

# Shire of West Arthur



2022 – 2023 Budget

**SHIRE OF WEST ARTHUR**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**LOCAL GOVERNMENT ACT 1995**

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**SHIRE OF WEST ARTHUR**  
**STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a)	1,885,423	1,778,616	1,776,244
Operating grants, subsidies and contributions	10	550,100	1,841,480	813,807
Fees and charges	15	295,450	333,377	262,985
Interest earnings	11(a)	118,897	42,090	36,389
Other revenue	11(b)	68,353	115,079	71,872
		2,918,223	4,110,642	2,961,297
<b>Expenses</b>				
Employee costs		(1,996,848)	(1,734,553)	(1,869,777)
Materials and contracts		(1,131,500)	(752,729)	(811,033)
Utility charges		(90,405)	(82,856)	(93,534)
Depreciation on non-current assets	6	(2,217,441)	(2,145,206)	(2,140,359)
Interest expenses	11(d)	(25,062)	(25,232)	(25,232)
Insurance expenses		(117,423)	(103,527)	(103,791)
Other expenditure		(48,000)	(51,795)	(36,500)
		(5,626,679)	(4,895,898)	(5,080,226)
		(2,708,456)	(785,256)	(2,118,929)
Non-operating grants, subsidies and contributions	10	1,200,962	1,632,953	995,128
Profit on asset disposals	5(b)	20,676	43,505	6,799
Loss on asset disposals	5(b)	(17,355)	(5,241)	(5,350)
		1,204,283	1,671,217	996,577
<b>Net result for the period</b>		<b>(1,504,173)</b>	<b>885,961</b>	<b>(1,122,352)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus		0	0	0
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>(1,504,173)</b>	<b>885,961</b>	<b>(1,122,352)</b>

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

**SHIRE OF WEST ARTHUR**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,910,423	1,815,934	1,796,244
Operating grants, subsidies and contributions		695,100	1,856,262	963,807
Fees and charges		295,450	333,377	262,985
Interest received		118,897	42,090	36,389
Goods and services tax received		164,500	286,468	164,500
Other revenue		68,353	115,079	71,872
		3,252,723	4,449,210	3,295,797
<b>Payments</b>				
Employee costs		(1,996,848)	(1,861,680)	(1,869,777)
Materials and contracts		(1,124,000)	(1,046,511)	(983,533)
Utility charges		(90,405)	(82,856)	(93,534)
Interest expenses		(25,062)	(25,232)	(25,232)
Insurance paid		(117,423)	(103,527)	(103,791)
Goods and services tax paid		(164,500)	(276,454)	(164,500)
Other expenditure		(48,000)	(51,795)	(36,500)
		(3,566,238)	(3,448,055)	(3,276,867)
<b>Net cash provided by (used in) operating activities</b>	4	(313,515)	1,001,155	18,930
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	5(a)	(1,370,445)	(1,103,542)	(1,118,315)
Payments for construction of infrastructure	5(a)	(1,710,877)	(1,563,065)	(1,724,905)
Non-operating grants, subsidies and contributions		688,765	1,837,475	698,380
Proceeds from sale of property, plant and equipment	5(b)	144,050	124,062	64,228
Proceeds on financial assets at amortised cost - self supporting loans	7(a)	29,031	28,087	28,087
<b>Net cash provided by (used in) investing activities</b>		(2,219,476)	(676,983)	(2,052,525)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	7(a)	(101,198)	(96,883)	(96,883)
Proceeds from new borrowings	7(a)	270,000	0	0
<b>Net cash provided by (used in) financing activities</b>		168,802	(96,883)	(96,883)
<b>Net increase (decrease) in cash held</b>		(2,364,189)	227,289	(2,130,478)
Cash at beginning of year		4,677,550	4,450,261	4,450,261
<b>Cash and cash equivalents at the end of the year</b>	4	<b>2,313,361</b>	<b>4,677,550</b>	<b>2,319,783</b>

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

**SHIRE OF WEST ARTHUR**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	3	1,481,341	1,162,486	1,162,486
		1,481,341	1,162,486	1,162,486
<b>Revenue from operating activities (excluding rates)</b>				
Specified area and ex gratia rates	2(a)(ii)	3,707	3,498	3,532
Operating grants, subsidies and contributions	10	550,100	1,841,480	813,807
Fees and charges	15	295,450	333,377	262,985
Interest earnings	11(a)	118,897	42,090	36,389
Other revenue	11(b)	68,353	115,079	71,872
Profit on asset disposals	5(b)	20,676	43,505	6,799
		1,057,183	2,379,029	1,195,384
<b>Expenditure from operating activities</b>				
Employee costs		(1,996,848)	(1,734,553)	(1,869,777)
Materials and contracts		(1,131,500)	(752,729)	(811,033)
Utility charges		(90,405)	(82,856)	(93,534)
Depreciation on non-current assets	6	(2,217,441)	(2,145,206)	(2,140,359)
Interest expenses	11(d)	(25,062)	(25,232)	(25,232)
Insurance expenses		(117,423)	(103,527)	(103,791)
Other expenditure		(48,000)	(51,795)	(36,500)
Loss on asset disposals	5(b)	(17,355)	(5,241)	(5,350)
		(5,644,034)	(4,901,139)	(5,085,576)
Non-cash amounts excluded from operating activities	3(b)	2,214,120	1,985,787	2,138,910
<b>Amount attributable to operating activities</b>		(891,390)	626,163	(588,796)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	10	1,200,962	1,632,953	995,128
Payments for property, plant and equipment	5(a)	(1,370,445)	(1,103,542)	(1,118,315)
Payments for construction of infrastructure	5(a)	(1,710,877)	(1,563,065)	(1,724,905)
Proceeds from disposal of assets	5(b)	144,050	124,062	64,228
Proceeds from financial assets at amortised cost - self supporting loans	7(a)	29,031	28,087	28,087
<b>Amount attributable to investing activities</b>		(1,707,279)	(881,505)	(1,755,777)
<b>Amount attributable to investing activities</b>		(1,707,279)	(881,505)	(1,755,777)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	7(a)	(101,198)	(96,883)	(96,883)
Proceeds from new borrowings	7(b)	270,000	0	0
Transfers to cash backed reserves (restricted assets)	8(a)	(445,499)	(585,919)	(569,223)
Transfers from cash backed reserves (restricted assets)	8(a)	993,650	644,367	1,237,967
<b>Amount attributable to financing activities</b>		<b>716,953</b>	<b>(38,435)</b>	<b>571,861</b>
<b>Budgeted deficiency before general rates</b>		(1,881,716)	(293,777)	(1,772,712)
<b>Estimated amount to be raised from general rates</b>	2(a)	1,881,716	1,775,118	1,772,712
<b>Net current assets at end of financial year - surplus/(deficit)</b>	3	<b>0</b>	<b>1,481,341</b>	<b>0</b>

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

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**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1 (a) BASIS OF PREPARATION**

The annual budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has 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.

Financial reporting disclosures in relation to assets and liabilities required by the Australian Accounting Standards have not been made unless considered important for the understanding of the budget or required by legislation.

**The local government reporting entity**

All funds through which the Shire of West Arthur controls resources to carry on its functions have been included in the financial statements forming part of this annual 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 14 to the annual budget.

**2021/22 actual balances**

Balances shown in this budget as 2021/22 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

**Budget comparative figures**

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

**Comparative figures**

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

**Initial application of accounting standards**

During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date

It is not expected these standards will have an impact on the annual budget.

**New accounting standards for application in future years**

The following new accounting standards will have application to local government in future years:

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards

It is not expected these standards will have an impact on the annual budget.

**Judgements, estimates and assumptions**

The preparation of the annual budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- estimation of fair values of land and buildings and investment property
- impairment of financial assets
- estimation uncertainties and judgements made in relation to lease accounting
- estimated useful life of assets

**Rounding off figures**

All figures shown in this statement are rounded to the nearest dollar.

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1 (b) KEY TERMS AND DEFINITIONS - NATURE OR TYPE**

**REVENUES**

**RATES**

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

**SERVICE CHARGES**

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**PROFIT ON ASSET DISPOSAL**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**FEES AND CHARGES**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

**INTEREST EARNINGS**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**OTHER REVENUE / INCOME**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

**EXPENSES**

**EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

**MATERIALS AND CONTRACTS**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**INSURANCE**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**LOSS ON ASSET DISPOSAL**

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation and amortisation expense raised on all classes of assets.

**INTEREST EXPENSES**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**OTHER EXPENDITURE**

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.



## 1 (c) KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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.

### OBJECTIVE

### ACTIVITIES

#### GOVERNANCE

To set and achieve Council's goals and objectives for the ratepayers by providing high level direction, co-ordination and management policy.

Cost associated with meetings, elections, preparing annual reports and other statutory reporting requirements, public relations and policy development and review.

#### GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Costs associated with raising and collecting rates, rate enquiries, preparing general purpose grant returns and investing the Shire's surplus funds.

#### LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and

Fire control and prevention, and animal control.

#### HEALTH

To provide an operational framework for environmental and community health.

Provision and maintenance of medical buildings and subsidies to health services, services of an Environmental Health Officer including food control.

#### EDUCATION AND WELFARE

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

School bus routes, support to families and childrens services including schools, support for seniors and welfare services.

#### HOUSING

To provide housing for employees of local industry

Maintenance and provision of GROH and community housing.

#### COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, operation of refuse site, administration of the town planning scheme, storm water drainage, protection of the environment, cemetery maintenance.

#### RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Maintenance of halls, provision of library services, maintenance of historical buildings and maintenance of reserves and recreation facilities.

#### TRANSPORT

To provide a smooth, safe, efficient and clearly defined road network that is environmentally acceptable and which enhances travels throughout

Maintenance of roads, drainage works, footpaths, street lighting, median strips, traffic management, parking facilities and roadworks program.

#### ECONOMIC SERVICES

To help promote the local government and its economic wellbeing.

Tourism and area promotion, caravan park, standpipes, pest control services and implementation of building controls.

#### OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Public works overheads, plant/vehicle operations, stock and materials, depot operations and private works.

SHIRE OF WEST ARTHUR  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2023

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in	Number of properties	Rateable value	2022/23 Budgeted rate revenue	2022/23 Budgeted interim rates	2022/23 Budgeted back rates	2022/23 Budgeted total revenue	2021/22 Actual total revenue	2021/22 Budget total revenue
		\$		\$	\$	\$	\$	\$	\$	\$
<b>(i) Differential general rates or general rates</b>										
GRV Townsite		0.07857	85	744,156	58,468	0	0	58,468	55,157	55,157
GRV Commercial		0.07857	13	239,564	18,823	0	0	18,823	17,757	17,757
GRV Industrial		0.07857	7	112,580	8,845	0	0	8,845	8,344	8,344
GRV Other Townsite		0.07857	15	95,888	7,534	0	0	7,534	6,637	6,637
UV Rural		0.004623	371	368,107,000	1,701,759	0	0	1,701,759	1,608,697	1,609,269
<b>Sub-Total</b>			491	369,299,188	1,795,429	0	0	1,795,429	1,696,592	1,697,164
	<b>Minimum</b>									
		\$								
GRV Townsite		563	46	178,882	25,898	0	0	25,898	20,303	18,585
GRV Commercial		563	9	22,440	5,067	0	0	5,067	4,779	4,779
GRV Industrial		563	3	9,690	1,689	0	0	1,689	2,035	2,124
GRV Other Townsite		393	19	20,820	7,467	0	0	7,467	7,049	7,049
UV Rural		563	60	5,359,200	33,780	0	0	33,780	33,453	33,453
UV Industrial		563	5	155,000	2,815	0	0	2,815	2,655	2,655
UV Mining		563	17	223,818	9,571	0	0	9,571	8,252	6,903
<b>Sub-Total</b>			159	5,969,850	86,287	0	0	86,287	78,526	75,548
			650	375,269,038	1,881,716	0	0	1,881,716	1,775,118	1,772,712
<b>Total amount raised from general rates</b>								1,881,716	1,775,118	1,772,712
<b>(ii) Specified area and ex gratia rates</b>										
<b>Ex-gratia rates</b>										
Ex Gratia Rates					3,707	0	0	3,707	3,498	3,532
<b>Total specified area and ex gratia rates</b>								3,707	3,498	3,532
<b>Total rates</b>								1,885,423	1,778,616	1,776,244

All land (other than exempt land) in the Shire of West Arthur is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of West Arthur.

The general rates detailed for the 2022/23 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 local government services/facilities.

## 2. RATES AND SERVICE CHARGES (CONTINUED)

### (b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
<b>Option one</b>				
Single full payment	3/10/2022	0		7.0%
<b>Option two</b>				
First instalment	3/10/2022	5	3.0%	7.0%
Second instalment	5/12/2022			
<b>Option three</b>				
First instalment	3/10/2022	15	3.0%	7.0%
Second instalment	5/12/2022			
Third instalment	6/02/2023			
Fourth instalment	10/04/2023			

	2022/23 Budget revenue	2021/22 Actual revenue	2021/22 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	800	835	600
Instalment plan interest earned	1,800	1,489	1,800
Unpaid rates and service charge interest earned	16,200	17,056	6,200
	18,800	19,380	8,600

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. RATES AND SERVICE CHARGES (CONTINUED)**

**(c) Specified Area Rate**

The Shire did not raise specified area rates for the year ended 30th June 2023.

**(d) Service Charges**

The Shire did not raise service charges for the year ended 30th June 2023.

**(e) Waivers or concessions**

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2023.

SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2023

3. NET CURRENT ASSETS

Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022	
	\$	\$	\$	
<b>(a) Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash and cash equivalents - unrestricted	4	27,492	1,331,333	96,060
Cash and cash equivalents - restricted	4	2,285,869	3,346,217	2,223,723
Financial assets - unrestricted		30,007	29,031	29,031
Receivables		154,905	324,905	217,019
Inventories		14,756	17,256	20,933
		2,513,029	5,048,742	2,586,766
<b>Less: current liabilities</b>				
Trade and other payables		(235,961)	(230,961)	(366,847)
Unspent non-operating grants associated with restricted cash		0	(512,197)	
Long term borrowings	7	(117,887)	(89,815)	(89,815)
Employee provisions		(205,874)	(205,874)	(404,074)
		(559,722)	(1,038,847)	(860,736)
<b>Net current assets</b>		1,953,307	4,009,895	1,726,030
<b>Less: Total adjustments to net current assets</b>	3.(c)	(1,953,307)	(2,528,554)	(1,726,030)
<b>Net current assets used in the Rate Setting Statement</b>		0	1,481,341	0

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(b) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022	
	\$	\$	\$	
Less: Profit on asset disposals	5(b)	(20,676)	(43,505)	(6,799)
Add: Loss on disposal of assets	5(b)	17,355	5,241	5,350
Add: Depreciation on assets	6	2,217,441	2,145,206	2,140,359
Movement in non-current employee provisions		0	71,459	
Movement in accrued wages		0	(192,614)	0
<b>Non cash amounts excluded from operating activities</b>		2,214,120	1,985,787	2,138,910

(c) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Cash - restricted reserves	8	(2,285,869)	(2,834,020)	(2,223,723)
Less: Current assets not expected to be received at end of year				
- Current portion of self supporting loans receivable		(30,007)	(29,031)	(29,031)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		117,887	89,815	89,815
- Employee benefit provision		205,875	205,875	404,076
- Accrued salaries and wages		38,807	38,807	32,833
<b>Total adjustments to net current assets</b>		(1,953,307)	(2,528,554)	(1,726,030)

3 (d) NET CURRENT ASSETS (CONTINUED)

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

An 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 or non-current based on the Shire's intentions to release for sale.

**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 of West Arthur 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.

**PREPAID RATES**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

**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.

**Superannuation**

The Shire of West Arthur contributes to a number of superannuation funds on behalf of employees.

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

**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.

**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.

**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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

**PROVISIONS**

Provisions are recognised when the Shire has a present 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.

**EMPLOYEE BENEFITS**

**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.

**CONTRACT LIABILITIES**

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

#### 4. 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:

Note	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Cash at bank and on hand	2,313,361	4,677,550	2,319,783
<b>Total cash and cash equivalents</b>	<b>2,313,361</b>	<b>4,677,550</b>	<b>2,319,783</b>
Held as			
- Unrestricted cash and cash equivalents	3(a) 27,492	1,331,333	96,060
- Restricted cash and cash equivalents	3(a) 2,285,869	3,346,217	2,223,723
	2,313,361	4,677,550	2,319,783
<b>Restrictions</b>			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	2,285,869	3,346,217	2,223,723
	2,285,869	3,346,217	2,223,723
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Financially backed reserves	8 2,285,869	2,834,020	2,223,723
Unspent non-operating grants, subsidies and contribution liabilities	0	512,197	
	2,285,869	3,346,217	2,223,723
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	(1,504,173)	885,961	(1,122,352)
Depreciation	6 2,217,441	2,145,206	2,140,359
(Profit)/loss on sale of asset	5(b) (3,321)	(38,264)	(1,449)
Share of profit or (loss) of associates accounted for using the equity method	0	0	0
(Increase)/decrease in receivables	170,000	62,114	170,000
(Increase)/decrease in inventories	2,500	6,177	2,500
Increase/(decrease) in payables	5,000	(299,959)	(175,000)
Increase/(decrease) in unspent non-operating grants	(512,197)	204,522	(296,748)
Increase/(decrease) in employee provisions	0	(127,127)	
Non-operating grants, subsidies and contributions	(688,765)	(1,837,475)	(698,380)
<b>Net cash from operating activities</b>	<b>(313,515)</b>	<b>1,001,155</b>	<b>18,930</b>

#### SIGNIFICANT ACCOUNTING POLICES

##### 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 3 - Net Current Assets.

##### FINANCIAL ASSETS AT AMORTISED COST

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2023

5. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program							2022/23 Budget total	2021/22 Actual total	2021/22 Budget total
	Law, order, public safety	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>										
Land - freehold land	0	0	0	0	0	0	0	0	11,556	0
Buildings - non-specialised	0	54,640	0	0	0	0	542,460	597,100	4,547	545,000
Buildings - specialised	3,649	0	0	90,000	0	0	44,000	137,649	73,288	34,700
Furniture and equipment	0	0	0	0	0	0	0	0	6,437	8,500
Plant and equipment	26,996	0	0	0	0	0	608,700	635,696	1,007,714	530,115
	30,645	54,640	0	90,000	0	0	1,195,160	1,370,445	1,103,542	1,118,315
<i>Infrastructure</i>										
Infrastructure - roads	0	0	0	0	1,083,221	0	0	1,083,221	1,299,034	1,138,717
Other infrastructure	0	0	120,000	487,656	0	20,000	0	627,656	264,031	586,188
	0	0	120,000	487,656	1,083,221	20,000	0	1,710,877	1,563,065	1,724,905
<b>Total acquisitions</b>	30,645	54,640	120,000	577,656	1,083,221	20,000	1,195,160	3,081,322	2,666,607	2,843,220

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

**SIGNIFICANT ACCOUNTING POLICIES**

**RECOGNITION OF ASSETS**

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.



SHIRE OF WEST ARTHUR  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2023

5. FIXED ASSETS

(b) Disposals of Assets

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

	2022/23 Budget Net Book Value	2022/23 Budget Sale Proceeds	2022/23 Budget Profit	2022/23 Budget Loss	2021/22 Actual Net Book Value	2021/22 Actual Sale Proceeds	2021/22 Actual Profit	2021/22 Actual Loss	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Law, order, public safety		0	0	0	14,538	14,538	0	0		0	0	0
Transport	140,729	144,050	20,676	(17,355)	71,260	109,524	43,505	(5,241)	62,779	64,228	6,799	(5,350)
	140,729	144,050	20,676	(17,355)	85,798	124,062	43,505	(5,241)	62,779	64,228	6,799	(5,350)
<b>By Class</b>												
<u>Property, Plant and Equipment</u>												
Plant and equipment	140,729	144,050	20,676	(17,355)	85,798	124,062	43,505	(5,241)	62,779	64,228	6,799	(5,350)
	140,729	144,050	20,676	(17,355)	85,798	124,062	43,505	(5,241)	62,779	64,228	6,799	(5,350)

**SIGNIFICANT ACCOUNTING POLICIES**

**GAINS AND LOSSES ON DISPOSAL**

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.

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**6. ASSET DEPRECIATION**

**By Program**

Law, order, public safety
Health
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

**By Class**

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - roads
Other infrastructure
Infrastructure - bridges

2022/23 Budget	2021/22 Actual	2021/22 Budget
\$	\$	\$
77,662	47,910	42,982
41,663	41,663	41,663
19,425	19,425	19,425
15,924	15,924	15,924
197,183	197,183	196,851
1,484,413	1,484,413	1,496,709
20,925	20,750	17,703
360,246	317,938	309,102
2,217,441	2,145,206	2,140,359
43,961	43,961	43,961
165,199	163,548	159,248
4,833	4,521	5,848
396,358	326,086	311,916
969,195	969,195	981,491
138,054	138,054	138,054
499,841	499,841	499,841
2,217,441	2,145,206	2,140,359

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

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.

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

Buildings - non-specialised	30 to 50 years
Buildings - specialised	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	50 years
Sealed roads and streets - bituminous surfaces	15 to 25 years
- asphalt surfaces	15 to 25 years
Gravel roads formation	not depreciated
pavement	50 years
gravel sheeting	10 - 15 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
0	20 years
Sewerage piping	100 years
Water supply piping and drainage	75 years
Bridges	60 to 90 years

**AMORTISATION**

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**7. INFORMATION ON BORROWINGS**

**(a) Borrowing repayments**

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2022/23	2022/23	Budget	2022/23	Actual	2021/22	2021/22	Actual	2021/22	Budget	2021/22	2021/22	Budget	2021/22	
				Principal	Budget	Budget	Principal	Principal		Actual	Actual	Actual	Actual		Principal	Budget	Budget	Principal	Budget
				1 July 2022	New Loans	Principal Repayments	outstanding 30 June 2023	Repayments	1 July 2021	New Loans	Principal Repayments	Principal outstanding 30 June 2022	Repayments	1 July 2021	New Loans	Principal Repayments	Principal outstanding 30 June 2022	Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>																			
GROH Housing	70	WATC	6.6%	146,263	0	(50,184)	96,079	(8,377)	193,286	0	(47,023)	146,263	(11,539)	193,286	0	(47,023)	146,263	(11,539)	
<b>Economic services</b>																			
Industrial Land	72	WATC	3.3%	38,658	0	(10,599)	28,059	(1,135)	48,917	0	(10,259)	38,658	(1,475)	48,917	0	(10,259)	38,658	(1,475)	
<b>Other property and services</b>																			
Staff Housing - L30 Hillman Street	69	WATC	6.9%	0	0	0	0	0	11,514	0	(11,514)	0	(398)	11,514	0	(11,514)	0	(398)	
Loader	74	WATC	3.5%	0	270,000	(11,384)	258,616	(4,674)	0	0	0	0	0	0	0	0	0	0	
				184,921	270,000	(72,167)	382,754	(14,186)	253,717	0	(68,796)	184,921	(13,412)	253,717	0	(68,796)	184,921	(13,412)	
<b>Self Supporting Loans</b>																			
<b>Housing</b>																			
WA Cottage Homes	73	WATC	3.3%	338,406	0	(29,031)	309,375	(10,876)	366,493	0	(28,087)	338,406	(11,820)	366,493	0	(28,087)	338,406	(11,820)	
				338,406	0	(29,031)	309,375	(10,876)	366,493	0	(28,087)	338,406	(11,820)	366,493	0	(28,087)	338,406	(11,820)	
				523,327	270,000	(101,198)	692,129	(25,062)	620,210	0	(96,883)	523,327	(25,232)	620,210	0	(96,883)	523,327	(25,232)	

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.  
The self supporting loan(s) repayment will be fully reimbursed.

SHIRE OF WEST ARTHUR  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2023

7. INFORMATION ON BORROWINGS

(b) New borrowings - 2022/23

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Loader	WATC	Fixed	10	3.5%	\$ 270,000	\$ 51,148	\$ 270,000	\$ 0
					270,000	51,148	270,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2022 nor is it expected to have unspent borrowing funds as at 30th June 2023.

(d) Credit Facilities

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
<b>Undrawn borrowing facilities credit standby arrangements</b>			
Bank overdraft limit	150,000	150,000	150,000
Bank overdraft at balance date	0	0	0
Credit card limit	5,000	5,000	0
Credit card balance at balance date	0	0	0
<b>Total amount of credit unused</b>	<b>155,000</b>	<b>155,000</b>	<b>150,000</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	692,129	523,327	523,327

SIGNIFICANT ACCOUNTING POLICIES

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.

SHIRE OF WEST ARTHUR  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2023

8. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2022/23 Budget Opening Balance	2022/23 Budget Transfer to	2022/23 Budget Transfer (from)	2022/23 Budget Closing Balance	2021/22 Actual Opening Balance	2021/22 Actual Transfer to	2021/22 Actual Transfer (from)	2021/22 Actual Closing Balance	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	121,149	3,634	0	124,783	210,490	659	(90,000)	121,149	210,490	842	(25,000)	186,332
(b) Plant Reserve	454,017	303,798	(194,650)	563,165	522,877	311,636	(380,496)	454,017	522,877	312,102	(465,887)	369,092
(c) Building Reserve	734,309	22,029	(565,000)	191,338	677,641	87,770	(31,102)	734,309	677,641	88,362	(515,000)	251,003
(d) Town Development Reserve	1,528	46	0	1,574	71,305	223	(70,000)	1,528	71,305	285	(70,000)	1,590
(e) Recreation Reserve	163,285	4,899	0	168,184	162,776	509	0	163,285	162,776	651	0	163,427
(f) Heritage Reserve	6,091	483	0	6,574	5,755	336	0	6,091	5,755	323	0	6,078
(g) Community Housing Reserve	169,135	25,074	(50,000)	144,209	153,767	41,563	(26,195)	169,135	153,767	20,610	(25,000)	149,377
(h) Waste Management Reserve	122,753	3,683	(100,000)	26,436	122,370	383	0	122,753	122,370	489	(100,000)	22,859
(i) Darkan Swimming Pool Reserve	49,219	6,477	0	55,696	44,081	5,138	0	49,219	44,081	5,176	0	49,257
(j) Information Technology Reserve	66,549	4,996	(14,000)	57,545	50,306	42,657	(26,414)	66,549	50,306	50,201	0	100,507
(k) Darkan Sport and Community Centre Reserve	325,422	39,763	0	365,185	289,516	35,906	0	325,422	289,516	31,158	0	320,674
(l) Arthur River Country Club Reserve	40,150	7,205	0	47,355	34,043	6,107	0	40,150	34,043	6,136	0	40,179
(m) Museum Reserve	128,701	3,861	(5,000)	127,562	128,155	546	0	128,701	128,155	497	(5,000)	123,652
(n) Moodiarrup Sports Club Reserve	17,581	5,527	0	23,108	13,539	4,042	0	17,581	13,539	5,058	0	18,597
(o) Landcare Reserve	32,989	990	(5,000)	28,979	37,871	118	(5,000)	32,989	37,871	173	(17,080)	20,964
(p) Corporate Planning and Valuation Reserve	19,945	598	(16,000)	4,543	34,836	109	(15,000)	19,945	34,836	139	(15,000)	19,975
(q) Kids Central Reserve	7,156	215	0	7,371	1,607	5,709	(160)	7,156	1,607	5,707	0	7,314
(r) The Shed Reserve	12,824	385	0	13,209	12,258	566	0	12,824	12,258	47	0	12,305
(s) Recreation Trails Reserve	1,217	37	0	1,254	1,213	4	0	1,217	1,213	5	0	1,218
(t) Community Gym Reserve	12,004	1,360	(9,000)	4,364	11,026	978	0	12,004	11,026	34	0	11,060
(u) Economic Development Reserve	113,847	3,415	(35,000)	82,262	73,617	40,230	0	113,847	73,617	40,294	0	113,911
(v) Road Reserve	234,149	7,024	0	241,173	233,419	730	0	234,149	233,418	934	0	234,352
	2,834,020	445,499	(993,650)	2,285,869	2,892,468	585,919	(644,367)	2,834,020	2,892,467	569,223	(1,237,967)	2,223,723

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**  
**8. RESERVE ACCOUNTS**

**(b) Financially Backed Reserves - Purposes**

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

<b>Reserve name</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Leave Reserve	Ongoing	To be used to fund long service leave and annual leave requirements
(b) Plant Reserve	Ongoing	To be used for the purchase of major plant
(c) Building Reserve	Ongoing	To be used for the construction and maintenance of Council buildings
(d) Town Development Reserve	Ongoing	To be used to enhance town infrastructure
(e) Recreation Reserve	Ongoing	To be used to enhance recreation infrastructure
(f) Heritage Reserve	Ongoing	To be used to maintain and improve the heritage buildings of the Shire
(g) Community Housing Reserve	Ongoing	To be used for the maintenance and provision of housing within the Shire
(h) Waste Management Reserve	Ongoing	To be used to assist with funding future infrastructure requirements for waste management
(i) Darkan Swimming Pool Reserve	Ongoing	To be used to assist with funding works at the Darkan swimming pool
(j) Information Technology Reserve	Ongoing	To be used for upgrades to computers and office equipment
(k) Darkan Sport and Community Centre Reserve	Ongoing	To be used to maintain and improve the Darkan Sport and Community Centre
(l) Arthur River Country Club Reserve	Ongoing	To be used to maintain and improve the Arthur River Country Club
(m) Museum Reserve	Ongoing	To be used to maintain and to provide new displays in the Museum
(n) Moodiarrup Sports Club Reserve	Ongoing	To be used to maintain and improve the Moodiarrup Sports Club Reserve
(o) Landcare Reserve	Ongoing	To be used to fund the landcare expenditure of the Shire
(p) Corporate Planning and Valuation Reserve	Ongoing	To be used to fund the corporate planning and valuation expenditure of the Shire
(q) Kids Central Reserve	Ongoing	To be used to fund the renewal of equipment and infrastructure
(r) The Shed Reserve	Ongoing	To be used to fund the renewal of equipment and infrastructure
(s) Recreation Trails Reserve	Ongoing	To be used for the construction and maintenance of recreation trails
(t) Community Gym Reserve	Ongoing	To be used for the renewal of gym equipment and activities
(u) Economic Development Reserve	Ongoing	To be used for economic development initiatives that benefit the Shire
(v) Road Reserve	Ongoing	To be used to fund road improvements or urgent repairs

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**9. REVENUE RECOGNITION**

**SIGNIFICANT ACCOUNTING POLICIES**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds/Warranties</b>	<b>Determination of transaction price</b>	<b>Allocating transaction price</b>	<b>Measuring obligations for returns</b>	<b>Revenue recognition</b>
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges for other goods and services	Cemetery services, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works

## 10. PROGRAM INFORMATION

### Income and expenses

#### Income excluding grants, subsidies and contributions

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Governance	0	3,057	0
General purpose funding	2,000,744	1,806,492	1,806,813
Law, order, public safety	2,200	3,129	600
Health	7,084	7,015	6,035
Education and welfare	15,500	20,932	19,204
Housing	91,245	126,216	116,140
Community amenities	53,500	58,673	55,868
Recreation and culture	33,850	56,612	34,250
Transport	20,676	44,664	6,799
Economic services	105,100	103,354	46,500
Other property and services	58,900	82,523	62,080
	2,388,799	2,312,667	2,154,289

#### Operating grants, subsidies and contributions

Governance	500	428	500
General purpose funding	135,000	1,635,163	517,317
Law, order, public safety	49,844	43,708	118,126
Education and welfare	5,000	15	0
Housing	0	10,495	10,495
Community amenities	0	1,506	2,000
Recreation and culture	215,500	14,356	30,698
Transport	144,256	135,799	134,671
Other property and services	0	10	0
	550,100	1,841,480	813,807

#### Non-operating grants, subsidies and contributions

Law, order, public safety	17,147	542,310	0
Recreation and culture	476,544	194,810	104,996
Transport	707,271	895,833	811,221
Economic services	0	0	78,911
	1,200,962	1,632,953	995,128

#### Total Income

	4,139,861	5,787,100	3,963,224
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#### Expenses

Governance	(622,927)	(522,085)	(476,451)
General purpose funding	(118,516)	(106,169)	(90,829)
Law, order, public safety	(232,287)	(160,621)	(304,091)
Health	(121,845)	(120,471)	(117,102)
Education and welfare	(73,406)	(70,151)	(57,354)
Housing	(101,097)	(111,778)	(115,587)
Community amenities	(339,831)	(236,469)	(285,255)
Recreation and culture	(958,472)	(703,888)	(735,481)
Transport	(2,690,608)	(2,545,954)	(2,592,285)
Economic services	(280,367)	(223,099)	(223,734)
Other property and services	(104,678)	(100,454)	(87,407)

#### Total expenses

	(5,644,034)	(4,901,139)	(5,085,576)
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#### Net result for the period

	(1,504,173)	885,961	(1,122,352)
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## 11. OTHER INFORMATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	85,021	9,050	11,569
- Other funds	5,000	2,675	5,000
Self supporting loan	10,876	11,820	11,820
Other interest revenue (refer to Note 2(b))	18,000	18,545	8,000
	118,897	42,090	36,389
<b>(b) Other revenue</b>			
Reimbursements and recoveries	68,353	115,079	71,872
	68,353	115,079	71,872
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	32,000	32,000	29,500
	32,000	32,000	29,500
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 7(a))	25,062	25,232	25,232
	25,062	25,232	25,232
<b>(e) Write offs</b>			
General rate	0	30,977	0
	0	30,977	0

12. ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
<b>Cr Kevin King - President</b>			
President's allowance	0	1,164	4,000
Meeting attendance fees	0	1,490	3,550
Annual allowance for ICT expenses	0	146	500
	0	2,800	8,050
<b>Cr Neil Morrell - Deputy President/President</b>			
President's allowance and Deputy President's allowance	4,000	3,110	1,000
Meeting attendance fees	5,200	4,950	2,513
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	2,350	2,220	1,177
	12,050	10,780	5,190
<b>Cr Adam Squires - Elected Member</b>			
Meeting attendance fees	3,640	2,870	2,120
Annual allowance for ICT expenses	500	500	500
	4,140	3,370	2,620
<b>Cr Marie Lloyd - Elected Member</b>			
Meeting attendance fees	0	1,430	2,980
Annual allowance for ICT expenses	0	146	500
Travel and accommodation expenses	0	176	500
	0	1,752	3,980
<b>Cr Julie McFall - Elected Member</b>			
Meeting attendance fees	0	860	2,320
Annual allowance for ICT expenses	0	146	500
	0	1,006	2,820
<b>Cr Graham Peirce - Elected Member</b>			
Deputy President's allowance	1,000	703	
Meeting attendance fees	5,100	4,540	2,260
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	1,450	1,376	780
	8,050	7,119	3,540
<b>Cr Neil Manuel - Elected Member</b>			
Meeting attendance fees	3,640	2,870	1,800
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	850	721	500
	4,990	4,091	2,800
<b>Cr Karen Harrington - Elected Member</b>			
Meeting attendance fees	3,640	3,060	0
Annual allowance for ICT expenses	500	351	0
Travel and accommodation expenses	850	514	0
	4,990	3,925	0
<b>Cr Robyn Lubcke - Elected Member</b>			
Meeting attendance fees	3,640	3,100	0
Annual allowance for ICT expenses	500	351	0
Travel and accommodation expenses	1,600	1,412	0
	5,740	4,863	0
<b>Cr Duncan South - Elected Member</b>			
Meeting attendance fees	3,640	3,120	0
Annual allowance for ICT expenses	500	351	0
Travel and accommodation expenses	900	613	0
	5,040	4,084	0
<b>Total Elected Member Remuneration</b>	<b>45,000</b>	<b>43,790</b>	<b>29,000</b>
President's allowance	4,000	1,164	4,000
Deputy President's allowance	1,000	3,813	1,000
Meeting attendance fees	28,500	28,290	17,543
Annual allowance for ICT expenses	3,500	3,491	3,500
Travel and accommodation expenses	8,000	7,032	2,957
	45,000	43,790	29,000

### 13. INVESTMENT IN ASSOCIATES

The Shire has a joint arrangement with Department of Communities which provides housing for the community. The only assets are land and housing units of which the Shire owns a percentage share. the assets are included in Property, Plant and Equipment as follows:

		2022/23 Budget	2021/22 Actual	2021/22 Budget
Non-current assets		\$	\$	\$
Land - 10 Hillman Street	54%	16,200	16,200	16,200
Land - 12 Hillman Street	35%	10,500	10,500	10,500
Land - 18 Gibbs St/25 Nangip Cres	22%	6,820	6,820	6,820
Building - 10 Hillman Street	54%	123,905	125,664	119,979
Building - 12 Hillman Street	35%	51,800	52,429	50,421
Building - 18 Gibbs Street	22%	12,595	12,748	12,172
Building - 25 Nangip Cres	22%	9,310	9,423	8,999
		231,130	233,784	225,091
		237,950	240,604	231,911
<b>Other comprehensive income</b>				
Changes in asset revaluation surplus		0	0	0
<b>Total comprehensive income for the period</b>		237,950	240,604	231,911

#### SIGNIFICANT ACCOUNTING POLICIES

##### Investments in associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss. recognised.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

##### Investments in associates (continued)

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate. When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

## 14. TRUST FUNDS

Funds held at balance date which are required by legislation to be credited to the trust fund and which are not included in the financial statements are as follows:

Detail	Balance 30 June 2022	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2023
	\$	\$	\$	\$
Westcare	42,706	1,281	(1,000)	42,987
Seniors Luncheon	1,575	47	(150)	1,472
Arthur River Development	2,692	81	(1,500)	1,273
RSL Trust Fund	4,036	121	(300)	3,857
Darkan Arts Council	8,003	240	(400)	7,843
Arthur River Hall	2,417	72	(300)	2,189
Arthur River Restoration	10,352	310	(750)	9,912
	<b>71,781</b>	<b>2,152</b>	<b>(4,400)</b>	<b>69,533</b>

## 15. FEES AND CHARGES

	<b>2022/23 Budget</b>	<b>2021/22 Actual</b>	<b>2021/22 Budget</b>
	\$	\$	\$
<b>By Program:</b>			
Governance	0	57	0
General purpose funding	3,300	3,607	2,000
Law, order, public safety	2,200	3,010	600
Health	700	631	200
Education and welfare	15,500	15,228	13,500
Housing	78,000	110,744	101,755
Community amenities	53,000	58,328	53,880
Recreation and culture	10,750	10,913	11,750
Economic services	105,100	103,114	46,500
Other property and services	26,900	27,745	32,800
	<b>295,450</b>	<b>333,377</b>	<b>262,985</b>

The subsequent pages detail the fees and charges proposed to be imposed by the local government.