

SHIRE OF NORTHAMPTON
BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

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

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Revenue				
Rates	8	4,206,481	3,984,769	4,005,044
Operating grants, subsidies and contributions		2,066,265	1,627,201	1,296,988
Fees and charges	14	1,164,763	1,160,755	1,085,766
Service charges	11	0	0	0
Interest earnings	2(a)	110,300	111,533	112,200
Other revenue	2(a)	0	19,409	0
		<u>7,547,809</u>	<u>6,903,667</u>	<u>6,499,998</u>
Expenses				
Employee costs		(2,610,020)	(2,813,170)	(2,782,410)
Materials and contracts		(2,131,893)	(2,056,617)	(2,307,329)
Utility charges		(364,375)	(378,764)	(344,650)
Depreciation on non-current assets	2(a)	(3,623,365)	(3,619,588)	(1,888,665)
Interest expenses	2(a)	(62,923)	(73,304)	(73,303)
Insurance expenses		(220,260)	(263,590)	(243,352)
Other expenditure		(272,695)	(335,614)	(240,808)
		<u>(9,285,531)</u>	<u>(9,540,647)</u>	<u>(7,880,517)</u>
		<u>(1,737,722)</u>	<u>(2,636,980)</u>	<u>(1,380,519)</u>
Non-operating grants, subsidies and contributions		3,776,775	2,441,920	2,531,210
Profit on asset disposals	6	2,000	11,638	23,000
Loss on asset disposals	6	(14,000)	(67,679)	(81,000)
Loss on revaluation of non current assets		0	0	0
NET RESULT		2,027,053	(251,101)	1,092,691
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>2,027,053</u>	<u>(251,101)</u>	<u>1,092,691</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and 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 30 JUNE 2017

	NOTE	2016/17 Budget	2015/16 Actual	2015/16 Budget
Revenue (Refer Notes 1,2,8,10 to 14)		\$	\$	\$
Governance		50,200	63,657	28,700
General purpose funding		5,782,398	4,809,518	4,813,157
Law, order, public safety		91,280	142,875	80,373
Education and welfare		195,585	224,023	199,660
Housing		33,196	23,677	21,570
Community amenities		838,127	1,027,254	808,960
Recreation and culture		45,750	97,932	56,715
Transport		167,210	179,955	157,125
Economic services		167,745	169,417	134,811
Other property and services		123,818	126,623	146,087
		<u>7,547,809</u>	<u>6,903,667</u>	<u>6,499,998</u>
Expenses Excluding Finance Costs Refer Notes 1, 2 & 15)				
Governance		(834,493)	(826,478)	(834,084)
General purpose funding		(105,457)	(117,009)	(105,299)
Law, order, public safety		(341,833)	(518,944)	(632,075)
Health		(205,562)	(214,025)	(219,535)
Education and welfare		(245,937)	(275,529)	(216,984)
Housing		(102,862)	(140,211)	(111,814)
Community amenities		(1,475,160)	(1,215,745)	(1,294,136)
Recreation and culture		(1,623,180)	(1,543,067)	(1,451,471)
Transport		(3,993,261)	(4,162,061)	(2,644,956)
Economic services		(278,173)	(241,702)	(284,215)
Other property and services		(16,690)	(212,571)	(12,645)
		<u>(9,222,608)</u>	<u>(9,467,342)</u>	<u>(7,807,214)</u>
Finance Costs (Refer Notes 2 & 9)				
Law, order, public safety		0	0	0
Housing		(12,260)	0	0
Community amenities		0	0	0
Recreation and culture		(4,410)	(5,962)	(5,962)
Transport		(22,435)	(28,815)	(28,814)
Economic services		0	0	0
Other property and services		(23,818)	(38,527)	(38,527)
		<u>(62,923)</u>	<u>(73,304)</u>	<u>(73,303)</u>
Non-operating Grants, Subsidies and Contributions				
Law, order, public safety		0	0	0
Health		0	0	0
Education and welfare		704,545	13,080	0
Recreation and culture		731,680	25,230	0
Transport		2,001,415	1,390,835	1,279,710
		<u>3,776,775</u>	<u>2,441,920</u>	<u>2,531,210</u>

**SHIRE OF NORTHAMPTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Profit/(Loss) On				
Disposal Of Assets (Refer Note 6)				
Governance		0	5,364	12,000
Transport		(13,000)	(67,680)	(81,000)
Economic services		0	6,274	11,000
		<u>(12,000)</u>	<u>(56,042)</u>	<u>(58,000)</u>
Loss on				
Revaluation Of Non Current Assets				
Transport		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
NET RESULT		2,027,053	(251,101)	1,092,691
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>2,027,053</u>	<u>(251,101)</u>	<u>1,092,691</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and 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 NORTHAMPTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,206,481	3,995,827	4,023,410
Operating grants, subsidies and contributions		2,066,265	1,582,246	1,332,101
Fees and charges		1,164,763	1,160,755	1,085,766
Service charges		0	0	0
Interest earnings		110,300	111,533	112,200
Goods and services tax		0	0	0
Other revenue		0	19,409	0
		<u>7,547,809</u>	<u>6,869,770</u>	<u>6,553,477</u>
Payments				
Employee costs		(2,610,020)	(2,813,170)	(2,807,817)
Materials and contracts		(2,007,440)	(3,496,295)	(2,216,315)
Utility charges		(364,375)	(378,764)	(344,650)
Interest expenses		(62,923)	(73,304)	(74,755)
Insurance expenses		(220,260)	(263,590)	(243,352)
Goods and services tax		0	0	0
Other expenditure		(272,695)	(335,614)	(240,808)
		<u>(5,537,713)</u>	<u>(7,360,737)</u>	<u>(5,927,697)</u>
Net cash provided by (used in) operating activities	3(b)	<u>2,010,096</u>	<u>(490,967)</u>	<u>625,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(2,916,010)	(2,178,810)	(2,382,900)
Payments for construction of infrastructure	5	(4,210,250)	(2,126,506)	(2,801,344)
Non-operating grants, subsidies and contributions used for the development of assets		3,776,775	2,441,920	2,531,210
Proceeds from sale of plant & equipment	6	135,000	189,591	224,000
Net cash provided by (used in) investing activities		<u>(3,214,485)</u>	<u>(1,673,805)</u>	<u>(2,429,034)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	7	(177,773)	(168,585)	(168,586)
Advances to community groups		0	0	
Proceeds from self supporting loans		22,043	20,649	20,621
Proceeds from new debentures	7	400,000	0	0
Net cash provided by (used in) financing activities		<u>244,270</u>	<u>(147,936)</u>	<u>(147,965)</u>
Net increase (decrease) in cash held		(960,119)	(2,312,708)	(1,951,219)
Cash at beginning of year		4,302,548	6,596,730	2,977,140
Cash and cash equivalents at the end of the year	3(a)	<u>3,342,429</u>	<u>4,284,022</u>	<u>1,025,921</u>

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

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

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	848,229	1,406,774	1,530,155
Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)	1,2			
Governance		50,200	69,021	40,700
General purpose funding		1,620,342	868,114	851,413
Law, order, public safety		91,280	142,875	80,373
Health		52,500	38,736	52,840
Education and welfare		195,585	224,023	199,660
Housing		33,196	23,677	21,570
Community amenities		838,127	1,027,254	808,960
Recreation and culture		45,750	97,932	56,715
Transport		168,210	179,955	157,125
Economic services		167,745	175,691	145,811
Other property and services		123,818	126,623	146,087
		<u>3,386,753</u>	<u>2,973,901</u>	<u>2,561,254</u>
Expenditure from operating activities	1,2			
Governance		(834,493)	(826,478)	(834,084)
General purpose funding		(105,457)	(117,009)	(105,299)
Law, order, public safety		(341,833)	(518,944)	(632,075)
Health		(205,562)	(214,025)	(219,535)
Education and welfare		(245,937)	(275,529)	(216,984)
Housing		(115,122)	(140,211)	(111,814)
Community amenities		(1,475,160)	(1,215,745)	(1,294,136)
Recreation and culture		(1,627,590)	(1,549,029)	(1,457,433)
Transport		(4,029,696)	(4,258,556)	(2,754,770)
Economic services		(278,173)	(241,702)	(284,215)
Other property and services		(40,508)	(251,098)	(51,172)
		<u>(9,299,531)</u>	<u>(9,608,326)</u>	<u>(7,961,517)</u>
Operating activities excluded from budget				
(Profit)/Loss on asset disposals	6	12,000	56,041	58,000
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	3,623,365	3,619,588	1,888,665
Movement in employee benefit provisions (non-current)		0	0	0
Amount attributable to operating activities		<u>(1,429,184)</u>	<u>(1,552,022)</u>	<u>(1,923,443)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		3,776,775	2,441,920	2,531,210
Purchase land held for resale	5	0	0	
Purchase property, plant and equipment	5	(2,916,010)	(2,178,810)	(2,382,900)
Purchase and construction of infrastructure	5	(4,210,250)	(2,126,506)	(2,801,344)
Proceeds from disposal of assets	6	135,000	189,591	224,000
Amount attributable to investing activities		<u>(3,214,485)</u>	<u>(1,673,805)</u>	<u>(2,429,034)</u>
FINANCING ACTIVITIES				
Repayment of debentures	7	(177,773)	(168,585)	(168,586)
Proceeds from new debentures	7	400,000	0	0
Proceeds from self supporting loans		22,043	20,649	20,621
Transfers to cash backed reserves (restricted assets)	9	(107,157)	(347,795)	(89,685)
Transfers from cash backed reserves (restricted assets)	9	343,500	628,383	628,383
Amount attributable to financing activities		<u>480,613</u>	<u>132,652</u>	<u>390,733</u>
Budgeted deficiency before general rates		<u>(4,163,056)</u>	<u>(3,093,175)</u>	<u>(3,961,744)</u>
Estimated amount to be raised from general rates	8	<u>4,163,056</u>	<u>3,941,404</u>	<u>3,961,744</u>
Net current assets at end of financial year - surplus/(deficit)	4	<u>0</u>	<u>848,229</u>	<u>0</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 30 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 Shire 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 Shire 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 Shire contributes to a number of superannuation funds on behalf of employees.

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

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 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 4 - 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

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 Shire

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Depreciation

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

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

Buildings	10 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	40 - 50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	40 - 50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	40 - 50 years
Footpaths - slab	20 years
Footpaths - concrete	40 - 50 years
Parks and Ovals	40 - 50 years
Sewerage piping	75 years
Water supply piping & drainage systems	

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.

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 Shire uses a mix of both independent and management valuations using the following as a guide:

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fair Value is the price that the Shire 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.

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 Shire 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 Shire are consistent with one or more of the following valuation approaches:

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Market approach

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

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 Shire 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.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(l) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

- (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.

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 Shire 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

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.

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 Shire 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 Shire assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

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.

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 Shire prior to the end of the financial year that are unpaid and arise when the Shire 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.

Short-Term Employee Benefits

Provision is made for the Shire'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 Shire'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 Shire'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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee Benefits (Continued)

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 Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire 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.

(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 Shire 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 Shire, 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Shire'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 19.

(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 Shire's operational cycle. In the case of liabilities where the Shire 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 Shire'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 NORTHAMPTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017**

2. REVENUES AND EXPENSES	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(a) Net Result			
The net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Audit services	18,700	23,795	24,600
Other services	6,000	4,250	7,000
Depreciation By Program			
Governance	58,815	59,016	52,315
General purpose funding			0
Law, order, public safety	64,500	64,499	47,500
Health	26,500	35,550	35,500
Education and welfare	30,500	21,154	11,500
Housing	53,000	53,503	41,000
Community amenities	41,550	41,501	28,150
Recreation and culture	510,000	500,074	488,000
Transport	2,825,000	2,828,888	1,183,000
Economic services	13,500	15,403	1,700
	<u>3,623,365</u>	<u>3,619,588</u>	<u>1,888,665</u>
Depreciation By Asset Class			
Land and buildings	575,500	575,021	484,000
Furniture and equipment	23,450	23,407	24,000
Plant and equipment	357,500	357,046	296,000
Roads	2,330,000	2,327,384	896,000
Footpaths	22,600	22,598	21,000
Drainage	163,500	163,177	21,000
Airports	49,300	49,308	37,000
Parks and Ovals	101,515	101,647	109,665
	<u>3,623,365</u>	<u>3,619,588</u>	<u>1,888,665</u>
Interest Expenses (Finance Costs)			
- Debentures (refer note 7(a))	62,923	73,304	73,303
Other			
	<u>62,923</u>	<u>73,304</u>	<u>73,303</u>
(ii) Crediting as revenues:			
Interest Earnings			
Investments			
- Reserve funds	25,000	31,333	32,000
- Other funds	40,000	32,472	38,000
Other interest revenue (refer note 12)	45,300	47,728	42,200
	<u>110,300</u>	<u>111,533</u>	<u>112,200</u>
(iii) Other Revenue			
Reimbursements and recoveries			
Other		19,409	
	<u>0</u>	<u>19,409</u>	<u>0</u>

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

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.

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 30 JUNE 2017

3. 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:

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
Cash - unrestricted	2,294,741	3,018,517	0
Cash - restricted	<u>1,047,688</u>	<u>1,284,031</u>	<u>1,025,921</u>
	<u><u>3,342,429</u></u>	<u><u>4,302,548</u></u>	<u><u>1,025,921</u></u>

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

Leave Reserve	227,874	217,874	217,189
Roadworks Reserve	56,245	54,245	53,960
Kalbarri Airport Reserve	44,903	24,703	24,664
Computer and Office Equipment Reserve	33,587	32,087	31,884
Plant Reserve	7,279	6,979	6,928
House and Building Reserve	86,037	73,537	73,187
Kalbarri Aged Persons Accommodation	284,016	268,859	267,243
Northampton Aged Persons Accommodation	4,544	164,044	162,934
Town Planning Scheme Review	3,596	13,096	13,096
Townscape Carpark Reserve	5,758	5,758	5,758
Coastal Management Reserve	0	0	0
Specified Area Rate Reserve	15,000	15,000	0
Land Development Reserve	202,271	202,271	0
Kalbarri Tennis, Netball, Basketball Reserve	78	169,078	169,078
Port Gregory Water Supply Reserve	36,500	36,500	0
Public Amenities	40,000	0	0
	<u>1,047,688</u>	<u>1,284,031</u>	<u>1,025,921</u>

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

Net result	2,027,053	(251,101)	1,092,691
Depreciation	3,623,365	3,619,588	1,888,665
(Profit)/loss on sale of asset	12,000	56,041	58,000
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	0	(33,897)	53,479
(Increase)/decrease in inventories	0	(468)	870
Increase/(decrease) in payables	124,453	(1,439,210)	63,285
Increase/(decrease) in employee provisions	0	0	
Grants/contributions for the development of assets	<u>(3,776,775)</u>	<u>(2,441,920)</u>	<u>(2,531,210)</u>
Net Cash from Operating Activities	<u><u>2,010,096</u></u>	<u><u>(490,967)</u></u>	<u><u>625,780</u></u>

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

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

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	0	0	500,000
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date			
Total Amount of Credit Unused	<u>10,000</u>	<u>10,000</u>	<u>510,000</u>
Loan Facilities			
Loan facilities in use at balance date	<u>1,017,804</u>	<u>1,195,577</u>	<u>1,195,577</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2016/17 Budget \$	2015/16 Actual \$
4. NET CURRENT ASSETS			

Composition of estimated net current assets

CURRENT ASSETS

Cash - unrestricted	3(a)	0	723,776
Cash - restricted reserves	3(a)	1,047,688	1,284,031
Cash - restricted (OCDF)	3(a)	2,294,741	2,294,741
Receivables		464,698	464,698
Inventories		256,010	256,010
		<u>4,063,137</u>	<u>5,023,256</u>

LESS: CURRENT LIABILITIES

Trade and other payables		(2,769,994)	(2,645,541)
Short term borrowings		0	0
Long term borrowings		(222,227)	0
Provisions		(593,123)	(593,123)
		<u>(3,585,344)</u>	<u>(3,238,664)</u>

Unadjusted net current assets

477,793 **1,784,592**

Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with FM Reg 32 as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.

Adjustments

Less: Cash - restricted reserves	3(a)	(1,047,688)	(1,284,031)
Less: Land held for resale		(245,455)	(245,455)
Less: Current loans - clubs / institutions		0	0
Add: Current portion of debentures		222,227	0
Add: Current liabilities not expected to be cleared at end of year		277,362	277,362
Add: Current liabilities not expected to be cleared at end of year		315,761	315,761
Adjusted net current assets - surplus/(deficit)		<u>0</u>	<u>848,229</u>

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

5. ACQUISITION OF ASSETS

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

Asset Class	Reporting Program											2015/16 Actual 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					1,365,010												2,306,030	1,476,709
Furniture and equipment	40,000																	
Plant and equipment	40,000	0	0	0	1,365,010	0	0	185,500	755,520	569,980	0	0	569,980	0	0	2,916,010	2,178,810	
<i>Infrastructure</i>																		
Roads														2,998,860			2,998,860	1,880,961
Footpaths									270,000	162,840			162,840			432,840	67,438	
Drainage																		
Parks and ovals									146,060							778,550	178,107	
Airports																		
<i>Land Held for Resale</i>																		
Land Held for Resale	0	0	0	0	0	0	0	0	416,060	3,161,700	632,490	0	416,060	0	0	4,210,250	2,126,506	
Total Acquisitions	40,000	0	0	0	1,365,010	0	0	185,500	1,171,560	3,731,680	632,490	0	1,171,560	0	0	7,126,260	4,305,316	

A detailed breakdown of acquisitions on an individual asset basis can be found in the detailed Schedule Budget document.

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

6. DISPOSALS OF ASSETS

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

	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Governance	19,000	20,000	1,000	0
Transport	128,000	115,000	1,000	(14,000)
	147,000	135,000	2,000	(14,000)

	2016/17 Budget			
	Net Book Value \$	Sale Proceeds \$	Profit \$	Loss \$
Plant and Equipment				
Hyundai Santa Fe 2013 101NR P251 (DCEO)	19,000	20,000	1,000	0
Toyota Prado DSL Wagon 2013 131NR P223 (MWS)	29,000	30,000	1,000	0
Mitsubishi Canter 4x2 Maintenance NR107 P167	15,000	15,000	0	0
Mitsubishi Truck NR7949 P136 (Prime Mover)	31,000	30,000	0	(1,000)
Iveco Powerstar 6x4 NR1209 P177 Tip Truck	53,000	40,000	0	(13,000)
	147,000	135,000	2,000	(14,000)

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

7. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

Particulars	Principal 01-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
Recreation and culture								
Loan 148 - Kalbarri Library Extension	77,059		24,654	23,676	52,405	77,059	3,350	4,681
Transport								
Loan 149 - Plant Purchases	131,621		63,465	59,095	68,156	131,621	9,390	14,124
Loan 153 - Plant Purchases	288,823		36,501	35,077	252,322	288,823	13,045	14,691
Other property and services								
Loan 154 - Staff Housing	319,884		31,110	30,116	288,774	319,884	12,260	13,439
	817,387	0	155,730	147,964	661,657	817,387	38,045	46,935
Self Supporting Loans								
Loan 147 - Kalbarri Bowling Club	3,317		3,315	3,115	2	3,317	175	198
Loan 151 - Kalbarri Bowling Club	14,097		3,220	3,040	10,877	14,097	885	1,084
Loan 152 - Staff Housing	360,776		15,508	14,466	345,268	360,776	23,818	25,087
Loan 155 - Pioneer Lodge	0	400,000						
	378,190	400,000	22,043	20,621	356,147	378,190	24,878	26,369
	1,195,577	400,000	177,773	168,585	1,017,804	1,195,577	62,923	73,304

All debenture repayments will be financed by general purpose revenue except loans 147, 151 & 152 which are self supporting loans.

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

7. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
Loan 155 - Pioneer Lodge	400,000	WATC	FIXED	20	160,000	3.50%	400,000	0
								0
								0
								0
					160,000		400,000	0

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

8. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	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 \$
Differential general rate or general rate								
General GRV	0.077550	1,577	20,026,809	1,553,079			1,553,079	1,448,538
General UV	0.012375	512	179,477,737	2,221,037			2,221,037	2,123,581
Sub-Totals		2,089	199,504,546	3,774,116	0	0	3,774,116	3,572,119
Minimum payment	Minimum \$							
General GRV	520	969	3,781,019	503,880			503,880	488,565
General UV	520	53	655,079	27,560			27,560	23,265
Sub-Totals		1,022	4,436,098	531,440	0	0	531,440	511,830
Discounts (Note 13)							(142,500)	(142,545)
Total amount raised from general rates							4,163,056	3,941,404
Specified area rates (Note 10)							43,425	43,365
Total Rates							4,206,481	3,984,769

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

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

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 of Northampton.

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 NORTHAMPTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2017

9. CASH BACKED RESERVES

	2016/17 Budget			2015/16 Actual			2015/16 Budget					
	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$
Leave Reserve	217,874	10,000		227,874	207,189	10,685		217,874	207,189	10,000		217,189
Roadworks Reserve	54,245	2,000		56,245	51,960	2,285		54,245	51,960	2,000		53,960
Kalbarri Airport Reserve	24,703	20,200		44,903	4,464	20,239		24,703	4,464	20,200		24,664
Computer and Office Equipment Reserve	32,087	1,500		33,587	30,384	1,703		32,087	30,384	1,500		31,884
Plant Reserve	6,979	300		7,279	6,628	351		6,979	6,628	300		6,928
House and Building Reserve	73,537	12,500		86,037	60,687	12,850		73,537	60,687	12,500		73,187
Kalbarri Aged Persons Accommodation	268,859	15,157		284,016	238,283	30,576		268,859	238,283	28,960		267,243
Northampton Aged Persons Accommodation	164,044	5,500	(165,000)	4,544	154,934	9,110		164,044	154,934	8,000		162,934
Town Planning Scheme Review	13,096		(9,500)	3,596	13,096	0		13,096	13,096			13,096
Townscape Carpark Reserve	5,758			5,758	5,758	0		5,758	5,758			5,758
Sport and Recreation Reserve	0			0	6,225		(6,225)	0	6,225		(6,225)	0
Coastal Management Reserve	0			0	105,145		(105,145)	0	105,145		(105,145)	0
Specified Area Rate Reserve	15,000			15,000	460	15,000	(460)	15,000	460		(460)	0
Land Development Reserve	202,271			202,271	516,553	202,271	(516,553)	202,271	516,553		(516,553)	0
Kalbarri Tennis, Netball, Basketball Reser	169,078		(169,000)	78	162,853	6,225		169,078	162,853	6,225		169,078
Port Gregory Water Supply Reserve	36,500			36,500		36,500		36,500	0			0
Public Amenities	0	40,000		40,000				0				0
	1,284,031	107,157	(343,500)	1,047,688	1,564,619	347,795	(628,383)	1,284,031	1,564,619	89,685	(628,383)	1,025,921

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

9. CASH BACKED 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:

Purpose of the reserve	
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 Reserve	To be used for the maintenance and construction of the Kalbarri Airport
Computer and Office Equipment Reserve	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 Accommodat	To be used for the construction of live in aged care facilities in Northampton
Town Planning Scheme Review	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 adjacent to Porter Street, this is a Kalbarri Townscape project
Sport and 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 managemnt reserves within the district
Specified Area Rate Reserve	To be used for unspent Specified Area Rate monies allocated and not expended during the financial year
Land Development Reserve	To be used for the development of Council land for sale on the open market.
Kalbarri Tennis, Netball, Basketball Reser	To be used for the development of Tennis, Netball and Basketball facilities in Kalbarri.
Port Gregory Water Supply Reserve	To be used for the replacement of the Port Gregory pipeline.
Public Amenities	To be used for the development of public amenities.

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

10. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	2016/17 Budgeted Specified Area Rate Revenue \$	2016/17 Interim Specified Area Rate Revenue \$	2016/17 Back Specified Area Rate Revenue \$	2016/17 Total Specified Area Rate Revenue \$	2015/16 Actual Revenue \$
Port Gregory Water Supply	GRV	0.0261	508,992	11,925			11,925	13,330
Kalbarri Tourism Rate	GRV	0.0018	16,614,680	31,500			31,500	30,035
			17,123,672	43,425	0	0	43,425	43,365

Specified Area Rate	Purpose of the Rate	Area or properties rate is to be imposed on	Budgeted Rate Applied to Costs \$	Budgeted Rate Set Aside to Reserve \$	Reserve Amount to be Applied to costs \$
Port Gregory Water Supply	The specified area rate 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 2015/2016 .	Port Gregory Gross Rental Value	11,925	0	0
Kalbarri Tourism Rate	The Kalbarri Tourism Specified Area Rate is levied in accordance with the Kalbarri Town Planning Scheme No 9.	Kalbarri Gross Rental Value	31,500	0	0
			43,425	0	0

11. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

Council does not anticipate raising Service charges for the 2016/2017 Financial Year.

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

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES - 2016/17 FINANCIAL YEAR

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Admin Charge Revenue \$	Instalment Plan Interest Rate %	Instalment Plan Interest Earned \$	Unpaid Rates Interest Rate %	Unpaid Rates Interest Earned \$	2016/17 Budget Revenue \$	2015/16 Actual \$
Option One									
Single Payment in full	03-10-16	0				10%	28,800	28,800	30,263
Option Two									
First Instalment	03-10-16	0		5.00%		10%		0	0
Second Instalment	05-12-16	5	1,000	5.00%	2,000	10%		3,000	
Option Three									
First Instalment	05-12-16	0		5.00%		10%		0	17,465
Second Instalment	06-02-17	5	2,000	5.00%	2,500	10%		4,500	
Third Instalment	03-04-17	5	2,000	5.00%	2,500	10%		4,500	
Fourth Instalment		5	2,000	5.00%	2,500	10%		4,500	
			7,000		9,500		28,800	45,300	47,728

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2016/17 FINANCIAL YEAR

Rates Discounts

Rate or Fee and Charge to which Discount is Granted	Type	Disc % or Amount (\$)	2016/17 Budget \$	2015/16 Actual \$	Circumstances in which Discount is Granted
General/Minimum Rates	Discount	5.00%	142,500	142,545	Discount of 5% is offered to ratepayers paying their rates in full by 4.30pm on 3rd October 2016.
			142,500	142,545	

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

14. FEES & CHARGES REVENUE	2016/17 Budget \$	2015/16 Actual \$
Governance	13,000	12,941
General purpose funding	2,500	
Law, order, public safety	23,000	23,874
Health	11,500	11,450
Education and welfare	105,500	113,927
Housing	25,696	16,272
Community amenities	832,977	860,345
Recreation and culture	12,560	12,329
Transport	2,710	2,873
Economic services	116,320	88,259
Other property and services	19,000	18,485
	<u>1,164,763</u>	<u>1,160,755</u>

15. ELECTED MEMBERS REMUNERATION	2016/17 Budget \$	2015/16 Actual \$
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.		
Meeting fees		
Mayor/President's allowance	10,500	10,000
Deputy Mayor/President's allowance	2,500	1,000
Travelling expenses		
Telecommunications allowance	4,500	4,500
	<u>17,500</u>	<u>15,500</u>

**SHIRE OF NORTHAMPTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 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 01-Jul-16 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-17 \$
Town Planning - Security Bonds	0			0
Transportable Housing Bond	26,275		(16,275)	10,000
Footpath Deposits	38,556	10,000	(15,000)	33,556
Retentions - Subdivisions	69,794		(69,794)	0
Building Levies (BCITF & BRB)	183	10,000	(10,183)	0
Community Bus Bond	6,000	1,000	(1,000)	6,000
Unclaimed Monies - Rates	4,336	1,000	(5,336)	0
Council Housing Bonds	520		(520)	0
RSL Hall Key Bond	650	660	(660)	650
Special Series Plates	220	460	(460)	220
Kidsport	2,356		(2,356)	0
NCCA	62,768	6,537		69,305
Horrocks Memorial Wall	3,367		(3,367)	0
One Life	3,813		(3,813)	0
Kalbarri Camp School	25,152			25,152
	<u>243,990</u>	<u>29,657</u>	<u>(128,764)</u>	<u>144,883</u>

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

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 was 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. All units are currently being leased for a period of 5 years.

(b) Current year transactions	2016/17 Budget \$	2015/16 Actual \$
Operating Revenue		
- Profit on sale	0	0
Capital Revenue		
- Sale proceeds	0	0
Capital Expenditure		
- Purchase of land	0	0
- Development costs	0	0
	<u>0</u>	<u>0</u>

(c) Expected Future Cash Flows

	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	Total \$
Cash Outflows						
- Maintenance/Utilities	9,505	7,320	7,500	7,750	8,000	40,075
	<u>9,505</u>	<u>7,320</u>	<u>7,500</u>	<u>7,750</u>	<u>8,000</u>	<u>40,075</u>
Cash Inflows						
- Lease Fees	12,233	27,040	27,750	28,500	29,250	124,773
	<u>12,233</u>	<u>27,040</u>	<u>27,750</u>	<u>28,500</u>	<u>29,250</u>	<u>124,773</u>
Net Cash Flows	<u>2,728</u>	<u>19,720</u>	<u>20,250</u>	<u>20,750</u>	<u>21,250</u>	<u>84,698</u>

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2016/2017.

19. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated Council will have any interests in joint arrangements in 2016/2017.