



SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT



Annual Budget 2018/19

Budget Certification

We certify that this is a true and correct copy of the 2018/2019 Shire of Merredin Budget adopted by the council on 17th July 2018 and used to set the following rates and charges.

All Gross Rental Value Land

10.4754 cents in the dollar of gross rental value applicable to each property, residence, unit, strata, location or other residential, commercial or industrial lot subject to a minimum rate of \$865.00 per assessment.

Unimproved Valuations

Rural

1.870 cents in the dollar of unimproved value applicable to each property subject to a minimum rate of \$1,071.00 per assessment

Urban Rural

3.0179 cents in the dollar of unimproved value applicable to each property subject to a minimum rate of \$1,071.00 per assessment based on a purpose for which the land is held or used as determined by the local government

Mining

3.5700 cents in the dollar of unimproved value applicable to each property subject to a minimum rate of \$200.00 per assessment based on a purpose for which the land is held or used as determined by the local government

Special Use Power Generation

3.5700 cents in the dollar of unimproved value applicable to each property subject to a minimum rate of \$1,071.00 per assessment based on a purpose for which the land is held or used as determined by the local government

Special Use Airstrip

3.5700 cents in the dollar of unimproved value applicable to each property subject to a minimum rate of \$1,071.00 per assessment based on a purpose for which the land is held or used as determined by the local government

Refuse Charges

Domestic and Commercial

The cost of a standard waste service 240 Litre Mobile Garbage Bin \$85 per annum and \$85 per annum for each additional 240 Litre bin for a weekly service.

Recycling

The cost of a standard waste service 240 Litre Mobile Garbage Bin \$71 per annum and \$71 per annum for each additional 240 Litre bin for a fortnightly service.

Bulk Refuse Collection

The following charges apply per service for a weekly pickup;

1.5m3 skip bin	\$1,483.00
3.0m3 skip bin	\$1,993.00
4.5m3 skip bin	\$3,280.50

Commercial cardboard Monthly charge 6.0m3 cage \$1071.20

Refuse Maintenance Charge

A charge apply to every assessment of \$42.50 Funds raised (\$85,850) are placed in council Waste Management Reserve account.

Swimming Pool Inspection Fee

\$13.75 for the 2018/2019 Swimming Pool Inspection Fee. Swimming pool inspections occur at least once in each four years. For the purpose of spreading the cost of the inspection and to ensure efficiency the prescribed amount is broken up into four annual payments.

Administration and Interest Charges for Rates and Service Charges

Where a property owner has elected to, and is adhering to, paying rates and services charges through an instalment program, an instalment administration charge of \$13.00 (\$13.00 in 2016/2017) and an instalment interest charge of 5.5% per annum, as provided for in section 6.45 of the *Local Government Act 1995*, be imposed

Note: Section 6.45 of the *Local Government Act 1995*, provides the opportunity for a Local Government to impose an additional charge over and above the administration charge, where payment of rates or service charges are made by instalments. Effectively this is an interest charge which has been set at a maximum of 5.5% to enable a Local Government to recover some of the lost investment revenue that would have been earned had the payment of rates or service charges been made in one lump sum by the first due date.

An interest charge of 11% is imposed on all rates and service charges including the refuse charge, swimming pool inspection fee. This charge applies to non-payment at the completion of the first instalment or payment in full period and if the payment by instalment option is chosen, any subsequent instalment payments that are not made by the due date. The interest rate applying to the late payment of the Stage Government's Emergency Service Levy debts will remain at the statutory maximum of 11%. This rate is set by the State Government.

2018/2019

Budget Overview

Budget Overview

The Shire of Merredin is required to prepare an Annual Budget in accordance with the *Local Government Act 1995*, and the *Financial Management (Local Government) Regulations*. The purpose of an annual budget, in simplistic terms, is to outline the various revenue and expenditure streams and the required rating levels to meet a balanced and sustainable position.

Our Council

The Shire of Merredin includes the towns of Hines Hill, Burracoppin, Merredin, Muntadgin. It is situated approximately 260 kilometres east of Perth and is the major commercial and retail centre for the eastern Wheatbelt.

Merredin is also a regional base for a range of Government agencies and services. It is an area with high employment and extensive community involvement.

Located on the Great Eastern Highway and having the benefit of railway facilities (Merredin is serviced daily by the TransWA Prospector train) it is convenient to find by road and rail.

HERITAGE

The region is known for agriculture with cereal cropping the major industry. Sheep farming is also popular in the region.

Attractions include the historic Cummins Theatre, Merredin Peak, (large granite rock formation, millions of years old), Merredin Railway Water Tower, two museums, the longest grain storage facilities in the Southern Hemisphere, as well as the remains of military installations from the town's role as second line of defence, during World War II.

Wildflowers and granite rocks are also a picturesque natural environmental feature of the area.

CLIMATE AND WEATHER

Hot, dry summers and mild winters are enjoyed with an average maximum temperature of 25°C and an average minimum temperature of 11.4°C. The temperature remains in the low 30's or above between December and February.

The average annual rainfall is 327 millimetres, with wettest months usually being May until August.

Weather conditions in Merredin are well suited for aviation pursuits; the Merredin Aerodrome, owned by China Southern West Australian Flying College, specialises in training commercial airline pilots.

Merredin also host the largest windfarm in the southern hemisphere with terrain making this especially feasible.

STATISTICS

Area	3,372 sq kms
Population	3,350 (2016 Census)
Number of electors	2,245
Number of dwellings	1,635
Length of sealed road	565 kms
Length of unsealed road	816 kms

Financial Overview

The Council embraces a robust and transparent financial planning process. In essence, the Council considers its long term financial performance and position sustainable when planned long term services and infrastructure levels and standards are met without undue reliance on.

- A very limited number of revenue streams
- Uncontrollable, temporary or highly variable revenue sources
- Large variations in rates increases; or
- Unplanned cuts to services

The Shire of Merredin believes that its community is best served by making long term decisions that take into account the real impact of rising costs in order to ensure current residents pay an equitable contribution towards the consumption of services and future residents are protected from price shocks, asset failure or reduction of services which would arise if this approach was not taken.

The budget has been achieved with an allowance for a proposed loan borrowing to fund the Construction of two additional residences.

In summary, a balanced Budget is achieved when;

- Estimated Opening Funds from Prior Financial Year
- Plus Rates and other General Purpose Funding
- Plus Estimated Revenue Earned During the Year
- Minus Estimated Operational & Capital Expenditure
- Minus Funds Set Aside in Reserve Accounts
- Plus Funds Used from Reserve Accounts
- Minus Loan Borrowings
- **Net Totals \$0**

SHIRE OF MERREDIN
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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SHIRE'S VISION

Merredin is a sustainable regional centre with a bright future.

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

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	4,154,607	4,043,223	4,040,733
Operating grants, subsidies and contributions	9	1,580,407	2,993,599	1,891,766
Fees and charges	8	1,397,107	1,320,427	1,320,892
Interest earnings	10(a)	482,410	575,157	514,360
Other revenue	10(b)	222,250	528,439	165,450
		<u>7,836,781</u>	<u>9,460,845</u>	<u>7,933,201</u>
Expenses				
Employee costs		(3,193,950)	(2,926,319)	(3,174,102)
Materials and contracts		(3,196,550)	(2,607,315)	(2,755,125)
Utility charges		(429,829)	(418,543)	(431,695)
Depreciation on non-current assets	5	(4,063,757)	(4,118,392)	(4,100,778)
Interest expenses	10(d)	(55,295)	(78,743)	(67,007)
Insurance expenses		(155,535)	(180,618)	(188,247)
Other expenditure		(221,408)	(559,746)	(158,897)
		<u>(11,316,324)</u>	<u>(10,889,676)</u>	<u>(10,875,851)</u>
		<u>(3,479,543)</u>	<u>(1,428,831)</u>	<u>(2,942,650)</u>
Non-operating grants, subsidies and contributions	9	840,463	1,347,122	1,754,741
Profit on asset disposals	4(b)	85,184	6,631	29,476
Loss on asset disposals	4(b)	(18,340)	(256,343)	(105,340)
Net result		<u>(2,572,236)</u>	<u>(331,421)</u>	<u>(1,263,773)</u>
Other comprehensive income				
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>(2,572,236)</u>	<u>(331,420)</u>	<u>(1,263,773)</u>

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

BASIS OF PREPARATION

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

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

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUES (CONTINUED)

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

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

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		17,800	55,317	37,700
General purpose funding		5,742,649	6,966,195	5,714,499
Law, order, public safety		215,479	243,567	239,803
Health		40,558	24,926	39,600
Education and welfare		18,728	40,102	20,100
Housing		157,886	159,084	153,980
Community amenities		560,845	819,643	553,036
Recreation and culture		572,374	659,337	671,730
Transport		213,000	213,298	293,112
Economic services		181,862	150,509	151,841
Other property and services		115,600	128,866	57,800
		7,836,781	9,460,844	7,933,201
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(659,342)	(505,077)	(560,939)
General purpose funding		(134,110)	(111,300)	(82,002)
Law, order, public safety		(684,364)	(632,181)	(657,445)
Health		(231,180)	(245,363)	(281,134)
Education and welfare		(99,182)	(104,424)	(98,173)
Housing		(257,810)	(227,986)	(243,256)
Community amenities		(1,060,350)	(1,387,013)	(963,140)
Recreation and culture		(2,944,809)	(2,689,298)	(2,901,733)
Transport		(4,119,813)	(4,148,573)	(4,070,122)
Economic services		(964,037)	(764,286)	(963,577)
Other property and services		(106,031)	4,570	12,677
		(11,261,028)	(10,810,931)	(10,808,844)
Finance costs	6, 10(d)			
Education and welfare		(34,391)	(45,115)	(37,430)
Other property and services		(20,905)	(33,628)	(29,577)
		(55,296)	(78,743)	(67,007)
		(3,479,543)	(1,428,830)	(2,942,650)
Non-operating grants, subsidies and contributions	9	840,463	1,347,122	1,754,741
Profit on disposal of assets	4(b)	85,184	6,631	29,476
(Loss) on disposal of assets	4(b)	(18,340)	(256,343)	(105,340)
Net result		(2,572,236)	(331,420)	(1,263,773)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(2,572,236)	(331,420)	(1,263,773)

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

FOR THE YEAR ENDED 30TH JUNE 2019

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of resources	To include the activities of members of council and the administration support available to the council for the provision of governance of the district. Other costs relate to assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services
HEALTH	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provisions
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth	Maintenance of child minding centre, playgroup centre, senior citizens centre and aged care centre. Provision and maintenance of home and community care programs and youth services.
HOUSING	To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents housing
COMMUNITY AMENITIES	To provide services required by the community	Rubbish collection services, operation of refuse disposal sites, construction and maintenance urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public convenience.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, civic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES	To help promote the shire and its economic well being	Tourist and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
OTHER PROPERTY AND SERVICES	To monitor and control council's overheads operating accounts	Private works operations, plant repairs and operating cost and engineering operation costs.

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

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,204,607	4,020,327	4,100,733
Operating grants, subsidies and contributions		1,705,407	2,903,260	1,818,955
Fees and charges		1,397,107	1,320,427	1,320,892
Interest earnings		482,410	575,157	514,360
Goods and services tax		172,285	(265,474)	(10,000)
Other revenue		222,250	528,439	165,450
		8,184,066	9,082,136	7,910,390
Payments				
Employee costs		(3,193,950)	(2,814,657)	(3,267,102)
Materials and contracts		(4,396,550)	(1,457,955)	(2,845,611)
Utility charges		(429,829)	(418,543)	(431,695)
Interest expenses		(55,295)	(79,571)	(67,007)
Insurance expenses		(155,535)	(180,618)	(188,247)
Other expenditure		(221,408)	(559,746)	(158,897)
		(8,452,567)	(5,511,090)	(6,958,559)
Net cash provided by (used in) operating activities	3	(268,501)	3,571,046	951,831
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	4(a)	0	384,956	0
Payments for purchase of property, plant & equipment	4(a)	(17,346,123)	(7,929,288)	(15,524,374)
Payments for construction of infrastructure	4(a)	(2,758,358)	(2,622,440)	(3,522,551)
Non-operating grants, subsidies and contributions used for the development of assets	9	840,463	1,347,122	1,754,741
Proceeds from sale of plant & equipment	4(b)	245,500	442,545	322,501
Net cash provided by (used in) investing activities		(19,018,518)	(8,377,105)	(16,969,683)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(231,069)	(219,405)	(219,405)
Proceeds from self supporting loans	6(a)	28,859	27,485	27,485
Proceeds from new borrowings	6(b)	600,000	0	2,000,000
Net cash provided by (used in) financing activities		397,790	(191,920)	1,808,080
Net increase (decrease) in cash held		(18,889,229)	(4,997,979)	(14,209,772)
Cash at beginning of year		23,942,421	28,940,062	28,940,406
Cash and cash equivalents at the end of the year	3	5,053,192	23,942,083	14,730,634

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

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

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	2,992,743	2,904,499	2,865,040
		2,992,743	2,904,499	2,865,040
Revenue from operating activities (excluding rates)				
Governance		44,211	59,087	48,244
General purpose funding		1,588,042	2,922,972	1,678,228
Law, order, public safety		215,479	243,567	239,803
Health		45,592	27,787	39,600
Education and welfare		18,728	40,102	20,100
Housing		157,886	159,084	153,980
Community amenities		560,845	819,643	553,036
Recreation and culture		588,998	659,337	671,730
Transport		250,115	213,298	307,582
Economic services		181,862	150,509	151,841
Other property and services		115,600	128,866	57,800
		3,767,358	5,424,252	3,921,944
Expenditure from operating activities				
Governance		(659,342)	(505,077)	(560,939)
General purpose funding		(134,110)	(111,300)	(82,002)
Law, order, public safety		(684,364)	(635,993)	(657,445)
Health		(231,180)	(481,626)	(293,288)
Education and welfare		(133,573)	(149,539)	(135,603)
Housing		(257,810)	(227,986)	(243,256)
Community amenities		(1,060,350)	(1,387,013)	(963,140)
Recreation and culture		(2,944,809)	(2,689,298)	(2,901,733)
Transport		(4,138,153)	(4,157,188)	(4,138,865)
Economic services		(964,037)	(764,286)	(963,577)
Other property and services		(126,936)	(36,711)	(41,343)
		(11,334,664)	(11,146,017)	(10,981,191)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(85,184)	(6,631)	(29,476)
Loss on disposal of assets	4(b)	18,340	256,343	105,340
Depreciation on assets	5	4,063,757	4,118,392	4,100,778
Movement in deferred pensioner rates (non-current)			12,707	
Movement in employee benefit provisions (non-current)		0	25,853	0
Amount attributable to operating activities		(577,650)	1,589,398	(17,565)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	840,463	1,347,122	1,754,741
Purchase land held for resale	4(a)	0	384,956	0
Purchase property, plant and equipment	4(a)	(17,346,123)	(7,929,288)	(15,524,374)
Purchase and construction of infrastructure	4(a)	(2,758,358)	(2,622,440)	(3,522,551)
Proceeds from disposal of assets	4(a)	245,500	442,545	322,501
Amount attributable to investing activities		(19,018,518)	(8,377,105)	(16,969,683)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(231,069)	(219,405)	(219,405)
Proceeds from new borrowings	6(b)	600,000	0	2,000,000
Proceeds from self supporting loans	6(a)	28,859	27,485	27,485
Transfers to cash backed reserves (restricted assets)	7(a)	(1,376,812)	(1,507,339)	(3,498,786)
Transfers from cash backed reserves (restricted assets)	7(a)	16,420,582	7,436,147	14,637,221
Amount attributable to financing activities		15,441,560	5,736,888	12,946,515
Budgeted deficiency before general rates		(4,154,608)	(1,050,819)	(4,040,733)
Estimated amount to be raised from general rates	1	4,154,607	4,043,223	4,040,733
Net current assets at end of financial year - surplus/(deficit)	2	(1)	2,992,404	0

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

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
Gross rental value valuations								0
Gross Rental Value	0.104754	1,217	17,658,853	1,849,835	586	0	1,850,421	1,793,559
Unimproved value valuations								
UV1 Rural	0.018700	319	85,820,500	1,604,843	0	0	1,604,843	1,557,008
UV2 Urban Rural	0.030179	43	3,763,001	113,564	0	0	113,564	110,256
UV3 Mining	0.035700	2	27,945	998	0	0	998	749
UV4 Special Use Power Generation	0.035700	15	4,142,500	147,887	0	0	147,887	140,159
UV5 Special Use Airstrip	0.035700	1	164,000	5,855	0	0	5,855	5,426
Sub-Totals		1,597	111,576,799	3,722,982	586	0	3,723,569	3,607,157
Minimum								
	\$							
Gross rental value valuations		0	0		0	0		0
Gross Rental Value	865	250	0	216,250	0	0	216,250	210,000
Unimproved value valuations			0		0	0		
UV1 Rural	1,071	127	0	136,017	0	0	136,017	133,120
UV2 Urban Rural	1,071	39	0	41,769	0	0	41,769	40,560
UV3 Mining	200	5	0	1,000	0	0	1,000	800
UV4 Special Use Power Generation	1,071	0	0	0	0	0	0	0
UV5 Special Use Airstrip	1,071	0	0	0	0	0	0	0
		421	0	395,036	0	0	395,036	384,480
		2,018	111,576,799	4,118,018	586	0	4,118,605	3,991,637
Discounts/concessions (Refer note 1(g))							(15,000)	0
Ex Gratia Rates							51,002	51,586
Total amount raised from general rates							4,154,607	4,043,223
Specified area rates (Refer note 1(e))							0	0
Total rates							4,154,607	4,043,223

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

The general rates detailed for the 2018/19 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rate(s) has|have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single Full Payment	31/08/2018	0	0.00%	11.00%
Option three				
First Instalment	31/08/2018	13	5.50%	11.00%
Second Instalment	2/11/2018	13	5.50%	11.00%
Third Instalment	4/01/2019	13	5.50%	11.00%
Fourth Instalment	8/03/2019	13	5.50%	11.00%
			2018/19 Budget revenue	2017/18 Actual
			\$	\$
Instalment plan admin charge revenue			18,000	18,284
Instalment plan interest earned			18,000	18,284
Unpaid rates and service charge interest earned			39,000	48,124
			75,000	84,692

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects	Reasons
UV1 Rural	Properties used predominantly for Rural Broadacre Farming	This rate contributes to the services desired by the community	This considered to be the base rate which all other UV Rated properties are assessed
UV2 Urban Rural	This rating category covers properties with Urban Rural Uses listed under LPS6 Zoning Tables	This rate contributes to the services desired by the community	Higher Costs associated with Rural Residential Namely costs associated with maintenance of Council Infrastructure
UV3 Mining	This rating category covers properties with Mining Tenements uses listed under LPS6	This rate contributes to the services desired by the community	Higher Costs associated with Mining Namely costs associated with maintenance of Council Infrastructure
UV4 Special Use Power Generation	This rating category covers properties with Power Generation uses listed under LPS6 Zoning Tables	This rate contributes to the services desired by the community	Higher Costs associated with Power Generation Namely costs associated with maintenance of Council Infrastructure
UV5 Special Use Airstrips	This rating category covers properties with Airstrips uses listed under LPS6 Zoning Tables	This rate contributes to the services desired by the community	Higher Costs associated with Airstrips Namely costs associated with maintenance of Council Infrastructure

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
UV1 Rural	Properties used predominantly for Rural Broadacre Farming	This rate contributes to the services desired by the community	This considered to be the base rate which all other UV Rated properties are assessed
UV2 Urban Rural	This rating category covers properties with Urban Rural Uses listed under LPS6 Zoning Tables	This rate contributes to the services desired by the community	Higher Costs associated with Rural Residential Namely costs associated with maintenance of Council Infrastructure
UV3 Mining	This rating category covers properties with Mining Tenements uses listed under LPS6 Zoning Tables	This rate contributes to the services desired by the community	Higher Costs associated with Mining Namely costs associated with maintenance of Council Infrastructure
UV4 Special Use Power Generation	This rating category covers properties with Power Generation uses listed under LPS6 Zoning Tables	This rate contributes to the services desired by the community	Higher Costs associated with Power Generation Namely costs associated with maintenance of Council Infrastructure
UV5 Special Use Airstrips	This rating category covers properties with Airstrips uses listed under LPS6 Zoning Tables	This rate contributes to the services desired by the community	Higher Costs associated with Airstrips Namely costs associated with maintenance of Council Infrastructure

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2019.

(f) Service Charges

The Shire did not raise service charges for the year ended 30th June 2019.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2018/19 Budget	2017/18 Actual	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
			\$	\$		
Rates Written Off by Council		0%	(15,000)	0		
		0%	0	0		
			(15,000)	0		

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

2. NET CURRENT ASSETS

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3	173,579	4,019,037
Cash - restricted reserves	3	4,879,613	19,923,384
Receivables		546,824	894,109
Inventories		150,854	150,854
		5,750,870	24,987,384
Less: current liabilities			
Trade and other payables		(334,027)	(1,534,027)
Long term borrowings		0	(231,069)
Provisions		(508,371)	(508,371)
		(842,398)	(2,273,467)
Unadjusted net current assets		4,908,472	22,713,917
Adjustments			
Less: Cash - restricted reserves	3	(4,879,613)	(19,923,384)
Less: Current loans - clubs / institutions		(28,859)	(28,859)
Add: Current portion of borrowings		0	231,069
Adjusted net current assets - surplus/(deficit)		0	2,992,743

Reason for Adjustments

The differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments above.

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Merredin's operational cycle. In the case of liabilities where the Shire of Merredin does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire of Merredin's intentions to release for sale.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of Merredin becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

PROVISIONS

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

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

INVENTORIES

General

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

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

Superannuation

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

LAND HELD FOR RESALE

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

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

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

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

3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Cash - unrestricted	173,579	4,019,037	195,583
Cash - restricted	4,879,613	19,923,384	14,713,758
	5,053,192	23,942,421	14,909,341
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Reserves cash backed - Employee Entitlement Reserve	542,856	530,972	595,073
Reserves cash backed - Declared Disaster Relief Reserve	240,257	8,074	8,081
Reserves cash backed - Road Reinstatement Reserve	0	26,411	26,419
Reserves cash backed - Cummings Street Units Reserve	53,535	52,363	52,380
Reserves cash backed - Recreation Development Reserve	502,727	491,721	489,298
Reserves cash backed - Waste Management Reserve	207,172	118,725	127,534
Reserves cash backed - Environmental Initiatives Reserve	0	51,961	21,973
Reserves cash backed - Heritage Reserve	0	7,591	7,593
Reserves cash backed - Plant Replacement	770,944	780,669	643,943
Reserves cash backed - Buildings Reserve	797,935	827,505	728,720
Reserves cash backed - Land & Development Reserve	1,187,461	1,161,446	2,915,257
Reserves cash backed - Unspent Grants Reserve	441,418	15,802,067	9,034,296
Reserves cash backed - ITC Reserve	135,308	63,878	63,190
	4,879,613	19,923,383	14,713,758
Reconciliation of net cash provided by operating activities to net result			
Net result	(2,572,236)	(331,420)	(1,263,773)
Depreciation	4,063,757	4,118,392	4,100,778
(Profit)/loss on sale of asset	(66,844)	249,712	75,864
(Increase)/decrease in receivables	347,285	(378,709)	(22,811)
(Increase)/decrease in inventories	0	42,522	5,000
Increase/(decrease) in payables	(1,200,000)	1,201,653	(100,486)
Increase/(decrease) in employee provisions	0	16,019	(88,000)
Grants/contributions for the development of assets	(840,463)	(1,347,122)	(1,754,741)
Net cash from operating activities	(268,501)	3,571,047	951,831

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2018/19 Budget total	2017/18 Actual total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Property, Plant and Equipment</u>													
Buildings - specialised	0	0	0	0	32,825	706,319	0	678,594	0	5,500	15,278,685	16,701,923	7,608,549
Furniture and equipment	44,200	0	0	0	0	0	0	0	0	0	0	44,200	59,363
Plant and equipment	56,000	0	0	24,000	0	0	0	90,000	430,000	0	0	600,000	261,376
	100,200	0	0	24,000	32,825	706,319	0	768,594	430,000	5,500	15,278,685	17,346,123	7,929,288
<u>Infrastructure</u>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	2,558,358	0	0	2,558,358	2,332,353
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	200,000	0	0	200,000	290,087
	0	0	0	0	0	0	0	0	2,758,358	0	0	2,758,358	2,622,440
Total acquisitions	100,200	0	0	24,000	32,825	706,319	0	768,594	3,188,358	5,500	15,278,685	20,104,481	10,551,728

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	Net book value	Sale proceeds	2018/19 Budget		2017/18 Actual		2017/18 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Governance	20,089	46,500	26,411	0	3,770	0	10,544	0
General Purpose Funding	0	0	0	0	0	0	4,462	0
Law, order, public safety	0	0	0	0	0	(3,812)	0	0
Health	12,966	18,000	5,034	0	2,861	(236,263)	0	(12,154)
Recreation and culture	23,377	40,001	16,624	0	0	0	0	0
Transport	122,224	140,999	37,115	(18,340)	0	(8,615)	14,470	(68,743)
Other property and services	0	0	0	0	0	(7,653)	0	(24,443)
	178,656	245,500	85,184	(18,340)	6,631	(256,343)	29,476	(105,340)
By Class								
<u>Property, Plant and Equipment</u>								
Plant and equipment	178,656	245,500	85,184	(18,340)	6,631	(256,343)	29,476	(105,340)
	178,656	245,500	85,184	(18,340)	6,631	(256,343)	29,476	(105,340)

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

5. ASSET DEPRECIATION

By Program

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

By Class

Buildings - non-specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Parks and ovals

2018/19 Budget	2017/18 Actual	2017/18 Budget
\$	\$	\$
505	505	504
160,631	160,625	160,980
6,840	31,868	35,772
87,001	87,001	86,460
58,226	58,226	58,380
9,084	8,795	11,472
562,785	562,395	521,490
2,838,000	2,838,000	2,771,820
29,719	29,719	30,360
310,966	341,258	423,540
4,063,757	4,118,392	4,100,778
917,110	824,748	947,318
48,894	19,165	49,000
331,922	409,713	332,640
1,859,643	1,958,021	1,863,670
381,175	386,147	382,000
490,937	491,539	492,000
34,076	29,059	34,150
4,063,757	4,118,392	4,100,778

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired of the lease or the estimated useful life of the improvements.

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

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

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

DEPRECIATION (CONTINUED)

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

Buildings - non-specialised 30 - 50 Years
Buildings - specialised 30 - 50 Years
Furniture and equipment 4 - 10 Years
Plant and equipment 5 - 15 Years

Infrastructure - Roads 5 - 50 Years
Infrastructure - Footpaths 5 - 50 Years
Infrastructure - Drainage 5 - 50 Years
Infrastructure - Parks and ovals 5 - 50 Years

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Governance								
Loan 214 Amalgamated	388,985	0	148,643	140,002	240,342	388,985	20,905	33,628
Education and welfare								
Loan 217 CEACA Units	548,082	0	53,567	51,918	494,515	548,082	16,019	22,581
Housing								
Loan 216 Housing	0	600,000	0	0	600,000	0	0	0
	937,067	600,000	202,210	191,920	1,334,857	937,067	36,923	56,209
Self Supporting Loans								
Education and welfare								
Loan 215 Merritville	386,225	0	28,859	27,485	357,366	386,225	18,372	22,534
	386,225	0	28,859	27,485	357,366	386,225	18,372	22,534
	1,323,292	600,000	231,069	219,405	1,692,223	1,323,292	55,295	78,743

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

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Loan 216 Housing	WATC	P&I	10	3	600,000	0	600,000	0
					600,000	0	600,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

(d) Credit Facilities

Undrawn borrowing facilities credit standby arrangements

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Total amount of credit unused

2018/19 Budget	2017/18 Actual	2017/18 Budget
\$	\$	\$
140,000	140,000	140,000
0	0	0
10,000	10,000	10,000
150,000	150,000	150,000
1,692,223	1,323,292	0

Loan facilities

Loan facilities in use at balance date

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Employee Entitlement Reserve	530,972	11,884	0	542,856	484,416	46,556	0	530,972	484,416	110,657	0	595,073
Reserves cash backed - Declared Disaster Relief Reserve	8,074	232,183	0	240,257	7,907	167	0	8,074	7,907	174	0	8,081
Reserves cash backed - Road Reinstatement Reserve	26,411	591	(27,002)	0	25,850	561	0	26,411	25,850	569	0	26,419
Reserves cash backed - Cummings Street Units Reserve	52,363	1,172	0	53,535	51,252	1,111	0	52,363	51,252	1,128	0	52,380
Reserves cash backed - Recreation Development Reserve	491,721	11,006	0	502,727	259,674	232,048	0	491,721	259,674	229,624	0	489,298
Reserves cash backed - Waste Management Reserve	118,725	88,447	0	207,172	43,235	75,490	0	118,725	43,235	84,299	0	127,534
Reserves cash backed - Environmental Initiatives Reserve	51,961	1,163	(53,124)	0	50,854	1,107	0	51,961	50,854	1,119	(30,000)	21,973
Reserves cash backed - Heritage Reserve	7,591	170	(7,761)	0	7,430	162	0	7,591	7,430	163	0	7,593
Reserves cash backed - Plant Replacement Reserve	780,669	420,775	(430,500)	770,944	874,657	19,932	(113,919)	780,669	874,657	572,886	(803,600)	643,943
Reserves cash backed - Buildings Reserve	827,505	69,430	(99,000)	797,935	713,033	114,472	0	827,505	713,033	15,687	0	728,720
Reserves cash backed - Land & Development Reserve	1,161,446	26,015	0	1,187,461	983,598	177,847	0	1,161,446	983,598	2,021,659	(90,000)	2,915,257
Reserves cash backed - Unspent Grants Reserve	15,802,067	442,546	(15,803,195)	441,418	22,350,286	774,008	(7,322,228)	15,802,067	22,350,286	397,631	(13,713,621)	9,034,296
Reserves cash backed - ITC Reserve	63,878	71,430	0	135,308	0	63,878	0	63,878	0	63,190	0	63,190
	19,923,383	1,376,812	(16,420,582)	4,879,613	25,852,193	1,507,339	(7,436,147)	19,923,383	25,852,193	3,498,786	(14,637,221)	14,713,758

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

7. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions of June 2018, in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Employee Entitlement Reserve		To be utilised to fund staff leave as required.
Reserves cash backed - Declared Disaster Relief Reserve		To be utilised to contribute to liabilities arising from a declared natural disaster that meets WAANDRA eligibility minimum spend.
Reserves cash backed - Road Reinstatement Reserve		
Reserves cash backed - Cummings Street Units Reserve		To be utilised to full maintenance and capital costs associated with Council owned units in Cummings Street Merredin.
Reserves cash backed - Recreation Development Reserve		To be utilised to fund future development and major renewals in relation to Recreation.
Reserves cash backed - Waste Management Reserve		To be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; or the provision of receptacles for the temporary deposit of waste; or the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste.
Reserves cash backed - Environmental Initiatives Reserve		
Reserves cash backed - Heritage Reserve		
Reserves cash backed - Plant Replacement Reserve		To be utilised to fund future capital plant purchases.
Reserves cash backed - Buildings Reserve		To be utilised to fund future building construction and major maintenance within the Shire of Merredin.
Reserves cash backed - Land & Development Reserve		To be utilised to fund major land development/purchases within the Shire of Merredin.
Reserves cash backed - Unspent Grants Reserve		To be utilised for the quarantining of Grant Monies awaiting completion of Works.
Reserves cash backed - ITC Reserve		To be utilised to fund future ITC within the Shire of Merredin.

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

7. CASH BACKED RESERVES (CONTINUED)

(c) Cash Backed Reserves - Change in Use

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

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Governance	7,500	6,372
General purpose funding	22,000	21,190
Law, order, public safety	201,612	190,645
Health	40,558	24,926
Housing	157,886	154,539
Community amenities	558,345	620,992
Recreation and culture	204,744	172,900
Transport	18,000	17,127
Economic services	166,462	99,745
Other property and services	20,000	11,991
	1,397,107	1,320,427

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
General purpose funding	1,074,860	2,307,542
Law, order, public safety	10,117	40,999
Community amenities	0	41,982
Recreation and culture	417,814	454,351
Transport	115,000	111,912
Economic services	12,800	36,814
	1,630,591	2,993,600
Non-operating grants, subsidies and contributions		
Recreation and culture	19,000	0
Transport	821,463	1,326,883
Economic services	0	20,239
	840,463	1,347,122

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

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments			
- Reserve funds	356,682	406,904	392,260
- Other funds	50,000	81,744	40,000
Late payment of fees and charges *	18,728	20,102	62,000
Other interest revenue (refer note 1b)	57,000	66,408	20,100
	<u>482,410</u>	<u>575,158</u>	<u>514,360</u>

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5%.

(b) Other revenue

Reimbursements and recoveries	0	0	165,450
	<u>0</u>	<u>0</u>	<u>165,450</u>

The net result includes as expenses

(c) Auditors remuneration

Audit services	70,000	13,535	35,000
	<u>70,000</u>	<u>13,535</u>	<u>35,000</u>

(d) Interest expenses (finance costs)

Borrowings (refer note 6(a))	55,295	78,743	67,007
	<u>55,295</u>	<u>78,743</u>	<u>67,007</u>

(e) Elected members remuneration

Meeting fees	75,033	72,120	73,562
President's allowance	13,900	13,360	13,628
Deputy President's allowance	3,475	3,340	3,407
Councillors Wardrobe	1,500	4,968	5,000
	<u>93,908</u>	<u>93,788</u>	<u>95,597</u>

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

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

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

13. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2018/19.

14. TRUST FUNDS

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

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
BCTIF Levy	0	6,500	(6,500)	0
BRB Levy	0	14,500	(14,500)	0
Community Bus Fund	1,312	0	0	1,312
SBS Transmitter	2,220	0	0	2,220
Youth Advisory Council	154	0	0	154
Hall/Gym Bonds	0	3,000	3,000	6,000
Sundry Trust	1,250	0	(1,250)	0
Retention Monies	8,974	0	(8,974)	0
CEACA	2,047,893	24,820	(2,072,713)	0
	2,061,803	48,820	(2,100,937)	9,686

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

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

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

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

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

15. BUDGET RATIOS

	2015/16	2016/17	2017/18	2018/19
	Actual	Actual	Actual	Budget
Operating Surplus	298.97	3.25	(7.43)	(28.28)
Funds After Operations	349.19	24.18	22.78	19.76
PPE	(4.64)	3.58	(1.88)	0.00
Infrastructure	35.73	(0.84)	(1.16)	0.00
Cash Reserves	11.47	28.88	38.09	50.65
Borrowings	3.83	9.08	14.26	15.10
Debt Servicing	0.69	2.10	2.76	2.87
Average Rates (UV)	3,341.16	3,535.97	3,681.62	3,742.02
Average Rates (GRV)	1,267.26	1,325.55	1,352.06	1,408.77

The ratios are calculated as follows:

OPERATIONS

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

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

ASSET RATIOS

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

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

FINANCING RATIOS

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

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

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

RATES RATIOS

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