

**SHIRE OF MINGENEW**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**SHIRE'S VISION**

Mingenew is a forward thinking Shire that offers opportunity for all to prosper and thrive; it is a safe, inclusive community that punches above its weight.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2020**

**BY NATURE OR TYPE**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	1,884,633	1,865,935	1,857,912
Operating grants, subsidies and contributions	9	416,677	778,421	224,532
Fees and charges	8	249,008	279,884	237,487
Interest earnings	10(a)	55,110	56,917	58,710
Other revenue	10(b)	603,800	598,943	556,800
		3,209,228	3,580,100	2,935,441
<b>Expenses</b>				
Employee costs		(1,116,088)	(1,158,411)	(1,083,085)
Materials and contracts		(1,055,756)	(3,730,321)	(3,150,044)
Utility charges		(124,697)	(113,687)	(124,853)
Depreciation on non-current assets	5	(1,850,261)	(1,427,014)	(1,850,261)
Interest expenses	10(d)	(15,819)	(20,635)	(17,799)
Insurance expenses		(121,123)	(124,537)	(129,616)
Other expenditure		(637,652)	(647,620)	(578,601)
		(4,921,396)	(7,222,225)	(6,934,259)
<b>Subtotal</b>				
		(1,712,168)	(3,642,125)	(3,998,818)
Non-operating grants, subsidies and contributions	9	1,725,016	4,132,897	3,665,281
Profit on asset disposals	4(b)	12,000	48,552	50,000
		1,737,016	4,181,449	3,715,281
<b>Net result</b>				
		<b>24,848</b>	<b>539,324</b>	<b>(283,537)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>				
		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>				
		<b>24,848</b>	<b>539,324</b>	<b>(283,537)</b>

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

## FOR THE YEAR ENDED 30TH JUNE 2020

**BASIS OF PREPARATION**

The 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 (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this 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.

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to the budget.

**2018/19 ACTUAL BALANCES**

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

**CHANGE IN ACCOUNTING POLICIES**

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 15.

**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 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.

**REVENUES (CONTINUED)****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 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 2020**
**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		15,449	38,310	15,669
General purpose funding		2,228,683	2,539,182	2,037,243
Law, order, public safety		23,618	25,420	33,037
Health		371	461	371
Education and welfare		1,755	801	3,755
Housing		103,035	119,163	102,729
Community amenities		78,337	87,409	73,722
Recreation and culture		38,335	30,574	33,960
Transport		646,375	641,504	511,585
Economic services		9,945	15,517	10,445
Other property and services		63,325	81,759	112,925
		3,209,228	3,580,100	2,935,441
<b>Expenses excluding finance costs</b>	5,10(c)(e)(f)(g)			
Governance		(256,852)	(320,906)	(218,578)
General purpose funding		(90,742)	(91,524)	(100,797)
Law, order, public safety		(155,559)	(132,622)	(154,914)
Health		(113,300)	(124,101)	(138,237)
Education and welfare		(67,032)	(60,400)	(79,712)
Housing		(178,759)	(202,873)	(173,150)
Community amenities		(272,077)	(215,852)	(271,710)
Recreation and culture		(1,165,670)	(1,057,469)	(940,133)
Transport		(2,176,003)	(4,611,165)	(4,342,582)
Economic services		(369,934)	(320,683)	(387,508)
Other property and services		(59,649)	(63,995)	(109,139)
		(4,905,577)	(7,201,590)	(6,916,460)
<b>Finance costs</b>	6, 10(d)			
General purpose funding		0	(149)	0
Education and welfare		(2,500)	(2,809)	(2,440)
Housing		(5,469)	(8,123)	(7,058)
Recreation and culture		(2,300)	(2,696)	(2,342)
Transport		(5,550)	(6,858)	(5,959)
		(15,819)	(20,635)	(17,799)
<b>Subtotal</b>		(1,712,168)	(3,642,125)	(3,998,818)
Non-operating grants, subsidies and contributions	9	1,725,016	4,132,897	3,665,281
Profit on disposal of assets	4(b)	12,000	48,552	50,000
		1,737,016	4,181,449	3,715,281
<b>Net result</b>		<b>24,848</b>	<b>539,324</b>	<b>(283,537)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>24,848</b>	<b>539,324</b>	<b>(283,537)</b>

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

**FOR THE YEAR ENDED 30TH JUNE 2020****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****GOVERNANCE**

To provide a decision making process for the efficient allocation of scarce resources.

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

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

To provide services to help ensure a safer community.

Fire prevention, animal control and safety.

**HEALTH**

To provide services to help ensure a safer community.

Food quality, pest control and inspections.

**EDUCATION AND WELFARE**

To meet the needs of the community in these areas.

Includes education programs, youth based activities, care of families, the aged and disabled.

**HOUSING**

Provide housing services required by the community and for staff.

Maintenance of staff, aged and rental housing.

**COMMUNITY AMENITIES**

Provide services required by the community.

Rubbish collection services, landfill maintenance, townsite storm water drainage control and maintenance, administration of the Town Planning Scheme and maintenance of cemeteries.

**RECREATION AND CULTURE**

To establish and manage efficiently, infrastructure and resources which will help the social well being of the community.

Maintenance of halls, recreation centres and various reserves, operation of library, support of community events and matters relating to heritage.

**TRANSPORT**

To provide effective and efficient transport services to the community.

Construction and maintenance of streets, road and footpaths, cleaning and lighting of streets, roads and footpaths, traffic signs and depot maintenance.

**ECONOMIC SERVICES**

To help promote the Shire and improve its economic wellbeing.

The regulation and provision of tourism, area promotion, building control and noxious weeds.

**OTHER PROPERTY AND SERVICES**

To provide effective and efficient administration, works operations and plant and fleet services.

Private works operations, plant repairs and operational costs. Administration overheads.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

**BY NATURE OR TYPE**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,888,633	1,886,606	1,877,912
Operating grants, subsidies and contributions		416,677	778,421	224,532
Fees and charges		263,343	270,269	237,487
Interest earnings		55,110	56,917	58,710
Goods and services tax		80,000	(83,234)	0
Other revenue		603,800	598,943	556,800
		3,307,563	3,507,922	2,955,441
<b>Payments</b>				
Employee costs		(1,183,481)	(1,262,676)	(1,083,085)
Materials and contracts		(1,209,620)	(3,611,104)	(3,201,285)
Utility charges		(124,697)	(113,687)	(124,853)
Interest expenses		(16,319)	(20,635)	(17,799)
Insurance expenses		(121,123)	(124,537)	(129,616)
Other expenditure		(637,652)	(647,620)	(578,601)
		(3,292,892)	(5,780,259)	(5,135,239)
<b>Net cash provided by (used in) operating activities</b>	3	14,671	(2,272,337)	(2,179,798)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(154,000)	(376,986)	(623,320)
Payments for construction of infrastructure	4(a)	(2,783,405)	(1,845,835)	(2,485,700)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,904,618	3,953,295	3,665,281
Proceeds from sale of plant & equipment	4(b)	43,000	150,418	157,000
<b>Net cash provided by (used in) investing activities</b>		(989,787)	1,880,893	713,261
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(158,164)	(154,425)	(154,525)
<b>Net cash provided by (used in) financing activities</b>		(158,164)	(154,425)	(154,525)
<b>Net increase (decrease) in cash held</b>		(1,133,280)	(545,869)	(1,621,062)
Cash at beginning of year		1,488,358	2,034,227	2,014,490
<b>Cash and cash equivalents at the end of the year</b>	3	<b>355,078</b>	<b>1,488,358</b>	<b>393,428</b>

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

**RATES SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020**
**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	1,206,733	1,506,980	1,491,987
		1,206,733	1,506,980	1,491,987
<b>Revenue from operating activities (excluding rates)</b>				
Governance		17,449	40,301	16,669
General purpose funding		344,050	673,247	179,331
Law, order, public safety		23,618	25,420	33,037
Health		371	461	371
Education and welfare		1,755	801	3,755
Housing		103,035	119,163	102,729
Community amenities		78,337	87,409	73,722
Recreation and culture		38,335	30,574	33,960
Transport		656,375	688,065	560,585
Economic services		9,945	15,517	10,445
Other property and services		63,325	81,760	112,925
		1,336,595	1,762,718	1,127,529
<b>Expenditure from operating activities</b>				
Governance		(256,852)	(320,906)	(218,578)
General purpose funding		(90,742)	(91,673)	(100,797)
Law, order, public safety		(155,559)	(132,622)	(154,914)
Health		(113,300)	(124,101)	(138,237)
Education and welfare		(69,532)	(63,209)	(82,152)
Housing		(184,228)	(210,996)	(180,208)
Community amenities		(272,077)	(215,852)	(271,710)
Recreation and culture		(1,167,970)	(1,060,165)	(942,475)
Transport		(2,181,553)	(4,618,023)	(4,348,541)
Economic services		(369,934)	(320,683)	(387,508)
Other property and services		(59,649)	(63,995)	(109,139)
		(4,921,396)	(7,222,225)	(6,934,259)
Non-cash amounts excluded from operating activities	2 (b)(ii)	1,838,261	1,289,422	1,800,261
<b>Amount attributable to operating activities</b>		(539,807)	(2,663,105)	(2,514,482)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	1,725,016	4,132,897	3,665,281
Purchase property, plant and equipment	4(a)	(154,000)	(376,986)	(623,320)
Purchase and construction of infrastructure	4(a)	(2,783,405)	(1,845,835)	(2,485,700)
Proceeds from disposal of assets	4(b)	43,000	150,418	157,000
<b>Amount attributable to investing activities</b>		(1,169,389)	2,060,495	713,261
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(158,164)	(154,425)	(154,525)
Transfers to cash backed reserves (restricted assets)	7(a)	(52,273)	(22,812)	(22,710)
Transfers from cash backed reserves (restricted assets)	7(a)	35,000	120,646	120,544
<b>Amount attributable to financing activities</b>		(175,437)	(56,591)	(56,691)
<b>Budgeted deficiency before general rates</b>		(1,884,633)	(659,202)	(1,857,912)
<b>Estimated amount to be raised from general rates</b>	1	1,884,633	1,865,935	1,857,912
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>0</b>	<b>1,206,733</b>	<b>0</b>

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 2020

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
GRV - Mingenew	0.15028	127	1,120,756	168,423			168,423	167,618	164,490
GRV - Yandanooka	0.15028	2	13,884	2,086			2,086	2,069	2,069
GRV - Commercial	0.15028	14	346,632	52,090			52,090	52,466	52,118
GRV - Industrial	0.15028	1	12,480	1,875			1,875	2,058	1,860
<b>Unimproved valuations</b>									
UV - Rural & Mining	0.01292	114	118,792,000	1,534,199			1,534,199	1,517,501	1,516,947
UV - Mining	0.01292	0	0	0			0	0	0
<b>Sub-Totals</b>		258	120,285,752	1,758,673	0	0	1,758,673	1,741,712	1,737,484
<b>Minimum</b>									
<b>Minimum payment</b>									
\$									
<b>Gross rental valuations</b>									
GRV - Mingenew	707	67	27,780	47,369			47,369	45,965	44,800
GRV - Yandanooka	707	0	0	0			0	0	0
GRV - Commercial	707	9	6,200	6,363			6,363	6,300	6,300
GRV - Industrial	707	3	2,786	2,121			2,121	1,400	1,400
<b>Unimproved valuations</b>									
UV - Rural & Mining	1,060.50	22	674,600	23,331			23,331	24,150	24,150
UV - Mining	1,060.50	9	27,548	9,545			9,545	9,857	8,400
<b>Sub-Totals</b>		110	738,914	88,729	0	0	88,729	87,672	85,050
		368	121,024,666	1,847,402	0	0	1,847,402	1,829,384	1,822,534
Discounts/concessions (Refer note 1(e))							(1,035)	(1,035)	(1,034)
<b>Total amount raised from general rates</b>							1,846,367	1,828,349	1,821,500
Specified area rates (Refer note 1(c))							0	0	0
Ex Gratia Rates							38,266	37,586	36,412
<b>Total rates</b>							1,884,633	1,865,935	1,857,912

Note: There was an amount on the original budget of \$304 which was shown as an exemption - GRV Mingenew. It has been removed and shown instead as part of Ex Gratia Rates

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

The general rates detailed for the 2019/20 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.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

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
		\$	%	%
<b>Option one</b>				
Payment in Full		\$0	0.00%	11.00%
<b>Option two</b>				
1st Instalment		\$0	5.50%	11.00%
2nd Instalment		\$15	5.50%	11.00%
<b>Option three</b>				
1st Instalment		\$15	5.50%	11.00%
2nd Instalment		\$15	5.50%	11.00%
3rd Instalment		\$15	5.50%	11.00%
4th Instalment		\$15	5.50%	11.00%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	3,000	2,625	3,200
Unpaid rates and service charge interest earned	15,250	13,508	12,250
	18,250	16,133	15,450

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**1. RATES AND SERVICE CHARGES (CONTINUED)**

**(c) Specified Area Rate**

The Shire did not raise specified area rates for the year ended 30th June 2020.

**(d) Service Charges**

The Shire did not raise service charges for the year ended 30th June 2020.

**(e) Waivers or concessions**

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Yandanooka Townsite	Concession	50.0%	1,035	\$ 1,035	\$ 0	\$ 1,034	GRV Properties in Yandanooka townsite	Recognise the reduced level of services provided to these ratepayers

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

2 (a). NET CURRENT ASSETS

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Actual 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
<b>Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash - unrestricted	3	29,314	627,922	89,392
Cash - restricted reserves	3	325,763	308,490	304,036
Cash - restricted unspent borrowings	6 (b)	0	551,945	0
Receivables		57,100	335,037	63,257
Inventories		40,394	40,394	43,459
		452,571	1,863,788	500,144
<b>Less: current liabilities</b>				
Trade and other payables		(153,806)	(308,170)	(155,714)
Long term borrowings		(161,997)	(158,166)	(155,204)
Provisions		(68,567)	(135,960)	(231,014)
		(384,370)	(602,296)	(541,932)
<b>Net current assets</b>		68,201	1,261,492	(41,788)

2 (b). EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Operating activities excluded from 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.

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Actual 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
<b>(i) Current assets and liabilities excluded from budgeted deficiency</b>				
<b>Net current assets</b>	2	68,201	1,261,492	(41,788)
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.				
<b>Adjustments to net current assets</b>				
Less: Cash - restricted reserves	3	(325,763)	(308,490)	(304,036)
Less: Current assets not expected to be received at end of year				
- Land held for resale		(40,394)	(40,394)	(40,394)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		161,997	158,166	155,204
- Employee benefit provisions		68,566	62,066	231,014
Add: Movement in provisions between current and non-current provisions		67,393	73,894	0
<b>Adjusted net current assets - surplus/(deficit)</b>		0	1,206,733	0
<b>(ii) Operating activities excluded from budgeted deficiency</b>				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	4(b)	(12,000)	(48,552)	(50,000)
Less: Movement in provision and accruals		0	(89,040)	0
Add: Depreciation on assets	5	1,850,261	1,427,014	1,850,261
<b>Non cash amounts excluded from operating activities</b>		1,838,261	1,289,422	1,800,261

(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit. Refer to note 15 for further explanation of the impact of the changes in accounting policies

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**2 (c). NET CURRENT ASSETS (CONTINUED)**

**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'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 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'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 Mingenew becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**CONTRACT ASSETS**

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

**PROVISIONS**

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

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

**INVENTORIES**

**General**

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

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

**Superannuation**

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

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

**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.

**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.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

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

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

**LAND HELD FOR RESALE**

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

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

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

### 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:

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	29,314	627,922	89,392
Cash - restricted	325,764	860,436	304,036
	355,078	1,488,358	393,428
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Land & Building Reserve	68,566	62,066	62,960
Plant Reserve	82,266	45,978	43,028
Recreation Reserve	12,960	12,900	12,832
Employee Entitlement Reserve	67,794	66,544	65,558
Aged Persons Units Reserve	12,944	12,444	11,998
Environmental Reserve	9,605	19,155	18,763
Industrial Area Development Reserve	5,751	5,626	5,503
RTC/PO/NAB Building Reserve	12,188	21,688	21,234
Insurance Reserve	43,271	42,171	42,618
Economic Development & Marketing Reserve	10,419	19,919	19,542
Unspent grants and contributions not held in reserve	0	551,945	0
	325,764	860,436	304,036
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	24,848	539,324	(283,537)
Depreciation	1,850,261	1,427,014	1,850,261
(Profit)/loss on sale of asset	(12,000)	(48,552)	(50,000)
(Increase)/decrease in receivables	277,937	(251,780)	20,000
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	0	3,065	0
Increase/(decrease) in payables	(154,364)	100,927	(51,241)
Increase/(decrease) in contract liabilities	0	0	
Increase/(decrease) in employee provisions	(67,393)	(89,040)	0
Change in accounting policies transferred to retained surplus (refer to Note 15)	0	0	0
Grants/contributions for the development of assets	(1,904,618)	(3,953,295)	(3,665,281)
<b>Net cash from operating activities</b>	14,671	(2,272,337)	(2,179,798)

#### 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 2020**

**4. FIXED ASSETS**

**(a) Acquisition of Assets**

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

Asset class	Reporting program					2019/20	2018/19	2018/19
	Governance	Community amenities	Recreation and culture	Transport	Economic services	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>								
Buildings - specialised			20,000			20,000		163,320
Furniture and equipment						0		10,000
Plant and equipment	38,000			96,000		134,000	376,986	450,000
	38,000	0	20,000	96,000	0	154,000	376,986	623,320
<i>Infrastructure</i>								
Infrastructure - Roads				2,588,605		2,588,605	1,011,567	1,376,700
Infrastructure - Bridges				147,000		147,000	561,334	708,000
Infrastructure - Recreation Areas						0		235,000
Infrastructure - Other		10,000	7,800		30,000	47,800	272,934	166,000
	0	10,000	7,800	2,735,605	30,000	2,783,405	1,845,835	2,485,700
<b>Total acquisitions</b>	<b>38,000</b>	<b>10,000</b>	<b>27,800</b>	<b>2,831,605</b>	<b>30,000</b>	<b>2,937,405</b>	<b>2,222,820</b>	<b>3,109,020</b>

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

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Governance	21,000	23,000	2,000	0	29,827	31,818	1,991	0	29,000	30,000	1,000	0
Transport	10,000	20,000	10,000	0	72,039	118,600	46,561	0	78,000	127,000	49,000	0
	31,000	43,000	12,000	0	101,866	150,418	48,552	0	107,000	157,000	50,000	0
<b>By Class</b>												
<i>Property, Plant and Equipment</i>												
Plant and equipment	31,000	43,000	12,000	0	101,866	150,418	48,552	0	107,000	157,000	50,000	0
	31,000	43,000	12,000	0	101,866	150,418	48,552	0	107,000	157,000	50,000	0

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

- Plant replacement programme

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**5. ASSET DEPRECIATION**

**By Program**

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

**By Class**

Buildings - specialised
Furniture and equipment
Plant and equipment
Tools
Bushfire Equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Airfields
Infrastructure - Drainage
Infrastructure - Bridges
Infrastructure - Recreation Areas
Infrastructure - Other

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
142,355	119,413	142,355
47,403	47,057	47,403
21,759	21,424	21,759
84,446	84,733	84,446
11,601	9,203	11,601
394,671	385,649	394,671
912,954	528,139	912,954
61,661	57,738	61,661
173,411	173,659	173,411
<b>1,850,261</b>	<b>1,427,014</b>	<b>1,850,261</b>
572,212	561,035	572,212
15,000	14,573	15,000
190,923	167,555	190,445
0	0	478
47,403	44,503	47,403
700,000	426,246	700,000
17,791	6,436	17,791
9,072	9,072	9,072
2,615	1,728	2,615
136,245	64,834	136,245
143,000	126,008	143,000
16,000	5,024	16,000
<b>1,850,261</b>	<b>1,427,014</b>	<b>1,850,261</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.

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

Buildings - non-specialised	30-50 years
Buildings - specialised	30-50 years
Furniture and equipment	4-10 years
Plant and equipment	5-15 years
Infrastructure - Roads	12-50 years
Infrastructure - Footpaths	20 years
Infrastructure - Airfields	50 years
Infrastructure - Drainage	50 years
Infrastructure - Bridges	50 years
Infrastructure - Recreation Areas	10-100 years
Infrastructure - Other	5-50 years

**DEPRECIATION (CONTINUED)**

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.

**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.

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	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2020	Principal 1 July 2018	Actual New loans	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019
		\$	\$	\$	\$		\$	\$	\$		\$	\$	\$	\$	\$
<b>Education and welfare</b>															
Loan 137 - Senior Citizen Building	66,645	0	21,685	2,500	44,960	87,814	0	21,169	2,809	66,645	87,814	0	21,172	2,440	66,642
<b>Housing</b>															
Loan 133 - Triplex	42,464	0	13,817	1,157	28,647	55,952	0	13,488	1,790	42,464	55,952	0	13,490	1,555	42,462
Loan 134 - Phillip Street	32,348	0	10,525	1,100	21,823	42,623	0	10,275	1,363	32,348	42,623	0	10,276	1,185	32,347
Loan 136 - Moore Street	80,671	0	26,248	2,198	54,423	106,294	0	25,623	3,400	80,671	106,294	0	25,627	2,954	80,667
Loan 142 - 15 Field Street	37,228	0	12,121	1,014	25,107	49,086	0	11,858	1,570	37,228	49,086	0	11,935	1,364	37,151
<b>Recreation and culture</b>															
Loan 138 - Pavilion Fitout	63,979	0	20,817	2,300	43,162	84,301	0	20,322	2,696	63,979	84,301	0	20,325	2,342	63,976
<b>Transport</b>															
Loan 139 - Roller	15,683	0	5,103	550	10,580	20,665	0	4,982	661	15,683	20,665	0	4,982	574	15,683
Loan 141 - Grader	54,457	0	17,719	1,800	36,738	71,754	0	17,297	2,295	54,457	71,754	0	17,300	1,994	54,454
Loan 144 - Side Tipper	37,253	0	12,121	1,200	25,132	49,086	0	11,833	1,570	37,253	49,086	0	11,835	1,364	37,251
Loan 145 - Drum Roller	55,346	0	18,008	2,000	37,338	72,926	0	17,580	2,333	55,346	72,926	0	17,583	2,027	55,343
	486,076	0	158,164	15,819	327,912	640,501	0	154,425	20,486	486,076	640,501	0	154,525	17,799	485,976
	486,076	0	158,164	15,819	327,912	640,501	0	154,425	20,486	486,076	640,501	0	154,525	17,799	485,976

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

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**6. INFORMATION ON BORROWINGS (CONTINUED)**

**(b) New borrowings - 2019/20**

The Shire does not intend to undertake any new borrowings for the year ended 30 June 2020

**(c) Unspent borrowings**

The Shire had no unspent borrowing funds as at 30 June 2019 nor is it expected to have unspent borrowing funds as at 30 June 2020.

**(d) Credit Facilities**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 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	16,000	16,000	16,000
<b>Total amount of credit unused</b>	<b>516,000</b>	<b>516,000</b>	<b>516,000</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	327,912	486,076	485,976

**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 2020

## 7. CASH BACKED RESERVES

### (a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land & Building Reserve	62,066	11,500	(5,000)	68,566	60,169	1,897	0	62,066	59,535	3,425	0	62,960
Plant Reserve	45,978	36,288	0	82,266	41,163	4,815	0	45,978	150,616	3,875	(111,463)	43,028
Recreation Reserve	12,900	60	0	12,960	2,811	10,089	0	12,900	2,772	10,060	0	12,832
Employee Entitlement Reserve	66,544	1,250	0	67,794	176,074	2,035	(111,565)	66,544	64,308	1,250	0	65,558
Aged Persons Units Reserve	12,444	500	0	12,944	20,868	657	(9,081)	12,444	20,579	500	(9,081)	11,998
Environmental Reserve	19,155	450	(10,000)	9,605	18,569	586	0	19,155	18,313	450	0	18,763
Industrial Area Development Reserve	5,626	125	0	5,751	5,454	172	0	5,626	5,378	125	0	5,503
RTC/PO/NAB Building Reserve	21,688	500	(10,000)	12,188	21,025	663	0	21,688	20,734	500	0	21,234
Insurance Reserve	42,171	1,100	0	43,271	40,882	1,289	0	42,171	40,593	2,025	0	42,618
Economic Development & Marketing Reserve	19,919	500	(10,000)	10,419	19,310	609	0	19,919	19,042	500	0	19,542
	308,491	52,273	(35,000)	325,764	406,325	22,812	(120,646)	308,491	401,870	22,710	(120,544)	304,036

### (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
Land & Building Reserve	Ongoing	To be used for the acquisition, construction and maintenance of land and buildings.
Plant Reserve	Ongoing	To be used for the purchase of plant and equipment.
Recreation Reserve	Ongoing	To be used for the improvement of the sportsground.
Employee Entitlement Reserve	Ongoing	To be used for fund annual, sick and long service leave and accrued staff bonuses.
Aged Persons Units Reserve	Ongoing	To be used for the funding of future operating shortfalls of the aged person units in accordance with the Homeswest Joint Venture arrangement.
Environmental Reserve	Ongoing	To be used for the rehabilitation of sites such as gravel pits, refuse and contraminated sites.
Industrial Area Development Reserve	Ongoing	To be used for the development of the industrial area.
RTC/PO/NAB Building Reserve	Ongoing	To be used for the maintenance of the buildings.
Insurance Reserve	Ongoing	To be used for the settlement of minor property expenses under \$5,000 that would otherwise be insurance claims.
Economic Development & Marketing Reserve	Ongoing	To be used for Economic Development and marketing of the Shire of Mingenew.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

## 8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	240	9,373	240
General purpose funding	3,500	3,085	4,200
Law, order, public safety	3,500	1,817	3,500
Health	371	461	371
Education and welfare	755	183	755
Housing	93,235	116,455	91,004
Community amenities	75,887	75,696	71,272
Recreation and culture	34,375	32,731	33,900
Transport	12,000	11,746	10,000
Economic services	7,945	8,825	8,445
Other property and services	17,200	19,513	13,800
	249,008	279,884	237,487

## 9. GRANT REVENUE

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

### By Program:

#### Operating grants, subsidies and contributions

Governance	12,859	21,357	12,154
General purpose funding	295,550	625,555	129,381
Law, order, public safety	19,868	23,450	29,287
Education and welfare	1,000	455	3,000
Housing	0	153	
Community amenities	2,000	1,000	2,000
Recreation and culture	3,900	(2,245)	
Transport	80,500	75,830	47,710
Economic services	1,000	5,420	1,000
Other property and services	0	27,447	
	416,677	778,421	224,532

#### Non-operating grants, subsidies and contributions

General purpose funding	0	0	139,866
Community amenities	0	5,000	5,000
Recreation and culture	0	121,458	121,667
Transport	1,725,016	4,006,439	3,398,748
	1,725,016	4,132,897	3,665,281

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

## 10. OTHER INFORMATION

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	9,860	12,812	12,710
- Other funds	30,000	30,597	33,750
Other interest revenue (refer note 1b)	15,250	13,508	12,250
	55,110	56,917	58,710
<b>(b) Other revenue</b>			
Reimbursements and recoveries	17,759	36,440	0
Other	586,041	562,503	556,800
	603,800	598,943	556,800
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	22,000	10,248	13,620
	22,000	10,248	13,620
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6(a))	15,819	20,486	17,799
Interest expense on lease liabilities	0	0	0
Other	0	149	0
	15,819	20,635	17,799
<b>(e) Elected members remuneration</b>			
Meeting fees	28,968	27,760	28,691
President's allowance	7,348	8,191	7,288
Deputy President's allowance	1,836	918	1,822
Travelling expenses	1,500	0	1,500
	39,652	36,869	39,301
<b>(f) Write offs</b>			
General rate	2,500	8,487	1,000
	2,500	8,487	1,000
<b>(g) Low Value lease expenses</b>			
Office equipment	12,161	5,175	0
	12,161	5,175	0

### SIGNIFICANT ACCOUNTING POLICIES

#### LEASES

At inception of a contract, an entity shall assess 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 lessee shall recognise a right-of-use asset and a lease liability.

At the commencement date, a lessee shall measure the right-of-use asset at cost.

#### LEASES (CONTINUED)

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

## 11. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2019/20.

## 12. INTERESTS IN JOINT ARRANGEMENTS

In 1997/98, Council, in conjunction with Homeswest, constructed 3 x 2 bedroom and 1 x 1 bedroom Aged Persons' Units in the Mingenew townsite. The term of the joint venture agreement provided for Council to contribute \$59,136 which equates to an equity of 13.92%. Council has subsequently capitalised expenditure on the units. The recalculated equity for Council is 18.58%. Fair Value assessment of the properties was undertaken in 2013/14 along with all other Council Land and Buildings assets. The amount shown below is 18.58% of the fair value of \$470,000 and is included in Note 5.

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
<b>Non-current assets</b>			
Land and buildings	470,000	470,000	470,000
Less: accumulated depreciation	(44,133)	(29,422)	(29,422)
	<b>425,867</b>	<b>440,578</b>	<b>440,578</b>

### 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 Mingenew's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**13. 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 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Nomination Fees	160	480	(640)	0
BCITF Levy	1,249	1,000	(2,249)	0
BRB Levy	636	1,000	(1,636)	0
Autumn Centre	974	0	0	974
Community Bus	3,045	0	(3,045)	0
ANZAC Day Breakfast Donation	501	0	(501)	0
Building Relocation Bond	1,000	0	0	1,000
Mingenew Cemetery Group	4,314	0	0	4,314
Cool Room Bond	530	0	0	530
Outdoor Camera Bond	350	0	0	350
Other Bonds	200	0	(200)	0
Rates Incentive Prizes	100	0	(100)	0
Tree Planter - LCDC	88	0	(88)	0
Weary Dunlop Memorial	87	0	(87)	0
Mingenew P&C - NBN Rental	5,136	0	(5,136)	0
Joan Trust	6	0	(6)	0
Youth Advisory Council	746	0	0	746
Centenary Committee	897	0	0	897
Community Christmas Tree	432	0	(432)	0
Seniors Donations	50	0	(50)	0
	20,501	2,000	(13,530)	8,811

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**14. 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 financial 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**

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 15.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE  
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Shire of Mingenew adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Mingenew has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract assets	0	0	0
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	147,000	147,000
Developer contributions	0	0	0
Contract liabilities non-current			
Developer contributions	0	0	0
Cash in lieu of parking	0	0	0
Adjustment to retained surplus from adoption of AASB 15		(147,000)	

**LEASES**

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Mingenew is not required to make any adjustments on transition for leases for which the underlying asset is of low value. 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).

**INCOME FOR NOT-FOR-PROFIT ENTITIES**

The Shire of Mingenew has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Mingenew has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount 30 June 19	Reclassification	AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Trade and other payables	0	0	0
Adjustment to retained surplus from adoption of AASB 1058		0	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised by the Shire of Mingenew. When the taxable event occurs the financial liability is extinguished and the Shire of Mingenew recognises income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration that was significantly less than fair value principally to enable the Shire of Mingenew to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services have been recognised in budgeted revenue and budgeted expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

The impact on the Shire of Mingenew of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	29,263,432
Adjustment to retained surplus from adoption of AASB 15	(147,000)
Adjustment to retained surplus from adoption of AASB 1058	0
Retained surplus - 01/07/2019	29,116,432