

SHIRE OF ASHBURTON
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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SHIRE'S VISION

We will embrace our unique Pilbara environment and lifestyle through development of vibrant, connected and active communities that have access to quality services, exceptional amenities and economic vitality.

**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	35,300,878	33,611,337	34,336,561
Operating grants, subsidies and contributions	9	3,278,255	7,588,112	5,687,866
Fees and charges	8	8,169,043	12,379,853	12,611,777
Service charges	1(e)	176,765	213,828	221,222
Interest earnings	10(a)	1,199,149	915,781	1,059,211
Other revenue	10(b)	619,381	597,858	492,897
		<u>48,743,471</u>	<u>55,306,769</u>	<u>54,409,534</u>
Expenses				
Employee costs		(18,990,205)	(16,550,487)	(17,684,754)
Materials and contracts		(15,204,053)	(12,921,913)	(16,666,778)
Utility charges		(1,508,895)	(1,394,250)	(1,334,836)
Depreciation on non-current assets	5	(15,273,032)	(15,082,402)	(14,973,551)
Interest expenses	10(d)	(175,666)	(214,993)	(215,082)
Insurance expenses		(1,251,787)	(1,318,871)	(1,394,606)
Other expenditure		(759,434)	(747,435)	(743,494)
		<u>(53,163,072)</u>	<u>(48,230,351)</u>	<u>(53,013,101)</u>
		(4,419,601)	7,076,418	1,396,433
Non-operating grants, subsidies and contributions	9	42,344,561	4,642,961	41,655,185
Profit on asset disposals	4(b)	2,007,725	114,951	2,000,000
Loss on asset disposals	4(b)	(62,197)	(72,166)	(130,319)
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Net result		39,870,488	11,762,164	44,921,299
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		39,870,488	11,762,164	44,921,299

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

FOR THE YEAR ENDED 30TH JUNE 2019

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 Ashburton 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 a 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				
Governance	1, 8, 9, 10(a),(b)	\$ 610,458	\$ 1,248,574	\$ 673,908
General purpose funding		38,256,135	38,627,413	37,435,731
Law, order, public safety		118,014	131,439	137,854
Health		213,996	207,705	214,678
Education and welfare		44,820	238,006	238,939
Housing		360,310	392,254	412,320
Community amenities		3,563,432	3,931,050	3,914,470
Recreation and culture		866,582	1,277,060	979,174
Transport		3,039,091	7,474,864	8,500,014
Economic services		1,440,973	1,550,199	1,659,505
Other property and services		229,660	228,205	242,941
		<u>48,743,471</u>	<u>55,306,769</u>	<u>54,409,534</u>
Expenses excluding finance costs				
Governance	5,10(c),(e),(f)	(7,724,255)	(6,358,384)	(7,533,966)
General purpose funding		(198,586)	(36,268)	(200,300)
Law, order, public safety		(1,069,101)	(866,668)	(902,945)
Health		(608,361)	(636,439)	(744,987)
Education and welfare		(339,347)	(430,808)	(421,673)
Housing		(2,305,333)	(1,310,672)	(882,086)
Community amenities		(7,967,015)	(7,502,621)	(8,715,570)
Recreation and culture		(11,466,404)	(10,430,270)	(11,700,873)
Transport		(15,575,987)	(15,550,840)	(15,753,589)
Economic services		(2,831,127)	(2,322,524)	(2,747,124)
Other property and services		(2,901,890)	(2,569,864)	(3,194,906)
		<u>(52,987,406)</u>	<u>(48,015,358)</u>	<u>(52,798,019)</u>
Finance costs				
Governance	6, 10(d)	(23,808)	(28,363)	(25,156)
Housing		(68,846)	(86,000)	(88,521)
Community amenities		(69,759)	(82,454)	(78,925)
Recreation and culture		(2,983)	(5,046)	(5,223)
Transport		(10,270)	(12,483)	(17,257)
Economic services		0	(647)	0
		<u>(175,666)</u>	<u>(214,993)</u>	<u>(215,082)</u>
		<u>(4,419,601)</u>	<u>7,076,418</u>	<u>1,396,433</u>
Non-operating grants, subsidies and contributions	9	42,344,561	4,642,961	41,655,185
Profit on disposal of assets	4(b)	2,007,725	114,951	2,000,000
(Loss) on disposal of assets	4(b)	(62,197)	(72,166)	(130,319)
Net result		<u>39,870,488</u>	<u>11,762,164</u>	<u>44,921,299</u>
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>39,870,488</u></u>	<u><u>11,762,164</u></u>	<u><u>44,921,299</u></u>

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.	Administration and operation of facilities and services to members of Council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community.	Supervision of various by-laws, fire prevention, emergency services and animal control.
HEALTH	To assess and manage risks to public health and create and maintain environments that promote good public health.	Food safety, traders permits, septic approvals, analysis of drinking water, public pool safety, monitoring and control of mosquitoes, noise - dust or odour complaints, public building inspections, Environmental Health support to Aboriginal communities, provision of public information on issues such as asbestos, mosquitoes, food hygiene.
EDUCATION AND WELFARE	To meet the needs of the community in these areas.	Donations to schools and assistance to welfare groups and provision of Youth Services.
HOUSING	To manage housing.	Maintenance of staff and rental housing.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collections, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities and protection of the environment.
RECREATION AND CULTURE	To establish and manage efficiently infrastructure and resources which will help the social well being of the community.	Maintenance of Halls, swimming pools, sporting facilities, parks & associated facilities, provision of library services in Tom Price, Onslow, Pannawonica & Paraburdoo.
TRANSPORT	To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, footpaths; street lighting, traffic management and airport. Purchase and disposal of Council's Road Plant.
ECONOMIC SERVICES	To help promote the shire and improve its economic wellbeing.	Building control, management of tourist bureau, tourism and area promotion and standpipes.
OTHER PROPERTY AND SERVICES	To provide support services for works and plant operations.	Private works operations, plant repairs and operation costs, stock and materials, salaries and wages of Council employees.

**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	35,004,262	33,936,156	34,386,561
Operating grants, subsidies and contributions	3,233,255	12,715,606	5,919,351
Fees and charges	8,169,043	12,379,853	13,178,279
Service charges	176,765	213,828	221,222
Interest earnings	1,199,149	915,781	1,059,211
Goods and services tax	2,446,928	71,965	2,401,928
Other revenue	619,381	597,858	492,897
	<u>50,848,783</u>	<u>60,831,047</u>	<u>57,659,449</u>
Payments			
Employee costs	(18,990,205)	(16,973,872)	(17,144,754)
Materials and contracts	(14,650,115)	(15,743,375)	(15,512,956)
Utility charges	(1,508,895)	(1,394,250)	(1,334,836)
Interest expenses	(175,666)	(244,516)	(215,082)
Insurance expenses	(1,251,787)	(1,318,871)	(1,394,606)
Goods and services tax	(1,355,312)	(46,000)	(2,274,460)
Other expenditure	(759,434)	(747,435)	(995,494)
	<u>(38,691,414)</u>	<u>(36,468,319)</u>	<u>(38,872,188)</u>
Net cash provided by (used in) operating activities	3	<u>12,157,369</u>	<u>24,362,728</u>
		18,787,261	18,787,261
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for development of land held for resale	4(a)	0	(375,000)
Payments for purchase of property, plant & equipment	4(a)	(22,382,173)	(8,515,531)
Payments for construction of infrastructure	4(a)	(47,906,720)	(14,573,254)
Non-operating grants, subsidies and contributions used for the development of assets	9	42,344,561	4,642,961
Proceeds from sale of plant & equipment	4(b)	2,370,455	457,506
Net cash provided by (used in) investing activities		<u>(25,573,877)</u>	<u>(17,988,318)</u>
		(26,224,214)	(26,224,214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6	(752,680)	(719,189)
Proceeds from new borrowings	6(b)	2,100,000	(0)
Net cash provided by (used in) financing activities		<u>1,347,320</u>	<u>(719,189)</u>
		1,380,810	1,380,810
Net increase (decrease) in cash held		(12,069,188)	5,655,221
Cash at beginning of year		50,985,287	44,428,941
Cash and cash equivalents at the end of the year	3	<u><u>38,916,099</u></u>	<u><u>50,985,287</u></u>
		38,372,820	38,372,820

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

SHIRE OF ASHBURTON

**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	10,709,456	12,544,678	11,795,343
		10,709,456	12,544,678	11,795,343
Revenue from operating activities (excluding rates)				
Governance		610,458	1,248,574	673,908
General purpose funding		2,955,257	5,016,076	3,086,216
Law, order, public safety		118,014	131,439	137,854
Health		213,996	207,705	214,678
Education and welfare		44,820	238,006	238,939
Housing		360,310	392,254	412,320
Community amenities		3,563,432	3,931,050	3,914,470
Recreation and culture		866,582	1,277,060	979,174
Transport		3,046,816	7,589,815	8,500,014
Economic services		3,440,973	1,550,199	3,659,505
Other property and services		229,660	228,205	242,941
		15,450,318	21,810,383	22,060,019
Expenditure from operating activities				
Governance		(7,748,063)	(6,386,747)	(7,559,122)
General purpose funding		(198,586)	(36,268)	(200,300)
Law, order, public safety		(1,069,101)	(866,668)	(902,945)
Health		(608,361)	(636,439)	(744,987)
Education and welfare		(339,347)	(430,808)	(421,673)
Housing		(2,374,179)	(1,396,672)	(970,607)
Community amenities		(8,036,774)	(7,585,075)	(8,794,495)
Recreation and culture		(11,469,387)	(10,435,316)	(11,706,096)
Transport		(15,648,454)	(15,635,489)	(15,901,165)
Economic services		(2,831,127)	(2,323,172)	(2,747,124)
Other property and services		(2,901,890)	(2,569,864)	(3,194,906)
		(53,225,269)	(48,302,518)	(53,143,420)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(2,007,725)	(114,951)	(2,000,000)
Loss on disposal of assets	4(b)	62,197	72,166	130,319
Depreciation on assets	5	15,273,032	15,082,402	14,973,551
Amount attributable to operating activities		(13,737,991)	1,092,160	(6,184,188)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	42,344,561	4,642,961	41,655,185
Purchase land held for resale	4(a)	0	0	(375,000)
Purchase property, plant and equipment	4(a)	(22,382,173)	(8,515,531)	(22,822,225)
Purchase and construction of infrastructure	4(a)	(47,906,720)	(14,573,254)	(47,221,174)
Proceeds from disposal of assets	4(a)	2,370,455	457,506	2,539,000
Amount attributable to investing activities		(25,573,877)	(17,988,318)	(26,224,214)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(752,680)	(719,189)	(719,190)
Proceeds from new borrowings	6(b)	2,100,000	(0)	2,100,000
Transfers to cash backed reserves (restricted assets)	7(a)	(11,317,300)	(19,176,138)	(18,036,606)
Transfers from cash backed reserves (restricted assets)	7(a)	15,480,970	13,889,604	16,214,684
Amount attributable to financing activities		5,510,990	(6,005,723)	(441,112)
Budgeted deficiency before general rates		(33,800,878)	(22,901,881)	(32,849,514)
Estimated amount to be raised from general rates	1	35,300,878	33,611,337	34,349,515
Net current assets at end of financial year - surplus/(deficit)	2	1,500,000	10,709,456	1,500,000

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 total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$
Differential general rate or general rate							
Gross rental value valuations							
GRV - Residential / Community	0.100357	2,439	44,228,365	4,438,626	0	4,438,626	4,396,422
GRV - Commercial / Industrial / Tourism	0.064633	122	15,930,840	1,029,658	0	1,029,658	1,042,842
Unimproved value valuations							
UV - Mining / Industrial	0.369571	561	76,930,806	28,431,395	203,443	28,634,838	28,049,571
UV - Pastoral	0.060976	34	6,608,797	402,978	0	402,978	397,546
UV - Tourism	0.165704	4	345,000	57,168	0	57,168	56,044
Sub-Totals		3,160	144,043,808	34,359,825	203,443	34,563,268	33,942,425
Minimum							
	\$						
Gross rental value valuations							
GRV - Residential / Community (General)	920	158	634,598	145,360	0	145,360	83,000
GRV - Residential / Community (Lesser)	690	20	20,419	13,800	0	13,800	12,450
GRV - Commercial / Industrial / Tourism	1,150	66	36,897	75,900	0	75,900	49,800
Unimproved value valuations							
UV - Mining / Industrial	1,150	430	528,681	494,500	0	494,500	432,638
UV - Pastoral	1,150	7	41,350	8,050	0	8,050	7,262
UV - Tourism	1,150	0	0	0	0	0	0
Sub-Totals		681	1,261,945	737,610	0	737,610	585,150
		3,841	145,305,753	35,097,435	203,443	35,300,878	34,527,575
Discounts/concessions (Refer note 1(f))						0	(273,584)
Total amount raised from general rates						35,300,878	34,253,991
Ex-Gratia Rates							9,225
Rates Written Off							(650,767)
PUPP Adj.						0	(1,112)
Total rates						35,300,878	33,611,337

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

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	12-Sep-18	0	0.00%	11.00%
Option two				
First Instalment	12-Sep-18	0	0.00%	0.00%
Second Instalment	12-Nov-18	14.50	5.50%	11.00%
Option three				
First Instalment	12-Sep-18	14.50	0.00%	0.00%
Second Instalment	12-Nov-18	14.50	5.50%	11.00%
Third Instalment	18-Jan-19	14.50	5.50%	11.00%
Fourth Instalment	22-Mar-19	14.50	5.50%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	10,200	9,443
Instalment plan interest earned	27,540	14,666
Unpaid rates and service charge interest earned	81,600	67,152
	<u>119,340</u>	<u>91,261</u>

(c) Objectives and Reasons for Differential Rating

Notice of Intention of Levying Differential Rates 2018/19 including Rating statement of rating information containing the Objects and Reasons is attached.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Specified Area Rate

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

(e) Service Charges

	Amount of charge	2018/19 Budgeted revenue	Budget Amount to be applied to costs	Budget Amount to be set aside to reserve	Reserve Amount to be applied to costs	2017/18 Actual revenue
	\$	\$	\$	\$	\$	\$
Service charge						
Residential - Full Overhead	525.41	54,387	68,066	0	0	65,791
Residential - Consumer Mains Underground	302.11	7,590	9,499	0	0	9,182
Residential - Transformer / Vacant Connection	210.16	2,997	3,751	0	0	3,626
Residential - Base Rate	105.08	20,992	26,271	0	0	25,393
Commercial Mixed Use - Full Overhead	1,576.24	0	0	0	0	0
Commercial Mixed Use - Consumer Mains Und	1,352.94	0	0	0	0	0
Commercial Mixed Use - Transformer / Vacant	1,260.99	12,717	15,915	0	0	15,383
Commercial Mixed Use - Base Rate	210.16	5,457	6,830	0	0	6,602
Industrial - Full Overhead	3,021.12	0	0	0	0	0
Industrial - Consumer Mains Underground	2,797.82	0	0	0	0	0
Industrial - Transformer / Vacant Connection	2,705.87	0	0	0	0	0
Industrial - Base Rate	2,600.79	72,625	90,890	0	0	87,852
		176,765	221,222	0	0	213,828

Nature of the service charge	Objects of the charge	Reasons for the charge	Area/Properties charge to be imposed on
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The Shire of Ashburton introduced a service charge for the 2017/18 financial year in relation to the Pilbara Underground Power Project.

The Project is for the town of Onslow to dramatically reduce the likelihood of power outages to essential services immediately following adverse weather events. The project is a partnership between the State Government's Royalties for Regions initiative and Local Government. Due to the support of the Royalties for Regions program the project only requires a local 25% contribution to the overall cost of the project. Landowners contribution will be 10% or approximately \$1,000,000. This is funded by a low interest loan budgeted for in the 2018/19 financial year. Landowners will then pay their portion over four years via this service charge.

The funding model for landowners has been developed based on the type of existing connection to it. A property with 'full overhead power' including the connection to the meter box will be charged slightly more than a property that already has underground power from the street to the house.

There is no intention to set aside funds to a Reserve account as the full amount will be applied in the 2018/19 financial year. Should the service charge funds not be applied in the 2018/19 financial year unspent amounts will be set aside in a Reserve account specifically for the purpose.

The service charge will be levied in addition to the annual rates charges and an instalment option will apply as per Rates instalment dates included in Note 1.

(f) Waivers or concessions

Rate or fee to which discount is granted	Disc % or Amount (\$)	2018/19 Budget	2017/18 Actual	Circumstances in which discount is granted
		\$	\$	
Dog and Cat registration fees (Statutory)	50%	0	0	0 To assist eligible pensioners with cost of registrations.
Venue Hire charges	50%	0	0	0 To assist junior and youth organisations.
Refuse Collection Charge	50%	0	0	0 To support community groups as defined in REC05.
Swimming Pools	20%	0	0	0 To support swimming club members.
Rates on Non-Profit Leases	100%	0	0	0 Per Lease Agreement
Lease payments - Early Child Learning - Centre in Onslow.	100%	0	0	0 Per Lease Agreement
		0	0	

(g) Rates discounts

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2019.

2. NET CURRENT ASSETS

	2018/19	2017/18
Note	Budget	Actual
	\$	\$
Composition of estimated net current assets		
Current assets		
Cash - unrestricted	3,039,417	9,898,319
Cash - restricted reserves	36,923,299	41,086,968
Receivables	2,312,249	2,015,633
Inventories	1,174,863	1,174,863
	43,449,828	54,175,783
Less: current liabilities		
Trade and other payables	(2,631,587)	(1,031,033)
Long term borrowings	(752,680)	(752,680)
Provisions	(1,348,326)	(1,348,326)
	(4,732,593)	(3,132,039)
Unadjusted net current assets	38,717,235	51,043,744
Adjustments		
Less: Cash - restricted reserves	(36,923,299)	(41,086,968)
Add: Current portion of borrowings	752,680	752,680
Adjusted net current assets - surplus/(deficit)	1,500,000	10,709,456

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 Ashburton's operational cycle. In the case of liabilities where the Shire of Ashburton 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 Ashburton'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 Ashburton 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 Ashburton 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 Ashburton contributes to a number of superannuation funds on behalf of employees.

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

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire of Ashburton'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 Ashburton'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 Ashburton'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	3,039,417	9,898,319	803,085
Cash - restricted	36,923,299	41,086,968	37,569,735
	<u>39,962,716</u>	<u>50,985,287</u>	<u>38,372,820</u>

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

Employee Entitlement Reserve	585,420	573,554	1,078,006
Financial Risk Reserve	12,553,177	6,500,000	6,500,000
Future Projects Reserve	661,885	1,656,342	1,975,202
Housing Reserve	399,559	1,260,972	371,045
Infrastructure Reserve	879,701	2,337,495	4,187,920
Joint Venture Housing Reserve	202,069	100,000	100,000
Onslow Aerodrome Reserve	10,696,449	13,251,706	11,099,748
Onslow Community Infra. Reserve	192,996	189,084	2,191,263
Plant Replacement Reserve	24,368	423,115	1,222,817
Property Development Reserve	3,383,100	2,594,495	2,250,342
RTIO Partnership Reserve	2,669,938	5,927,011	341,316
Tom Price Admin. Bldg. Reserve	4,020,688	1,000,000	1,000,000
Unspent Grants Reserve	153,261	4,273,194	4,252,076
Waste Services Reserve	500,688	1,000,000	1,000,000
	<u>36,923,298</u>	<u>41,086,968</u>	<u>37,569,735</u>

Reconciliation of net cash provided by operating activities to net result

Net result	39,870,488	11,762,164	44,921,299
Depreciation	15,273,032	15,082,402	14,973,551
(Profit)/loss on sale of asset	(1,945,528)	(42,785)	(1,869,681)
(Increase)/decrease in receivables	(296,616)	5,478,278	2,481,413
(Increase)/decrease in inventories	0	7,732	100,000
Increase/(decrease) in payables	1,600,554	(3,282,102)	(164,136)
Grants/contributions for the development of assets	(42,344,561)	(4,642,961)	(41,655,185)
Net cash from operating activities	<u>12,157,369</u>	<u>24,362,728</u>	<u>18,787,261</u>

SIGNIFICANT ACCOUNTING POLICIES

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	Education and Welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>												
Land - freehold land	0	0	0	0	0	0	0	0	0	175,000	175,000	13,796
Buildings - non-specialised	0	92,654	121,806	5,100,000	1,830,275	120,000	11,814,136	722,807	105,000	0	19,906,678	7,489,878
Furniture and equipment	303,711	0	0	0	0	0	0	0	0	0	303,711	139,018
Plant and equipment	0	0	64,020	0	0	150,000	64,146	1,718,618	0	0	1,996,784	872,839
	303,711	92,654	185,826	5,100,000	1,830,275	270,000	11,878,282	2,441,425	105,000	175,000	22,382,173	8,515,531
<i>Infrastructure</i>												
Infrastructure - Roads	0	0	0	0	0	0	0	30,490,506	0	0	30,490,506	3,988,665
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	0	0	0	86,355
Infrastructure - Drainage	0	0	0	0	0	0	0	986,900	0	0	986,900	1,823,650
Infrastructure - Parks and Recreation	0	0	0	0	0	0	1,045,838	0	0	0	1,045,838	1,294,851
Infrastructure - Airports	0	0	0	0	0	0	0	2,119,605	0	0	2,119,605	3,336,915
Infrastructure - Towns	0	0	0	0	0	15,000	0	0	478,600	0	493,600	2,471,683
Infrastructure - Waste	0	0	0	0	0	12,770,271	0	0	0	0	12,770,271	1,571,135
	0	0	0	0	0	12,785,271	1,045,838	33,597,011	478,600	0	47,906,720	14,573,254
Total acquisitions	303,711	92,654	185,826	5,100,000	1,830,275	13,055,271	12,924,120	36,038,436	583,600	175,000	70,288,893	23,088,785

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	Sale	2018/19 Budget		2017/18 Actual		2017/18 Budget	
	value	proceeds	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Transport	424,927	370,455	7,725	(62,197)	114,951	(72,166)	0	(130,319)
Economic services	0	2,000,000	2,000,000	0	0	0	2,000,000	0
	424,927	2,370,455	2,007,725	(62,197)	114,951	(72,166)	2,000,000	(130,319)
By Class								
<u>Property, Plant and Equipment</u>								
Plant and equipment	424,927	370,455	7,725	(62,197)	0	0	0	0
<u>Land Held for Resale</u>								
Land held for resale	0	2,000,000	2,000,000	0	0	0	2,000,000	0
	424,927	2,370,455	2,007,725	(62,197)	0	0	2,000,000	0

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

5. ASSET DEPRECIATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
By Program			
Governance	361,618	376,384	368,648
Law, order, public safety	68,132	65,293	53,396
Health	5,337	3,823	5,233
Education and welfare	45,686	41,553	37,004
Housing	542,595	531,956	531,956
Community amenities	338,893	329,381	328,545
Recreation and culture	2,328,289	2,279,814	2,280,348
Transport	10,480,300	10,271,951	10,271,004
Economic services	170,941	163,016	156,589
Other property and services	931,241	1,019,230	940,828
	<u>15,273,032</u>	<u>15,082,401</u>	<u>14,973,551</u>
By Class			
Furniture and equipment	238,199	216,015	231,581
Plant and equipment	1,692,062	1,214,626	1,338,003
Land and Buildings	1,345,164	1,714,547	1,695,656
Infrastructure - Roads	8,641,179	9,317,404	9,214,776
Infrastructure - Footpaths	167,233	193,794	191,658
Infrastructure - Drainage	273,719	294,782	291,541
Infrastructure - Parks and Recreation	1,648,047	1,203,815	1,190,550
Infrastructure - Airports	935,931	663,227	655,919
Infrastructure - Bridges	11,384	12,581	12,445
Infrastructure - Towns	149,985	102,252	101,130
Infrastructure - Waste	170,129	50,855	50,292
Infrastructure - Works in Progress	0	98,504	0
	<u>15,273,032</u>	<u>15,082,402</u>	<u>14,973,551</u>

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:

Buidlings	15 to 100 years
Plant and Equipment	3 to 15 years
Infrastructure:	
- Roads	12 to 80 years
- Footpaths	35 to 50 years
- Drainage	100 years
- Other Infrastructure	10 to 100 years

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 124 Onslow Administration Building	729,613	0	41,734	40,386	687,879	729,613	23,808	25,156
Housing								
Loan 117 Staff Housing Plan	359,855	0	64,314	60,888	295,541	359,855	18,748	22,112
Loan 121 New Staff Housing Plan	909,491	0	285,515	269,203	623,976	909,491	50,098	66,409
Community amenities								
Loan 122 Onslow Transfer Station	2,340,444	0	304,485	295,319	2,035,959	2,340,444	69,759	84,825
Recreation and culture								
Loan 118 Recreation Centre Tom Price	61,156	0	40,183	37,943	20,973	61,156	2,983	5,223
Transport								
Loan 119 Onslow Aerodrome Upgrade	165,518	0	16,449	15,450	149,070	165,518	10,270	11,268
Economic services								
Loan 123 Onslow Underground Power	0	1,000,000	0	0	1,000,000	0	0	0
Loan 125 CHUB Paraburdoo	0	1,100,000	0	0	1,100,000	0	0	0
	4,566,078	2,100,000	752,680	719,189	5,913,398	4,566,078	175,666	214,993
	4,566,078	2,100,000	752,680	719,189	5,913,398	4,566,078	175,666	214,993

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.

(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 123 Onslow Underground Power	WATC	Debenture	3	3.25	1,000,000	0	0	1,000,000
Loan 125 CHUB Paraburdoo	WATC	Debenture	15	3.25	1,100,000	0	0	1,100,000
					2,100,000	0	0	2,100,000

(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

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	0	0	500,000
Bank overdraft at balance date	0	0	0
Credit card limit	64,000	64,000	0
Credit card balance at balance date	0	(26,048)	0
Total amount of credit unused	64,000	37,952	500,000
Loan facilities			
Loan facilities in use at balance date	5,913,398	4,566,078	0

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Entitlement Reserve	573,554	11,866	0	585,420	330,264	243,289	(275,000)	573,554	330,265	747,741	0	1,078,006
Financial Risk Reserve	6,500,000	6,053,177	0	12,553,177	0	6,775,000	(1,772,784)	6,500,000	0	6,500,000	0	6,500,000
Future Projects Reserve	1,656,342	34,266	(1,028,723)	661,885	3,390,969	38,157	0	1,656,342	3,668,620	84,030	(1,777,448)	1,975,202
Housing Reserve	1,260,972	26,087	(887,500)	399,559	910,789	350,183	0	1,260,972	910,789	360,256	(900,000)	371,045
Infrastructure Reserve	2,337,495	323,627	(1,781,421)	879,701	5,010,868	56,385	(2,729,759)	2,337,495	5,010,869	114,774	(937,723)	4,187,920
Joint Venture Housing Reserve	100,000	102,069	0	202,069	0	100,000	0	100,000	0	100,000	0	100,000
Onslow Aerodrome Reserve	13,251,706	434,149	(2,989,406)	10,696,449	12,513,148	4,050,230	(3,311,671)	13,251,706	12,513,148	3,608,349	(5,021,749)	11,099,748
Onslow Community Infra. Reserve	189,084	3,912	0	192,996	186,980	2,104	0	189,084	186,980	2,004,283	0	2,191,263
Plant Replacement Reserve	423,115	8,753	(407,500)	24,368	26,345	1,392,200	(995,431)	423,115	26,345	2,191,904	(995,432)	1,222,817
Property Development Reserve	2,594,495	963,605	(175,000)	3,383,100	2,647,269	29,789	(82,562)	2,594,495	2,647,269	60,636	(457,563)	2,250,342
RTIO Partnership Reserve	5,927,011	226,011	(3,483,084)	2,669,938	4,995,386	2,522,462	(1,647,049)	5,927,011	5,176,963	118,578	(4,954,225)	341,316
Tom Price Admin. Bldg. Reserve	1,000,000	3,020,688	0	4,020,688	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000
Unspent Grants Reserve	4,273,194	88,403	(4,208,336)	153,261	5,735,794	1,616,339	(3,075,348)	4,273,194	5,276,565	146,055	(1,170,544)	4,252,076
Waste Services Reserve	1,000,000	20,688	(520,000)	500,688	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000
	41,086,968	11,317,300	(15,480,970)	36,923,298	35,747,812	19,176,138	(13,889,604)	41,086,968	35,747,813	18,036,606	(16,214,684)	37,569,735

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Employee Entitlement Reserve	Ongoing	- To contribute towards funding the Council's liability for payments of employee benefits owing to staff and taken either as leave or paid upon termination of their employment.
Financial Risk Reserve	Ongoing	- To provide funds to mitigate against Financial Risks including legal cases with penalties awarded against the Shire, SAT rulings upholding valuation objections on high value properties likely to cause significantly large refunds and other unknown events potentially resulting in
Future Projects Reserve	Ongoing	- To provide funds for Future Capital Projects determined in the Long Term Financial Plan.
Housing Reserve	Ongoing	- To provide funds to assist the Council to maintain and improve Council housing stock in accordance with the Housing Asset Management Plan.
Infrastructure Reserve	Ongoing	- To provide funds for provision and maintenance of new and existing infrastructure assets (Including Buildings) throughout the Shire.
Joint Venture Housing Reserve	Ongoing	- To provide funds for repairs and maintenance in compliance with Joint Venture Housing Agreements.
Onslow Aerodrome Reserve	Ongoing	- To provide funds for the upgrading and modifications to the Onslow Aerodrome.
Onslow Community Infra. Reserve	Ongoing	- To provide funds for the development of community facilities in Onslow.
Plant Replacement Reserve	Ongoing	- To provide an optimum level of cash reserves for funding the Council heavy machinery replacement program on a five year rolling basis.
Property Development Reserve	Ongoing	- To provide funds to assist the Council in purchasing, developing and selling property to stimulate economic development.
RTIO Partnership Reserve	Ongoing	- For the purpose of funding the projects and programs associated with partnership agreements between the Shire of Ashburton and Rio Tinto (RTIO).
Tom Price Admin. Bldg. Reserve	2022	- To provide funds for a replacement Tom Price Administration Building.
Unspent Grants Reserve	Ongoing	- To preserve unspent Grant and ongoing Capital works Funds.
Waste Services Reserve	Ongoing	- To provide funds for the upgrading and modifications to Waste Facilities within the Shire.

(c) Cash Backed Reserves - Change in Use

Cash Backed Reserve	Proposed new purpose of the reserve	Objects of changing of the reserve	Reasons for changing the use of the reserve	2018/19 Budget amount to be used	2018/19 Budget amount change of purpose
				\$	\$
Onslow Aerodrome Reserve	To provide reserve funds for operational surpluses and deficits as well as the upgrading and modification to the Onslow Aerodrome.	Use the Reserve for operational and capital activities.	To provide reserve funds for operational surpluses and deficits as well as the upgrading and modification to the Onslow Aerodrome.	3,420,406	3,420,406
				3,420,406	3,420,406

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	6,801	6,997
General purpose funding	13,027	11,519
Law, order, public safety	66,082	60,141
Health	71,854	66,855
Education and welfare	43,320	42,263
Housing	338,210	306,324
Community amenities	3,223,432	3,112,049
Recreation and culture	445,448	338,144
Transport	2,876,800	7,286,577
Economic services	1,073,359	1,148,713
Other property and services	10,710	271
	8,169,043	12,379,853

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		
Governance	513,103	1,131,012
General purpose funding	1,700,706	4,083,243
Law, order, public safety	51,930	71,293
Health	142,142	140,850
Education and welfare	0	193,044
Housing	0	11,608
Community amenities	290,000	819,001
Recreation and culture	343,923	860,131
Transport	162,791	165,782
Economic services	39,409	82,947
Other property and services	34,251	29,200
	3,278,255	7,588,111
Non-operating grants, subsidies and contributions		
Education and welfare	3,000,000	0
Community amenities	10,914,201	110,000
Recreation and culture	5,014,938	1,632,630
Transport	23,362,761	2,191,501
Economic services	52,661	708,830
	42,344,561	4,642,961

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

10. OTHER INFORMATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	827,758	451,128	844,000
- Other funds	262,251	382,835	57,404
Other interest revenue (refer note 1b)	109,140	81,818	157,807
	1,199,149	915,781	1,059,211
(b) Other revenue			
Reimbursements and recoveries	183,105	294,316	97,148
Other	436,276	751,177	385,104
	619,381	1,045,493	482,252
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	79,070	46,024	77,520
	79,070	46,024	77,520
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	175,666	214,993	215,082
	175,666	214,993	215,082
(e) Elected members remuneration			
Meeting fees	223,530	260,793	219,147
President / Deputy President's allowance	81,567	78,409	79,968
Travelling expenses	86,904	87,101	85,200
Communication Allowance	4,786	4,349	4,692
Seminars and Training	104,000	28,547	102,000
	500,787	459,199	491,007

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.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

OnslowAerodrome

(a) Details

Councils objective is to maintain a safe landing airstrip and functional airport amenities conducive to the promotion of the district as a tourist and business destination.

Operating costs are met by landing fees charged. Annual surpluses are transferred to a cash reserve to finance future improvements to the facility.

	\$	\$	\$	\$	\$	\$	\$
Revenue							
Landing Fees	868,685	397,600	388,314	396,080	404,002	412,082	420,324
Passenger Tax	4,804,593	5,214,240	1,591,200	1,623,024	1,655,484	1,688,594	1,722,366
Security Screening	1,326,373	1,375,980	779,350	794,937	810,836	827,052	843,594
Sundry Income	230,649	122,746	277,831	283,388	289,055	294,836	300,733
	<u>7,230,300</u>	<u>7,110,566</u>	<u>3,036,695</u>	<u>3,097,429</u>	<u>3,159,377</u>	<u>3,222,565</u>	<u>3,287,016</u>
Expenditure							
Employee Expenses	(450,325)	(431,415)	(402,253)	(410,298)	(418,504)	(426,874)	(435,412)
Operational Expenses	(941,936)	(1,476,097)	(1,585,210)	(1,616,914)	(1,649,252)	(1,682,238)	(1,715,882)
Grounds and Strip Maintenance	(198,546)	(192,097)	(210,485)	(214,695)	(218,989)	(223,368)	(227,836)
Marketing	(1,894)	(2,000)	(4,000)	(4,080)	(4,162)	(4,245)	(4,330)
Other Sundry Expenses	(13,258)	(11,268)	(19,606)	(19,998)	(20,398)	(20,806)	(21,222)
Administration Expenses	(19,145)	(17,198)	(14,987)	(15,287)	(15,592)	(15,904)	(16,222)
Administration Overheads	(147,828)	(173,649)	(177,122)	(180,664)	(184,278)	(187,963)	(191,723)
Depreciation	(1,497,432)	(1,485,108)	(1,507,384)	(1,537,532)	(1,568,282)	(1,599,648)	(1,631,641)
	<u>(3,270,364)</u>	<u>(3,788,832)</u>	<u>(3,921,047)</u>	<u>(3,999,468)</u>	<u>(4,079,457)</u>	<u>(4,161,046)</u>	<u>(4,244,267)</u>
Capital Income	3,311,671	4,849,201	4,946,185	5,045,109	5,146,011	5,248,931	5,353,910
Capital Expenditure	(7,271,607)	(8,170,935)	(4,061,833)	(4,143,069)	(4,225,931)	(4,310,449)	(4,396,658)
NET RESULT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

13. INTERESTS IN JOINT ARRANGEMENTS

The Shire of Ashburton is involved in the following Joint Venture arrangements with the Department of Communities Housing (Homeswest):

Purpose:	The Shire of Ashburton in conjunction with Homeswest provides rental accommodation for senior citizens who are eligible by virtue of their low personal income and their compliance with eligibility criteria adopted by Homeswest from time to time to rent public housing from Homeswest.		
Address:	46 Second Avenue, Onslow, Pilbara 6710 - Carinya Units 1-5		
Number of Dwellings:	5		
Land Tenure:	Freehold Certificate of Title Volume 3042 Folio 6 Drawing No. 190235		
Legal Arrangements:	Joint Venture Agreement dated 2nd August 1994 for fifty years from that date with an extension to be given upon request in writing for such further period of years as the Shire shall specify but not exceeding fifty years.		
Equity:	Department of Housing capital contribution		481,945
	Shire of Ashburton capital contribution		126,754
	Department of Housing percentage interest		79%
	Shire of Ashburton percentage interest		21%

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Ashburton's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

14. TRUST FUNDS

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

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
BCITF Levy	537	11,024	(10,900)	661
BRB Levy	1,806	21,738	(20,400)	3,144
Cleaning/Key Bond Deposits	21,939	22,148	(16,893)	27,194
Nomination Deposits	320	160	(480)	0
Other Trust	12,087	0	0	12,087
Bonds & Guarantees	64,146	30,544	(28,895)	65,795
Public Open Space	236,655	0	0	236,655
Consignment Stock Deposits	1,221	13,364	(11,460)	3,125
Tour Bookings Deposits	23,707	131,943	(108,752)	46,898
Unclaims Trust Monies	8,085	0	0	8,085
	370,503	230,921	(197,780)	403,644

**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 Ashburton 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.