

**SHIRE OF PINGELLY**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

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**SHIRE OF PINGELLY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Revenue</b>				
Rates	8	1,864,908	1,679,042	1,675,739
Operating grants, subsidies and contributions		1,336,266	797,783	722,586
Fees and charges	14	317,450	320,366	402,680
Service charges	11	0	0	0
Interest earnings	2(a)	101,855	128,641	150,600
Other revenue	2(a)	191,200	161,076	187,631
		<u>3,811,679</u>	<u>3,086,908</u>	<u>3,139,236</u>
<b>Expenses</b>				
Employee costs		(1,358,844)	(1,574,896)	(1,525,422)
Materials and contracts		(1,235,122)	(1,173,407)	(1,190,055)
Utility charges		(150,371)	(154,158)	(175,180)
Depreciation on non-current assets	2(a)	(2,110,000)	(2,088,054)	(1,800,200)
Interest expenses	2(a)	(134,660)	(149,185)	(144,346)
Insurance expenses		(166,361)	(185,069)	(155,540)
Other expenditure		(69,300)	(33,391)	(36,980)
		<u>(5,224,658)</u>	<u>(5,358,160)</u>	<u>(5,027,723)</u>
		(1,412,979)	(2,271,252)	(1,888,487)
Non-operating grants, subsidies and contributions		8,312,488	1,336,881	1,062,354
Profit on asset disposals	6	257,550	11,509	23,180
Loss on asset disposals	6	(55,350)	(3,697)	(203,050)
Loss on revaluation of non current assets		<u>0</u>	<u>0</u>	<u>0</u>
<b>NET RESULT</b>		<b>7,101,709</b>	<b>(926,559)</b>	<b>(1,006,003)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>7,101,709</u></b>	<b><u>(926,559)</u></b>	<b><u>(1,006,003)</u></b>

**Notes:**

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

**SHIRE OF PINGELLY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget	2015/16 Actual	2015/16 Budget
		\$	\$	\$
<b>Revenue (Refer Notes 1,2,8,10 to 14)</b>				
Governance		93,800	103,829	90,920
General purpose funding		3,150,445	2,407,493	2,416,871
Law, order, public safety		102,122	104,776	80,439
Education and welfare		15,358	26,883	46,196
Housing		0	0	0
Community amenities		174,400	169,143	196,140
Recreation and culture		73,885	74,567	69,050
Transport		80,794	80,472	75,100
Economic services		50,675	54,759	74,020
Other property and services		58,500	54,264	77,600
		<u>3,811,679</u>	<u>3,087,348</u>	<u>3,139,236</u>
<b>Expenses Excluding Finance Costs Refer Notes 1, 2 &amp; 15)</b>				
Governance		(630,066)	(592,171)	(641,643)
General purpose funding		(150,901)	(147,730)	(141,296)
Law, order, public safety		(237,309)	(211,985)	(220,269)
Health		(128,846)	(120,613)	(133,856)
Education and welfare		(35,776)	(28,130)	(62,345)
Housing		0	0	0
Community amenities		(422,643)	(328,955)	(374,681)
Recreation and culture		(930,175)	(975,626)	(1,081,451)
Transport		(2,272,333)	(2,505,191)	(2,060,717)
Economic services		(262,790)	(244,353)	(238,552)
Other property and services		(19,159)	(54,221)	(34,325)
		<u>(5,089,998)</u>	<u>(5,208,975)</u>	<u>(4,989,135)</u>
<b>Finance Costs (Refer Notes 2 &amp; 9)</b>				
Law, order, public safety		(20,382)	(21,298)	(23,385)
Recreation and culture		(100,920)	(112,926)	0
		<u>(134,660)</u>	<u>(149,185)</u>	<u>(38,588)</u>
<b>Non-operating Grants, Subsidies and Contributions</b>				
Education and welfare		1,312,816	272,727	0
Recreation and culture		5,423,595	10,000	30,000
Transport		1,576,077	1,008,954	1,032,354
		<u>8,312,488</u>	<u>1,336,881</u>	<u>1,062,354</u>

**SHIRE OF PINGELLY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Profit/(Loss) On</b>				
<b>Disposal Of Assets (Refer Note 6)</b>				
Housing		0	0	0
Transport		(2,500)	6,137	(6,500)
Other property and services		0	0	0
		<u>202,200</u>	<u>7,372</u>	<u>(179,870)</u>
<b>Loss on</b>				
<b>Revaluation Of Non Current Assets</b>				
Transport		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
<b>NET RESULT</b>		<b>7,101,709</b>	<b>(926,559)</b>	<b>(1,006,003)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>7,101,709</u></u>	<u><u>(926,559)</u></u>	<u><u>(1,006,003)</u></u>

**Notes:**

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the remeasurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

**SHIRE OF PINGELLY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,874,908	1,686,291	1,677,819
Operating grants, subsidies and contributions		1,352,259	797,837	727,811
Fees and charges		317,450	320,366	500,680
Service charges		0	0	0
Interest earnings		101,855	128,641	150,600
Goods and services tax		122,000	127,941	317,500
Other revenue		191,200	161,076	187,631
		<u>3,959,672</u>	<u>3,222,152</u>	<u>3,562,041</u>
<b>Payments</b>				
Employee costs		(1,299,844)	(1,523,550)	(1,517,047)
Materials and contracts		(1,180,062)	(1,131,789)	(1,128,305)
Utility charges		(150,371)	(154,158)	(172,880)
Interest expenses		(134,660)	(153,765)	(144,346)
Insurance expenses		(166,361)	(185,069)	(155,540)
Goods and services tax		(112,000)	(112,000)	(287,145)
Other expenditure		(69,300)	(33,391)	(36,980)
		<u>(3,112,598)</u>	<u>(3,293,722)</u>	<u>(3,442,243)</u>
<b>Net cash provided by (used in) operating activities</b>	3(b)	<u>847,074</u>	<u>(71,570)</u>	<u>119,798</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	5	(10,205,486)	(1,424,386)	(1,480,620)
Payments for construction of infrastructure	5	(1,781,004)	(1,449,049)	(1,380,148)
Non-operating grants, subsidies and contributions used for the development of assets		8,312,488	1,336,881	1,062,354
Proceeds from sale of plant & equipment	6	492,000	82,471	585,500
<b>Net cash provided by (used in) investing activities</b>		<u>(3,182,002)</u>	<u>(1,454,083)</u>	<u>(1,212,914)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures	7	(173,181)	(165,510)	(165,510)
Profit on Sale of Assets Imbalance		0	439	0
Proceeds from self supporting loans		87,940	83,747	83,747
Proceeds from new debentures	7	0	0	0
<b>Net cash provided by (used in) financing activities</b>		<u>(85,241)</u>	<u>(81,324)</u>	<u>(81,763)</u>
<b>Net increase (decrease) in cash held</b>		(2,420,169)	(1,606,977)	(1,174,879)
Cash at beginning of year		<u>3,280,040</u>	<u>4,887,018</u>	<u>4,887,018</u>
<b>Cash and cash equivalents at the end of the year</b>	3(a)	<u><u>859,871</u></u>	<u><u>3,280,041</u></u>	<u><u>3,712,139</u></u>

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

**SHIRE OF PINGELLY  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	4	<b>422,977</b>	<b>1,235,042</b>	<b>1,264,137</b>
<b>Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)</b>	1,2			
Governance		93,800	108,760	102,100
General purpose funding		1,285,537	728,451	741,132
Law, order, public safety		102,122	104,776	80,439
Health		11,700	11,162	12,900
Education and welfare		15,358	26,883	46,196
Housing		0	0	0
Community amenities		174,400	169,143	196,140
Recreation and culture		88,435	74,567	69,050
Transport		80,794	86,609	87,100
Economic services		293,675	54,759	74,020
Other property and services		58,500	54,264	77,600
		<u>2,204,321</u>	<u>1,419,375</u>	<u>1,486,677</u>
<b>Expenditure from operating activities</b>	1,2			
Governance		(682,916)	(595,867)	(655,193)
General purpose funding		(150,901)	(147,730)	(141,296)
Law, order, public safety		(257,691)	(233,283)	(243,654)
Health		(128,846)	(120,613)	(133,856)
Education and welfare		(49,134)	(43,091)	(77,548)
Housing		0	0	0
Community amenities		(422,643)	(328,955)	(374,681)
Recreation and culture		(1,031,095)	(1,088,552)	(1,081,451)
Transport		(2,274,833)	(2,505,191)	(2,079,217)
Economic services		(262,790)	(244,353)	(409,552)
Other property and services		(19,159)	(54,221)	(34,325)
		<u>(5,280,008)</u>	<u>(5,361,857)</u>	<u>(5,230,773)</u>
<b>Operating activities excluded from budget</b>				
(Profit)/Loss on asset disposals	6	(202,200)	(7,812)	179,870
(Profit)/Loss on asset imbalance		0	440	
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	2,110,000	2,088,054	1,800,200
Movement in employee benefit provisions (non-current)		0	97,166	0
<b>Amount attributable to operating activities</b>		<u>(744,910)</u>	<u>(529,592)</u>	<u>(499,889)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		8,312,488	1,336,881	1,062,354
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(10,205,486)	(1,424,386)	(1,480,620)
Purchase and construction of infrastructure	5	(1,781,004)	(1,449,049)	(1,380,148)
Proceeds from disposal of assets	6	492,000	82,471	585,500
<b>Amount attributable to investing activities</b>		<u>(3,182,002)</u>	<u>(1,454,083)</u>	<u>(1,212,914)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	7	(173,181)	(165,510)	(165,510)
Proceeds from new debentures	7	0	0	0
Proceeds from self supporting loans		87,940	83,747	83,747
Unspent Loans going forward		2,500,000	0	0
Transfers to cash backed reserves (restricted assets)	9	(705,755)	(31,626)	(471,210)
Transfers from cash backed reserves (restricted assets)	9	353,000	841,000	591,000
<b>Amount attributable to financing activities</b>		<u>2,062,004</u>	<u>727,611</u>	<u>38,027</u>
<b>Budgeted deficiency before general rates</b>		<u>(1,864,908)</u>	<u>(1,256,064)</u>	<u>(1,674,776)</u>
<b>Estimated amount to be raised from general rates</b>	8	<u>1,864,908</u>	<u>1,679,042</u>	<u>1,675,739</u>
<b>Net current assets at end of financial year - surplus/(deficit)</b>	4	<u>0</u>	<u>422,978</u>	<u>963</u>

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

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**The Local Government Reporting Entity**

All funds through which the Shire 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 16 to this budget document.

**(b) 2015/16 Actual Balances**

Balances shown in this budget as 2015/16 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(c) Rounding Off Figures**

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

**(d) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the Shire obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

**(e) 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.

**(f) Superannuation**

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

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

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) 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 4 - Net Current Assets.

**(h) 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.

**(i) 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.

***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.



**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Fixed Assets**

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

***Initial Recognition and Measurement between Mandatory Revaluation Dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land Under Roads***

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Fixed Assets (Continued)**

**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.

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

Land	not depreciated
Buildings	up to 50 years
Furniture and Equipment	up to 10 years
Computer & Electronic Equipment	up to 3 years
Plant and Equipment	
- Earthmoving Plant	up to 15 years
- Heavy Trucks	up to 10 years
- Light and Heavy Trucks	up to 8 years
- Sedans & Utilities	up to 5 years
- Minor Miscellaneous Plant	up to 3 years
Sealed roads and streets	
- clearing and earthworks	not depreciated
- construction/road base	up to 40 years
- original surfacing and major re-surfacing	up to 50 years
- bituminous seals and asphalt surfaces	up to 40 years
- Gravel roads	
- clearing and earthworks	not depreciated
- construction/road base	up to 20 years
- gravel sheet	up to 20 years
Formed roads (unsealed)	
- clearing and earthworks	not depreciated
- construction/road base	up to 50 years
Footpaths – slab	up to 40 years

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

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

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

**Capitalisation Threshold**

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**(k) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Fair Value of Assets and Liabilities (Continued)**

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

***Fair Value Hierarchy***

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

***Valuation techniques***

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Fair Value of Assets and Liabilities (Continued)**

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

**(l) Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**Classification and Subsequent Measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(I) Financial Instruments (Continued)**

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

*(v) Financial liabilities*

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(l) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(m) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Impairment of Assets (Continued)**

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2017.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

**(n) 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 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.

**(o) Employee Benefits**

**Short-Term Employee Benefits**

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

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

**Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) 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.

**(q) 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.

**(r) Leases**

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

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

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

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

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

**(s) 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. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 19.



**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(t) 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.

**(u) Comparative Figures**

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

**(v) Budget Comparative Figures**

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

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>2. REVENUES AND EXPENSES</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Budget \$</b>
<b>(a) Net Result</b>			
The net result includes:			
<b>(i) Charging as an expense:</b>			
<b>Auditors remuneration</b>			
Audit services	30,000	30,947	15,000
Other services	0	0	5,000
<b>Depreciation By Program</b>			
Governance	1,000	900	150,900
General purpose funding	130,000	123,482	0
Law, order, public safety	37,000	35,545	37,000
Health	10,000	6,649	10,000
Education and welfare	15,000	7,220	15,000
Housing	0	0	0
Community amenities	25,000	24,408	20,000
Recreation and culture	182,000	181,885	115,000
Transport	1,511,000	1,510,836	1,271,700
Economic services	39,000	38,480	10,600
Other property and services	160,000	158,649	170,000
	<u>2,110,000</u>	<u>2,088,054</u>	<u>1,800,200</u>
<b>Depreciation By Asset Class</b>			
Land and buildings	162,000	159,227	250,000
Furniture and equipment	43,000	42,430	6,200
Plant and equipment	246,000	241,214	250,000
Roads	1,245,000	1,233,740	900,000
Footpaths	24,000	23,810	24,000
Drainage	125,000	127,105	30,000
Bridges	105,000	108,059	310,000
Infrastructure Other	160,000	152,469	30,000
	<u>2,110,000</u>	<u>2,088,054</u>	<u>1,800,200</u>
<b>Interest Expenses (Finance Costs)</b>			
- Debentures ( <i>refer note 7(a)</i> )	134,660	149,185	144,346
Other	0	0	0
	<u>134,660</u>	<u>149,185</u>	<u>144,346</u>
<b>(ii) Crediting as revenues:</b>			
<b>Interest Earnings</b>			
Investments			
- Reserve funds	12,755	31,626	32,500
- Other funds	70,000	79,420	103,100
- Other Interest	2,100		
Other interest revenue ( <i>refer note 12</i> )	17,000	17,595	15,000
	<u>101,855</u>	<u>128,641</u>	<u>150,600</u>
<b>(iii) Other Revenue</b>			
Reimbursements and recoveries	139,800	161,076	128,231
Other	51,400	0	59,400
	<u>191,200</u>	<u>161,076</u>	<u>187,631</u>

**SHIRE OF PINGELLY  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

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.

**COMMUNITY VISION**

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

**GOVERNANCE**

**Objective:**

Effective leadership and governance

**Activities:**

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**

**Objective:**

A financially sustainable Shire

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

A safe community

**Activities:**

Fire prevention, animal control and assistance to emergency services.

**HEALTH**

**Objective:**

Health and family support services that are accessible and meet the needs of the community

**Activities:**

Food quality control, provision of doctor services and maintenance of dental equipment.

**EDUCATION AND WELFARE**

**Objective:**

Quality of life for the aged and disabled. Development and participation of young people

**Activities:**

Maintenance of a daycare centre and assistance to the provision of aged care accommodation.

**SHIRE OF PINGELLY  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2017**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

Appropriate development which is diverse in nature and protects local heritage

**Activities:**

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**

**Objective:**

Access to recreation, sporting and leisure opportunities

**Activities:**

Maintenance of the Town Hall, Pavilion, Community Centre, recreation ground, swimming pool complex, reserves, operation of the library together with support of cultural events.

**TRANSPORT**

**Objective:**

Safe and reliable transport infrastructure

**Activities:**

Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets and depot maintenance.

**ECONOMIC SERVICES**

**Objective:**

Support the promotion and marketing of local businesses and tourism initiatives

**Activities:**

The regulation and provision of building control, control of noxious weeds and vermin, standpipe water supplies and area promotion

**OTHER PROPERTY & SERVICES**

**Objective:**

Provide support services for works and plant operations

**Activities:**

Private works operations, plant repairs and operation costs.

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**3. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) 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:

	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Budget \$</b>
Cash - unrestricted	30,262	30,459	45,700
Cash - restricted	<u>829,609</u>	<u>3,249,581</u>	<u>3,666,439</u>
	<u><u>859,871</u></u>	<u><u>3,280,040</u></u>	<u><u>3,712,139</u></u>

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

Leave Reserve	170,454	164,761	164,870
Plant Reserve	268,045	163,399	163,598
Building, Land & Recreation Reserve	256,626	48,140	723,640
Electronic Equipment Reserve	6,041	1,041	6,042
Community Bus Reserve	10,935	5,928	10,342
Swimming Pool Reserve	49,067	43,667	43,696
Joint Venture Housing Reserve	53,440	49,917	54,251
Refuse Site Rehabilitation/Closure	<u>15,000</u>	<u>0</u>	<u>0</u>
	<u><u>829,608</u></u>	<u><u>476,853</u></u>	<u><u>1,166,439</u></u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net result	7,101,709	(926,559)	(1,006,003)
Depreciation	2,110,000	2,088,054	1,800,200
(Profit)/loss on sale of asset	(202,200)	(7,812)	179,870
(Increase)/decrease in receivables	35,993	23,244	122,805
(Increase)/decrease in inventories	(3,940)	1,645	2,125
Increase/(decrease) in payables	118,000	(10,427)	80,155
Increase/(decrease) in employee provisions	0	97,166	3,000
Grants/contributions for the development of assets	<u>(8,312,488)</u>	<u>(1,336,881)</u>	<u>(1,062,354)</u>
<b>Net Cash from Operating Activities</b>	<u><u>847,074</u></u>	<u><u>(71,570)</u></u>	<u><u>119,798</u></u>

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**3. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)**

	2016/17 Budget \$	2015/16 Actual \$	2015/16 Budget \$
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	200,000	200,000	0
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	0	0
<b>Total Amount of Credit Unused</b>	<u>210,000</u>	<u>210,000</u>	<u>10,000</u>
<b>Loan Facilities</b>			
Loan facilities in use at balance date	<u>2,909,688</u>	<u>3,082,869</u>	<u>3,082,869</u>
Unused loan facilities at balance date	<u>0</u>	<u>2,500,000</u>	<u>2,500,000</u>

	Note	2016/17 Budget \$	2015/16 Actual \$
<b>4. NET CURRENT ASSETS</b>			
<b>Composition of estimated net current assets</b>			
<b>CURRENT ASSETS</b>			
Cash - unrestricted	3(a)	30,262	30,459
Cash - restricted grants		0	272,727
Cash - restricted Reserves		829,609	476,854
Unspent Loans	3(a)	0	2,500,000
Receivables		340,490	372,290
Investments		5,000	5,000
Inventories		6,261	2,321
		<u>1,211,622</u>	<u>3,659,651</u>
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables		(289,074)	(171,074)
Short term borrowings		0	0
Long term borrowings		(173,181)	(165,510)
Provisions		(228,642)	(228,642)
		<u>(690,897)</u>	<u>(565,226)</u>
<b>Unadjusted net current assets</b>		<b>520,725</b>	<b>3,094,425</b>
Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with FM Reg 32 as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.			
<b>Adjustments</b>			
Less: Cash - restricted reserves	3(a)	(829,608)	(476,853)
Less: Cash - Unspent Loans			(2,500,000)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		(87,940)	(83,747)
Less: Investments		(5,000)	(5,000)
Add: Current portion of debentures		173,181	165,510
Add: Current liabilities not expected to be cleared at end of year		228,642	228,642
<b>Adjusted net current assets - surplus/(deficit)</b>		<u><b>0</b></u>	<u><b>422,977</b></u>

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**5. ACQUISITION OF ASSETS**

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

Asset Class	Reporting Program											2016/17 Budget Total \$	2015/16 Actual Total \$
	Governance \$	General Purpose Funding \$	Law, Order, Public Safety \$	Health \$	Education and Welfare \$	Housing \$	Community Amenities \$	Recreation and Culture \$	Transport \$	Economic Services \$	Other Property and Services \$		
<u>Property, Plant and Equipment</u>													
Land and buildings	29,271		14,000		3,400		8,000		50,818	1,500		106,989	687,638
Furniture and equipment	7,989											7,989	19,782
Plant and equipment	97,000							33,500	123,900			254,400	454,485
Works in Progress Recreation & Culture								8,250,154				8,250,154	262,481
Works in Progress - Aged Accommodation					1,585,954							1,585,954	
	<b>134,260</b>	<b>0</b>	<b>14,000</b>	<b>0</b>	<b>1,589,354</b>	<b>0</b>	<b>8,000</b>	<b>8,283,654</b>	<b>174,718</b>	<b>1,500</b>	<b>0</b>	<b>10,205,486</b>	<b>1,424,386</b>
<u>Infrastructure</u>													
Roads									1,752,724			1,752,724	1,288,031
Footpaths													62,795
Drainage													
Bridges													
Other										28,280		28,280	24,908
Parks & Gardens													73,315
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,752,724</b>	<b>28,280</b>	<b>0</b>	<b>1,781,004</b>	<b>1,449,049</b>
<u>Land Held for Resale</u>													
Land Held for Resale													
<b>Total Acquisitions</b>	<b>134,260</b>	<b>0</b>	<b>14,000</b>	<b>0</b>	<b>1,589,354</b>	<b>0</b>	<b>8,000</b>	<b>8,283,654</b>	<b>1,927,442</b>	<b>29,780</b>	<b>0</b>	<b>11,986,490</b>	<b>2,873,435</b>

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

- plant replacement programme
- other assets
- road replacement programme
- other infrastructure

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**6. DISPOSALS OF ASSETS**

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

<b>By Program</b>	<b>Asset Number</b>	<b>2016/17 Budget</b>			
		<b>Net Book Value</b> \$	<b>Sale Proceeds</b> \$	<b>Profit</b> \$	<b>Loss</b> \$
<b>Governance</b>					
1015 - 16 Eliot St	1015	134,850.00	107,000.00	0	(27,850)
10182 - 16 Eliot St (Land)	10182	38,000.00	38,000.00	0	0
5 Webb St		32,000.00	20,000.00	0	(12,000)
PCEO15 - CEO Vehicle	PCEO15	40,000.00	30,000.00	0	(10,000)
PEMCCS01 - DCCS Vehicle	EMCCS02	17,000.00	14,000.00	0	(3,000)
<b>Recreation &amp; Culture</b>					
PC15 - Gardener Vehicle	PC15	450.00	15,000.00	14,550	0
<b>Transport</b>					
PT18 - Fuso 918 Crew Cab Tip Truck	PT18	27,500.00	25,000.00	0	(2,500)
<b>Economic Services</b>					
Industrial Shed		0.00	243,000.00	243,000	0
Land - Industrial Shed		0.00	0.00		
		<b>289,800.00</b>	<b>492,000.00</b>	<b>257,550.00</b>	<b>(55,350.00)</b>

<b>By Class</b>	<b>2016/17 Budget</b>			
	<b>Net Book Value</b> \$	<b>Sale Proceeds</b> \$	<b>Profit</b> \$	<b>Loss</b> \$
<b>Land and Buildings</b>				
1015 - 16 Eliot St	134,850	107,000	0	(27,850)
10182 - 16 Eliot St (Land)	38,000	38,000	0	0
5 Webb St	32,000	20,000	0	(12,000)
Industrial Shed	0	243,000	243,000	0
Land - Industrial Shed	0	0		
	<b>204,850</b>	<b>408,000</b>	<b>243,000</b>	<b>(39,850)</b>
<b>Plant and Equipment</b>				
PCEO15 - CEO Vehicle	40,000	30,000	0	(10,000)
PEMCCS01 - DCCS Vehicle	17,000	14,000	0	(3,000)
PC15 - Gardener Vehicle	450	15,000	14,550	0
PT18 - Fuso 918 Crew Cab Tip Truck	27,500	25,000	0	(2,500)
	<b>84,950</b>	<b>84,000</b>	<b>14,550</b>	<b>(15,500)</b>
	<b>289,800</b>	<b>492,000</b>	<b>257,550</b>	<b>(55,350)</b>

**Summary**

Profit on Asset Disposals  
Loss on Asset Disposals

<b>2016/17</b>
<b>Budget</b>
<b>\$</b>
257,550
(55,350)
<b><u>202,200</u></b>



**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**7. INFORMATION ON BORROWINGS**

**(a) Debenture Repayments**

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

Particulars	Principal 1-Jul-16	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$	2016/17 Budget \$	2015/16 Actual \$
<b>Recreation and culture</b>								
Loan 123 - Recreation and Cultural Cer	2,418,237	0	85,241	81,763	2,332,996	2,418,237	100,920	112,926
	<b>2,418,237</b>	<b>0</b>	<b>85,241</b>	<b>81,763</b>	<b>2,332,996</b>	<b>2,418,237</b>	<b>100,920</b>	<b>112,926</b>
<b>Self Supporting Loans</b>								
<b>Law, order, public safety</b>								
Loan 122 - SSL DFES	454,830	0	74,345	70,991	380,485	454,830	20,382	21,298
<b>Education and welfare</b>								
Loan 120 - SSL Pingelly Cottage Home	209,802	0	13,595	12,756	196,207	209,802	13,358	14,961
	<b>664,632</b>	<b>0</b>	<b>87,940</b>	<b>83,747</b>	<b>576,692</b>	<b>664,632</b>	<b>33,740</b>	<b>36,259</b>
<b>Total Loans</b>	<b>3,082,869</b>	<b>0</b>	<b>173,181</b>	<b>165,510</b>	<b>2,909,688</b>	<b>3,082,869</b>	<b>134,660</b>	<b>149,185</b>

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

**7. INFORMATION ON BORROWINGS (Continued)**

**(b) New Debentures - 2016/17**

There are no new debentures for the period 2016/2017

**(c) Unspent Debentures**

Council had unspent debenture funds as at 30 June 2016 but it is anticipated these funds will be expended as at 30 June 2017.

**(d) Overdraft**

Council has an overdraft facility of \$200,00 which was not utilised on 2015/2016 and it is not anticipated it will be used as at 30 June 2017.

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**8. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>2016/17 Budgeted Rate Revenue \$</b>	<b>2016/17 Budgeted Interim Rates \$</b>	<b>2016/17 Budgeted Back Rates \$</b>	<b>2016/17 Budgeted Total Revenue \$</b>	<b>2015/16 Actual \$</b>
<b>General rate</b>								
GRV - Residential	11.581600	295	2,929,511	339,284	0	0	339,284	339,351
GRV - Rural Residential	11.581600	65	683,712	79,185	0	0	79,185	75,814
GRV - Commercial/Industrial	11.581600	30	432,515	50,092	0	0	50,092	48,224
GRV - Townsites	11.581600	12	128,440	14,875	0	0	14,875	14,379
UV - Broadacre Rural	1.107300	260	111,685,508	1,236,694	0	0	1,236,694	1,074,155
<b>Sub-Totals</b>		662	115,859,686	1,720,130	0	0	1,720,130	1,551,923
<b>Minimum Rates</b>	<b>Minimum \$</b>							
GRV - Residential	898	82	287,910	73,636	0	0	73,636	55,110
GRV - Rural Residential	898	24	95,502	21,552	0	0	21,552	20,040
GRV - Commercial/Industrial	898	11	47,144	9,878	0	0	9,878	10,020
GRV - Townsites	898	7	20,270	6,286	0	0	6,286	5,010
UV - Broadacre Rural	898	37	1,987,730	33,226	0	0	33,226	36,740
<b>Sub-Totals</b>		161	2,438,556	144,578	0	0	144,578	126,920
Ex Gratia Rates							1,864,708	1,678,843
Discounts (Note 13)							200	199
							0	0
<b>Total amount raised from general rates</b>							1,864,908	1,679,042
Specified area rates (Note 10)							0	0
<b>Total Rates</b>							1,864,908	1,679,042

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**9. CASH BACKED RESERVES**

	2016/17 Budget				2015/16 Actual				2015/16 Budget			
	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Transfer (from) \$	Closing Balance \$
Leave Reserve	164,761	5,693	0	170,454	160,807	3,954	0	164,761	160,807	4,063	0	164,870
Plant Reserve	163,399	255,646	(151,000)	268,045	292,214	7,185	(136,000)	163,399	292,214	7,384	(136,000)	163,598
Building, Land & Recreation Reserve	48,140	408,486	(200,000)	256,626	735,066	18,074	(705,000)	48,140	735,067	443,573	(455,000)	723,640
Electronic Equipment Reserve	1,041	5,000	0	6,041	1,016	25	0	1,041	1,016	5,026	0	6,042
Community Bus Reserve	5,928	5,007	0	10,935	5,786	142	0	5,928	5,786	4,556	0	10,342
Swimming Pool Reserve	43,667	5,400	0	49,067	42,619	1,048	0	43,667	42,619	1,077	0	43,696
Joint Venture Housing Reserve	49,917	5,523	(2,000)	53,440	48,719	1,198	0	49,917	48,720	5,531	0	54,251
Refuse Site Rehabilitation/Closure	0	15,000	0	15,000	0	0	0	0	0			0
	476,853	705,755	(353,000)	829,608	1,286,227	31,626	(841,000)	476,853	1,286,229	471,210	(591,000)	1,166,439

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

**Purpose of the reserve**

- |                                     |  |
|-------------------------------------|--|
| Leave Reserve                       | - to be used to fund annual and long service leave requirements.   |
| Plant Reserve                       | - to be used for the purchase of major plant.  |
| Building, Land & Recreation Reserve | - to be used to fund the purchase of land, renovation/construction of Shire of Pingelly buildings and recreation infrastructure. |
| Electronic Equipment Reserve        | - to be used to fund the purchase of administration computer system equipment.   |
| Community Bus Reserve               | - to be used to fund the change-over of the community bus.   |
| Swimming Pool Reserve               | - to be used to fund the upgrading of the swimming pool complex.   |
| Joint Venture Housing Reserve       | - to be used for the future maintenance of the Joint Venture units.  |
| Refuse Site Rehabilitation/Closure  | - 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 2017**

**10. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates are levied by the Shire of Pingelly

**11. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

The Shire has no service charges in operation.

**12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES  
- 2016/2017 FINANCIAL YEAR**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
Option 1 (Full Payment)	30/09/2016	0	0.00%	11%
Option 2 (Two Instalments)				
- First Instalment	30/09/2016	0	0.00%	11%
- Second Instalment	1/02/2017	10	5.50%	11%
Option 3 (Four Instalments)				
- First Instalment	30/09/2016	0	0.00%	11%
- Second Instalment	30/11/2016	10	5.50%	11%
- Third Instalment	1/02/2017	10	5.50%	11%
- Fourth Instalment	4/04/2017	10	5.50%	11%

	<b>2016/17 Budget Revenue \$</b>	<b>2015/16 Actual \$</b>
Instalment Plan Admin Charge Revenue	5,000	5,960
Instalment Plan Interest Earned	6,000	5,828
Unpaid Rates Interest Earned	11,000	11,767
	22,000	23,555

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS  
- 2016/17 FINANCIAL YEAR**

**Rates Discounts**

There will be no discount offered in the 2016/17 financial year

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>14. FEES &amp; CHARGES REVENUE</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>
Governance	39,600	40,113
General purpose funding	10,000	9,720
Law, order, public safety	6,250	5,157
Health	1,700	1,593
Education and welfare	2,000	2,000
Housing	0	0
Community amenities	174,400	169,144
Recreation and culture	15,600	16,194
Transport	0	0
Economic services	46,900	54,693
Other property and services	21,000	21,752
	<u>317,450</u>	<u>320,366</u>

<b>15. ELECTED MEMBERS REMUNERATION</b>	<b>2016/17 Budget \$</b>	<b>2015/16 Actual \$</b>
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The following fees, expenses and allowances were paid to council members and/or the Mayor/President.

Meeting fees	38,400	29,981
Mayor/President's allowance	1,200	1,500
Deputy Mayor/President's allowance	300	300
Travelling expenses	0	0
Telecommunications allowance	1,000	300
	<u>40,900</u>	<u>32,081</u>

**SHIRE OF PINGELLY**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**16. 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-Jul-16 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-17 \$
Transport Licensing	6,043.35	380,000	(386,043)	0
BCITF Levy	0.00	0	0	0
Rates	0.00	0	0	0
Funds Held on Behalf of Groups	0.00	0	0	0
Unclaimed Monies	100.00	0	0	100
Builders Registration Board	0.00	0	0	0
Nomination Deposits	160.00	0	0	160
Bond Monies (Including Key Deposits)	<u>11,261.60</u>	<u>10,000</u>	<u>(13,000)</u>	<u>8,262</u>
	<u>17,565</u>	<u>390,000</u>	<u>(399,043)</u>	<u>8,522</u>

**SHIRE OF PINGELLY  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2017**

**17. MAJOR LAND TRANSACTIONS**

It is not anticipated any major land transactions will occur in 2016/17.

**18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2016/17.