

**SHIRE OF TAMMIN**  
**BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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**SHIRE OF TAMMIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Revenue</b>				
Rates	8	942,285	878,707	881,580
Operating Grants, Subsidies and Contributions		1,178,620	768,011	1,256,010
Fees and Charges	11	158,680	138,359	148,650
Interest Earnings	2(a)	26,500	40,983	25,500
Other Revenue	2(a)	0	16,259	600
		<u>2,306,085</u>	<u>1,842,319</u>	<u>2,312,340</u>
<b>Expenses</b>				
Employee Costs		(658,130)	(766,362)	(863,560)
Materials and Contracts		(1,143,970)	(723,073)	(964,690)
Utility Charges		(111,890)	(93,522)	(112,725)
Depreciation on Non-Current Assets	2(a)	(1,366,030)	(1,366,030)	(1,450,790)
Interest Expenses	2(a)	(16,110)	(13,264)	(34,090)
Insurance Expenses		(71,240)	(56,638)	(57,380)
Other Expenditure		(38,490)	(53,587)	(35,635)
		<u>(3,405,860)</u>	<u>(3,072,476)</u>	<u>(3,518,870)</u>
		<u>(1,099,775)</u>	<u>(1,230,157)</u>	<u>(1,206,530)</u>
Non-Operating Grants, Subsidies and Contributions		617,240	744,468	578,670
Profit on Asset Disposals	3	0	949	4,610
Loss on Asset Disposals	3	(4,500)	(98,337)	(90,980)
		<u>(487,035)</u>	<u>(583,077)</u>	<u>(714,230)</u>
<b>NET RESULT</b>				
		<b>(487,035)</b>	<b>(583,077)</b>	<b>(714,230)</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets		0	0	0
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>(487,035)</u></b>	<b><u>(583,077)</u></b>	<b><u>(714,230)</u></b>

**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 TAMMIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Revenue (Refer Notes 1,2,8 to 13)</b>				
Governance		0	50,000	0
General Purpose Funding		2,010,635	1,425,169	1,948,890
Law, Order, Public Safety		1,500	1,375	1,400
Health		650	174	650
Education and Welfare		56,770	61,253	60,100
Housing		49,880	34,452	43,600
Community Amenities		45,110	78,328	78,730
Recreation and Culture		50,740	67,588	94,220
Transport		77,100	72,670	62,200
Economic Services		700	1,762	600
Other Property and Services		13,000	53,815	21,950
		<u>2,306,085</u>	<u>1,846,586</u>	<u>2,312,340</u>
<b>Expenses Excluding Finance Costs (Refer Notes 1,2 &amp; 14)</b>				
Governance		(354,140)	(189,981)	(242,580)
General Purpose Funding		(73,040)	(57,523)	(67,450)
Law, Order, Public Safety		(32,280)	(27,633)	(37,870)
Health		(11,860)	(16,174)	(22,650)
Education and Welfare		(115,370)	(91,054)	(121,340)
Housing		(80,755)	(14,471)	(61,305)
Community Amenities		(260,945)	(194,586)	(256,565)
Recreation and Culture		(633,240)	(492,066)	(745,470)
Transport		(1,753,180)	(1,661,648)	(1,843,445)
Economic Services		(60,225)	(60,111)	(73,980)
Other Property and Services		(14,715)	(258,232)	(12,125)
		<u>(3,389,750)</u>	<u>(3,063,479)</u>	<u>(3,484,780)</u>
<b>Finance Costs (Refer Notes 2 &amp; 5)</b>				
Housing		(7,900)	(7,806)	(8,820)
Recreation and Culture		(3,620)	0	(20,000)
Transport		(4,590)	(5,458)	(5,270)
		<u>(16,110)</u>	<u>(13,264)</u>	<u>(34,090)</u>
<b>Non-operating Grants, Subsidies and Contributions</b>				
Recreation and Culture		0	92,843	123,000
Transport		617,240	651,625	455,670
		<u>617,240</u>	<u>744,468</u>	<u>578,670</u>
<b>Profit/(Loss) On Disposal Of Assets (Refer Note 3)</b>				
Housing		0	(85,802)	(85,190)
Transport		0	(4,909)	0
Other Property and Services		(4,500)	(6,677)	(1,180)
		<u>(4,500)</u>	<u>(97,388)</u>	<u>(86,370)</u>
<b>NET RESULT</b>		<b>(487,035)</b>	<b>(583,077)</b>	<b>(714,230)</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets		0	0	0
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>(487,035)</u></b>	<b><u>(583,077)</u></b>	<b><u>(714,230)</u></b>

**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 TAMMIN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		942,285	893,656	891,580
Operating Grants, Subsidies and Contributions		1,178,620	768,011	1,360,051
Fees and Charges		158,680	151,578	148,650
Interest Earnings		26,500	41,644	25,500
Goods and Services Tax		0	189,100	250,000
Other Revenue		0	16,259	600
		<u>2,306,085</u>	<u>2,060,248</u>	<u>2,676,381</u>
<b>Payments</b>				
Employee Costs		(658,130)	(766,362)	(863,560)
Materials and Contracts		(1,143,970)	(845,326)	(1,610,881)
Utility Charges		(111,890)	(93,522)	(112,725)
Interest Expenses		(16,110)	(13,264)	(34,090)
Insurance Expenses		(71,240)	(56,638)	(57,380)
Goods and Services Tax		0	(189,100)	(250,000)
Other Expenditure		(38,490)	(53,587)	(35,635)
		<u>(2,039,830)</u>	<u>(2,017,799)</u>	<u>(2,964,271)</u>
<b>Net Cash Provided By Operating Activities</b>	15(b)	<u>266,255</u>	<u>42,449</u>	<u>(287,890)</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment	4	(457,500)	(616,247)	(621,000)
Payments for Construction of Infrastructure	4	(761,020)	(663,733)	(750,690)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		617,240	744,468	578,670
Proceeds from Sale of Plant & Equipment	3	8,000	147,722	144,700
<b>Net Cash Used in Investing Activities</b>		<u>(593,280)</u>	<u>(387,790)</u>	<u>(648,320)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures	5	(47,638)	(34,626)	(34,626)
Proceeds from New Debentures	5	0	130,000	150,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(47,638)</u>	<u>95,374</u>	<u>115,374</u>
<b>Net Increase (Decrease) in Cash Held</b>		(374,663)	(249,967)	(820,836)
Cash at Beginning of Year		<u>1,541,974</u>	<u>1,791,941</u>	<u>1,791,991</u>
<b>Cash and Cash Equivalents at the End of the Year</b>	15(a)	<u>1,167,311</u>	<u>1,541,974</u>	<u>971,155</u>

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

**SHIRE OF TAMMIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Revenue</b>	1,2			
Governance		0	50,000	0
General Purpose Funding		1,068,350	546,462	1,067,310
Law, Order, Public Safety		1,500	1,375	1,400
Health		650	174	650
Education and Welfare		56,770	61,253	60,100
Housing		49,880	34,452	43,600
Community Amenities		45,110	78,328	78,730
Recreation and Culture		50,740	160,431	217,220
Transport		694,340	724,295	517,870
Economic Services		700	1,762	600
Other Property and Services		13,000	53,815	21,950
		<u>1,981,040</u>	<u>1,712,347</u>	<u>2,009,430</u>
<b>Expenses</b>	1,2			
Governance		(354,140)	(189,981)	(242,580)
General Purpose Funding		(73,040)	(57,523)	(67,450)
Law, Order, Public Safety		(32,280)	(27,633)	(37,870)
Health		(11,860)	(16,174)	(22,650)
Education and Welfare		(115,370)	(91,054)	(121,340)
Housing		(88,655)	(108,079)	(155,315)
Community Amenities		(260,945)	(194,586)	(256,565)
Recreation and Culture		(636,860)	(492,066)	(765,470)
Transport		(1,757,770)	(1,672,015)	(1,848,715)
Economic Services		(60,225)	(60,111)	(73,980)
Other Property and Services		(19,215)	(264,909)	(13,305)
		<u>(3,410,360)</u>	<u>(3,174,131)</u>	<u>(3,605,240)</u>
<b>Net Result Excluding General Rates</b>		(1,429,320)	(1,461,784)	(1,595,810)
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	4	4,500	97,388	86,370
Depreciation on Assets	2(a)	1,366,030	1,366,030	1,450,790
Movement in Non-Current Staff Leave Provisions		0	0	0
<b>Capital Expenditure and Revenue</b>				
Purchase Property, Plant and Equipment	3	(457,500)	(616,247)	(621,000)
Purchase Infrastructure	3	(761,020)	(663,733)	(750,690)
Proceeds from Disposal of Assets	4	8,000	147,722	144,700
Repayment of Debentures	5	(47,638)	(34,626)	(34,626)
Proceeds from New Debentures	5	0	130,000	150,000
Transfers to Reserves (Restricted Assets)	6	(705,436)	(31,926)	(22,500)
Transfers from Reserves (Restricted Assets)	6	385,000	48,000	8,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	696,709	837,178	303,186
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	1,610	696,709	0
<b>Amount Required to be Raised from General Rate</b>	8	<u>(942,285)</u>	<u>(878,707)</u>	<u>(881,580)</u>

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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) 2015/16 Actual Balances**

Balances shown in this budget as 2015/16 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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Fixed Assets (Continued)**

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

Buildings	10 to 100 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	3 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	15 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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 2017.

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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Borrowing Costs**

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

**(q) Provisions**

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

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

**(r) Leases**

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

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

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

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

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

**(s) Interests in Joint Arrangements**

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

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

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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 TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>2. REVENUES AND EXPENSES</b>			
(a) <b>Net Result</b>			
The Net Result includes:			
(i) Charging as Expenses:			
<b>Auditors Remuneration</b>			
Audit Services	17,000	13,790	20,000
<b>Depreciation</b>			
<b><u>By Program</u></b>			
Governance			60,350
Law, Order, Public Safety	10,040	10,040	10,040
Education and Welfare	41,311	41,311	40,710
Housing	32,702	32,702	34,690
Community Amenities	16,578	16,578	23,600
Recreation and Culture	159,598	159,598	225,200
Transport	866,620	866,620	1,045,270
Economic Services	5,667	5,667	4,840
Other Property and Services	233,514	233,514	6,090
	<u>1,366,030</u>	<u>1,366,030</u>	<u>1,450,790</u>
<b><u>By Class</u></b>			
Land and Buildings	218,308	218,308	231,250
Furniture and Equipment	48,473	48,473	48,420
Plant and Equipment	217,367	217,367	234,630
Roads	819,277	819,277	828,670
Footpaths	14,096	14,096	14,100
Other Infrastructure	48,509	48,509	93,720
	<u>1,366,030</u>	<u>1,366,030</u>	<u>1,450,790</u>
<b>Interest Expenses (Finance Costs)</b>			
- Debentures ( <i>refer note 5(a)</i> )	16,110	13,264	34,090
	<u>16,110</u>	<u>13,264</u>	<u>34,090</u>
(ii) Crediting as Revenues:			
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	13,000	19,925	12,500
- Other Funds	10,000	14,646	10,000
Other Interest Revenue ( <i>refer note 13</i> )	3,500	6,412	3,000
	<u>26,500</u>	<u>40,983</u>	<u>25,500</u>
(iii) <b>Other Revenue</b>			
Reimbursements and Recoveries	0	16,259	600
	<u>0</u>	<u>16,259</u>	<u>600</u>

**SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

The Shire's of Tammin is dedicated high quality services to the community through the various service orientated programs which has established.

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

**HOUSING**

**Objective:**

To provide housing to staff.

**Activities:**

Staff Housing, provision of general rental accomodation when buildings not required by staff

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**TRANSPORT**

**Objective:**

To provide safe, effective and efficient transport services to the community

**Activities:**

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

**OTHER PROPERTY & SERVICES**

**Objective:**

To monitor and control council's overheads operating accounts.

**Activities:**

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**3. DISPOSALS OF ASSETS**

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

<b><u>By Program</u></b>	Net Book Value	Sale Proceeds	Profit(Loss)
	2016/17 BUDGET \$	2016/17 BUDGET \$	2016/17 BUDGET \$
Other Property and Services	12,500	8,000	(4,500)
	12,500	8,000	(4,500)

<b><u>By Class</u></b>	Net Book Value	Sale Proceeds	Profit(Loss)
	2016/17 BUDGET \$	2016/17 BUDGET \$	2016/17 BUDGET \$
Plant & Equipment	12,500	8,000	(4,500)
	12,500	8,000	(4,500)

<b><u>Summary</u></b>	<b>2016/17 BUDGET \$</b>
Profit on Asset Disposals	0
Loss on Asset Disposals	(4,500)
	<u>(4,500)</u>

SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017

**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					8,000	30,000		165,000		5,000	14,500	208,000
Furniture and Equipment												14,500
Plant and Equipment											235,000	235,000
<u>Infrastructure</u> Roads									754,020			754,020
Other									7,000			7,000
	0	0	0	0	8,000	30,000	0	165,000	761,020	5,000	249,500	1,218,520

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments		
			2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$	
<b>Housing</b>									
Loan 79	60,494		9,870	9,418	50,624	60,494	3,060	2,354	
Loan 80	118,919		11,469	11,081	107,450	118,919	4,840	5,452	
<b>Recreation and Culture</b>									
Loan 81	130,000		11,493	0	118,507	130,000	3,620	0	
<b>Transport</b>									
Loan 78	90,741		14,806	14,127	75,935	90,741	4,590	5,458	
	400,154	0	47,638	34,626	352,516	400,154	16,110	13,264	

All debenture repayments will be financed by general purpose revenue.



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**5. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2016/17

Council is not expected to take out any new debentures during 2016/17.

(c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2016 nor is it expected to have unspent debenture funds as at 30th June 2017.

(d) Overdraft

Council has not utilised an overdraft facility during the financial year although an overdraft facility of \$100,000 with the National Bank of Australia does exist. It is not anticipated that this facility will be required to be utilised during 2016/17.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>6. RESERVES</b>			
<b>(a) Information &amp; Technology Reserve Fund</b>			
Opening Balance	11,122	10,864	10,864
Amount Set Aside / Transfer to Reserve	100	258	280
Amount Used / Transfer from Reserve	0	0	0
	<u>11,222</u>	<u>11,122</u>	<u>11,144</u>
<b>(b) Plant Reserve Fund</b>			
Opening Balance	319,627	312,212	312,212
Amount Set Aside / Transfer to Reserve	155,000	7,415	1,350
Amount Used / Transfer from Reserve	(235,000)	0	0
	<u>239,627</u>	<u>319,627</u>	<u>313,562</u>
<b>(c) Long Service Leave Reserve Fund</b>			
Opening Balance	25,217	24,632	24,632
Amount Set Aside / Transfer to Reserve	400	585	620
Amount Used / Transfer from Reserve	0	0	0
	<u>25,617</u>	<u>25,217</u>	<u>25,252</u>
<b>(d) Tamma Village Upgrade &amp; Improvements Reserve Fund</b>			
Opening Balance	18,778	26,210	26,210
Amount Set Aside / Transfer to Reserve	300	568	660
Amount Used / Transfer from Reserve	0	(8,000)	(8,000)
	<u>19,078</u>	<u>18,778</u>	<u>18,870</u>
<b>(e) Tammin Sports, Recreation &amp; Community Facilities Upgrade and Improvements Reserve Fund</b>			
Opening Balance	449,975	478,875	478,875
Amount Set Aside / Transfer to Reserve	537,076	11,100	9,590
Amount Used / Transfer from Reserve	(150,000)	(40,000)	0
	<u>837,051</u>	<u>449,975</u>	<u>488,465</u>
<b>(f) Bowing Green Replacement Reserve Fund</b>			
Opening Balance	12,000	0	0
Amount Set Aside / Transfer to Reserve	12,560	12,000	10,000
Amount Used / Transfer from Reserve	0	0	0
	<u>24,560</u>	<u>12,000</u>	<u>10,000</u>
<b>Total Reserves</b>	<u>1,157,155</u>	<u>836,719</u>	<u>867,293</u>

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

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

6. RESERVES (Continued)	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>SUMMARY OF RESERVE TRANSFERS</b>			
<b>Transfers to Reserves</b>			
Information & Technology Reserve Fund	100	258	280
Plant Reserve Fund	155,000	7,415	1,350
Long Service Leave Reserve Fund	400	585	620
Tamma Village Upgrade & Improvements	300	568	660
Tammin Sports, Recreation & Community Facilities Upgrade and Improvements Reserve Fund	537,076	11,100	9,590
Bowing Green Replacement Reserve Fund	12,560	12,000	10,000
	<u>705,436</u>	<u>31,926</u>	<u>22,500</u>
<b>Transfers from Reserves</b>			
Information & Technology Reserve Fund	0	0	0
Plant Reserve Fund	(235,000)	0	0
Long Service Leave Reserve Fund	0	0	0
Tamma Village Upgrade & Improvements	0	(8,000)	(8,000)
Tammin Sports, Recreation & Community Facilities Upgrade and Improvements Reserve Fund	(150,000)	(40,000)	0
Bowing Green Replacement Reserve Fund	0	0	0
	<u>(385,000)</u>	<u>(48,000)</u>	<u>(8,000)</u>
<b>Total Transfer to/(from) Reserves</b>	<u>320,436</u>	<u>(16,074)</u>	<u>14,500</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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:

Information & Technology Reserve Fund

- To fund IT requirements

Plant Reserve Fund

- To purchase major plant and machinery

Long Service Leave Reserve Fund

- To fund long service leave requirement

Tamma Village Upgrade & Improvements

- For maintenance and upgrades of Tamma Village Units

Tammin Sports, Recreation & Community Facilities Upgrade and Improvements Reserve Fund

- For improvements of tammin sport, recreation and community facilities

Bowing Green Replacement Reserve Fund

- To set aside funds for the replacement of the synthetic playing surface at the end of its useful life

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

	Note	2016/17 Budget \$	2015/16 Actual \$
<b>7. NET CURRENT ASSETS</b>			
<b>Composition of Estimated Net Current Asset Position</b>			
<b>CURRENT ASSETS</b>			
Cash - Unrestricted	15(a)	10,156	705,255
Cash - Restricted Reserves	15(a)	1,157,155	836,719
Receivables		155,490	155,490
		1,322,801	1,697,464
<b>LESS: CURRENT LIABILITIES</b>			
Trade and Other Payables		(84,230)	(84,230)
Long Term Borrowings		47,638	0
Provisions		(79,806)	(79,806)
		<u>(116,398)</u>	<u>(164,036)</u>
NET CURRENT ASSET POSITION		1,206,403	1,533,428
Less: Cash - Restricted Reserves	15(a)	(1,157,155)	(836,719)
Add: Current Portion of Debentures		(47,638)	0
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u>1,610</u>	<u>696,709</u>

The estimated surplus/(deficiency) c/fwd in the 2015/16 actual column represents the surplus (deficit) brought forward as at 1 July 2016.

The estimated surplus/(deficiency) c/fwd in the 2016/17 budget column represents the surplus (deficit) carried forward as at 30 June 2017.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**8. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2016/17 Budgeted Rate Revenue \$	2016/17 Budgeted Interim Rates \$	2016/17 Budgeted Back Rates \$	2016/17 Budgeted Total Revenue \$	2015/16 Actual \$
<b>General Rate</b>								
Gross Rental Value	0.110992	82	763,885	84,785			84,785	78,360
Unimproved Value	0.017064	171	50,296,500	858,259	100	0	858,359	801,147
<b>Sub-Totals</b>		253	51,060,385	943,045	100	0	943,145	879,507
<b>Minimum Payment</b>								
Gross Rental Value	495	51	39,000	25,245			25,245	23,250
Unimproved Value	495	21	342,100	10,395			10,395	9,300
<b>Sub-Totals</b>		72	381,100	35,640	0	0	35,640	32,550
Discounts (Note 12)							(42,500)	(39,560)
<b>Total Amount Raised from General Rate</b>							936,285	872,497
Ex Gratia							6,000	6,210
<b>Total Rates</b>							942,285	878,707

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**8(a). RATING INFORMATION - 2016/17 FINANCIAL YEAR (CONTINUED)**

All land except exempt land in the Shire of Somewhere 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 2016/17 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 TAMMIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**9. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

The Shire of Tammin did not levy a specified area rate for 2016/17

**10. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

The Shire of Tammin did not levy any service charges for 2016/17



**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

<b>11. FEES &amp; CHARGES REVENUE</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>
General Purpose Funding	1,250	660
Law, Order, Public Safety	2,100	1,375
Health	450	174
Education and Welfare	56,370	60,910
Housing	39,860	30,046
Community Amenities	44,860	28,250
Recreation and Culture	3,790	4,209
Transport	7,100	857
Economic Services	0	0
Other Property and Services	2,900	11,878
	<u>158,680</u>	<u>138,359</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS**  
**- 2016/17 FINANCIAL YEAR**

Offer a discount of 5% of the value of the current rates (rates levied in 2016/17) if all rates and charges appearing on the rates notice, including arrears are paid in full within 35 days of issue of the rates assessment notice.

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**13. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	2016/17 Budget \$	2015/16 Actual \$
Interest on Unpaid Rates	11.00%		3,000	5,973
Interest on Instalments Plan	5.50%		500	439
Charges on Instalment Plan		30	500	660
			<u>4,000</u>	<u>7,072</u>

Instalment dates for the payment of rates are as follows:

Instalment One: Thursday 8th September 2016

Instalment Two: Tuesday 8th November 2016

Instalment Three: Monday 9th January 2017

Instalment Four: Thursday 9th March 2017

**14. ELECTED MEMBERS REMUNERATION**

**2016/17  
Budget  
\$**

**2015/16  
Actual  
\$**

The following fees, expenses and allowances were paid to council members the president and deputy president

Meeting Fees	11,000	7,340
President's Allowance	2,400	2,400
Deputy President's Allowance	600	600
	<u>14,000</u>	<u>10,340</u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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:

	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Budget \$</b>
Cash - Unrestricted	10,156	705,255	103,862
Cash - Restricted	<u>1,157,155</u>	<u>836,719</u>	<u>867,293</u>
	<u><u>1,167,311</u></u>	<u><u>1,541,974</u></u>	<u><u>971,155</u></u>

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

Information & Technology Reserve Fund	11,222	11,122	11,144
Plant Reserve Fund	239,627	319,627	313,562
Long Service Leave Reserve Fund	25,617	25,217	25,252
Tamma Village Upgrade & Improvements	19,078	18,778	18,870
Tammin Sports, Recreation & Community	837,051	449,975	488,465
Bowing Green Replacement Reserve Fund	<u>24,560</u>	<u>12,000</u>	<u>10,000</u>
	<u><u>1,157,155</u></u>	<u><u>836,719</u></u>	<u><u>867,293</u></u>

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

Net Result	(487,035)	(583,077)	(714,230)
Depreciation	1,366,030	1,366,030	1,450,790
(Profit)/Loss on Sale of Asset	4,500	97,388	86,370
(Increase)/Decrease in Receivables	0	28,827	114,041
Increase/(Decrease) in Payables	0	(122,251)	(646,191)
Grants/Contributions for the Development of Assets	<u>(617,240)</u>	<u>(744,468)</u>	<u>(578,670)</u>
<b>Net Cash from Operating Activities</b>	<u><u>266,255</u></u>	<u><u>42,449</u></u>	<u><u>(287,890)</u></u>

**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

Bank Overdraft Limit	100,000	100,000	100,000
Bank Overdraft at Balance Date	0	0	0
Credit Card Limit	20,000	20,000	20,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Amount of Credit Unused</b>	<u><u>120,000</u></u>	<u><u>120,000</u></u>	<u><u>120,000</u></u>

**Loan Facilities**

Loan Facilities in use at Balance Date	<u><u>352,516</u></u>	<u><u>400,154</u></u>	<u><u>420,154</u></u>
Unused Loan Facilities at Balance Date	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

**SHIRE OF TAMMIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**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-16 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-17 \$
Licensing	686	200,000	(200,000)	686
Bonds	1,380	2,000	(2,000)	1,380
Tammin Land Conservation Trust	10,824			10,824
Best Memorial Trust	931			931
Kidsport	3,000		(3,000)	0
Unclaimed Monies	6,847		(6,847)	0
Prepaid Rates	18,000		(18,000)	0
	<u>41,668</u>	<u>202,000</u>	<u>(229,847)</u>	<u>13,821</u>

**SHIRE OF TAMMIN  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2017**

**17. MAJOR LAND TRANSACTIONS**

It is not anticipated any major land transactions will occur in 2016/17.

**18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2016/17.