

SHIRE OF MINGENEW

BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

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SHIRE OF MINGENEW
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue				
Rates	8	1,754,614	1,657,864	1,618,296
Operating Grants, Subsidies and Contributions		457,084	1,426,474	1,032,319
Fees and Charges	11	296,559	272,587	424,351
Service Charges	10	0	0	0
Interest Earnings	2(a)	24,498	29,162	33,367
Other Revenue		446,988	438,357	438,000
		<u>2,979,743</u>	<u>3,824,445</u>	<u>3,546,333</u>
Expenses				
Employee Costs		(861,988)	(1,071,366)	(1,023,656)
Materials and Contracts		(828,372)	(852,863)	(927,389)
Utility Charges		(161,042)	(103,469)	(99,050)
Depreciation on Non-Current Assets	2(a)	(1,850,000)	(1,816,963)	(1,454,710)
Interest Expenses	2(a)	(63,422)	(81,392)	(64,527)
Insurance Expenses		(166,025)	(192,139)	(242,782)
Other Expenditure		(501,385)	(485,458)	(528,450)
		<u>(4,432,234)</u>	<u>(4,603,650)</u>	<u>(4,340,564)</u>
		<u>(1,452,491)</u>	<u>(779,205)</u>	<u>(794,231)</u>
Non-Operating Grants, Subsidies and Contributions		2,131,147	1,451,069	1,491,586
Profit on Asset Disposals	4	25,370	3,320	4,193
Loss on Asset Disposals	4	0	(8,381)	(11,460)
		<u>704,026</u>	<u>666,802</u>	<u>690,088</u>
NET RESULT				
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME				
		<u><u>704,026</u></u>	<u><u>666,802</u></u>	<u><u>690,088</u></u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF MINGENEW
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenue (Refer Notes 1,2,8 to 13)				
General Purpose Funding		2,093,128	2,576,776	2,258,372
Governance		4,544	31,070	32,986
Law, Order, Public Safety		33,780	33,940	27,100
Health		1,000	23,621	0
Education and Welfare		5,290	34,540	3,795
Housing		117,343	110,284	92,204
Community Amenities		86,175	67,287	56,979
Recreation and Culture		31,086	75,486	73,446
Transport		468,408	687,514	718,813
Economic Services		10,630	53,760	11,012
Other Property and Services		128,359	130,168	271,626
		<u>2,979,743</u>	<u>3,824,445</u>	<u>3,546,333</u>
Expenses Excluding				
Finance Costs (Refer Notes 1,2 & 14)				
General Purpose Funding		(83,530)	(63,453)	(55,096)
Governance		(239,990)	(277,145)	(151,940)
Law, Order, Public Safety		(133,639)	(101,143)	(99,789)
Health		(69,122)	(59,863)	(81,856)
Education and Welfare		(47,890)	(33,109)	(22,355)
Housing		(171,386)	(266,574)	(167,252)
Community Amenities		(180,101)	(159,959)	(136,322)
Recreation & Culture		(899,335)	(990,145)	(796,371)
Transport		(2,179,059)	(2,376,501)	(2,368,565)
Economic Services		(228,403)	(170,503)	(147,993)
Other Property and Services		(136,358)	(23,863)	(248,498)
		<u>(4,368,812)</u>	<u>(4,522,258)</u>	<u>(4,276,037)</u>
Finance Costs (Refer Notes 2 & 5)				
Governance		0	(2,384)	0
Education and Welfare		(6,751)	(7,576)	(6,392)
Housing		(22,936)	(28,941)	(22,593)
Recreation & Culture		(6,480)	(7,273)	(6,137)
Transport		(27,255)	(35,218)	(29,405)
		<u>(63,422)</u>	<u>(81,392)</u>	<u>(64,527)</u>
Non-operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		0	0	0
Health		27,600	0	0
Education and Welfare		3,447	64,000	0
Housing		80,000	0	0
Community Amenities		150,000	0	0
Recreation & Culture		615,000	22,461	35,900
Transport		942,600	1,364,608	1,455,686
Economic Services		112,500	0	0
Other Property and Services		200,000	0	0
		<u>2,131,147</u>	<u>1,451,069</u>	<u>1,491,586</u>
Profit/(Loss) On				
Disposal Of Assets (Refer Note 4)				
Governance		8,020	3,320	4,193
Transport		17,350	(8,381)	(11,460)
		<u>25,370</u>	<u>(5,061)</u>	<u>(7,267)</u>
NET RESULT		704,026	666,802	690,088
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>704,026</u>	<u>666,802</u>	<u>690,088</u>

Notes:

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

**SHIRE OF MINGENEW
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,759,176	1,631,706	1,618,296
Operating Grants, Subsidies and Contributions		458,207	1,756,468	1,223,919
Fees and Charges		296,559	272,587	424,351
Service Charges		0	0	0
Interest Earnings		24,498	29,162	33,367
Goods and Services Tax		0	44,085	2,631
Other Revenue		446,988	438,357	8,000
		<u>2,985,428</u>	<u>4,172,366</u>	<u>3,310,564</u>
Payments				
Employee Costs		(905,163)	(1,035,272)	(1,023,655)
Materials and Contracts		(914,857)	(1,121,818)	(1,017,847)
Utility Charges		(161,042)	(103,469)	(99,050)
Interest Expenses		(167,139)	(21,967)	(64,527)
Insurance Expenses		(166,025)	(192,139)	(242,782)
Goods and Services Tax		(5,863)	0	0
Other Expenditure		(501,385)	(485,458)	(98,450)
		<u>(2,821,474)</u>	<u>(2,960,123)</u>	<u>(2,546,311)</u>
Net Cash Provided By Operating Activities	15(b)	<u>163,954</u> (0)	<u>1,212,244</u> 0	<u>764,253</u> 0
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale	3	(200,000)	0	0
Payments for Purchase of Property, Plant & Equipment	3	(977,000)	(539,247)	(494,400)
Payments for Construction of Infrastructure	3	(1,731,752)	(1,461,347)	(1,803,085)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,131,147	1,451,069	1,491,586
Proceeds from Sale of Plant & Equipment	4	110,000	87,773	131,700
Proceeds from Advances		0	0	0
Net Cash Used in Investing Activities		<u>(667,605)</u>	<u>(461,753)</u>	<u>(674,199)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(172,463)	(148,419)	(162,587)
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures	5	0	170,000	170,000
Net Cash Provided By (Used In) Financing Activities		<u>(172,463)</u>	21,581	7,413
Net Increase (Decrease) in Cash Held Cash at Beginning of Year		<u>(676,114)</u> 1,076,858	772,071 304,786	97,467 303,370
Cash and Cash Equivalents at the End of the Year	15(a)	<u>400,743</u> 0	<u>1,076,857</u> -0	<u>400,837</u> 0

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

**SHIRE OF MINGENEW
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Revenues	1,2			
Governance		12,564	34,390	37,179
General Purpose Funding		338,514	918,913	640,076
Law, Order, Public Safety		33,780	33,940	27,100
Health		28,600	23,621	0
Education and Welfare		8,737	98,540	3,795
Housing		197,343	110,284	92,204
Community Amenities		236,175	67,287	56,979
Recreation and Culture		646,086	97,946	109,346
Transport		1,428,358	2,043,741	2,163,039
Economic Services		123,130	53,760	11,012
Other Property and Services		328,359	130,168	271,626
		<u>3,381,646</u>	<u>3,612,589</u>	<u>3,412,356</u>
Expenses	1,2			
Governance		(239,990)	(279,529)	(151,940)
General Purpose Funding		(83,530)	(63,453)	(55,096)
Law, Order, Public Safety		(133,639)	(101,143)	(99,789)
Health		(69,122)	(59,863)	(81,856)
Education and Welfare		(54,641)	(40,685)	(28,747)
Housing		(194,322)	(295,515)	(189,845)
Community Amenities		(180,101)	(159,959)	(136,322)
Recreation & Culture		(905,815)	(997,418)	(802,508)
Transport		(2,206,314)	(2,411,719)	(2,397,970)
Economic Services		(228,403)	(170,503)	(147,993)
Other Property and Services		(136,358)	(23,863)	(248,498)
		<u>(4,432,234)</u>	<u>(4,603,650)</u>	<u>(4,340,564)</u>
Net Operating Result Excluding Rates		(1,050,589)	(991,061)	(928,208)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	4	(25,370)	5,061	7,267
Depreciation on Assets	2(a)	1,850,000	1,816,963	1,454,710
Movement in Non-Current Staff Leave Provisions		0	82,519	0
Movement in Non-Current Receivables		0	0	0
Capital Expenditure and Revenue				
Purchase Land Held for Resale	3	(200,000)	0	0
Purchase Land and Buildings	3	(824,000)	(280,494)	(176,700)
Purchase Infrastructure Assets - Roads	3	(1,301,752)	(1,438,212)	(1,803,085)
Purchase Infrastructure Assets - Parks	3	(430,001)	(23,135)	0
Purchase Plant and Equipment	3	(125,000)	(252,299)	(317,700)
Purchase Furniture and Equipment	3	(28,000)	(6,454)	0
Proceeds from Disposal of Assets	4	110,000	87,773	131,700
Repayment of Debentures	5	(172,463)	(148,419)	(162,587)
Proceeds from New Debentures	5	0	170,000	170,000
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	6	(25,428)	(26,618)	(97,467)
Transfers from Reserves (Restricted Assets)	6	0	33,897	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	467,988	(219,395)	33,967
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	467,988	(69,807)
Amount Required to be Raised from General Rate	8	<u>(1,754,615)</u>	<u>(1,657,863)</u>	<u>(1,618,296)</u>
		-0.13	0	0

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

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

The Local Government Reporting Entity

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

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

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

(b) 2014/15 Actual Balances

Balances shown in this budget as 2014/15 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations and Other Contributions

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

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

(e) Goods and Services Tax (GST)

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

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

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

(f) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and Cash Equivalents

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

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

(h) Trade and Other Receivables

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

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

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

(i) Inventories

General

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

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

Land Held for Resale

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

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

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

(j) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the budget as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of state or regional significance.

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

Whilst they were initially recorded at cost (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Revaluation

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

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation Methodology*** section as detailed above.

Land Under Roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

Depreciation

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement gravel sheet	50 years 12 years
Formed roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

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

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(k) Fair Value of Assets and Liabilities

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

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(l) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Impairment of Assets

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of Assets (Continued)

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2015.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(n) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

(o) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowing Costs

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

(q) Provisions

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

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

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
2. REVENUES AND EXPENSES			
(a) Net Result			
The Net Result includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Audit Services	23,500	27,703	24,000
Other Services	4,000	9,850	14,000
Depreciation			
<u>By Program</u>			
General Purpose Funding	0	0	0
Governance	39,500	54,088	43,000
Law, Order, Public Safety	14,500	14,397	13,500
Health	0	0	0
Education and Welfare	20,000	20,690	8,050
Housing	66,000	66,625	30,000
Community Amenities	21,000	21,236	17,500
Recreation and Culture	240,000	247,662	92,000
Transport	1,170,000	1,158,796	1,081,000
Economic Services	44,000	48,233	14,500
Other Property and Services	235,000	185,237	155,160
	<u>1,850,000</u>	<u>1,816,963</u>	<u>1,454,710</u>
<u>By Class</u>			
Land and Buildings	410,000	409,894	123,783
Plant and Equipment	260,000	253,406	241,230
Furniture and Equipment	50,000	49,095	54,180
Tools	1,200	1,247	0
Bushfire Equipment	6,500	6,503	0
Infrastructure - Roads	900,000	896,512	844,978
Infrastructure - Footpaths	43,000	42,224	40,379
Infrastructure - Airfields	0	0	0
Infrastructure - Drainage	5,000	5,675	5,664
Infrastructure - Bridges	150,000	151,308	144,496
Infrastructure - Recreation	1,000	1,099	0
Infrastructure - Other	23,300	0	0
	<u>1,850,000</u>	<u>1,816,963</u>	<u>1,454,710</u>
Interest Expenses (Finance Costs)			
- Debentures (refer note 5(a))	63,422	79,008	64,527
- Overdraft Facility	0	2,384	0
	<u>63,422</u>	<u>81,392</u>	<u>64,527</u>
(ii) Crediting as Revenues:			
Interest Earnings			
Investments			
- Reserve Funds	5,428	6,618	6,867
- Other Funds	9,000	9,873	20,000
Other Interest Revenue (refer note 13)	10,070	12,672	6,500
	<u>24,498</u>	<u>29,162</u>	<u>33,367</u>

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

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.

COMMUNITY VISION

Standing proud, growing strong.

COMMUNITY ASPIRATIONS AND VALUES

Strong leaders, good decisions
Striving to be innovative and progressive
Respecting our environment and each other
Proud independent community spirit

GOVERNANCE

Administration and operation of facilities and services to members of council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

The collection of rate revenue and the maintenance of valuation and rating records to support the collection process. General purpose grants, interest earnings from investments.

LAW, ORDER, PUBLIC SAFETY

The provision of fire prevention including Volunteer Fire Brigades, clearing of fire hazards, animal control, emergency planning and management, maintenance and enforcement of local laws.

HEALTH

Administration and operation of general health administration and inspection services including support of a visiting dental service and general practitioner service. Mosquito control.

EDUCATION AND WELFARE

Support of day care for children. Autumn Centre for Senior Citizens. Youth and seniors projects.

HOUSING

The provision of housing to staff, senior citizens and the community.

COMMUNITY AMENITIES

Provision of rubbish service to residents and maintenance of landfill site and transfer station. Town planning and regional development. Maintenance of cemeteries. Provision and maintenance of public conveniences.

RECREATION AND CULTURE

The provision and maintenance of recreational and cultural facilities including the Recreation Centre, Pavilion, library, museum and heritage buildings.

TRANSPORT

Construction and maintenance of roads, drainage works, footpaths, parking facilities and airstrip. Purchase of road plant. Police licensing services.

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Tourism and area promotion. Building control. Drum muster.

OTHER PROPERTY & SERVICES

The provision of private works to the public and the maintenance of cost pools for plant operating, public works overheads and administration costs.

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

3. ACQUISITION OF ASSETS	2014/15 Budget \$
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	
Governance	
Laptops / Ipads	8,000
PA System	2,000
Shire Office	10,000
CEO Vehicle	60,000
Health	
Ambulance Set Down Area	93,000
Child Care Facility	15,000
Housing	
Aged Care Units	100,000
Key Worker Housing	25,000
Community Amenities	
War Memorial Project	100,000
Cemetery	50,000
Recreation and Culture	
Little Well Project	30,001
Enanty Barn	50,000
Museum	30,000
Old Roads Building	20,000
Mens Shed Ablution Block	36,000
Old Railway Station	120,000
Tennis Courts	100,000
Community Events	15,000
Recreation Centre / Town Hall	150,000
Water Park	150,000
Transport	
Works Supervisor Vehicle	50,000
Sundry Plant	15,000
Road Construction - Regional Road Group	584,500
Road Construction - Roads to Recovery	471,381
Road Construction - CLGF	60,000
Midlands Road Footpaths	150,000
Bridges	35,871
Shire Depot	25,000
Economic Services	
Business Incubator	150,000
Other Property and Services	
Industrial Area Development	100,000
Rural Residential Area Development	100,000
Christmas Lights	3,000
	2,908,753
<u>By Class</u>	
Land Held for Resale	200,000
Land and Buildings	824,000
Infrastructure Assets - Roads	1,301,752
Infrastructure Assets - Parks and Ovals	430,001
Plant and Equipment	125,000
Furniture and Equipment	28,000
	2,908,753

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

- Capital Expenditure programme
- Road Replacement programme

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

4. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET	2015/16 BUDGET	2015/16 BUDGET
	\$	\$	\$
Governance			
Toyota Prado	31,980	40,000	8,020
Transport			
Mitsubishi Pajero	34,650	45,000	10,350
Volkswagon Amarok	18,000	25,000	7,000
	84,630	110,000	25,370

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2015/16 BUDGET	2015/16 BUDGET	2015/16 BUDGET
	\$	\$	\$
Plant & Equipment			
Toyota Prado	31,980	40,000	8,020
Mitsubishi Pajero	34,650	45,000	10,350
Volkswagon Amarok	18,000	25,000	7,000
	84,630	110,000	25,370

Summary

	2015/16 BUDGET
	\$
Profit on Asset Disposals	25,370
Loss on Asset Disposals	0
	<u>25,370</u>

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

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

Particulars	Principal 1-Jul-15	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2015/16 Budget	2014/15 Actual	2015/16 Budget	2014/15 Actual	2015/16 Budget	2014/15 Actual
			\$	\$	\$	\$	\$	\$
Education & Welfare								
Loan 137 - Senior Citizens Buildings	101,512		4,793	4,517	96,719	101,512	6,751	7,576
Housing								
Loan 133 - Triplex	83,767		10,631	9,941	73,136	83,767	6,129	8,200
Loan 134 - SC Housing	57,444		5,314	4,999	52,130	57,444	3,888	4,881
Loan 136 - Staff Housing	125,720		7,258	9,019	118,462	125,720	8,750	10,580
Loan 142 - Staff Housing	75,003		9,192	8,748	65,811	75,003	4,169	5,280
Recreation & Culture								
Loan 138 - Pavilion Fitout	97,452		4,602	2,136	92,850	97,452	6,480	7,273
Transport								
Loan 139 - Roller	53,149		13,981	13,107	39,168	53,149	3,633	5,335
Loan 141 - Grader	129,354		22,845	21,506	106,509	129,354	8,490	11,827
Loan 143 - 2 x Trucks	107,044		52,274	49,891	54,770	107,044	5,192	8,515
Loan 144 - Side Tipping Trailer	75,003		9,191	8,748	65,812	75,003	4,169	5,280
Loan 145 - Drum Roller	154,192		32,382	15,808	121,810	154,192	5,771	4,261
	1,059,640	0	172,463	148,419	887,177	1,059,640	63,422	79,008

All debenture repayments are to be financed by general purpose revenue.

SHIRE OF MINGENEW

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES			
(a) Leave Reserve			
Opening Balance	13,724	13,455	13,456
Amount Set Aside / Transfer to Reserve	274	269	236
Amount Used / Transfer from Reserve	0	0	0
	<u>13,998</u>	<u>13,724</u>	<u>13,692</u>
(b) Land & Building Reserve			
Opening Balance	43,342	68,999	68,999
Amount Set Aside / Transfer to Reserve	866	1,662	42,322
Amount Used / Transfer from Reserve	0	(27,319)	0
	<u>44,208</u>	<u>43,342</u>	<u>111,321</u>
(c) Sportsground Improvement Reserve			
Opening Balance	2,659	2,604	2,604
Amount Set Aside / Transfer to Reserve	53	55	65
Amount Used / Transfer from Reserve	0	0	0
	<u>2,712</u>	<u>2,659</u>	<u>2,669</u>
(d) Plant Replacement Reserve			
Opening Balance	131,625	115,239	115,239
Amount Set Aside / Transfer to Reserve	2,626	22,964	52,875
Amount Used / Transfer from Reserve	0	(6,578)	0
	<u>134,251</u>	<u>131,625</u>	<u>168,114</u>
(e) Aged Persons Units Reserve			
Opening Balance	19,739	19,330	19,330
Amount Set Aside / Transfer to Reserve	394	409	482
Amount Used / Transfer from Reserve	0	0	0
	<u>20,133</u>	<u>19,739</u>	<u>19,812</u>
(f) Street Light Upgrade Reserve			
Opening Balance	14,118	13,826	13,825
Amount Set Aside / Transfer to Reserve	282	292	345
Amount Used / Transfer from Reserve	0	0	0
	<u>14,400</u>	<u>14,118</u>	<u>14,170</u>
(g) Painted Road Reserve			
Opening Balance	4,146	4,056	4,057
Amount Set Aside / Transfer to Reserve	83	90	101
Amount Used / Transfer from Reserve	0	0	0
	<u>4,229</u>	<u>4,146</u>	<u>4,158</u>
(h) Industrial Area Reserve			
Opening Balance	5,159	5,056	5,056
Amount Set Aside / Transfer to Reserve	103	103	126
Amount Used / Transfer from Reserve	0	0	0
	<u>5,262</u>	<u>5,159</u>	<u>5,182</u>
Total Reserves C/Fwd	<u>239,193</u>	<u>234,512</u>	<u>339,118</u>

SHIRE OF MINGENEW

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
6. RESERVES (Continued)			
Total Reserves B/Fwd	<u>239,193</u>	<u>234,512</u>	<u>339,118</u>
(i) Environmental Rehabilitation Reserve			
Opening Balance	17,565	17,201	17,201
Amount Set Aside / Transfer to Reserve	350	364	429
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>17,915</u>	<u>17,565</u>	<u>17,630</u>
(j) RTC/PO/NAB Reserve			
Opening Balance	19,887	19,476	19,476
Amount Set Aside / Transfer to Reserve	397	412	486
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>20,284</u>	<u>19,887</u>	<u>19,962</u>
(k) Insurance Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	20,000	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>20,000</u>	<u>0</u>	<u>0</u>
Total Reserves	<u><u>297,392</u></u>	<u><u>271,964</u></u>	<u><u>376,710</u></u>

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

SHIRE OF MINGENEW

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

6. RESERVES (Continued)	2014/15 Budget \$	2013/14 Actual \$	2013/14 Budget \$
SUMMARY OF RESERVE TRANSFERS			
Transfers to Reserves			
Leave Reserve	274	269	236
Land & Building Reserve	866	1,662	42,322
Sportsground Improvement Reserve	53	55	65
Plant Replacement Reserve	2,626	22,964	52,875
Aged Persons Units Reserve	394	409	482
Street Light Upgrade Reserve	282	292	345
Painted Road Reserve	83	90	101
Industrial Area Reserve	103	103	126
Environmental Rehabilitation Reserve	350	364	429
RTC/PO/NAB Reserve	397	412	486
Insurance Reserve	20,000	0	0
	<u>25,428</u>	<u>26,618</u>	<u>97,467</u>
Transfers from Reserves			
Leave Reserve	0	0	0
Land & Building Reserve	0	(27,319)	0
Sportsground Improvement Reserve	0	0	0
Plant Replacement Reserve	0	(6,578)	0
Aged Persons Units Reserve	0	0	0
Street Light Upgrade Reserve	0	0	0
Painted Road Reserve	0	0	0
Industrial Area Reserve	0	0	0
Environmental Rehabilitation Reserve	0	0	0
RTC/PO/NAB Reserve	0	0	0
Insurance Reserve	0	0	0
	<u>0</u>	<u>(33,897)</u>	<u>0</u>
Total Transfer to/(from) Reserves	<u>25,428</u>	<u>(7,279)</u>	<u>97,467</u>

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

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

Accrued Leave Reserve

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

Land and Building Reserve

- to be used for the acquisition, construction and maintenance of land and buildings.

Plant Replacement Reserve

- to be used for the purchase of plant.

Aged Persons Units Reserve

- to be used to for the funding of future operating shortfalls of the aged persons' units in accordance with the management agreement Council has with Homeswest.

SHIRE OF MINGENEW

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30TH JUNE 2016

Street Lighting Upgrade Reserve

- to be used for the upgrade of street lights in the town of Mingenew.

Painted Road Reserve

- to be used for the painted road and associated projects.

Industrial Area Development Reserve

- to be used for the development of the industrial area.

Environmental Rehabilitation Reserve

- to be used for the rehabilitation of Gravel Pits.

RTC/PO/NAB Reserve

- to be used for the maintenance and upkeep of the Rural Transaction Centre.

Insurance Reserve

- to be used for the settlement of minor property expenses under \$5,000

No Reserve funds are expected to be utilised in 2015/16

	Note	2015/16 Budget \$	2014/15 Actual \$
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15(a)	103,351	473,260
Cash - Restricted Reserves	15(a)	297,392	271,964
Cash - Other Restricted		0	331,634
Receivables		88,319	88,141
Inventories		10,000	23,607
		<u>499,062</u>	<u>1,188,606</u>
LESS: CURRENT LIABILITIES			
Payables and Provisions		<u>(201,670)</u>	<u>(448,653)</u>
NET CURRENT ASSET POSITION		297,392	739,952
Less: Cash - Restricted Reserves	15(a)	(297,392)	(271,964)
Less: Cash - Restricted Municipal		<u>0</u>	<u>0</u>
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		<u><u>0</u></u>	<u><u>467,988</u></u>

The estimated surplus/(deficiency) c/fwd in the 2014/15 actual column represents the surplus (deficit) brought forward as at 1 July 2015.

The estimated surplus/(deficiency) c/fwd in the 2015/16 budget column represents the surplus (deficit) carried forward as at 30 June 2015.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

8. RATING INFORMATION - 2014/15 FINANCIAL YEAR

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2015/16 Budgeted Rate Revenue \$	2015/16 Budgeted Interim Rates \$	2015/16 Budgeted Back Rates \$	2015/16 Budgeted Total Revenue \$	2014/15 Actual \$
Differential General Rate/General Rate								
GRV - Mingenew - Residential	13.1289	135	1,322,880	173,680	1500	400	175,580	162,019
GRV - Mingenew - Commercial	13.1289	17	384,380	50,465			50,465	47,609
GRV - Mingenew - Industrial	13.1289	1	12,480	1,638			1,638	1,546
GRV - Yandanooka	6.5645	2	14,716	966			966	912
UV - Rural	1.4310	125	97,585,500	1,396,449	3,500		1,399,949	1,322,705
UV - Mining	30.0000	7	73,079	21,924			21,924	21,572
							0	
Sub-Totals		287	99,393,035	1,645,121	5,000	400	1,650,521	1,556,363
Minimum Payment	Minimum \$							
GRV - Mingenew - Residential	636	73	80,592	46,428			46,428	46,200
GRV - Mingenew - Commercial	636	10	16,686	6,360			6,360	6,000
GRV - Mingenew - Industrial	636	4	9,583	2,544			2,544	2,400
GRV - Yandanooka	318	0	0	0			0	0
UV - Rural	636	19	504,100	12,084			12,084	10,800
UV - Mining	636	5	5,629	3,180			3,180	4,500
Sub-Totals		111	616,590	70,596	0	0	70,596	69,900
Discounts (Note 12)								
Total Amount Raised from General Rate							1,721,117	1,626,263
Ex Gratia Rates							33,497	31,601
Specified Area Rates (Note 9)								
Total Rates							1,754,614	1,657,864

All land in the Shire of Mingenew is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV)

The general rates detailed above for the 2015/16 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 MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

8(a). RATING INFORMATION - 2015/16 FINANCIAL YEAR
(continued)

OBJECTIVES AND REASONS FOR DIFFERENTIAL RATING

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of Differential Rating.

The overall objective of the proposed rates in the dollar and minimum payments in the 2015/16 Budget is to provide for the net funding requirements of Councils Operational and Capital Budget.

GRV - Yandanooka Townsite

Properties within the Yandanooka townsite boundaries.

The object of the Rural Townsite Rate, which applies to the Yandanooka Townsite, is to impose a rate of 50% of the GRV - All Other Zone rate to recognise the reduced level of service provided to Yandanooka. The reason is that Yandanooka does not receive or have convenient access to services that are provided to the town of Mingenew, such as street lighting and cleaning, footpaths public parks and gardens, public toilets and mosquito control.

GRV - Mingenew Townsite

Properties located within the Mingenew townsite boundaries.

The object of the GRV- All Other Zonings category, which includes commercial, industrial and residential properties within the Townsite of Mingenew, is to raise the revenue that Council believes is required for Council to operate efficiently and to provide a diverse range of services and facilities to the residents and business proprietors of the Townsite of Mingenew. The reason is that the level of service provided to Mingenew town is significantly higher than to Yandanooka. Services include street lighting and cleaning, footpaths, street trees, entrance statements, public parks and gardens, street litter bins, public toilets, tourist information and sporting facilities (tennis, hockey, netball/basketball, football, golf, horse racing, lawn bowls, cricket, polocrosse.)

UV Rural

Consists of properties exclusively for rural use.

The object of the UV - Rural Land Use category, which includes those properties that are zoned Rural/Mining and are used in farming activities and/or agricultural production, is to raise the amount of revenue that Council believes is required to operate efficiently and to provide the diverse range of services and facilities. The reason that the rate in the dollar for this category has been set at a comparatively low amount is to recognise the variation in land use intensity and the impact on the Shire's Road Infrastructure network and other services and to offset the relatively high property valuations in this rating category. The average rateable value of mining land use assessments within the shire is \$4,701 compared to an average rateable value of rural land use properties of \$680,779.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

UV Mining

Consists of properties with a mining land use.

The object of the UV - Mining Land Use category, which includes those properties that are zoned Rural/Mining and are mining leases issued by the Department of Mineral Petroleum including exploration, prospecting and general purpose leases, is to raise the amount of revenue that Council believes is required to operate efficiently and to provide the diverse range of services and facilities. The reason that the rate in the dollar for this category has been set at a comparatively high amount is to recognise the often short term tenure of mining projects in the region and to compensate for the relatively low property valuations in this rating category. The average rateable value of mining tenements within the shire is \$4,701 compared to an average rateable value of rural land use properties of \$680,779. Further, applying a higher rate in the dollar to these properties reflects the impacts of higher road infrastructure maintenance costs to Council as a result of frequent very heavy vehicle use over extensive lengths of roads throughout the year and the additional costs of amenities and services provided to cater for the employees of the mining operations.

Minimum Rates

GRV - Rural Townsite Zoning (Yandanooka)

The object of the Rural Townsite Rate, which applies to the Yandanooka Townsite, is to impose a minimum payment of 50% of the All Other Zones rate to recognise the reduced level of service provided to Yandanooka. The reason is that Yandanooka does not receive or have convenient access to services that are provided to the Town of Mingenew, such as street lighting, footpaths, public toilets and mosquito control. This is the minimum amount that Council believes is a reasonable contribution towards the municipal services provided.

GRV - All Other Zonings (Mingenew)

The object of the GRV - All Other Zonings category, which includes commercial, industrial and residential properties within the Townsite of Mingenew, is to impose a minimum amount that Council believes is a reasonable contribution towards the extensive municipal services provided. The reason is that the level of service provided to Mingenew town is significantly higher than to Yandanooka. Services include street lighting and cleaning, footpaths, street trees, entrance statements, public parks and gardens, street litter bins, public toilets, tourist information and sporting facilities (tennis, hockey, netball/basketball, football, golf, horse racing, lawn bowls, cricket, polocrosse.)

UV - Rural Land Use

The object of the UV - Rural Land Use category, which includes those properties that are zoned Rural/Mining and are used in farming activities and/or agricultural production, is to raise the amount of revenue that Council believes is required to operate efficiently and to provide the diverse range of services and facilities. The reason the minimum payment is set at \$636 is that Council believes this is the minimum amount that is a reasonable contribution towards the extensive municipal services provided.

UV - Mining Land Use

The object of the UV - Mining Land Use category, which includes those properties that are zoned Rural/Mining and are mining leases issued by the Department of Mineral and Petroleum including exploration, prospecting and general purpose, is to raise the amount of revenue that Council believes is required to operate efficiently and to provide the diverse range of services and facilities. The reason the minimum is set at \$636 is that Council believes this is the minimum amount that is a reasonable contribution towards the extensive municipal services provided.

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

Advertised Differential Rates

	c/\$	Minimum
GRV - Yandanooka Townsite	6.8187	\$325.00
GRV - Mingenew Townsite	13.6244	\$650.00
UV - Rural	1.4850	\$650.00
UV - Mining	30.0000	\$650.00

Adopted Differential Rates

	c/\$	Minimum
GRV - Yandanooka Townsite	6.5645	\$318.00
GRV - Mingenew Townsite	13.1289	\$636.00
UV - Rural	1.4310	\$636.00
UV - Mining	30.0000	\$636.00

The reason the adopted amounts are different to the advertised rates is because the advertised rates were based on a 10% increase whereas the increase was reduced to 6%.

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

9. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

No Specified Area Rates are to be levied in 2015/16

10. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

No Service Charges are to be levied in 2015/16

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

11. FEES & CHARGES REVENUE	2015/16 Budget \$	2014/15 Actual \$
General Purpose Funding	18,750	15,168
Governance	2,150	14,440
Law, Order, Public Safety	3,810	2,723
Health	1,000	3
Education and Welfare	3,290	3,187
Housing	103,483	90,459
Community Amenities	82,325	65,640
Recreation & Culture	31,033	31,338
Transport	15,000	15,282
Economic Services	10,150	12,906
Other Property & Services	25,568	21,440
	<u>296,559</u>	<u>272,587</u>

**12. RATE PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS
- 2015/16 FINANCIAL YEAR**

No discounts are offered for the early payment of rates for the 2015/16 financial year however the following incentive prizes will be offered:

\$100 cash - donated by Central West Concrete

One Night Breakaway in a Deluxe Studio guest room - Pagoda Resort & Spa

2 x \$50 vouchers - Leader Edge Computers Dongara

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

13. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

An interest rate of 11% will be charged on all rate payments which are late. It is estimated that this charge will result in \$10,000 of revenue being raised.

Three separate payment options will be available to ratepayers for payment of their rates.

Option1 (Full Payment)

Full amount of rates and charges including arrears to be paid on or before 31 August 2015 or 35 days after the date of service appearing on the rate notice, whichever is the later.

Option 2 (Two Instalments)

First instalment to be received on or before 31 August 2015 or 35 days after the date of service appearing on the rate notice whichever is the later and is to include all arrears and half of the current rates and charges. The second instalment is to be made on or before the 2 November 2015.

Option 3 (Four Instalments)

First instalment to be received on or before 31 August 2015 or 35 days after the date of service appearing on the rate notice whichever is the later and is to include all arrears and one quarter of the current rates and charges. The second, third and fourth instalments are to be made on 2 November 2015, 4 January 2016 and 7 March 2016 respectively on the instalments notices whichever is the later.

The cost of the instalment plans will comprise simple interest of 5.5%pa calculated from the date the first instalment is due, together with an administration fee of \$15.00 for each instalment notice (ie \$45 for Option 3).

The total revenue from the imposition of the administration charge is estimated at \$2,430. No revenue with respect to instalment interest has been included.

14. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to Council Members

	2015/16 Budget \$	2014/15 Actual \$
Meeting Fees	27,910	27,078
President's Allowance	7,100	7,000
Deputy President's Allowance	1,775	1,750
Travelling Expenses	500	0
	37,285	35,828

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2015/16 Budget \$	2014/15 Actual \$	2014/15 Budget \$
Cash - Unrestricted	103,351	473,260	24,127
Cash - Restricted	297,392	603,598	376,710
	<u>400,743</u>	<u>1,076,858</u>	<u>400,837</u>

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

Accrued Leave Reserve	13,998	13,724	13,692
Land and Buildings Reserve	44,208	43,342	111,321
Sports Ground Improvement Reserve	2,712	2,659	2,669
Plant Replacement Reserve	134,251	131,625	168,114
Aged Persons Units Reserve	20,133	19,739	19,812
Street Lights Upgrade Reserve	14,400	14,118	14,170
Painted Road Reserve	4,229	4,146	4,158
Industrial Area Development Reserve	5,262	5,159	5,182
Environmental Rehabilitation Reserve	17,915	17,565	17,630
RTC/PO/NAB Reserve	20,284	19,887	19,962
Unspent Grants	0	331,634	0
	<u>277,392</u>	<u>603,598</u>	<u>376,710</u>

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

Net Result	704,026	666,802	690,088
Depreciation	1,850,000	1,816,963	1,454,710
(Profit)/Loss on Sale of Asset	(25,370)	5,061	7,267
(Increase)/Decrease in Receivables	(178)	347,921	194,231
(Increase)/Decrease in Inventories	13,607	(3,293)	468
Increase/(Decrease) in Payables	(246,984)	(252,662)	(90,925)
Increase/(Decrease) in Employee Provisions	0	82,519	0
Grants/Contributions for the Development of Assets	(2,131,147)	(1,451,069)	(1,491,586)
Net Cash from Operating Activities	<u>163,954</u>	<u>1,212,244</u>	<u>764,253</u>

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

Bank Overdraft limit	400,000	400,000	400,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	14,500	14,500	14,500
Credit Card Balance at Balance Date	0	1,378	0
Total Amount of Credit Unused	<u>414,500</u>	<u>415,878</u>	<u>414,500</u>

Loan Facilities

Loan Facilities in use at Balance Date	<u>887,177</u>	<u>1,059,640</u>	<u>1,045,475</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF MINGENEW
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FOR THE YEAR ENDED 30TH JUNE 2016

16. TRUST FUNDS

Funds held at balance date over which the municipality has no control and which are not included in the financial statements are as follows:

Detail	Balance 1-Jul-15 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-16 \$
BCITF Levy	67	2,200	(2,200)	67
BRB Levy	350	1,500	(1,750)	100
Centenary/Autumn Committee	900	0	0	900
Community Bus Bonds	0	600	(600)	0
Cool Room Bonds	250	125	(250)	125
Farm Water Scheme	32,950	0	0	32,950
Industrial Land Bonds	0	0	0	0
Mingenew Cemetery Group	10,000	0	0	10,000
Nomination Fees	0	120	(120)	0
Other Bonds	0	500	(500)	0
Mid West Industry Road Safety	47,300	40,000	(50,000)	37,300
Sinosteel Community Trust Fund	8,415	0	0	8,415
Tree Planter - LCDC	288	0	0	288
Weary Dunlop Memorial	2,000	0	0	2,000
Youth Advisory Council	750	0	0	750
Building Relocation Bond	6,000	0	0	6,000
ANZAC Day Breakfast	280	0	0	280
Painted Road Project	295	0	0	295
Community Christmas Tree	191	0	0	191
Mingenew Water Rights	200	0	0	200
Rec Centre Kitchen Upgrade	1,000	0	(1,000)	0
Joan Trust	4,460	4,000	(6,000)	2,460
Rates Incentive Prize	100	100	(100)	100
	<u>115,796</u>	<u>49,145</u>	<u>(62,520)</u>	<u>102,421</u>

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2016**

17. MAJOR LAND TRANSACTIONS

No major land transactions are expected to take place in the 2015/16 financial year.

18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No major trading undertakings are expected to place in the 2015/16 financial year.