

SHIRE OF PINGELLY
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	1,994,784	1,913,399	1,890,925
Operating grants, subsidies and contributions	9	1,109,566	1,493,908	1,237,260
Fees and charges	8	494,266	319,050	280,218
Service charges	1(f)	0	0	0
Interest earnings	10(a)	64,875	80,338	109,865
Other revenue	10(b)	62,066	103,011	85,573
		3,725,557	3,909,706	3,603,841
Expenses				
Employee costs		(1,695,002)	(1,874,681)	(1,845,052)
Materials and contracts		(1,221,608)	(1,172,289)	(1,225,650)
Utility charges		(168,682)	(159,489)	(165,029)
Depreciation on non-current assets	5	(1,755,000)	(1,522,725)	(1,532,000)
Interest expenses	10(c)	(129,622)	(110,744)	(84,614)
Insurance expenses		(178,508)	(143,287)	(157,695)
Other expenditure		(92,155)	(65,900)	(104,207)
		(5,240,577)	(5,049,115)	(5,114,247)
		(1,515,020)	(1,139,409)	(1,510,406)
Non-operating grants, subsidies and contributions	9	1,334,006	5,994,177	6,329,826
Profit on asset disposals	4(b)	78,000	0	0
Loss on asset disposals	4(b)	(386,049)	0	(12,000)
Net result		(489,063)	4,854,768	4,807,420
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(489,063)	4,854,768	4,807,420

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 Pingelly controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

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

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		85,669	59,216	65,370
General purpose funding		2,691,085	3,174,924	2,559,639
Law, order, public safety		65,902	77,627	111,624
Health		6,936	8,283	11,908
Education and welfare		11,175	44,810	45,846
Community amenities		343,650	174,269	163,170
Recreation and culture		12,860	123,362	42,020
Transport		406,480	95,001	495,114
Economic services		24,050	43,885	50,150
Other property and services		77,750	108,329	59,000
		3,725,557	3,909,706	3,603,841
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(291,458)	(556,517)	(577,754)
General purpose funding		(225,373)	(176,753)	(167,704)
Law, order, public safety		(207,056)	(200,344)	(252,396)
Health		(121,072)	(109,345)	(112,480)
Education and welfare		(113,124)	(30,423)	(35,779)
Community amenities		(408,119)	(370,812)	(391,955)
Recreation and culture		(1,214,797)	(850,934)	(926,665)
Transport		(2,225,141)	(2,324,410)	(2,254,150)
Economic services		(264,077)	(231,661)	(285,114)
Other property and services		(40,738)	(87,172)	(25,636)
		(5,110,955)	(4,938,371)	(5,029,633)
Finance costs	6, 10(d)			
Education and welfare		(5,879)	(12,459)	(12,464)
Recreation and culture		(123,743)	(98,285)	(72,150)
		(129,622)	(110,744)	(84,614)
		(1,515,020)	(1,139,409)	(1,510,406)
Non-operating grants, subsidies and contributions	9	1,334,006	5,994,177	6,329,826
Profit on disposal of assets	4(b)	78,000	0	0
(Loss) on disposal of assets	4(b)	(386,049)	0	(12,000)
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Net result		(489,063)	4,854,768	4,807,420
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(489,063)	4,854,768	4,807,420

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	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.
GENERAL PURPOSE FUNDING	A financially sustainable Shire.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	A safe community.	Fire prevention, animal control and assistance to emergency services.
HEALTH	Health and family support services that are accessible and meet the needs of the community.	Food quality control, provision of doctor services and maintenance of dental equipment.
EDUCATION AND WELFARE	Quality of life for the aged and disabled. Development and participation of young people.	Maintenance of a daycare centre and assistance to the provision of aged care accommodation.
COMMUNITY AMENITIES	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 public toilets and maintenance of storm water drainage.
RECREATION AND CULTURE	Access to recreation, sporting and leisure opportunities.	Maintenance of the Town Hall, Pavilion, Community Centre, recreation ground, swimming pool complex, reserves, operation of the library together with support of cultural events.
TRANSPORT	Safe and reliable transport infrastructure.	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets and depot maintenance.
ECONOMIC SERVICES	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
OTHER PROPERTY AND SERVICES	Provide support services for works and plant operations.	Private works operations, plant repairs and operation costs.

**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		2,039,784	1,840,852	1,890,925
Operating grants, subsidies and contributions		1,189,566	1,988,772	1,676,745
Fees and charges		494,266	319,050	280,218
Interest earnings		64,875	80,338	109,865
Goods and services tax		410,000	(57,709)	359,558
Other revenue		62,066	103,011	85,573
		4,260,557	4,274,314	4,402,884
Payments				
Employee costs		(1,695,002)	(1,835,099)	(1,865,048)
Materials and contracts		(1,173,303)	(1,139,654)	(1,115,527)
Utility charges		(168,682)	(159,489)	(165,029)
Interest expenses		(129,622)	(61,573)	(84,614)
Insurance expenses		(178,508)	(143,287)	(157,695)
Goods and services tax		(360,000)	0	(359,558)
Other expenditure		(92,155)	(65,900)	(104,207)
		(3,797,272)	(3,405,002)	(3,851,678)
Net cash provided by (used in) operating activities	3	463,285	869,312	551,206
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(2,272,058)	(8,775,976)	(9,479,493)
Payments for construction of infrastructure	4(a)	(1,091,572)	(901,368)	(1,387,460)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,334,006	5,994,177	6,329,826
Proceeds from sale of plant & equipment	4(b)	113,600	0	20,000
Net cash provided by (used in) investing activities		(1,916,024)	(3,683,167)	(4,517,127)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(98,336)	(58,460)	(78,674)
Proceeds from self supporting loans	6(a)	7,598	14,488	14,489
Proceeds from new borrowings	6(b)	700,000	500,000	1,200,000
Net cash provided by (used in) financing activities		609,262	456,028	1,135,815
Net increase (decrease) in cash held		(843,477)	(2,357,827)	(2,830,106)
Cash at beginning of year		1,073,956	3,431,783	3,581,436
Cash and cash equivalents at the end of the year	3	230,479	1,073,956	751,330

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	740,010	1,345,280	1,375,310
		740,010	1,345,280	1,375,310
Revenue from operating activities (excluding rates)				
Governance		85,669	59,216	65,370
General purpose funding		696,541	1,282,200	668,714
Law, order, public safety		65,902	77,627	111,624
Health		6,936	8,283	11,908
Education and welfare		11,175	44,810	45,846
Community amenities		343,650	174,269	163,170
Recreation and culture		12,860	123,362	42,020
Transport		484,480	95,001	495,114
Economic services		24,050	43,885	50,150
Other property and services		77,750	108,329	59,000
		1,809,013	2,016,982	1,712,916
Expenditure from operating activities				
Governance		(677,507)	(556,517)	(589,754)
General purpose funding		(225,373)	(176,753)	(167,704)
Law, order, public safety		(207,056)	(200,344)	(252,396)
Health		(121,072)	(109,345)	(112,480)
Education and welfare		(119,003)	(42,882)	(48,243)
Community amenities		(408,119)	(370,812)	(391,955)
Recreation and culture		(1,338,540)	(949,219)	(998,815)
Transport		(2,225,141)	(2,324,410)	(2,254,150)
Economic services		(264,077)	(231,661)	(285,114)
Other property and services		(40,738)	(87,172)	(25,636)
		(5,626,626)	(5,049,115)	(5,126,247)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(78,000)	0	0
Loss on disposal of assets	4(b)	386,049	0	12,000
Depreciation on assets	5	1,755,000	1,522,725	1,532,000
Movement in Deferred Pensioner Rates/ESL		0	(5,974)	0
Movement in employee benefit provisions (non-current)		0	41,506	0
Amount attributable to operating activities		(1,014,554)	(128,596)	(494,021)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,334,006	5,994,177	6,329,826
Purchase property, plant and equipment	4(a)	(2,272,058)	(8,775,976)	(9,479,493)
Purchase and construction of infrastructure	4(a)	(1,091,572)	(901,368)	(1,387,460)
Proceeds from disposal of assets	4(a)	113,600	0	20,000
Amount attributable to investing activities		(1,916,024)	(3,683,167)	(4,517,127)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(98,336)	(58,460)	(78,674)
Proceeds from new borrowings	6(b)	700,000	500,000	1,200,000
Proceeds from self supporting loans	6(a)	7,598	14,488	14,489
Unspent Loans going forward		0	0	1,903,210
Transfers to Restricted Assets (Other)		0	0	(200,000)
Transfer from Restricted Asset - Unspent Loans		0	1,903,210	0
Transfers to cash backed reserves (restricted assets)	7(a)	(28,996)	(20,189)	(38,802)
Transfers from cash backed reserves (restricted assets)	7(a)	355,768	320,000	320,000
Amount attributable to financing activities		936,034	2,659,049	3,120,223
Budgeted deficiency before general rates		(1,994,544)	(1,152,714)	(1,890,925)
Estimated amount to be raised from general rates	1	1,994,544	1,892,724	1,890,925
Net current assets at end of financial year - surplus/(deficit)	2	0	740,010	0

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

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

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
	2	740,010	1,345,280	1,375,310
		740,010	1,345,280	1,375,310
Revenue from operating activities (excluding rates)				
Specified area rates	1(e)	0	0	0
Rates revenue other than rates raised from general rates		240	20,675	0
Operating grants, subsidies and contributions	9	1,109,566	1,493,908	1,237,260
Fees and charges	8	494,266	319,050	280,218
Service charges	1(f)	0	0	0
Interest earnings	10(a)	64,875	80,338	109,865
Other revenue	10(b)	62,066	103,011	85,573
Profit on asset disposals	4(b)	78,000	0	0
		1,809,013	2,016,982	1,712,916
Expenditure from operating activities				
Employee costs		(1,695,002)	(1,874,681)	(1,845,052)
Materials and contracts		(1,221,608)	(1,172,289)	(1,225,650)
Utility charges		(168,682)	(159,489)	(165,029)
Depreciation on non-current assets	5	(1,755,000)	(1,522,725)	(1,532,000)
Interest expenses	10(c)	(129,622)	(110,744)	(84,614)
Insurance expenses		(178,508)	(143,287)	(157,695)
Other expenditure		(92,155)	(65,900)	(104,207)
Loss on asset disposals	4(b)	(386,049)	0	(12,000)
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
		(5,626,626)	(5,049,115)	(5,126,247)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(78,000)	0	0
Loss on disposal of assets	4(b)	386,049	0	12,000
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
Depreciation on assets	5	1,755,000	1,522,725	1,532,000
Movement in Deferred Pensioner Rates/ESL		0	(5,974)	0
Movement in employee benefit provisions (non-current)		0	41,506	0
Amount attributable to operating activities		(1,014,554)	(128,596)	(494,021)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,334,006	5,994,177	6,329,826
Purchase land held for resale	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(2,272,058)	(8,775,976)	(9,479,493)
Purchase and construction of infrastructure	4(a)	(1,091,572)	(901,368)	(1,387,460)
Proceeds from disposal of assets	4(b)	113,600	0	20,000
Amount attributable to investing activities		(1,916,024)	(3,683,167)	(4,517,127)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(98,336)	(58,460)	(78,674)
Proceeds from new borrowings	6	700,000	500,000	1,200,000
Proceeds from self supporting loans	6(a)	7,598	14,488	14,489
Unspent loans going forward		0	0	1,903,210
Transfer from Restricted Asset - Unspent Loans		0	1,903,210	0
Transfers to Restricted Assets (Other)		0	0	(200,000)
Transfers to cash backed reserves (restricted assets)	7(a)	(28,996)	(20,189)	(38,802)
Transfers from cash backed reserves (restricted assets)	7(a)	355,768	320,000	320,000
Amount attributable to financing activities		936,034	2,659,049	3,120,223
Budgeted deficiency before general rates		(1,994,544)	(1,152,714)	(1,890,925)
Estimated amount to be raised from general rates	1	1,994,544	1,892,724	1,890,925
Net current assets at end of financial year - surplus/(deficit)	2	0	740,010	0

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 - Residential	0.130220	320	3,127,377	407,247	0	0	407,247	378,641
GRV - Rural Residential	0.130220	69	719,124	93,644	0	0	93,644	87,250
GRV - Commercial/Industrial	0.130220	33	462,679	60,250	0	0	60,250	54,909
GRV - Townsites	0.130220	12	128,439	16,725	0	0	16,725	15,738
UV - Broadacre Rural	0.010469	252	123,506,500	1,292,990	(512)	0	1,292,478	1,225,976
Sub-Totals		686	127,944,119	1,870,856	(512)	0	1,870,344	1,762,514
Minimum								
\$								
Minimum payment								
GRV - Residential	900	58	121,940	52,200	0	0	52,200	56,574
GRV - Rural Residential	900	20	69,600	18,000	0	0	18,000	18,858
GRV - Commercial/Industrial	900	8	29,130	7,200	0	0	7,200	8,980
GRV - Townsites	900	7	20,271	6,300	0	0	6,300	6,286
UV - Broadacre Rural	900	45	2,709,500	40,500	0	0	40,500	39,512
Sub-Totals		138	2,950,441	124,200	0	0	124,200	130,210
		824	130,894,560	1,995,056	(512)	0	1,994,544	1,892,724
Discounts							0	0
Total amount raised from general rates							1,994,544	1,892,724
Ex Gratia Rates							240	219
Movement in Excess Rates							0	20,456
Specified area rates (Refer note 1(e))							0	0
Total rates							1,994,784	1,913,399

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 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				
Full Payment	18/09/2018			11.00%
Option two				
First Instalment	18/09/2018			11.00%
Second Instalment	22/01/2019	10	5.50%	11.00%
Option three				
First Instalment	18/09/2018	0		11.00%
Second Instalment	20/11/2018	10	5.50%	11.00%
Third Instalment	22/01/2019	10	5.50%	11.00%
Fourth Instalment	21/03/2019	10	5.50%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	4,700	4,700
Instalment plan interest earned	6,800	6,782
ESL Penalty Interest	0	803
Unpaid rates and service charge interest earned	18,200	17,402
	29,700	29,687

**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.

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2019.

**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	29,677	546,382
Cash - restricted reserves	3	200,802	527,574
Receivables		252,356	427,356
Inventories		8,380	8,380
		491,215	1,509,692
Less: current liabilities			
Trade and other payables		(282,815)	(234,510)
Long term borrowings		(1,298,336)	(598,336)
Provisions		(303,871)	(303,871)
		(1,885,022)	(1,136,717)
Unadjusted net current assets		(1,393,807)	372,975
Adjustments			
Less: Cash - restricted reserves	3	(200,802)	(527,574)
Less: Current loans - clubs / institutions		(7,598)	(7,598)
Add: Current portion of borrowings		1,298,336	598,336
Add: Current liabilities not expected to be cleared at end of year		303,871	303,871
Adjusted net current assets - surplus/(deficit)		0	740,010

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 Pingelly's operational cycle. In the case of liabilities where the Shire of Pingelly 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 Pingelly'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.

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 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.

PROVISIONS

Provisions are recognised when the Shire of Pingelly 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 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.

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire of Pingelly'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 Pingelly'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 Pingelly'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	\$ 29,677	\$ 546,382	\$ 5,139
Cash - restricted	200,802	527,574	746,191
	<u>230,479</u>	<u>1,073,956</u>	<u>751,330</u>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Reserves cash backed - Leave Reserve	35,653	113,223	112,553
Reserves cash backed - Plant Reserve	65,041	246,256	245,304
Reserves cash backed - Building & Recreation Reserve	23,387	31,202	54,033
Reserves cash backed - Community Bus Reserve	11,443	11,418	11,162
Reserves cash backed - Electronic Equipment Reserve	3,087	6,280	6,135
Reserves cash backed - Swimming Pool Reserve	46,590	51,095	50,178
Reserves cash backed - Joint Venture Housing Reserve	0	52,544	51,611
Reserves cash backed - Refuse Site Rehab/Closure Reserve	15,601	15,556	15,214
	<u>200,802</u>	<u>527,574</u>	<u>546,190</u>
Reconciliation of net cash provided by operating activities to net result			
Net result	(489,063)	4,854,768	4,807,420
Depreciation	1,755,000	1,522,725	1,532,000
(Profit)/loss on sale of asset	308,049	0	12,000
(Increase)/decrease in receivables	175,000	364,608	439,485
(Increase)/decrease in inventories	0	(5,906)	1,000
Increase/(decrease) in payables	48,305	85,789	109,123
Increase/(decrease) in employee provisions	0	41,505	(19,996)
Grants/contributions for the development of assets	(1,334,006)	(5,994,177)	(6,329,826)
Net cash from operating activities	<u>463,285</u>	<u>869,312</u>	<u>551,206</u>

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 (Level 3)	0	0	0	0	0	0	0	5,000	0	0	0	5,000	0
Plant and equipment	0	0	0	0	0	0	0	0	273,000	0	0	273,000	377,283
Works in Progress	0	0	0	0	144,525	0	0	1,849,533	0	0	0	1,994,058	8,398,693
	0	0	0	0	144,525	0	0	1,854,533	273,000	0	0	2,272,058	8,775,976
<i>Infrastructure</i>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	833,572	0	0	833,572	901,368
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	6,000	0	0	6,000	0
Infrastructure - Bridges	0	0	0	0	0	0	0	0	252,000	0	0	252,000	0
	0	0	0	0	0	0	0	0	1,091,572	0	0	1,091,572	901,368
Total acquisitions	0	0	0	0	144,525	0	0	1,854,533	1,364,572	0	0	3,363,630	9,677,344

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:
Capital Works & New Assets - Source of Funding

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	413,649	27,600	0	(386,049)	0	0	0	(12,000)
Transport	8,000	86,000	78,000	0	0	0	0	0
	421,649	113,600	78,000	(386,049)	0	0	0	(12,000)
By Class								
<i>Property, Plant and Equipment</i>								
Land -	57,506	20,000	0	(37,506)	0	0	0	(12,000)
Land - vested in and under the control of Council	0	0	0	0	0	0	0	0
Buildings - non-specialised (Level 2)	115,043	0	0	(115,043)	0	0	0	0
Buildings - specialised (Level 3)	230,600	0	0	(230,600)	0	0	0	0
Plant and equipment	18,500	93,600	0	75,100	0	0	0	0
	421,649	113,600	0	(308,049)	0	0	0	(12,000)

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

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

5. ASSET DEPRECIATION

By Program

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

By Class

Buildings - non-specialised (Level 2)
Buildings - specialised (Level 3)
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Kerb & Drainage
Infrastructure - Other
Infrastructure - Bridges

2018/19 Budget	2017/18 Actual	2017/18 Budget
\$	\$	\$
97,000	99,928	97,000
22,000	21,260	22,000
6,000	5,989	3,000
39,000	6,460	9,000
20,000	18,364	20,000
375,000	191,967	195,000
1,031,000	1,014,396	1,031,000
40,000	32,784	40,000
125,000	131,577	115,000
1,755,000	1,522,725	1,532,000
81,000	37,559	38,000
257,000	76,915	77,000
28,000	27,790	28,000
211,000	210,901	211,000
840,000	838,268	840,000
26,000	25,379	26,000
30,000	27,478	30,000
170,000	167,114	170,000
112,000	111,321	112,000
1,755,000	1,522,725	1,532,000

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 (Level 2)	50 Years
Buildings - specialised (Level 3)	50 Years
Furniture and equipment	10 Years
Plant and equipment	3-15 Years
Works in Progress	Not Depreciated
Infrastructure - Roads	40 Years
Infrastructure - Footpaths	40 Years
Infrastructure - Kerb & Drainage	40 Years
Infrastructure - Parks and ovals	Various
Infrastructure - Other	Various
Infrastructure - Bridges	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
			\$	\$	\$	\$	\$	\$
Recreation and culture								
Loan 123 - Recreation and Cu	2,289,025	0	90,738	43,971	2,198,287	2,289,025	95,423	97,283
** S/T Loan Facility PRACC	500,000	700,000	0	0	1,200,000	500,000	28,320	1,002
	<u>2,789,025</u>	<u>700,000</u>	<u>90,738</u>	<u>43,971</u>	<u>3,398,287</u>	<u>2,789,025</u>	<u>123,743</u>	<u>98,285</u>
Self Supporting Loans								
Education and welfare								
Loan 120 - SSL Pingelly Cottz	181,718	0	7,598	14,489	174,120	181,718	5,879	12,459
	<u>181,718</u>	<u>0</u>	<u>7,598</u>	<u>14,489</u>	<u>174,120</u>	<u>181,718</u>	<u>5,879</u>	<u>12,459</u>
	<u>2,970,743</u>	<u>700,000</u>	<u>98,336</u>	<u>58,460</u>	<u>3,572,407</u>	<u>2,970,743</u>	<u>129,622</u>	<u>110,744</u>

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.

(**) Short Term Loan Facility is with Western Australian Treasury Corporation

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

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
S/T Loan Facility PRACC	WATC	S/T	1	2.36	700,000	28,320	700,000	0
					700,000	28,320	700,000	0

(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	500,000	500,000
Bank overdraft at balance date	0	0	0
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	535	0
Total amount of credit unused	510,000	510,535	510,000
Loan facilities			
Loan facilities in use at balance date	3,572,407	2,970,743	3,650,529
Unused loan facilities at balance date	0	0	200,000

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd	2017/18 Budget	Amount as at 30 June 2018
			\$	\$	\$
Bendigo Bank	Short Term	2016	500,000	500,000	0
			500,000	500,000	0

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 - Leave Reserve	\$ 113,223	\$ 2,430	\$ (80,000)	\$ 35,653	\$ 169,097	\$ 4,126	\$ (60,000)	\$ 113,223	\$ 169,097	\$ 3,456	\$ (60,000)	\$ 112,553
Reserves cash backed - Plant Reserve	246,256	5,285	(186,500)	65,041	240,391	5,865	0	246,256	240,391	4,913	0	245,304
Reserves cash backed - Building & Recreation Reserve	31,202	20,185	(28,000)	23,387	284,266	6,936	(260,000)	31,202	284,266	29,767	(260,000)	54,033
Reserves cash backed - Community Bus Reserve	11,418	25	0	11,443	11,147	272	0	11,418	11,147	15	0	11,162
Reserves cash backed - Electronic Equipment Reserve	6,280	7	(3,200)	3,087	6,130	150	0	6,280	6,130	5	0	6,135
Reserves cash backed - Swimming Pool Reserve	51,095	495	(5,000)	46,590	49,878	1,217	0	51,095	49,878	300	0	50,178
Reserves cash backed - Joint Venture Housing Reserve	52,544	524	(53,068)	0	51,293	1,251	0	52,544	51,293	318	0	51,611
Reserves cash backed - Refuse Site Rehab/Closure Reserve	15,556	45	0	15,601	15,186	372	0	15,556	15,186	28	0	15,214
	527,574	28,996	(355,768)	200,802	827,388	20,189	(320,000)	527,574	827,388	38,802	(320,000)	546,190

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

7. CASH BACKED RESERVES (CONTINUED)

(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 - Leave Reserve	Ongoing	- to be used to fund annual and long service leave requirements.
Reserves cash backed - Plant Reserve	Ongoing	- to be used for the purchase of major plant.
Reserves cash backed - Building & Recreation Reserve	Ongoing	- to be used to fund the renovation/purchase of Shire of Pingelly buildings and Recreation Infrastructure.
Reserves cash backed - Community Bus Reserve	Every 10 Years	- to be used to fund the change-over of the community bus.
Reserves cash backed - Electronic Equipment Reserve	Every 4 Years	- to be used to fund the purchase of administration computer system equipment.
Reserves cash backed - Swimming Pool Reserve	Ongoing	- to be used to fund the upgrading of the swimming pool complex
Reserves cash backed - Joint Venture Housing Reserve	by 30 June 19	- to be used for the future maintenance of the Joint Venture units
Reserves cash backed - Refuse Site Rehab/Closure Reserve	At Tip Closure	- to be used to facilitate the rehabilitation/closure of the town refuse site.

**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	39,630	34,851
General purpose funding	8,700	8,648
Law, order, public safety	8,290	8,341
Health	1,936	1,950
Education and welfare	3,000	1,000
Community amenities	343,650	174,269
Recreation and culture	11,510	11,815
Transport	0	0
Economic services	24,050	22,763
Other property and services	53,500	55,413
	494,266	319,050

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	20,000	90
General purpose funding	628,424	1,180,166
Law, order, public safety	57,612	69,286
Education and welfare	1,000	30,000
Recreation and culture	950	29,232
Transport	377,994	164,325
Economic services	0	18,800
Other property and services	1,600	2,009
	1,087,580	1,493,908
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	377,283
Education and welfare	0	590,909
Recreation and culture	699,594	3,932,587
Transport	634,412	1,093,398
	1,334,006	5,994,177

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

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments			
- Reserve funds	8,996	20,187	18,801
- Other funds	30,879	22,736	60,000
Interest on Self Supporting Loans	0	12,428	14,064
Other interest revenue (refer note 1b)	25,000	24,987	17,000
	64,875	80,338	109,865

The net result includes as expenses

(b) Auditors remuneration

Audit services	50,000	9,814	30,000
Other services	0	14,660	14,000
	50,000	24,474	44,000

(c) Interest expenses (finance costs)

Borrowings (refer note 6(a))	129,622	110,744	84,614
Other	0	0	0
	129,622	110,744	84,614

(d) Elected members remuneration

Meeting fees	38,400	37,733	38,400
President's allowance	1,200	1,200	1,200
Deputy President's allowance	300	300	300
Travelling expenses	0	0	0
Telecommunications allowance	1,000	200	1,000
	40,900	39,433	40,900

(e) Write offs

General rate	0	7,585	0
	0	7,585	0

(f) Operating lease expenses

Office equipment	21,810	12,838	10,500
	21,810	12,838	10,500

SIGNIFICANT ACCOUNTING POLICIES

LEASES

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

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

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

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

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

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

The Shire of Pingelly entered into a Joint Venture arrangement with the Department of Housing during the 2009/10 financial year for the construction of four x 2 bedroom units. Construction was completed in the 2011/12 financial year. The provision of this housing aims to provide accommodation for singles and childless couples. The Shire of Pingelly has a 18.28% interest in the assets and liabilities of this joint venture under the auspices of Homeswest. All revenue and expenses of the joint venture are recognised in the relevant financial statements of Council.

Council is required to set aside 1% of the current replacement cost of the properties from the rental income each year for the long term maintenance of the properties.

All profits derived from the operation of the Joint Venture Housing are to be recognised as Restricted Assets to provide for future maintenance or the provision of future housing.

Lot 602 (38) and Lot 603 (36) Sharow Street Singles Units

- Opening Balance
- Profits From Operations
- Interest Earned
- Funds Utilised
- transfer to Pingelly Cottage Homes
- Closing Balance

	2018	2017
	\$	\$
	51,293	49,918
	0	5,000
	1251	1,375
	0	(5,000)
	-	-
	<u>52544</u>	<u>51,293</u>

Non-current assets

Freehold land at:

- Independent valuation 2017 - level 2

Non-Specialised buildings at:

- Independent valuation 2017 - level 2

Less: accumulated depreciation

	9506	9,506
	116992	116,992
	(2,340)	0
	<u>124,158</u>	<u>126,498</u>

NB Proposed to Transfer Joint Venture to the Pingelly Cottage Homes (Somerset Alliance)

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Pingelly's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

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
	\$	\$	(\$)	\$
Transport Licensing	0	400,000	(400,000)	0
Funds Held on Behalf of Groups	40	0	0	40
Unclaimed Monies	100	0	0	100
Nomination Deposits	80	0	(80)	0
Bond Monies (Including Key Deposits)	4,040	9,000	(9,500)	3,540
	<u>4,260</u>	<u>409,000</u>	<u>(409,580)</u>	<u>3,680</u>

**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 Pingelly 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.

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

15. BUDGET RATIOS

	2015/16	2016/17	2017/18	2018/19
	Actual	Actual	Actual	Budget
Operating Surplus	(28.69)	(3.71)	(0.46)	(20.76)
Funds After Operations	45.89	31.64	55.92	31.59
PPE	(91.00)	(1.50)	46.77	11.55
Infrastructure	(57.53)	4.41	2.71	2.92
Cash Reserves	131.72	95.38	13.99	5.83
Borrowings	97.98	61.22	87.38	109.52
Debt Servicing	9.20	5.56	21.98	45.78
Average Rates (UV)	4,242.00	4,755.00	4,904.00	5,129.00
Average Rates (GRV)	1,145.00	1,206.00	1,259.00	1,331.00

The ratios are calculated as follows:

OPERATIONS

Operating Surplus $\frac{\text{Adjusted underlying surplus (or deficit)}}{\text{Adjusted underlying revenue}}$

Funds After Operations $\frac{\text{Funds remaining after operations}}{\text{General funds}}$

ASSET RATIOS

PPE $\frac{\text{Closing WDV value of PPE less Opening WDV value of PPE}}{\text{Opening WDV value of PPE}}$

Infrastructure $\frac{\text{Closing WDV Infrastructure less Opening WDV infrastructure}}{\text{Opening WDV Infrastructure}}$

FINANCING RATIOS

Cash Reserves $\frac{\text{Discretionary Reserve Balance}}{\text{General Funds}}$

Borrowings $\frac{\text{Principal outstanding}}{\text{General funds}}$

Debt Servicing $\frac{\text{Principal and interest due}}{\text{General funds}}$

RATES RATIOS

Average Rates $\frac{\text{Rate revenue per category}}{\text{Number of properties per category}}$