

SHIRE OF MINGENEW
BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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SHIRE OF MINGENEW
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	1,816,568	1,757,549	1,786,567
Operating grants, subsidies and contributions	15	3,023,945	1,132,003	834,184
Fees and charges	14	257,210	266,510	264,486
Interest earnings	2(a)	65,440	36,577	22,152
Other revenue	2(a)	660,550	615,807	566,000
		<u>5,823,713</u>	<u>3,808,446</u>	<u>3,473,389</u>
Expenses				
Employee costs		(1,456,983)	(1,066,022)	(1,017,429)
Materials and contracts		(3,097,470)	(700,353)	(1,119,309)
Utility charges		(136,355)	(99,315)	(123,768)
Depreciation on non-current assets	2(a)	(2,190,310)	(2,100,736)	(2,360,651)
Interest expenses	2(a)	(22,523)	(36,127)	(54,270)
Insurance expenses		(91,762)	(127,662)	(143,612)
Other expenditure		(686,900)	(611,374)	(649,328)
		<u>(7,682,303)</u>	<u>(4,741,587)</u>	<u>(5,468,367)</u>
		(1,858,590)	(933,141)	(1,994,978)
Non-operating grants, subsidies and contributions	15	1,429,305	1,557,937	1,795,921
Profit on asset disposals	6	40,000	5,060	43,000
Loss on asset disposals	6	0	(5,340)	(6,235)
Loss on revaluation of non current assets		0	0	0
Net result		<u>(389,285)</u>	<u>624,516</u>	<u>(162,292)</u>
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>(389,285)</u>	<u>624,516</u>	<u>(162,292)</u>

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 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue (refer notes 1,2,8,10 to 15)				
Governance		12,586	19,953	7,099
General purpose funding		2,018,071	2,678,185	2,384,752
Law, order, public safety		60,874	31,522	79,070
Health		371	2,870	301
Education and welfare		3,755	2,197	3,745
Housing		104,924	113,632	118,733
Community amenities		83,595	82,713	85,662
Recreation and culture		38,665	57,011	31,619
Transport		3,372,042	634,877	641,827
Economic services		11,355	6,373	6,824
Other property and services		117,475	179,114	113,757
		<u>5,823,713</u>	<u>3,808,447</u>	<u>3,473,389</u>
Expenses excluding finance costs (refer notes 1, 2 & 16)				
Governance		(205,931)	(173,339)	(289,736)
General purpose funding		(47,511)	(63,516)	(88,815)
Law, order, public safety		(124,627)	(135,091)	(170,044)
Health		(111,511)	(66,221)	(75,539)
Education and welfare		(72,931)	(54,769)	(65,336)
Housing		(154,827)	(77,680)	(97,680)
Community amenities		(314,842)	(202,149)	(372,924)
Recreation and culture		(892,729)	(951,003)	(1,116,780)
Transport		(5,220,335)	(2,750,636)	(2,635,420)
Economic services		(400,524)	(248,211)	(395,022)
Other property and services		(114,012)	17,153	(106,801)
		<u>(7,659,780)</u>	<u>(4,705,462)</u>	<u>(5,414,097)</u>
Finance costs (refer notes 2 & 7)				
General purpose funding		0	0	(1,000)
Education and welfare		(3,088)	(4,961)	(6,424)
Housing		(8,930)	(13,807)	(20,702)
Community amenities		0	0	0
Recreation and culture		(2,964)	(4,762)	(6,167)
Transport		(7,541)	(12,597)	(19,977)
		<u>(22,523)</u>	<u>(36,127)</u>	<u>(54,270)</u>
		<u>(1,858,590)</u>	<u>(933,142)</u>	<u>(1,994,978)</u>
Non-operating grants, subsidies and contributions	15	1,429,305	1,557,937	1,795,921
Profit on disposal of assets	6	40,000	5,060	43,000
(Loss) on disposal of assets	6	0	(5,340)	(6,235)
Loss on revaluation of non current assets		0	0	0
		<u>1,469,305</u>	<u>1,557,658</u>	<u>1,832,686</u>
Net result		(389,285)	624,516	(162,292)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		<u>(389,285)</u>	<u>624,516</u>	<u>(162,292)</u>

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

**SHIRE OF MINGENEW
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,856,568	1,711,325	1,786,567
Operating grants, subsidies and contributions		3,062,233	1,063,346	834,184
Fees and charges		257,210	266,510	264,486
Interest earnings		65,440	36,577	22,152
Goods and services tax		30,077	(26,017)	
Other revenue		660,550	615,807	566,000
		<u>5,932,078</u>	<u>3,667,548</u>	<u>3,473,389</u>
Payments				
Employee costs		(1,500,681)	(1,140,269)	(1,017,429)
Materials and contracts		(3,272,470)	(636,822)	(1,088,256)
Utility charges		(136,355)	(99,315)	(123,768)
Interest expenses		(33,792)	(56,787)	(54,270)
Insurance expenses		(91,762)	(127,662)	(143,612)
Goods and services tax		0	0	0
Other expenditure		(686,900)	(611,374)	(649,328)
		<u>(5,721,960)</u>	<u>(2,672,229)</u>	<u>(3,076,663)</u>
Net cash provided by (used in) operating activities	3(b)	<u>210,118</u>	<u>995,321</u>	<u>396,726</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	(200,000)	0	(200,000)
Payments for purchase of property, plant & equipment	5	(1,671,084)	(735,396)	(1,337,500)
Payments for construction of infrastructure	5	(1,754,100)	(998,429)	(1,681,362)
Non-operating grants, subsidies and contributions used for the development of assets		1,429,305	1,557,937	1,795,921
Proceeds from sale of plant & equipment	6	365,650	456,621	447,000
Net cash provided by (used in) investing activities		<u>(1,830,229)</u>	<u>280,733</u>	<u>(975,941)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7	(150,774)	(181,409)	(181,409)
Proceeds from new borrowings	7	85,507	0	0
Net cash provided by (used in) financing activities		<u>(65,267)</u>	<u>(181,409)</u>	<u>(181,409)</u>
Net increase (decrease) in cash held		<u>(1,685,378)</u>	1,094,645	<u>(760,624)</u>
Cash at beginning of year		<u>2,241,222</u>	<u>1,146,579</u>	<u>1,156,788</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>555,844</u></u>	<u><u>2,241,224</u></u>	<u><u>396,164</u></u>

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

SHIRE OF MINGENEW
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	<u>1,722,222</u>	<u>653,604</u>	<u>688,089</u>
		1,722,222	653,604	688,089
Revenue from operating activities (excluding rates)				
Governance		12,586	22,145	7,099
General purpose funding		237,026	955,293	598,185
Law, order, public safety		60,874	31,522	79,070
Health		371	2,870	301
Education and welfare		3,755	2,197	3,745
Housing		144,924	113,632	118,733
Community amenities		83,595	82,713	85,662
Recreation and culture		38,665	57,011	31,619
Transport		3,372,042	637,745	678,592
Economic services		11,355	6,373	6,824
Other property and services		117,475	179,114	113,757
		<u>4,082,668</u>	<u>2,090,615</u>	<u>1,723,587</u>
Expenditure from operating activities				
Governance		(205,931)	(175,998)	(289,736)
General purpose funding		(47,511)	(63,516)	(89,815)
Law, order, public safety		(124,627)	(135,091)	(170,044)
Health		(111,511)	(66,221)	(75,539)
Education and welfare		(76,019)	(59,730)	(71,760)
Housing		(163,757)	(91,487)	(118,382)
Community amenities		(314,842)	(202,149)	(372,924)
Recreation and culture		(895,693)	(955,765)	(1,122,947)
Transport		(5,227,876)	(2,765,310)	(2,655,397)
Economic services		(400,524)	(248,211)	(395,022)
Other property and services		(114,012)	16,550	(106,801)
		<u>(7,682,303)</u>	<u>(4,746,928)</u>	<u>(5,468,367)</u>
Operating activities excluded from budget				
(Profit) on asset disposals	6	(40,000)	(5,060)	(43,000)
Loss on disposal of assets	6	0	5,340	6,235
Depreciation on assets	2(a)	2,190,310	2,100,736	2,360,651
Movement in employee benefit provisions (non-current)			(110,444)	
Amount attributable to operating activities		272,898	(12,138)	(732,805)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	15	1,429,305	1,557,937	1,795,921
Purchase land held for resale	5	(200,000)	0	(200,000)
Purchase property, plant and equipment	5	(1,671,084)	(735,396)	(1,337,500)
Purchase and construction of infrastructure	5	(1,754,100)	(998,429)	(1,681,362)
Proceeds from disposal of assets	6	365,650	456,621	447,000
Amount attributable to investing activities		(1,830,229)	280,733	(975,941)
FINANCING ACTIVITIES				
Repayment of borrowings	7	(150,774)	(181,409)	(181,409)
Proceeds from new borrowings	7	85,507	0	0
Transfers to cash backed reserves (restricted assets)	9	(125,510)	(106,453)	(91,775)
Transfers from cash backed reserves (restricted assets)	9	0	18,599	195,363
Amount attributable to financing activities		(190,777)	(269,263)	(77,821)
Budgeted deficiency before general rates		(1,748,108)	(668)	(1,786,567)
Estimated amount to be raised from general rates	8	<u>1,781,044</u>	<u>1,722,890</u>	<u>1,786,567</u>
Net current assets at end of financial year - surplus/(deficit)	3a	<u><u>32,937</u></u>	<u><u>1,722,222</u></u>	<u><u>0</u></u>

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 30 JUNE 2018

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.

Critical accounting estimates

The preparation of a 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 local government reporting eEntity

All funds through which the Shire of Mingenew 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 17 to the budget.

(b) 2016/17 actual balances

Balances shown in this budget as 2016/17 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) Comparative figures

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

(e) 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.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Forecast fair value adjustments

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

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

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

(g) Rates, grants, donations and other contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Mingenew 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.

(h) 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.

(i) Superannuation

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

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

(j) Cash and cash equivalents

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.

(k) 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.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) 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.

During the year ended 30 June 2013, the Shire of Mingenew commenced the process of adopting fair value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at fair value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire of Mingenew revalues its asset classes in accordance with this mandatory timetable.

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire of Mingenew 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

Land under roads

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

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

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

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

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Depreciation

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

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

Buildings	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
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	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.

Capitalisation Threshold

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities (continued)

Market approach

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

Income approach

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

Cost approach

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

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

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

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire of Mingenew becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Mingenew 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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 Shire of Mingenew 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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 Shire of Mingenew 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.

(p) Impairment of assets

In accordance with Australian Accounting Standards the Shire of Mingenew 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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 2018.

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

(q) 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 Mingenew 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.

(r) Employee benefits

Short-term employee benefits

Provision is made for the Shire of Mingenew'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 of Mingenew'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 of Mingenew's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

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

The Shire of Mingenew's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Mingenew 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 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Provisions

Provisions are recognised when the Shire of Mingenew 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.

(u) Leases

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

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

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

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

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

(v) Investment in associates

An associate is an entity over which the Shire of Mingenew 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 of Mingenew's share of net assets of the associate. In addition, the Shire of Mingenew's share of the profit or loss of the associate is included in the

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Mingenew'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.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investment in associates (continued)

Profits and losses resulting from transactions between the Shire of Mingenew and the associate are eliminated to the extent of the Shire of Mingenew's interest in the associate.

When the Shire of Mingenew's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Mingenew 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 of Mingenew will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.

(x) Interests in joint arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Mingenew's interests, in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 20.

(y) Current and non-current classification

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
REVENUES AND EXPENSES			
Net result			
The net result includes:			
Charging as an expense:			
Auditors remuneration			
Audit services	23,500	27,703	24,000
Other services	4,000	9,850	14,000
Depreciation by program			
Governance	53,034	36,438	36,275
General purpose funding	0	0	0
Law, order, public safety	20,000	21,404	3,066
Health	660	242	660
Education and welfare	25,000	25,426	24,750
Housing	84,446	84,358	83,750
Community amenities	13,500	13,044	13,500
Recreation and culture	300,000	293,714	310,370
Transport	1,430,000	1,415,898	1,564,800
Economic services	55,000	54,818	55,000
Other property and services	208,670	155,394	268,480
	<u>2,190,310</u>	<u>2,100,736</u>	<u>2,360,651</u>
Depreciation by asset class			
Land and buildings	430,000	415,941	430,000
Plant and equipment	169,659	116,086	240,000
Furniture and equipment	14,851	13,421	14,851
Tools	500	477	500
Bushfire Equipment	45,000	45,399	45,000
Roads	1,263,000	1,235,455	1,363,000
Footpaths	17,000	17,791	17,000
Drainage	9,000	2,611	9,000
Bridges	136,000	136,245	136,000
Recreations	93,000	97,345	93,000
Airfield	2,300	9,072	2,300
Other	10,000	10,893	10,000
	<u>2,190,310</u>	<u>2,100,736</u>	<u>2,360,651</u>
Interest expenses (finance costs)			
- Borrowings (refer note 7(a))	22,523	36,127	53,270
Other	0	0	1,000
	<u>22,523</u>	<u>36,127</u>	<u>54,270</u>
Interest earnings			
Investments			
- Reserve funds	9,510	3,509	2,882
- Other funds	43,750	15,478	9,000
Other interest revenue (refer note 12)	12,180	17,591	10,270
	<u>65,440</u>	<u>36,577</u>	<u>22,152</u>
Other revenue			
Reimbursements and recoveries	75,000	71,862	16,000
Other	585,550	543,945	550,000
	<u>660,550</u>	<u>615,807</u>	<u>566,000</u>

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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 Shir'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 earning 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.

Activities:

HOUSING

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

REVENUES AND EXPENSES (Continued)

(b) Statement of objective (Continued)

COMMUNITY AMENITIES

Provision of rubbish collection 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

Objective:

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, footpaths, parking facilities and airstrip. Purchase of road plant. Police licensing services.

ECONOMIC SERVICES

Tourism and area promotion. Building control. Drum muster.

OTHER PROPERTY & SERVICES

The provision of private works to the public and 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 30 JUNE 2018

NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - unrestricted	33,859	1,246,669	304,324
Cash - restricted	521,985	994,553	91,840
	<u>555,844</u>	<u>2,241,222</u>	<u>396,164</u>

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

Accrued Leave Reserve	65,315	64,065	64,046
Land and Building Reserve	136,217	58,767	4,359
Sportsground Improvement Reserve	2,786	2,726	2,722
Plant Replacement Reserve	151,756	148,056	47,851
Aged Persons Units Reserve	20,729	20,229	5,753
Street Light Upgrade Reserve	(0)	(0)	14,449
Environmental Rehabilitation Reserve	18,451	18,001	0
RTC/PO/NAB Reserve	20,882	20,382	20,355
Insurance Reserve	81,244	40,244	40,216
Economic Development & Marketing Reserve	19,193	18,718	0
Industrial Area Reserve	5,412	5,287	5,279
Unspent Grants	0	598,078	0
	<u>521,985</u>	<u>994,553</u>	<u>205,030</u>

Reconciliation of net cash provided by operating activities to net result

Net result	(389,285)	624,516	(162,292)
Depreciation	2,190,310	2,100,736	2,360,651
(Profit)/loss on sale of asset	(40,000)	280	(36,765)
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	108,365	(140,898)	
(Increase)/decrease in inventories	0	9,270	
Increase/(decrease) in payables	(229,967)	69,797	31,053
Increase/(decrease) in employee provisions	0	(110,443)	
Grants/contributions for the development of assets	(1,429,305)	(1,557,937)	(1,795,921)
Net cash from operating activities	<u>210,118</u>	<u>995,321</u>	<u>396,726</u>

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Undrawn borrowing facilities			
credit standby arrangements			
Credit card limit	14,500	14,500	14,500
Credit card balance at balance date	(14,500)	(14,500)	(14,500)
Total amount of credit unused	<u>0</u>	<u>0</u>	<u>0</u>
Loan facilities			
Loan facilities in use at balance date	<u>640,501</u>	<u>705,768</u>	<u>887,177</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>
	Note	2017/18 Budget \$	2016/17 Actual \$
NET CURRENT ASSETS			
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3(a)	33,859	1,246,669
Cash - restricted reserves	3(a)	521,985	994,553
Receivables		83,832	192,197
Inventories		244,409	44,409
		<u>884,085</u>	<u>2,477,828</u>
Less: current liabilities			
Trade and other payables		(88,769)	(318,736)
Short term borrowings		0	0
Long term borrowings		(85,508)	(150,775)
Provisions		(231,014)	(231,014)
		<u>(405,291)</u>	<u>(700,525)</u>
Unadjusted net current assets		478,794	1,777,303
Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with <i>Local Government (Financial Management) Regulation 32</i> as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.			
Adjustments			
Less: Cash - restricted reserves	3(a)	(521,985)	(396,475)
Less: Land held for resale		(240,394)	(40,394)
Add: Current portion of borrowings		85,508	150,775
Add: Current liabilities not expected to be cleared at end of year		231,014	231,014
Adjusted net current assets - surplus/(deficit)		<u>32,937</u>	<u>1,722,222</u>

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

5. ACQUISITION OF ASSETS

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

Asset class	Reporting program											2017/18 Budget total \$	2016/17 Actual total \$	
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$	Other property and services \$			
<u>Property, Plant and Equipment</u>														
Land and buildings	10,000				20,000	326,520		411,200		140,000		907,720	230,618	
Furniture and equipment	18,000						3,000					21,000	3,318	
Plant and equipment	221,000							521,364				742,364	501,460	
	249,000	0	0	0	20,000	326,520	0	414,200	521,364	140,000	0	1,671,084	735,396	
<u>Infrastructure</u>														
Roads								1,177,100				1,177,100	835,729	
Footpaths														
Drainage													3,102	
Recreations							140,000	437,000				577,000	159,598	
	0	0	0	0	0	0	140,000	437,000	1,177,100	0	0	1,754,100	998,429	
<u>Land Held for Resale</u>														
Land held for resale											200,000	200,000	0	
Total acquisitions	249,000	0	0	0	20,000	326,520	140,000	851,200	1,698,464	140,000	200,000	3,625,184	1,733,825	

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

- plant replacement programme
- other property, plant and equipment
- road replacement programme
- other parks and ovals

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

6. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net book value \$	Sale proceeds \$	2017/18 Budget Profit \$	Loss \$	2016/17 Actual Profit \$	Loss \$	2016/17 Budget Profit \$	Loss \$
Governance	209,000	209,000	0	0	2,192	(2,659)	0	0
Housing	36,000	76,000	40,000	0	0	0	0	0
Transport	80,650	80,650	0	0	2,868	(2,078)	36,765	0
Other property and services		0	0	0	0	(603)	0	0
	325,650	365,650	40,000	0	5,060	(5,340)	36,765	0

<u>By Class</u>	Net book value \$	Sale proceeds \$	2017/18 Budget Profit \$	Loss \$	2016/17 Actual Profit \$	Loss \$	2016/17 Budget Profit \$	Loss \$
Land and buildings	36,000	76,000	40,000				0	0
Plant and equipment	289,650	289,650	0		5,060	(5,340)	43,000	(6,235)
	325,650	365,650	40,000	0	5,060	(5,340)	43,000	(6,235)

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

- Staff housing programme
- plant replacement programme

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 1-Jul-17	Refinancing cost	Principal repayments		Principal outstanding		Interest repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Education and welfare								
Loan 137 - Senior Citizen Build	91,633	11,102	19,576	5,086	83,159	91,633	2,924	4,961
Housing			0				0	
Loan 33- Triplex	61,766	7,483	13,195	11,370	56,054	61,766	1,971	3,286
Loan134- SC Housing	46,481	5,631	9,930	5,649	42,183	46,481	1,483	2,314
Loan 136- Staff Housing	110,735	13,416	23,656	7,727	100,495	110,735	3,534	5,792
Loan 142- Staff Housing	56,153	6,803	11,996	9,658	50,960	56,153	1,792	2,415
Recreation and culture			0				0	
Loan 138 - Pavilion Fitout	87,967	10,658	18,792	4,883	79,832	87,967	2,807	4,763
Transport			0				0	
Loan 139 -Roller	24,255	2,939	5,182	14,913	22,012	24,255	774	1,655
Loan141- Grader	82,243	9,964	17,570	24,266	74,637	82,243	2,625	4,277
Loan 143- 2 X Trucks			0	54,770		0	0	1,365
Loan 144- Side Tripper	56,154	6,803	11,996	9,658	50,961	56,154	1,792	2,415
Loan 145- Drum Roller	88,381	10,708	18,881	33,429	80,208	88,381	2,820	2,884
Economic services								
Loan 68								
Other property and services								
	705,768	85,507	150,774	181,409	640,501	705,768	22,523	36,127
	705,768	85,507	150,774	181,409	640,501	705,768	22,523	36,127

All borrowing repayments will be financed by general purpose revenue.

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

7. INFORMATION ON BORROWINGS (Continued)

(b) New borrowings - 2017/18

No new debentures budgeted in 2017/18.

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

(d) Overdraft

The Shire has \$50,000 overdraft facilities for financial year 2017/18

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

8. RATING INFORMATION

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2017/18 Budgeted rate revenue \$	2017/18 Budgeted interim rates \$	2017/18 Budgeted back rates \$	2017/18 Budgeted total revenue \$	2016/17 Actual \$
General rate								
GRV - Mingenew	0.145400	129	1,131,000	164,447	0	0	164,447	
GRV - Yandanooka	0.145400	2	13,884	2,019	0	0	2,019	212,143
GRV- Commercial	0.145400	14	349700	50,846			50,846	
GRV - Industrial	0.145400	1	12,480	1,815			1,815	
UV Rural & Mining	0.013350	120	110,861,500	1,480,001			1,480,001	1,419,979
UV Mining	0.013350	0	0	0			0	
Sub-Totals		266	112,368,564	1,699,128	0	0	1,699,128	1,632,122
Minimum payment	Minimum \$							
GRV - Mingenew	682	64	28,026	43,648	0	0	43,648	
GRV - Yandanooka	682	0	0	0	0	0	0	51,090
GRV- Commercial	682	9	6200	6,138			6,138	
GRV - Industrial	682	2	1,850	1,364			1,364	
UV Rural & Mining	1025	23	671,100	23,575			23,575	
UV Mining	1025	8	39,885	8,200			8,200	55,500
Sub-Totals		106	747,061	82,925	0	0	82,925	106,590
		372	113,115,625	1,782,053	0	0	1,782,053	1,738,712
Discounts/concessions (Refer note 13)							(1,009)	(15,822)
Total amount raised from general rates							1,781,044	1,722,890
Specified area rates (Refer note 10)							0	0
Ex Gratia Rates							35,523	34,657
Total rates							1,816,568	1,757,549

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

8(a). RATING INFORMATION

No major land transactions are expected to take place in the 2017/18 financial year.
in the remainder of the Shire of Mingenew.

The general rates detailed above for the 2017/18 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 30 JUNE 2018

9. CASH BACKED RESERVES

	2017/18 Budget Opening balance \$	2017/18 Budget Transfer to \$	2017/18 Budget Transfer (from) \$	2017/18 Budget Closing balance \$	2016/17 Actual Opening balance \$	2016/17 Actual Transfer to \$	2016/17 Actual Transfer (from) \$	2016/17 Actual Closing balance \$	2016/17 Budget Opening balance \$	2016/17 Budget Transfer to \$	2016/17 Budget Transfer (from) \$	2016/17 Budget Closing balance \$
Accrued Leave Reserve	64,065	1,250		65,315	13,907	50,158		64,065	13,907	50,139	0	64,046
Land and Building Reserve	58,767	77,450		136,217	43,920	14,847		58,767	43,920	439	(40,000)	4,359
Sportsground Improvement Rese	2,726	60		2,786	2,695	31		2,726	2,695	27		2,722
Plant Replacement Reserve	148,056	3,700		151,756	146,392	1,664		148,056	146,391	1,460	(100,000)	47,851
Aged Persons Units Reserve	20,229	500		20,729	20,002	227		20,229	20,002	200	(14,449)	5,753
Street Light Upgrade Reserve	(0)	0		(0)	14,307	70	(14,377)	(0)	14,306	143		14,449
Environmental Rehabilitation Res	18,001	450		18,451	17,799	202		18,001	17,799	178	(17,977)	0
RTC/PO/NAB Reserve	20,382	500		20,882	20,153	229		20,382	20,153	202		20,355
Insurance Reserve	40,244	41,000		81,244	20,016	20,228		40,244	20,016	20,200		40,216
Economic Development & Marke	18,718	475		19,193	0	18,718		18,718	0	18,693	(18,693)	0
Painted Road Reserve	0	0		0	4,202	20	(4,222)	0	4,202	42	(4,244)	0
Industrial Area Reserve	5,287	125		5,412	5,228	59		5,287	5,227	52		5,279
	<u>396,475</u>	<u>125,510</u>	<u>0</u>	<u>521,985</u>	<u>308,621</u>	<u>106,453</u>	<u>(18,599)</u>	<u>396,475</u>	<u>308,618</u>	<u>91,775</u>	<u>(195,363)</u>	<u>205,030</u>

**SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

9. CASH BACKED RESERVES (Continued)

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

Reserve name	Anticipated date of use	Purpose of the reserve
Accrued Leave Reserve		To be used to fund annual, sick and long service leave and accrued staff bonuses.
Land and Building Reserve		To be used for the acquisition, construction and maintenance of land and buildings.
Sportsground Improvement Reserve		To be used for the improvement of the sportsground.
Plant Replacement Reserve		To be used for the purchase of plant and equipment.
Aged Persons Units Reserve		To be used for the funding of future operating shortfalls of the aged persons units in accordance with the management agreement council has with Homeswest.
Street Light Upgrade Reserve		To be used for the rehabilitation of sites such as gravel pits, refuse and contaminated sites.
Painted Road Reserve		To be used for the maintenance and upkeep of the RTC/PO/NAB building.
Industrial Area Reserve		To be used for the development of the industrial area.
Environmental Rehabilitation Reserve		To be used for the rehabilitation of sites such as gravel pits, refuse and contaminated sites.
RTC/PO/NAB Reserve		To be used for Economic Development and Marketing of the Shire of Mingenew.
Insurance Reserve		To be used for the settlement of minor property expenses under \$5,000 that would otherwise be insurance claims.
Economic Development & Marketing Reserve		To be used for Economic Development and Marketing of the Shire of Mingenew.

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

10. SPECIFIED AREA RATE

No specified area rates are budgeted for 2017/18.

11. SERVICE CHARGES

No service charges are budgeted for 2017/18.

12. 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 Rate %
Payment in full				
Full amount of rates and charges including arrears to be paid on or before due date	29/09/2017			11%
Two Instalments				
First instalment to be received on or before the due date, including all arrears and half of the current rates and charges.	29/09/2017		5.50%	11%
Second instalment to be received on or before the due date.	30/11/2017	15	5.50%	11%
Four Instalments				
First instalment to be received on or before the due date, including all arrears and one quarter of the current rates and charges.	29/09/2017		5.50%	11%
Second instalment to be received on or before the due date.	30/11/2017	15	5.50%	11%
Third instalment to be received on or before the due date.	31/01/2018	15	5.50%	11%
Fourth instalment to be received on or before the due date.	1/04/2018	15	5.50%	11%

	2017/18 Budget revenue \$	2016/17 Actual \$
Instalment plan admin charge revenue	3,200	2,900
Instalment plan interest earned	1,800	1,744
Unpaid rates interest earned	12,000	15,847
	17,000	20,491

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS

Rates discounts

No discounts will be offered in Financial Year 2017/18.

Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2017/18 Budget \$	2016/17 Actual \$	Circumstances in which the waiver or concession is granted	Objects of the waiver or concession	Reasons for the waiver or concession
Yandanooka GRV Rates	Concession	50%	1,009	1,000	Properties in Yandanooka Townsite GRV Rated	Recognise reduced level of service provided to these	
Photocopying	Waiver	100%	500	400	Tourist & Promotions	organisation	
			1,509	1,400			

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18	2016/17
	Budget	Actual
	\$	\$
14. FEES & CHARGES REVENUE		
Governance	240	6,110
General purpose funding	3,440	3,560
Law, order, public safety	3,500	2,724
Health	371	270
Education and welfare	755	1,115
Housing	95,174	100,619
Community amenities	81,145	78,510
Recreation and culture	33,605	33,543
Transport	15,000	14,622
Economic services	9,380	6,003
Other property and services	14,600	19,433
	<u>257,210</u>	<u>266,510</u>
15. GRANT REVENUE		
Grants, subsidies and contributions are included as operating		
Governance	10,096	13,457
General purpose funding	143,313	884,157
Law, order, public safety	57,194	28,649
Health	0	2,600
Education and welfare	3,000	1,000
Housing	0	12,286
Community amenities	2,000	4,000
Recreation and culture	5,000	23,438
Transport	2,803,342	74,576
Other property and services		87,840
	<u>3,023,945</u>	<u>1,132,003</u>
Non-operating grants, subsidies and contributions		
General purpose funding	167,449	210,000
Law, order, public safety	0	395,455
Community amenities	5,000	45,000
Recreation and culture	506,523	153,907
Transport	500,333	698,135
Economic services	0	55,440
Other property and services	250,000	0
	<u>1,429,305</u>	<u>1,557,937</u>

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$
16. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and President.		
Meeting fees	28,433	27,565
President's allowance	7,222	7,150
Deputy President's allowance	1,812	1,794
	37,467	36,508

17. TRUST FUNDS

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

BCITF Levy	0	500	(500)	0
BRB levy	4	500	(504)	0
Atumn Committee	974	100	(100)	974
Community Bus	2,200	1,000	(1,000)	2,200
ANZAC Day Breakfast Donation	501	0	0	501
Building Relocation Bond	1,000	500	(500)	1,000
Midwest Indstry Road Safety Alliance	21,294	70,000	(70,000)	21,294
Mingenew Cemetry Group	4,314	150	(150)	4,314
Bonds				0
Housing Bonds	1,428	0	0	1,428
Cool Room Bond	530	0	0	530
Outdoor Camera Bond	350	0	0	350
Animal Trap Bond	0	100	(100)	0
Projector Screen	0	500	(500)	0
Other Bond	200	200	(200)	200
Rates Incentive Prizes	100	100	(100)	100
Tree Planter - LCDC	88	150	(150)	88
Weary Dunlop Memorial	87	0	0	87
JoanTrust	2,161	0	0	2,161
Youth Advisory Council	746	150	(150)	746
Centenary Committee	897	0	897	1,794
Community Christmas Tree	432	100	(100)	432
Seniors Donations	50	25	0	75
	37,356	74,075	(73,157)	38,274

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

18. MAJOR LAND TRANSACTIONS

No major land transactions are expected to take place in the 2017/18 financial year.

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No major trading undertakings are expected to take place in the 2017/18 financial year.

20. INTERESTS IN JOINT ARRANGEMENTS

In 1997/98, Council, in conjunction with Homeswest, constructed 3 two bedroom and 1 one bedroom Aged Persons Units in the Mingenew townsite. The terms of the joint venture agreement provided for Council to contribute \$59,136 which equates to an equity of 13.92%.

Council has subsequently capitalised expenditure on the units.

The recalculated equity % for Council is 18.53%. Fair Value assessment of the property was undertaken in 2013/2014 along with all other Council Land and Building Assets.