastructure Assets - Drainage	1,899,579
Infrastructure Assets - Parks and Ovals	6,470,450
Infrastructure Assets - Airports	4,310,000
Infrastructure Assets - Other	15,228,725
	<u>63,930,480</u>

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

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

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)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Housing (Losses)	350,000	300,000	(50,000)
Transport (Profits)	245,596	272,000	26,404
Transport (Losses)	299,524	264,000	(35,524)
	895,120	836,000	(59,120)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Plant & Equipment	545,120	536,000	(9,120)
Land and Buildings	350,000	300,000	(50,000)
	895,120	836,000	(59,120)

Summary

	2015/16 BUDGET \$
Profit on Asset Disposals	26,404
Loss on Asset Disposals	(85,524)
	<u><u>(59,120)</u></u>

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

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Interest Rate %	Maturity Date	Principal 1 July 2015	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
					2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Governance										
Loan 124 Onslow Administration Building	3.77	1/04/1931	0	3,300,000	0	0	3,300,000	0	0	0
Housing										
Loan 117 Staff Housing Plan	5.45	3/06/2023	532,961	0	58,194	51,666	474,767	532,961	28,315	16,093
Loan 121 New Staff Housing	5.97	20/04/2021	1,671,841	0	250,219	225,651	1,421,622	1,671,841	96,289	124,003
Community Amenities										
Loan 122 Onslow Transfer Station	3.08	30/04/2025	3,200,000	0	298,137	0	2,901,863	3,200,000	96,437	15,898
Recreation & Culture										
Loan 118 Recreation Centre Tom Price	5.82	1/11/2019	168,755	0	35,015	31,943	133,740	168,755	9,337	11,212
Loan 123 Paraburdoo CHUB	3.72	1/08/2025	0	1,500,000	0	0	1,500,000	0	0	0
Transport										
Loan 116 Onslow Aerodrome	6.79	30/05/2017	117,172	0	57,292	52,895	59,880	117,172	7,011	10,523
Loan 119 Onslow Aerodrome Upgrade	6.36	30/06/2026	209,113	0	15,052	12,805	194,061	209,113	13,086	14,096
Other Property & Services										
DSD Loan Onslow Aerodrome Temporary Camp	0.00	30/11/2015	582,694	0	582,694	1,165,396	0	582,694	0	0
			6,482,536	4,800,000	1,296,603	1,540,356	9,985,933	6,482,536	250,475	191,825

All loan repayments are financed by general purpose income.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used	Balance Unspent
	Budget						Budget	\$
Loan 123 Paraburdoo Chub	\$1,500,000	WATC	Debenture	10	3.72	310,008	\$1,500,000	\$0
Loan 124 Onslow Administration Building	\$3,300,000	WATC	Debenture	15	3.77	1,050,752	\$3,300,000	\$0

(c) Unspent Debentures

Particulars/Purpose	Date Borrowed	Balance 1/07/2014	Borrowed During Year	Expended During Year	Balance 30/06/2015
Loan 121 New Staff Housing	29/04/2011	1,518,933	0	1,518,933	0

NB: The unspent loan funds above are being held in the Housing Reserve as at 30 June 2015

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$500,000 with the Westpac Bank does exist. It is not expected that this facility will be utilised during 2015/16.

(e) Credit Card Facility

Council's Credit Card Facility with Westpac Bank remains unchanged at \$65,000. It is expected the current credit limit of \$65,000 will remain unchanged during 2015/16 financial year.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES			
(a) Employee Entitlement Reserve			
Opening Balance	323,042	316,484	316,484
Amount Set Aside / Transfer to Reserve	2,896	6,558	3,310
Amount Used / Transfer from Reserve	0	0	0
	<u>325,938</u>	<u>323,042</u>	<u>319,794</u>
(b) Plant Replacement Reserve			
Opening Balance	25,769	25,246	25,246
Amount Set Aside / Transfer to Reserve	231	523	264
Amount Used / Transfer from Reserve	0	0	0
	<u>26,000</u>	<u>25,769</u>	<u>25,510</u>
(c) Infrastructure Reserve			
Opening Balance	6,576,047	2,919,340	2,919,340
Amount Set Aside / Transfer to Reserve	58,956	4,044,753	30,528
Amount Used / Transfer from Reserve	(3,990,000)	(388,046)	(1,022,000)
	<u>2,645,003</u>	<u>6,576,047</u>	<u>1,927,868</u>
(d) Housing Reserve			
Opening Balance	2,030,453	1,989,231	1,989,231
Amount Set Aside / Transfer to Reserve	18,203	41,222	638,802
Amount Used / Transfer from Reserve	(1,500,000)	0	(1,500,000)
	<u>548,656</u>	<u>2,030,453</u>	<u>1,128,033</u>
(e) Onslow Community Infrastructure Reserve			
Opening Balance	183,442	37,216	37,216
Amount Set Aside / Transfer to Reserve	1,645	146,226	389
Amount Used / Transfer from Reserve	0	0	0
	<u>185,087</u>	<u>183,442</u>	<u>37,605</u>
(f) Property Development Reserve			
Opening Balance	7,381,336	7,767,148	7,792,033
Amount Set Aside / Transfer to Reserve	66,175	166,063	4,081,483
Amount Used / Transfer from Reserve	(5,064,000)	(551,875)	(3,305,000)
	<u>2,383,511</u>	<u>7,381,336</u>	<u>8,568,516</u>
(g) Unspent Grants & Contributions Reserve			
Opening Balance	3,288,024	6,412,646	6,466,294
Amount Set Aside / Transfer to Reserve	29,478	1,076,904	67,619
Amount Used / Transfer from Reserve	(2,679,799)	(4,201,526)	(6,380,574)
	<u>637,703</u>	<u>3,288,024</u>	<u>153,339</u>
(h) Onslow Administration Building Reserve			
Opening Balance	5,567,821	4,381,085	4,361,177
Amount Set Aside / Transfer to Reserve	49,917	1,470,521	45,606
Amount Used / Transfer from Reserve	(4,200,000)	(283,785)	(4,400,000)
	<u>1,417,738</u>	<u>5,567,821</u>	<u>6,783</u>
(j) RTIO Partnership Reserve			
Opening Balance	3,067,844	0	0
Amount Set Aside / Transfer to Reserve	142,867	3,067,844	486,885
Amount Used / Transfer from Reserve	(2,449,800)	0	(486,885)
	<u>760,911</u>	<u>3,067,844</u>	<u>0</u>

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

6. RESERVES (Continued)	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
(k) Onslow Aerodrome Reserve			
Opening Balance	3,000,000	0	0
Amount Set Aside / Transfer to Reserve	4,826,896	3,000,000	3,000,000
Amount Used / Transfer from Reserve	0	0	0
	<u>7,826,896</u>	<u>3,000,000</u>	<u>3,000,000</u>
(l) Future Projects Reserve			
Opening Balance	4,249,632	0	0
Amount Set Aside / Transfer to Reserve	3,038,099	4,249,632	0
Amount Used / Transfer from Reserve	(4,055,000)	0	0
	<u>3,232,731</u>	<u>4,249,632</u>	<u>0</u>
Total Reserves	<u>19,990,174</u>	<u>35,693,410</u>	<u>15,167,448</u>

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

**Summary of Transfers
To Cash Backed Reserves**

Transfers to Reserves

Employee Benefits Reserve	2,896	6,558	3,310
Plant Replacement Reserve	231	523	264
Infrastructure Reserve	58,956	4,044,753	30,528
Housing Reserve	18,203	41,222	638,802
Onslow Community Infrastructure Reserve	1,645	146,226	389
Property Development Reserve	66,175	166,063	4,081,483
Unspent Grants & Contributions Reserve	29,478	1,076,904	67,619
Onslow Administration Building Reserve	49,917	1,470,521	45,606
RTIO Partnership Reserve	142,867	3,067,844	486,885
Onslow Aerodrome Reserve	4,826,896	3,000,000	3,000,000
Future Projects Reserve	3,038,099	4,249,632	0
	<u>8,235,363</u>	<u>17,270,246</u>	<u>8,354,886</u>

Transfers from Reserves

Employee Benefits Reserve	0	0	0
Plant Replacement Reserve	0	0	0
Infrastructure Reserve	(3,990,000)	(388,046)	(1,022,000)
Housing Reserve	(1,500,000)	0	(1,500,000)
Onslow Community Infrastructure Reserve	0	0	0
Property Development Reserve	(5,064,000)	(551,875)	(3,305,000)
Unspent Grants & Contributions Reserve	(2,679,799)	(4,201,526)	(6,380,574)
Onslow Administration Building Reserve	(4,200,000)	(283,785)	(4,400,000)
RTIO Partnership Reserve	(2,449,800)	0	(486,885)
Onslow Aerodrome Reserve	0	0	0
Future Projects Reserve	(4,055,000)	0	0
	<u>(23,938,599)</u>	<u>(5,425,232)</u>	<u>(17,094,459)</u>

Total Transfer to/(from) Reserves	<u>(15,703,236)</u>	<u>11,845,014</u>	<u>(8,739,573)</u>
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SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

6. RESERVES (Continued)

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

Employee Benefits Reserve

- To contribute towards funding the Council's liability for payments of employee benefits owing to staff and taken either as leave or paid upon termination of their employment.

Plant Replacement Reserve

- To provide an optimum level of cash reserves for funding the Council heavy machinery replacement program on a five year rolling basis.

Infrastructure Reserve

- To provide funds for provision and maintenance of new and existing infrastructure assets throughout the Shire.

Housing Reserve

- To provide funds to assist the Council to maintain and improve Council housing stock in accordance with the Housing Asset Management Plan.

Onslow Community Infrastructure Reserve

- To provide funds for the development of community facilities in Onslow.

Property Development Reserve

- To provide funds to assist the Council in purchasing, developing and selling property to stimulate economic development.

Unspent Grants and Contributions Reserve

- To preserve unspent Grant and ongoing Capital Works Funds

Onslow Administration Building Reserve

- To provide funds to assist the Council in building the new Onslow Administration building

RTIO Partnership Reserve

- For the purpose of funding the projects and programs associated with partnership agreements between the Shire of Ashburton and Rio Tinto (RTIO)

Onslow Aerodrome Reserve

- To provide funds for the upgrading and modifications to the Onslow aerodrome.

Future Projects Reserve

- To provide funds for Future Capital Projects determined in the Long Term Financial Plan.

The reserves are not expected to be fully utilised within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF ASHBURTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2015/16 Budget \$	2014/15 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	2,653,625	7,680,570
Cash - Restricted Unspent Grants		150,000	500,000
Cash - Restricted Unspent Loans		0	1,518,933
Cash - Restricted Reserves	15(a)	19,990,174	35,693,410
Rates - Current		908,362	920,367
Sundry Debtors		2,106,680	3,689,905
Accrued Income		0	0
Payments in Advance		38,507	38,507
GST Receivable		788,082	803,082
Provision For Doubtful Debts		(451,064)	(451,064)
Inventories		98,729	100,779
		<u>26,283,095</u>	<u>50,494,489</u>
LESS: CURRENT LIABILITIES			
Sundry Creditors		(4,972,235)	(5,187,845)
Accrued Expenditure		(184,563)	(179,563)
PAYG Payable		(251,135)	(226,135)
Payroll Creditors		0	0
Withholding Tax Payable		0	0
GST Payable		(338,413)	(313,413)
Other Payables		(3,971)	(3,971)
Restricted Funds		0	0
Accrued Interest on Debentures		(37,406)	(37,606)
Accrued Salaries and Wages		(505,198)	(487,198)
Current Employee Benefits Provision		(875,693)	(875,693)
Current Loan Liability		0	0
		<u>(7,168,614)</u>	<u>(7,311,424)</u>
NET CURRENT ASSET POSITION		19,114,481	43,183,065
Less: Cash - Restricted Reserves	15(a)	(19,990,174)	(35,693,410)
Less: Cash - Unspent Grants - Fully Restricted		0	0
Adjustment for Trust Transactions Within Muni		0	0
Add Back : Liabilities Supported by Reserves - Lesser of Leave Provision and Leave Reserve		875,693	875,693
Add Back : Current Loan Liability		0	0
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>0</u></u>	<u><u>8,365,348</u></u>

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

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

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

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2015/16 Budgeted Rate Revenue \$	2015/16 Budgeted Interim Rates \$	2015/16 Budgeted Back Rates \$	2015/16 Budgeted Total Revenue \$	2014/15 Preliminary Actual \$
Differential General Rate								
GRV - Residential/Community	5.0208	2,418	80,443,535	4,038,900	0	0	4,038,900	3,754,926
GRV - Commercial/Industrial/Tourism	5.0305	153	22,140,874	1,113,800	0	0	1,113,800	1,094,393
UV - Pastoral	5.2635	32	5,221,847	274,852	0	0	274,852	228,163
UV - Mining/Industrial	38.2467	700	46,491,882	17,781,596	50,000	50,000	17,881,596	19,017,662
UV - Tourism	16.0044	4	340,000	54,415	0	0	54,415	52,830
UV - Residential	5.0208	1	2,250,000	112,968	0	0	112,968	0
Non-Rateable		242	0	0	0	0	0	(7,279)
Sub-Totals		3,550	156,888,138	23,376,531	50,000	50,000	23,476,531	24,140,695
Minimum Rates	Minimum \$							
GRV - Residential/Community (General)	650.00	95	534,180	61,750	0	0	61,750	68,880
GRV - Residential/Community (Lesser)	487.50	17	20,004	8,288	0	0	8,288	0
GRV - Commercial/Industrial/Tourism	812.50	42	277,875	34,125	0	0	34,125	19,040
UV - Pastoral	812.50	10	63,085	8,125	0	0	8,125	5,040
UV - Mining/Industrial	812.50	463	419,824	376,188	0	0	376,188	208,880
UV - Residential	650.00	0	0	0	0	0	0	0
Sub-Totals		627	1,314,968	488,475	0	0	488,475	301,840
		4,177					23,965,006	24,442,535
Ex-Gratia Rates							5,050	5,040
Concessions							(294,215)	0
Discounts							0	0
Movement in Excess Rates							5,000	(8,529)
Rates Written Off							(7,450)	(6,544)
Amount Raised from General Rates							23,673,391	24,432,502
Specified Area Rates (Note 9)							0	0
Total Rates							23,673,391	24,432,502

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

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

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

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

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

OBJECTS and REASONS DIFFERENTIAL RATES 2015/16

NOTICE OF INTENTION TO LEVY DIFFERENTIAL RATES 2015/16

The Shire of Ashburton Notice of Intention to Levy Differential Rates 2015/16 was advertised on 9 June 2015 in accordance with Section 6.36 of the Local Government Act 1995 to advise the public of its objectives and reasons for implementing differential rates.

The purpose of levying of property rates is to meet Council's budget requirements in each financial year and in future periods, to deliver services, facilities and community infrastructure to the district as a whole. Property valuations provided by the Valuer General (Landgate) are used as the basis for the calculation of rates each year.

Section 6.36 of the Local Government Act provides the ability to differentially rate properties based on certain characteristics. The application of differential rating maintains equity in the rating of properties across the Shire, enabling the Council to provide facilities, services and infrastructure to the entire community and visitors to the area.

Submissions were received and were considered at Council's Special meeting held on 9 July 2015. The advertised rates in the dollar were altered at that meeting as a result of advice from the Department of Local Government and Communities providing advice on the Local Government Act Concession powers (to ease the effect of the substantial changes and variations to GRV Residential revaluations that will come into effect in 2015/16).

The rates in the dollar were reviewed again at a Special Meeting of Council on 31 July 2015 as a result of further discussions with the Department of Local Government and Communities.

The Table below summarises the rates in the dollar used in the 2015/16 Budget.

Differential Rates 2015/16

Differential Rate Category	Advertised			Proposed		
	Advertised Rate in the \$	General Minimum Payment \$	Lesser Minimum Payment \$	Proposed Rate in the \$	General Minimum Payment \$	Lesser Minimum Payment \$
GRV Commercial/Industrial	0.050305	767.50		0.050305	812.50	
GRV Residential/Community	0.035040	614.00	460.50	0.050208	650.00	487.50
UV Mining/Industrial	0.395516	614.00		0.382467	812.50	
UV Tourism	0.160044	614.00		0.160044	812.50	
UV Pastoral	0.052635	614.00		0.052635	812.50	
UV Residential	0.035040	614.00		0.050208	650.00	

GRV – Differential Rates

The Council intends to adopt differential rating principles for GRV category properties based upon the land use as follows:

Differential Rate Category	Rate in the \$	General Minimum Payment \$
GRV Commercial/Industrial	0.050305	812.50

This rate is applicable to properties that have a predominant land use of commercial or industrial, including Hotels, Shops, Restaurants and Offices and land is used for providing a tourism service, including Roadhouses, Tourist Centres, Caravan Parks, Workers Accommodation, and Holiday Accommodation.

Objects and Reasons - GRV Commercial/Industrial Differential Rate

The reason a higher rate has been applied to the GRV Commercial/Industrial category land is to reflect the additional financial impact these activities have on Shire infrastructure and services.

The objective is to raise additional revenue to contribute toward higher costs associated including, but not limited to, rubbish collection in relevant areas, higher town planning control costs, health inspections and administration costs, added complexity in building control, higher traffic volumes and vehicle mass due to commercial and industrial activity, parking facilities, traffic management, pedestrian access, commercial and industrial

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

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

OBJECTS and REASONS DIFFERENTIAL RATES 2015/16 (Continued)

GROSS RENTAL VALUES (GRV) (Continued)

Differential Rate Category	Rate in the \$	General Minimum Payment \$	Lesser Minimum Payment \$
GRV Residential/Community	0.050208	650.00	487.50

This rate is applicable to properties that have a predominant land use of residential, or used by organisations involved in activities for community benefit including Arts and Craft facilities, Youth Centres, Day Care Centres, Sporting Grounds/Clubs (that do not run a commercial business/kitchen) and health & emergency service facilities.

Objects and Reasons - GRV Residential/Community Differential Rate

The reason the GRV Residential/Community rate has been applied at a lower rate than GRV Commercial/Industrial rate is to reflect the additional financial impact commercial and industrial activities have on the Shire's infrastructure and services (as set out above) and to further the Shire's strategic goals to encourage and support residential development in the town sites and organisations that contribute toward a safe, healthy, cohesive

UNIMPROVED VALUES (UV)

The Council intends to adopt differential rating principles for UV category properties based upon the land use of each property as follows:

Differential Rate Category	Rate in the \$	General Minimum Payment \$
UV Mining/Industrial	0.382467	812.50

This rate is applicable to properties with a land use associated with mining tenements (including Exploration Licences, General Purpose Leases, Mineral Leases, Mining Leases, Petroleum Exploration Permits, Petroleum Production Licences) and for Commercial/Industrial properties with a mining purpose/mining infrastructure predominate use (including crown leases).

Objects and Reasons - UV Mining/Industrial Differential Rate

The reason a higher rate has been applied to the UV Mining/Industrial category land is to reflect the additional financial impact mining and related industries have on Shire infrastructure and services relevant to Pastoral and remote Tourism properties.

The objective is to raise a higher level of rate revenue from mining and related infrastructure properties than from other UV category properties to contribute toward current and future costs associated with the provision of civil infrastructure for services and facilities including, but not limited to, transport, recreation, community and leisure facilities, waste management and planning and development costs.

Differential Rate Category	Rate in the \$	General Minimum Payment \$
UV Tourism	0.160044	812.50

This rate is applicable to tourism ventures located within the Shire issued with an unimproved valuation. The land is predominately used for providing a tourism service, including Caravan Parks and Holiday Accommodation.

Objects and Reasons - UV Tourism Differential Rate

The reason for a lower rate applied to the UV Tourism category, as compared to UV Mining/Industrial, is to reflect the lower level of impact these activities have on general infrastructure and facilities including road infrastructure, recreation facilities and the permanent nature of the business activity relevant to mining and related industry.

The reason for a higher rate applied to the UV Tourism category as compared to UV Pastoral is to achieve an average rate yield more comparable to other Tourism properties with a GRV valuation.

The objective is to raise less revenue from UV Tourism properties than Mining/Industrial properties but more than UV Pastoral properties.

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

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

OBJECTS and REASONS DIFFERENTIAL RATES 2015/16 (Continued)

UNIMPROVED VALUES (UV) (Continued)

Differential Rate Category	Rate in the \$	General Minimum Payment \$
UV Pastoral	0.052635	812.50

This rate is applicable to properties issued with pastoral leases granted by the State Government.

Objects and Reasons - UV Pastoral Differential Rate

The reason for the lower rate applied to the UV Pastoral category is to:

- Recognise the impact of fluctuations in climatic conditions have on the financial capacity to pay;
- The lower level of impact pastoral activities generally have on infrastructure and facilities such as road infrastructure and recreation facilities; and
- The permanent nature of the business activity relevant to mining and related industries.

Recently Council considered a Rating Strategy for the Shire and decided to phase in of rating of Pastoral properties to bring them closer to the average for the overall Pilbara/Kimberley regions.

The objective is to recognise the above matters and raise less rate revenue from properties used for Pastoral activities than other UV category

Differential Rate Category	Rate in the \$	General Minimum Payment \$
UV Residential	0.050208	650.00

This rate is applicable to properties that are zone Urban Development but fall outside a townsite.

Objects and Reasons - UV Residential Differential Rate

This land is zoned Urban Development and could not be considered Commercial or Industrial or Mining and therefore does not suit to that category so a new differential rate called UV Residential has been created.

The reason the UV Residential rate has been applied at a similar rate as GRV Residential on the basis the land is urban and destined for urban develop and exhibits all the characteristics GRV Residential land but exists in a UV area.

Minimum Payments

Applying a minimum payment seeks to ensure all ratepayers contribute to basic services and facilities and Council has determined two levels of General minimums and one Lesser minimum.

General Minimum Payments

A General minimum of \$650.00 has been applied to properties in the GRV Residential/Community.

This represents the first stage of a 3 years phasing process after Council adopted a minimum rate calculation methodology.

Another General minimum of \$812.50 has been set for GRV Commercial/Industrial, UV Pastoral, UV Mining/Industrial, UV Tourism areas to raise additional revenue to contribute toward higher costs associated including, but not limited to, rubbish collection in relevant areas, higher town planning control costs, health inspections and administration costs, added complexity in building control, higher traffic volumes and vehicle mass due to commercial and industrial activity, parking facilities, traffic management, pedestrian access, commercial and industrial signage, visitor servicing and street furniture.

This is at a 25% premium to GRV Residential/Community rate.

Lesser Minimum Payment

A Lesser minimum of \$487.50 has been set for Wittenoorn properties to reflect some of special circumstances attributable to Wittenoorn properties to do with the status of the townsite (i.e. degazetteal). This is at a 25% discount to GRV Residential/Community rate.

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

9. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

No specified area rate is levied by Council.

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire has no service charges in operation

11. FEES & CHARGES REVENUE	2015/16 Budget \$	2014/15 Actual \$
General Purpose Funding	9,500	7,658
Governance	53,924	53,713
Law, Order, Public Safety	75,710	72,741
Health	89,215	110,331
Education and Welfare	10,000	11,398
Housing	392,220	309,122
Community Amenities	3,886,576	3,776,911
Recreation & Culture	300,502	312,072
Transport	10,059,230	6,239,402
Economic Services	2,156,159	3,185,161
Other Property & Services	137,672	237,123
	<u>17,170,708</u>	<u>14,315,632</u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

No discount scheme is offered to ratepayers.

Council has resolved to offer a concession to GRV Residential/Community properties whose valuations have increased from 2014/15 to 2015/16. The concession to be equivalent to the difference payable between 2014/15 valuations and the proposed 2015/16 GRV Residential/Community properties rate in the dollar (i.e. 0.050208), and 2015/16 valuations and the proposed 2015/16 rate in the dollar. The dollar value of the concession is estimated to be \$294,215.

Council offers the following discounts:

- (a) Dog and Cat registration fees (Statutory) 50% discount on normal fees applicable for eligible Pensioners.
- (b) A 50% discount is applicable on all above venue hire charges for any junior organisation (not for profit). Booking must be specifically for children 17 years or younger.
- (c) Community Groups as defined in Policy REC05 requiring a weekly bin service will be provided 50% discount on refuse collection charges.

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

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

Sundry Debtors

An interest rate of 11% will be charged on all sundry debtors payments which are late. It is estimated this will generate income of \$10,000.

Rates Debtors

The cost of the instalment plans will comprise of simple interest of 5.5% p.a. calculated from the date the first instalment is due, together with an administration fee of \$10 for each instalment notice (i.e. \$30 for option 3)

The total revenue from the imposition of the interest and administration charge under this option is estimated at \$15,500.

An interest rate of 11% will be charged on all rate payments which are late. It is estimated this will generate income of \$148,847. Three separate option plans will be available to ratepayers for payment of their rates.

	Interest Rate %	Admin Charge \$	Budgeted Revenue \$	Actual Revenue \$
Interest on Unpaid Rates	11		148,847	199,729
Interest on Instalments Plan	5.5		10,500	8,370
Interest on ESL	11		3,000	3,182
Interest on Sundry Debtors	11		10,000	0
Charges on Instalment Plan		10	5,000	4,800
			177,347	216,081

Option 1

Full amount of rates and charges including arrears to be paid on or before 35 days after the date of service appearing on the rate notice. See Note 12 for discount provisions under this option.

Option 2 (2 Instalments)

First instalment to be received on or before 35 days after the date of service appearing on the rate notice including all arrears and half of the current rates and charges. Second instalments to be made four months thereafter.

Option 3 (4 Instalments)

First instalment to be received on or before 35 days after the date of service appearing on the rate notice including all arrears a quarter of the current rates and charges. Second, third and fourth instalments to be at two month intervals thereafter.

Two Instalment Option

1st Instalment Due 1 October 2015
2nd Instalment Due 2 February 2016

Four Instalment Option

1st Instalment Due 1 October 2015
2nd Instalment Due 1 December 2015
3rd Instalment Due 2 February 2016
4th Instalment Due 5 April 2016

14. ELECTED MEMBERS REMUNERATION

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

	2015/16 Budget \$	2014/15 Actual \$
Meeting Fees	181,280	175,615
President's Attendance Fees	30,385	30,890
President's Allowance	61,800	61,350
Deputy President's Allowance	15,450	15,450
Travelling Expenses	50,000	97,239
Telecommunications Expenses	4,500	4,500
	343,415	385,044

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash - Unrestricted	2,653,625	7,680,570	706,354
Cash - Restricted	20,140,174	37,712,343	15,317,448
	<u>22,793,799</u>	<u>45,392,913</u>	<u>16,023,802</u>

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

Employee Benefits Reserve	325,938	323,042	319,794
Plant Replacement Reserve	26,000	25,769	25,510
Infrastructure Reserve	2,645,003	6,576,047	1,927,868
Housing Reserve	548,656	2,030,453	1,128,033
Onslow Community Infrastructure Reserve	185,087	183,442	37,605
Property Development Reserve	2,383,511	7,381,336	8,568,516
Unspent Grants & Contributions Reserve	637,703	3,288,024	153,339
Onslow Administration Building Reserve	1,417,738	5,567,821	6,783
RTIO Partnership Reserve	760,911	3,067,844	0
Onslow Aerodrome Reserve	7,826,896	3,000,000	3,000,000
Future Projects Reserve	3,232,731	4,249,632	0
Unspent Grants	150,000	500,000	150,000
Unspent Loans	0	1,518,933	0
	<u>20,140,174</u>	<u>37,712,343</u>	<u>15,317,448</u>

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

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Net Result	26,271,206	24,173,039	32,939,731
Depreciation	9,192,173	8,550,331	8,296,250
(Profit)/Loss on Sale of Asset	59,120	1,356,457	897,270
(Increase)/Decrease in Receivables	1,610,230	(1,205,227)	1,640,230
(Increase)/Decrease in Inventories	2,050	97,039	2,050
Increase/(Decrease) in Payables	(148,810)	1,800,732	(148,810)
Increase/(Decrease) in Employee Provisions	6,000	0	2,690
Grants/Contributions for the Development of Assets	(27,907,221)	(15,051,566)	(33,248,004)
Net Cash from Operating Activities	<u>9,084,748</u>	<u>19,720,805</u>	<u>10,381,407</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	500,000	500,000	500,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	65,000	65,000	65,000
Credit Card Balance at Balance Date	0	(35,589)	0
Total Amount of Credit Unused	<u>565,000</u>	<u>529,411</u>	<u>565,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>9,985,933</u>	<u>6,482,536</u>	<u>5,899,842</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>1,518,933</u>	<u>0</u>

**SHIRE OF ASHBURTON
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FOR THE YEAR ENDED 30TH JUNE 2016**

16. TRUST FUNDS

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

Detail	Balance 1-Jul-15 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-16 \$
Public Open Space	330,500	38,800	(93,844)	275,456
Cleaning and Key Deposits	13,410	5,305	(4,300)	14,415
Other Trust Monies	28,404	0	0	28,404
Bonds & Guarantees	45,184	158,847	(138,742)	65,289
Nomination Deposit	80	800	(880)	0
Unclaimed Monies	7,671	0	0	7,671
BCITF Levy	23,024	429,051	(420,000)	32,075
BRB Levy	11,181	32,192	(32,000)	11,373
Consignment Stock	177	23,211	(20,944)	2,444
Tour Sales	24,318	174,077	(163,402)	34,993
	<u>483,949</u>			<u>472,120</u>

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

17. MAJOR LAND TRANSACTIONS

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

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Onslow Aerodrome

Councils objective is to maintain a safe landing airstrip and functional airport amenities conducive to the promotion of the district as a tourist and business destination.

Operating costs are met by landing fees charged. Annual surpluses are transferred to a cash reserve to finance future improvements to the facility.

(a) Operating Statement	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Operating Income			
Landing Fees	180,000	187,427	120,000
Passenger Tax	7,762,000	5,650,440	7,092,000
Property Rental	89,296	87,992	75,000
Security Screening Charges	2,000,000	0	0
Sundry Income	27,934	17,948	15,200
	10,059,230	5,943,807	7,302,200
Operating Expenditure			
Employee Expenses	(198,998)	(374,737)	(281,524)
Operational Expenses	(1,795,455)	(459,440)	(1,435,284)
Grounds & Strip Maintenance	(159,313)	(108,639)	(91,770)
Marketing	(25,000)	(9,938)	(2,000)
Other Sundry Expenses	(20,097)	(24,619)	(116,736)
Administration Expenses	(221,053)	(2,932)	(20,500)
Administration Overheads	(158,637)	(126,205)	(189,369)
Depreciation	(61,761)	(56,685)	(120,000)
	(2,640,314)	(1,163,195)	(2,257,183)
Operating Result	7,418,916	4,780,612	5,045,017
(b) Non-Operating Income & Expenditure			
Capital Revenue			
Transfer from Cash Reserve	0	0	0
Contributions	5,147,570	9,171,537	12,365,120
Government Grants	0	0	0
	5,147,570	9,171,537	12,365,120
Capital Expenditure			
Transfer to Cash Reserve	(4,800,000)	(3,000,000)	(3,000,000)
Infrastructure	(4,050,000)	(3,401,829)	(6,600,500)
Buildings	(250,000)	(754,585)	(617,952)
Airport Equipment Purchase	(10,000)	(989,615)	(1,026,500)
Financing Expenses	(72,344)	(65,699)	(65,699)
	(9,182,344)	(8,211,728)	(11,310,651)
TOTAL NET TRADING UNDERTAKING	3,384,142	5,740,421	6,099,486