

SHIRE OF NUNGARIN

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

"A commitment to serving our constituents and maintaining and improving community services to the highest degree."

**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)	580,085	538,349	540,348
Operating grants, subsidies and contributions	7	794,822	1,469,824	933,248
Fees and charges	6	106,224	88,099	110,013
Interest earnings	8(a)	23,540	35,928	27,121
Other revenue	8(b)	94,625	387,363	82,960
		1,599,296	2,519,563	1,693,690
Expenses				
Employee costs		(980,780)	(893,159)	(771,405)
Materials and contracts		(708,805)	(849,450)	(816,858)
Utility charges		(120,108)	(117,846)	(141,892)
Depreciation on non-current assets	3(c)	(944,263)	(943,624)	(922,856)
Interest expenses	8(d)	(28,999)	(29,433)	(30,131)
Insurance expenses		(84,395)	(89,825)	(87,253)
Other expenditure		(172,250)	(176,186)	(220,876)
		(3,039,600)	(3,099,523)	(2,991,271)
Subtotal		(1,440,304)	(579,960)	(1,297,581)
Non-operating grants, subsidies and contributions	7	375,131	314,551	328,038
Loss on asset disposals	3(b)	(8,345)	0	0
		366,786	314,551	328,038
Net result		(1,073,518)	(265,409)	(969,543)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(1,073,518)	(265,409)	(969,543)

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 Nungarin 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, 6, 7, 8	\$	\$	\$
Governance		8,590	203,725	221,007
General purpose funding		1,085,867	1,551,154	998,057
Law, order, public safety		10,500	12,164	7,408
Health		0	236	0
Education and welfare		9,565	131,505	4,560
Housing		51,984	51,221	49,904
Community amenities		37,791	47,888	49,550
Recreation and culture		23,590	14,536	27,841
Transport		214,383	384,492	178,494
Economic services		75,956	68,580	75,500
Other property and services		81,070	54,062	81,369
		1,599,296	2,519,563	1,693,690
Expenses excluding finance costs	3,8(c)(d)(e)			
Governance		(448,612)	(494,001)	(570,331)
General purpose funding		(18,183)	(21,343)	(21,761)
Law, order, public safety		(41,530)	(30,918)	(47,315)
Health		(44,110)	(38,681)	(48,043)
Education and welfare		(7,124)	(158,255)	(7,775)
Housing		(182,108)	(186,169)	(201,513)
Community amenities		(132,456)	(120,812)	(144,309)
Recreation and culture		(695,508)	(709,573)	(701,019)
Transport		(1,225,671)	(900,807)	(980,605)
Economic services		(113,782)	(75,722)	(124,383)
Other property and services		(102,827)	(333,810)	(114,086)
		(3,011,911)	(3,070,091)	(2,961,140)
Finance costs	4, 8(d)			
Governance		(3,263)	(3,565)	(3,771)
Recreation and culture		(14,511)	(15,681)	(16,012)
Transport		(9,915)	(10,186)	(10,348)
		(27,689)	(29,432)	(30,131)
Subtotal		(1,440,304)	(579,960)	(1,297,581)
Non-operating grants, subsidies and contributions	7	375,131	314,551	328,038
(Loss) on disposal of assets	3(b)	(8,345)	0	0
		366,786	314,551	328,038
Net result		(1,073,518)	(265,409)	(969,543)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(1,073,518)	(265,409)	(969,543)

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

To provide a 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

To collect revenue to allow for the provision of services

Rates, general purpose government grants and interest revenue

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services

HEALTH

To provide an operational framework for environmental and community health

Inspection of food outlets and their control, noise control and waste disposal compliance

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth

Maintenance of playgroup centre, aged care housing and Wangaree Community Centre. Provision and maintenance of youth services

HOUSING

To provide and maintain staff and other housing

Provision and maintenance of staff and other housing

COMMUNITY AMENITIES

To provide services required by the community

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resource which will help the social well being of the community

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities

TRANSPORT

To provide safe, effective and efficient transport services to the community

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

To help promote the shire and its economic wellbeing

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control

OTHER PROPERTY AND SERVICES

To monitor and control Shire's overheads operating accounts

Private works operation, plant repair and operation costs and engineering operation costs, administration costs allocated and other unclassified works and services

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		590,085	531,171	559,934
Operating grants, subsidies and contributions		794,822	1,469,824	983,248
Fees and charges		145,216	168,995	110,013
Interest earnings		23,540	35,928	27,121
Goods and services tax		95,867	(41,480)	51,369
Other revenue		94,625	387,363	82,960
		1,744,155	2,551,801	1,814,645
Payments				
Employee costs		(981,330)	(898,285)	(771,405)
Materials and contracts		(708,805)	(883,192)	(816,858)
Utility charges		(120,108)	(117,846)	(141,892)
Interest expenses		(28,999)	(29,868)	(30,131)
Insurance expenses		(84,395)	(89,825)	(87,253)
Goods and services tax		0	(26,824)	0
Other expenditure		(172,250)	(174,545)	(220,876)
		(2,095,887)	(2,220,385)	(2,068,415)
Net cash provided by (used in) operating activities	2	(351,732)	331,416	(253,770)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	3(a)	(285,200)	(49,314)	(233,100)
Payments for construction of infrastructure	3(a)	(588,199)	(675,896)	(784,040)
Non-operating grants, subsidies and contributions used for the development of assets	7	375,131	314,551	328,038
Proceeds from sale of plant & equipment	3(b)	21,000	0	0
Net cash provided by (used in) investing activities		(477,268)	(410,659)	(689,102)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	4(a)	(45,430)	(44,355)	(44,355)
Proceeds from self supporting loans	4(a)	9,556	10,533	10,533
Proceeds from new borrowings	4(b)	85,000	0	0
Net cash provided by (used in) financing activities		49,126	(33,822)	(33,822)
Net increase (decrease) in cash held		(779,874)	(113,065)	(976,694)
Cash at beginning of year		1,331,580	1,444,645	1,445,126
Cash and cash equivalents at the end of the year	2	551,706	1,331,580	468,432

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)	944,775	1,012,714	1,042,000
		944,775	1,012,714	1,042,000
Revenue from operating activities (excluding rates)				
Governance		8,590	203,725	221,007
General purpose funding		505,782	1,012,805	457,709
Law, order, public safety		10,500	12,164	7,408
Health		0	236	0
Education and welfare		9,565	131,505	4,560
Housing		51,984	51,221	49,904
Community amenities		37,791	47,888	49,550
Recreation and culture		23,590	14,536	27,841
Transport		214,383	384,492	178,494
Economic services		75,956	68,580	75,500
Other property and services		81,070	54,062	81,369
		1,019,211	1,981,214	1,153,342
Expenditure from operating activities				
Governance		(451,875)	(497,566)	(574,102)
General purpose funding		(18,183)	(21,343)	(21,761)
Law, order, public safety		(41,530)	(30,918)	(47,315)
Health		(44,110)	(38,681)	(48,043)
Education and welfare		(7,124)	(158,255)	(7,775)
Housing		(182,108)	(186,169)	(201,513)
Community amenities		(132,456)	(120,812)	(144,309)
Recreation and culture		(710,019)	(725,254)	(717,031)
Transport		(1,243,931)	(910,993)	(990,953)
Economic services		(113,782)	(75,722)	(124,383)
Other property and services		(102,827)	(333,810)	(114,086)
		(3,047,945)	(3,099,523)	(2,991,271)
Non-cash amounts excluded from operating activities	2 (b)(ii)	952,608	934,154	922,856
Amount attributable to operating activities		(131,351)	828,559	126,927
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	8	375,131	314,551	328,038
Purchase property, plant and equipment	3(a)	(285,200)	(49,314)	(233,100)
Purchase and construction of infrastructure	3(a)	(588,199)	(675,896)	(784,040)
Proceeds from disposal of assets	3(b)	21,000	0	0
Amount attributable to investing activities		(477,268)	(410,659)	(689,102)
FINANCING ACTIVITIES				
Repayment of borrowings	4(a)	(45,430)	(44,355)	(44,355)
Proceeds from new borrowings	4(b)	85,000	0	0
Proceeds from self supporting loans	4(a)	9,556	10,533	10,533
Advances to Community Groups		0	0	0
Transfers to cash backed reserves (restricted assets)	5(a)	(45,592)	(3,152)	(5,000)
Transfers from cash backed reserves (restricted assets)	5(a)	25,000	25,500	60,923
Amount attributable to financing activities		28,534	(11,474)	22,101
Budgeted deficiency before general rates		(580,085)	406,426	(540,074)
Estimated amount to be raised from general rates	1	580,085	538,349	540,348
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	944,775	274

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 \$	Budgeted rate revenue \$	Budgeted interim rates \$	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									
GRV Townsites	0.123105	48	319,228	39,299	0	0	39,297	36,063	36,014
Unimproved valuations									
UV Rural	0.021021	110	24,730,502	519,860	0	0	519,860	510,344	510,530
UV Mining	0.021021	3	81,494	1,713	0	0	1,713	1,462	1,226
Sub-Totals		161	25,131,224	560,872	0	0	560,870	547,869	547,770
Minimum									
Minimum payment									
Gross rental valuations									
GRV Townsites	427	12	112,298	5,124	0	0	5,124	12,151	12,151
Unimproved valuations									
UV Rural	427	23	15,370	9,821	0	0	9,821	5,200	5,447
UV Mining	427	10	24,656	4,270	0	0	4,270	3,599	3,352
Sub-Totals		45	152,324	19,215	0	0	19,215	20,950	20,950
Discounts/concessions (Refer note 1(e))		206	25,283,548	580,087	0	0	580,085	568,819	568,720
Ex-Gratia Rates							0	(27,969)	(28,372)
Rates Write-offs							0	0	0
Total amount raised from general rates							0	(2,501)	0
Specified area rates (Refer note 1(c))							580,085	538,349	540,348
Total rates							0	0	0
							580,085	538,349	540,348

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

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 payment	18-10-19	0	0.0%	10.0%
Option two				
Instalment 1	18-10-19	0	0.0%	10.0%
Instalment 2	18-12-19	5	5.5%	10.0%
Option three				
Instalment 1	18-10-19	0	0.0%	10.0%
Instalment 2	18-12-19	5	5.5%	10.0%
Instalment 3	19-02-20	5	5.5%	10.0%
Instalment 4	20-04-20	5	5.5%	10.0%
		2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
		\$	\$	\$
Instalment plan admin charge revenue		250	330	250
Instalment plan interest earned		1,000	1,743	1,000
Unpaid rates and service charge interest earned		9,500	14,764	12,000
		10,750	16,837	13,250

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Specified Area Rate

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

(d) Service Charges

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

(e) 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
Rates discount	5.0%		\$ 0	\$ 27,969	\$ 28,372	A discount on rates was granted to all ratepayers who paid their rates in full within 35 days of the date of service appearing on the rate notice
			0	27,969	28,372	

(f) 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	2(d)	55,024	855,490	855,490	25,917
Cash - restricted reserves	2(d)	496,682	476,090	476,090	442,515
Receivables		33,869	188,284	188,284	97,055
Inventories		10,029	10,029	10,029	26,309
		595,604	1,529,893	1,529,893	591,796
Less: current liabilities					
Trade and other payables		(101,165)	(101,165)	(101,165)	(162,296)
Long term borrowings		(45,711)	(45,430)	(45,430)	(45,500)
Provisions		(101,947)	(101,947)	(101,947)	(85,535)
		(248,823)	(248,542)	(248,542)	(293,331)
Net current assets		346,781	1,281,351	1,281,351	298,465

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.

(i) Current assets and liabilities excluded from budgeted deficiency

Net current assets	2	346,781	1,281,351	1,281,351	298,465
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	2(d)	(496,682)	(476,090)	(476,090)	(442,515)
Less: Cash - restricted		0	0	0	0
Less: Current assets not expected to be received at end of year - current portion of self supporting loans receivable		0	(9,556)	(9,556)	(5,200)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings		45,711	45,430	45,430	45,500
- Employee benefit provisions		104,190	103,640	103,640	104,024
Adjusted net current assets - surplus/(deficit)		0	944,775	944,775	274

(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: Movement in liabilities associated with restricted cash		0	(9,470)	(9,470)	0
Add: Loss on disposal of assets	3(b)	8,345	0	0	0
Add: Depreciation on assets	3(c)	944,263	943,624	943,624	922,856
Non cash amounts excluded from operating activities		952,608	934,154	934,154	922,856

(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 14 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 Nungarin 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 Nungarin contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Nungarin 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 Nungarin'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 Nungarin'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 Nungarin'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**

2(d) 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	55,024	855,490	25,917
Cash - restricted	496,682	476,090	442,515
	551,706	1,331,580	468,432
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Asset Renewal Reserve - Leave	104,193	103,643	104,025
Asset Renewal Reserve - Plant	197,541	153,429	153,995
Asset Renewal Reserve - Office Building	38,033	37,828	37,967
Asset Renewal Reserve - Swimming pool	20,330	45,085	9,827
Asset Renewal Reserve - Land development	2,089	2,079	2,087
Asset Renewal Reserve - Building	21,374	21,259	21,338
Asset Renewal Reserve - Community Bus	111,060	110,975	111,383
Asset Renewal Reserve - Computer Equipment/Software	2,062	1,792	1,893
	496,682	476,090	442,515
Reconciliation of net cash provided by operating activities to net result			
Net result	(1,073,518)	(265,409)	(969,543)
Depreciation	944,263	943,624	922,856
(Profit)/loss on sale of asset	8,345	0	0
(Increase)/decrease in receivables	144,859	32,638	120,955
(Increase)/decrease in contract assets	0	0	0
(Increase)/decrease in inventories	0	16,049	0
Increase/(decrease) in payables	0	(88,905)	0
Increase/(decrease) in contract liabilities	0	0	0
Increase/(decrease) in employee provisions	(550)	7,970	0
	0	0	0
Grants/contributions for the development of assets	(375,131)	(314,551)	(328,038)
Net cash from operating activities	(351,732)	331,416	(253,770)

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

3 FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											
	General purpose funding											2019/20 Budget total
	Governance	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services	2018/19 Actual total	2018/19 Budget total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>												
Land - freehold land	0	0	0	0	0	0	0	0	0	0	0	0
Buildings - non-specialised	0	0	0	0	128,000	0	0	0	0	0	14,639	110,000
Buildings - specialised	0	0	0	0	0	0	55,000	0	0	0	0	82,000
Furniture and equipment	7,200	0	0	0	0	0	16,000	0	0	0	31,487	33,500
Plant and equipment	0	0	0	0	0	0	0	79,000	0	0	3,188	7,600
	7,200	0	0	0	128,000	0	71,000	79,000	0	0	49,314	233,100
<i>Infrastructure</i>												
Infrastructure - Roads	0	0	0	0	0	0	0	558,199	0	0	675,896	784,040
Infrastructure - Refuse	0	0	0	0	0	30,000	0	0	0	0	0	0
	0	0	0	0	0	30,000	0	558,199	0	0	675,896	784,040
Total acquisitions	7,200	0	0	0	128,000	30,000	71,000	637,199	0	0	725,210	1,017,140

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

:- Attachment 1 - Detailed Operating and Non-Operating Statements

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

3 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												
Transport	29,345	21,000	0	(8,345)	0	0	0	0	0	0	0	0
	29,345	21,000	0	(8,345)	0	0	0	0	0	0	0	0
By Class												
<u>Property, Plant and Equipment</u>	29,345	21,000	0	(8,345)		0				0		
Plant and equipment	29,345	21,000	0	(8,345)	0	0	0	0	0	0	0	0

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

- Plant replacement programme

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

3(c) 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
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Parks & ovals
Infrastructure - Dams
Infrastructure - Refuse
Infrastructure - Other

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
(22,930)	(22,931)	(16,865)
(7,341)	(7,290)	(7,341)
(1,616)	(1,605)	(1,616)
(2,745)	(2,726)	(2,745)
(49,096)	(48,642)	(49,655)
(17,955)	(17,953)	(16,874)
(272,525)	(272,520)	(256,255)
(509,020)	(508,939)	(510,058)
(1,585)	(1,583)	(1,595)
(59,450)	(59,435)	(59,852)
(944,263)	(943,624)	(922,856)
(84,556)	(86,083)	(82,639)
(118,170)	(115,685)	(115,491)
(3,669)	(3,560)	(3,586)
(79,062)	(84,110)	(77,269)
(475,433)	(463,855)	(464,655)
(6,192)	(6,010)	(6,052)
(6,909)	(6,705)	(6,752)
(12,582)	(12,211)	(12,297)
(17,315)	(16,804)	(16,922)
(1,326)	(1,287)	(1,296)
(139,049)	(147,314)	(135,897)
(944,263)	(943,624)	(922,856)

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	30 to 50 Years
Buildings - specialised	30 to 50 Years
Furniture and equipment	4 to 10 Years
Plant and equipment	5 to 15 Years
Infrastructure - Roads	5 to 50 Years
Infrastructure - Footpaths	5 to 50 Years
Infrastructure - Drainage	5 to 50 Years
Infrastructure - Parks & ovals	5 to 50 Years
Infrastructure - Dams	5 to 50 Years
Infrastructure - Refuse	5 to 50 Years
Infrastructure - Other	5 to 50 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.

4 INFORMATION ON BORROWINGS

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

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

4 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
Grangarin Units Effluent WATC		Debenture	10	1.7%	\$ 85,000	\$ 7,790	\$ 85,000	\$ 0
					85,000	7,790	85,000	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	200,000	200,000	200,000
Bank overdraft at balance date	0	0	0
Total amount of credit unused	200,000	200,000	200,000
Loan facilities			
Loan facilities in use at balance date	573,175	533,605	533,605

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

5 CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20		2019/20		2019/20		2018/19		2018/19		2018/19		2018/19		2018/19		2018/19		2018/19	
	Budget	Opening	Budget	Transfer to	Budget	Closing	Actual	Opening	Actual	Transfer to	Actual	Transfer to	Actual	Opening	Budget	Transfer to	Budget	Transfer to	Budget	Closing
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Renewal Reserve - Leave	103,643		0	550	104,193		102,992		651		0		103,643		102,992		1,033		0	104,025
Asset Renewal Reserve - Plant	153,429		0	44,112	197,541		152,465		964		0		153,429		152,465		1,530		0	153,995
Asset Renewal Reserve - Office Building	37,828		0	205	38,033		37,590		238		0		37,828		37,590		377		0	37,967
Asset Renewal Reserve - Swimming pool	45,085		(25,000)	245	20,330		44,802		283		0		45,085		44,801		449		(35,423)	9,827
Asset Renewal Reserve - Land development	2,079		0	10	2,089		2,066		13		0		2,079		2,066		21		0	2,087
Asset Renewal Reserve - Building	21,259		0	115	21,374		21,126		133		0		21,259		21,126		212		0	21,338
Asset Renewal Reserve - Community Bus	110,975		0	85	111,060		110,277		698		0		110,975		110,277		1,106		0	111,383
Asset Renewal Reserve - Computer Equipment/Software	1,792		0	270	2,062		27,120		172		(25,500)		1,792		27,121		272		(25,500)	1,893
	476,090		45,592		496,682		498,438		3,152		(25,500)		476,090		498,438		5,000		(60,923)	442,515

(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
Asset Renewal Reserve - Leave	Never	to be used to fund annual and long service leave requirements.
Asset Renewal Reserve - Plant	Never	
Asset Renewal Reserve - Office Building	Never	to be used for the purchase of major plant.
Asset Renewal Reserve - Swimming pool	Never	to be used for the construction of a new administration centre.
Asset Renewal Reserve - Land development	Never	to be used for the refurbishment of the swimming pool.
Asset Renewal Reserve - Building	Never	to be used to fund the development of a light industrial area.
Asset Renewal Reserve - Community Bus	Never	to be used for the future building needs of the Shire.
Asset Renewal Reserve - Computer Equipment/Software	Never	to be used to restrict the excess monies from the Community Bus hire for maintenance. to be used for major upgrades of Council's computer system.

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

6 FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	6,690	6,526	4,870
General purpose funding	650	1,080	650
Law, order, public safety	500	1,185	1,100
Health	0	236	0
Housing	51,984	49,348	49,904
Community amenities	11,830	1,477	13,900
Recreation and culture	22,860	16,699	26,720
Economic services	7,000	8,580	5,500
Other property and services	4,710	2,968	7,369
	106,224	88,099	110,013

7 GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Program:

Operating grants, subsidies and contributions

Governance	0	0	214,237
General purpose funding	482,322	976,628	431,059
Law, order, public safety	6,000	6,978	6,308
Community amenities	25,961	46,411	35,650
Transport	211,583	381,313	175,994
Economic services	68,956	60,000	70,000
Other property and services	0	(1,506)	0
	794,822	1,469,824	933,248

Non-operating grants, subsidies and contributions

Transport	375,131	314,551	328,038
	375,131	314,551	328,038

8 OTHER INFORMATION

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

9 MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2019/20.

10 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2019/20.

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

11 INTERESTS IN JOINT ARRANGEMENTS

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

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

12 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
	\$	\$	\$	\$
Landcare	50	1	0	51
Housing Bonds	4,935	65	0	5,000
Building Fees/BRB Levy	908	12	0	920
Nungarin Central Bush Fire Brigade	5,062	67	0	5,129
UnKnown	400	5	0	405
	11,355	150	0	11,505

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

**13 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 14

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

**14 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 Nungarin adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Nungarin 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	(51,480)	(51,480)
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		51,480	

LEASES

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Nungarin 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**

**14 SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES (Continued)**

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Nungarin 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 Nungarin 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	0	0
Adjustment to retained surplus from adoption of AASB 1058		0	

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 Nungarin. When the taxable event occurs the financial liability is extinguished and the Shire of Nungarin 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 Nungarin to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly 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 Nungarin of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	
Adjustment to retained surplus from adoption of AASB 15	51,480
Adjustment to retained surplus from adoption of AASB 1058	0
Retained surplus - 01/07/2019	51,480

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

15 BUDGET RATIOS

	2019/20 Budget	2018/19 Actual	2017/18 Actual	2016/17 Actual
Operating Surplus	(0.5437)	(0.4810)	(0.3299)	0.1877
Funds After Operations	0.4224	0.6863	0.1569	0.630
PPE	(0.0040)	(0.0399)	(0.0306)	(0.339)
Infrastructure	(0.0019)	0.0060	(0.0062)	0.0169
Cash Reserves	0.4675	0.4565	0.3555	0.2334
Borrowings	0.5260	0.5258	0.3840	0.3222
Debt Servicing	0.0624	0.0695	0.0465	0.0336
Average Rates (UV)	4,616	4,529	4,207	3,966
Average Rates (GRV)	819	750	710	688

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	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	944,775	1,012,714	1,042,000
		944,775	1,012,714	1,042,000
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	7	794,822	1,469,824	933,248
Fees and charges	6	106,224	88,099	110,013
Interest earnings	8(a)	23,540	35,928	27,121
Other revenue	8(b)	94,625	387,363	82,961
		1,019,211	1,981,214	1,153,343
Expenditure from operating activities				
Employee costs		(980,780)	(893,159)	(771,405)
Materials and contracts		(708,805)	(849,450)	(816,858)
Utility charges		(120,108)	(117,846)	(141,892)
Depreciation on non-current assets	3(c)	(944,263)	(943,624)	(922,856)
Interest expenses	8(d)	(28,999)	(29,433)	(30,131)
Insurance expenses		(84,395)	(89,825)	(87,253)
Other expenditure		(172,250)	(176,186)	(220,877)
Loss on asset disposals	3(b)	(8,345)	0	0
		(3,047,945)	(3,099,523)	(2,991,272)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	952,608	934,154	922,856
Amount attributable to operating activities		(131,351)	828,559	126,927
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	7	375,131	314,551	328,038
Purchase investment property	3(a)	0	0	0
Purchase property, plant and equipment	3(a)	(285,200)	(49,314)	(233,100)
Purchase and construction of infrastructure	3(a)	(588,199)	(675,896)	(784,040)
Proceeds from disposal of assets	3(b)	21,000	0	0
Amount attributable to investing activities		(477,268)	(410,659)	(689,102)
FINANCING ACTIVITIES				
Repayment of borrowings	4(a)	(45,430)	(44,355)	(44,355)
Proceeds from new borrowings	4	85,000	0	0
Advances to Community Groups		0	0	0
Proceeds from self supporting loans	4(a)	9,556	10,533	10,533
Transfers to cash backed reserves (restricted assets)	5(a)	(45,592)	(3,152)	(5,000)
Transfers from cash backed reserves (restricted assets)	5(a)	25,000	25,500	60,923
Amount attributable to financing activities		28,534	(11,474)	22,101
Budgeted deficiency before general rates		(580,085)	406,426	(540,074)
Estimated amount to be raised from general rates	1	580,085	538,349	540,348
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	944,775	274

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