

SHIRE OF NORTHAMPTON
BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015

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SHIRE OF NORTHAMPTON
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	3,805,915	3,552,260	3,576,181
Operating Grants, Subsidies and Contributions		2,004,110	1,540,528	1,254,090
Fees and Charges	11	1,082,451	1,084,954	1,075,622
Service Charges	10	0	0	0
Interest Earnings	2(a)	130,500	144,462	142,500
Other Revenue		146,500	488	56,693
		<u>7,169,476</u>	<u>6,322,692</u>	<u>6,105,086</u>
Expenses				
Employee Costs		(2,593,249)	(2,182,541)	(2,234,685)
Materials and Contracts		(2,284,392)	(2,165,849)	(2,361,944)
Utility Charges		(376,790)	(376,656)	(322,960)
Depreciation on Non-Current Assets	2(a)	(1,663,515)	(1,592,280)	(2,005,044)
Interest Expenses	2(a)	(63,558)	(73,349)	(71,232)
Insurance Expenses		(246,492)	(246,532)	(244,270)
Other Expenditure		(301,030)	(16,384)	(339,361)
		<u>(7,529,026)</u>	<u>(6,653,591)</u>	<u>(7,579,496)</u>
		(359,550)	(330,899)	(1,474,410)
Non-Operating Grants, Subsidies and Contributions		837,790	1,322,457	2,629,369
Profit on Asset Disposals	4	7,000	25,183	51,000
Loss on Asset Disposals	4	(25,000)	(114,081)	(12,500)
NET RESULT		460,240	902,660	1,193,459
Other Comprehensive Income				
Changes on Revaluation of non-current assets		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>460,240</u>	<u>902,660</u>	<u>1,193,459</u>

Notes:

All fair value adjustments relating to remeasurement 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 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 NORTHAMPTON
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		25,450	33,615	23,650
General Purpose Funding		5,393,095	4,444,654	4,455,227
Law, Order, Public Safety		77,250	118,682	72,764
Health		32,100	34,889	33,300
Education and Welfare		164,060	106,037	55,545
Housing		19,176	36,639	24,096
Community Amenities		809,390	994,278	840,318
Recreation and Culture		38,750	158,851	122,444
Transport		127,795	131,439	149,590
Economic Services		133,795	108,384	142,683
Other Property and Services		157,381	155,222	185,469
		<u>6,978,242</u>	<u>6,322,690</u>	<u>6,105,086</u>
Expenses Excluding				
Finance Costs (Refer Notes 1,2 & 14)				
Governance		(829,156)	(788,760)	(797,608)
General Purpose Funding		(102,300)	(118,778)	(93,580)
Law, Order, Public Safety		(319,871)	(271,084)	(308,602)
Health		(223,952)	(227,628)	(203,467)
Education and Welfare		(189,270)	(121,649)	(75,013)
Housing		(109,194)	(115,250)	(86,689)
Community Amenities		(1,490,170)	(1,358,517)	(1,202,467)
Recreation & Culture		(1,348,799)	(1,345,410)	(1,354,908)
Transport		(2,570,366)	(2,302,854)	(3,208,638)
Economic Services		(216,755)	(165,424)	(200,885)
Other Property and Services		(47,635)	235,113	23,594
		<u>(7,447,468)</u>	<u>(6,580,241)</u>	<u>(7,508,263)</u>
Finance Costs (Refer Notes 2 & 5)				
Recreation & Culture		(6,617)	(6,684)	(4,568)
Transport		(31,118)	(39,935)	(39,935)
Other Property and Services		(25,823)	(26,730)	(26,730)
		<u>(63,558)</u>	<u>(73,349)</u>	<u>(71,233)</u>
Non-operating Grants, Subsidies and Contributions				
Governance				21,000
Law, Order, Public Safety			273,648	10,000
Health		10,000		
Education and Welfare			446	
Community Amenities		10,000		11,200
Recreation & Culture		12,792	204,718	952,931
Transport		964,290	843,645	1,259,238
Other Property and Services		13,942		375,000
		<u>1,011,024</u>	<u>1,322,457</u>	<u>2,629,369</u>
Profit/(Loss) On				
Disposal Of Assets (Refer Note 4)				
Governance			(149)	(5,500)
Law, Order, Public Safety			(1,331)	(7,000)
Health		(500)		
Community Amenities		(4,000)		
Recreation & Culture			(2,959)	
Transport		(13,500)	20,130	51,000
Other Property and Services			(104,588)	
		<u>(18,000)</u>	<u>(88,897)</u>	<u>38,500</u>
NET RESULT		460,240	902,660	1,193,459
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>460,240</u></u>	<u><u>902,660</u></u>	<u><u>1,193,459</u></u>

Notes:

All fair value adjustments relating to remeasurement 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 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 NORTHAMPTON
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		3,805,915	3,552,259	3,576,181
Operating Grants, Subsidies and Contributions		2,004,110	1,540,529	1,254,090
Fees and Charges		1,082,451	1,082,551	1,075,622
Service Charges		0	0	0
Interest Earnings		130,500	144,462	142,500
Goods and Services Tax		350,000	350,000	350,000
Other Revenue		146,500	488	56,693
		<u>7,519,476</u>	<u>6,670,289</u>	<u>6,455,086</u>
Payments				
Employee Costs		(2,593,249)	(2,182,541)	(2,234,685)
Materials and Contracts		(2,284,392)	(2,165,945)	(2,361,944)
Utility Charges		(376,790)	(376,656)	(322,960)
Interest Expenses		(63,558)	(73,349)	(71,233)
Insurance Expenses		(246,492)	(246,532)	(244,270)
Goods and Services Tax		(350,000)	(350,000)	(350,000)
Other Expenditure		(301,030)	60,906	(339,361)
		<u>(6,215,511)</u>	<u>(5,334,117)</u>	<u>(5,924,453)</u>
Net Cash Provided By Operating Activities	15(b)	<u>1,303,965</u>	<u>1,336,172</u>	<u>530,633</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	(411,665)	(378,455)	(683,912)
Payments for Purchase of Property, Plant & Equipment	3	(1,452,750)	(949,849)	(1,873,471)
Payments for Construction of Infrastructure	3	(1,744,569)	(2,458,185)	(2,314,489)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		837,790	1,322,457	2,466,869
Proceeds from Sale of Plant & Equipment	4	146,500	168,955	162,500
Net Cash Used in Investing Activities		<u>(2,624,694)</u>	<u>(2,295,077)</u>	<u>(2,242,503)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(131,207)	(191,277)	(194,433)
Proceeds from Self Supporting Loans		19,734	17,339	47,488
Proceeds from New Debentures	5	600,000	0	0
Net Cash Provided By (Used In) Financing Activities		488,527	(173,938)	(146,945)
Net Increase (Decrease) in Cash Held Cash at Beginning of Year		(832,202) 2,367,538	(1,132,843) 3,500,381	(1,858,815) 3,614,002
Cash and Cash Equivalents at the End of the Year	15(a)	<u>1,535,336</u>	<u>2,367,538</u>	<u>1,755,187</u>

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

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

	NOTE	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
Revenues	1,2			
Governance		25,450	33,466	44,650
General Purpose Funding		1,628,730	906,644	866,796
Law, Order, Public Safety		77,250	390,999	65,764
Health		41,600	34,889	33,300
Education and Welfare		164,060	106,483	55,545
Housing		19,176	36,639	24,096
Community Amenities		815,390	994,278	839,398
Recreation and Culture		51,542	360,610	1,040,533
Transport		932,085	995,214	1,310,628
Economic Services		133,795	108,384	142,683
Other Property and Services		171,323	50,634	510,500
		<u>4,060,401</u>	<u>4,018,240</u>	<u>4,933,893</u>
Expenses	1,2			
Governance		(829,156)	(788,760)	(797,608)
General Purpose Funding		(102,300)	(118,778)	(93,580)
Law, Order, Public Safety		(319,871)	(271,084)	(308,602)
Health		(223,952)	(227,628)	(203,467)
Education and Welfare		(189,270)	(121,649)	(75,013)
Housing		(109,194)	(115,250)	(86,689)
Community Amenities		(1,490,170)	(1,358,517)	(1,202,467)
Recreation & Culture		(1,355,416)	(1,352,094)	(1,359,476)
Transport		(2,601,484)	(2,342,789)	(3,190,169)
Economic Services		(216,755)	(165,424)	(200,885)
Other Property and Services		(73,458)	208,383	(3,136)
		<u>(7,511,026)</u>	<u>(6,653,590)</u>	<u>(7,521,092)</u>
Net Operating Result Excluding Rates		(3,450,625)	(2,635,350)	(2,587,199)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	18,000	88,898	(38,500)
Depreciation on Assets	2(a)	1,663,515	1,592,280	2,005,044
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	(411,665)	(378,455)	(683,912)
Purchase Land and Buildings	3	(718,750)	(159,390)	(1,225,365)
Purchase Infrastructure Assets - Roads	3	(1,662,119)	(1,714,369)	(1,999,739)
Purchase Infrastructure Assets - Parks	3	(82,450)	(743,816)	(314,750)
Purchase Plant and Equipment	3	(719,000)	(757,264)	(604,842)
Purchase Furniture and Equipment	3	(15,000)	(33,195)	(43,264)
Proceeds from Disposal of Assets	4	146,500	168,955	162,500
Repayment of Debentures	5	(131,207)	(191,277)	(194,433)
Proceeds from New Debentures	5	600,000	0	0
Self-Supporting Loan Principal Income		19,734	17,339	47,488
Transfers to Reserves (Restricted Assets)	6	(256,000)	(106,472)	(107,600)
Transfers from Reserves (Restricted Assets)	6	0	50,708	67,143
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	1,234,702	2,333,095	1,955,498
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	1,234,702	
Amount Required to be Raised from General Rate	8	<u>(3,764,365)</u>	<u>(3,703,015)</u>	<u>(3,561,931)</u>

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

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

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) 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.

(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 NORTHAMPTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

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

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

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

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

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

(j) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement 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 formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

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

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

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

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

Capitalisation Threshold

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

(k) Fair Value of Assets and Liabilities

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) *Loans and receivables*

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

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

(iii) *Held-to-maturity investments*

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

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

(iv) *Available-for-sale financial assets*

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

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

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

(v) *Financial liabilities*

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

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

	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	20,550	35,169	18,700
Other Services	6,000	6,990	8,500
 Depreciation			
<u>By Program</u>			
Governance	48,315	49,083	46,300
General Purpose Funding			
Law, Order, Public Safety	43,750	41,580	33,800
Health	35,300	34,081	40,500
Education and Welfare	6,200	6,210	6,200
Housing	38,000	37,931	38,500
Community Amenities	33,800	33,815	38,800
Recreation and Culture	369,350	375,322	382,930
Transport	1,088,000	1,012,601	1,416,214
Economic Services	800	1,655	1,800
Other Property and Services			
	1,663,515	1,592,280	2,005,044
 <u>By Class</u>			
Land and Buildings	385,500	387,957	394,000
Furniture and Equipment	17,500	16,625	25,000
Plant and Equipment	157,000	158,110	563,290
Roads	929,000	852,903	872,724
Footpaths	37,900	36,300	35,000
Drainage	22,000	21,224	22,000
Airports	24,000	22,858	23,000
Parks & Ovals	90,615	96,303	70,030
	1,663,515	1,592,280	2,005,044
 Interest Expenses (Finance Costs)			
- Debentures (<i>refer note 5(a)</i>)	63,558	73,349	71,232
	63,558	73,349	71,232
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	66,530	44,334	35,824
- Other Funds	23,470	58,192	54,176
Other Interest Revenue (<i>refer note 13</i>)	40,500	41,936	52,500
	130,500	144,462	142,500

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

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

GOVERNANCE

The delivery of Councillor services to residents, and all expenses related to such activities.
The management and coordination of the delivery of all services to residents.

GENERAL PURPOSE FUNDING

Administration of general rate revenue and all expenses related to the raising and collection of rates. Administration of general purpose grants received from the Grants Commission.

LAW, ORDER, PUBLIC SAFETY

Supervision and enforcement of various local laws relating to bushfire control & the Bushfires Act.
Supervision of various local laws relating to dogs and ranger services for the care & control of animals. Administration of various local laws relating to camping & other public areas under Council control.

HEALTH

Provision of health inspections, food quality and control, administration of Health local laws and maintenance of Doctors Surgery.

EDUCATION AND WELFARE

Maintenance of Day Care Centres
Facilitation and administration of live in care units for the aged.

HOUSING

Administration and maintenance of staff and rental housing

COMMUNITY AMENITIES

Rubbish collection services, operation of refuse sites, noise control, administration of Town Planning Schemes, maintenance of cemeteries and public conveniences, and storm water drainage maintenance.

RECREATION AND CULTURE

Maintenance of public halls and civic centres, beaches and foreshores, recreation centres and sports ovals, recreational parks and reserves, self help television retransmission services; operation of library services; maintenance of heritage sites and Municipal inventory

TRANSPORT

Construction and maintenance of streets, roads, bridges, drainage and depots; cleaning and lighting of streets; street and directional signage; maintenance of airstrip.

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Weed, pest and vermin control. The regulation and provision of tourism, area promotion, building control, standpipes; operation of Port Gregory water supply.

OTHER PROPERTY & SERVICES

Private works and plant hire; plant repairs and operation costs; works manager and staff allowance and training costs.

**SHIRE OF NORTHAMPTON
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	
Photocopier - Northampton Office	15,000
Health	
Environmental Health Officer - Vehicle	30,000
Education and Welfare	
Patio - Childcare Building	10,750
Housing	
Construct new staff house - Rake Place	600,000
Community Amenities	
Hampton Gardens Ablutions	60,000
Install Fence around Kalbarri Cemetery	20,000
Planner - Vehicle	42,000
Recreation and Culture	
Replace Power Pole Marina Parkland	7,200
Fish Cleaning Stations (Erection/Plumbing)	15,000
Kalbarri Sport & Rec - Airconditioners	20,000
Lions Park Playground	20,000
Mary Street - Shelter/Seats	6,750
Kings Park - BBQ/Shelter	13,500
Kalbarri Skate Park - Lighting	20,000
Transport	
Road Construction	1,545,241
Footpath Construction	116,878
Tip Truck - Kalbarri 13/14 c/over	120,000
Backhoe (Replace JCB 3CX)	175,000
6 Wheel Tip Truck (Replace Iveco)	220,000
Utility - Northampton Grader Operator	25,000
Utility - Northampton Mntce Leading Hand	37,500
Spreader Boxes inc camera/stand	57,000
3 Point Linkage Broom (Rep Sewell)	12,500
Construct Office for Works Supervisor - Kalbarri Depot	8,000
Other Property and Services	
Northampton Industrial Units	411,665
	3,608,984
<u>By Class</u>	
Land Held for Resale	411,665
Land and Buildings	718,750
Infrastructure Assets - Roads	1,662,119
Infrastructure Assets - Parks and Ovals	82,450
Plant and Equipment	719,000
Furniture and Equipment	15,000
	3,608,984

**SHIRE OF NORTHAMPTON
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.

	Net Book Value	Sale Proceeds	Profit(Loss)
	2014/15 BUDGET \$	2014/15 BUDGET \$	2014/15 BUDGET \$
<u>By Program</u>			
EHO Vehicle	10,500	10,000	(500)
Planner Vehicle	14,000	10,000	(4,000)
Tip Truck - Kalbarri	18,000	20,000	2,000
Backhoe (Replace JCB 3CX)	50,000	45,000	(5,000)
Tip Truck 6 Wheel (Replace Iveco)	55,000	60,000	5,000
Utility - Northampton Grader Operator	8,500	0	(8,500)
Utility - Northampton M'tce Leading Hand	8,500	1,500	(7,000)
	164,500	146,500	(18,000)

	Net Book Value	Sale Proceeds	Profit(Loss)
	2014/15 BUDGET \$	2014/15 BUDGET \$	2014/15 BUDGET \$
<u>By Class</u>			
Health	10,500	10,000	(500)
Community Amenities	14,000	10,000	(4,000)
Transport	140,000	126,500	(13,500)
	164,500	146,500	(18,000)

<u>Summary</u>	2014/15 BUDGET \$
Profit on Asset Disposals	7,000
Loss on Asset Disposals	(25,000)
	(18,000)

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

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

Particulars	Principal 01-Jul-13	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2014/15 Budget \$	2013/14 Actual \$	2014/15 Budget \$	2013/14 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Other Property								
152 - Staff Housing *	402,422		13,942	13,240	388,480	395,638	25,823	26,730
154 - Staff Housing		600,000			600,000			
Recreation & culture								
147 - Kalbarri Bowling Club *	12,104		2,925	1,395	9,179	10,708	567	746
148 - Kalbarri Library Extensions	132,709		22,736	10,724	109,973	121,985	4,890	4,616
151 - Kalbarri Bowling Club *	22,709		2,867	2,705	19,842	20,005	1,160	1,322
Transport								
149 - Plant Purchases	296,987		55,029	51,241	241,958	245,746	16,860	20,943
150 - Plant Purchases	0		0	79,579	0	0	0	3,419
153 - Plant Purchases	390,000		33,708	32,393	356,292	357,607	14,258	15,573
	1,256,931	600,000	131,207	191,277	1,725,724	1,151,689	63,558	73,349

All debenture repayments are to be financed by general purpose revenue with the exception of loans 147, 151 and 152 which are self supporting loans.

Loan 147 & 151 are funded by the Kalbarri Bowling Club.

Loan 152 is funded by the CEO, Mr Garry Keeffe.

SHIRE OF NORTHAMPTON

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2015

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
154 - Staff Housing	600,000	WATC	Fixed	10	0	4.0	600,000	0

(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 has not utilised an overdraft facility during the financial year although an overdraft facility of \$500,000 with the National Bank of Australia does exist. It is not anticipated that this facility will be required to be utilised during 2014/15.

SHIRE OF NORTHAMPTON

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) Leave Reserve			
Opening Balance	153,424	100,143	100,143
Amount Set Aside / Transfer to Reserve	5,500	53,281	52,080
Transfer from Muni to Reserve	50,000		
Amount Used / Transfer from Reserve	<u>208,924</u>	<u>153,424</u>	<u>152,223</u>
(b) Roadwork's Reserve			
Opening Balance	49,920	49,920	49,920
Amount Set Aside / Transfer to Reserve	3,000		
Amount Used / Transfer from Reserve	<u>52,920</u>	<u>49,920</u>	<u>49,920</u>
(c) Kalbarri Airport Reserve			
Opening Balance	4,314	20,534	20,533
Amount Set Aside / Transfer to Reserve	200	1,480	1,200
Amount Used / Transfer from Reserve	<u>4,514</u>	<u>(17,700)</u>	<u>(17,700)</u>
		4,314	4,033
(d) Computer and Office Equipment Reserve			
Opening Balance	29,019	27,081	27,081
Amount Set Aside / Transfer to Reserve	2,000	1,938	1,600
Amount Used / Transfer from Reserve	<u>31,019</u>	<u>29,019</u>	<u>0</u>
		28,681	
(e) Plant Reserve			
Opening Balance	6,358	5,988	5,989
Amount Set Aside / Transfer to Reserve	400	370	300
Amount Used / Transfer from Reserve	<u>6,758</u>	<u>6,358</u>	<u>6,289</u>
(f) House and Building Reserve			
Opening Balance	58,157	54,539	54,539
Amount Set Aside / Transfer to Reserve	3,700	3,618	3,000
Amount Used / Transfer from Reserve	<u>61,857</u>	<u>58,157</u>	<u>57,539</u>
(g) Kalbarri Aged Persons Accommodation Reserve			
Opening Balance	215,039	186,104	186,104
Amount Set Aside / Transfer to Reserve	20,530	28,935	26,720
Amount Used / Transfer from Reserve			
Transfer from Muni to Reserve	9,470		
	<u>245,039</u>	<u>215,039</u>	<u>212,824</u>
(h) Northampton Aged Persons Reserve			
Opening Balance	113,894	106,657	106,657
Amount Set Aside / Transfer to Reserve	7,300	7,237	6,000
Transfer from Muni to Reserve	40,000		
Amount Used / Transfer from Reserve	<u>161,194</u>	<u>113,894</u>	<u>112,657</u>
Total Reserves C/Fwd	<u>772,225</u>	<u>630,125</u>	<u>624,166</u>

SHIRE OF NORTHAMPTON

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 (Continued)			
Total Reserves B/Fwd	<u>772,225</u>	<u>630,125</u>	<u>624,166</u>
(i) Town Planning Scheme Reserve			
Opening Balance	12,691	23,282	23,282
Amount Set Aside / Transfer to Reserve	600	549	504
Amount Used / Transfer from Reserve		(11,140)	(22,400)
	<u>13,291</u>	<u>12,691</u>	<u>1,386</u>
(j) Townscape Car Park Reserve			
Opening Balance	5,757	5,385	5,385
Amount Set Aside / Transfer to Reserve		372	300
Amount Used / Transfer from Reserve			0
	<u>5,757</u>	<u>5,757</u>	<u>5,685</u>
(k) Sport and Recreation Reserve			
Opening Balance	5,955	5,585	5,585
Amount Set Aside / Transfer to Reserve	400	370	300
Amount Used / Transfer from Reserve			0
	<u>6,355</u>	<u>5,955</u>	<u>5,885</u>
(l) Coastal Management Reserve			
Opening Balance	101,270	94,627	94,627
Amount Set Aside / Transfer to Reserve	5,700	6,643	5,500
Amount Used / Transfer from Reserve			0
	<u>106,970</u>	<u>101,270</u>	<u>100,127</u>
(m) Specified Area Rate Reserve			
Opening Balance	3,060	2,201	2,201
Amount Set Aside / Transfer to Reserve	700	859	700
Amount Used / Transfer from Reserve			
	<u>3,760</u>	<u>3,060</u>	<u>2,901</u>
(n) Northampton 150th Anniversary Reserve			
Opening Balance	0	21,048	21,048
Amount Set Aside / Transfer to Reserve		820	820
Amount Used / Transfer from Reserve		(21,868)	(21,868)
	<u>0</u>	<u>0</u>	<u>0</u>
(o) Land Development Reserve			
Opening Balance	505,289	505,289	505,289
Amount Set Aside / Transfer to Reserve	16,500		
Amount Used / Transfer from Reserve			(10,000)
	<u>521,789</u>	<u>505,289</u>	<u>495,289</u>
(p) Kalbarri Tennis, Netball & Basketball Courts Reserve			
Opening Balance	0		
Amount Set Aside / Transfer to Reserve			
Transfer from Muni to Reserve	90,000		
Amount Used / Transfer from Reserve			
	<u>90,000</u>	<u>0</u>	<u>0</u>
Total Reserves	<u>1,520,147</u>	<u>1,264,147</u>	<u>1,235,439</u>

All of the above reserve accounts are to be supported by money held in the National Bank of Australia.

SHIRE OF NORTHAMPTON

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 RESERVE TRANSFERS			
Transfers to Reserves			
Leave Reserve	55,500	53,281	52,080
Roadwork's Reserve	3,000	0	0
Kalbarri Airport Reserve	200	1,480	1,200
Computer and Office Equipment Reserve	2,000	1,938	1,600
Plant Reserve	400	370	300
House and Building Reserve	3,700	3,618	3,000
Kalbarri Ages Persons Accommodation Reserv	30,000	28,935	26,720
Northampton Aged Persons Reserve	47,300	7,237	6,000
Town Planning Scheme Reserve	600	549	504
Townscape Car Park Reserve	0	372	300
Sport and Recreation Reserve	400	370	300
Coastal Management Reserve	5,700	6,643	5,500
Specified Area Rate Reserve	700	859	700
Northampton 150th Anniversary Reserve	0	820	820
Land Development Reserve	16,500	0	0
Kalbarri Tennis, Netball & Basketball Courts Re	90,000	0	0
	<u>256,000</u>	<u>106,472</u>	<u>99,024</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Roadwork's Reserve	0	0	0
Kalbarri Airport Reserve	0	(17,700)	(17,700)
Computer and Office Equipment Reserve	0	0	0
Plant Reserve	0	0	0
House and Building Reserve	0	0	0
Kalbarri Ages Persons Accommodation Reserv	0	0	0
Northampton Aged Persons Reserve	0	0	0
Town Planning Scheme Reserve	0	(11,140)	(22,400)
Townscape Car Park Reserve	0	0	0
Sport and Recreation Reserve	0	0	0
Coastal Management Reserve	0	0	0
Specified Area Rate Reserve	0	0	0
Northampton 150th Anniversary Reserve	0	(21,868)	(21,868)
Land Development Reserve	0	0	(10,000)
Kalbarri Tennis, Netball & Basketball Courts Re	0	0	0
	<u>0</u>	<u>(50,708)</u>	<u>(71,968)</u>
Total Transfer to/(from) Reserves	<u>256,000</u>	<u>55,764</u>	<u>27,056</u>

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

Leave Reserve

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

Roadworks Reserve

- to be used to fund major reseals of bitumen roads and other major road construction works including footpath construction

Kalbarri Airport

- to be used for the maintenance and construction of the Kalbarri Airport

Computer and Office Reserve Equipment

- to be used to for the purchase and upgrade of office equipment and computers

Plant Reserve

- to be used for the purchase of major plant

House and Building Reserve

- to be used for the construction of new housing and upgrades to buildings under Council control

Kalbarri Aged Persons Accommodation

- to be used for the construction of live in aged care facilities in Kalbarri

Northampton Aged Persons Reserve

- to be used for the construction of live in aged care facilities in Northampton

Town Planning Scheme Reserve

- to be used for the review of Council's town planning schemes

Townscape Carpark Reserve

- to be used for the construction of the carpark area in the CBD area adjacent to Porter Street, Kalbarri, this is a Kalbarri Townscape project.

Sport & Recreation Reserve

- to be used for the upgrade and capital works to Sporting and Recreation Facilities within the district.

Coastal Management Reserve

- to be used for the construction of capital works along the foreshore management reserve's within the district.

Specified Area Rate Reserve

- to be used for unspent Specified Area Rate monies allocated and not expended during the financial year.

RESERVES - CASH BACKED (continued)**Northampton 150th Anniversary Reserve**

- to be utilised for the 150th Anniversary for the Northampton Shire in 2014.

Land Development Reserve

- For the development of Council land for sale on the open market.

Kalbarri Tennis, Netball & Basketball Courts Reserve

- For the development of Tennis, Netball and Basketball facilities in Kalbarri.

SHIRE OF NORTHAMPTON
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	15(a)	0	538,861
Cash - Restricted Reserves	15(a)	1,520,147	1,264,147
Cash - Restricted - Northampton LIA		0	361,000
Cash - Restricted - RRG Kalbarri Road		0	19,120
Cash - Restricted - Roads to Recovery		0	184,410
Rates Outstanding		200,000	211,914
Refuse Charge Debtors		40,000	46,196
Sundry Debtors		70,000	280,778
Emergency Services Levy		40,000	43,784
GST Receivable		30,000	90,462
June Fuel Tax Credit		0	3,595
Inventories		0	11,128
		1,900,147	3,055,395
LESS: CURRENT LIABILITIES			
Sundry Creditors		(300,000)	(463,181)
GST Payable		(50,000)	(57,016)
Prepaid Rates		(30,000)	(27,069)
Debtors - Loan Repayment Credit		0	(9,280)
		(380,000)	(556,546)
NET CURRENT ASSET POSITION		1,520,147	2,498,849
Less: Cash - Restricted Reserves	15(a)	(1,520,147)	(1,264,147)
Less: Cash - Restricted Municipal		0	0
		(1,520,147)	(1,264,147)
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		0	1,234,702

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 NORTHAMPTON
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 \$
General Rate								
General GRV	0.070383	1,545	19,660,499	1,383,765			1,383,765	1,325,613
General UV	0.010278	455	196,322,235	2,017,800			2,017,800	1,912,763
Sub-Totals		2,000	215,982,734	3,401,565	0	0	3,401,565	3,238,376
Minimum Rates	Minimum \$							
General GRV	475	993	5,245,647	471,675			471,675	444,600
General UV	475	55	1,972,394	26,125			26,125	25,200
Sub-Totals		1,048	7,218,041	497,800	0	0	497,800	469,800
Discounts (Note 12)								
Total Amount Raised from General Rate							(135,000)	(170,166)
Specified Area Rates (Note 9)							3,764,365	3,538,010
							41,550	14,250
Total Rates							3,805,915	3,552,260

All land except exempt land in the Shire of Northampton 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 NORTHAMPTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2015**

9. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

	Rate in \$	Rateable Value	2014/15 Budgeted Revenue \$	Budget Applied to Costs \$	2013/14 Actual \$
Port Gregory Water Supply	0.022692	508,992	11,550	11,550	14250
Kalbarri Tourism Rate	0.0018	16,526,738	30,000	30,000	0
			41,550	41,550	14,250

Port Gregory Water Supply

The specified area rate for the Port Gregory Water Supply is designated for the operation of the Port Gregory water supply. The amount required has been estimated, as the cost to operate the water supply during 2013/2014. There will be no transfer to or from a reserve.

Kalbarri Tourism Rate

The Kalbarri Tourism Specified Area Rate is levied on all rateable Kalbarri Gross Rental Value in accordance with the Kalbarri Town Planning Scheme No 9.

The proceeds of the rate have been applied in full.

10. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

Council does not anticipate raising Service charges for the 2014/2015 Financial Year.

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

	2014/15 Budget \$	2013/14 Actual \$
11. FEES & CHARGES REVENUE		
Governance	11,250	11,433
General Purpose Funding		(1,013)
Law, Order, Public Safety	16,500	15,640
Health	600	560
Education and Welfare	98,560	74,920
Housing	13,676	25,116
Community Amenities	806,740	810,487
Recreation & Culture	14,385	13,557
Transport	3,695	3,140
Economic Services	77,045	74,757
Other Property & Services	40,000	56,357
	1,082,451	1,084,954

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2014/15 FINANCIAL YEAR**

	Type	Disc %	134 Budget Value \$	144 Actual Value \$
General/Minimum Rates	Discount	5	135,000	157,587
			135,000	157,587

A discount on rates is granted upon full payment of rates within 35 days of the date of service appearing on the rate notice.

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

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

	Interest Rate %	Admin. Charge \$	2014/15 Budget Revenue	2013/14 Actual \$
Interest on Unpaid Rates	10		24,000	26,272
Interest/Charges on Instalments Plan	5	5	15,000	14,610
Deferred Interest - Pensioners			1,500	1,054
			<u>40,500</u>	<u>41,936</u>

Ratepayers had the option of paying rates in four equal instalments, due on 6th October 2014, 8th December 2014, 2nd February 2015 and 7th April 2015. Administration charges and interest applied for the final three instalments.

14. ELECTED MEMBERS REMUNERATION

	2014/15 Budget \$	2013/14 Actual \$
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The following fees, expenses and allowances were paid to council members, deputy president and president.

Meeting Fees		
President's Allowance	10,000	10,000
Deputy President's Allowance	1,000	1,000
Travelling Expenses	6,100	4,269
Telecommunications Allowance	18,950	18,110
	<u>36,050</u>	<u>33,379</u>

SHIRE OF NORTHAMPTON
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	15,189	1,103,391	519,748
Cash - Restricted	<u>1,520,147</u>	<u>1,264,147</u>	<u>1,235,439</u>
	<u><u>1,535,336</u></u>	<u><u>2,367,538</u></u>	<u><u>1,755,187</u></u>

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

Leave Reserve	208,924	153,424	152,223
Roadworks Reserve	52,920	49,920	49,920
Kalbarri Airport Reserve	4,514	4,314	4,033
Computer & Office Equipment Reserve	31,019	29,019	28,681
Plant Reserve	6,758	6,358	6,289
Housing & Building Reserve	61,857	58,157	57,539
Kalbarri Aged Persons Accommodation	245,039	215,038	212,824
Northampton Aged Persons Reserve	161,194	113,894	112,657
Town Planning Scheme Review Reserve	13,291	12,691	1,386
Townscape Carpark Reserve	5,757	5,758	5,685
Refuse Management Reserve	0	0	0
Sport & Recreation Reserve	6,355	5,955	5,885
Coastal Management Reserve	106,970	101,270	100,127
Kalbarri Youth Activities Reserve	0	0	0
Specified Area Rate Reserve	3,760	3,060	2,901
Footpath Reserve	0	0	0
Northampton Industrial Unit Reserve	0	0	0
Northampton 150th Anniversary Reserve	0	0	0
Land Development Reserve	521,789	0	0
Kalbarri Tennis, Netball & Basketball Courts Reserve	<u>90,000</u>	<u>505,289</u>	<u>495,289</u>
	<u><u>1,520,147</u></u>	<u><u>1,264,147</u></u>	<u><u>1,235,439</u></u>

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

Net Result	460,240	902,660	1,193,459
Depreciation	1,663,515	1,592,280	2,005,044
(Profit)/Loss on Sale of Asset	18,000	88,897	(38,500)
(Increase)/Decrease in Receivables	123,000	284,930	88,253
(Increase)/Decrease in Inventories	234	(159)	1,404
Increase/(Decrease) in Payables	50,000	(297,536)	(121,558)
Increase/(Decrease) in Employee Provisions	0	87,557	31,900
Grants/Contributions for the Development of Assets	<u>(1,011,024)</u>	<u>(1,322,457)</u>	<u>(2,629,369)</u>
Net Cash from Operating Activities	<u><u>1,303,965</u></u>	<u><u>1,336,172</u></u>	<u><u>530,633</u></u>

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

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	500,000	500,000	500,000
Bank Overdraft at Balance Date			
Credit Card limit	5,000	5,000	500
Credit Card Balance at Balance Date			
Total Amount of Credit Unused	<u>505,000</u>	<u>505,000</u>	<u>500,500</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>1,725,724</u>	<u>1,151,689</u>	<u>1,139,069</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF NORTHAMPTON
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 municipality has no control and which are not included in the financial statements are as follows:

Detail	Balance 01-Jul-14 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-15 \$
Town Planning - Security Bonds	5,000			5,000
Galena Donations	431		(431)	0
Transportable Housing Bond	16,515		(10,000)	6,515
Footpath Deposits	47,820		(10,000)	37,820
Horrocks Retention Fee - Parking/Stage 2	1,800			1,800
Retentions - Subdivisions	164,737			164,737
Building Levies (BCITF & BRB)	7,246	15,000	(22,246)	0
Community Bus Bond	4,800	1,200	(1,200)	4,800
Safer WA Funds	0			0
Northampton Cemetery Funds	0			0
Unclaimed Monies - Rates	2,829	1,000	(3,829)	0
Nomination Deposits	320		(320)	0
DOLA - Parks & Gardens Development	0			0
Aged Unit Bond	1,606			1,606
Council Housing Bonds	1,460			1,460
BROC - Management Funds	1,174		(1,174)	0
Kalbarri Youth Space Project Funds	500		(1,125)	(625)
Burning Off Fees	216		(216)	0
RSL Hall Key Bond	650	220	(220)	650
Peet Park Donations	0			0
Willa Guthurra	0			0
Special Series Plates	1,290			1,290
Auction	0			0
Kidsport	20,555	5,000	(5,000)	20,555
Public Open Space	0			0
ReDone (Kalbarri Park/Beach Shelters)	35		(35)	0
NCCA	26,000			26,000
Horrocks Memorial Wall	3,528			3,528
One Life	4,463		(4,463)	0
	<u>312,975</u>	<u>22,420</u>	<u>(60,259)</u>	<u>275,136</u>

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

17. MAJOR LAND TRANSACTIONS

Northampton Light Industrial Subdivision

(a) Details

Land owned freehold by Council, has been subdivided on the northern side of Lot 74 Seventh Avenue, Northampton. The construction of 4 industrial units has commenced and will be completed during 2014/2015. The future sale of this land is subject to compliance with grant funding conditions which stipulate that Council is unable to sell for a period of 5 years from the date of completion.

(b) Current year transactions	2014/15 Budget \$	2013/14 Actual \$
Operating Revenue		
- Profit on sale	0	0
Capital Revenue		
- Sale Proceeds	0	0
Capital Expenditure		
- Purchase of Land		
- Development Costs	411,665	371,151
	<u>411,665</u>	<u>371,151</u>

(c) Expected Future Cash Flows

	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	Total \$
Cash Outflows						
- Development Costs	411,665					411,665
- Loan Repayments						0
	411,665	0	0	0	0	411,665
Cash Inflows						
- Grant Funding						0
- Lease Fees		25,000	25,750	26,500	27,000	104,250
	0	25,000	25,750	26,500	27,000	104,250
Net Cash Flows	<u>411,665</u>	<u>25,000</u>	<u>25,750</u>	<u>26,500</u>	<u>27,000</u>	<u>515,915</u>

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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