



SHIRE OF SANDSTONE

BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Statement of Comprehensive Income by Program	3
Statement of Cash Flows	4
Rate Setting Statement	5
Notes to and Forming Part of the Budget	7 to 33

SHIRE OF SANDSTONE

**STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
REVENUE				
Rates	8	1,004,335	1,003,453	827,000
Operating Grants, Subsidies and Contributions		2,120,120	985,848	1,764,017
Fees and Charges	12	154,805	266,963	113,793
Interest Earnings	2(a)	254,128	274,169	218,325
Other Revenue		274,700	169,440	12,200
		<u>3,808,088</u>	<u>2,699,873</u>	<u>2,935,335</u>
EXPENSES				
Employee Costs		(1,021,678)	(871,203)	(789,907)
Materials and Contracts		(1,579,486)	(818,734)	(772,831)
Utility Charges		(103,220)	(89,372)	(107,700)
Depreciation	2(a)	(1,615,270)	(1,529,330)	(1,511,800)
Interest Expenses	2(a)	0	0	0
Insurance Expenses		(135,725)	(124,709)	(142,580)
Other Expenditure		(66,900)	(54,787)	(70,575)
		<u>(4,522,279)</u>	<u>(3,488,135)</u>	<u>(3,395,393)</u>
		(714,191)	(788,262)	(460,058)
Non-Operating Grants, Subsidies and Contributions		500,000	1,120,698	1,241,804
Profit on Asset Disposals	4	18,500	30,360	87,617
Loss on Asset Disposals	4	(34,340)	(560)	(110,600)
		<u>(230,031)</u>	<u>362,236</u>	<u>758,763</u>
NET RESULT		(230,031)	362,236	758,763
Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>(230,031)</u>	<u>362,236</u>	<u>758,763</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.

SHIRE OF SANDSTONE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
REVENUE (Refer Notes 1,2,8 to 13)				
Governance		0	300	0
General Purpose Funding		3,131,333	2,197,758	1,958,389
Law, Order, Public Safety		14,070	10,245	12,230
Health		0	0	1,980
Education and Welfare		0	0	0
Housing		0	(725)	600
Community Amenities		9,385	9,207	10,363
Recreation and Culture		500	5,437	0
Transport		243,400	162,016	809,424
Economic Services		375,900	245,197	112,000
Other Property and Services		33,500	70,438	31,350
		<u>3,808,088</u>	<u>2,699,873</u>	<u>2,936,336</u>
EXPENSES EXCLUDING				
FINANCE COSTS (Refer Notes 1,2 & 14)				
Governance		(266,943)	(180,864)	(264,174)
General Purpose Funding		(125,764)	(97,957)	(126,878)
Law, Order, Public Safety		(64,282)	(57,837)	(53,025)
Health		(38,482)	(25,280)	(43,809)
Education and Welfare		0	0	0
Housing		(344,110)	(321,391)	(270,904)
Community Amenities		(155,403)	(115,243)	(151,094)
Recreation & Culture		(461,748)	(365,170)	(417,668)
Transport		(2,175,597)	(1,510,017)	(1,504,985)
Economic Services		(827,857)	(648,715)	(501,545)
Other Property and Services		(62,093)	(165,661)	(62,311)
		<u>(4,522,279)</u>	<u>(3,488,135)</u>	<u>(3,396,394)</u>
NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS				
General Purpose Funding		0	426,445	1,107,890
Housing		0	15,369	133,914
Transport		500,000	678,884	0
		<u>500,000</u>	<u>1,120,698</u>	<u>1,241,804</u>
PROFIT/(LOSS) ON DISPOSAL OF ASSETS (Refer Note 4)				
Housing		0	0	41,350
Transport		18,500	30,360	44,100
Transport		(34,340)	(560)	(110,600)
Economic Services		0	0	2,167
		<u>(15,840)</u>	<u>29,800</u>	<u>(22,983)</u>
NET RESULT		<u>(230,031)</u>	<u>362,236</u>	<u>758,763</u>

**SHIRE OF SANDSTONE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
TOTAL COMPREHENSIVE INCOME		<u><u>(230,031)</u></u>	<u><u>362,236</u></u>	<u><u>758,763</u></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 SANDSTONE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,012,340	1,337,343	1,144,795
Operating Grants, Subsidies and Contributions		2,104,920	985,848	1,764,017
Fees and Charges		180,805	255,212	113,793
Interest Earnings		254,128	306,745	218,325
Goods and Services Tax		454,050	85,681	36,652
Other		274,700	169,440	20,343
		<u>4,280,943</u>	<u>3,140,269</u>	<u>3,297,925</u>
Payments				
Employee Costs		(968,493)	(817,601)	(789,907)
Materials and Contracts		(1,506,901)	(470,182)	(814,640)
Utility Charges		(92,015)	(89,372)	(107,700)
Insurance Expenses		(135,725)	(124,709)	(142,580)
Interest Expenses		0	0	0
Goods and Services Tax		(441,950)	(92,631)	
Other		(66,900)	(54,787)	(70,575)
		<u>(3,211,984)</u>	<u>(1,649,282)</u>	<u>(1,925,402)</u>
Net Cash Provided By Operating Activities	16(b)	<u>1,068,959</u>	<u>1,490,987</u>	<u>1,372,523</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	0	(35,353)	0
Payments for Purchase of Property, Plant & Equipment	3	(3,651,300)	(1,193,580)	(5,122,065)
Payments for Construction of Infrastructure	3	(1,971,800)	(1,246,481)	(2,007,972)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		500,000	1,120,698	1,241,805
Proceeds from Sale of Plant & Equipment	4	270,000	214,909	343,251
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(4,853,100)</u>	<u>(1,139,807)</u>	<u>(5,544,981)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures	5	0	0	0
Net Cash Provided By (Used In) Financing Activities		0	0	0
Net Increase (Decrease) in Cash Held		(3,784,141)	351,180	(4,172,458)
Cash at Beginning of Year		9,157,836	8,806,656	8,810,074
Cash and Cash Equivalents at the End of the Year	16(a)	<u><u>5,373,695</u></u>	<u><u>9,157,836</u></u>	<u><u>4,637,616</u></u>

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

**SHIRE OF SANDSTONE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
REVENUES	1,2			
Governance		0	300	0
General Purpose Funding		2,126,998	1,620,750	2,239,282
Law, Order, Public Safety		14,070	10,245	12,230
Health		0	0	1,980
Education and Welfare		0	0	0
Housing		0	14,644	175,864
Community Amenities		9,385	9,207	10,363
Recreation and Culture		500	5,437	0
Transport		761,900	871,260	853,523
Economic Services		375,900	245,197	114,167
Other Property and Services		33,500	70,438	31,350
		<u>3,322,253</u>	<u>2,847,478</u>	<u>3,438,759</u>
EXPENSES	1,2			
Governance		(266,943)	(180,864)	(264,174)
General Purpose Funding		(125,764)	(97,957)	(126,878)
Law, Order, Public Safety		(64,282)	(57,837)	(53,025)
Health		(38,482)	(25,280)	(43,809)
Education and Welfare		0	0	0
Housing		(344,110)	(321,391)	(270,904)
Community Amenities		(155,403)	(115,243)	(151,094)
Recreation & Culture		(461,748)	(365,170)	(417,668)
Transport		(2,209,937)	(1,510,577)	(1,615,584)
Economic Services		(827,857)	(648,715)	(501,545)
Other Property and Services		(62,093)	(165,661)	(62,312)
		<u>(4,556,619)</u>	<u>(3,488,695)</u>	<u>(3,506,994)</u>
Net Operating Result Excluding Rates		(1,234,366)	(641,217)	(68,235)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	15,840	(29,800)	22,983
Movement in Deferred Pensioner Rates/ESL (non-current)		0	0	0
Movement in Employee Benefit Provisions (non-current)		0	16,947	0
Rounding Adjustment		0	0	0
Depreciation on Assets	2(a)	1,615,270	1,529,330	1,511,800
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	0	(35,353)	0
Purchase Land and Buildings	3	(2,583,800)	(490,084)	(4,180,065)
Purchase Plant and Equipment	3	(1,060,000)	(661,393)	(877,000)
Purchase Furniture and Equipment	3	(7,500)	(42,103)	(65,000)
Purchase Infrastructure Assets - Roads	3	(1,821,800)	(1,246,481)	(2,007,972)
Purchase Infrastructure Assets - Footpaths	3	0	0	0
Purchase Infrastructure Assets - Airport	3	0	0	0
Purchase Infrastructure Assets - Parks & Ovals	3	0	0	0
Purchase Infrastructure Assets - Other	3	(150,000)	0	0
Proceeds from Disposal of Assets	4	270,000	214,909	343,251
Repayment of Debentures	5	0	0	0
Advances to Community Groups		0	0	0
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	6	(270,128)	(447,685)	(765,326)
Transfers from Reserves (Restricted Assets)	6	1,800,000	90,933	2,107,110
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	2,446,402	3,184,946	3,151,454
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	24,253	2,446,402	0
Amount Required to be Raised from General Rate	8	<u>(1,004,335)</u>	<u>(1,003,453)</u>	<u>(827,000)</u>

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

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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.

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

(b) The Local Government Reporting Entity

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

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

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

(c) 2013/14 Actual Balances

Balances shown in this budget as 2013/14 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) Rates, Grants, Donations and Other Contributions

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

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

(f) Goods and Services Tax

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

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

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

(g) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and Cash Equivalents

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

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

(i) Trade and Other Receivables

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

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

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

(j) Inventories

General

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

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

Land Held for Resale

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

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

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

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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 is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

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.

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.

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fixed Assets (Continued)

Depreciation

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement gravel sheet	50 years 12 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	40 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 SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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 SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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 SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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 SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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 SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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) 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.

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUES AND EXPENSES	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
(a) Net Result from Ordinary Activities was arrived at after:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	20,500	29,105	15,000
Other Services	0	6,000	0
Depreciation			
<u>By Program</u>			
Governance	0	0	0
General Purpose Funding	0	0	0
Law, Order, Public Safety	300	2,004	2,100
Health	0	0	0
Education and Welfare	0	0	0
Housing	88,500	84,512	84,000
Community Amenities	0	0	0
Recreation and Culture	66,520	63,811	64,700
Transport	1,021,550	930,856	950,000
Economic Services	82,400	82,638	40,000
Other Property and Services	356,000	365,509	371,000
	<u>1,615,270</u>	<u>1,529,330</u>	<u>1,511,800</u>
<u>By Class</u>			
Buildings	222,263	210,438	163,300
Furniture and Equipment	55,733	52,768	79,000
Plant and Equipment	347,846	329,339	329,000
Roads	915,711	866,989	864,000
Footpaths	2,202	2,085	2,000
Other Infrastructure	21,132	20,008	28,000
Airport	10,886	10,307	10,000
Parks Infrastructure	39,497	37,396	36,500
	<u>1,615,270</u>	<u>1,529,330</u>	<u>1,511,800</u>
Borrowing Costs (Interest)			
- Debentures (<i>refer note 5(a)</i>)	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Rental Charges			
- Operating Leases	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	180,128	171,031	165,325
- Other Funds	60,000	75,019	40,000
Other Interest Revenue (<i>refer note 13</i>)	14,000	28,119	13,000
	<u>254,128</u>	<u>274,169</u>	<u>218,325</u>

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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:

GOVERNANCE

Member's expenses or "Governance Costs" are an additional cost burden of local government, which are not incurred by other organisations. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Includes revenue from the raising of rates and from Government Financial Assistance Grants. Costs incurred in obtaining general purpose funding (rates and general-purpose grants) are allocated to this function.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention and animal control.

HEALTH

Monitoring and control of health standards within the community.

EDUCATION AND WELFARE

The Shire provides support to the Sandstone Primary School - principally library services.

HOUSING

Maintenance of staff housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of tips, noise control, administration of the town planning scheme and maintenance of the cemetery.

RECREATION AND CULTURE

Maintenance of a hall, various reserves, parks and gardens and operation of a Council library. Includes radio and television rebroadcasting and cultural and heritage programs.

TRANSPORT

Construction and maintenance of roads, drainage works, footpaths, parking facilities and traffic signs. Maintenance of an aerodrome and cleaning of streets.

ECONOMIC SERVICES

Tourism, pest control services and implementation of building controls.

OTHER PROPERTY AND SERVICES

Private works operation, plant repairs and operation costs.

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

3. ACQUISITION OF ASSETS	2014/15 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	0
General Purpose Funding	0
Law, Order, Public Safety	0
Health	0
Education and Welfare	0
Housing	130,000
Community Amenities	0
Recreation and Culture	2,183,800
Transport	2,686,800
Economic Services	615,000
Other Property and Services	7,500
	<u>5,623,100</u>
<u>By Class</u>	
Land Held for Resale	0
Land and Buildings	2,583,800
Plant and Equipment	1,060,000
Furniture and Equipment	7,500
Infrastructure Assets - Roads	1,821,800
Infrastructure Assets - Footpaths	0
Infrastructure Assets - Airport	0
Infrastructure Assets - Parks and Ovals	0
Infrastructure Assets - Other	150,000
	<u>5,623,100</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:

- plant replacement programme
- capital expenditure and income by program and asset class
- capital funding sources

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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)
	2014/15 BUDGET	2014/15 BUDGET	2014/15 BUDGET
	\$	\$	\$
Transport			
PC002 - Volvo L90F Front End Loader	126,320	95,000	(31,320)
PC014 - FUSO Prime Mover	116,800	120,000	3,200
PC004A - Roadwest Side Tipper	14,700	30,000	15,300
PL103 - Toyota Hilux 4x4 Workmate	28,020	25,000	(3,020)
	285,840	270,000	(15,840)

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2014/15 BUDGET	2014/15 BUDGET	2014/15 BUDGET
	\$	\$	\$
Plant and Equipment			
PC002 - Volvo L90F Front End Loader	126,320	95,000	(31,320)
PC014 - FUSO Prime Mover	116,800	120,000	3,200
PC004A - Roadwest Side Tipper	14,700	30,000	15,300
PL103 - Toyota Hilux 4x4 Workmate	28,020	25,000	(3,020)
	285,840	270,000	(15,840)

<u>Summary</u>	2014/15 BUDGET
	\$
Profit on Asset Disposals	18,500
Loss on Asset Disposals	(34,340)
	<u><u>(15,840)</u></u>

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Council has no loan borrowings in 2013/14 and 2014/15.

(b) New Debentures - 2014/15

Council has not budgeted to raise any new debenture funds during 2014/15.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2014 nor is it expected to have unspent debenture funds as at 30th June 2015.

(d) Overdraft

Council does not currently have an overdraft facility.

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
6. RESERVES			
(a) Plant Reserve			
Opening Balance	1,273,043	1,224,402	1,224,400
Amount Set Aside / Transfer to Reserve	36,189	139,574	235,607
Amount Used / Transfer from Reserve	<u>(250,000)</u>	<u>(90,933)</u>	<u>(475,000)</u>
	<u>1,059,232</u>	<u>1,273,043</u>	<u>985,007</u>
(b) Employee Entitlements			
Opening Balance	192,435	186,242	186,200
Amount Set Aside / Transfer to Reserve	5,470	6,193	5,586
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>197,905</u>	<u>192,435</u>	<u>191,786</u>
(c) Building Reserve			
Opening Balance	3,015,822	2,918,776	2,918,800
Amount Set Aside / Transfer to Reserve	85,731	97,046	169,061
Amount Used / Transfer from Reserve	<u>(1,300,000)</u>	<u>0</u>	<u>(1,433,555)</u>
	<u>1,801,553</u>	<u>3,015,822</u>	<u>1,654,306</u>
(d) Airport Reserve			
Opening Balance	160,542	155,376	155,300
Amount Set Aside / Transfer to Reserve	4,564	5,166	4,659
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>165,106</u>	<u>160,542</u>	<u>159,959</u>
(e) Road and Flood Damage Reserve			
Opening Balance	565,205	547,017	547,000
Amount Set Aside / Transfer to Reserve	16,067	18,188	16,410
Amount Used / Transfer from Reserve	<u>(100,000)</u>	<u>0</u>	<u>0</u>
	<u>481,272</u>	<u>565,205</u>	<u>563,410</u>
(f) Information Technology Reserve			
Opening Balance	68,283	66,086	66,000
Amount Set Aside / Transfer to Reserve	1,940	2,197	1,080
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(30,000)</u>
	<u>70,223</u>	<u>68,283</u>	<u>37,080</u>
(g) Refuse Disposal Reserve			
Opening Balance	53,514	51,792	51,700
Amount Set Aside / Transfer to Reserve	1,521	1,722	1,551
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>55,035</u>	<u>53,514</u>	<u>53,251</u>
(h) Housing Reserve			
Opening Balance	585,138	517,918	517,900
Amount Set Aside / Transfer to Reserve	16,634	67,220	219,009
Amount Used / Transfer from Reserve	<u>(50,000)</u>	<u>0</u>	<u>(168,555)</u>
	<u>551,772</u>	<u>585,138</u>	<u>568,354</u>
(i) Community Development Projects			
Opening Balance	422,546	312,167	312,100
Amount Set Aside / Transfer to Reserve	102,012	110,379	112,363
Amount Used / Transfer from Reserve	<u>(100,000)</u>	<u>0</u>	<u>0</u>
	<u>424,558</u>	<u>422,546</u>	<u>424,463</u>
Total Reserves	<u>4,806,656</u>	<u>6,336,528</u>	<u>4,637,616</u>

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

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

6. RESERVES (Continued)	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Plant Reserve	36,189	139,574	235,607
Employee Entitlements Reserve	5,470	6,193	5,586
Building Reserve	85,731	97,046	169,061
Airport Reserve	4,564	5,166	4,659
Road and Flood Damage Reserve	16,067	18,188	16,410
Information Technology Reserve	1,940	2,197	1,080
Refuse Disposal Reserve	1,521	1,722	1,551
Housing Reserve	16,634	67,220	219,009
Community Development Projects	102,012	110,379	112,363
	<u>270,128</u>	<u>447,685</u>	<u>765,326</u>
Transfers from Reserves			
Plant Reserve	(250,000)	(90,933)	(475,000)
Employee Entitlements Reserve	0	0	0
Building Reserve	(1,300,000)	0	(1,433,555)
Airport Reserve	0	0	0
Road and Flood Damage Reserve	(100,000)	0	0
Information Technology Reserve	0	0	(30,000)
Refuse Disposal Reserve	0	0	0
Housing Reserve	(50,000)	0	(168,555)
Community Development Projects	(100,000)	0	0
	<u>(1,800,000)</u>	<u>(90,933)</u>	<u>(2,107,110)</u>
Total Transfer to/(from) Reserves	<u>(1,529,872)</u>	<u>356,752</u>	<u>(1,341,784)</u>

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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 Reserve

- to be used for the purchase of plant.

Employee Entitlement Reserve

- to be used to fund annual and long service leave requirements.

Building Reserve

- to be used to construct and maintain Council buildings.

Airport Reserve

- to fund the upgrading of the Sandstone Airport

Road and Flood Damage Reserve

- to be used to fund road infrastructure and rehabilitation of gravel pits and to repair Flood Damage to roads.

Information Technology Reserve

- to be used to maintain and replace computer systems.

Refuse Disposal Reserve

- to fund development of refuse Disposal.

Housing Reserve

- to be used to maintain and replace housing stock for shire employees.

Community Development Projects

- to be used for projects to benefit the community as determined from time to time.

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2014/15 Budget \$	2013/14 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	16(a)	(296,382)	1,957,887
Cash - Restricted Unspent Grants	16(a)	863,421	863,421
Cash - Restricted Unspent Loans	16(a)	0	0
Cash - Restricted Reserves		4,806,656	6,336,528
Rates - Current		19,671	27,676
Sundry Debtors		30,246	23,046
Accrued Income/Payments in Advance		2,275	2,275
GST Receivable		61,541	65,591
Provision For Doubtful Debts		(62,000)	(44,000)
Inventories		42,035	44,085
		<u>5,467,463</u>	<u>9,276,509</u>
LESS: CURRENT LIABILITIES			
Sundry Creditors		(495,789)	(378,449)
Accrued Expenditure		(19,783)	(4,783)
Income Received in Advance		0	0
PAYG Payable		(60,987)	(58,402)
Payroll Creditors		3,306	3,306
GST Payable		(25,552)	(17,502)
FBT Liability		0	0
Other Payables		0	0
ESL Levied		0	0
Accrued Interest on Debentures		0	0
Accrued Salaries and Wages		(37,735)	(37,735)
Current Employee Benefits Provision		(68,730)	(68,730)
Current Loan Liability		0	0
		<u>(705,270)</u>	<u>(562,295)</u>
NET CURRENT ASSET POSITION		4,762,193	8,714,214
Less: Cash - Restricted Reserves	16(a)	(4,806,656)	(6,336,528)
Less: Cash - Restricted Municipal		0	0
Adjustment for Trust Transactions Within Muni		(14)	(14)
Add Back : Component of Leave Liability not Required to be Funded		68,730	68,730
Add Back : Current Loan Liability		0	0
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u>24,253</u>	<u>2,446,402</u>

The estimated surplus/(deficiency) c/fwd in the 2013/14 actual column represents the surplus (deficit) brought forward as at 1 July 2014.

The estimated surplus/(deficiency) c/fwd in the 2014/15 budget column represents the surplus (deficit) carried forward as at 30 June 2015.

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

8. RATING INFORMATION - 2014/15 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2014/15 Budgeted Rate Revenue \$	2014/15 Budgeted Interim Rates \$	2014/15 Budgeted Back Rates \$	2014/15 Budgeted Total Revenue \$	2013/14 Actual \$
Differential General Rate								
GRV - Townsite	0.054876	27	184,964	10,150	0	0	10,150	9,752
GRV - Minesite		0		0	0	0		0
GRV - Transient Workforce Accom	0.331991	4	170,040	56,452	0	0	56,452	52,918
UV - Rural	0.054338	19	930,838	50,580	0	0	50,580	50,132
UV - Mining	0.255934	183	3,431,422	878,218	0	0	878,218	872,043
Sub-Totals		233	4,717,264	995,400	0	0	995,400	984,845
Minimum Rates	Minimum \$							
GRV - Townsite	200	37	29,496	7,400	0	0	7,400	7,600
UV - Rural	305	1	2,530	305	0	0	305	295
UV - Mining	305	86	49,810	26,230	0	0	26,230	25,075
Sub-Totals		124	81,836	33,935	0	0	33,935	32,970
Rates Written Off							1,029,335	1,017,815
Discounts							(10,000)	(230)
							(15,000)	(14,132)
Total Amount of General Rates							1,004,335	1,003,453
Movement in Excess Rates							0	0
Total Rates							1,004,335	1,003,453

All land except exempt land in the Shire of Sandstone 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 2014/15 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 SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

9. SPECIFIED AREA RATES - 2014/15 FINANCIAL YEAR

The Shire does not intend to raise any Specified Area Rates during 2014/15.

10. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire does not intend to raise any Service Charges during 2014/15.

11. FEES & CHARGES REVENUE	2014/15 Budget \$	2013/14 Actual \$
Governance	0	0
General Purpose Funding	2,870	2,884
Law, Order, Public Safety	350	401
Health	0	0
Education and Welfare	0	0
Housing	0	(725)
Community Amenities	9,385	9,207
Recreation & Culture	500	598
Transport	7,000	81,316
Economic Services	134,700	147,408
Other Property & Services	0	25,874
	<u>154,805</u>	<u>266,963</u>

12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR

A discount of 3.5% of the current rates levied (excluding Rubbish and ESL) will be offered to rate payers whose payment of the full amount owing, including arrears, and service charges is received on or before 22nd August 2014 or 14 days after the date of service appearing on the rate notice, whichever is the later.

The discount will not apply to interim rates after the billing date. The total value of the discount is estimated to be \$15,000.

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

13. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

An interest rate of 11% will be charged on all rate payments which are late. It is estimated this will generate income of \$10,000. Three separate payment option plans will be available to ratepayers for payment of their rates.

Option 1 (Full Payment with Discount)

Full amount of rates and charges including arrears to be paid on or before 22nd August 2014 or 14 days after the date of service appearing on the rates notice, whichever is the later.

See Note 12 for discount provisions under this option

Option 2 (Full Payment without Discount)

Full amount of rates and charges including arrears to be paid on or before 12th September 2014 or 35 days after the date of service appearing on the rates notice, whichever is the later.

Option 3 (Four Instalments)

First instalment to be received on or before 12th September 2014 or 35 days after the date of service appearing on the rate notice, whichever is the later. This payment is to include all arrears and one quarter of the current rates and service charges. Second, third and fourth instalments are to be made at two monthly intervals thereafter, being 4th November 2014, 923rd January 2015 and 27th March 2015.

Costs of Instalment Options

The cost of the instalment plans will comprise if simple interest of 5.5% per annum, calculated daily from the date the first instalment is due, together with an administration fee of \$10.00 for each instalment notice. (ie. \$10.00 for Option 2 and \$30.00 for Option 3).

The total revenue from the imposition of the administration charge is estimated at \$2,730

	Interest Rate %	Admin Charge \$	Budgeted Revenue \$	Actual Revenue \$
Interest on Unpaid Rates	11		10,000	22,096
Interest on Instalments Plan	5.5		4,000	6,023
Charges on Instalment Plan		10	2,730	2,730

14. ELECTED MEMBERS REMUNERATION

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

	2014/15 Budget \$	2013/14 Actual \$
Meeting Fees	15,600	13,783
President's Allowance	5,500	4,156
Deputy President's Allowance	0	0
Travelling Expenses	6,800	4,381
Telecommunications Allowance	3,500	2,750
	<u>31,400</u>	<u>25,070</u>

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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:

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Cash - Unrestricted	567,039	2,821,308	0
Cash - Restricted	4,806,656	6,336,528	4,637,616
	<u>5,373,695</u>	<u>9,157,836</u>	<u>4,637,616</u>

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

Plant Reserve	1,059,232	1,273,043	985,007
Employee Entitlements Reserve	197,905	192,435	191,786
Building Reserve	1,801,553	3,015,822	1,654,306
Airport Reserve	165,106	160,542	159,959
Road and Flood Damage Reserve	481,272	565,205	563,410
Information Technology Reserve	70,223	68,283	37,080
Refuse Disposal Reserve	55,035	53,514	53,251
Housing Reserve	551,772	585,138	568,354
Community Development Projects	424,558	422,546	424,463
	<u>4,806,656</u>	<u>6,336,528</u>	<u>4,637,616</u>

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

Net Result	(230,031)	362,236	758,763
Depreciation	1,615,270	1,529,330	1,511,800
(Profit)/Loss on Sale of Asset	15,840	(29,800)	22,983
(Increase)/Decrease in Receivables	22,855	328,425	362,591
(Increase)/Decrease in Inventories	2,050	0	(4,681)
Increase/(Decrease) in Payables	136,975	404,547	(37,129)
Increase/(Decrease) in Employee Provisions	6,000	16,947	0
Grants/Contributions for the Development of Assets	(500,000)	(1,120,698)	(1,241,804)
Net Cash from Operating Activities	<u>1,068,959</u>	<u>1,490,987</u>	<u>1,372,523</u>

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	50,000	50,000	50,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	20,000	20,000	20,000
Credit Card Balance at Balance Date	0	(4,380)	0
Total Amount of Credit Unused	<u>70,000</u>	<u>65,620</u>	<u>70,000</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF SANDSTONE

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

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-14 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-15 \$
BCITF Levy	853	0	0	853
Building Levy	349	0	0	349
Community Donations	0	0	0	0
Nomination Deposits	0	0	0	0
Housing Bonds	1,050	0	0	1,050
Police Licensing	0	30,000	(30,000)	0
Rates Overpaid	377	0	0	377
	<u>2,629</u>			<u>2,629</u>

SHIRE OF SANDSTONE
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

17. MAJOR LAND TRANSACTIONS

It is not anticipated any Major Land Transactions will occur in 2014/15.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2014/15.