

# SHIRE OF WAROONA

## BUDGET

### FOR THE YEAR ENDED 30 JUNE 2021

#### LOCAL GOVERNMENT ACT 1995

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#### **SHIRE'S VISION**

The Shire of Waroona will create a sense of place and identity, embracing creativity, our natural environment and a strong and diverse economy.

**SHIRE OF WAROONA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	5,023,646	5,063,342	5,017,802
Operating grants, subsidies and contributions	9(a)	1,077,647	1,829,759	984,206
Fees and charges	8	1,298,904	1,417,966	1,502,605
Service charges	1(d)	0	0	0
Interest earnings	11(a)	70,190	52,562	97,670
Other revenue	11(b)	94,500	131,902	103,870
		7,564,887	8,495,531	7,706,153
<b>Expenses</b>				
Employee costs		(3,192,294)	(3,185,845)	(3,359,693)
Materials and contracts		(3,350,289)	(2,960,784)	(3,095,453)
Utility charges		(407,460)	(369,690)	(421,630)
Depreciation on non-current assets	5	(3,292,598)	(3,097,070)	(3,461,850)
Interest expenses	11(d)	(11,587)	(12,504)	(14,135)
Insurance expenses		(228,944)	(199,105)	(225,747)
Other expenditure		(335,566)	(336,655)	(373,223)
		(10,818,738)	(10,161,653)	(10,951,731)
<b>Subtotal</b>				
		(3,253,851)	(1,666,122)	(3,245,578)
Non-operating grants, subsidies and contributions	9(b)	1,450,459	2,531,190	2,387,480
Profit on asset disposals	4(b)	13,952	9,405	2,424
Loss on asset disposals	4(b)	(32,157)	(23,033)	(36,410)
		1,432,254	2,517,562	2,353,494
<b>Net result</b>				
		<b>(1,821,597)</b>	<b>851,440</b>	<b>(892,084)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>				
		<b>(1,821,597)</b>	<b>851,440</b>	<b>(892,084)</b>

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

## 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 Waroona 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 15 to the budget.

## 2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 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 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

## 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 and concessions 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 and amortisation 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.

**SHIRE OF WAROONA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
<b>Revenue</b>	1,8,9(a),11(a),1 1(b)	\$	\$	\$
Governance		104,267	193,286	174,752
General purpose funding		5,636,129	6,106,895	5,612,432
Law, order, public safety		105,515	126,865	101,309
Health		37,500	40,861	37,610
Education and welfare		66,645	150,210	117,610
Housing		15,600	16,583	18,200
Community amenities		997,684	1,130,295	1,103,858
Recreation and culture		427,215	253,540	336,047
Transport		72,970	369,334	102,455
Economic services		76,602	74,689	77,580
Other property and services		24,760	32,974	24,300
		7,564,887	8,495,531	7,706,153
<b>Expenses excluding finance costs</b>	4(a),5,11(c),(e),( f)			
Governance		(1,453,169)	(1,495,432)	(1,682,356)
General purpose funding		(153,214)	(138,303)	(128,390)
Law, order, public safety		(567,915)	(555,848)	(575,632)
Health		(231,608)	(207,543)	(250,883)
Education and welfare		(386,215)	(364,080)	(371,761)
Housing		(9,030)	(8,095)	(13,710)
Community amenities		(1,558,041)	(1,495,036)	(1,782,352)
Recreation and culture		(2,951,446)	(2,655,004)	(2,857,668)
Transport		(2,804,321)	(2,610,824)	(2,646,809)
Economic services		(657,817)	(542,659)	(562,629)
Other property and services		(34,375)	(76,326)	(65,406)
		(10,807,151)	(10,149,150)	(10,937,596)
<b>Finance costs</b>	,6(a),11(d)			
Recreation and culture		(11,587)	(12,504)	(14,135)
		(11,587)	(12,504)	(14,135)
<b>Subtotal</b>		(3,253,851)	(1,666,123)	(3,245,578)
Non-operating grants, subsidies and contributions	9(b)	1,450,459	2,531,190	2,387,480
Profit on disposal of assets	4(b)	13,952	9,405	2,424
(Loss) on disposal of assets	4(b)	(32,157)	(23,033)	(36,410)
		1,432,254	2,517,562	2,353,494
<b>Net result</b>		<b>(1,821,597)</b>	<b>851,439</b>	<b>(892,084)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(1,821,597)</b>	<b>851,439</b>	<b>(892,084)</b>

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

**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**

**ACTIVITIES**

**GOVERNANCE**

To provide a decision making process for the efficient allocation of scarce resources.

Rates and general purpose Government Grants. Expenses relating to these items.

**GENERAL PURPOSE FUNDING**

Rates and general purpose Government Grants.

Rates and general purpose Government Grants. Expenses relating to these items.

**LAW, ORDER, PUBLIC SAFETY**

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

Fire prevention and animal control by the supervision of various by-laws, public security and civil emergency services.

**HEALTH**

To provide an operational framework for environmental and community health.

Food control, operation of Child Health Clinic and general health services. Operation of Waroona Community Health and Resource Centre.

**EDUCATION AND WELFARE**

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

Operation of Pre-School facilities and Senior Citizens Centre & Community Development Officer.

**HOUSING**

To provide and maintain residential housing.

Rental of Council owned house at 1 Eastcott Street Waroona.

**COMMUNITY AMENITIES**

To provide services required by the community.

Rubbish and recycling collection service, maintenance and improvement of stormwater drainage, upkeep of cemeteries, litter control, town planning control and public conveniences.

**RECREATION AND CULTURE**

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

Maintenance of halls and pavilions, ovals, parks and gardens, public Library and Waroona Indoor Recreation and Aquatic Centre.

**TRANSPORT**

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

Construction and maintenance of roads. drainage ,footpaths, parking facilities, traffic signs, street cleaning and vehicle licensing function.

**ECONOMIC SERVICES**

To help promote the Shire and its economic wellbeing.

Tourism, pest control services, implementation of building controls, operation of Landcare premises and regional development.

**OTHER PROPERTY AND SERVICES**

To monitor and control Council's overhead operating accounts.

Private works, public work overheads (ie - engineering, leave, public holidays), plant operation (ie - repairs, wages, insurance), stock and materials.

**SHIRE OF WAROONA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		5,093,646	4,792,327	5,117,802
Operating grants, subsidies and contributions		1,127,647	1,618,739	1,309,206
Fees and charges		1,298,904	1,417,966	1,502,605
Interest earnings		70,190	52,562	97,670
Goods and services tax		15,048	(77,174)	
Other revenue		94,500	131,902	103,870
		7,699,935	7,936,322	8,131,153
<b>Payments</b>				
Employee costs		(3,242,294)	(2,315,146)	(3,289,693)
Materials and contracts		(3,495,289)	(2,213,376)	(3,234,703)
Utility charges		(407,460)	(369,690)	(421,630)
Interest expenses		(11,587)	(12,504)	(14,185)
Insurance expenses		(228,944)	(199,105)	(225,747)
Other expenditure		(307,004)	(336,655)	(373,223)
		(7,692,578)	(5,446,476)	(7,559,181)
<b>Net cash provided by (used in) operating activities</b>	3	7,357	2,489,846	571,972
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(1,080,630)	(1,396,606)	(1,576,250)
Payments for construction of infrastructure	4(a)	(1,876,049)	(1,942,254)	(2,220,772)
Non-operating grants, subsidies and contributions		1,450,459	2,531,190	2,387,480
Proceeds from sale of plant and equipment	4(b)	194,000	210,596	243,800
<b>Net cash provided by (used in) investing activities</b>		(1,312,220)	(597,075)	(1,165,742)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(64,046)	(61,483)	(61,483)
Proceeds from low interest loans		5,000	8,500	8,500
<b>Net cash provided by (used in) financing activities</b>		(59,046)	(52,983)	(52,983)
<b>Net increase (decrease) in cash held</b>		(1,363,909)	1,839,789	(646,753)
Cash at beginning of year		3,700,213	1,708,986	3,230,686
<b>Cash and cash equivalents at the end of the year</b>	3	<b>2,336,304</b>	<b>3,548,775</b>	<b>2,583,934</b>

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

**SHIRE OF WAROONA**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		<b>2020/21</b>	<b>2019/20</b>	<b>2019/20</b>
	<b>NOTE</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>		1,124,657	1,057,699	1,052,777
		1,124,657	1,057,699	1,052,777
<b>Revenue from operating activities (excluding rates)</b>				
Governance		108,672	193,731	174,752
General purpose funding		612,483	1,043,553	594,630
Law, order, public safety		105,515	130,474	101,563
Health		37,500	40,861	37,610
Education and welfare		68,264	150,210	117,610
Housing		15,600	16,583	18,200
Community amenities		997,684	1,130,295	1,103,858
Recreation and culture		427,215	253,540	336,047
Transport		80,898	374,686	104,625
Economic services		76,602	74,689	77,580
Other property and services		24,760	32,974	24,300
		2,555,193	3,441,596	2,690,775
<b>Expenditure from operating activities</b>				
Governance		(1,453,169)	(1,496,842)	(1,693,060)
General purpose funding		(153,214)	(138,303)	(128,390)
Law, order, public safety		(567,915)	(555,848)	(578,507)
Health		(231,608)	(207,543)	(250,883)
Education and welfare		(386,215)	(364,080)	(371,761)
Housing		(9,030)	(8,095)	(13,710)
Community amenities		(1,558,041)	(1,495,036)	(1,783,501)
Recreation and culture		(2,963,033)	(2,667,508)	(2,871,803)
Transport		(2,832,478)	(2,631,028)	(2,664,221)
Economic services		(661,817)	(544,079)	(566,899)
Other property and services		(34,375)	(76,326)	(65,406)
		(10,850,895)	(10,184,688)	(10,988,141)
Non-cash amounts excluded from operating activities	2 (a)(i)	3,274,365	2,884,344	3,477,908
<b>Amount attributable to operating activities</b>		(3,896,680)	(2,801,049)	(3,766,678)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9(b)	1,450,459	2,531,190	2,387,480
Purchase property, plant and equipment	4(a)	(1,080,630)	(1,396,606)	(1,576,250)
Purchase and construction of infrastructure	4(a)	(1,876,049)	(1,942,254)	(2,220,772)
Proceeds from disposal of assets	4(b)	194,000	210,596	243,800
<b>Amount attributable to investing activities</b>		(1,312,220)	(597,075)	(1,165,742)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(64,046)	(61,483)	(61,483)
Unspent Grants as at 30 June 2019		77,597	48,926	48,926
Low interest loan repayment		5,000	8,500	8,500
Transfers to cash backed reserves (restricted assets)	7(a)	(152,070)	(248,195)	(223,325)
Transfers from cash backed reserves (restricted assets)	7(a)	318,770	199,525	142,000
<b>Amount attributable to financing activities</b>		185,252	(52,726)	(85,382)
<b>Budgeted deficiency before general rates</b>		(5,023,646)	(3,938,685)	(5,017,802)
<b>Estimated amount to be raised from general rates</b>	1	5,023,646	5,063,342	5,017,802
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (a)(iii)	<b>0</b>	<b>1,124,657</b>	<b>0</b>

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

**SHIRE OF WAROONA**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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## 1. RATES AND SERVICE CHARGES

### (a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
Waroona GRV	0.10325	1,454	23,396,701	2,415,663			2,415,662	2,398,417	2,393,522
<b>Unimproved valuations</b>									
Waroona UV	0.00778	572	229,164,028	1,783,584			1,783,584	1,832,510	1,791,865
<b>Sub-Totals</b>		2,026	252,560,729	4,199,247	0	0	4,199,246	4,230,927	4,185,387
<b>Minimum</b>									
<b>Minimum payment</b>									
\$									
<b>Gross rental valuations</b>									
Waroona GRV	1,145	623	4,275,568	713,335			713,335	725,930	725,930
<b>Unimproved valuations</b>									
Waroona UV	1,145	97	8,474,372	111,065			111,065	106,485	106,485
<b>Sub-Totals</b>		720	12,749,940	824,400	0	0	824,400	832,415	832,415
		2,746	265,310,669	5,023,647	0	0	5,023,646	5,063,342	5,017,802

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

The general rates detailed for the 2020/21 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.

## 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
		\$	%	%
<b>Option one</b>				
Single Full Payment	11/09/2020	0	0.0%	8.0%
<b>Option two</b>				
First instalment	11/09/2020	0	5.5%	8.0%
Second Instalment	11/11/2020	10	5.5%	8.0%
<b>Option three</b>				
First instalment	11/09/2020	0	5.5%	8.0%
Second Instalment	11/11/2020	10	5.5%	8.0%
Third Instalment	11/01/2021	10	5.5%	8.0%
Fourth Instalment	11/03/2021	10	5.5%	8.0%

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	21,000	20,270	20,720
Instalment plan interest earned	14,700	17,033	16,100
Unpaid rates and service charge interest earned	25,300	40,602	28,270
	61,000	77,905	65,090

### (c) Interest Charges and Instalments - Rates and Service Charges

The Shire did not raise specified area rates for the year ended 30th June 2021.

### (d) Service Charges

The Shire did not raise service charges for the year ended 30th June 2021.

### (e) Rates discounts

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2021.

## 2 (a). NET CURRENT ASSETS

### Items excluded from calculation of 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) 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

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
Less: Profit on asset disposals	4(b)	(13,952)	(9,405)	(2,424)
Less: Movement in contract liabilities associated with restricted cash		0	0	0
Less: Movement in employee liabilities associated with restricted cash		(36,438)	(226,354)	(17,928)
Add: Movement in non-current contract liabilities		0	0	
Add: Loss on disposal of assets	4(b)	32,157	23,033	36,410
Add: Loss on revaluation of non current assets		0	0	0
Add: Change in accounting policies		0		
Add: Depreciation on assets	5	3,292,598	3,097,070	3,461,850
<b>Non cash amounts excluded from operating activities</b>		<b>3,274,365</b>	<b>2,884,344</b>	<b>3,477,908</b>

#### (ii) Current assets and liabilities excluded from budgeted deficiency

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	(2,279,904)	(2,446,604)	(2,477,936)
Less: restricted cash		0	(77,597)	0
<b>Total adjustments to net current assets</b>		<b>(2,279,904)</b>	<b>(2,524,201)</b>	<b>(2,477,936)</b>

2 (a). NET CURRENT ASSETS (CONTINUED)

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

	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
Note	\$	\$	\$
<b>(iii) Composition of estimated net current assets</b>			
<b>Current assets</b>			
Cash and cash equivalents- unrestricted	56,400	1,102,171	104,672
Cash and cash equivalents - restricted			
Cash backed reserves	2,279,904	2,446,604	2,477,936
Receivables	424,161	559,209	233,260
Contract assets	0	0	
Inventories	10,676	10,676	7,860
	2,771,141	4,118,660	2,823,728
<b>Less: current liabilities</b>			
Trade and other payables	(491,237)	(469,802)	(345,792)
Contract liabilities	0	0	0
	(491,237)	(469,802)	(345,792)
<b>Net current assets</b>	2,279,904	3,648,858	2,477,936
<b>Less: Total adjustments to net current assets</b>	(2,279,904)	(2,524,201)	(2,477,936)
<b>Closing funding surplus / (deficit)</b>	0	1,124,657	0

**2 (b). 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 Waroona 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 Waroona contributes to a number of superannuation funds on behalf of employees.

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

**LEASE LIABILITIES**

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

**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.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

Provision is made for the Shire of Waroona'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 Waroona'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 Waroona'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.

**SHIRE OF WAROONA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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:

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	56,399	1,102,170	104,672
Reserves	2,279,905	2,446,605	2,479,262
	2,336,304	3,548,775	2,583,933
- Unrestricted cash and cash equivalents	56,400	1,102,171	104,672
- Restricted cash and cash equivalents	2,279,904	2,446,604	2,479,262
	2,336,304	3,548,775	2,583,933
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents and financial assets at amortised cost:			
Emergency Assistance Reserve	105,401	105,401	103,761
Sports Reserve	77,572	72,322	71,339
Staff Leave Reserve	128,245	128,245	180,765
Waste Management Reserve	901,315	823,315	840,661
Rec Centre Building Reserve	124,098	124,098	122,509
Plant Replacement Reserve	378,076	566,846	558,877
Depot Redevelopment Reserve	79,841	79,841	78,599
Council Building Maintenance Reserve	86,644	86,644	85,296
Strategic Planning Reserve	19,856	19,856	19,547
Council Building Construction Reserve	141,699	216,699	214,039
Preston Beach Volunteer Reserve	44,636	31,466	31,991
Information Technology Reserve	142,734	142,734	123,300
Footpath construction Reserve	31,691	31,691	31,198
History Book Reprint Reserve	8,929	8,279	8,355
Risk & Insurance Reserve	9,167	9,167	9,025
	2,279,904	2,446,604	2,479,262
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	(1,821,597)	851,440	(892,084)
Depreciation	5 3,292,598	3,097,070	3,461,850
(Profit)/loss on sale of asset	4(b) 18,205	13,628	33,986
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	135,048	(559,209)	350,000
(Increase)/decrease in contract assets	0	0	0
(Increase)/decrease in inventories	0	(10,676)	3,500
Increase/(decrease) in payables	(130,000)	815,144	(142,800)
Increase/(decrease) in contract liabilities	0	0	0
Increase/(decrease) in employee provisions	(36,438)	813,639	145,000
Non-operating grants, subsidies and contributions	(1,450,459)	(2,531,190)	(2,387,480)
<b>Net cash from operating activities</b>	7,357	2,489,846	571,972

**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.

**FINANCIAL ASSETS AT AMORTISED COST**

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

SHIRE OF WAROONA  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2020/21 Budget total	2019/20 Actual total	2019/20 Budget total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>														
Land												0	0	0
Buildings	15,000		99,000				227,000		22,000			363,000	860,967	905,800
Furniture and equipment			22,000				10,000					32,000	23,852	56,250
Plant and equipment	44,000		50,000		37,000	15,000		506,630	33,000			685,630	511,787	614,200
	59,000	0	171,000	0	37,000	0	15,000	237,000	506,630	55,000	0	1,080,630	1,396,606	1,576,250
<i>Infrastructure</i>														
Infrastructure - roads								1,466,044				1,466,044	1,843,928	1,848,132
Infrastructure - other						177,500	171,505	53,000	8,000			410,005	98,326	372,640
	0	0	0	0	0	0	177,500	171,505	1,519,044	8,000	0	1,876,049	1,942,254	2,220,772
<b>Total acquisitions</b>	59,000	0	171,000	0	37,000	0	192,500	408,505	2,025,674	63,000	0	2,956,679	3,338,861	3,797,022

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

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

SHIRE OF WAROONA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Governance	29,595	34,000	4,405	0	91,874	90,909	445	(1,410)	91,904	81,200	0	(10,704)
General Purpose Funding		0	0	0		0	0	0		0	0	0
Law, order, public safety		0	0	0	2,755	6,364	3,609	0	18,621	16,000	254	(2,875)
Health		0	0	0		0	0	0		0	0	0
Education and welfare	28,381	30,000	1,619	0		0	0	0		0	0	0
Housing		0	0	0		0	0	0		0	0	0
Community amenities		0	0	0		0	0	0	32,149	31,000	0	(1,149)
Recreation and culture		0	0	0		0	0	0		0	0	0
Transport	126,229	106,000	7,928	(28,157)	105,902	91,050	5,352	(20,204)	110,842	95,600	2,170	(17,412)
Economic services	28,000	24,000	0	(4,000)	23,693	22,273	0	(1,420)	24,270	20,000	0	(4,270)
Other property and services		0	0	0		0	0	0		0	0	0
	212,205	194,000	13,952	(32,157)	224,224	210,596	9,405	(23,033)	277,786	243,800	2,424	(36,410)
<b>By Class</b>												
<i>Property, Plant and Equipment</i>												
Plant and equipment	212,205	194,000	13,952	(32,157)	224,224	210,596	9,405	(23,033)	277,786	243,800	2,424	(36,410)

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

**SIGNIFICANT ACCOUNTING POLICIES**

**GAINS AND LOSSES ON DISPOSAL**

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.



**SHIRE OF WAROONA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**5. ASSET DEPRECIATION**

**By Program**

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

**By Class**

Buildings
Furniture and equipment
Plant and equipment
Infrastructure - roads
Infrastructure - other

<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Budget</b>
\$	\$	\$
97,304	100,998	255,636
98,732	90,389	100,562
51,216	47,660	52,841
34,360	31,975	34,838
305,179	283,994	301,968
818,627	772,480	843,507
1,815,393	1,702,417	1,799,249
48,887	45,492	49,519
22,900	21,665	23,730
<b>3,292,598</b>	<b>3,097,070</b>	<b>3,461,850</b>
763,426	715,014	777,556
27,902	30,984	185,893
246,719	244,693	295,362
1,574,295	1,464,969	1,536,153
680,256	641,410	666,886
<b>3,292,598</b>	<b>3,097,070</b>	<b>3,461,850</b>

**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.

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.

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

Buildings	40 - 60 Years
Furniture and equipment	3 - 20 Years
Plant and equipment	5 - 10 Years
Seats & Benches	15 - 25 Years
Water supply piping	20 - 40 Years
Roads	
Formation	Not Depreciated
Construction	45 - 55 Years
Bituminous Seals	15 - 25 Years
Asphalt Seals	25 - 30 Years
Unsealed Roads	
Formed	10 - 15 Years
Gravel	12 - 15 Years

**AMORTISATION**

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

SHIRE OF WAROONA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2020/21	2020/21	Budget	2020/21	Actual	2019/20	2019/20	Actual	2019/20	Budget	2019/20	2019/20	Budget	2019/20	
				Principal	Budget	Budget	Principal	Principal		Actual	Actual	Actual	Actual		Principal	Budget	Budget	Budget	Principal
				1 July 2020	New	Principal	Principal	Interest	1 July 2019	New	Principal	Principal	Interest	1 July 2019	New	Principal	Principal	Interest	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Recreation and culture</b>																			
Basketball Stadium	117	WATC	6.58%	67,561	0	(15,287)	52,274	(4,134)	81,889	0	(14,328)	67,561	(4,576)	81,888	0	(14,328)	67,560	(5,078)	
Rec Centre Upgrade	120	WATC	3.91%	89,385	0	(21,066)	68,319	(3,291)	109,650	0	(20,265)	89,385	(4,009)	109,651	0	(20,265)	89,385	(4,091)	
Memorial Hall Upgrade	121	WATC	2.97%	147,003	0	(27,693)	119,310	(4,162)	173,892	0	(26,889)	147,003	(3,919)	173,892	0	(26,889)	147,004	(4,966)	
				303,948	0	(64,046)	239,903	(11,587)	365,431	0	(61,483)	303,948	(12,504)	365,431	0	(61,483)	303,949	(14,135)	
				303,948	0	(64,046)	239,903	(11,587)	365,431	0	(61,483)	303,948	(12,504)	365,431	0	(61,483)	303,949	(14,135)	

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.

**SHIRE OF WAROONA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**6. INFORMATION ON BORROWINGS**

**(b) New borrowings - 2020/21**

The Shire does not intend to undertake any new borrowings for the year ended 30 June 2021

**(c) Unspent borrowings**

The Shire had no unspent borrowing funds as at 30 June 2020 nor is it expected to have unspent borrowing funds as at 30 June 2021.

**(d) Credit Facilities**

	<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2019/20 Budget</b>
	\$	\$	\$
<b>Undrawn borrowing facilities</b>			
<b>credit standby arrangements</b>			
Bank overdraft limit	500,000	500,000	500,000
Bank overdraft at balance date	0	0	0
Credit card limit	33,000	31,000	20,000
Credit card balance at balance date	0	(2,894)	0
<b>Total amount of credit unused</b>	<b>533,000</b>	<b>528,106</b>	<b>520,000</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	239,903	303,948	303,949

**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.

SHIRE OF WAROONA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Emergency Assistance Reserve	105,401	0	0	105,401	103,761	1,640		105,401	103,761			103,761
(b) Sports Reserve	72,322	5,250	0	77,572	62,165	10,157		72,322	62,164	9,175	0	71,339
(c) Staff Leave Reserve	128,245	0	0	128,245	253,764	4,011	(129,530)	128,245	253,765	0	(73,000)	180,765
(d) Waste Management Reserve	823,315	133,000	(55,000)	901,315	800,661	72,654	(50,000)	823,315	800,661	90,000	(50,000)	840,661
(e) Rec Centre Building Reserve	124,098	0	0	124,098	100,509	23,589		124,098	100,509	22,000	0	122,509
(f) Plant Replacement Reserve	566,846	0	(188,770)	378,076	503,877	62,969		566,846	503,877	55,000	0	558,877
(g) Depot Redevelopment Reserve	79,841	0	0	79,841	78,599	1,242		79,841	78,599	0	0	78,599
(h) Council Building Maintenance Reser	86,644	0	0	86,644	85,296	1,348		86,644	85,296	0	0	85,296
(i) Strategic Planning Reserve	19,856	0	0	19,856	19,547	309		19,856	19,547	0	0	19,547
(j) Council Building Construction Reser	216,699	0	(75,000)	141,699	214,038	2,661		216,699	214,039	0	0	214,039
(k) Preston Beach Volunteer Reserve	31,466	13,170	0	44,636	39,641	11,820	(19,995)	31,466	39,641	11,350	(19,000)	31,991
(l) Information Technology Reserve	142,734	0	0	142,734	88,299	54,435		142,734	88,300	35,000	0	123,300
(m) Footpath construction Reserve	31,691	0	0	31,691	31,198	493		31,691	31,198	0	0	31,198
(n) History Book Reprint Reserve	8,279	650	0	8,929	7,555	724		8,279	7,555	800	0	8,355
(o) Risk & Insurance Reserve	9,167	0	0	9,167	9,024	143		9,167	9,025	0	0	9,025
	2,446,604	152,070	(318,770)	2,279,904	2,397,935	248,195	(199,525)	2,446,604	2,397,937	223,325	(142,000)	2,479,262

7. CASH BACKED RESERVES (CONTINUED)

(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
(a) Emergency Assistance Reserve	Ongoing	To provide funds to assist in emergency situations e.g.: major fire
(b) Sports Reserve	Ongoing	To provide funds for sporting facilities and equipment as determined by Council together with low interest loans applications
(c) Staff Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements
(d) Waste Management Reserve	Ongoing	To be used to maintain operations at Buller Road Refuse Site
(e) Rec Centre Building Reserve	Ongoing	To be used for future building asset maintenance items at the Recreation Centre, particularly plant
(f) Plant Replacement Reserve	Ongoing	To be used for the purchase and replacement of major plant
(g) Depot Redevelopment Reserve	Ongoing	To provide funds for the provision of vehicle storage bays at Works Depot
(h) Council Building Maintenance Reser	Ongoing	To be used to fund works associated with significant maintenance for Council Buildings and work associated with emergency repairs
(i) Strategic Planning Reserve	Ongoing	To provide funds for the future requirements of Council's Strategic Planning
(j) Council Building Construction Reser	Ongoing	To be used to fund capital works in accordance with projects within Council's LTFP and works associated with emergency repairs
(k) Preston Beach Volunteer Reserve	Ongoing	To provide funds to assist in the operations of the volunteer ranger functions including replacement of equipment
(l) Information Technology Reserve	Ongoing	To be used to ensure that the network computer system is maintained including external site connections
(m) Footpath construction Reserve	Ongoing	To provide funds for future extension of Dual use path network
(n) History Book Reprint Reserve	2027/2028	To be used to fund the update reprint of the 'Drakesbrook days and Waroona years' historical book
(o) Risk & Insurance Reserve	Ongoing	To be used for expenses associated with risk assessments and insurance adjustments or unforeseen expenses

## 8. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	31,490	30,262	31,810
General purpose funding	37,000	60,798	36,270
Law, order, public safety	36,670	38,537	40,540
Health	37,400	40,861	35,140
Education and welfare	410	410	410
Housing	15,600	14,588	18,200
Community amenities	903,492	935,603	994,643
Recreation and culture	163,160	243,626	262,272
Transport	170	210	170
Economic services	68,452	49,875	77,650
Other property and services	5,060	3,195	5,500
	1,298,904	1,417,966	1,502,605

## 9. GRANT REVENUE

Grants, subsidies and contributions revenue			
	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>By Program:</b>			
<b>(a) Operating grants, subsidies and contributions</b>			
Governance	68,777	159,023	138,942
General purpose funding	490,593	907,703	444,590
Law, order, public safety	68,845	67,520	60,769
Health	100	0	2,200
Education and welfare	66,235	149,800	117,200
Housing	0	1,995	0
Community amenities	91,192	191,691	106,215
Recreation and culture	264,055	9,914	73,775
Transport	0	287,520	21,515
Economic services	8,150	24,814	200
Other property and services	19,700	29,779	18,800
	1,077,647	1,829,759	984,206
<b>(b) Non-operating grants, subsidies and contributions</b>			
Governance	0	0	182,000
General purpose funding	415,367	386,688	0
Law, order, public safety	10,000	800,173	587,350
Recreation and culture	21,000	38,000	38,000
Transport	1,004,092	1,306,329	1,558,130
Economic services	0	0	22,000
	1,450,459	2,531,190	2,387,480
<b>Total</b>	<b>2,528,106</b>	<b>4,360,949</b>	<b>3,371,686</b>

**SHIRE OF WAROONA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10. REVENUE RECOGNITION**

**SIGNIFICANT ACCOUNTING POLICIES**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	when obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

## 11. OTHER INFORMATION

### The net result includes as revenues

#### (a) Interest earnings

Investments			
- Reserve funds	39,600	37,910	59,500
- Other funds	29,700	13,419	37,300
Other interest revenue (refer note 1b)	890	1,233	870
	<b>70,190</b>	<b>52,562</b>	<b>97,670</b>

#### (b) Other revenue

Reimbursements and recoveries	94,500	131,902	103,870
	<b>94,500</b>	<b>131,902</b>	<b>103,870</b>

### The net result includes as expenses

#### (c) Auditors remuneration

Audit services	10,500	12,660	10,500
Other services	4,700	740	13,370
	<b>15,200</b>	<b>13,400</b>	<b>23,870</b>

#### (d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	11,587	12,504	14,135
	<b>11,587</b>	<b>12,504</b>	<b>14,135</b>

#### (e) Elected members remuneration

Meeting fees	73,600	73,600	73,600
President's allowance	9,700	9,700	9,700
Deputy President's allowance	2,300	2,300	2,300
Travelling expenses	3,000	1,214	3,000
Telecommunications allowance	6,800	6,800	6,800
IT allowance	4,000	4,000	4,000
	<b>99,400</b>	<b>97,614</b>	<b>99,400</b>

## 12. MAJOR LAND TRANSACTIONS

It is not anticipated that any major land transactions will occur in 2020/21

## 13. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2020/21

## 14. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2020/21

## 15. TRUST FUNDS

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

Detail	Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Public Opens Spaces	50,022	36,000	(50,000)	36,022
Alcoa Waroona Sustainability Fund	1,952,864	262,000	(95,000)	2,119,864
Extractive Industries (Trust)	0	18,000	0	18,000
	2,002,886	316,000	(145,000)	2,173,886



## 16. 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.

## 17. BUDGET RATIOS

	2020/21 Budget	2019/20 Actual	2018/19 Actual	2017/18 Actual
Operating Surplus	(0.4774)	(0.2381)	(0.3570)	(0.4389)
Funds After Operations	(0.4301)	(0.1961)	(0.3950)	(0.4368)
PPE	0.0226	0.0083	0.0023	(0.0049)
Infrastructure	0.0205	(0.0012)	(0.0031)	(0.0077)
Cash Reserves	0.3014	0.2880	0.2939	0.3106
Borrowings	0.0317	0.0358	0.0448	0.0569
Debt Servicing	0.0100	0.0087	0.0092	0.0070
Average Rates (UV)	2,832	2,838	2,810	2,743
Average Rates (GRV)	1,512	1,508	1,470	1,415

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