

SHIRE OF MINGENEW
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	1,857,912	1,812,113	1,816,568
Operating grants, subsidies and contributions	9	224,532	800,958	3,023,945
Fees and charges	8	237,487	223,894	257,210
Interest earnings	10(a)	58,710	51,154	65,440
Other revenue	10(a)	556,800	508,947	660,550
		<u>2,935,441</u>	<u>3,397,066</u>	<u>5,823,713</u>
Expenses				
Employee costs		(1,083,085)	(904,105)	(1,456,983)
Materials and contracts		(3,150,044)	(792,447)	(3,097,470)
Utility charges		(124,853)	(99,837)	(136,355)
Depreciation on non-current assets	5	(1,850,261)	(1,765,304)	(2,190,310)
Interest expenses	10(a)	(17,799)	(23,684)	(22,523)
Insurance expenses		(129,616)	(106,984)	(91,762)
Other expenditure		(578,601)	(537,101)	(686,900)
		<u>(6,934,259)</u>	<u>(4,229,462)</u>	<u>(7,682,303)</u>
		<u>(3,998,818)</u>	<u>(832,396)</u>	<u>(1,858,590)</u>
Non-operating grants, subsidies and contributions	9	3,665,281	1,068,271	1,429,305
Profit on asset disposals	4(b)	50,000	0	40,000
Loss on asset disposals	4(b)	0	(55,098)	0
Net result		(283,537)	180,777	(389,285)
Other comprehensive income				
Total other comprehensive income		0	0	0
Total comprehensive income		(283,537)	180,777	(389,285)

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

FOR THE YEAR ENDED 30TH JUNE 2019

BASIS OF PREPARATION

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire 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 #NAME?

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

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

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

REVENUES (CONTINUED)

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		15,669	68,520	12,586
General purpose funding		2,037,243	2,458,978	2,018,071
Law, order, public safety		33,037	74,285	60,874
Health		371	361	371
Education and welfare		3,755	3,768	3,755
Housing		102,729	103,453	104,924
Community amenities		73,722	66,545	83,595
Recreation and culture		33,960	37,514	38,665
Transport		511,585	462,694	3,372,042
Economic services		10,445	5,883	11,355
Other property and services		112,925	115,064	117,475
		<u>2,935,441</u>	<u>3,397,065</u>	<u>5,823,713</u>
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(218,578)	(302,208)	(205,931)
General purpose funding		(100,797)	(59,160)	(47,511)
Law, order, public safety		(154,914)	(124,961)	(124,627)
Health		(138,237)	(73,884)	(111,511)
Education and welfare		(79,712)	(59,721)	(72,931)
Housing		(173,150)	(189,924)	(154,827)
Community amenities		(271,710)	(241,306)	(314,842)
Recreation and culture		(940,133)	(1,065,628)	(892,729)
Transport		(4,342,582)	(2,100,878)	(5,220,335)
Economic services		(387,508)	(285,152)	(400,524)
Other property and services		(109,139)	297,045	(114,012)
		<u>(6,916,460)</u>	<u>(4,205,777)</u>	<u>(7,659,780)</u>
Finance costs	6, 10(d)			
Education and welfare		(2,440)	(3,000)	(3,088)
Housing		(7,058)	(9,094)	(8,930)
Recreation and culture		(2,342)	(2,942)	(2,964)
Transport		(5,959)	(8,648)	(7,541)
		<u>(17,799)</u>	<u>(23,684)</u>	<u>(22,523)</u>
		<u>(3,998,818)</u>	<u>(832,396)</u>	<u>(1,858,590)</u>
Non-operating grants, subsidies and contributions	9	3,665,281	1,068,271	1,429,305
Profit on disposal of assets	4(b)	50,000	0	40,000
(Loss) on disposal of assets	4(b)	0	(55,098)	0
Net result		(283,537)	180,777	(389,285)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(283,537)	180,777	(389,285)

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

FOR THE YEAR ENDED 30TH JUNE 2019

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	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	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community.	Fire prevention, animal control and safety.
HEALTH	To provide services to help ensure a safer community.	Food quality, pest control and inspections.
EDUCATION AND WELFARE	To meet the needs of the community in these areas.	Includes education programs, youth based activities, care of families, the aged and disabled.
HOUSING	Provide housing services required by the community and for staff.	Maintenance of staff, aged and rental housing.
COMMUNITY AMENITIES	Provide services required by the community.	Rubbish collection services, landfill maintenance, town site storm water drainage control and maintenance, administration of the Town Planning Scheme and maintenance of cemeteries.
RECREATION AND CULTURE	To establish and manage efficiently, infrastructure and resources which will help the social well being of the community.	Maintenance of halls, recreation centres and various reserves, operation of library, support of community events and matters relating to heritage.
TRANSPORT	To provide effective and efficient transport services to the community.	Construction and maintenance of streets, road and footpaths, cleaning and lighting of streets, roads and footpaths, traffic signs and depot maintenance.
ECONOMIC SERVICES	To help promote the Shire and improve its economic wellbeing.	The regulation and provision of tourism, area promotion, building control and noxious weeds.
OTHER PROPERTY AND SERVICES	To provide effective and efficient administration, works operations and plant and fleet services.	Private works operations, plant repairs and operational costs. Administration overheads.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,877,912	1,849,370	1,856,568
Operating grants, subsidies and contributions		224,532	860,963	3,062,233
Fees and charges		237,487	223,894	257,210
Interest earnings		58,710	51,154	65,440
Goods and services tax		0	11,678	30,077
Other revenue		556,800	508,947	660,550
		<u>2,955,441</u>	<u>3,506,006</u>	<u>5,932,078</u>
Payments				
Employee costs		(1,083,085)	(903,965)	(1,500,681)
Materials and contracts		(3,201,285)	(893,317)	(3,272,470)
Utility charges		(124,853)	(99,837)	(136,355)
Interest expenses		(17,799)	(34,602)	(33,792)
Insurance expenses		(129,616)	(106,984)	(91,762)
Other expenditure		(578,601)	(537,101)	(686,900)
		<u>(5,135,239)</u>	<u>(2,575,806)</u>	<u>(5,721,960)</u>
Net cash provided by (used in) operating activities	3	<u>(2,179,798)</u>	930,200	210,118
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	4(a)	0	0	(200,000)
Payments for purchase of property, plant & equipment	4(a)	(623,320)	(770,133)	(1,671,084)
Payments for construction of infrastructure	4(a)	(2,485,700)	(1,304,973)	(1,754,100)
Non-operating grants, subsidies and contributions used for the development of assets	9	3,665,281	1,068,271	1,429,305
Proceeds from sale of plant & equipment	4(b)	157,000	0	365,650
Net cash provided by (used in) investing activities		<u>713,261</u>	<u>(1,006,835)</u>	<u>(1,830,229)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(154,525)	(150,096)	(150,774)
Proceeds from new borrowings	6(b)	0	(0)	85,507
Net cash provided by (used in) financing activities		<u>(154,525)</u>	<u>(150,096)</u>	<u>(65,267)</u>
Net increase (decrease) in cash held		<u>(1,621,062)</u>	<u>(226,732)</u>	<u>(1,685,378)</u>
Cash at beginning of year		2,014,490	2,241,222	2,241,222
Cash and cash equivalents at the end of the year	3	<u><u>393,428</u></u>	<u><u>2,014,490</u></u>	<u><u>555,844</u></u>

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	1,491,987	1,721,405	1,722,222
		1,491,987	1,721,405	1,722,222
Revenue from operating activities (excluding rates)				
Governance		16,669	68,520	12,586
General purpose funding		179,331	646,865	237,027
Law, order, public safety		33,037	74,285	60,874
Health		371	361	371
Education and welfare		3,755	3,768	3,755
Housing		102,729	103,453	104,924
Community amenities		73,722	66,545	83,595
Recreation and culture		33,960	37,514	38,665
Transport		560,585	462,694	3,372,042
Economic services		10,445	5,883	11,355
Other property and services		112,925	115,064	157,475
		1,127,529	1,584,952	4,082,669
Expenditure from operating activities				
Governance		(218,578)	(302,208)	(205,931)
General purpose funding		(100,797)	(59,160)	(47,511)
Law, order, public safety		(154,914)	(124,961)	(124,627)
Health		(138,237)	(73,884)	(111,511)
Education and welfare		(82,152)	(62,721)	(76,019)
Housing		(180,208)	(199,018)	(163,757)
Community amenities		(271,710)	(241,306)	(314,842)
Recreation and culture		(942,475)	(1,068,570)	(895,693)
Transport		(4,348,541)	(2,164,626)	(5,227,876)
Economic services		(387,508)	(285,152)	(400,524)
Other property and services		(109,139)	297,045	(114,012)
		(6,934,259)	(4,284,561)	(7,682,303)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(50,000)	0	(40,000)
Loss on disposal of assets	4(b)	0	55,098	0
Depreciation on assets	5	1,850,261	1,765,304	2,190,310
Amount attributable to operating activities		(2,514,482)	842,198	272,898
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	3,665,281	1,068,271	1,429,305
Purchase land held for resale	4(a)	0	0	(200,000)
Purchase property, plant and equipment	4(a)	(623,320)	(770,133)	(1,671,084)
Purchase and construction of infrastructure	4(a)	(2,485,700)	(1,310,366)	(1,754,100)
Proceeds from disposal of assets	4(a)	157,000	0	365,650
Amount attributable to investing activities		713,261	(1,012,228)	(1,830,229)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(154,525)	(150,096)	(150,774)
Proceeds from new borrowings	6(b)	0	(0)	85,507
Transfers to cash backed reserves (restricted assets)	7(a)	(22,710)	0	(125,510)
Transfers from cash backed reserves (restricted assets)	7(a)	120,544	0	0
Amount attributable to financing activities		(56,691)	(150,096)	(190,777)
Budgeted deficiency before general rates		(1,857,912)	(320,127)	(1,748,108)
Estimated amount to be raised from general rates	1	1,857,912	1,812,113	1,781,044
Net current assets at end of financial year - surplus/(deficit)	2	0	1,491,987	32,936

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
GRV - Mingenew	0.149035	127	1,103,699	164,490	0	0	164,490	158,623
GRV - Yandanooka	0.149035	2	13,884	2,069	0	0	2,069	2,019
GRV- Commercial	0.149035	14	349,700	52,118	0	0	52,118	41,298
GRV - Industrial	0.149035	1	12,480	1,860	0	0	1,860	1,133
UV Rural & Mining	0.013684	115	110,855,505	1,516,947	0	0	1,516,947	1,481,371
UV Mining	0.013684	0	0	0	0	0	0	0
Sub-Totals		259	112,335,268	1,737,484	0	0	1,737,484	1,684,443
Minimum								
Minimum payment	\$							
GRV - Mingenew	700	64	28,162	44,800	0	0	44,800	43,648
GRV - Yandanooka	700	0	0	0	0	0	0	0
GRV- Commercial	700	9	6,200	6,300	0	0	6,300	15,686
GRV - Industrial	700	2	1,850	1,400	0	0	1,400	2,046
UV Rural & Mining	1,050	23	691,595	24,150	0	0	24,150	23,575
UV Mining	1,050	8	27,199	8,400	0	0	8,400	8,200
Sub-Totals		106	755,006	85,050	0	0	85,050	93,155
		365	113,090,274	1,822,534	0	0	1,822,534	1,777,598
Discounts/concessions (Refer note 1(g))							(1,035)	(1,009)
Total amount raised from general rates							1,821,500	1,776,589
Specified area rates (Refer note 1(e))							0	0
Ex Gratia Rates							36,412	35,524
Total rates							1,857,912	1,812,113

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

The general rates detailed for the 2018/19 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 rate(s) has|have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

1. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Payment in Full	5/10/2018	\$0	0.00%	11.00%
Option two				
1st Instalment	5/10/2018	\$0	5.50%	11.00%
2nd Instalment	6/12/2018	\$15	5.50%	11.00%
Option three				
1st Instalment	5/10/2018	\$0	5.50%	11.00%
2nd Instalment	6/12/2018	\$15	5.50%	11.00%
3rd Instalment	7/02/2019	\$15	5.50%	11.00%
4th Instalment	8/04/2019	\$15	5.50%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	3,200	2,490
Unpaid rates and service charge interest earned	12,250	19,607
	<u>15,450</u>	<u>22,097</u>

(c) 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.

Differential general rate

Description	Characteristics	Objects	Reasons
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(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
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**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2019.

(f) Service Charges

The Shire did not raise service charges for the year ended 30th June 2019.

(g) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2018/19 Budget	2017/18 Actual	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Yandanooka Townsite	Concession	50%	\$ 1,035	\$ 1,009	GRV Properties in Yandanooka town site	Recognise the reduced level of services provided to these
		0%	0	0		
			<u>1,035</u>	<u>1,009</u>		

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

2. NET CURRENT ASSETS

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3	89,392	895,863
Cash - restricted	3	0	716,757
Cash - restricted reserves	3	304,036	401,870
Receivables		63,257	83,257
Inventories		43,459	43,459
		500,144	2,141,206
Less: current liabilities			
Trade and other payables		(155,714)	(206,955)
Long term borrowings		(155,204)	(155,204)
Provisions		(231,014)	(231,014)
		(541,932)	(593,173)
Unadjusted net current assets		(41,788)	1,548,033
Adjustments			
Less: Cash - restricted reserves	3	(304,036)	(401,870)
Less: Land held for resale		(40,394)	(40,394)
Add: Current portion of borrowings		155,204	155,204
Add: Current liabilities not expected to be cleared at end of year		231,014	231,014
Adjusted net current assets - surplus/(deficit)		0	1,491,987

Reason for Adjustments

The 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 *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments above.

SIGNIFICANT ACCOUNTING POLICIES

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 release for sale.

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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

INVENTORIES

General

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

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

Superannuation

The Shire of 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.

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.

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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

3. 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:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Cash - unrestricted	89,392	895,863	33,859
Cash - restricted	304,036	1,118,627	521,985
	<u>393,428</u>	<u>2,014,490</u>	<u>555,844</u>

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

Reserves cash backed - Land & Building Reserve	62,960	59,535	136,217
Reserves cash backed - Plant Reserve	43,028	150,616	151,756
Reserves cash backed - Recreation Reserve	12,832	2,772	2,786
Reserves cash backed - Leave Reserve	65,558	64,308	65,315
Reserves cash backed - Aged Persons Units Reserve	11,998	20,579	20,729
Reserves cash backed - Environmental Reserve	18,763	18,313	18,451
Reserves cash backed - Industrial Area Development Reserve	5,503	5,378	5,412
Reserves cash backed - RTC/PO/NAB Reserve	21,234	20,734	20,882
Reserves cash backed - Insurance Reserve	42,618	40,593	81,244
Reserves cash backed - Economic Development & Marketing Res	19,542	19,042	19,193
	<u>304,036</u>	<u>401,870</u>	<u>521,985</u>

Reconciliation of net cash provided by operating activities to net result

Net result	(283,537)	180,775	(389,285)
Depreciation	1,850,261	1,765,304	2,190,310
(Profit)/loss on sale of asset	(50,000)	55,098	(40,000)
(Increase)/decrease in receivables	20,000	108,940	108,365
(Increase)/decrease in inventories	0	132	0
Increase/(decrease) in payables	(51,241)	(111,778)	(229,967)
Grants/contributions for the development of assets	(3,665,281)	(1,068,271)	(1,429,305)
Net cash from operating activities	(2,179,798)	930,200	210,118

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2018/19 Budget total	2017/18 Actual total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>													
Buildings - specialised	20,000	0	0	0	0	10,000	0	133,320	0	0	0	163,320	373,244
Furniture and equipment	10,000	0	0	0	0	0	0	0	0	0	0	10,000	0
Plant and equipment	60,000	0	0	0	0	0	0	0	390,000	0	0	450,000	396,890
	90,000	0	0	0	0	10,000	0	133,320	390,000	0	0	623,320	770,133
<i>Infrastructure</i>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	1,376,700	0	0	1,376,700	939,315
Infrastructure - Parks and ovals	0	0	0	0	0	0	0	225,000	0	10,000	0	235,000	199,919
Infrastructure - Other	0	0	0	0	0	0	25,000	25,000	0	116,000	0	166,000	171,132
Infrastructure - Bridges	0	0	0	0	0	0	0	0	708,000	0	0	708,000	0
	0	0	0	0	0	0	25,000	250,000	2,084,700	126,000	0	2,485,700	1,310,366
Total acquisitions	90,000	0	0	0	0	10,000	25,000	383,320	2,474,700	126,000	0	3,109,020	2,080,499

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	Net book value	Sale proceeds	2018/19 Budget		2017/18 Actual		2017/18 Budget	
			Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Governance	29,000	30,000	1,000	0	0	0	0	0
Transport	78,000	127,000	49,000	0	0	(55,098)	0	0
Other property and services	0	0	0	0	0	0	40,000	0
	107,000	157,000	50,000	0	0	(55,098)	40,000	0
By Class								
<u>Property, Plant and Equipment</u>								
Plant and equipment	107,000	157,000	50,000	0	0	(55,098)	40,000	0
	107,000	157,000	50,000	0	0	(55,098)	40,000	0

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

5. ASSET DEPRECIATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
By Program			
Governance	142,355	125,321	53,034
Law, order, public safety	47,403	47,403	20,000
Health	0	242	660
Education and welfare	21,759	21,759	25,000
Housing	84,446	78,515	84,446
Community amenities	11,601	11,601	13,500
Recreation and culture	394,671	394,626	300,000
Transport	912,954	880,037	1,430,000
Economic services	61,661	61,661	55,000
Other property and services	173,411	144,140	208,670
	<u>1,850,261</u>	<u>1,765,304</u>	<u>2,190,310</u>
By Class			
Buildings - specialised	572,212	559,314	430,000
Furniture and equipment	15,000	14,085	14,851
Plant and equipment	190,445	151,515	169,659
Bushfire Equipment	47,403	45,399	45,000
Tools	478	478	500
Infrastructure - Roads	700,000	670,234	1,263,000
Infrastructure - Footpaths	17,791	17,791	17,000
Infrastructure - Drainage	2,615	2,614	9,000
Infrastructure - Parks and ovals	143,000	142,730	93,000
Infrastructure - Other	16,000	15,827	10,000
Infrastructure - Bridges	136,245	136,245	136,000
Infrastructure - Airfield	9,072	9,072	2,300
	<u>1,850,261</u>	<u>1,765,304</u>	<u>2,190,310</u>

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

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.

DEPRECIATION (CONTINUED)

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

Buildings - non-specialised	30-50 Years
Buildings - specialised	30-50 Years
Furniture and equipment	4-10 Years
Plant and equipment	5-15 Years
Infrastructure - Roads	12-50 Years
Infrastructure - Footpaths	20 Years
Infrastructure - Drainage	50 Years
Infrastructure - Parks and ovals	10-100 Years
Infrastructure - Other	5-50 Years
Infrastructure - Bridges	50 Years
Infrastructure - Airfield	50 Years

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Education and welfare								
Loan 137 - Senior Citizen Buik	87,814	0	21,172	19,487	66,642	87,814	2,440	3,000
Housing								
Loan 133 - Triplex	55,952	0	13,490	13,060	42,462	55,952	1,555	437
Loan134 - Phillip Street	42,623	0	10,276	7,410	32,347	42,623	1,185	327
Loan 136 - Moore Street	106,294	0	25,627	0	80,666	106,294	2,954	850
Loan 142- 15 Field Street	49,086	0	11,935	37,550	37,151	49,086	1,364	7,480
Recreation and culture								
Loan 138 - Pavilion Fitout	84,301	0	20,325	19,201	63,976	84,301	2,342	2,942
Transport								
Loan 139 - Roller	20,665	0	4,982	5,160	15,683	20,665	574	858
Loan141- Grader	71,754	0	17,300	17,490	54,454	71,754	1,994	2,768
Loan 143- 2 X Trucks	0	0	0	0	0	0	0	120
Loan 144 - Side Tripper	49,086	0	11,835	11,942	37,251	49,086	1,364	1,855
Loan 145 - Drum Roller	72,926	0	17,583	18,797	55,344	72,926	2,027	3,047
	640,503	0	154,525	150,096	485,978	640,503	17,799	23,684
	640,503	0	154,525	150,096	485,978	640,503	17,799	23,684

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2019

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

(d) Credit Facilities

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	500,000	50,000	50,000
Bank overdraft at balance date	0	0	0
Credit card limit	16,000	16,000	16,000
Total amount of credit unused	516,000	66,000	66,000
Loan facilities			
Loan facilities in use at balance date	485,978	640,503	640,501

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Land & Building Res	59,535	3,425	0	62,960	58,767	0	0	59,535	58,767	77,450	0	136,217
Reserves cash backed - Plant Reserve	150,616	3,875	(111,463)	43,028	148,056	0	0	150,616	148,056	3,700	0	151,756
Reserves cash backed - Recreation Reserv	2,772	10,060	0	12,832	2,725	0	0	2,772	2,726	60	0	2,786
Reserves cash backed - Leave Reserve	64,308	1,250	0	65,558	64,065	0	0	64,308	64,065	1,250	0	65,315
Reserves cash backed - Aged Persons Unit	20,579	500	(9,081)	11,998	20,230	0	0	20,579	20,229	500	0	20,729
Reserves cash backed - Environmental Res	18,313	450	0	18,763	18,002	0	0	18,313	18,001	450	0	18,451
Reserves cash backed - Industrial Area Dev	5,378	125	0	5,503	5,287	0	0	5,378	5,287	125	0	5,412
Reserves cash backed - RTC/PO/NAB Resi	20,734	500	0	21,234	20,382	0	0	20,734	20,382	500	0	20,882
Reserves cash backed - Insurance Reserve	40,593	2,025	0	42,618	40,243	0	0	40,593	40,244	41,000	0	81,244
Reserves cash backed - Economic Develop	19,042	500	0	19,542	18,719	0	0	19,042	18,718	475	0	19,193
	401,870	22,710	(120,544)	304,036	396,475	0	0	401,870	396,475	125,510	0	521,985

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Land & Building Reserve		To be used for the acquisition, construction and maintenance of land and buildings.
Reserves cash backed - Plant Reserve		To be used for the purchase of plant and equipment.
Reserves cash backed - Recreation Reserve		To be used for the improvement of the sportsground.
Reserves cash backed - Leave Reserve		To be used to fund annual, sick and long service leave and accrued staff bonuses.
Reserves cash backed - Aged Persons Units Reserve		To be used for the funding of future operating shortfalls of the aged persons units in accordance with the Homeswest Joint Venture arrangement
Reserves cash backed - Environmental Reserve		To be used for the rehabilitation of sites such as gravel pits, refuse and contaminated sites.
Reserves cash backed - Industrial Area Development Reserve		To be used for the development of the industrial area.
Reserves cash backed - RTC/PO/NAB Reserve		To be used for the maintenance of the buildings.
Reserves cash backed - Insurance Reserve		To be used for the settlement of minor property expenses under \$5,000 that would otherwise be insurance claims.
Reserves cash backed - Economic Development & Marketing Reserve		To be used for Economic Development and Marketing of the Shire of Mingenew.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Governance	240	131
General purpose funding	4,200	2,635
Law, order, public safety	3,500	1,858
Health	371	361
Education and welfare	755	200
Housing	91,004	102,335
Community amenities	71,272	66,234
Recreation and culture	33,900	32,467
Transport	10,000	890
Economic services	8,445	5,207
Other property and services	13,800	11,576
	<u>237,487</u>	<u>223,894</u>

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Program:

Operating grants, subsidies and contributions

Governance	12,154	62,223
General purpose funding	129,381	597,435
Law, order, public safety	29,287	67,781
Education and welfare	3,000	3,568
Community amenities	2,000	0
Recreation and culture	0	5,000
Transport	47,710	2,399
Economic services	1,000	0
Other property and services	0	62,552
	<u>224,532</u>	<u>800,958</u>

Non-operating grants, subsidies and contributions

General purpose funding	139,866	498,000
Community amenities	5,000	0
Recreation and culture	121,667	45,000
Transport	3,398,748	525,271
	<u>3,665,281</u>	<u>1,068,271</u>

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

10. OTHER INFORMATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
The net result includes as revenues	\$	\$	\$
(a) Interest earnings			
Investments			
- Reserve funds	12,710	5,396	9,510
- Other funds	33,750	26,150	43,750
Other interest revenue (refer note 1b)	12,250	19,607	12,180
	<u>58,710</u>	<u>51,154</u>	<u>65,440</u>
(b) Other revenue			
Other	556,800	508,947	656,990
	<u>556,800</u>	<u>508,947</u>	<u>656,990</u>
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	13,620	14,072	17,060
	<u>13,620</u>	<u>14,072</u>	<u>17,060</u>
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	17,799	23,684	22,523
	<u>17,799</u>	<u>23,684</u>	<u>22,523</u>
(e) Elected members remuneration			
Meeting fees	28,691	29,554	28,433
Mayor/President's allowance	7,288	6,320	7,222
Deputy Mayor/President's allowance	1,822	604	1,812
Travelling expenses	1,500	0	1,183
	<u>39,301</u>	<u>36,478</u>	<u>38,650</u>
(f) Write offs			
General rate	1,000	1,467	200
	<u>1,000</u>	<u>1,467</u>	<u>200</u>

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/19.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

13. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2018/19

14. TRUST FUNDS

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

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
BCITF Levy	495	1,000	(1,495)	0
BRB Levy	1	1,000	(1,001)	0
Autumn Committee	974	0	(974)	0
Community Bus	2,200	2,200	(4,400)	0
ANZAC Day Breakfast Donation	501	0	(501)	0
Building Relocation Bond	1,000	0	(1,000)	0
Mid West Industry Road Safety Alliance	38,010	0	(38,010)	0
Mingenew Cemetery Group	4,314	0	0	4,314
Housing Bonds	1,428	500	(428)	1,500
Cool Room Bond	670	670	(1,340)	0
Outdoor Camera Bond	350	350	(700)	0
Animal Trap Bond	0	300	(300)	0
Projector Screen	0	300	(300)	0
Other Bonds	200	0	(200)	0
Rates Incentive Prizes	100	0	(100)	0
Tree Planter - LCDC	88	0	(88)	0
Weary Dunlop Memorial	87	0	(87)	0
Mingenew P & C - NBN Rental	6,376	6,400	(12,776)	0
Joan Trust	6	0	(6)	0
Youth Advisory Council	746	0	(746)	0
Centenary Committee	897	0	(897)	0
Community Christmas Tree	432	1,000	(1,432)	0
Seniors Donations	50	0	(50)	0
	58,925	13,720	(66,831)	5,814

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

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.

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.

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

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.

REVENUE RECOGNITION

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.