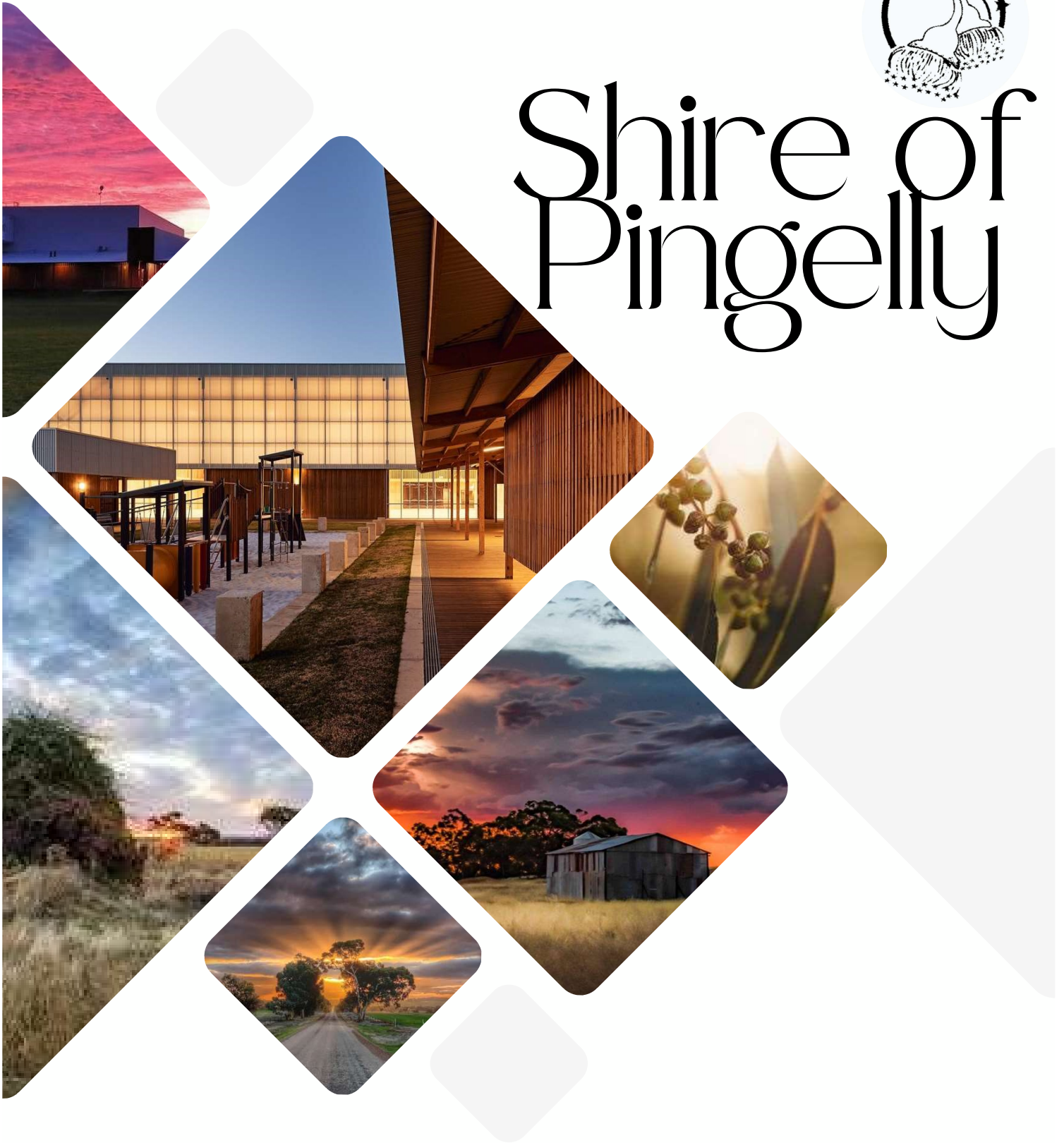




# Shire of Pingelly



2022/2023  
Budget

# Council Adopts the 2022/23 Annual Budget

The Shire of Pingelly adopted its annual budget for the 22/23 financial year at the Council Meeting on 20<sup>th</sup> July 2022. This budget is a financially prudent budget and is in line with the Community Strategic Plan developed in collaboration with our community. The budget focuses on the five priorities which arose from the recent Pingelly Perception Survey. These priorities are:

- Pingelly, the place to live, work, visit and invest
- Business growth
- High priority roads for local industry
- Housing & accommodation; and
- Inter-generational wellbeing

As with other years, the Shire is highly dependant on grant income with only 40.1% of income raised through rates. However much of the grant income is tied to specific projects. As a result, rates remain an important source of income to achieve the community's priorities. To achieve these priorities, Council adopted a 4.5% rate increase across minimum rate, Gross Rental Value (GRV), and Unimproved Value (UV) properties following significant increases in material and consumable costs. The anticipated additional 2% rate increase for the Wheatbelt Secondary Freight Network will not be levied this year as it is unclear at this stage if this project will proceed under the new Commonwealth Government.

While the overall rate income will increase to \$2,330,002 this year, the rate in the dollar will decrease for UV (mostly farming) properties (to 0.8550 cents in the dollar) due to an increase in overall valuations. Valuations for GRV (mostly townsite) properties have not been altered by the Office of the Valuer General meaning that the rate in the dollar for these properties will increase (to 13.4170 cents in the dollar) this year. Please note that individual rate notices may also increase or decrease depending on the property valuation.

The most significant expenditure this year will be on local roads. Road construction and maintenance is budgeted at \$2,885,328, at 49.7% of overall income. This reflects the Shire's focus on proper maintenance and upgrade of our road infrastructure. This expenditure includes the following projects: rural road grading and verge work; Jingaring Road (gravel resheeting); Wickopin-Pingelly Road (resurfacing); Review Street Bridge; Somerset Street (microsheeting); and the construction of stage 2 of the All Ages Path.

Another significant expenditure this year is the loan repayment of \$1,206,952 on the principal of loans outstanding from the construction of the PRACC. This demonstrates the Shire's continued commitment to the PRACC and to prudent financial management. as the Shire's emphasis is on obtaining grants to supplement income and complete projects.

Further budget highlights (arising from the five priorities) include the creation of an Investment Attraction Fund to bring businesses to Pingelly; marketing of Pingelly's attractions; Town Planning Scheme Review to attract further residential and commercial development; construction of the West Pingelly Bushfire Brigade Building; reduction of the caravan park fees to encourage visitors; upgrade of the caravan park amenity block; lighting for Memorial and Pioneer Parks; holding local training programs in collaboration with TAFE; conversion of the Cemetery Toilet from a 'long drop' to a flush toilet; various youth initiatives; a Christmas Festival to attract tourists; and tree planting, painting, and signage upgrades in the town centre.

The Community Strategic Plan will also be reviewed, with further consultation occurring in 2023 in addition to the recently completed Pingelly Perception Survey. This Plan will provide an important opportunity for you to have input into the future of our community, the Shire's future priority actions which are realised through the annual budget process.

For further information, please contact the Chief Executive Officer Andrew Dover using the below details.

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

**LOCAL GOVERNMENT ACT 1995**

**TABLE OF CONTENTS**

Statement of Comprehensive Income by Nature or Type	2
Statement of Cash Flows	3
Rate Setting Statement	4
Index of Notes to the Budget	6

**SHIRE'S VISION**

Pingelly, a sustainable community, where a natural beauty and economic diversity provides opportunities for all.

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a)	2,330,002	2,234,271	2,229,216
Operating grants, subsidies and contributions	11	851,786	2,323,154	1,197,984
Fees and charges	14	389,449	340,163	346,754
Interest earnings	12(a)	34,740	33,396	31,391
Other revenue	12(b)	118,762	245,341	77,284
		<b>3,724,739</b>	<b>5,176,325</b>	<b>3,882,629</b>
<b>Expenses</b>				
Employee costs		(1,789,205)	(1,789,782)	(1,852,934)
Materials and contracts		(1,876,874)	(1,284,310)	(1,612,092)
Utility charges		(166,869)	(167,058)	(164,138)
Depreciation on non-current assets	6	(2,574,810)	(2,582,058)	(2,608,552)
Interest expenses	12(d)	(103,356)	(108,636)	(117,916)
Insurance expenses		(203,088)	(193,974)	(191,769)
Other expenditure		(105,444)	(77,142)	(108,833)
		<b>(6,819,646)</b>	<b>(6,202,960)</b>	<b>(6,656,234)</b>
		<b>(3,094,907)</b>	<b>(1,026,635)</b>	<b>(2,773,605)</b>
Non-operating grants, subsidies and contributions	11	2,885,480	1,670,308	1,394,658
Profit on asset disposals	5(b)	0	24,760	25,050
Loss on asset disposals	5(b)	(5,000)	(2,690)	(5,000)
		<b>2,880,480</b>	<b>1,692,378</b>	<b>1,414,708</b>
<b>Net result for the period</b>		<b>(214,427)</b>	<b>665,743</b>	<b>(1,358,897)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus		0	3,602,718	0
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>3,602,718</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>(214,427)</b>	<b>4,268,461</b>	<b>(1,358,897)</b>

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

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,380,002	2,196,334	2,234,216
Operating grants, subsidies and contributions		799,428	2,694,019	1,123,266
Fees and charges		389,449	340,163	346,754
Interest received		34,740	33,396	31,391
Goods and services tax received		221,896	227,544	393,698
Other revenue		118,762	245,341	77,284
		3,944,277	5,736,797	4,206,609
<b>Payments</b>				
Employee costs		(1,789,205)	(1,762,290)	(1,852,934)
Materials and contracts		(1,661,874)	(1,467,772)	(1,507,092)
Utility charges		(166,869)	(167,058)	(164,138)
Interest expenses		(103,356)	(109,029)	(117,916)
Insurance paid		(203,088)	(193,974)	(191,769)
Goods and services tax paid		(221,896)	(221,896)	(393,698)
Other expenditure		(105,444)	(77,142)	(108,833)
		(4,251,732)	(3,999,161)	(4,336,380)
<b>Net cash provided by (used in) operating activities</b>	4	(307,455)	1,737,636	(129,771)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	5(a)	(1,226,232)	(764,995)	(630,016)
Payments for construction of infrastructure	5(a)	(1,778,432)	(848,886)	(1,169,138)
Non-operating grants, subsidies and contributions		2,521,377	2,016,187	1,394,658
Proceeds from sale of property, plant and equipment	5(b)	12,000	57,327	62,000
Proceeds on financial assets at amortised cost - self supporting loans	7(a)	19,920	17,260	18,692
<b>Net cash provided by (used in) investing activities</b>		(451,367)	476,893	(323,804)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	7(a)	(1,226,872)	(175,092)	(175,091)
Principal elements of lease payments	8	(107,879)	(95,308)	(144,508)
Proceeds on disposal of financial assets at amortised cost - term deposits		0	195,090	(511,105)
<b>Net cash provided by (used in) financing activities</b>		(1,334,751)	(75,310)	(830,704)
<b>Net increase (decrease) in cash held</b>		(2,093,573)	2,139,219	(1,284,279)
Cash at beginning of year		3,460,955	1,321,736	1,321,737
<b>Cash and cash equivalents at the end of the year</b>	4	<b>1,367,382</b>	<b>3,460,955</b>	<b>37,458</b>

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

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	3	2,084,157	1,319,560	1,319,560
		2,084,157	1,319,560	1,319,560
<b>Revenue from operating activities (excluding rates)</b>				
Specified area and ex gratia rates	2(a)(ii)	235	217	0
Operating grants, subsidies and contributions	11	851,786	2,323,154	1,197,984
Fees and charges	14	389,449	340,163	346,754
Interest earnings	12(a)	34,740	33,396	31,391
Other revenue	12(b)	118,762	245,341	77,284
Gain on revaluation financial asset at FV through P & L		0	0	0
Profit on asset disposals	5(b)	0	24,760	25,050
		1,394,972	2,967,031	1,678,463
<b>Expenditure from operating activities</b>				
Employee costs		(1,789,205)	(1,789,782)	(1,852,934)
Materials and contracts		(1,876,874)	(1,284,310)	(1,612,092)
Utility charges		(166,869)	(167,058)	(164,138)
Depreciation on non-current assets	6	(2,574,810)	(2,582,058)	(2,608,552)
Interest expenses	12(d)	(103,356)	(108,636)	(117,916)
Insurance expenses		(203,088)	(193,974)	(191,769)
Other expenditure		(105,444)	(77,142)	(108,833)
Loss on asset disposals	5(b)	(5,000)	(2,690)	(5,000)
		(6,824,646)	(6,205,650)	(6,661,234)
Non-cash amounts excluded from operating activities	3(b)	2,579,810	2,559,988	2,588,502
<b>Amount attributable to operating activities</b>		(765,707)	640,929	(1,074,709)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	11	2,885,480	1,670,308	1,394,658
Payments for property, plant and equipment	5(a)	(1,226,232)	(764,995)	(630,016)
Payments for construction of infrastructure	5(a)	(1,778,432)	(848,886)	(1,169,138)
Proceeds from disposal of assets	5(b)	12,000	57,327	62,000
Proceeds from financial assets at amortised cost - self supporting loans	7(a)	19,920	17,260	18,692
<b>Amount attributable to investing activities</b>		(87,264)	131,014	(323,804)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	7(a)	(1,226,872)	(175,092)	(175,091)
Principal elements of finance lease payments	8	(107,879)	(95,308)	(144,508)
Transfers to cash backed reserves (restricted assets)	9(a)	(303,195)	(849,080)	(540,804)
Transfers from cash backed reserves (restricted assets)	9(a)	161,150	197,640	29,700
<b>Amount attributable to financing activities</b>		(1,476,796)	(921,840)	(830,703)
<b>Budgeted deficiency before general rates</b>		(2,329,767)	(149,897)	(2,229,216)
<b>Estimated amount to be raised from general rates</b>	2(a)	2,329,767	2,234,054	2,229,216
<b>Net current assets at end of financial year - surplus/(deficit)</b>	3	<b>0</b>	<b>2,084,157</b>	<b>0</b>

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

## INDEX OF NOTES TO THE BUDGET

Note 1	Basis of Preparation	6
Note 2	Rates	9
Note 3	Net Current Assets	11
Note 4	Reconciliation of cash	14
Note 5	Fixed Assets	15
Note 6	Asset Depreciation	17
Note 7	Borrowings	18
Note 8	Leases	20
Note 9	Reserves	21
Note 10	Revenue Recognition	22
Note 11	Program Information	23
Note 12	Other Information	24
Note 13	Elected Members Remuneration	25
Note 14	Fees and Charges	26

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

**1 (a) BASIS OF PREPARATION**

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

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

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

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

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

**The local government reporting entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to the annual budget.

**2021/22 actual balances**

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

**Budget comparative figures**

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

**Comparative figures**

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

**Initial application of accounting standards**

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

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

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

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

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

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

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

**Judgements, estimates and assumptions**

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

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

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

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

**Rounding off figures**

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



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

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

**REVENUES**

**RATES**

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

**SERVICE CHARGES**

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

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

**PROFIT ON ASSET DISPOSAL**

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

**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

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

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

**FEES AND CHARGES**

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

**INTEREST EARNINGS**

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

**OTHER REVENUE / INCOME**

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

**EXPENSES**

**EMPLOYEE COSTS**

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

**MATERIALS AND CONTRACTS**

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

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

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

**INSURANCE**

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

**LOSS ON ASSET DISPOSAL**

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

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation and amortisation expense raised on all classes of assets.

**INTEREST EXPENSES**

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

**OTHER EXPENDITURE**

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

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

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

OBJECTIVE	ACTIVITIES
<b>Governance</b> Effective leadership and 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
<b>General purpose funding</b> A financially sustainable Shire.	Rates, general purpose government grants and interest revenue.
<b>Law, order, public safety</b> A safe community.	Fire prevention, animal control and assistance to emergency services.
<b>Health</b> Health and family support services that are accessible and meet the needs of the community.	Food quality control, provision of doctor services.
<b>Education and welfare</b> Quality of life for the aged and disables. Development and participation of young people.	Maintenance of a daycare centre and assistance to the provision of aged care accommodation.
<b>Community amenities</b> Appropriate development which is diverse in nature and protects local heritage.	Rubbish and recyclables collection and disposal services, operation of the refuse site, administration of the town planning scheme, maintenance of the cemetery, maintenance of the public toilets and maintenance of the storm water drainage.
<b>Recreation and culture</b> Access to recreation, sporting and leisure opportunities.	Maintenance of the Town Hall, Pingelly Recreation and Cultural Centre, recreation ground, swimming pool complex, reserves, operation of the library together with support of cultural events.
<b>Transport</b> Safe and reliable transport infrastructure.	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets and depot maintenance.
<b>Economic services</b> Support the promotion and marketing of local businesses and tourism initiatives.	The regulation and provision of building control, control of noxious weeds and vermin, standpipe water supplies and area promotion.
<b>Other property and services</b> Provide support services for works and plant operations.	Private works operations, plant repairs and operation costs.

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

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in	Number of properties	Rateable value	2022/23 Budgeted rate revenue	2022/23 Budgeted interim rates	2022/23 Budgeted back rates	2022/23 Budgeted total revenue	2021/22 Actual total revenue	2021/22 Budget total revenue	
		\$		\$	\$	\$	\$	\$	\$	\$	
<b>(i) Differential general rates or general rates</b>											
GRV - Residential	Gross rental Valuations	0.13417	318	3,624,452	486,282	0	0	486,282	467,920	465,294	
GRV - Rural Residential	Gross rental Valuations	0.13417	65	807,924	108,397	0	0	108,397	104,215	104,215	
GRV - Commercial Industrial	Gross rental Valuations	0.13417	28	396,080	53,141	0	0	53,141	51,075	51,075	
GRV - Townsites	Gross rental Valuations	0.13417	12	144,560	19,395	0	0	19,395	18,641	18,641	
UV - Broadacre Rural	Unimproved valuations	0.00855	232	173,853,000	1,486,791	0	0	1,486,791	1,419,303	1,417,091	
<b>Sub-Total</b>			655	178,826,016	2,154,006	0	0	2,154,006	2,061,154	2,056,316	
		<b>Minimum</b>									
		\$									
GRV - Residential	Gross rental Valuations	993	62	85,646	61,566	0	0	61,566	58,900	58,900	
GRV - Rural Residential	Gross rental Valuations	993	24	56,220	23,832	0	0	23,832	21,850	21,850	
GRV - Commercial Industrial	Gross rental Valuations	993	14	58,080	13,902	0	0	13,902	13,300	13,300	
GRV - Townsites	Gross rental Valuations	993	8	17,185	7,944	0	0	7,944	7,600	7,600	
UV - Broadacre Rural	Unimproved valuations	993	69	5,157,530	68,517	0	0	68,517	71,250	71,250	
<b>Sub-Total</b>			177	5,374,661	175,761	0	0	175,761	172,900	172,900	
					832	184,200,677	2,329,767	0	2,329,767	2,234,054	2,229,216
<b>Total amount raised from general rates</b>								2,329,767	2,234,054	2,229,216	
<b>(ii) Specified area and ex gratia rates</b>											
<b>Ex-gratia rates</b>											
Ex-gratia rates				0	0	0	0	235	217	0	
<b>Total ex-gratia rates</b>				0	0	0	0	235	217	0	
<b>Total rates</b>								2,330,002	2,234,271	2,229,216	

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

The general rates detailed for the 2022/23 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

## 2. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
<b>Option one</b>				
Single full payment	26/09/2022	0	0.0%	7.0%
<b>Option two</b>				
First instalment	26/09/2022	0	5.5%	7.0%
Second instalment	31/01/2023	10	5.5%	7.0%
<b>Option three</b>				
First instalment	26/09/2022	0	5.5%	7.0%
Second instalment	29/11/2022	10	5.5%	7.0%
Third instalment	31/01/2023	10	5.5%	7.0%
Fourth instalment	4/04/2023	10	5.5%	7.0%

	2022/23 Budget revenue	2021/22 Actual revenue	2021/22 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	4,500	4,460	4,500
Instalment plan interest earned	8,254	8,392	7,750
Interest on ESL	800	587	800
Interest on deferred rates	450	903	200
Unpaid rates and service charge interest earned	12,972	11,086	12,180
	26,976	25,428	25,430

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

**3. NET CURRENT ASSETS**

	<b>2022/23</b>	<b>2021/22</b>	<b>2021/22</b>	
<b>Note</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2022</b>	
	\$	\$	\$	
<b>(a) Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash and cash equivalents - unrestricted	4	3,066	1,797,223	37,458
Cash and cash equivalents - restricted	4	1,364,316	1,663,732	0
Financial assets - unrestricted		6,432	6,432	5,000
Financial assets - restricted	4	0	0	706,194
Receivables		315,923	390,923	363,298
Inventories		18,986	18,986	3,378
		<b>1,708,723</b>	<b>3,877,296</b>	<b>1,115,328</b>
<b>Less: current liabilities</b>				
Trade and other payables		(363,713)	(148,713)	(404,135)
Contract liabilities		(50,000)	(127,358)	0
Unspent non-operating grants, subsidies and contributions liability		(300,000)	(664,103)	
Lease liabilities	8	(92,859)	(92,859)	(280,499)
Employee provisions		(391,552)	(391,552)	(391,607)
Other provisions		(25,743)	(25,743)	(25,743)
		<b>(1,223,867)</b>	<b>(1,450,328)</b>	<b>(1,101,984)</b>
<b>Net current assets</b>		<b>484,856</b>	<b>2,426,968</b>	<b>13,344</b>
<b>Less: Total adjustments to net current assets</b>	3.(c)	<b>(484,856)</b>	<b>(342,811)</b>	<b>(13,344)</b>
<b>Net current assets used in the Rate Setting Statement</b>		<b>0</b>	<b>2,084,157</b>	<b>0</b>

## 3. NET CURRENT ASSETS (CONTINUED)

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

## Items excluded from calculation of budgeted deficiency

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

## (b) Non-cash amounts excluded from operating activities

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

## Adjustments to operating activities

Less: Profit on asset disposals

Add: Loss on disposal of assets

Add: Depreciation on assets

## Non cash amounts excluded from operating activities

## (c) Current assets and liabilities excluded from budgeted deficiency

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

## Adjustments to net current assets

Less: Cash - restricted reserves

Less: Current assets not expected to be received at end of year

- Current portion of self supporting loans receivable

- Financial assets at Fair Value through profit and loss

Add: Current liabilities not expected to be cleared at end of year

- Current portion of lease liabilities

- Current portion of employee benefit provisions held in reserve

## Total adjustments to net current assets

Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022
	\$	\$	\$
5(b)	0	(24,760)	(25,050)
5(b)	5,000	2,690	5,000
6	2,574,810	2,582,058	2,608,552
	2,579,810	2,559,988	2,588,502
9	(988,573)	(846,528)	(706,193)
	(1,437)	(1,437)	
	(5,000)	(5,000)	(5,000)
	92,859	92,859	280,499
	417,295	417,295	417,350
	(484,856)	(342,811)	(13,344)

3 (d) NET CURRENT ASSETS (CONTINUED)

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

**TRADE AND OTHER PAYABLES**

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

**PREPAID RATES**

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

**INVENTORIES**

**General**

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

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

**Superannuation**

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

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

**LAND HELD FOR RESALE**

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

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

**GOODS AND SERVICES TAX (GST)**

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

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

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

**TRADE AND OTHER RECEIVABLES**

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

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

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

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

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

**PROVISIONS**

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

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

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

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

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

**CONTRACT LIABILITIES**

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

#### 4. RECONCILIATION OF CASH

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

Note	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Cash at bank and on hand	520,853	2,614,426	37,458
Term deposits	846,529	846,529	0
<b>Total cash and cash equivalents</b>	<b>1,367,382</b>	<b>3,460,955</b>	<b>37,458</b>
Held as			
- Unrestricted cash and cash equivalents	3(a) 3,066	1,797,223	37,458
- Restricted cash and cash equivalents	3(a) 1,364,316	1,663,732	0
	<b>1,367,382</b>	<b>3,460,955</b>	<b>37,458</b>
<b>Restrictions</b>			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	1,364,316	1,663,732	0
- Restricted financial assets at amortised cost - term deposits	3(a) 0	0	706,193
	<b>1,364,316</b>	<b>1,663,732</b>	<b>706,193</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Financially backed reserves	9 988,573	846,528	706,193
Contract liabilities	50,000	127,358	0
Unspent non-operating grants, subsidies and contribution liabilities	300,000	664,103	0
Other provisions	25,743	25,743	0
	<b>1,364,316</b>	<b>1,663,732</b>	<b>706,193</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	<b>(214,427)</b>	<b>665,743</b>	<b>(1,358,897)</b>
Depreciation	6 2,574,810	2,582,058	2,608,552
(Profit)/loss on sale of asset	5(b) 5,000	(22,070)	(20,050)
(Increase)/decrease in receivables	75,000	287,712	325,000
(Increase)/decrease in inventories	0	(5,608)	10,000
(Increase)/decrease in other assets	0	9,662	0
Increase/(decrease) in payables	215,000	(160,417)	95,000
Increase/(decrease) in contract liabilities	(77,358)	50,864	(394,718)
Increase/(decrease) in unspent non-operating grants	(364,103)	345,879	0
Non-operating grants, subsidies and contributions	(2,521,377)	(2,016,187)	(1,394,658)
<b>Net cash from operating activities</b>	<b>(307,455)</b>	<b>1,737,636</b>	<b>(129,771)</b>

#### SIGNIFICANT ACCOUNTING POLICES

##### CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 3 - Net Current Assets.

##### FINANCIAL ASSETS AT AMORTISED COST

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

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



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

**5. FIXED ASSETS**

**(a) Acquisition of Assets**

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

**Reporting program**

Asset class	Governance	Law, order, public safety	Education and welfare	Recreation and culture	Transport	Economic services	2022/23 Budget total	2021/22 Actual total	2021/22 Budget total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b><i>Property, Plant and Equipment</i></b>									
Buildings - non-specialised	0	463,414	50,000	240,368	0	50,000	803,782	0	0
Buildings - specialised	0	0	0	0	0	0	0	725,766	561,316
Furniture and equipment	37,150	0	0	0	0	0	37,150	5,134	34,700
Plant and equipment	0	261,300	0	0	124,000	0	385,300	34,095	34,000
	37,150	724,714	50,000	240,368	124,000	50,000	1,226,232	764,995	630,016
<b><i>Infrastructure</i></b>									
Infrastructure - roads	0	0	0	0	827,344	0	827,344	599,869	937,673
Infrastructure - footpaths	0	0	0	0	12,244	0	12,244	0	12,215
Infrastructure - parks and ovals	0	0	0	414,194	0	0	414,194	0	0
Infrastructure Other	0	0	0	0	320,000	0	320,000	190,896	219,250
Infrastructure Bridges	0	0	0	0	204,650	0	204,650	58,121	0
	0	0	0	414,194	1,364,238	0	1,778,432	848,886	1,169,138
<b><i>Right of use assets</i></b>									
Right of use - plant and equipment	0	0	0	0	0	0	0	0	330,000
	0	0	0	0	0	0	0	0	330,000
<b>Total acquisitions</b>	<b>37,150</b>	<b>724,714</b>	<b>50,000</b>	<b>654,562</b>	<b>1,488,238</b>	<b>50,000</b>	<b>3,004,664</b>	<b>1,613,881</b>	<b>2,129,154</b>

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

**SIGNIFICANT ACCOUNTING POLICIES**

**RECOGNITION OF ASSETS**

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

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

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

5. FIXED ASSETS

(b) Disposals of Assets

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

	2022/23 Budget Net Book Value	2022/23 Budget Sale Proceeds	2022/23 Budget Profit	2022/23 Budget Loss	2021/22 Actual Net Book Value	2021/22 Actual Sale Proceeds	2021/22 Actual Profit	2021/22 Actual Loss	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Governance	0	0	0	0	27,477	38,738	13,951	(2,690)	0	0	0	0
Transport	17,000	12,000	0	(5,000)	7,780	18,589	10,809	0	41,950	62,000	25,050	(5,000)
	17,000	12,000	0	(5,000)	35,257	57,327	24,760	(2,690)	41,950	62,000	25,050	(5,000)
<b>By Class</b>												
<i>Property, Plant and Equipment</i>												
Buildings - specialised	0	0	0	0	2,690	0	0	(2,690)	0	0	0	0
Plant and equipment	17,000	12,000	0	(5,000)	32,567	57,327	24,760		41,950	62,000	25,050	(5,000)
	17,000	12,000	0	(5,000)	35,257	57,327	24,760	(2,690)	41,950	62,000	25,050	(5,000)

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

**SIGNIFICANT ACCOUNTING POLICIES**

**GAINS AND LOSSES ON DISPOSAL**

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

## 6. ASSET DEPRECIATION

### By Program

Governance
Law, order, public safety
Education and welfare
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

### By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - roads
Infrastructure - footpaths
Infrastructure - kerbs & drainage
Infrastructure Other
Infrastructure Bridges
Right of use - buildings
Right of use - plant and equipment
Right of use - furniture and fittings

2022/23 Budget	2021/22 Actual	2021/22 Budget
\$	\$	\$
101,595	101,152	85,375
45,979	45,304	46,333
30,336	30,353	39,778
26,579	26,594	24,864
494,030	494,567	542,029
1,714,900	1,715,776	1,711,357
54,953	54,982	54,353
106,438	113,330	104,463
<b>2,574,810</b>	<b>2,582,058</b>	<b>2,608,552</b>
138,878	138,878	60,000
207,753	207,753	335,000
12,214	12,214	4,000
152,301	159,549	170,000
1,187,186	1,187,186	1,156,552
42,789	42,789	40,000
216,941	216,941	220,000
328,454	328,454	301,500
234,464	234,464	275,000
0	0	6,000
24,995	24,995	20,500
28,835	28,835	20,000
<b>2,574,810</b>	<b>2,582,058</b>	<b>2,608,552</b>

## SIGNIFICANT ACCOUNTING POLICIES

### DEPRECIATION

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

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

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

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

Buildings - non-specialised	5 to 60 years
Buildings - specialised	5 to 50 years
Furniture and equipment	1 to 10 years
Plant and equipment	2 to 50 years
Infrastructure - roads	15 to 80 years
Infrastructure - footpaths	20 to 80 years
Infrastructure - kerbs & drainage	8 to 100 years
Infrastructure - parks and ovals	10 to 75 Years
Infrastructure Other	up to 75 years
Infrastructure Bridges	10 to 65 years
Right of use - buildings	Based on the remaining lease
Right of use - plant and equipment	Based on the remaining lease
Right of use - furniture and fittings	Based on the remaining lease

### AMORTISATION

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

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

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

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

**7. INFORMATION ON BORROWINGS**

**(a) Borrowing repayments**

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2022/23	2022/23	Budget	2022/23	Actual	2021/22	2021/22	Actual	2021/22	Budget	2021/22	2021/22	Budget	2021/22	
				Principal	Budget	Budget	Principal	Budget		Actual	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Principal	Principal
				1 July 2022	New	Principal	outstanding	Repayments	1 July 2021	New	Principal	outstanding	Repayments	1 July 2021	New	Principal	outstanding	Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Education and welfare</b>																			
<b>Recreation and culture</b>																			
	123	WATC	4.20%	1,849,207	0	(109,450)	1,739,757	(76,712)	1,954,191	0	(104,984)	1,849,207	(80,954)	1,954,191	0	(104,983)	1,849,208	(81,178)	
	124	WATC	0.70%	1,097,502	0	(1,097,502)	0	(3,586)	1,148,918	0	(51,416)	1,097,502	(7,300)	1,148,918	0	(51,416)	1,097,502	(7,423)	
				2,946,709	0	(1,206,952)	1,739,757	(80,298)	3,103,109	0	(156,400)	2,946,709	(88,254)	3,103,109	0	(156,399)	2,946,710	(88,601)	
<b>Self Supporting Loans</b>																			
<b>Education and welfare</b>																			
	120	WATC	6.47%	113,589	0	(19,920)	93,669	(7,032)	132,281	0	(18,692)	113,589	(8,214)	132,281	0	(18,692)	113,589	(8,261)	
				113,589	0	(19,920)	93,669	(7,032)	132,281	0	(18,692)	113,589	(8,214)	132,281	0	(18,692)	113,589	(8,261)	
				3,060,298	0	(1,226,872)	1,833,426	(87,330)	3,235,390	0	(175,092)	3,060,298	(96,468)	3,235,390	0	(175,091)	3,060,299	(96,862)	

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

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

**7. INFORMATION ON BORROWINGS**

**(b) New borrowings - 2022/23**

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2023

**(c) Unspent borrowings**

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

**(d) Credit Facilities**

	<b>2022/23 Budget</b>	<b>2021/22 Actual</b>	<b>2021/22 Budget</b>
	\$	\$	\$
<b>Undrawn borrowing facilities credit standby arrangements</b>			
Bank overdraft limit	500,000	500,000	500,000
Bank overdraft at balance date	0	0	0
Credit card limit	20,000	20,000	20,000
Credit card balance at balance date	0	(2,289)	0
<b>Total amount of credit unused</b>	<b>520,000</b>	<b>517,711</b>	<b>520,000</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	1,833,426	3,060,298	3,060,299

**SIGNIFICANT ACCOUNTING POLICIES**

**BORROWING COSTS**

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

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

**8. LEASE LIABILITIES**

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal	2022/23 Budget New Leases	2022/23 Budget Lease Principal Repayments	Budget Lease Principal outstanding 30 June 2023	2022/23 Budget Lease Interest Repayments	Actual Principal 1 July 2021	2021/22 Actual New Leases	2021/22 Actual Lease repayments	Actual Lease Principal outstanding 30 June 2022	2021/22 Actual Lease repayments	Budget Principal 1 July 2021	2021/22 Budget New Leases	2021/22 Budget Lease Principal repayments	Budget Lease Principal outstanding 30 June 2022	2021/22 Budget Lease Interest Repayments	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>																				
Photocopier	001	Classic Funding Group	3.0%	5	16,154	0	(16,154)	0	(824)	37,137	0	(20,983)	16,154	(824)	37,136	0	(20,983)	16,153	(825)	
Computer Server	002	Vestone Capital	5.4%	5	32,798	0	(8,788)	24,010	(1,932)	41,153	0	(8,355)	32,798	(1,933)	41,153	0	(8,355)	32,798	(1,933)	
Solar System -Admin	003	Vestone Capital	5.4%	5	8,913	0	(3,442)	5,471	(592)	12,157	0	(3,244)	8,913	(592)	12,157	0	(3,244)	8,913	(593)	
CCTV Server	005	Vestone Capital	6.0%	5	15,901	0	(3,971)	11,930	(818)	19,942	0	(4,041)	15,901	(818)	19,942	0	(3,741)	16,201	(1,119)	
<b>Transport</b>																				
Motor Grader	004	Vestone Capital	3.1%	5	231,357	0	(60,524)	170,833	(11,860)	290,042	0	(58,685)	231,357	(8,001)	290,041	0	(58,685)	231,356	(8,136)	
Tip Truck	005				0	0	0	0	0	0	0	0	0	0	230,000		(34,500)	195,500	(5,888)	
Loader	007	Vestone Capital	8.4%	5	0	0	(15,000)	(15,000)	0	0	0	0	0	0	0	100,000		(15,000)	85,000	(2,560)
					305,123	0	(107,879)	197,244	(16,026)	400,431	0	(95,308)	305,123	(12,168)	400,429	330,000		(144,508)	585,921	(21,054)

**SIGNIFICANT ACCOUNTING POLICIES**

**LEASES**

At the inception of a contract, the Shire assesses whether the contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and a lease liability, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

**LEASE LIABILITIES**

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

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

9. FINANCIALLY BACKED RESERVES

(a) Financially Backed Reserves - Movement

	2022/23 Budget Opening Balance	2022/23 Budget Transfer to	2022/23 Budget Transfer (from)	2022/23 Budget Closing Balance	2021/22 Actual Opening Balance	2021/22 Actual Transfer to	2021/22 Actual Transfer (from)	2021/22 Actual Closing Balance	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by legislation</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Restricted by council</b>												
(a) Leave reserve	196,395	185	0	196,580	36,295	170,100	(10,000)	196,395	36,295	186	(10,000)	26,481
(b) Plant reserve	85,124	239,407	(124,000)	200,531	33,294	51,830	0	85,124	33,295	13,171	0	46,466
(c) Building Reserve	374,932	2,068	0	377,000	23,962	520,970	(170,000)	374,932	23,962	421,027	0	444,989
(d) Electronic Equipment Reserve	54,793	35,249	(37,150)	52,892	32,344	40,089	(17,640)	54,793	32,344	40,166	(19,700)	52,810
(e) Community Bus reserve	43,979	20,220	0	64,199	23,913	20,066	0	43,979	23,914	20,123	0	44,037
(f) Swimming Pool reserve	33,072	5,166	0	38,238	27,995	5,077	0	33,072	27,995	5,143	0	33,138
(g) Refuse Site Rehab/ closure reserve	16,236	82	0	16,318	16,191	45	0	16,236	16,190	83	0	16,273
(h) Tutanning Nature reserve	1,997	18	0	2,015	1,094	903	0	1,997	1,094	905	0	1,999
(i) Wheatbelt Secondary Freight Network	40,000	800	0	40,800	0	40,000	0	40,000	0	40,000	0	40,000
	846,528	303,195	(161,150)	988,573	195,088	849,080	(197,640)	846,528	195,089	540,804	(29,700)	706,193
	846,528	303,195	(161,150)	988,573	195,088	849,080	(197,640)	846,528	195,089	540,804	(29,700)	706,193

(b) Financially Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	to fund annual and long service leave requirements
(b) Plant reserve	Ongoing	for the purchase of major plant
(c) Building Reserve	Ongoing	to fund the renovation/purchase of Shire of Pingelly buildings and recreation infrastructure
(d) Electronic Equipment Reserve	Ongoing	to fund the purchase of information technology hardware and software equipment
(e) Community Bus reserve	Ongoing	to fund the change over of the community bus
(f) Swimming Pool reserve	Ongoing	to fund the upgrading of the swimming pool complex
(g) Refuse Site Rehab/ closure reserve	Ongoing	to facilitate the rehabilitation/closure of the town refuse site
(h) Tutanning Nature reserve	Ongoing	for the operations, improvements and promotion of the Tutanning Nature reserve
(i) Wheatbelt Secondary Freight Network	Ongoing	for the Shire of Pingelly's contribution for infrastructure renewal for the future Wheatbelt Secondary Freight Network capital renewal

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

**10. REVENUE RECOGNITION**

**SIGNIFICANT ACCOUNTING POLICIES**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - pool Inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment . None prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on time of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - licences/ registrations/ approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges - property hire and entry	Use of Halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges - memberships	Gym and Pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the collection period	Returns limited to repayment of transaction price	Output method based on provision of service or completion of works
Fees and charges - other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by Council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - reimbursement	Insurance Claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is approved	Not applicable	When claim is approved



## 11. PROGRAM INFORMATION

Income and expenses	2022/23 Budget	2021/22 Actual	2021/22 Budget
<b>Income excluding grants, subsidies and contributions</b>	\$	\$	\$
Governance	57,225	120,966	58,025
General purpose funding	2,382,674	2,279,273	2,276,282
Law, order, public safety	9,667	10,021	6,525
Health	2,461	2,423	1,900
Education and welfare	18,041	16,108	17,270
Community amenities	220,740	211,818	211,250
Recreation and culture	68,816	80,422	26,116
Transport	2,000	10,809	27,050
Economic services	51,950	42,383	45,050
Other property and services	59,379	103,708	40,227
	2,872,953	2,877,931	2,709,695
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	371,198	1,802,880	613,745
Law, order, public safety	308,620	214,245	312,564
Education and welfare	5,000	0	1,000
Recreation and culture	3,000	1,864	3,000
Transport	96,823	285,165	267,675
Economic services	67,145	19,000	0
	851,786	2,323,154	1,197,984
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	724,714	0	0
Recreation and culture	556,194	917,996	467,496
Transport	1,494,572	752,312	927,162
Economic services	110,000	0	0
	2,885,480	1,670,308	1,394,658
<b>Total Income</b>	6,610,219	6,871,393	5,302,337
<b>Expenses</b>			
Governance	(462,669)	(403,079)	(425,457)
General purpose funding	(226,770)	(192,393)	(207,821)
Law, order, public safety	(513,836)	(393,766)	(497,159)
Health	(184,622)	(166,452)	(176,477)
Education and welfare	(111,862)	(101,020)	(113,328)
Community amenities	(406,344)	(339,912)	(398,447)
Recreation and culture	(1,509,928)	(1,400,876)	(1,509,842)
Transport	(2,877,742)	(2,691,537)	(2,902,952)
Economic services	(526,663)	(381,070)	(410,577)
Other property and services	(4,210)	(135,545)	(19,174)
<b>Total expenses</b>	(6,824,646)	(6,205,650)	(6,661,234)
<b>Net result for the period</b>	(214,427)	665,743	(1,358,897)

## 12. OTHER INFORMATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	4,032	538	1,000
- Other funds	8,232	11,890	10,261
Other interest revenue (refer note 1b)	22,476	20,968	20,130
	34,740	33,396	31,391
<b>(b) Other revenue</b>			
Reimbursements and recoveries	20,830	133,051	22,830
Other	97,932	112,290	54,454
	118,762	245,341	77,284
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	23,500	23,500	24,000
Other services	7,180	5,835	3,300
	30,680	29,335	27,300
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 7(a))	87,330	96,468	96,862
Interest expense on lease liabilities	16,026	12,168	21,054
	103,356	108,636	117,916
<b>(e) Write offs</b>			
General rate	200	0	200
	200	0	200

### 13. ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
<b>Elected member Councillor W Mulroney</b>			
President's allowance	1,200	1,200	1,200
Meeting attendance fees	10,000	10,000	10,000
Annual allowance for ICT expenses	100	0	100
	11,300	11,200	11,300
<b>Elected member Councillor J McBurney</b>			
Deputy President's allowance	300	300	300
Meeting attendance fees	4,400	4,400	4,400
	4,700	4,700	4,700
<b>Elected member Councillor B Hotham</b>			
Meeting attendance fees	4,000	4,000	4,000
	4,000	4,000	4,000
<b>Elected member Councillor P Woods</b>			
Meeting attendance fees	4,000	4,000	4,000
	4,000	4,000	4,000
<b>Elected member Councillor A Oliveri</b>			
Meeting attendance fees	4,000	4,000	4,000
	4,000	4,000	4,000
<b>Elected member Councillor P Narducci</b>			
Meeting attendance fees	4,000	4,000	4,000
	4,000	4,000	4,000
<b>Elected member Councillor K Singh</b>			
Meeting attendance fees	4,000	2,667	0
	4,000	2,667	0
<b>Former Elected member Councillor K Camilleri</b>			
Meeting attendance fees	4,000	3,667	4,000
	4,000	3,667	4,000
<b>Former Elected member Councillor D Freebairn</b>			
Meeting attendance fees	0	1,333	4,000
	0	1,333	4,000
<b>Total Elected Member Remuneration</b>	40,000	39,567	40,000
President's allowance	1,200	1,200	1,200
Deputy President's allowance	300	300	300
Meeting attendance fees	38,400	38,067	38,400
Annual allowance for ICT expenses	100	0	100
	40,000	39,567	40,000

## 14 FEES AND CHARGES

	<b>2022/23 Budget</b>	<b>2021/22 Actual</b>	<b>2021/22 Budget</b>
	\$	\$	\$
<b>By Program:</b>			
Governance	34,500	39,264	35,600
General purpose funding	10,500	11,922	9,000
Law, order, public safety	6,417	6,683	6,525
Health	2,461	2,423	1,900
Education and welfare	4,000	651	2,000
Community amenities	220,740	211,050	211,250
Recreation and culture	15,502	20,913	15,202
Economic services	51,950	42,382	45,050
Other property and services	43,379	4,875	20,227
	<b>389,449</b>	<b>340,163</b>	<b>346,754</b>

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



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