



Shire of Wongan-Ballidu
2019/20
Annual Budget

SHIRE OF WONGAN-BALLIDU

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

Wongan-Ballidu - a caring and supportive community driving sustainability of agriculture, services and the environment

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	2,963,588	2,872,533	2,875,483
Operating grants, subsidies and contributions	9	1,718,005	2,812,242	1,709,675
Fees and charges	8	621,882	535,772	521,414
Interest earnings	10(a)	88,000	107,418	82,263
Other revenue	10(b)	149,065	324,941	117,852
		5,540,540	6,652,906	5,306,687
Expenses				
Employee costs		(2,431,654)	(2,092,775)	(2,175,723)
Materials and contracts		(1,631,761)	(1,304,864)	(1,361,589)
Utility charges		(378,968)	(350,272)	(374,962)
Depreciation on non-current assets	5	(2,352,950)	(2,352,945)	(1,569,779)
Interest expenses	10(d)	(64,826)	(16,332)	(24,260)
Insurance expenses		(241,310)	(222,026)	(239,954)
Other expenditure		(223,312)	(227,266)	(251,297)
		(7,324,781)	(6,566,480)	(5,997,564)
Subtotal		(1,784,241)	86,426	(690,877)
Non-operating grants, subsidies and contributions	9	1,802,087	870,526	1,191,824
Profit on asset disposals	4(b)	0	10,333	3,328
Loss on asset disposals	4(b)	(67,129)	(210,387)	(179,840)
		1,734,958	670,472	1,015,312
Net result		(49,283)	756,898	324,435
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(49,283)	756,898	324,435

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

FOR THE YEAR ENDED 30TH JUNE 2020

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Wongan-Ballidu 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 13 to the budget.

2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 15.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE**REVENUES****RATES**

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

REVENUES (CONTINUED)**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES**EMPLOYEE COSTS**

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation 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 2020**
BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		50,021	47,919	53,400
General purpose funding		4,056,288	5,078,002	3,880,483
Law, order, public safety		35,500	35,102	35,500
Health		13,597	20,693	32,100
Education and welfare		79,100	15,956	18,498
Housing		66,322	65,984	80,787
Community amenities		206,740	202,391	202,040
Recreation and culture		417,175	43,603	156,980
Transport		219,265	509,260	524,663
Economic services		72,950	65,670	42,950
Other property and services		323,582	568,326	279,287
		5,540,540	6,652,906	5,306,688
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(108,498)	(111,053)	(251,206)
General purpose funding		(301,052)	(260,648)	(118,466)
Law, order, public safety		(155,027)	(132,448)	(150,930)
Health		(183,821)	(157,461)	(155,804)
Education and welfare		(328,434)	(176,952)	(215,055)
Housing		(186,663)	(149,472)	(177,748)
Community amenities		(511,710)	(411,597)	(468,989)
Recreation and culture		(1,632,764)	(1,552,895)	(1,571,892)
Transport		(2,770,456)	(2,687,942)	(1,839,593)
Economic services		(178,822)	(158,360)	(203,639)
Other property and services		(902,708)	(751,320)	(819,983)
		(7,259,955)	(6,550,148)	(5,973,305)
Finance costs	6, 10(d)			
Housing		(13,919)	(15,437)	(22,784)
Recreation and culture		(50,907)	(895)	(1,476)
		(64,826)	(16,332)	(24,260)
Subtotal		(1,784,241)	86,426	(690,877)
Non-operating grants, subsidies and contributions	9	1,802,087	870,526	1,191,824
Profit on disposal of assets	4(b)	0	10,333	3,328
(Loss) on disposal of assets	4(b)	(67,129)	(210,387)	(179,840)
		1,734,958	670,472	1,015,312
Net result		(49,283)	756,898	324,435
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(49,283)	756,898	324,435

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

FOR THE YEAR ENDED 30TH JUNE 2020

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE**GOVERNANCE**

The objective of the Governance program is to provide an efficient decision making process for the efficient allocation of scarce resources.

ACTIVITIES

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

The objective of this program is to generate general purpose funding to deliver a high quality of services to the community.

Activities involve the raising of rates, maximisation of general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

The objective of the program is to provide the highest standard of supervision of various local laws and statutory regulations

Activities involve animal control, fire prevention and emergency services to ensure a safer community.

HEALTH

The Shire's health program aims to provide an operational framework for good community health.

Activities involve supervision of food quality and pest control, provision of maternal and infant health and the provision of a doctor to the community.

EDUCATION AND WELFARE

Provision and support of education for the youth of the community and care of the elderly.

Activities involve the support for aged accommodation, Community Health Care Centre, and Youth Services within the community

HOUSING

This program aims to provide and maintain a high standard of housing to the community and staff

Activities involve management and maintenance of various rental residences throughout Wongan Hills.

COMMUNITY AMENITIES

The objective of this program is to provide and maintain a high quality of sanitation, planning and cemetery services to the community.

Activities involve the management of refuse services, maintenance of refuse sites, administration of the town planning scheme, maintenance of the cemeteries in Wongan Hills and Ballidu

RECREATION AND CULTURE

The areas of recreation and culture are of the highest importance to the community of the Shire of Wongan-Ballidu

Council's objective for this program is to provide, develop and maintain a superior level and quality of recreation facilities and cultural activities. This includes maintenance of civic centres and halls, recreation centres, ovals, parks and gardens, swimming areas, museums and the library facilities.

TRANSPORT

Council's objective for this program is to provide, develop and maintain a superior level and quality of recreation facilities and cultural activities. This includes maintenance of civic centres and

Construction and maintenance of streets, roads, bridges and footpaths, cleaning and lighting of streets, depot maintenance and maintenance of aerodromes are all provided to community.

ECONOMIC SERVICES

This program aims to regulate and provide tourism and area promotion to generate interest in the Shire and therefore generate tourist dollars for the benefit of the community.

Standpipes and Tourism and Area promotion

OTHER PROPERTY AND SERVICES

This program provides for the corporate overheads, support for the CRC, business enterprise and general building maintenance

Activities include, private works, community resource centre operations, maintenance of government buildings and business enterprise centre.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,963,588	2,862,837	2,888,483
Operating grants, subsidies and contributions		1,718,005	3,039,227	1,962,925
Fees and charges		621,882	535,772	521,414
Interest earnings		88,000	107,418	82,263
Goods and services tax		0	16,773	
Other revenue		149,065	324,941	117,848
		5,540,540	6,886,968	5,572,933
Payments				
Employee costs		(2,431,654)	(2,179,577)	(2,127,723)
Materials and contracts		(1,675,248)	(941,407)	(1,458,589)
Utility charges		(378,968)	(350,272)	(374,962)
Interest expenses		(64,826)	(16,332)	(24,260)
Insurance expenses		(241,310)	(222,026)	(239,954)
Other expenditure		(223,312)	(227,266)	(204,297)
		(5,015,318)	(3,936,880)	(4,429,785)
Net cash provided by (used in) operating activities	3	525,222	2,950,088	1,143,148
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(5,057,779)	(1,438,741)	(2,743,795)
Payments for construction of infrastructure	4(a)	(2,184,873)	(2,556,139)	(2,230,914)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,802,087	870,526	1,191,824
Proceeds from sale of plant & equipment	4(b)	103,000	289,464	191,800
Net cash provided by (used in) investing activities		(5,337,565)	(2,834,890)	(3,591,085)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(146,198)	(168,707)	(80,481)
Proceeds from self supporting loans	6(a)	(71,793)	168,707	77,231
Proceeds from new borrowings	6(b)	2,000,000	0	0
Net cash provided by (used in) financing activities		1,782,009	0	(3,250)
Net increase (decrease) in cash held		(3,030,334)	115,198	(2,451,187)
Cash at beginning of year		4,621,629	4,506,431	4,416,732
Cash and cash equivalents at the end of the year	3	1,591,295	4,621,629	1,965,545

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020**
BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	2,002,897	2,488,910	2,081,517
		2,002,897	2,488,910	2,081,517
Revenue from operating activities (excluding rates)				
Governance		50,021	47,919	53,400
General purpose funding		1,092,700	2,205,469	1,005,000
Law, order, public safety		35,500	35,102	35,500
Health		13,597	20,693	32,100
Education and welfare		79,100	15,956	18,498
Housing		66,322	65,984	80,787
Community amenities		206,740	202,391	202,040
Recreation and culture		417,175	43,603	156,980
Transport		219,265	519,593	527,693
Economic services		72,950	65,670	42,950
Other property and services		323,582	568,326	279,585
		2,576,952	3,790,706	2,434,533
Expenditure from operating activities				
Governance		(120,198)	(111,054)	(251,206)
General purpose funding		(301,052)	(260,648)	(118,466)
Law, order, public safety		(155,027)	(132,448)	(150,930)
Health		(183,821)	(165,424)	(155,804)
Education and welfare		(328,434)	(176,952)	(215,055)
Housing		(200,582)	(164,909)	(200,532)
Community amenities		(511,710)	(411,597)	(468,989)
Recreation and culture		(1,683,671)	(1,555,305)	(1,573,368)
Transport		(2,825,885)	(2,761,031)	(2,019,433)
Economic services		(178,822)	(286,179)	(203,639)
Other property and services		(902,708)	(751,320)	(819,983)
		(7,391,910)	(6,776,867)	(6,177,405)
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,420,079	2,552,999	1,746,291
Amount attributable to operating activities		(391,982)	2,055,748	84,936
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,802,087	870,526	1,191,824
Purchase property, plant and equipment	4(a)	(5,057,779)	(1,438,741)	(2,743,795)
Purchase and construction of infrastructure	4(a)	(2,184,873)	(2,556,139)	(2,230,914)
Proceeds from disposal of assets	4(b)	103,000	289,464	191,800
Amount attributable to investing activities		(5,337,565)	(2,834,890)	(3,591,085)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(146,198)	(168,707)	(80,481)
Proceeds from new borrowings	6(b)	2,000,000	0	0
Movement in LSL Reserve			1,481	
Proceeds from self supporting loans	6(a)	71,793	168,707	80,481
Transfers to cash backed reserves (restricted assets)	7(a)	(269,519)	(454,025)	(180,619)
Transfers from cash backed reserves (restricted assets)	7(a)	1,109,883	362,050	835,285
Amount attributable to financing activities		2,765,959	(90,494)	654,666
Budgeted deficiency before general rates		(2,963,588)	(869,636)	(2,851,483)
Estimated amount to be raised from general rates	1	2,963,588	2,872,533	2,875,483
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	2,002,897	24,000

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 2020

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
General Rates GRV-Wongan Hills	0.098999	458	5,869,313	581,056	400	0	581,456	563,255	565,355
General Rates GRV-Ballidu and Cadoux	0.098999	68	449,824	44,533	0	0	44,533	43,235	43,235
Unimproved valuations									
General Rate-UV Rural	0.011465	265	200,465,500	2,298,337	2,100		2,300,437	2,230,459	2,230,334
General Rate-UV Mining	0.011465	1	45,566	522			522	64	0
Sub-Totals		792	206,830,203	2,924,448	2,500	0	2,926,948	2,837,013	2,838,924
Minimum									
Minimum payment									
Gross rental valuations									
General Rates GRV-Wongan Hill	663.06	52	143,733	34,479			34,479	33,634	33,475
General Rates GRV-Ballidu and Cadoux	357.51	21	11,630	7,508			7,508	7,636	7,636
Unimproved valuations									
General Rate-UV Rural	357.51	16	249,990	5,720			5,720	5,554	5,554
General Rate-UV Mining	357.51	11	78,658	3,933			3,933	4,165	4,859
Sub-Totals		100	484,011	51,640	0	0	51,640	50,989	51,524
		892	207,314,214	2,976,088	2,500	0	2,978,588	2,888,002	2,890,448
Discounts/concessions (Refer note 1(d))							(33,000)	(33,614)	(32,965)
Ex-Gratia Rates							18,000	18,145	18,000
Total amount raised from general rates							2,963,588	2,872,533	2,875,483
Specified area rates (Refer note 1(c))							0	0	0
Total rates							2,963,588	2,872,533	2,875,483

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

The general rates detailed for the 2019/20 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

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				
One Full Payment (Including Discount of 2%)	21 Days after Date of Service appearing on the Rate Notice			11.0%
Option two				
One Full Payment	35 Days after Date of Service appearing on the Rate Notice			11.0%
Option three				
Four Instalments				
-1st Instalment	35 Days after Date of Service appearing on the Rate Notice			11.0%
-2nd to 4th Instalment	35 Days after Date of Service appearing on the Rate Notice	\$ 33.00	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	6,000	5,276	6,000
Instalment plan interest earned	7,000	7,438	7,000
Unpaid rates and service charge interest earned	23,000	24,560	15,000
	36,000	37,274	28,000

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

The Shire did not raise specified area rates for the year ended 30th June 2020.

(c) Service Charges

The Shire did not raise service charges for the year ended 30th June 2020.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Rates discounts

Rate or fee to which discount is granted	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which discount is granted
General Rates	2.0%		\$ 33,000	\$ 33,614	\$ 32,965	Early payment discount, if paid in full within 21 days of the date of issue
			33,000	33,614	32,965	

(e) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2020.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

2 (a). NET CURRENT ASSETS

		2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
	Note	\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
Cash - unrestricted	3	155,750	2,345,720	2,345,720	578,387
Cash - restricted reserves	3	1,435,547	2,275,908	2,275,908	1,529,267
Receivables		510,542	438,749	438,749	357,588
Inventories		11,204	11,204	11,204	13,887
		2,113,043	5,071,581	5,071,581	2,479,129
Less: current liabilities					
Trade and other payables		(295,975)	(334,540)	(334,540)	(468,095)
Long term borrowings		(102,281)	(83,771)	(83,771)	(77,231)
Provisions		(332,197)	(332,197)	(332,197)	(459,626)
		(730,453)	(750,508)	(750,508)	(1,004,952)
Net current assets		1,382,590	4,321,073	4,321,073	1,474,177

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

2 (b). NET CURRENT ASSETS (CONTINUED)

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

Operating activities excluded from budgeted deficiency

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

	Note	2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency					
Net current assets	2	1,382,590	4,321,073	4,321,073	1,474,177
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
Adjustments to net current assets					
Less: Cash - restricted reserves	3	(1,435,547)	(2,275,908)	(2,275,908)	(1,529,267)
Less: Current assets not expected to be received at end of year - current portion of self supporting loans receivable		(26,070)	(83,771)	(83,771)	(77,231)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings		102,280	83,771	83,771	79,090
Add: Movement in provisions between current and non-current provisions		(23,253)	(42,268)	(42,268)	77,231
Adjusted net current assets - surplus/(deficit)		0	2,002,897	2,002,897	24,000
(ii) Operating activities excluded from budgeted deficiency					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
Adjustments to operating activities					
Less: Profit on asset disposals	4(b)	0	(10,333)	(10,333)	(3,328)
Add: Loss on disposal of assets	4(b)	67,129	210,387	210,387	179,840
Add: Depreciation on assets	5	2,352,950	2,352,945	2,352,945	1,569,779
Non cash amounts excluded from operating activities		2,420,079	2,552,999	2,552,999	1,746,291

(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit. Refer to note 15 for further explanation of the impact of the changes in accounting policies

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

PROVISIONS

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

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

INVENTORIES

General

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

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

Superannuation

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

All funds to which the Shire of Wongan-Ballidu contributes are defined contribution plans.

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.

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire of Wongan-Ballidu'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 Wongan-Ballidu'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 Wongan-Ballidu'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 2020**

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:

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	155,748	2,345,721	436,278
Cash - restricted	1,435,547	2,275,908	1,529,267
	1,591,295	4,621,629	1,965,545
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Depot Improvement Reserve	10,518	10,364	6,338
Plant Reserve	660,389	678,649	689,482
Housing Reserve	1,854	1,827	1,817
Community Resource Centre Reserve	13,533	13,335	13,263
Long Service Leave Reserve	41,501	80,682	80,381
Swimming Pool Reserve	114,876	113,194	112,390
Historical Publications Reserve	7,079	6,975	6,937
Medical Facilities and R4R Special Projects Reserve	264,307	289,995	288,486
Waste Management Facilities Reserve	45,048	39,461	39,274
Housing JV Stickland Street Reserve	53,221	47,514	47,284
Housing JV Quinlan Street Reserve	44,599	39,019	38,835
Housing JV Patterson Street Reserve	44,045	38,473	38,292
Sporting Co-Location Reserve	134,577	916,420	166,488
	1,435,547	2,275,908	1,529,267
Reconciliation of net cash provided by operating activities to net result			
Net result	(49,283)	756,898	324,435
Depreciation	2,352,950	2,352,945	1,569,779
(Profit)/loss on sale of asset	67,129	200,054	176,512
(Increase)/decrease in receivables	0	234,062	266,246
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	0	651	0
Increase/(decrease) in payables	(43,487)	318,280	(87,000)
Increase/(decrease) in contract liabilities	0	0	85,000
Increase/(decrease) in employee provisions	0	(42,276)	
Change in accounting policies transferred to retained surplus (refer to Note 15)	0	0	0
Grants/contributions for the development of assets	(1,802,087)	(870,526)	(1,191,824)
Net cash from operating activities	525,222	2,950,088	1,143,148

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 2020

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Governance	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>												
Buildings - non-specialised	25,500		18,000		27,000					70,500	21,665	1,881,195
Buildings - specialised	23,365			11,000			4,245,331	7,983	38,500	4,326,179	598,350	
Furniture and equipment										0	59,104	24,000
Plant and equipment		30,000					16,100	525,000		571,100	577,221	688,600
Motor Vehicles	90,000									90,000	182,401	150,000
	138,865	30,000	18,000	11,000	27,000	0	4,261,431	532,983	38,500	5,057,779	1,438,741	2,743,795
<i>Infrastructure</i>												
Infrastructure - Roads								2,117,373		2,117,373	1,794,312	1,512,884
Infrastructure - Footpaths										0		89,580
Infrastructure - Drainage										0		628,450
Infrastructure - Other						67,500				67,500	761,827	
	0	0	0	0	0	67,500	0	2,117,373	0	2,184,873	2,556,139	2,230,914
Total acquisitions	138,865	30,000	18,000	11,000	27,000	67,500	4,261,431	2,650,356	38,500	7,242,652	3,994,880	4,974,709

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	41,700	30,000	0	(11,700)		0	0	0	0	0	0	0
Health		0	0	0	28,963	21,000	0	(7,963)	0	0	0	0
Recreation and culture		0	0	0	3,333	1,818	0	(1,515)	0	0	0	0
Transport	128,429	73,000	0	(55,429)	288,493	225,737	10,333	(73,089)	319,662	142,852	3,030	(179,840)
Economic services		0	0	0	168,728	40,909	0	(127,819)		0	0	0
Other property and services		0	0	0		0	0	0	48,650	48,948	298	0
	170,129	103,000	0	(67,129)	489,517	289,464	10,333	(210,386)	368,312	191,800	3,328	(179,840)
By Class												
<i>Property, Plant and Equipment</i>												
Buildings - non-specialised		0			168,728	40,909		(127,819)		0		
Plant and equipment	128,429	73,000		(55,429)	223,222	160,455	9,286	(72,053)	319,662	151,800	3,030	(170,892)
Motor Vehicles	41,700	30,000		(11,700)	97,567	88,100	1,047	(10,514)	48,650	40,000	298	(8,948)
	170,129	103,000	0	(67,129)	489,517	289,464	10,333	(210,386)	368,312	191,800	3,328	(179,840)

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

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
Buildings - specialised
Furniture and equipment
Plant and equipment
Motor Vehicles
Infrastructure - Roads
Infrastructure - Other

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	65,065	65,066	55,142
	23,305	23,306	22,934
	26,745	26,744	20,564
	10,480	10,479	15,557
	3,340	3,338	9,284
	13,940	13,938	11,900
	406,175	406,170	391,260
	1,449,975	1,449,977	712,985
	46,890	46,890	46,846
	307,035	307,037	283,307
	2,352,950	2,352,945	1,569,779
	36,980	36,962	48,278
	140,880	140,885	134,344
	32,550	32,550	32,568
	337,510	337,517	313,138
	49,395	49,393	39,553
	1,426,220	1,426,221	690,426
	329,415	329,417	311,472
	2,352,950	2,352,945	1,569,779

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

Buildings - non-specialised	80 Years
Buildings - specialised	80 Years
Furniture and equipment	0 Years
Plant and equipment	5 Years
Motor Vehicles	2 Years
Infrastructure - Roads	55 Years
Infrastructure - Footpaths	30 Years
Infrastructure - Drainage	70 Years
Infrastructure - Parks and Oval	21 Years
Infrastructure - Other	20 Years
Infrastructure - Signs	100 Years

DEPRECIATION (CONTINUED)

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.

RECOGNITION OF ASSETS

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

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	Budget Principal 1 July 2019	2019/20 Budget New loans	2019/20 Budget Principal repayments	2019/20 Budget Interest repayments	Budget Principal outstanding 30 June 2020	Actual Principal 1 July 2018	2018/19 Actual New loans	2018/19 Actual Principal repayments	2018/19 Actual Interest repayments	Actual Principal outstanding 30 June 2019	Budget Principal 1 July 2018	2018/19 Budget New loans	2018/19 Budget Principal repayments	2018/19 Budget Interest repayments	Budget Principal outstanding 30 June 2019
		\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$	\$
Housing															
Recreation and culture															
Recreation Centre Improvements	0	2,000,000	72,080	51,342	1,927,920					0					0
	0	2,000,000	72,080	51,342	1,927,920	0	0	0	0	0	0	0	0	0	0
Self Supporting Loans															
Housing															
142-Community Assoc	39,325	0	39,325	1,822	0	76,379	0	37,054	2,996	39,325	76,418	0	37,054	5,787	39,364
147 Construction of Age	33,113	0	9,281	1,531	23,832	41,215	0	8,102	1,517	33,113	41,216	0	8,102	3,130	33,114
151A-Construction of A	276,782	0	16,193	9,956	260,589	292,400	0	15,618	9,089	276,782	292,400	0	15,618	10,531	276,782
151B-Construction of A	0	0	0	0	0	97,177	0	97,177	1,836	0	97,177	0	5,255	3,336	91,922
149-Wongan Hills Bowli	11,259	0	9,319	175	1,940	22,015	0	10,756	894	11,259	25,492	0	14,452	1,476	11,040
	360,479	0	74,118	13,484	286,361	529,186	0	168,707	16,332	360,479	532,703	0	80,481	24,260	452,222
	360,479	2,000,000	146,198	64,826	2,214,281	529,186	0	168,707	16,332	360,479	532,703	0	80,481	24,260	452,222

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 2020

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Recreation Centre Improvements	WATC	P&I	20	3.0%	\$ 2,000,000	\$ 657,332	\$ 2,000,000	\$ 0
					2,000,000	657,332	2,000,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowing funds as at 30th June 2020.

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	100,000	0	100,000
Bank overdraft at balance date	0	0	0
Credit card limit	7,500	0	7,500
Total amount of credit unused	107,500	0	107,500
Loan facilities			
Loan facilities in use at balance date	2,214,281	360,479	452,222

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 2020

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Depot Improvement Reserve	10,364	154		10,518	6,248	4,116		10,364	6,245	93		6,338
Plant Reserve	678,649	235,740	(254,000)	660,389	708,919	78,280	(108,550)	678,649	708,919	80,563	(100,000)	689,482
Housing Reserve	1,827	27		1,854	1,790	37		1,827	1,790	27		1,817
Community Resource Centre Reserve	13,335	198		13,533	13,068	267		13,335	13,068	195		13,263
Long Service Leave Reserve	80,682	1,202	(40,383)	41,501	79,201	1,481		80,682	79,201	1,180		80,381
Swimming Pool Reserve	113,194	1,682		114,876	134,388	2,806	(24,000)	113,194	134,388	2,002	(24,000)	112,390
Historical Publications Reserve	6,975	104		7,079	6,835	140		6,975	6,835	102		6,937
Medical Facilities and R4R Special Facilities Reserve	289,995	4,312	(30,000)	264,307	284,250	5,745		289,995	284,250	4,236		288,486
Waste Management Facilities Reserve	39,461	5,587		45,048	33,771	5,690		39,461	33,771	5,503		39,274
Housing JV Stickland Street Reserve	47,514	5,707		53,221	41,663	5,851		47,514	41,663	5,621		47,284
Housing JV Quinlan Street Reserve	39,019	5,580		44,599	33,338	5,681		39,019	33,338	5,497		38,835
Housing JV Patterson Street Reserve	38,473	5,572		44,045	32,803	5,670		38,473	32,803	5,489		38,292
Sporting Co-Location Reserve	916,423	3,654	(785,500)	134,577	807,659	338,261	(229,500)	916,420	807,662	70,111	(711,285)	166,488
	2,275,911	269,519	(1,109,883)	1,435,547	2,183,933	454,025	(362,050)	2,275,908	2,183,933	180,619	(835,285)	1,529,267

(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	Purpose of the reserve
Depot Improvement Reserve	- To be used To fund capital improvements and maintenance works at the Shire of Wongan-Ballidu depot.
Plant Reserve	- To be used for the purchase of major plant.
Housing Reserve	- To be used for the development of housing within the Shire.
Community Resource Centre Reserve	- To be used to transfer funds from the Community Resource Centre operations for the future purchase of capital, furniture and equipment
Long Service Leave Reserve	- To be used for Council's current and non-current long service leave liability.
Swimming Pool Reserve	- To be used to fund capital and maintenance works at the Wongan Hills Memorial Swimming Pool.
Historical Publications Reserve	- To be used to fund historical publications and projects of the Shire.
Medical Facilities and R4R Special Projects Reserve	- To be used to fund the refurbishment of a multi-purpose medical facility in Wongan Hills to house the doctor, dentist and other medical services
Waste Management Facilities Reserve	- To be used to fund the future waste management facility needs of the Shire.
Housing JV Stickland Street Reserve	- To be used to fund the capital and operating costs of the Housing joint venture in Stickland Street.
Housing JV Quinlan Street Reserve	- To be used to fund the capital and operating costs of the Housing joint venture in Quinlan Street.
Housing JV Patterson Street Reserve	- To be used to fund the capital and operating costs of the Housing joint venture in Patterson Street.
Sporting Co-Location Reserve	- To be used to fund the capital improvements associated with the co-location of sporting facilities within Wongan Hills.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	5,350	9,736	5,350
General purpose funding	7,500	6,922	7,500
Law, order, public safety	10,500	10,102	10,500
Health	75,500	24,516	28,500
Education and welfare	1,500	62	1,500
Housing	61,000	58,297	67,000
Community amenities	204,240	199,855	202,040
Recreation and culture	37,000	38,227	30,500
Transport	2,500	2,560	2,000
Economic services	72,800	63,019	42,800
Other property and services	143,992	122,476	123,724
	621,882	535,772	521,414

9. GRANT REVENUE

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	996,700	2,090,266	922,000
Law, order, public safety	25,000	25,000	25,000
Community amenities	2,500	2,536	
Recreation and culture	370,000	4,525	115,000
Transport	216,765	506,700	522,365
Other property and services	107,040	183,214	125,310
	1,718,005	2,812,241	1,709,675

Non-operating grants, subsidies and contributions

Recreation and culture	756,040	108,960	0
Transport	1,046,047	757,452	1,191,824
Other property and services	0	4,114	0
	1,802,087	870,526	1,191,824

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Investments			
- Reserve funds	32,500	41,805	32,500
- Other funds	25,500	33,615	27,763
Late payment of fees and charges *	23,000	24,560	15,000
Other interest revenue (refer note 1b)	7,000	7,438	7,000
	88,000	107,418	82,263

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 11%.

(b) Other revenue

Reimbursements and recoveries	59,194	246,185	62,602
Other	89,871	78,756	55,250
	149,065	324,941	117,852

The net result includes as expenses

(c) Auditors remuneration

Audit services	29,500	39,706	29,500
	29,500	39,706	29,500

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	64,826	16,332	24,260
Interest expense on lease liabilities			
	64,826	16,332	24,260

(e) Elected members remuneration

Meeting fees	10,710	6,838	10,710
Mayor/President's allowance	1,000	1,000	1,000
Deputy Mayor/President's allowance	250	250	250
Travelling expenses	2,534	553	2,534
Telecommunications allowance	7,000	4,000	7,000
	21,494	12,641	21,494

(f) Write offs

General rate	2,000	3,931	2,000
Fees and charges	1,000	7,146	1,000
	3,000	11,077	3,000

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

11. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2019/20.

12. INTERESTS IN JOINT ARRANGEMENTS

The Shire together with the Department of Housing have a joint venture arrangement with regard to the ownership of four housing units in Quinlan Street, three housing units in Stickland Street and two housing units in Patterson Street, Wongan Hills.

assets are included in Property, Plant & Equipment is as follows:

	Shire	Others
Stickland Street Units	11%	89%
Quinlan Street Units	9%	91%
Patterson Street Units	12%	88%

It is not anticipated the Shire will be party to any joint venture arrangements during 2019/20.

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 Wongan-Ballidu's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

13. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Housing (Tenancy Bonds)	4,068	500	(500)	4,068
Department of Transport	13,612	280,000	(280,000)	13,612
CRC Bonds	150	500	(500)	150
Room Hire Bonds	350	1,000	(1,000)	350
Discover Golden Horizons	29,320	7,500	(8,500)	28,320
Other	160	0	0	160
Bush Fire Brigades	13,108	0	0	13,108
	60,768	289,500	(290,500)	59,768

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

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

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 15.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

**15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Shire of Wongan-Ballidu adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Wongan-Ballidu has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract assets	0		0
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	30,000	30,000
Developer contributions	0		0
Contract liabilities non-current			
Developer contributions	0		0
Cash in lieu of parking	0		0
Adjustment to retained surplus from adoption of AASB 15		(30,000)	

LEASES

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Wongan-Ballidu is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

**15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES (Continued)**

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Wongan-Ballidu has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Wongan-Ballidu has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount 30 June 19	Reclassification	AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Trade and other payables	0	349,694	349,694
Adjustment to retained surplus from adoption of AASB 1058		(349,694)	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised by the Shire of Wongan-Ballidu. When the taxable event occurs the financial liability is extinguished and the Shire of Wongan-Ballidu recognises income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration that was significantly less than fair value principally to enable the Shire of Wongan-Ballidu to further its objectives may have been measured on initial recognition under other Australian Accounting

Standards at a cost that was significance less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services have been recognised in budgeted revenue and budgeted expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

The impact on the Shire of Wongan-Ballidu of the changes as at 1 July 2019 is as follows:

		2019
		\$
Retained surplus - 30/06/2019		59,997,784
Adjustment to retained surplus from adoption of AASB 15	(30,000)	
Adjustment to retained surplus from adoption of AASB 1058	(349,694)	(379,694)
Retained surplus - 01/07/2019		59,618,090

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

16. BUDGET RATIOS

	2019/20 Budget	2018/19 Actual	2017/18 Actual	2016/17 Actual
Operating Surplus	69.6300	74.2900	31.8700	17.4200
Funds After Operations	54.9300	86.6900	78.3500	55.680
PPE	14.6300	3.1300	4.1000	(2.850)
Infrastructure	3.1100	3.0400	69.6300	2.4800
Cash Reserves	30.6600	40.0400	41.1400	42.6300
Borrowings	41.1800	0.0000	0.0000	8.0800
Debt Servicing	2.9200	0.2900	0.5200	0.5400
Average Rates (UV)	8,642	8,385	8,417	7,890
Average Rates (GRV)	1,189	1,153	1,148	1,102

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
	2 (b)(i)	2,002,897	2,488,910	2,081,517
		2,002,897	2,488,910	2,081,517
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	1,718,005	2,812,242	1,709,675
Fees and charges	8	621,882	535,772	521,414
Interest earnings	10(a)	88,000	107,418	82,263
Other revenue	10(b)	149,065	324,941	117,852
Profit on asset disposals	4(b)	0	10,333	3,328
		2,576,952	3,790,706	2,434,532
Expenditure from operating activities				
Employee costs		(2,431,654)	(2,092,775)	(2,175,723)
Materials and contracts		(1,631,761)	(1,304,864)	(1,361,589)
Utility charges		(378,968)	(350,272)	(374,962)
Depreciation on non-current assets	5	(2,352,950)	(2,352,945)	(1,569,779)
Interest expenses	10(d)	(64,826)	(16,332)	(24,260)
Insurance expenses		(241,310)	(222,026)	(239,954)
Other expenditure		(223,312)	(227,266)	(251,297)
Loss on asset disposals	4(b)	(67,129)	(210,386)	(179,840)
		(7,391,910)	(6,776,866)	(6,177,404)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,420,079	2,552,999	1,746,291
Amount attributable to operating activities		(391,982)	2,055,749	84,936
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,802,087	870,526	1,191,824
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(5,057,779)	(1,438,741)	(2,743,795)
Purchase and construction of infrastructure	4(a)	(2,184,873)	(2,556,139)	(2,230,914)
Proceeds from disposal of assets	4(b)	103,000	289,464	191,800
Amount attributable to investing activities		(5,337,565)	(2,834,890)	(3,591,085)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(146,198)	(168,707)	(80,481)
Proceeds from new borrowings	6	2,000,000	0	0
Proceeds from self supporting loans	6(a)	71,793	168,707	80,481
Transfers to cash backed reserves (restricted assets)	7(a)	(269,519)	(454,025)	(180,619)
Transfers from cash backed reserves (restricted assets)	7(a)	1,109,883	362,050	835,285
Net Movement in LSL Reserve			1,480	
Amount attributable to financing activities		2,765,959	(90,495)	654,666
Budgeted deficiency before general rates		(2,963,588)	(869,636)	(2,851,483)
Estimated amount to be raised from general rates	1	2,963,588	2,872,533	2,875,483
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	2,002,897	24,000

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

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