

SHIRE OF WAROONA

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

"We value our coast and country and care of our community"

**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)	5,017,802	4,888,697	4,873,802
Operating grants, subsidies and contributions	9	984,206	1,637,207	1,041,802
Fees and charges	8	1,502,605	1,433,532	1,557,349
Service charges	1(c)	0	0	0
Interest earnings	10(a)	97,670	102,267	90,810
Other revenue	10(b)	103,870	96,759	97,100
		7,706,153	8,158,462	7,660,863
Expenses				
Employee costs		(3,359,693)	(3,382,877)	(3,344,509)
Materials and contracts		(3,095,453)	(2,729,326)	(3,260,495)
Utility charges		(421,630)	(409,473)	(386,385)
Depreciation on non-current assets	5	(3,461,850)	(3,040,242)	(3,490,299)
Interest expenses	10(d)	(14,135)	(16,317)	(16,571)
Insurance expenses		(225,747)	(198,448)	(214,240)
Other expenditure		(373,223)	(219,630)	(242,924)
		(10,951,731)	(9,996,313)	(10,955,423)
Subtotal		(3,245,578)	(1,837,851)	(3,294,560)
Non-operating grants, subsidies and contributions	9	2,387,480	2,026,290	2,382,008
Profit on asset disposals	4(b)	2,424	14,388	4,165
Loss on asset disposals	4(b)	(36,410)	(34,863)	(24,496)
		2,353,494	2,005,815	2,361,677
Net result		(892,084)	167,964	(932,883)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(892,084)	167,964	(932,883)

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 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 13 to the budget.

2018/19 ACTUAL BALANCES

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

CHANGE IN ACCOUNTING POLICIES

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

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

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

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

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

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

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES**EMPLOYEE COSTS**

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

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

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		174,752	178,069	161,516
General purpose funding		5,612,432	5,954,559	5,442,164
Law, order, public safety		101,309	106,193	80,843
Health		37,610	45,981	37,700
Education and welfare		117,610	175,350	125,410
Housing		18,200	19,116	17,680
Community amenities		1,103,858	1,124,911	1,230,883
Recreation and culture		336,047	283,878	360,537
Transport		102,455	159,763	73,550
Economic services		77,580	69,539	76,975
Other property and services		24,300	41,104	53,605
		7,706,153	8,158,463	7,660,863
Expenses excluding finance costs	5,10(c)(e)(f)(f)			
Governance		(1,682,356)	(159,943)	(1,451,291)
General purpose funding		(128,390)	(1,334,813)	(151,663)
Law, order, public safety		(575,632)	(544,343)	(618,652)
Health		(250,883)	(215,620)	(235,215)
Education and welfare		(371,761)	(378,744)	(385,187)
Housing		(13,710)	(15,687)	(12,086)
Community amenities		(1,782,352)	(1,621,819)	(1,579,541)
Recreation and culture		(2,857,668)	(2,812,000)	(2,730,687)
Transport		(2,646,809)	(2,362,087)	(3,180,446)
Economic services		(562,629)	(419,574)	(516,610)
Other property and services		(65,406)	(115,367)	(77,474)
		(10,937,596)	(9,979,997)	(10,938,852)
Finance costs	6, 10(d)			
Recreation and culture		(14,135)	(16,317)	(16,571)
		(14,135)	(16,317)	(16,571)
Subtotal		(3,245,578)	(1,837,851)	(3,294,560)
Non-operating grants, subsidies and contributions	9	2,387,480	2,026,290	2,382,008
Profit on disposal of assets	4(b)	2,424	14,388	4,165
(Loss) on disposal of assets	4(b)	(36,410)	(34,863)	(24,496)
		2,353,494	2,005,815	2,361,677
Net result		(892,084)	167,964	(932,883)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(892,084)	167,964	(932,883)

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**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. Expenses relating to these items.

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.

**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		5,117,802	4,845,886	4,909,042
Operating grants, subsidies and contributions		1,309,206	1,289,361	966,802
Fees and charges		1,502,605	1,433,532	1,557,349
Interest earnings		97,670	102,267	90,810
Other revenue		103,870	96,759	97,100
		8,131,153	7,767,805	7,621,103
Payments				
Employee costs		(3,289,693)	(3,356,865)	(3,275,461)
Materials and contracts		(3,234,703)	(2,918,579)	(3,322,359)
Utility charges		(421,630)	(409,473)	(386,385)
Interest expenses		(14,185)	(16,571)	(6,714)
Insurance expenses		(225,747)	(198,448)	(214,240)
Other expenditure		(373,223)	(269,569)	(242,924)
		(7,559,181)	(7,169,505)	(7,448,083)
Net cash provided by (used in) operating activities	3	571,972	598,300	173,020
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(1,576,250)	(1,561,796)	(2,121,800)
Payments for construction of infrastructure	4(a)	(2,220,772)	(1,941,003)	(1,959,316)
Non-operating grants, subsidies and contributions used for the development of assets	9	2,387,480	2,026,290	2,382,008
Proceeds from sale of plant & equipment	4(b)	243,800	236,819	239,501
Net cash provided by (used in) investing activities		(1,165,742)	(1,239,690)	(1,459,607)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(61,483)	(59,033)	(59,032)
Advances to community groups	6	0	0	0
Proceeds from self supporting loans	6(a)	0	0	0
Proceeds from low interest loans		8,500	8,500	8,500
Proceeds from new borrowings	6(b)	0	0	0
Net cash provided by (used in) financing activities		(52,983)	(50,533)	(50,532)
Net increase (decrease) in cash held		(646,753)	(691,924)	(1,337,119)
Cash at beginning of year		3,230,686	3,922,610	3,922,610
Cash and cash equivalents at the end of the year	3	2,583,933	3,230,686	2,585,490

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)	1,052,777	814,087	1,035,778
		1,052,777	814,087	1,035,778
Revenue from operating activities (excluding rates)				
Governance		174,752	178,069	161,516
General purpose funding		594,630	1,065,862	568,362
Law, order, public safety		101,563	106,193	80,843
Health		37,610	45,981	37,700
Education and welfare		117,610	175,350	125,410
Housing		18,200	19,116	17,680
Community amenities		1,103,858	1,130,483	1,230,883
Recreation and culture		336,047	283,878	360,537
Transport		104,625	168,579	77,715
Economic services		77,580	69,539	76,975
Other property and services		24,300	41,104	53,605
		2,690,775	3,284,154	2,791,226
Expenditure from operating activities				
Governance		(1,693,060)	(166,036)	(1,458,036)
General purpose funding		(128,390)	(1,334,813)	(151,663)
Law, order, public safety		(578,507)	(551,703)	(619,083)
Health		(250,883)	(215,620)	(235,215)
Education and welfare		(371,761)	(378,744)	(385,187)
Housing		(13,710)	(15,687)	(12,086)
Community amenities		(1,783,501)	(1,621,819)	(1,582,942)
Recreation and culture		(2,871,803)	(2,828,317)	(2,747,258)
Transport		(2,664,221)	(2,379,688)	(3,190,867)
Economic services		(566,899)	(423,383)	(520,108)
Other property and services		(65,403)	(115,367)	(77,474)
		(10,988,138)	(10,031,177)	(10,979,919)
Non-cash amounts excluded from operating activities	2 (b)(ii)	3,477,908	3,086,730	3,536,485
Amount attributable to operating activities		(3,766,678)	(2,846,206)	(3,616,430)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	2,387,480	2,026,290	2,382,008
Purchase land held for resale	4(a)	0	0	0
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(1,576,250)	(1,561,796)	(2,121,800)
Purchase and construction of infrastructure	4(a)	(2,220,772)	(1,941,003)	(1,959,316)
Proceeds from disposal of assets	4(b)	243,800	236,819	239,501
Amount attributable to investing activities		(1,165,742)	(1,239,690)	(1,459,608)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(61,483)	(59,033)	(59,032)
Proceeds from new borrowings	6(b)	0	0	0
Proceeds from self supporting loans	6(a)	0	0	0
Unspent Grants as at 30 June 2019		48,926	48,926	255,645
Unspent Grants as at 30 June 2020			0	0
Low Interest		8,500	8,500	8,500
Transfers to cash backed reserves (restricted assets)	7(a)	(223,325)	(557,926)	(287,240)
Transfers from cash backed reserves (restricted assets)	7(a)	142,000	477,372	284,363
Amount attributable to financing activities		(85,382)	(82,162)	202,236
Budgeted deficiency before general rates		(5,017,802)	(4,168,058)	(4,873,802)
Estimated amount to be raised from general rates	1	5,017,802	4,888,697	4,873,802
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	720,639	0

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

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
Waroona GRV	0.103248	1,441	23,183,350	2,393,522		0	2,393,522	4,888,697	2,315,667
Unimproved valuations									
Waroona UV	0.007783	576	230,228,000	1,791,865	0		1,791,865		1,737,495
Sub-Totals		2,017	253,411,350	4,185,387	0	0	4,185,387	4,888,697	4,053,162
Minimum									
Minimum payment									
Gross rental valuations									
Waroona GRV	1,145	634	4,327,398	725,930			725,930		719,175
Unimproved valuations									
Waroona UV	1,145	93	7,847,210	106,485			106,485		101,465
Sub-Totals		727	12,174,608	832,415	0	0	832,415	0	820,640
		2,744	265,585,958	5,017,802	0	0	5,017,802	4,888,697	4,873,802
Discounts/concessions (Refer note 1(d))							0	0	0
Total amount raised from general rates							5,017,802	4,888,697	4,873,802
Specified area rates (Refer note 1(c))							0	0	0
Total rates							5,017,802	4,888,697	4,873,802

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 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				
Single Full Payment	27/09/2019	0	5.5%	11.0%
Option two				
First instalment	27/09/2019	0	5.5%	11.0%
Second Instalment	27/11/2019	10	5.5%	11.0%
Option three				
First instalment	27/09/2019	0	5.5%	11.0%
Second Instalment	27/11/2019	10	5.5%	11.0%
Third Instalment	27/01/2020	10	5.5%	11.0%
Fourth Instalment	27/03/2020	10	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	20,720	19,100	19,980
Instalment plan interest earned	16,100	16,004	15,900
Unpaid rates and service charge interest earned	28,270	37,589	23,220
	65,090	72,692	59,100

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

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

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

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Actual 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
Composition of estimated net current assets				
Current assets				
Cash - unrestricted	3	104,672	783,824	265,232
Cash - restricted reserves	3	2,477,936	2,397,936	2,320,258
Cash - restricted	6 (b)	0	48,926	0
Receivables		233,260	583,260	242,853
Inventories		7,860	11,360	7,490
		2,823,728	3,825,306	2,835,833
Less: current liabilities				
Trade and other payables		(345,792)	(325,667)	(515,575)
		(345,792)	(325,667)	(515,575)
Net current assets		2,477,936	3,499,639	2,320,258

2 (b). NET CURRENT ASSETS (CONTINUED)

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

Operating activities excluded from budgeted deficiency

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

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Actual 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency				
Net current assets	2	2,477,936	3,499,639	2,320,258
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	(2,477,936)	(2,397,936)	(2,320,258)
Less: Cash - restricted		0	(48,926)	0
Adjusted net current assets - surplus/(deficit)		0	1,052,777	0
(ii) Operating activities excluded from budgeted deficiency				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
Adjustments to operating activities				
Less: Profit on asset disposals	4(b)	(2,424)	(14,388)	(4,165)
Less: Movement in liabilities		(17,928)	26,013	25,855
Add: Loss on disposal of assets	4(b)	36,410	34,863	24,496
Add: Depreciation on assets	5	3,461,850	3,040,242	3,490,299
Non cash amounts excluded from operating activities		3,477,908	3,086,730	3,536,485

**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 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.

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 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.

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

3. RECONCILIATION OF CASH

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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	104,672	783,824	265,232
Cash - restricted		48,926	0
Cash - restricted reserves	2,479,262	2,397,936	2,320,258
	2,583,933	3,230,686	2,585,490
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Emergency Assistance Reserve	103,761	103,761	101,130
Sports Reserve	71,339	62,164	61,257
Staff Leave Reserve	180,765	253,765	249,105
Waste Management Reserve	840,661	800,661	782,894
Rec Centre Building Reserve	122,509	100,509	90,956
Hamel Hall Reserve	0	0	30,358
Plant Replacement Reserve	558,877	503,877	488,438
Depot Redevelopment Reserve	78,599	78,599	76,606
Council Building Maintenance Reserve	85,296	85,296	52,776
Strategic Planning Reserve	19,547	19,547	19,051
Council Building Construction Reserve	214,039	214,039	88,721
Preston Beach Volunteer Reserve	31,991	39,641	36,885
Information Technology Reserve	123,300	88,300	77,537
Footpath construction Reserve	31,198	31,198	30,407
Asset Management Reserve	0	0	117,645
History Book Reprint Reserve	8,355	7,555	7,696
Risk & Insurance Reserve	9,025	9,025	8,796
Unspent grants and contributions not held in reserve	0	48,926	0
	2,479,262	2,446,863	2,320,258
Reconciliation of net cash provided by operating activities to net result			
Net result	(892,084)	167,964	(932,883)
Depreciation	3,461,850	3,040,242	3,490,299
(Profit)/loss on sale of asset	33,986	20,475	20,331
(Increase)/decrease in receivables	350,000	(390,657)	(39,760)
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	3,500	(1,214)	2,656
Increase/(decrease) in payables	(142,800)	(238,232)	(54,663)
Increase/(decrease) in contract liabilities	0	0	
Increase/(decrease) in employee provisions	145,000	26,012	69,048
Change in accounting policies transferred to retained surplus (refer to Note 15)	0	0	0
Grants/contributions for the development of assets	(2,387,480)	(2,026,290)	(2,382,008)
Net cash from operating activities	571,972	598,300	173,020

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.

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2019/20 Budget total	2018/19 Actual total	2018/19 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			
Buildings	50,000		596,000				9,500	147,000			103,300		905,800	878,650	1,438,000	
Furniture and equipment	45,000							8,250			3,000		56,250	24,678	35,800	
Plant and equipment	120,500		68,000				109,000			288,500	28,200		614,200	658,468	648,000	
	215,500	0	664,000	0	0	0	118,500	155,250	288,500	134,500	0		1,576,250	1,561,796	2,121,800	
<i>Infrastructure</i>																
Infrastructure - Roads										1,848,132			1,848,132	1,724,610	1,644,697	
Infrastructure - Other							86,000	157,300	121,500	7,840			372,640	216,393	314,619	
	0	0	0	0	0	0	86,000	157,300	1,969,632	7,840	0		2,220,772	1,941,003	1,959,316	
Total acquisitions	215,500	0	664,000	0	0	0	204,500	312,550	2,258,132	142,340	0		3,797,022	3,502,799	4,081,116	

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

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	91,904	81,200	0	(10,704)	84,729	78,636	0	(6,093)	85,746	79,001	0	(6,745)
General Purpose Funding		0	0	0		0	0	0		0	0	0
Law, order, public safety	18,621	16,000	254	(2,875)	14,633	7,273	0	(7,360)	17,431	17,000	0	(431)
Health		0	0	0		0	0	0		0	0	0
Education and welfare		0	0	0		0	0	0		0	0	0
Housing		0	0	0		0	0	0		0	0	0
Community amenities	32,149	31,000	0	(1,149)	26,247	31,819	5,572	0	31,901	28,500	0	(3,401)
Recreation and culture		0	0	0		0	0	0		0	0	0
Transport	110,842	95,600	2,170	(17,412)	107,876	99,091	8,816	(17,601)	101,256	95,000	4,165	(10,421)
Economic services	24,270	20,000	0	(4,270)	23,809	20,000	0	(3,809)	23,498	20,000	0	(3,498)
Other property and services		0	0	0		0	0	0		0	0	0
	277,786	243,800	2,424	(36,410)	257,294	236,819	14,388	(34,863)	259,832	239,501	4,165	(24,496)
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment	277,786	243,800	2,424	(36,410)	257,294	236,819	14,388	(34,863)	259,832	239,501	4,165	(24,496)
	277,786	243,800	2,424	(36,410)	257,294	236,819	14,388	(34,863)	259,832	239,501	4,165	(24,496)

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

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

5. ASSET DEPRECIATION

By Program

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

By Class

Buildings
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Other

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	255,636	122,934	117,476
	0	0	0
	100,562	74,244	66,741
	52,841	48,499	47,608
	34,838	31,975	32,764
	0	0	0
	301,968	276,779	140,533
	843,507	774,066	773,811
	1,799,249	1,644,526	2,241,387
	49,519	45,176	46,379
	23,730	22,043	23,600
	3,461,850	3,040,242	3,490,299
	777,556	699,935	748,838
	185,893	38,744	34,293
	295,362	253,566	179,661
	1,536,153	1,419,483	2,016,740
	666,886	628,514	510,767
	3,461,850	3,040,242	3,490,299

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	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

DEPRECIATION (CONTINUED)

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

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

RECOGNITION OF ASSETS

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

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	Actual	Budget	2018/19	2018/19	Budget
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2020	Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019
		\$	\$	\$	\$		\$	\$	\$		\$	\$	\$
Recreation and culture													
Loan 117 - Basketball Stadium	81,888		14,328	(5,078)	67,560	95,319	13,430	5,880	81,888	95,319	13,430	(5,962)	81,889
Loan 120 - Rec Centre Upgrade	109,651		20,265	(4,091)	89,385	129,146	19,496	4,846	109,651	129,146	19,495	(4,861)	109,651
Loan 121 - Memorial Hall Upgrade	173,892		26,889	(4,966)	147,004	200,000	26,108	5,590	173,892	200,000	26,107	(5,748)	173,893
	365,431	0	61,483	(14,135)	303,949	424,465	59,033	16,317	365,431	424,465	59,032	(16,571)	365,433

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

(b) New borrowings - 2019/20

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2020

(c) Unspent borrowings

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

(d) Credit Facilities

The Shire of Waroona has access to a bank overdraft facility which has a limit of \$500,000 with the National Australia Bank. It is not anticipated that this facility will be required during the 2019/20 financial year.

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
Emergency Assistance Reserve	\$ 103,761	\$ 0	\$ 0	\$ 103,761	\$ 101,130	\$ 2,631	\$ 0	\$ 103,761	\$ 101,130	\$ 0	\$ 0	\$ 101,130
Sports Reserve	62,164	9,175	0	71,339	51,231	10,933	0	62,164	51,232	10,025	0	61,257
Staff Leave Reserve	253,765	0	(73,000)	180,765	179,105	74,660	0	253,765	179,105	70,000	0	249,105
Waste Management Reserve	800,661	90,000	(50,000)	840,661	682,895	117,766	0	800,661	682,894	100,000	0	782,894
Rec Centre Building Reserve	100,509	22,000	0	122,509	110,956	52,887	(63,334)	100,509	110,956	0	(20,000)	90,956
Hamel Hall Reserve	0	0	0	0	30,358	696	(31,054)	0	30,358	0	0	30,358
Plant Replacement Reserve	503,877	55,000	0	558,877	593,438	65,439	(155,000)	503,877	593,438	50,000	(155,000)	488,438
Depot Redevelopment Reserve	78,599	0	0	78,599	76,606	1,993	0	78,599	76,606	0	0	76,606
Council Building Maintenance Reserve	85,296	0	0	85,296	52,776	32,521	0	85,296	52,776	0	0	52,776
Strategic Planning Reserve	19,547	0	0	19,547	19,051	496	0	19,547	19,051	0	0	19,051
Council Building Construction Reserve	214,039	0	0	214,039	177,085	125,317	(88,363)	214,039	177,084	0	(88,363)	88,721
Preston Beach Volunteer Reserve	39,641	11,350	(19,000)	31,991	46,570	12,349	(19,278)	39,641	46,570	11,315	(21,000)	36,885
Information Technology Reserve	88,300	35,000	0	123,300	32,538	55,763	0	88,300	32,537	45,000	0	77,537
Footpath construction Reserve	31,198	0	0	31,198	30,407	791	0	31,198	30,407	0	0	30,407
Asset Management Reserve	0	0	0	0	117,645	2,698	(120,343)	0	117,645	0	0	117,645
History Book Reprint Reserve	7,555	800	0	8,355	6,796	759	0	7,555	6,796	900	0	7,696
Risk & Insurance Reserve	9,025	0	0	9,025	8,796	229	0	9,025	8,796	0	0	8,796
	2,397,937	223,325	(142,000)	2,479,262	2,317,383	557,926	(477,372)	2,397,937	2,317,381	287,240	(284,363)	2,320,258

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

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

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	31,810	29,295	31,330
General purpose funding	36,270	39,047	36,420
Law, order, public safety	40,540	43,140	38,070
Health	35,140	44,741	34,900
Education and welfare	410	410	410
Housing	18,200	18,515	17,680
Community amenities	994,643	910,988	996,097
Recreation and culture	262,272	274,608	290,912
Transport	170	210	150
Economic services	77,650	69,539	76,575
Other property and services	5,500	3,039	34,805
	1,502,605	1,433,532	1,557,349

9. GRANT REVENUE

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

By Program:

Operating grants, subsidies and contributions

	2019/20 Budget	2018/19 Actual	2018/19 Budget
Governance	138,942	144,774	126,186
General purpose funding	444,590	908,460	424,332
Law, order, public safety	60,769	63,053	42,773
Health	2,200	1,240	2,800
Education and welfare	117,200	174,940	125,000
Housing	0	601	0
Community amenities	106,215	210,923	231,786
Recreation and culture	73,775	9,270	69,625
Transport	21,515	85,883	100
Economic services	200	0	400
Other property and services	18,800	39,063	18,800
	984,206	1,638,205	1,041,802

Non-operating grants, subsidies and contributions

General purpose funding	182,000	403,048	171,509
Law, order, public safety	587,350	10,320	500,000
Recreation and culture	38,000	382,090	454,565
Transport	1,558,130	1,230,833	1,210,134
Economic services	22,000	0	45,800
	2,387,480	2,026,290	2,382,008

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

10. OTHER INFORMATION

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	59,500	60,294	57,550
- Other funds	37,300	40,817	32,600
- Other interest revenue	870	1,155	660
	97,670	102,267	90,810
(b) Other revenue			
Reimbursements and recoveries	100,870	93,759	94,100
Other	3,000	3,000	3,000
	103,870	96,759	97,100
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	10,500	9,590	13,500
Other services	13,370	21,920	9,500
	23,870	31,510	23,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	(14,135)	(16,317)	(16,571)
	(14,135)	(16,317)	(16,571)
(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		3,000
Telecommunications allowance	6,800	6,800	6,800
IT allowance	4,000	4,000	4,000
	99,400	96,400	99,400
(f) Low Value lease expenses			
Office equipment	123,079	0	0
	123,079	0	0

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

At the commencement date, a lessee shall measure the right-of-use asset at cost.

LEASES (CONTINUED)

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

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

11. MAJOR LAND TRANSACTIONS

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

12. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS

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

13. INTERESTS IN JOINT ARRANGEMENTS

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

14. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
BCITF Levy	0	10,750	(10,750)	0
Builders Registration Board	242	22,290	(2,290)	20,242
Hall Deposits	4,560	2,050	(2,050)	4,560
Landcare EOY Balance	75,515	72,500	(75,515)	72,500
Nomination Deposits	0	560	(560)	0
Retentions	5,938	2,500	(6,500)	1,938
Roadwork/Footpath Bonds	7,925	1,500	(4,500)	4,925
Subdivision Bonds	64,910	0	(45,350)	19,560
Sundry Items	255,760	22,500	(162,520)	115,740
Vehicle License Plates	0	1,200	(1,200)	0
Extractive Industries	174,042	25,520	(155,250)	44,312
Public Opens Spaces	50,022	0	(25,250)	24,772
Alcoa Waroona Sustainability Fund	1,952,864	260,650	(120,000)	2,093,514
	2,591,776	422,020	(611,735)	2,402,061

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

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

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

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

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

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

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

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Shire of Waroona adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Waroona 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	88,000	88,000
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	48,926	48,926
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		39,074	

LEASES

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

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Waroona 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 Waroona 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		90,882	
Adjustment to retained surplus from adoption of AASB 1058		(90,882)	

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 Waroona. When the taxable event occurs the financial liability is extinguished and the Shire of Waroona 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 Waroona 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.

The impact on the Shire of Waroona of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	1,052,777
Adjustment to retained surplus from adoption of AASB 15	39,074
Adjustment to retained surplus from adoption of AASB 1058	(90,882)
Retained surplus - 01/07/2019	1,000,969

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

16. BUDGET RATIOS

	2019/20 Budget	2018/19 Budget	2017/18 Actual	2016/17 Actual
Operating Surplus	(0.4808)	(0.5008)	(0.4389)	(0.3520)
Funds After Operations	(0.4212)	(0.4977)	(0.4368)	(0.3412)
PPE	0.0412	0.0352	(0.0049)	0.1293
Infrastructure	0.0243	0.0014	(0.0077)	0.0070
Cash Reserves	0.3217	0.3029	0.3106	0.2982
Borrowings	0.0394	0.0477	0.0569	0.0315
Debt Servicing	0.0098	0.0099	0.0070	0.0077
Average Rates (UV)	2,838	2,808	2,743	2,590
Average Rates (GRV)	1,503	1,463	1,415	1,323

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