



SHIRE OF MT MARSHALL

BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

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SHIRE OF MT MARSHALL
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	1,237,941	1,186,730	1,125,761
Operating Grants, Subsidies and Contributions		1,389,678	3,580,462	2,384,326
Fees and Charges	11	495,000	318,211	246,800
Service Charges	10	0	0	0
Interest Earnings	2(a)	68,939	89,825	105,724
Other Revenue	2(a)	85,228	81,826	195,230
		<u>3,276,786</u>	<u>5,257,054</u>	<u>4,057,841</u>
Expenses				
Employee Costs		(1,568,865)	(1,322,145)	(1,342,810)
Materials and Contracts		(1,408,086)	(1,408,683)	(1,319,052)
Utility Charges		(173,190)	(172,508)	(164,382)
Depreciation on Non-Current Assets	2(a)	(2,850,550)	(2,834,160)	(2,623,182)
Interest Expenses	2(a)	(17,867)	(23,673)	(25,346)
Insurance Expenses		(144,495)	(152,714)	(130,475)
Other Expenditure		(80,344)	(111,702)	(117,539)
		<u>(6,243,397)</u>	<u>(6,025,585)</u>	<u>(5,722,786)</u>
		(2,966,611)	(768,531)	(1,664,945)
Non-Operating Grants, Subsidies and Contributions		2,832,113	1,101,230	1,228,757
Profit on Asset Disposals	3	5,100	20,118	21,934
Loss on Asset Disposals	3	(229,552)	(6,499)	(17,819)
NET RESULT		(358,950)	346,318	(432,073)
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(358,950)</u>	<u>346,318</u>	<u>(432,073)</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, are 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 upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF MT MARSHALL
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		8,950	9,088	41,618
General Purpose Funding		2,449,992	4,610,981	3,463,621
Law, Order, Public Safety		19,307	26,493	22,300
Health		0	0	0
Education and Welfare		57,912	107,775	52,600
Housing		112,200	109,050	86,000
Community Amenities		186,425	119,997	63,910
Recreation and Culture		70,700	51,763	17,090
Transport		10,000	12,998	67,000
Economic Services		240,400	90,129	164,853
Other Property and Services		120,901	118,781	79,191
		<u>3,276,787</u>	<u>5,257,055</u>	<u>4,058,183</u>
Expenses Excluding Finance Costs (Refer Notes 1,2 & 14)				
Governance		(441,868)	(420,709)	(423,743)
General Purpose Funding		(99,200)	(88,473)	(86,423)
Law, Order, Public Safety		(61,334)	(56,400)	(55,330)
Health		(130,859)	(137,274)	(134,700)
Education and Welfare		(263,472)	(196,425)	(176,797)
Housing		(300,031)	(130,234)	(84,104)
Community Amenities		(282,995)	(289,168)	(326,060)
Recreation and Culture		(863,190)	(1,147,620)	(738,875)
Transport		(3,379,259)	(3,142,087)	(3,311,949)
Economic Services		(336,628)	(259,089)	(295,402)
Other Property and Services		(66,694)	(134,432)	(64,399)
		<u>(6,225,530)</u>	<u>(6,001,911)</u>	<u>(5,697,782)</u>
Finance Costs (Refer Notes 2 & 5)				
Governance		0	0	0
General Purpose Funding		(1,928)	(2,448)	(942)
Housing		(14,215)	(18,761)	(18,938)
Economic Services		(1,725)	(2,465)	(5,466)
		<u>(17,868)</u>	<u>(23,674)</u>	<u>(25,346)</u>
Non-operating Grants, Subsidies and Contributions				
General Purpose Funding		0	14,675	0
Recreation and Culture		990,000	0	0
Transport		1,842,113	1,086,554	1,228,757
		<u>2,832,113</u>	<u>1,101,229</u>	<u>1,228,757</u>

SHIRE OF MT MARSHALL
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 3)				
Governance		0	(3,043)	(2,214)
Housing		(54,396)	0	0
Transport		(41,712)	16,662	6,329
Economic Services		(128,344)	0	0
		<u>(224,452)</u>	<u>13,619</u>	<u>4,115</u>
NET RESULT		(358,950)	346,318	(432,073)
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>(358,950)</u>	<u>346,318</u>	<u>(432,073)</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets 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 remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

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

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

**SHIRE OF MT MARSHALL
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		1,244,089	1,226,752	1,125,761
Operating Grants, Subsidies and Contributions		1,392,052	3,589,724	2,429,413
Fees and Charges		495,000	318,211	246,800
Service Charges		0	0	0
Interest Earnings		68,939	92,489	105,724
Goods and Services Tax		10,053	19,595	292,300
Other Revenue		108,848	147,054	195,230
		<u>3,318,981</u>	<u>5,393,825</u>	<u>4,395,228</u>
Payments				
Employee Costs		(1,578,893)	(1,308,861)	(1,342,811)
Materials and Contracts		(1,359,495)	(1,392,408)	(1,317,949)
Utility Charges		(173,190)	(172,508)	(164,382)
Interest Expenses		(17,639)	(30,578)	(25,346)
Insurance Expenses		(144,495)	(152,714)	(130,475)
Goods and Services Tax		0	0	(292,300)
Other Expenditure		(80,344)	(111,702)	(117,538)
		<u>(3,354,056)</u>	<u>(3,168,771)</u>	<u>(3,390,801)</u>
Net Cash Provided By Operating Activities	15(b)	<u>(35,075)</u>	<u>2,225,054</u>	<u>1,004,427</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	4	(3,597,900)	(354,151)	(498,403)
Payments for Construction of Infrastructure	4	(2,592,339)	(1,348,955)	(1,796,100)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,832,113	1,101,230	1,228,757
Proceeds from Sale of Plant & Equipment	3	<u>226,000</u>	<u>142,034</u>	<u>129,318</u>
Net Cash Used in Investing Activities		<u>(3,132,126)</u>	<u>(459,842)</u>	<u>(936,428)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(113,145)	(122,742)	(122,740)
Proceeds from Self Supporting Loans		0	0	9,260
Proceeds from New Debentures	5	<u>1,300,000</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>1,186,855</u>	<u>(122,742)</u>	<u>(113,480)</u>
Net Increase (Decrease) in Cash Held		(1,980,346)	1,642,470	(45,481)
Cash at Beginning of Year		<u>4,089,239</u>	<u>2,446,769</u>	<u>2,446,769</u>
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>2,108,893</u></u>	<u><u>4,089,239</u></u>	<u><u>2,401,288</u></u>

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

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

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue	1,2			
Governance		8,950	12,018	41,618
General Purpose Funding		1,212,051	3,438,926	2,337,860
Law, Order, Public Safety		19,307	26,493	22,300
Health		0	0	0
Education and Welfare		57,912	107,775	52,600
Housing		112,200	109,050	86,000
Community Amenities		186,425	119,997	63,910
Recreation and Culture		1,060,700	51,763	17,090
Transport		1,857,213	1,116,740	1,302,086
Economic Services		240,400	90,129	164,853
Other Property and Services		120,900	118,781	79,191
		<u>4,876,058</u>	<u>5,191,672</u>	<u>4,167,508</u>
Expenses	1,2			
Governance		(441,868)	(426,682)	(425,957)
General Purpose Funding		(101,128)	(90,921)	(87,365)
Law, Order, Public Safety		(61,334)	(56,400)	(55,330)
Health		(130,859)	(137,274)	(134,700)
Education and Welfare		(263,472)	(196,425)	(176,797)
Housing		(368,642)	(148,995)	(103,042)
Community Amenities		(282,995)	(289,168)	(326,060)
Recreation and Culture		(863,190)	(1,147,620)	(738,875)
Transport		(3,426,071)	(3,142,613)	(3,311,949)
Economic Services		(466,697)	(261,554)	(300,868)
Other Property and Services		(66,694)	(134,432)	(64,399)
		<u>(6,472,950)</u>	<u>(6,032,084)</u>	<u>(5,725,342)</u>
Net Result Excluding General Rates		(1,596,892)	(840,412)	(1,557,834)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	3	224,452	(13,619)	(4,115)
Depreciation on Assets	2(a)	2,850,550	2,834,160	2,623,182
Movement in Non-Current Staff Leave Provisions		344	(22,481)	0
Capital Expenditure and Revenue				
Purchase Property, Plant and Equipment	4	(3,597,900)	(354,151)	(498,403)
Purchase Infrastructure	4	(2,592,339)	(1,348,955)	(1,796,100)
Proceeds from Disposal of Assets	4	226,000	142,034	129,318
Repayment of Debentures	5	(113,145)	(122,742)	(122,740)
Proceeds from New Debentures	5	1,300,000	0	0
Advances to Community Groups				
Self-Supporting Loan Principal Income		9,783	9,260	9,260
Transfers to Reserves (Restricted Assets)	6	(195,940)	(411,702)	(649,024)
Transfers from Reserves (Restricted Assets)	6	607,000	104,682	60,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	1,640,146	477,342	702,961
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	1,640,146	22,266
Amount Required to be Raised from General Rate	8	<u>(1,237,941)</u>	<u>(1,186,730)</u>	<u>(1,125,761)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The Local Government Reporting Entity

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

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

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

(b) 2014/15 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 MT MARSHALL
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 Note 7 - Net Current Assets.

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

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

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

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

(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 MT MARSHALL
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 MT MARSHALL
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 MT MARSHALL
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	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.

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

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(k) Fair Value of Assets and Liabilities

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

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

SHIRE OF MT MARSHALL
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 MT MARSHALL
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)

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 MT MARSHALL
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 MT MARSHALL
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 MT MARSHALL
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 2016.

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 MT MARSHALL
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 live 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 MT MARSHALL
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 MT MARSHALL
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			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	32,400	31,440	22,714
Other Services	0	0	0
Depreciation			
<u>By Program</u>			
Governance	17,800	17,746	25,344
General Purpose Funding	21,400	0	0
Law, Order, Public Safety	3,100	21,255	17,972
Health	0	3,008	2,940
Education and Welfare	26,300	25,964	13,752
Housing	57,100	57,117	41,292
Community Amenities	25,000	24,863	25,378
Recreation and Culture	204,450	203,458	108,018
Transport	2,237,000	2,236,791	2,134,020
Economic Services	40,400	26,051	21,402
Other Property and Services	218,000	217,907	233,064
	<u>2,850,550</u>	<u>2,834,160</u>	<u>2,623,182</u>
<u>By Class</u>			
Parks & Ovals	14,100	15,944	17,472
Land and Buildings	292,200	265,529	148,758
Furniture and Equipment	12,400	9,909	12,012
Plant and Equipment	266,700	265,749	312,534
Roads	2,206,900	2,205,600	2,111,748
Footpaths & Kerbing	9,400	9,105	8,880
Drainage	7,500	8,190	4,176
Infrastructure Other	41,350	54,134	7,602
	<u>2,850,550</u>	<u>2,834,160</u>	<u>2,623,182</u>
Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	17,867	23,673	25,346
Other	0	0	0
	<u>17,867</u>	<u>23,673</u>	<u>25,346</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	41,939	57,576	79,024
- Other Funds	15,000	20,197	18,000
Other Interest Revenue (<i>refer note 13</i>)	12,000	12,052	8,700
	<u>68,939</u>	<u>89,825</u>	<u>105,724</u>
(iii) Other Revenue			
Reimbursements and Recoveries	85,228	81,826	195,230
	<u>85,228</u>	<u>81,826</u>	<u>195,230</u>

**SHIRE OF MT MARSHALL
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, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

The Shire of Mt Marshall is an active, safe and vibrant community that works together with honesty and is respectful of the values of all. We are committed to a progressive, diverse and profitable community that supports healthy lifestyles sustained by positive social values and engaged youth. Our natural assets are valued, protected and enhanced for future generations.

GOVERNANCE

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

Activities:

Administration and operation of facilities and services to members of the Council.

Other costs that relate to the tasks of assisting elected members and ratepayers on matters which are not directly related to specific Shire 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 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 and water quality, pest control, immunisation services, child health services and health education.

EDUCATION AND WELFARE

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

Activities:

Management and support for families, children, youth and the aged within the community by providing Youth, Aged and Family Centres, Home and Community Aged Care Programs and assistance to schools.

HOUSING

Objective: To help ensure adequate housing.

Activities:

Provision of residential housing for council staff. Provision of housing for aged persons, low income families, government and semi government employees.

**SHIRE OF MT MARSHALL
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)

COMMUNITY AMENITIES

Objective: Provide services required by the community.

Activities:

Rubbish collection services and disposal of waste, stormwater drainage, protection of environment, town planning & regional development and other community amenities (cemeteries and public toilets).

RECREATION AND CULTURE

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

Activities:

Public halls, recreation and aquatic centres, parks and reserves, libraries, heritage and culture.

TRANSPORT

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

Activities:

Construction and maintenance of roads, footpaths, bridges; street cleaning and lighting, road verges, streetscaping and depot maintenance.

ECONOMIC SERVICES

Objective: To help promote the Municipality and improve its economic wellbeing.

Activities:

The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.

OTHER PROPERTY & SERVICES

Activities:

Private works, public works overheads, plant and equipment operations, town planning schemes and activities not reported in the above programs.

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

3. DISPOSALS OF ASSETS

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

By Program	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Housing			
House Lot 168 Collin St Bencubbin	74,396	20,000	(54,396)
Transport			
Backhoe Volvo BL71 2008	49,440	30,000	(19,440)
Mitsubishi 4x4 Crew Cab Utility	24,500	18,000	(6,500)
Mitsubishi Triton Utility	14,500	15,000	500
Mitsubishi Triton GLX 4x2 MM279	19,091	15,000	(4,091)
Mitsubishi Triton GLX 4x2 MM277	18,181	8,000	(10,181)
Nissan Navara 4x4 Dual Cab	20,400	25,000	4,600
Effluent Tank for Truck	11,600	5,000	(6,600)
Economic Services			
Lot 31 Monger St Bencubbin - Industrial Shed	218,344	90,000	(128,344)
	450,452	226,000	(224,452)

By Class	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET \$	2015/16 BUDGET \$	2015/16 BUDGET \$
Land & Buildings	292,740	110,000	(182,740)
Plant & Equipment	157,712	116,000	(41,712)
	450,452	226,000	(224,452)

Summary

	2015/16 BUDGET \$
Profit on Asset Disposals	5,100
Loss on Asset Disposals	(229,552)
	<u>(224,452)</u>

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

4. ACQUISITION OF ASSETS

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

Asset Class	Reporting Program											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						50,000	56,000	2,857,000		219,400		3,182,400
Furniture and Equipment	30,000											30,000
Plant and Equipment									385,500			385,500
<i>Infrastructure</i>												
Roads									2,245,379			2,245,379
Footpaths									40,000			40,000
Infrastructure Other							271,960	35,000				306,960
	30,000	0	0	0	0	50,000	327,960	2,892,000	2,670,879	219,400	0	6,190,239

A detailed breakdown of acquisitions on an individual asset basis can be found on page 3 of the supplementary information attached to this budget document - Capital Expenditure.

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

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

Particulars	Principal 1-Jul-15	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 \$
General Purpose Funding								
Loan 119 - Benny-Mart*	39,614	0	9,783	9,262	29,831	39,616	1,928	2,448
Housing								
Loan 111 - House 229 Murray St	0	0	0	16,134	0	0	0	478
Loan 115 - Housing Upgrade	31,916	0	31,916	30,139	0	31,916	1,397	2,381
Loan 118 - Staff Housing	216,194	0	49,143	46,197	167,051	216,194	12,817	15,901
Recreation & Culture								
Loan 120 - Bencubbin Rec Complex Shire	0	1,000,000	0	0	1,000,000	0	0	0
Loan 121 - Bencubbin Rec Complex CRC*	0	300,000	0	0	300,000	0	0	0
<i>(Anticipated Lending Dates 30 June 2016)</i>								
Economic Services								
Loan 117 - Accommodation Units	33,964	0	22,303	21,010	11,661	33,964	1,725	2,465
	321,688	1,300,000	113,145	122,742	1,508,543	321,690	17,867	23,673

(*) Self supporting loan financed by payments from third parties.

All debenture repayments will be financed by general purpose revenue.

**SHIRE OF MT MARSHALL
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 Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 120 - Bencubbin Rec Complex Shire	1,000,000	WATC	tba	tba	tba	tba	1,000,000	0
Loan 121 - Bencubbin Rec Complex CRC*	300,000	WATC	tba	tba	tba	tba	300,000	0
					0		1,300,000	0

(* Self supporting loan financed by payments from third parties.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2015. Depending on the timing of commencement of finalisation of funding and commencement of construction of the Bencubbin Recreation Complex Redevelopment, there may be unspent debenture funds as at 30 June 2016.

For the purposes of this budget, it has been assumed that loan funds will be drawn and expensed prior to 30 June 2016.

(d) Overdraft

Council has not utilised an overdraft facility during the 2014/15 financial year and does not have an overdraft facility. It is not anticipated that an overdraft facility will be required to be utilised during 2015/16.

SHIRE OF MT MARSHALL
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) Plant Replacement Reserve			
Opening Balance	321,880	253,971	253,971
Amount Set Aside / Transfer to Reserve	86,438	67,909	71,212
Amount Used / Transfer from Reserve	0	0	0
	<u>408,318</u>	<u>321,880</u>	<u>325,183</u>
(b) Aged Care Units Reserve			
Opening Balance	64,386	62,441	62,441
Amount Set Aside / Transfer to Reserve	1,288	1,945	2,757
Amount Used / Transfer from Reserve	0	0	0
	<u>65,674</u>	<u>64,386</u>	<u>65,198</u>
(c) Community Housing Reserve			
Opening Balance	37,001	35,886	35,886
Amount Set Aside / Transfer to Reserve	740	1,115	1,584
Amount Used / Transfer from Reserve	0	0	0
	<u>37,741</u>	<u>37,001</u>	<u>37,470</u>
(d) Council Staff Housing Reserve			
Opening Balance	31,158	88,404	88,404
Amount Set Aside / Transfer to Reserve	623	2,754	3,903
Amount Used / Transfer from Reserve	0	(60,000)	(60,000)
	<u>31,781</u>	<u>31,158</u>	<u>32,307</u>
(e) Employee Entitlements Reserve			
Opening Balance	88,157	110,644	110,644
Amount Set Aside / Transfer to Reserve	1,763	3,445	4,885
Amount Used / Transfer from Reserve	0	(25,932)	0
	<u>89,920</u>	<u>88,157</u>	<u>115,529</u>
(f) Public Amenities & Buildings Reserve			
Opening Balance	621,406	602,641	602,641
Amount Set Aside / Transfer to Reserve	12,428	18,765	276,605
Amount Used / Transfer from Reserve	(500,000)	0	0
	<u>133,834</u>	<u>621,406</u>	<u>879,246</u>
(g) Bencubbin Acquatic Centre Development Reserve			
Opening Balance	641,044	344,356	344,356
Amount Set Aside / Transfer to Reserve	86,820	296,688	265,202
Amount Used / Transfer from Reserve	0	0	0
	<u>727,864</u>	<u>641,044</u>	<u>609,558</u>
(h) Community Bus Replacement Reserve			
Opening Balance	108,974	95,986	95,986
Amount Set Aside / Transfer to Reserve	2,179	12,988	14,238
Amount Used / Transfer from Reserve	0	0	0
	<u>111,153</u>	<u>108,974</u>	<u>110,224</u>
Total Reserves C/Fwd	<u>1,606,285</u>	<u>1,914,006</u>	<u>2,174,715</u>

**SHIRE OF MT MARSHALL
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 (Continued)			
Total Reserves B/Fwd	<u>1,606,285</u>	<u>1,914,006</u>	<u>2,174,715</u>
(i) Bencubbin Recreation Complex Reserve			
Opening Balance	7,538	25,496	25,496
Amount Set Aside / Transfer to Reserve	151	792	1,126
Amount Used / Transfer from Reserve	<u>(7,000)</u>	<u>(18,750)</u>	<u>0</u>
	<u>689</u>	<u>7,538</u>	<u>26,622</u>
(j) Office Equipment Reserve			
Opening Balance	15,086	14,629	14,628
Amount Set Aside / Transfer to Reserve	302	457	646
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>15,388</u>	<u>15,086</u>	<u>15,274</u>
(k) Economic Development Reserve			
Opening Balance	103,116	100,000	100,000
Amount Set Aside / Transfer to Reserve	2,062	3,116	4,415
Amount Used / Transfer from Reserve	<u>(100,000)</u>	<u>0</u>	<u>0</u>
	<u>5,178</u>	<u>103,116</u>	<u>104,415</u>
(l) Integrated Planning/Financial Reporting Reserve			
Opening Balance	16,029	15,545	15,545
Amount Set Aside / Transfer to Reserve	321	484	686
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>16,350</u>	<u>16,029</u>	<u>16,231</u>
(m) Beacon Barracks Replacement Reserve			
Opening Balance	41,244	40,000	40,000
Amount Set Aside / Transfer to Reserve	825	1,244	1,765
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>42,069</u>	<u>41,244</u>	<u>41,765</u>
Total Reserves	<u><u>1,685,959</u></u>	<u><u>2,097,019</u></u>	<u><u>2,379,022</u></u>

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

**SHIRE OF MT MARSHALL
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 \$
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Plant Replacement Reserve	86,438	67,909	71,212
Aged Care Units Reserve	1,288	1,945	2,757
Community Housing Reserve	740	1,115	1,584
Council Staff Housing Reserve	623	2,754	3,903
Employee Entitlements Reserve	1,763	3,445	4,885
Public Amenities & Buildings Reserve	12,428	18,765	276,605
Bencubbin Aquatic Centre Development Reser	86,820	296,688	265,202
Community Bus Replacement Reserve	2,179	12,988	14,238
Bencubbin Recreation Complex Reserve	151	792	1,126
Office Equipment Reserve	302	457	646
Economic Development Reserve	2,062	3,116	4,415
Integrated Planning/Financial Reporting Reserv	321	484	686
Beacon Barracks Replacement Reserve	825	1,244	1,765
	<u>195,940</u>	<u>411,702</u>	<u>649,024</u>
Transfers from Reserves			
Plant Replacement Reserve	0	0	0
Aged Care Units Reserve	0	0	0
Community Housing Reserve	0	0	0
Council Staff Housing Reserve	0	(60,000)	(60,000)
Employee Entitlements Reserve	0	(25,932)	0
Public Amenities & Buildings Reserve	(500,000)	0	0
Bencubbin Aquatic Centre Development Reser	0	0	0
Community Bus Replacement Reserve	0	0	0
Bencubbin Recreation Complex Reserve	(7,000)	(18,750)	0
Office Equipment Reserve	0	0	0
Economic Development Reserve	(100,000)	0	0
Integrated Planning/Financial Reporting Reserv	0	0	0
Beacon Barracks Replacement Reserve	0	0	0
	<u>(607,000)</u>	<u>(104,682)</u>	<u>(60,000)</u>
Total Transfer to/(from) Reserves	<u>(411,060)</u>	<u>307,020</u>	<u>589,024</u>

**SHIRE OF MT MARSHALL
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:

Plant Replacement Reserve

- To fund the purchase of road construction plant, so as to avoid undue heavy burden in a single year.

Aged Care Units Reserve

- To be used for future maintenance costs (Funds of \$500 per unit per year).

Community Housing Reserve

- To fund future maintenance of Homeswest Joint Venture/Community Housing projects.

Council Staff Housing Reserve

- To fund the replacement of staff housing and any major maintenance.

Employee Entitlements Reserve

- To be used to fund Long Service Leave required/other accrued leave.

Public Amenities & Buildings Reserve

- To help fund future building maintenance requirements to the shire's buildings.

Bencubbin Aquatic Centre Development Reserve

- To finance future capital and maintenance upgrades for the Bencubbin Aquatic centre.

Community Bus Replacement Reserve

- To finance the replacement of the community bus.

Bencubbin Recreation Complex Reserve

- To provide funding for future extensions to the Bencubbin Complex.

Office Equipment Reserve

- To replace office equipment as required.

Economic Development Reserve

- To set aside funds for Economic Development initiatives.

Integrated Planning/Financial Reporting Reserve

- To set aside funds for expenditure on Council's integrated planning process.

Beacon Barracks Replacement Reserve

- To set aside funds for reconstruction or major maintenance on the Beacon Barracks.

The Plant and Employee Entitlement Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**SHIRE OF MT MARSHALL
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)	422,934	1,992,220
Cash - Restricted Reserves	15(a)	1,685,959	2,097,019
Receivables		180,000	199,604
Inventories		14,852	14,852
		2,303,745	4,303,695
LESS: CURRENT LIABILITIES			
Trade and Other Payables		(452,000)	(399,198)
Short Term Borrowings		0	0
Long Term Borrowings		(200,000)	(113,146)
Provisions		(245,706)	(245,706)
		(897,706)	(758,050)
NET CURRENT ASSET POSITION		1,406,039	3,545,645
Less: Cash - Restricted Reserves	15(a)	(1,685,959)	(2,097,019)
Less: Land Held for Resale		0	0
Less: Current Loans - Clubs / Institutions		(10,000)	(9,783)
Add: Current Portion of Debentures		200,000	113,146
Add: Employee liabilities supported by cash backed reserves		89,920	88,157
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		0	1,640,146

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

8. RATING INFORMATION - 2015/16 FINANCIAL YEAR

<u>RATE TYPE</u>	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 Actual \$
General Rate								
UV	0.019384	315	60,362,887	1,170,077	0	0	1,170,077	1,121,435
GRV	0.112928	131	825,162	93,184	0	0	93,184	85,816
Sub-Totals		446	61,188,049	1,263,261	0	0	1,263,261	1,207,251
Minimum Payment	Minimum \$							
UV	360	33	56,107	11,880			11,880	9,380
GRV	360	40	87,361	14,400			14,400	13,400
Sub-Totals		73	143,468	26,280	0	0	26,280	22,780
Discounts (Note 12)							(65,000)	(64,387)
Rates Written off (Note 12)							(200)	(163)
Total Amount Raised from General Rate							1,224,341	1,165,481
CBH Contribution to Rates							13,600	13,192
Specified Area Rates (Note 9)							0	8,057
Total Rates							1,237,941	1,186,730

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

9. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

There are no specified area rates for 2015/16

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire of Mt Marshall will not be imposing any new service charges in the 2015/16 financial year.

11. FEES & CHARGES REVENUE	2015/16 Budget \$	2014/15 Actual \$
Governance	850	966
General Purpose Funding	1,200	1,190
Law, Order, Public Safety	1,600	1,536
Health	0	0
Education and Welfare	18,800	18,300
Housing	110,300	107,171
Community Amenities	70,250	64,506
Recreation and Culture	27,600	7,795
Transport	0	3,293
Economic Services	236,600	86,432
Other Property and Services	27,800	27,022
	<u>495,000</u>	<u>318,211</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR**

	Type	Disc %	2015/16 Budget \$	2014/15 Actual \$
Rates	Discount		65,000	64,387
			65,000	64,387
Rate Assessment	Write-Off		200	163

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

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

	2015/16 Budget \$	2014/15 Actual \$
Interest on Unpaid Rates	12,000	11,651
Interest on Instalments Plan	0	0
Charges on Instalment Plan	1,200	1,190
Penalty Interest FESA Collections	0	401
	<u>13,200</u>	<u>13,242</u>

14. ELECTED MEMBERS REMUNERATION

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

Meeting Fees	32,500	30,277
President's Allowance	5,250	5,000
Deputy President's Allowance	1,313	1,275
Travelling Expenses	5,280	3,317
Telecommunications Allowance	12,250	7,159
	<u>56,593</u>	<u>47,028</u>

SHIRE OF MT MARSHALL
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	422,934	1,992,220	22,266
Cash - Restricted	1,685,959	2,097,019	2,379,022
	<u>2,108,893</u>	<u>4,089,239</u>	<u>2,401,288</u>

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

Plant Replacement Reserve	408,318	321,880	325,183
Aged Care Units Reserve	65,674	64,386	65,198
Community Housing Reserve	37,741	37,001	37,470
Council Staff Housing Reserve	31,781	31,158	32,307
Employee Entitlements Reserve	89,920	88,157	115,529
Public Amenities & Buildings Reserve	133,834	621,406	879,246
Bencubbin Aquatic Centre Development Reserve	727,864	641,044	609,558
Community Bus Replacement Reserve	111,153	108,974	110,224
Bencubbin Recreation Complex Reserve	689	7,538	26,622
Office Equipment Reserve	15,388	15,086	15,274
Economic Development Reserve	5,178	103,116	104,415
Integrated Planning/Financial Reporting Reserve	16,350	16,029	16,231
Beacon Barracks Replacement Reserve	42,069	41,244	41,765
	<u>1,685,959</u>	<u>2,097,019</u>	<u>2,379,022</u>

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

Net Result	(358,950)	346,318	(432,073)
Depreciation	2,850,550	2,834,160	2,623,182
(Profit)/Loss on Sale of Asset	224,452	(13,619)	(4,115)
(Increase)/Decrease in Receivables	42,195	136,771	45,087
(Increase)/Decrease in Inventories	0	(2,846)	(17,720)
Increase/(Decrease) in Payables	52,802	14,514	18,823
Increase/(Decrease) in Employee Provisions	(14,011)	10,986	0
Grants/Contributions for the Development of Assets	(2,832,113)	(1,101,230)	(1,228,757)
Net Cash from Operating Activities	<u>(35,075)</u>	<u>2,225,054</u>	<u>1,004,427</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements	0	0	0
Bank Overdraft Limit	0	0	500,000
Bank Overdraft at Balance Date	0	0	0
Credit Card Limit	20,000	20,000	20,000
Credit Card Balance at Balance Date	0	(1,319)	0
Total Amount of Credit Unused	<u>20,000</u>	<u>18,681</u>	<u>520,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>1,508,543</u>	<u>321,690</u>	<u>321,692</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

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

16. 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-15 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-16 \$
Police Licencing	1,157	240,000	(241,000)	157
Aged Care Beautification	829	0	0	829
Unclaimed Monies	159	0	0	159
Nomination Deposits	0	120	(120)	0
Tree Planting Nursery	1,000	0	0	1,000
Sundry Creditors	745	0	(745)	0
Housing Bonds	10,500	1,500	(1,500)	10,500
Staff Social Club	971	2,200	(2,000)	1,171
Deposit on Land	1,000	0	0	1,000
	<u>16,361</u>	<u>243,820</u>	<u>(245,365)</u>	<u>14,816</u>

**SHIRE OF MT MARSHALL
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

Workers Camp located at Bencubbin Caravan Park

(a) Background

Construction of the Workers Camp will be completed in August 2015. Prior to the development of this camp, there was no accommodation available in the Shire of Mt Marshall or nearby for construction workers.

Over the next two or three year, Watercorp will be undertaking considerable repair maintenance and development work in relation to water collection, storage and transfer in the Eastern Wheatbelt. Council will take the opportunity to fill the gap in provision of accommodation for this and other future projects in the area. This will generate and support additional economic activity in the Shire of Mt Marshall.

The workers camp comprises cabins, camp kitchen and storage and will accommodate up to 21 people.

The cost of construction and development is budgeted at \$219,400.

(b) Budgeted Income & Expenditure 2015/16

Workers Camp Rental Income (already committed)	147,600
Cleaning Expenses	26,235
Insurance	1,000
Repairs & Maintenance	10,000
Utilities Workers Camp	25,000
Depreciation	14,000
	<u>76,235</u>
	<u><u>71,365</u></u>

It is anticipated that there will be additional rental income in 2015/16. Council is confident that this facility will continue to provide a much needed service in the area in subsequent years.