

SHIRE OF PINGELLY

BUDGET

FOR THE YEAR ENDED 30 JUNE 2021

LOCAL GOVERNMENT ACT 1995

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SHIRE'S VISION

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

SHIRE OF PINGELLY

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	2,093,429	2,094,891	2,084,538
Operating grants, subsidies and contributions	10(a)	743,227	1,688,212	1,038,067
Fees and charges	9	319,818	279,738	333,001
Interest earnings	12(a)	36,447	50,739	45,285
Other revenue	12(b)	54,004	133,752	81,951
		3,246,925	4,247,332	3,582,842
Expenses				
Employee costs		(1,701,628)	(1,588,626)	(1,528,119)
Materials and contracts		(1,084,488)	(1,223,303)	(1,312,197)
Utility charges		(147,800)	(172,344)	(149,304)
Depreciation on non-current assets	5	(2,577,232)	(2,564,785)	(2,472,000)
Interest expenses	12(d)	(114,996)	(121,107)	(199,234)
Insurance expenses		(165,661)	(178,574)	(180,846)
Other expenditure		(105,580)	(83,802)	(98,081)
		(5,897,385)	(5,932,541)	(5,939,781)
Subtotal		(2,650,460)	(1,685,209)	(2,356,939)
Non-operating grants, subsidies and contributions	10(b)	2,907,667	1,033,027	2,001,730
Profit on asset disposals	4(b)	57,000	4,067	0
Loss on asset disposals	4(b)	(20,500)	(380,679)	(385,719)
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	864	0
		2,944,167	657,279	1,616,011
Net result		293,707	(1,027,930)	(740,928)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		293,707	(1,027,930)	(740,928)

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

SHIRE OF PINGELLY

FOR THE YEAR ENDED 30 JUNE 2021

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 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.

2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 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 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

AASB 1059 Service Concession Arrangements: Grantors

AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES RATES

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

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 and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

SHIRE OF PINGELLY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
Revenue	1,9,10(a),12(a),12(b)	\$	\$	\$
Governance		38,685	86,692	38,385
General purpose funding		2,732,800	3,461,809	2,742,245
Law, order, public safety		59,829	42,604	70,802
Health		1,636	1,776	1,636
Education and welfare		13,713	22,338	28,425
Community amenities		199,740	197,523	211,850
Recreation and culture		23,290	25,700	36,618
Transport		91,455	318,257	355,834
Economic services		45,550	52,250	45,820
Other property and services		40,227	38,383	51,227
		3,246,925	4,247,332	3,582,842
Expenses excluding finance costs	4(a),5,12(c),(e),(f)			
Governance		(513,139)	(266,384)	(293,458)
General purpose funding		(149,696)	(196,491)	(198,531)
Law, order, public safety		(204,950)	(236,514)	(236,557)
Health		(144,759)	(141,730)	(140,955)
Education and welfare		(39,896)	(122,876)	(103,234)
Community amenities		(379,875)	(392,607)	(417,533)
Recreation and culture		(1,201,891)	(1,372,804)	(1,200,831)
Transport		(2,844,272)	(2,764,104)	(2,817,866)
Economic services		(286,465)	(291,073)	(305,418)
Other property and services		(17,446)	(26,851)	(26,164)
		(5,782,389)	(5,811,434)	(5,740,547)
Finance costs	,7,6(a),12(d)			
Governance		(3,139)	(3,020)	0
Education and welfare		(9,414)	(10,490)	(16,129)
Recreation and culture		(93,219)	(107,597)	(183,105)
Transport		(9,224)	0	0
		(114,996)	(121,107)	(199,234)
Subtotal		(2,650,460)	(1,685,209)	(2,356,939)
Non-operating grants, subsidies and contributions	10(b)	2,907,667	1,033,027	2,001,730
Profit on disposal of assets	4(b)	57,000	4,067	0
(Loss) on disposal of assets	4(b)	(20,500)	(380,679)	(385,719)
Fair value adjustments to financial assets at fair value through profit or loss		0	864	0
		2,944,167	657,279	1,616,011
Net result		293,707	(1,027,930)	(740,928)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		293,707	(1,027,930)	(740,928)

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

SHIRE OF PINGELLY
FOR THE YEAR ENDED 30 JUNE 2021

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

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

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.

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, Pingelly Recreation and Cultural 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.

SHIRE OF PINGELLY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	2,113,429	2,075,135	2,034,538
Operating grants, subsidies and contributions	441,396	1,862,219	1,038,067
Fees and charges	319,818	279,738	333,001
Interest earnings	36,447	50,739	45,285
Goods and services tax	236,401	255,121	0
Other revenue	54,004	133,752	81,951
	3,201,495	4,656,704	3,532,842
Payments			
Employee costs	(1,701,628)	(1,579,791)	(1,528,119)
Materials and contracts	(744,043)	(1,407,889)	(1,393,178)
Utility charges	(147,800)	(172,344)	(149,304)
Interest expenses	(114,996)	(195,304)	(199,234)
Insurance expenses	(165,661)	(178,574)	(180,846)
Goods and services tax	(236,401)	(236,401)	0
Other expenditure	(105,580)	(83,802)	(98,081)
	(3,216,109)	(3,854,105)	(3,548,762)
Net cash provided by (used in) operating activities	3	802,599	(15,920)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	4(a)	(447,024)	(255,800)
Payments for construction of infrastructure	4(a)	(3,031,227)	(1,210,902)
Non-operating grants, subsidies and contributions		2,907,667	1,033,027
Proceeds from sale of plant and equipment	4(b)	195,000	122,082
Proceeds on financial assets at amortised cost - self supporting loans	6(a)	17,539	24,300
Net cash provided by (used in) investing activities		(358,045)	(287,293)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6(a)	(169,320)	(1,367,697)
Principal elements of lease payments	7	(96,540)	(19,766)
Proceeds from new borrowings	6(b)	0	1,200,000
Net cash provided by (used in) financing activities		(265,860)	(187,463)
Net increase (decrease) in cash held		(638,519)	(454,031)
Cash at beginning of year		867,937	540,094
Cash and cash equivalents at the end of the year	3	229,418	77,821

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

SHIRE OF PINGELLY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	718,736	317,548	282,356
Revenue from operating activities (excluding rates)	718,736	317,548	282,356
Governance	38,685	90,759	38,385
General purpose funding	639,371	1,367,782	657,707
Law, order, public safety	59,829	42,604	70,802
Health	1,636	1,776	1,636
Education and welfare	13,713	22,338	28,425
Community amenities	199,740	197,523	211,850
Recreation and culture	30,290	25,700	36,618
Transport	141,455	318,257	355,834
Economic services	45,550	52,250	45,820
Other property and services	40,227	38,383	51,227
	1,210,496	2,157,372	1,498,304
Expenditure from operating activities			
Governance	(519,278)	(639,695)	(669,607)
General purpose funding	(149,696)	(196,491)	(198,531)
Law, order, public safety	(204,950)	(236,514)	(236,557)
Health	(144,759)	(141,730)	(140,955)
Education and welfare	(49,310)	(133,366)	(119,363)
Community amenities	(379,875)	(392,607)	(417,533)
Recreation and culture	(1,295,110)	(1,480,401)	(1,383,936)
Transport	(2,870,996)	(2,764,104)	(2,817,866)
Economic services	(286,465)	(301,461)	(314,988)
Other property and services	(17,446)	(26,851)	(26,164)
	(5,917,885)	(6,313,220)	(6,325,500)
Non-cash amounts excluded from operating activities	2,540,732	2,858,958	2,857,719
Amount attributable to operating activities	(1,447,921)	(979,342)	(1,687,121)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	2,907,667	1,033,027	2,001,730
Purchase land held for resale	0	0	0
Purchase investment property	0	0	0
Purchase property, plant and equipment	(447,024)	(255,800)	(285,364)
Purchase and construction of infrastructure	(3,031,227)	(1,210,902)	(2,109,327)
Proceeds from disposal of assets	195,000	122,082	120,430
Proceeds from self supporting loans	17,539	24,300	24,300
Advances of self supporting loans	0	0	0
Amount attributable to investing activities	(358,045)	(287,293)	(248,231)
FINANCING ACTIVITIES			
Repayment of borrowings	(169,320)	(1,367,697)	(1,389,880)
Principal elements of finance lease payments	(96,540)	(19,766)	0
Proceeds from new borrowings	0	1,200,000	1,200,000
Transfers to cash backed reserves (restricted assets)	(173,803)	(23,520)	(23,956)
Transfers from cash backed reserves (restricted assets)	152,200	101,463	64,650
Amount attributable to financing activities	(287,463)	(109,520)	(149,186)
Budgeted deficiency before general rates	(2,093,429)	(1,376,155)	(2,084,538)
Estimated amount to be raised from general rates	2,093,429	2,094,891	2,084,538
Net current assets at end of financial year - surplus/(deficit)	0	718,736	0

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

SHIRE OF PINGELLY
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
GRV - Residential	0.121390	316	3,615,352	438,868	0	0	438,868	445,080	439,884
GRV - Rural Residential	0.121390	66	817,596	99,248	0	0	99,248	98,922	98,067
GRV - Commercial/Industrial	0.121390	29	412,252	50,043	0	0	50,043	49,495	39,744
GRV - Townsites	0.121390	12	144,560	17,548	0	0	17,548	17,356	17,356
Unimproved valuations									
UV - Broadacre Rural	0.009704	244	138,100,000	1,340,122	0	0	1,340,122	1,349,724	1,352,447
Sub-Totals		667	143,089,760	1,945,829	0	0	1,945,829	1,960,577	1,947,498
Minimum									
Minimum payment									
	\$								
Gross rental valuations									
GRV - Residential	900	62	86,871	55,800	0	0	55,800	55,800	55,800
GRV - Rural Residential	900	24	57,360	21,600	0	0	21,600	20,700	20,700
GRV - Commercial/Industrial	900	11	48,555	9,900	0	0	9,900	9,900	12,600
GRV - Townsites	900	8	17,185	7,200	0	0	7,200	7,200	7,200
Unimproved valuations									
UV - Broadacre Rural	900	59	3,895,500	53,100	0	0	53,100	40,500	40,500
Sub-Totals		164	4,105,471	147,600	0	0	147,600	134,100	136,800
		831	147,195,231	2,093,429	0	0	2,093,429	2,094,677	2,084,298
Movement in Excess Rates								0	
Ex-gratia rates							0	214	240
Total amount raised from general rates							2,093,429	2,094,891	2,084,538
Ex-gratia rates							220		
Total rates							2,093,649	2,094,891	2,084,538

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 2020/21 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.

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	28/08/2020			8.0%
Option two				
First Instalment	28/08/2020			8.0%
Second Instalment	7/01/2021	10	5.5%	8.0%
Option three				
First Instalment	28/08/2020			8.0%
Second Instalment	30/10/2020	10	5.5%	8.0%
Third Instalment	7/01/2021	10	5.5%	8.0%
Fourth Instalment	8/03/2021	10	5.5%	8.0%

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	4,500	4,180	4,500
Instalment plan interest earned	7,500	7,941	6,800
Unpaid rates and service charge interest earned	12,180	17,868	17,000
ESL Penalty Interest	800	918	800
	24,980	30,907	29,100

**SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021**

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30 June 2021.

(d) Service Charges

The Shire did not raise service charges for the year ended 30 June 2021.

1. RATES AND SERVICE CHARGES (CONTINUED)

The Shire does not anticipate any waivers or concessions for the year ended 30 June 2021.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

2 (a). NET CURRENT ASSETS

Items excluded from calculation of budgeted deficiency

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

Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
	\$	\$	\$
(i) Operating activities excluded from budgeted deficiency			
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.			
Adjustments to operating activities			
Less: Profit on asset disposals	4(b) (57,000)	(4,067)	0
Less: Reversal of prior year loss on revaluation of non-current assets	0	0	0
Less: Non-cash grants and contributions for assets	0	0	0
Less: Gain on revaluation of FV Assets	0	(864)	0
Less: Movement in contract liabilities associated with restricted cash	0	0	0
Less: Movement in employee liabilities associated with restricted cash	0	32,214	0
Add: Movement in Deferred Pensioner Rates/ESL		3,229	
Add: Movement in non-current contract liabilities	0	0	0
Add: Loss on disposal of assets	4(b) 20,500	380,679	385,719
Add: Loss on revaluation of non current assets	0	0	0
Add: Change in accounting policies	0	(117,018)	0
Add: Depreciation on assets	5 2,577,232	2,564,785	2,472,000
Non cash amounts excluded from operating activities	2,540,732	2,858,958	2,857,719
(ii) Current assets and liabilities excluded from budgeted deficiency			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.			
Adjustments to net current assets			
Less: Cash - restricted reserves	3 (184,419)	(162,816)	(200,066)
Less: Current assets not expected to be received at end of year			
- current portion of self supporting loans receivable	(18,692)	(17,539)	0
- Financial assets at fair value through profit and loss	(5,000)	(5,000)	
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	169,910	169,320	167,697
- Current portion of lease liabilities	20,366	20,366	0
- Employee benefit provisions	374,554	374,554	329,148
Total adjustments to net current assets	356,719	378,885	296,779

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

2 (a). NET CURRENT ASSETS (CONTINUED)

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

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
(iii) Composition of estimated net current assets				
Current assets				
Cash and cash equivalents- unrestricted	3	44,999	373,290	(122,245)
Cash and cash equivalents - restricted				
Cash backed reserves	3	184,419	162,816	200,066
Unspent grants, subsidies and contributions	10	0	331,831	0
Financial assets - unrestricted		23,692	22,539	0
Receivables		233,294	283,294	276,736
Contract assets		0	180,445	0
Inventories		3,704	3,704	8,744
		490,108	1,357,919	363,301
Less: current liabilities				
Trade and other payables		(281,997)	(121,997)	(163,234)
Contract liabilities		0	(331,831)	0
Lease liabilities		(20,366)	(20,366)	0
Long term borrowings		(169,910)	(169,320)	(167,697)
Provisions		(374,554)	(374,554)	(329,149)
		(846,827)	(1,018,068)	(660,080)
Net current assets		(356,719)	339,851	(296,779)
Less: Total adjustments to net current assets	2 (a)(ii)	356,719	378,885	296,779
Closing funding surplus / (deficit)		0	718,736	0

2 (b). 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 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.

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 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.

LEASE LIABILITIES

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

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.

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.

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.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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:

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	229,418	867,937	77,821
	229,418	867,937	77,821
- Unrestricted cash and cash equivalents	44,999	373,290	(122,245)
- Restricted cash and cash equivalents	184,419	494,647	200,066
	229,418	867,937	77,821
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents:			
Leave reserve	26,860	36,061	25,718
Plant reserve	35,562	48,977	66,683
Building reserve	24,156	23,808	23,753
Electronic Equipment reserve	29,548	3,242	3,194
Community Bus reserve	23,893	11,807	11,675
Swimming Pool reserve	28,155	22,835	53,111
Refuse Site Rehab/Closure reserve	16,245	16,086	15,932
Unspent grants, subsidies and contributions	0	331,831	0
	184,419	494,647	200,066
Reconciliation of net cash provided by operating activities to net result			
Net result	293,707	(1,027,930)	(740,928)
Depreciation	2,577,232	2,564,785	2,472,000
(Profit)/loss on sale of asset	(36,500)	376,612	385,719
Gain on revaluation of financial assets through P&L		(864)	
(Increase)/decrease in receivables	50,000	(53,331)	(50,000)
(Increase)/decrease in contract assets	180,445	(180,445)	0
(Increase)/decrease in inventories	0	5,040	0
Increase/(decrease) in payables	160,000	(95,268)	(171,962)
Increase/(decrease) in contract liabilities	(331,831)	214,813	0
Change in accounting policies transferred to retained surplus	0	0	90,981
Increase/(decrease) in employee provisions	0	32,214	0
Non-operating grants, subsidies and contributions	(2,907,667)	(1,033,027)	(2,001,730)
Net cash from operating activities	(14,614)	802,599	(15,920)

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.

FINANCIAL ASSETS AT AMORTISED COST

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

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2020/21 Budget total	2019/20 Actual total	2019/20 Budget 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>														
Land - freehold land										30,000		30,000	0	0
Land - vested in and under the control of council												0	0	0
Buildings - non-specialised												0	71,668	0
Buildings - specialised												0	27,264	0
Furniture and equipment	34,081											34,081	0	0
Plant and equipment	90,000							33,500	171,000			294,500	156,868	126,900
Works In Progress								88,443				88,443	0	158,464
	124,081	0	0	0	0	0	0	121,943	171,000	30,000	0	447,024	255,800	285,364
<i>Infrastructure</i>														
Infrastructure - roads									1,793,554			1,793,554	970,075	1,903,851
Infrastructure - footpaths									237,673			237,673	11,761	12,000
Other infrastructure Kerbs & Drains												0	85,538	91,588
Other infrastructure								1,000,000				1,000,000	43,160	0
Other infrastructure Bridges												0	100,368	101,888
	0	0	0	0	0	0	0	1,000,000	2,031,227	0	0	3,031,227	1,210,902	2,109,327
<i>Right of use assets</i>														
Right of use - land												0	0	0
Right of use - buildings	21,279											21,279	0	0
Right of use - plant and equipment									337,468			337,468	0	0
Right of use - furniture and fittings	40,187											40,187	0	0
	61,466	0	0	0	0	0	0	0	337,468	0	0	398,934	0	0
Total acquisitions	185,547	0	0	0	0	0	0	1,121,943	2,539,695	30,000	0	3,877,185	1,466,702	2,394,691

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

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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

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

SHIRE OF PINGELLY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	15,000	12,000	0	(3,000)	465,953	99,729	4,067	(370,291)	474,149	98,000	0	(376,149)
Recreation and culture	0	7,000	7,000	0	0	0	0	0	0	0	0	0
Transport	113,500	146,000	50,000	(17,500)	0	0	0	0	0	0	0	0
Economic services	30,000	30,000	0	0	32,741	22,353	0	(10,388)	32,000	22,430	0	(9,570)
	158,500	195,000	57,000	(20,500)	498,694	122,082	4,067	(380,679)	506,149	120,430	0	(385,719)
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land	30,000	30,000	0	0	48,506	20,000	0	(28,506)	48,506	20,000	0	(28,506)
Buildings - non-specialised	0	0	0	0	111,452	0	0	(111,452)	115,043	0	0	(115,043)
Buildings - specialised	0	0	0	0	221,029	0	0	(221,029)	230,600	0	0	(230,600)
Plant and equipment	128,500	165,000	57,000	(20,500)	117,707	102,082	4,067	(19,692)	112,000	100,430	0	(11,570)
	158,500	195,000	57,000	(20,500)	498,694	122,082	4,067	(380,679)	506,149	120,430	0	(385,719)

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

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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
Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - roads
Infrastructure - footpaths
Other infrastructure Kerbs & Drains
Other infrastructure
Other infrastructure Bridges
Right of use - buildings
Right of use - plant and equipment
Right of use - furniture and fittings

2020/21 Budget	2019/20 Actual	2019/20 Budget
\$	\$	\$
65,000.00	77,124	65,000
50,000.00	50,195	50,000
4,000.00	3,989	4,000
19,000.00	42,447	19,000
24,000.00	24,802	24,000
410,000.00	540,920	360,000
1,875,732.00	1,682,355	1,805,000
55,000.00	54,383	55,000
74,500.00	88,570	90,000
2,577,232.00	2,564,785	2,472,000
35,000.00	60,467	35,000
160,000.00	330,531	160,000
16,000.00	12,429	16,000
135,000.00	177,199	135,000
1,340,000.00	1,134,161	1,340,000
36,000.00	37,523	36,000
200,000.00	215,069	200,000
284,383.00	310,554	260,000
290,000.00	272,711	290,000
5,316.00	0	0
67,496.00	0	0
8,037.00	14,141	0
2,577,232.00	2,564,785	2,472,000

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 period of the lease or the estimated useful life of the improvements.

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

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

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

Buildings - non-specialised	50 years
Buildings - specialised	50 years
Furniture and equipment	10 years
Plant and equipment	3 to 15 years
Works In Progress	not depreciated
Infrastructure - roads	40 years
Infrastructure - footpaths	40 years
Other infrastructure Kerbs & Drains	40 years
Other infrastructure	30 to 75 years
Other infrastructure Bridges	50 Years
Right of use - plant and equipment	Based on the remaining lease
Right of use - furniture and fittings	Based on the remaining lease
Intangible assets - rehabilitation costs	40 years

AMORTISATION

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

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

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2020/21	2020/21	Budget	2020/21	Actual Principal 1 July 2019	2019/20	2019/20	Actual	2019/20	Budget	2019/20	2019/20	Budget	2019/20	
				Principal 1 July 2020	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments		Actual Principal 1 July 2019	Actual New Loans	Actual Principal Repayments	Principal outstanding 30 June 2020	Actual Interest Repayments	Principal 1 July 2019	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2020	Budget Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Recreation and culture																			
Recreation and Culture Centre	123	WATC	4.2%	2,054,890	0	(100,699)	1,954,191	(85,462)	2,198,287	0	(143,397)	2,054,890	(92,380)	2,198,287		(143,397)	2,054,890	(135,845)	
S/T Loan		WATC	2.4%	0	0	0	0	0	1,200,000	0	(1,200,000)	0	(15,217)	1,200,000		(1,200,000)	0	(29,440)	
Recreation and Culture Centre	124	WATC	0.7%	1,200,000		(51,082)	1,148,918	(7,757)	0	1,200,000	0	1,200,000	0	0	1,200,000	(22,183)	1,177,817	(17,820)	
				3,254,890	0	(151,781)	3,103,109	(93,219)	3,398,287	1,200,000	(1,343,397)	3,254,890	(107,597)	3,398,287	1,200,000	(1,365,580)	3,232,707	(183,105)	
Self Supporting Loans																			
Education and welfare																			
SSL Cottage Homes	120	WATC	6.5%	149,820	0	(17,539)	132,281	(9,414)	174,120	0	(24,300)	149,820	(10,490)	174,120	0	(24,300)	149,820	(16,129)	
				149,820	0	(17,539)	132,281	(9,414)	174,120	0	(24,300)	149,820	(10,490)	174,120	0	(24,300)	149,820	(16,129)	
				3,404,710	0	(169,320)	3,235,390	(102,633)	3,572,407	1,200,000	(1,367,697)	3,404,710	(118,087)	3,572,407	1,200,000	(1,389,880)	3,382,527	(199,234)	

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30 June 2020 nor is it expected to have unspent borrowing funds as at 30 June 2021.

(d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 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	15,000	15,000	15,000
Credit card balance at balance date	0	1,850	0
Total amount of credit unused	515,000	516,850	515,000
Loan facilities			
Loan facilities in use at balance date	3,235,390	3,404,710	3,382,527

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

SHIRE OF PINGELLY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease	2020/21 Budget	Budget Lease	2020/21 Budget	Actual Principal	2019/20 Actual	2019/20 Actual	2019/20 Actual	2019/20 Actual	Budget Principal	2019/20 Budget	2019/20 Budget	Budget Lease	2019/20 Budget	
					Principal	New Leases	Principal outstanding	Lease Interest		New Leases	Lease repayments	Lease Principal outstanding	Lease repayments		New Leases	Lease repayments	Principal outstanding	Lease Interest	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance																			
Photocopier	001	Classic Funding Group	3.0%	5 yrs	57,503	0	(20,366)	37,137	(1,442)	77,269	0	(19,766)	57,503	(2,041)	0	0	0	0	0
Computer Server	002	Macquarie Finance	3.0%	5 yrs	0	40,187	(7,566)	32,621	(1,117)	0	0	0	0	0	0	0	0	0	0
Solar System - Admin	003	Macquarie Finance	3.0%	4 yrs	0	21,279	(5,084)	16,195	(580)	0	0	0	0	0	0	0	0	0	0
Transport																			
Motor Grader	004	Macquarie Finance	3.0%	5yrs	0	337,468	(63,524)	273,944	(9,224)	0	0	0	0	0	0	0	0	0	0
					57,503	398,934	(96,540)	359,897	(12,363)	77,269	0	(19,766)	57,503	(2,041)	0	0	0	0	0

SIGNIFICANT ACCOUNTING POLICIES

LEASES

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

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

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	36,061	799	(10,000)	26,860	35,203	858	0	36,061	35,203	515	(10,000)	25,718
(b) Plant reserve	48,977	120,085	(133,500)	35,562	65,722	1,255	(18,000)	48,977	65,722	961	0	66,683
(c) Building reserve	23,808	348	0	24,156	3,747	20,061	0	23,808	3,747	20,006	0	23,753
(d) Electronic Equipment reserve	3,242	35,006	(8,700)	29,548	3,190	52	0	3,242	3,190	4	0	3,194
(e) Community Bus reserve	11,807	12,086	0	23,893	11,618	189	0	11,807	11,619	56	0	11,675
(f) Swimming Pool reserve	22,835	5,320	0	28,155	51,988	847	(30,000)	22,835	51,988	1,123	0	53,111
(g) Joint Venture reserve	0	0	0	0	53,463	0	(53,463)	0	53,463	1,187	(54,650)	0
(h) Refuse Site Rehab/Closure reserve	16,086	159	0	16,245	15,828	258	0	16,086	15,828	104	0	15,932
	162,816	173,803	(152,200)	184,419	240,759	23,520	(101,463)	162,816	240,760	23,956	(64,650)	200,066

(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
(a) Leave reserve	Ongoing	- to be used to fund annual and long service leave requirements.
(b) Plant reserve	Ongoing	- to be used for the purchase of major plant.
(c) Building reserve	Ongoing	- to be used to fund the renovation/purchase of Shire of Pingelly buildings and Recreation Infrastructure.
(d) Electronic Equipment reserve	Ongoing	- to be used to fund the purchase of information technology hardware and software equipment.
(e) Community Bus reserve	Ongoing	- to be used to fund the change-over of the community bus.
(f) Swimming Pool reserve	Ongoing	- to be used to fund the upgrading of the swimming pool complex
(g) Joint Venture reserve	30/06/2020	- to be used for the future maintenance of the Joint Venture units
(h) Refuse Site Rehab/Closure reserve	Ongoing	- to be used to facilitate the rehabilitation/closure of the town refuse site.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

9. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	18,300	20,547	18,000
General purpose funding	8,600	8,860	8,400
Law, order, public safety	4,575	4,322	4,520
Health	1,636	1,776	1,636
Education and welfare	2,000	2,000	3,000
Community amenities	199,740	200,217	211,850
Recreation and culture	19,190	11,395	31,518
Transport		0	0
Economic services	45,550	22,570	23,850
Other property and services	20,227	8,051	30,227
	319,818	279,738	333,001

10. GRANT REVENUE

	Unspent grants, subsidies and contributions liability				Grants, subsidies and contributions revenue			
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
By Program:	\$	\$	\$	\$	\$	\$	\$	\$
(a) Operating grants, subsidies and contributions								
Governance	0	0	0	0	0		9,182	
General purpose funding	0	0	0	0	0	593,518	1,478,762	609,951
Law, order, public safety	0	55,254	(55,254)	0	0	55,254	52,607	66,282
Education and welfare	0	1,000	(1,000)	0	0	1,000	1,595	1,000
Recreation and culture	0	2,000	(2,000)	0	0	2,000	8,000	5,000
Transport	0	0	0	0	0	91,455	137,811	355,834
Other property and services	0	0	0	0	0	0	255	0
	0	58,254	(58,254)	0	0	743,227	1,688,212	1,038,067
(b) Non-operating grants, subsidies and contributions								
Recreation and culture	0	1,000,000	(1,000,000)	0	0	1,000,000	24,863	20,667
Transport	331,831	1,662,190	(1,994,021)	0	0	1,907,667	1,008,164	1,981,063
	331,831	2,662,190	(2,994,021)	0	0	2,907,667	1,033,027	2,001,730
Total	331,831	2,720,444	(3,052,275)	0	0	3,650,894	2,721,239	3,039,797
(c) Unspent grants, subsidies and contributions were restricted as follows:								
				Budget Closing Balance 30 June 2021	Actual Balance 30 June 2020			
Unspent grants, subsidies and contributions				0	331,831			
				0	331,831			

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

11. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

12. OTHER INFORMATION

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	2,803	3,520	3,956
- Other funds	13,964	21,410	17,529
Late payment of fees and charges *	7,500	7,941	6,800
Other interest revenue (refer note 1b)	12,180	17,868	17,000
	36,447	50,739	45,285
* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5.5%.			
(b) Other revenue			
Reimbursements and recoveries	54,004	133,752	81,951
	54,004	133,752	81,951
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	23,000	23,000	24,000
Other services	18,500	22,861	23,915
	41,500	45,861	47,915
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	102,633	118,087	199,234
Interest expense on lease liabilities	12,363	2,041	0
Other-Interest on Overdraft	0	979	0
	114,996	121,107	199,234
(e) Elected members remuneration			
Meeting fees	38,400	37,400	38,400
Mayor/President's allowance	1,200	1,200	1,200
Deputy Mayor/President's allowance	300	300	300
Telecommunications allowance	1,000	0	1,000
	40,900	38,900	40,900
(f) Write offs			
General rate	0	30	0
	0	30	0

13. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2020/21.

14. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated the Shire will be party to any Major Trading Undertakings during 2020/21.

14. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2020/21.

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 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	0	0	0	0
	0	0	0	0

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.

15. CHANGE IN ACCOUNTING POLICIES

Nil

16. BUDGET RATIOS

	2020/21 Budget	2019/20 Actual	2018/19 Actual	2017/18 Actual
Operating Surplus	(28.5393)	(23.0173)	(24.0600)	(0.4600)
Funds After Operations	23.2162	29.8144	40.9300	55.920
PPE	4.5078	1.5784	11.2100	46.770
Infrastructure	3.6269	2.2204	78.1000	2.7100
Cash Reserves	6.5082	13.0752	6.3400	13.9900
Borrowings	109.5090	86.0376	90.1300	87.3800
Debt Servicing	9.3947	7.2134	39.5200	21.9800
Average Rates (UV)	5,492	5,464	5,165	4,904
Average Rates (GRV)	1,432	1,424	1,348	1,259

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