

**SHIRE OF MENZIES**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2018/2019 Budget \$	2017/2018 Actual \$	2017/2018 Budget \$
<b>REVENUE</b>				
Rates	8	3,163,515	3,035,767	2,809,112
Operating Grants, Subsidies and Contributions		1,439,517	3,027,985	1,717,444
Fees and Charges	11	269,080	246,983	171,620
Interest Earnings	2(a)	224,501	312,795	184,600
Other Revenue		48,290	45,780	46,200
<u>Total Revenue</u>		<u>5,144,903</u>	<u>6,669,309</u>	<u>4,928,976</u>
<b>EXPENSES</b>				
Employee Costs		(1,902,046)	(1,551,422)	(1,615,058)
Materials and Contracts		(2,015,018)	(1,629,971)	(2,876,273)
Utility Charges		(109,340)	(100,056)	(56,160)
Depreciation	2(a)	(2,774,749)	(2,366,595)	(2,076,951)
Interest Expenses	2(a)	(7,000)	0	0
Insurance Expenses		(124,470)	(127,351)	(130,430)
Allocation to Capital		218,425	187,812	
Other Expenditure		(300,234)	(278,053)	(332,400)
<u>Total Expenses</u>		<u>(7,014,433)</u>	<u>(5,865,636)</u>	<u>(7,087,272)</u>
<u>Net operating</u>		<u>(1,869,530)</u>	<u>803,673</u>	<u>(2,158,296)</u>
Non-Operating Grants, Subsidies and Contributions		3,212,556	2,274,433	3,609,875
Profit on Asset Disposals	4	15,000	28,638	10,750
Loss on Asset Disposals	4	<u>(22,500)</u>	<u>(11,183)</u>	<u>(9,250)</u>
<b>NET RESULT</b>		<b>1,335,527</b>	<b>3,095,562</b>	<b>1,453,079</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of non-current assets				
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>1,335,527</u></b>	<b><u>3,095,562</u></b>	<b><u>1,453,080</u></b>

**Notes:**

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget adtion.

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

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

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2018/2019 Budget \$	2017/2018 Actual \$	2017/2018 Budget \$
<b>REVENUE (Refer Notes 1,2,8 to 13)</b>				
Governance		0	164	0
General Purpose Funding		4,224,396	5,008,043	3,889,706
Law, Order, Public Safety		3,200	2,965	6,400
Health		7,100	7,337	0
Housing		105,600	99,840	65,220
Community Amenities		8,300	9,292	6,600
Recreation and Culture		640	1,085	10,000
Transport		537,637	1,294,678	727,250
Economic Services		206,690	196,913	185,100
Other Property and Services		51,340	48,994	38,700
<b>Total Revenue</b>		<u>5,144,903</u>	<u>6,669,310</u>	<u>4,928,976</u>
<b>EXPENSES EXCLUDING</b>				
<b>FINANCE COSTS (Refer Notes 1,2 &amp; 14)</b>				
Governance		(803,917)	(727,206)	(534,774)
General Purpose Funding		(185,769)	(223,204)	(133,975)
Law, Order, Public Safety		(108,274)	(70,924)	(45,180)
Health		(114,370)	(94,116)	(109,000)
Housing		(167,276)	(140,908)	(291,334)
Community Amenities		(295,312)	(213,103)	(202,910)
Recreation & Culture		(934,015)	(607,274)	(503,390)
Transport		(3,323,042)	(2,581,708)	(2,597,655)
Economic Services		(1,024,068)	(932,200)	(830,321)
Other Property and Services		(51,391)	(274,993)	(1,838,733)
<b>Total Expenses not including Finance Costs</b>		<u>(7,007,433)</u>	<u>(5,865,636)</u>	<u>(7,087,272)</u>
<b>FINANCE COSTS (Refer Notes 2 &amp; 5)</b>				
Housing		(7,000)	0	0
<b>Total Finance Costs</b>		<u>(7,000)</u>	<u>0</u>	<u>0</u>
<b>Total Expenses</b>		<u>(7,014,433)</u>	<u>(5,865,636)</u>	<u>(7,087,272)</u>
<b>Net Operating</b>		(1,869,530)	803,674	(2,158,296)
<b>NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS</b>				
Recreation & Culture		72,871	128,336	261,000
Transport		2,547,685	2,146,098	3,333,875
Economic Services		592,000	0	15,000
		<u>3,212,556</u>	<u>2,274,434</u>	<u>3,609,875</u>
<b>PROFIT/(LOSS) ON</b>				
<b>DISPOSAL OF ASSETS (Refer Note 4)</b>				
Community Amenities				
Transport		(7,500)	13,231	1,500
Other Property and Services		0	4,223	0
		<u>(7,500)</u>	<u>17,454</u>	<u>1,500</u>
<b>NET RESULT</b>		<b>1,335,527</b>	<b>3,095,562</b>	<b>1,453,079</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of non-current assets				
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>1,335,527</u></u>	<u><u>3,095,562</u></u>	<u><u>1,453,080</u></u>

**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**Notes: to Statement of comprehensive Income.**

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss and (if any) changes on revaluation of non-current assets in accordance with the mandating of fair value measurement through Other Comprehensive Income, is impacted upon by external forces and is not able to be reliably estimated at the time of budget action.

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 in revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

Fair value adjustments will be assessed at the time they occur with compensating budget amendments made as necessary.

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2018/2019 Budget \$	2017/2018 Actual \$	2017/2018 Budget \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		2,981,523	3,324,531	2,295,772
Operating Grants, Subsidies and Contributions		1,439,517	3,027,985	1,717,444
Fees and Charges		269,080	298,680	171,620
Interest Earnings		224,501	312,795	184,600
Goods and Services Tax		218,424	159,032	0
Goods and Services Tax			0	0
Other		48,290	45,780	46,200
		<u>5,181,335</u>	<u>7,168,802</u>	<u>4,415,636</u>
<b>Payments</b>				
Employee Costs		(1,902,046)	(1,548,180)	(1,615,058)
Materials and Contracts		(1,251,366)	(1,480,210)	(1,809,588)
Utility Charges		(109,340)	(100,056)	(56,160)
Insurance Expenses		(124,470)	(127,351)	(130,430)
Interest Expenses		(7,000)	0	0
Allocation to capital			0	
Other		(300,234)	(278,053)	(332,400)
		<u>(3,694,456)</u>	<u>(3,533,850)</u>	<u>(3,943,636)</u>
<b>Net Cash Provided By Operating Activities</b>	15(b)	<u>1,486,879</u>	<u>3,634,952</u>	<u>472,000</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Payments for Purchase of Property, Plant & Equipment	3	(1,937,950)	(850,190)	(1,498,000)
Payments for Construction of Infrastructure	3	(5,211,723)	(2,911,786)	(5,034,287)
Advances to Community Groups Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		3,212,556	2,274,433	3,609,875
Proceeds from Sale of Plant & Equipment	4	129,000	165,569	81,000
Proceeds from Advances				
<b>Net Cash Used in Investing Activities</b>		<u>(3,808,117)</u>	<u>(1,321,974)</u>	<u>(2,841,412)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures	5	(21,837)		
Repayment of Finance Leases				
Proceeds from Loans				
Proceeds from New Debentures	5	500,000	0	0
<b>Net Cash Provided By (Used In) Financing Activities</b>		478,163	0	0
<b>Net Increase (Decrease) in Cash Held</b>		(1,843,075)	2,312,978	(2,369,412)
Cash at Beginning of Year		12,408,651	10,095,673	10,095,673
<b>Cash and Cash Equivalents at the End of the Year</b>	15(a)	<u>10,565,579</u>	<u>12,408,651</u>	<u>7,726,261</u>

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

**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2018/2019 Budget \$	2017/2018 Actual \$	2017/2018 Budget \$
<b>REVENUES</b>	1,2			
Governance		0	164	0
General Purpose Funding		1,060,881	1,972,276	965,594
Law, Order, Public Safety		3,200	2,965	6,400
Health		7,100	7,337	0
Housing		105,600	99,840	65,220
Community Amenities		8,300	9,292	6,600
Recreation and Culture		73,511	129,421	271,000
Transport		3,100,322	3,465,190	4,071,875
Economic Services		798,690	196,913	200,100
Other Property and Services		51,340	53,217	38,700
		<u>5,208,944</u>	<u>5,936,614</u>	<u>5,625,489</u>
<b>EXPENSES</b>	1,2			
Governance		(803,917)	(727,206)	(534,774)
General Purpose Funding		(185,769)	(223,204)	(133,975)
Law, Order, Public Safety		(108,274)	(70,924)	(45,180)
Health		(114,370)	(94,116)	(109,000)
Housing		(174,276)	(140,908)	(291,334)
Community Amenities		(295,312)	(213,103)	(202,910)
Recreation & Culture		(922,015)	(607,274)	(503,390)
Transport		(3,345,542)	(2,592,152)	(2,606,905)
Economic Services		(1,036,068)	(932,200)	(830,321)
Other Property and Services		(51,391)	(275,732)	(1,838,733)
		<u>(7,036,933)</u>	<u>(5,876,819)</u>	<u>(7,096,522)</u>
<b>Net Operating Result Excluding Rates</b>		<u>(1,827,988)</u>	<u>59,796</u>	<u>(1,471,033)</u>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	4	7,500	(17,454)	(1,500)
Movement in employee benefit provisions (non current)				
Depreciation on Assets	2(a)	2,774,749	2,366,595	2,076,951
<b>Capital Expenditure and Revenue</b>				
Purchase Land and Buildings	3	(1,270,376)	(388,154)	(1,061,000)
Purchase Infrastructure Assets - Roads	3	(3,478,881)	(2,461,498)	(4,310,287)
Purchase Infrastructure Assets - Parks	3	(1,657,202)	(391,641)	(674,000)
Purchase Infrastructure Assets - Footpaths	3	(75,640)	(58,647)	(50,000)
Purchase Plant and Equipment	3	(562,574)	(358,299)	(337,000)
Purchase Furniture and Equipment	3	(105,000)	(103,737)	(100,000)
Proceeds from Disposal of Assets	4	129,000	165,569	81,000
Repayment of Debenture	5	(21,837)	0	0
Proceeds from New Debentures	5	500,000	0	0
Transfers to Reserves (Restricted Assets)	6	(2,504,625)	(3,895,805)	(3,033,935)
Transfers from Reserves (Restricted Assets)	6	1,198,678	147,000	272,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	7	3,730,680	5,631,191	5,631,192
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	7	0	3,730,680	(53,499)
<b>Total Amount Raised from General Rate</b>	8	<u>(3,163,516)</u>	<u>(3,035,766)</u>	<u>(2,924,112)</u>

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

**(a) Basis of Accounting**

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.

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.

**(b) The Local Government Reporting Entity**

All Funds through which the Council 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, but a separate statement of those monies appears at Note 16 to this budget document.

**(c) 2016/17 Actual Balances**

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

**(d) Rounding Off Figures**

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

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

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

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

**(f) Goods and Services Tax**

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.

**(g) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

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

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

**(h) 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 with original maturities of three months or less 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 on the statement of financial position.

**(i) 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.

Collectibility 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.

**(j) 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 purchased for development and/or resale 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 the statement of comprehensive income 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 resale is classified as current except where it is held as non-current based on Council's intention to release for sale.



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

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

**(k) Fixed Assets**

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

***Mandatory Requirement to Revalue Non-Current Assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

***Land Under Control***

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

***Initial Recognition***

All assets are initially recognised at cost. 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

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

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

**(k) Fixed Assets (Continued)**

***Revaluation***

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

***Transitional Arrangement***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

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

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

**(k) Fixed Assets (Continued)**

***Early Adoption of AASB 13 - Fair Value Measurement***

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

***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 this 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 Council.

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

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

**(k) Fixed Assets (Continued)**

**Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 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 with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**Capitalisation Threshold**

Expenditure on items of equipment under \$10,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

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

**(l) Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council 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 at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
  - (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;
- and
- (b) less any reduction for impairment.

The effective interest rate 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 at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to 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.

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

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

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

**Classification and Subsequent Measurement (Continued)**

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's 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.

They are subsequently measured at fair value with changes in such fair value (ie 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 the 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 (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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 having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, 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 into profit or loss at this point.

***Derecognition***

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

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

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

**(m) Impairment**

In accordance with Australian Accounting Standards the Council's 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 (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

**(n) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(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.

**(q) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

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

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

**(r) 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 Council's operational cycle. In the case of liabilities where the Council 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 resale where it is held as non-current based on Council's intentions to release for sale.

**(s) Comparative Figures**

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

**(t) 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.



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

	<b>2018/2019 Budget \$</b>	<b>2017/2018 Actual \$</b>	<b>2017/2018 Budget \$</b>
<b>2. REVENUES AND EXPENSES</b>			
<b>(a) Net Result from Ordinary</b>			
<b>Activities was arrived at after:</b>			
(i) Charging as Expenses:			
<b>Auditors Remuneration</b>			
Audit Services	20,000	18,347	20,000
Other Services	0	0	0
	<u>20,000</u>	<u>18,347</u>	<u>20,000</u>
<b>Depreciation</b>			
<b><u>By Program</u></b>			
Governance	0	0	0
Law, Order, Public Safety	4,228	4,228	17,553
Health	0	0	0
Education and Welfare	0	0	0
Housing	121,852	121,852	133,567
Community Amenities	9,097	9,097	16,071
Recreation and Culture	31,216	50,783	135,419
Transport	2,024,934	1,597,213	1,446,891
Economic Services	149,923	149,923	129,741
Other Property and Services	433,499	433,499	197,709
	<u>2,774,749</u>	<u>2,366,595</u>	<u>2,076,951</u>
<b><u>By Class</u></b>			
Land and Buildings	367,132	367,132	367,436
Furniture and Equipment	28,566	48,133	11,230
Plant and Equipment	340,906	340,906	283,600
Roads	1,970,862	1,543,140	1,366,070
Footpaths	7,024	7,024	3,380
Parks and Ovals	40,744	40,744	35,185
Infrastructure Other	19,516	19,516	10,050
	<u>2,774,749</u>	<u>2,366,595</u>	<u>2,076,951</u>
<b>Rental Charges</b>			
- Operating Leases (Print Management Service)	26,000	26,180	26,000
- Operating Leases (Golden Quest Vehicle)	12,939	11,903	12,939
	<u>38,939</u>	<u>38,083</u>	<u>38,939</u>
(ii) Crediting as Revenues:			
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	90,000	131,370	80,000
- Other Funds	20,000	57,269	50,000
Other Interest Revenue ( <i>refer note 13</i> )	114,501	124,156	54,600
	<u>224,501</u>	<u>312,795</u>	<u>184,600</u>

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

**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 and for each of its broad activities/programs.

**COMMUNITY VISION**

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the Community and enable them to enjoy a pleasant and healthy way of life.

**COUNCIL OPERATIONS**

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

**GOVERNANCE**

Administration and operation of facilities and services to members of council. Other costs that relate to the task of assisting elected members and electors on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various local laws . Fire prevention and animal control.

**HEALTH**

Monitor and control health standards within the community, provide support and assistance for Emergency Services. Analytical services.

**EDUCATION AND WELFARE**

Support of educational facilities within the Shire and of any external resources necessary to assist with educational programs for all residents.

**HOUSING**

Provision and maintenance of staff housing.

**COMMUNITY AMENITIES**

Maintain refuse sites and Menzies and Kookynie. Provision of public toilets to both townsites.

**RECREATION AND CULTURE**

Provide a library and museum. Maintenance and operations of Town Hall, sports oval and other recreation facilities.

**TRANSPORT**

Construction and maintenance of roads, drainage works and traffic signs. Maintenance of airstrips at Menzies and Kookynie.

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

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

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

**ECONOMIC SERVICES**

Building Control, provision of power and water supplies. Supply and maintenance of television re-

**OTHER PROPERTY & SERVICES**

Public works operators, plant repairs and operation costs. Cost of Administration.

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

<b>3. ACQUISITION OF ASSETS</b>	<b>2018/19 Budget \$</b>
The following assets are budgeted to be acquired during the year:	
<b><u>By Program</u></b>	
<b>Governance</b>	80,000
<b>General Purpose Funding</b>	0
<b>Law, Order, Public Safety</b>	0
<b>Health</b>	0
<b>Education and Welfare</b>	0
<b>Housing</b>	664,000
<b>Community Amenities</b>	0
<b>Recreation and Culture</b>	766,615
<b>Transport</b>	4,371,147
<b>Economic Services</b>	1,247,911
<b>Other Property and Services</b>	20,000
	<b>7,149,673</b>

**By Class**

Purchase Land Held for Resale	0
Purchase Land and Buildings	1,270,376
Purchase Infrastructure Assets - Roads	3,478,881
Purchase Infrastructure Assets - Parks	1,657,202
Purchase Infrastructure Assets - Footpaths	75,640
Purchase Plant and Equipment	562,574
Purchase Furniture and Equipment	105,000
	<b>7,149,673</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:

- Asset Acquisition Program

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

**4. DISPOSALS OF ASSETS**

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

<b><u>By Program</u></b>	<b>Net Book Value</b>	<b>Sale Proceeds</b>	<b>Profit (Loss)</b>
	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Plant and Equipment</b>			
P0161 Triaxle Drop Deck Loader	35,000	50,000	15,000
P0180 Merc Truck	84,000	65,000	(19,000)
Ford Ranger	17,500	14,000	(3,500)
	<b>136,500</b>	<b>129,000</b>	<b>(7,500)</b>

<b><u>By Class</u></b>	<b>Net Book Value</b>	<b>Sale Proceeds</b>	<b>Profit (Loss)</b>
	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Light Vehicles</b>			
Ford Ranger	17,500	14,000	(3,500)
<b>Heavy Vehicles</b>			
P0161 Triaxle Drop Deck Loader	35,000	50,000	15,000
P0180 Merc Truck	84,000	65,000	(19,000)
	<b>136,500</b>	<b>129,000</b>	<b>(7,500)</b>

<b><u>Summary</u></b>	<b>2017/18</b>
	<b>BUDGET</b>
	<b>\$</b>
Profit on Asset Disposals	15,000
Loss on Asset Disposals	(22,500)
	<b>(7,500)</b>

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

**5. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

Particulars	Interest Rate %	Maturity Date	Principal 1 July 2018	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
					2019 Budget	2018 Actual	2019 Budget	2018 Actual	2019 Budget	2018 Actual
Housing Loan - WATC	2.8	Dec-28	0	500,000	21,837	0	478,163	0	7,000	0
Total all Loans			0	500,000	21,837	0	478,163	0	7,000	0

All debenture repayments are to be financed by general purpose revenue

(b) New Debentures - 2018/19

Particulars/Purpose	Estimated Amount to be Borrowed	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest rate %	Amount Used Budget	Balance Unspent
Housing Loan - WATC	500,000	WATC	Debenture	10	76,732	2.80%	500,000	0

(c)

Council is not expected to have unspent debenture funds as at 30th June 2019.

(d) Overdraft

Council has no overdraft facility.

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

**6. RESERVES - CASH BACKED**

	Budget 2019	Budget 2019	Budget 2019	Budget 2019	Actual 2018	Actual 2018	Actual 2018	Actual 2018	Budget 2018	Budget 2018	Budget 2018	Budget 2018
	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	197,364	2,123		199,487	192,460	4,904	0	197,364	192,460	0	0	192,460
Plant reserve	1,427,758	337,841	(396,000)	1,369,599	932,561	612,197	(117,000)	1,427,758	932,561	283,600	(142,000)	1,074,161
Building reserve	2,003,260	380,726	(161,000)	2,222,986	1,161,096	872,164	(30,000)	2,003,260	1,161,096	750,000	(130,000)	1,781,096
TV reserve	17,216	185	0	17,402	16,789	428	0	17,216	16,789	0	0	16,789
Main street reserve	135,175	1,454	0	136,629	131,578	3,597	0	135,175	131,578	0	0	131,578
Staff amenities reserve	72,722	782	0	73,505	70,915	1,807	0	72,722	70,915	0	0	70,915
Roads reserve	1,730,660	1,348,904	(239,000)	2,840,563	474,836	1,255,824	0	1,730,660	474,836	1,000,000	0	1,474,836
Caravan park reserve	424,818	4,570	0	429,388	316,747	108,071	0	424,818	316,747	0	0	316,747
Rates future claims reserve	48,788	525	0	49,313	47,576	1,212	0	48,788	47,576	0	0	47,576
Bitumen resealing reserve	388,662	4,181	0	392,843	379,618	9,044	0	388,662	379,618	0	0	379,618
Niagara Dam reserve	1,320,885	14,209	0	1,335,094	800,049	520,836	0	1,320,885	800,049	500,000	0	1,300,049
Waterpark reserve	96,060	1,033	0	97,094	93,601	2,459	0	96,060	93,602	0	0	93,602
Heritage Building reserve( Economic Dev)	402,678	0	(402,678)	(0)	0	402,678	0	402,678	0	400,335	0	400,335
Waste Management reserve	100,585	1,082	0	101,667	0	100,585	0	100,585	0	100,000	0	100,000
Former Post Office Reserve	0	407,010		407,010	0	0	0	0				
	<u>8,366,631</u>	<u>2,504,625</u>	<u>(1,198,678)</u>	<u>9,672,578</u>	<u>4,617,827</u>	<u>3,895,805</u>	<u>(147,000)</u>	<u>8,366,631</u>	<u>4,617,827</u>	<u>3,033,935</u>	<u>(272,000)</u>	<u>7,379,762</u>

All of the reserve accounts are supported by money held in financial institutions

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

**6. RESERVES - CASH BACKED**

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Leave reserve	Perpetual	To be used to fund annual and long service leave requirements.
Plant reserve	Perpetual	To be used for the purchase of major plant.
Building reserve	Perpetual	To be used for the acquisition of future buildings and renovation of existing buildings.
TV reserve	Perpetual	To be used to fund upgrades to the rebroadcasting equipment.
Main street reserve	Perpetual	To be used to fund major road works.
Staff amenities reserve	Perpetual	Established for the beautification of the main street.
Roads reserve	Perpetual	Established for the purpose of providing staff housing and amenities.
Caravan park reserve	Perpetual	Established for the purpose of providing of upgrading the caravan park.
Rates future claims reserve	Perpetual	Established for future rates claims.
Bitumen resealing reserve	Perpetual	Established to fund future resealing of roads.
Niagara Dam reserve	Perpetual	Established for ongoing upgrade of Niagara Dam valve workings and other maintenance.
Waterpark reserve	Perpetual	Established to provide a waterpark.
Heritage Building reserve (Economic Dev)	Perpetual	For the preservation of heritage classified building
Waste Management reserve	Perpetual	Provide for the statutory reinstatement and development of the reserve
Former Post Office Reserve	Perpetual	For restoration and maintenance of the Former Post Office



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

	Note	2018/19 Budget \$	2017/18 Actual \$	
<b>7. NET CURRENT ASSETS</b>				
<b>Composition of Estimated Net Current Asset Position</b>				
<b>CURRENT ASSETS</b>				
Cash - Unrestricted	15(a)	893,001	4,042,020	
Cash - Restricted Reserves	15(a)	9,672,578	8,366,631	0
Receivables		800,000	618,008	
Inventories		7,000	5,157	
		11,372,579	13,031,816	
<b>LESS: CURRENT LIABILITIES</b>				
Payables and Provisions		(1,700,000)	(934,505)	
NET CURRENT ASSET POSITION		9,672,579	12,097,311	
Less: Cash - Restricted Reserves	15(a)	(9,672,578)	(8,366,631)	
Less: Cash - Restricted Municipal		0		
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		0	3,730,680	

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

**8. RATING INFORMATION - 2018/19 FINANCIAL YEAR**

<u>RATE TYPE</u>	Rate in \$	Number of Properties	Rateable Value \$	2018/19 Budgeted Rate Revenue \$	2018/19 Budgeted Interim Rates \$	2018/19 Budgeted Back Rates \$	2018/19 Budgeted Total Revenue \$	2017/18 Actual \$
Differential Rates								
01 GRV Vacant	8.4900	4	18,748	1,779	0	0	1,779	1,305
02 GRV General	8.4700	29	2,490,652	210,958	0	0	210,958	207,763
09 UV Mining Lease	16.2600	212	12,559,652	2,042,199	0	0	2,042,199	1,976,037
13 UV Exploration Lease	14.7300	267	4,169,413	614,155	0	0	614,155	552,235
14 UV Prospecting	14.5100	170	392,743	56,987	0	0	56,987	62,862
12 UV Pastoral	8.1400	19	734,152	59,760	0	0	59,760	58,732
13 UV Other	8.1400	61	301,300	24,526	0	0	24,526	24,840
<b>Sub-Totals</b>		762	20,666,660	3,010,364	0	0	3,010,364	2,883,774
<b>Minimum Rates</b>	<b>Minimum \$</b>							
01 GRV Vacant	200	201	40,553	40,200	0	0	40,200	42,600
02 GRV General	317	11	15,313	3,487	0	0	3,487	2,488
09 UV Mining Lease	317	61	(846,488)	19,337	0	0	19,337	19,282
13 UV Exploration Lease	280	181	(271,005)	50,680	0	0	50,680	45,650
14 UV Prospecting	248	145	192,047	35,960	0	0	35,960	38,552
12 UV Pastoral	317	8	16,843	2,536	0	0	2,536	2,488
13 UV Other	317	3	15,900	951	0	0	951	933
<b>Sub-Totals</b>		610	(836,837)	153,151	0	0	153,151	151,993
Discounts (Note 12)								0
<b>Total Amount of General Rates</b>							3,163,515	3,035,767
Less Write-offs							0	
Specified Area Rates (Note 9)								
<b>Total Rates</b>							3,163,515	3,035,767

The Statement of Objects and Reasons is attached in the Notes to the Budget

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

**9. SPECIFIED AREA RATE - 2017/18 FINANCIAL YEAR**

No specified area rates will be imposed in 2016/2017

**10. SERVICE CHARGES - 2017/18 FINANCIAL YEAR**

The Shire of Menzies does not raise any Service charges.

<b>11. FEES &amp; CHARGES REVENUE</b>	<b>2018/19 Budget \$</b>	<b>2017/18 Actual \$</b>
Governance	0	0
General Purpose Funding	13,750	9,094
Law, Order, Public Safety	200	0
Health	7,100	7,337
Education and Welfare	0	0
Housing	105,600	99,840
Community Amenities	7,800	8,443
Recreation & Culture	640	1,039
Transport	0	0
Economic Services	128,950	116,337
Other Property & Services	5,040	4,893
	<u>269,080</u>	<u>246,983</u>

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2018/19 FINANCIAL YEAR**

There will be no discounts, incentives or concessions for 2016/17

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

**13. INTEREST CHARGES AND INSTALMENTS - 2018/19 FINANCIAL YEAR**

In accordance with 6.45(1)(b) of the Local Government Act 1995, offer the following options for

Option 1 - Payment in full by a single instalment by the due date of 20 September 2018

Option 2 - Payment in four equal instalments at intervals of not less than two months.

Determine the four instalment dates for instalment payment options as follows:

**1st Instalment due 20 September 2018**

**2nd Instalment due 22 November 2018**

**3rd Instalment due 24 January 2019**

**4th Instalment due 21 March 2019**

In accordance with Section 6.45(3) of the Local Government Act 1995, impose a 5.5% interest rate, to apply to the second, third and fourth instalments..

In accordance with Section 6.45(3) of the Local Government Act 1995, impose and administration fee of \$10 to the second, third and fourth instalments.

In accordance with Section 6.51(2) of the Local Government Act 1995, impose a late payment penalty interest rate of 11% on rates that have not been paid by the due date and where instalment two has not been taken up.

It is estimated that \$6,875 will be raised from Instalment administration, and \$114,501 raised from interest on instalments and penalty interest. The Shire of Menzies is responsible for the full outstanding debt for the Emergency Services Levy.

**14. ELECTED MEMBERS REMUNERATION**

	<b>2018/19 Budget \$</b>	<b>2017/18 Actual \$</b>
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The following fees, expenses and allowances were paid to council members and/or the president.

Meeting Fees	75,870	75,870
President's Allowance	19,864	19,864
Deputy President's Allowance	4,966	4,966
Travelling Expenses	37,000	33,888
Telecommunications Allowance	7,700	7,699
	<u>145,400</u>	<u>142,287</u>

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

**15. 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>2018/19 Budget \$</b>	<b>2017/18 Actual \$</b>	<b>2017/18 Budget \$</b>
Cash - Unrestricted	893,001	4,042,020	346,502
Cash - Restricted	<u>9,672,578</u>	<u>8,366,631</u>	<u>7,379,760</u>
	<u><u>10,565,579</u></u>	<u><u>12,408,651</u></u>	<u><u>7,726,262</u></u>

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

Leave reserve	199,487	197,364	192,460
Plant reserve	1,369,599	1,427,758	1,074,161
Building reserve	2,222,986	2,003,260	1,781,096
TV reserve	17,402	17,216	16,789
Main street reserve	136,629	135,175	131,578
Staff amenities reserve	73,505	72,722	70,915
Roads reserve	2,840,563	1,730,660	1,474,836
Caravan park reserve	429,388	424,818	316,747
Rates future claims reserve	49,313	48,788	47,576
Bitumen resealing reserve	392,843	388,662	379,618
Niagara Dam reserve	1,335,094	1,320,885	1,300,049
Waterpark reserve	97,094	96,060	93,602
Heritage Building reserve (Economic dev)	(0)	402,678	400,335
Waste Management reserve	101,667	100,585	100,000
Former Post Office Reserve	407,010		
	<u>9,672,578</u>	<u>8,366,631</u>	<u>7,379,762</u>

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

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

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

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>	<b>2017/18 Budget</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net Result	1,335,527	3,095,562	1,453,079
Amortisation			
Depreciation	2,774,749	2,366,595	2,076,951
(Profit)/Loss on Sale of Asset	7,500	(17,455)	(1,500)
(Increase)/Decrease in Receivables	(181,992)	165,401	(513,340)
(Increase)/Decrease in Inventories	(1,843)	3,365	1,522
Increase/(Decrease) in Payables	765,495	295,917	1,065,163
Increase/(Decrease) in Employee Provisions	0	0	
Grants/Contributions for the Development of Assets	(3,212,556)	(2,274,433)	(3,609,875)
Non-Current Assets recognised due to change in Legislative Requirements	0	0	0
<b>Net Cash from Operating Activities</b>	<u>1,486,879</u>	<u>3,634,952</u>	<u>471,999</u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank Overdraft limit	0	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	25,000	25,000	25,000
Credit Card Balance at Balance Date	(5,621)	(13,395)	0
<b>Total Amount of Credit Unused</b>	<u>19,379</u>	<u>11,605</u>	<u>25,000</u>

**Loan Facilities**

Loan Facilities in use at Balance Date	<u>500,000</u>	<u>0</u>	<u></u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

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

**16. TRUST FUNDS**

Funds held at balance date over which the District has no control and which are not included in the financial statements are as follows:

<b>Detail</b>	<b>Balance 1-Jul-17 \$</b>	<b>Amounts Received \$</b>	<b>Amounts Paid (\$)</b>	<b>Balance 30-Jun-18 \$</b>
Opening Balance	1,880			1,880
	<u>1,880</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

**Detail - Note 3 - Capital Acquisition**

**Governance**

C04001	Administration Communications Equipment	\$ 45,000.00
C04002	Software And Systems	\$ 35,000.00
		<u>\$ 80,000.00</u>

**Housing**

BC001	Construction Of New Staff Housing	\$ 500,000.00
C09002	Capital - Lot 1 (37 - 39 Reid) St (Asset 209)	\$ 33,000.00
C09012	Capital - Lot 91 (40) Mercer St (Asset 200)	\$ 30,000.00
C09014	Old Post Office (Building Capital)	\$ 25,000.00
C09204	55A (12B) Walsh Street (Building Capital)	\$ 16,000.00
C09205	55B (14B) Walsh Street (Capital)	\$ 22,000.00
C09206	12A Walsh Street (Capital)	\$ 16,000.00
C09207	14A Walsh Street (Capital)	\$ 22,000.00
		<u>\$ 664,000.00</u>

**Recreation and Culture**

C08001	Youth Centre (Building)	\$ 215,000.00
C11100	Town Hall - Capital Upgrade	\$ 187,000.00
C11301	Playground Menzies Park	\$ 10,000.00
C11304	Tree Planting (Establishment)	\$ 45,796.08
C11305	Upgrade Town Dam (2)	\$ 181,330.63
C11306	Hardcourts - Resurface	\$ 20,000.00
C11308	Hardcourts Fencing	\$ 28,882.66
C11310	Splash Park Monitoring System	\$ 19,399.18
C11400	Television And Radio Rebroadcast (Capital Equipment)	\$ 29,206.65
C11600	Butcher Shop And Tea Rooms (Capex Building)	\$ 25,000.00
C11307	Collections - Furniture And Equipment	\$ 5,000.00
		<u>\$ 766,615.20</u>

**Transport**

CR0001	Menzies Northwest Road R2R	\$ 855,760.21
CR0004	Evanston Menzies Road Rrg	\$ 297,206.65
CR0005	Yarri Road Rrg	\$ 135,800.00
CR0006	Shire House Crossovers	\$ 30,000.00
CR0009	Tjunjuntjarra Access Road	\$ 66,667.00
CR0013	Menzies Northwest Rd Rrg	\$ 292,747.00
CR0032	Program Reseal	\$ 200,700.00
CR0040	Pinjin Road Rrg	\$ 330,000.00
C12100	Bicycle Path Construction	\$ 75,639.90
C12101	Depot Extension	\$ 59,698.20
C12103	Bores To Support Road Works	\$ 30,000.00
C12104	Grid Replacement Program	\$ 134,354.28
WR0000	Wandrra Funding - Including Associated Costs (Wml)	\$ 1,300,000.00
C12102	Minor Plant & Equipment (Not Capitalised)	\$ 20,000.00
CP008	Works Utility Replacement	\$ 40,000.00
CP009	Triaxle Drop Deck Trailer Replacement	\$ 150,000.00
CP010	Truck Replacement	\$ 300,000.00
C12301	Banners And Signage	\$ 9,879.28
C12302	Street Lighting - Village	\$ 7,694.28
C12303	Solar Generator For Accomodation Camp	\$ 10,000.00
C12304	Pump - 4 Diesel Transfer Pump	\$ 25,000.00
		<u>\$ 4,371,146.80</u>



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

**Detail - Note 3 - Capital Acquisition (continued)**

**Economic Services**

C13001	Tourism Information Bay Shenton / Brown	\$ 8,679.28
C13002	Truck Bay Wilson And Shenton	\$ 654,879.28
C13012	Bicycle Track Lake Ballard	\$ 133,886.20
C13013	Bicycle Track Menzies Town	\$ 133,886.20
C13200	Museum And Surrounds	\$ 12,698.20
C13100	Lady Shenton Upgrade	\$ 38,000.00
C13101	Airconditioner Replacement Program	\$ 6,000.00
C13102	Rainwater Tanks (2) At Lady Shenton	\$ 13,678.01
C13106	Goongarrie Cottage Maintenance	\$ 52,000.00
C13107	Old Church Building (Lot 8) 50 Shenton Street (Building Capital)	\$ 10,000.00
C13560	Plant Nursery Infrastructure	\$ 55,000.00
C13801	Caravan Park Landscaping	\$ 4,204.28
C13802	Caravan Park Upgrade	\$ 125,000.00
		<u>\$ 1,247,911.45</u>

**Other Property and Services**

C14000	Office Furniture (Not Capitalised)	\$ 20,000.00
		<u>\$ 20,000.00</u>

Total Capital Expenditure	<u>\$ 7,149,673.45</u>
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