

SHIRE OF WYALKATCHEM

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

In 2023 Wyalkatchem will be sustainable with growth in population supporting businesses, services and infrastructure: residents will be healthy, safe and caring, surrounded by welcoming public places and a valued natural and built environment.

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	1,314,255	1,282,724	1,281,188
Operating grants, subsidies and contributions	9	1,100,702	1,771,487	888,639
Fees and charges	8	251,805	211,815	236,371
Interest earnings	10(a)	77,274	58,945	55,149
		2,744,036	3,324,971	2,461,347
Expenses				
Employee costs		(1,110,401)	(1,119,138)	(1,090,989)
Materials and contracts		(1,469,672)	(1,074,052)	(1,140,808)
Utility charges		(160,513)	(190,797)	(177,742)
Depreciation on non-current assets	5	(1,374,705)	(1,299,177)	(1,237,985)
Interest expenses	10(c)	(13,129)	(15,389)	(15,623)
Insurance expenses		(140,004)	(135,553)	(129,614)
Other expenditure		51,250	0	0
		(4,217,174)	(3,834,106)	(3,792,761)
Subtotal		(1,473,138)	(509,135)	(1,331,414)
Non-operating grants, subsidies and contributions	9	926,966	477,024	495,566
Profit on asset disposals	4(b)	450	7,256	5,247
Loss on asset disposals	4(b)	(2,040)	(3,921)	(36,219)
		925,376	480,359	464,594
Net result		(547,762)	(28,776)	(866,820)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(547,762)	(28,776)	(866,820)

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 Wyalkatchem 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 12 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 14.

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		0	10,516	2,000
General purpose funding		2,209,681	2,860,572	1,854,661
Law, order, public safety		29,035	41,404	39,486
Health		42,146	49,225	57,105
Housing		84,753	75,405	85,986
Community amenities		181,513	123,347	107,388
Recreation and culture		19,045	16,249	6,817
Transport		109,546	102,590	278,034
Economic services		21,200	24,332	14,870
Other property and services		47,118	21,330	15,000
		2,744,037	3,324,970	2,461,347
Expenses excluding finance costs	5,10(b)(d)(e)(f)			
Governance		(489,211)	(289,144)	(293,087)
General purpose funding		(76,572)	(67,521)	(67,929)
Law, order, public safety		(83,423)	(103,764)	(118,942)
Health		(270,205)	(288,055)	(317,241)
Education and welfare		(56,566)	(72,768)	(44,794)
Housing		(158,569)	(246,777)	(236,202)
Community amenities		(236,789)	(247,860)	(203,241)
Recreation and culture		(925,526)	(800,985)	(749,733)
Transport		(1,574,506)	(1,379,421)	(1,631,136)
Economic services		(253,111)	(161,146)	(111,990)
Other property and services		(79,568)	(161,275)	(2,843)
		(4,204,046)	(3,818,716)	(3,777,138)
Finance costs	6, 10(d)			
Housing		(8,382)	(9,828)	(9,828)
Recreation and culture		0	(5,561)	(5,561)
Economic services		(4,747)	0	0
Other property and services		0	0	(234)
		(13,129)	(15,389)	(15,623)
Subtotal		(1,473,138)	(509,135)	(1,331,414)
Non-operating grants, subsidies and contributions	9	926,966	477,024	495,566
Profit on disposal of assets	4(b)	450	7,256	5,247
(Loss) on disposal of assets	4(b)	(2,040)	(3,921)	(36,219)
		925,376	480,359	464,594
Net result		(547,762)	(28,776)	(866,820)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(547,762)	(28,776)	(866,820)

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

FOR THE YEAR ENDED 30TH JUNE 2020

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE**GOVERNANCE**

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services

Rates, general purpose government grants and interest revenue

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

To provide an operational framework for environmental and community health

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance. Administration of the ReoROC health scheme and provision of various medical facilities.

EDUCATION AND WELFARE

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

Maintenance and support of child minding and playgroup centres, senior citizen and aged care facilities. Provision and maintenance of home care programs and youth services

HOUSING

To provide and maintain staff and rental housing

Provision and maintenance of staff, community and joint venture housing

COMMUNITY AMENITIES

To provide services required by the community

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

RECREATION AND CULTURE

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

Maintenance of public halls, aquatic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens, reserves and playgrounds. Provision of library services (contract). Support of museum and other cultural facilities and services.

TRANSPORT

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

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

ECONOMIC SERVICES

To help promote the shire and its economic wellbeing.

Tourism and area promotion of the of the district. Provision of rural services including weed control, vermin control and standpipes. Building control.

OTHER PROPERTY AND SERVICES

To monitor and control council's overhead operating accounts

Private works operation, plant repair and operation costs and engineering operating costs.

**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		1,314,255	1,449,138	1,294,113
Operating grants, subsidies and contributions		1,100,702	1,771,487	888,639
Fees and charges		251,805	211,815	228,446
Interest earnings		77,274	58,945	55,149
Goods and services tax		(115,000)	(12,945)	0
		2,629,036	3,478,440	2,466,347
Payments				
Employee costs		(1,110,401)	(1,079,710)	(1,090,989)
Materials and contracts		(1,559,090)	(964,799)	(1,163,145)
Utility charges		(160,513)	(190,797)	(177,742)
Interest expenses		(13,129)	(16,253)	(15,623)
Insurance expenses		(140,004)	(135,553)	(129,614)
Goods and services tax		100,000	0	0
Other expenditure		51,254	0	0
		(2,831,883)	(2,387,112)	(2,577,113)
Net cash provided by (used in) operating activities	3	(202,847)	1,091,328	(110,766)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(142,000)	(431,495)	(576,256)
Payments for construction of infrastructure	4(a)	(1,492,315)	(540,994)	(555,080)
Non-operating grants, subsidies and contributions used for the development of assets	9	926,966	477,024	495,566
Proceeds from sale of plant & equipment	4(b)	35,000	65,571	102,844
Net cash provided by (used in) investing activities		(672,349)	(429,894)	(532,926)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(42,365)	(56,086)	(56,086)
Proceeds from self supporting loans	6(a)	0	6,908	6,909
Net cash provided by (used in) financing activities		(42,365)	(49,178)	(49,177)
Net increase (decrease) in cash held		(917,561)	612,257	(692,869)
Cash at beginning of year		3,447,455	2,835,198	2,750,511
Cash and cash equivalents at the end of the year	3	2,529,894	3,447,455	2,057,642

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)	56,861	236,294	122,000
		56,861	236,294	122,000
Revenue from operating activities (excluding rates)				
Governance		0	10,516	2,000
General purpose funding		895,426	1,577,848	573,473
Law, order, public safety		29,035	41,404	39,486
Health		42,146	49,225	57,105
Housing		84,753	75,405	85,986
Community amenities		181,513	123,347	107,388
Recreation and culture		19,045	16,249	6,817
Transport		109,546	102,590	278,034
Economic services		21,200	24,332	14,870
Other property and services		47,568	28,586	20,247
		1,430,232	2,049,502	1,185,406
Expenditure from operating activities				
Governance		(489,211)	(289,144)	(293,087)
General purpose funding		(76,572)	(67,521)	(67,929)
Law, order, public safety		(83,423)	(103,764)	(118,942)
Health		(270,205)	(288,055)	(317,241)
Education and welfare		(56,566)	(72,768)	(44,794)
Housing		(166,951)	(256,605)	(246,030)
Community amenities		(236,789)	(247,860)	(203,241)
Recreation and culture		(925,526)	(806,546)	(755,294)
Transport		(1,574,506)	(1,379,421)	(1,631,136)
Economic services		(257,858)	(161,146)	(111,990)
Other property and services		(81,608)	(165,196)	(39,296)
		(4,219,215)	(3,838,026)	(3,828,980)
Non-cash amounts excluded from operating activities	2 (b)(ii)	1,376,295	1,295,842	1,268,957
Amount attributable to operating activities		(1,355,827)	(256,388)	(1,252,617)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	926,966	477,024	495,566
Purchase property, plant and equipment	4(a)	(142,000)	(431,495)	(576,256)
Purchase and construction of infrastructure	4(a)	(1,492,315)	(540,994)	(555,080)
Proceeds from disposal of assets	4(b)	35,000	65,571	102,844
Amount attributable to investing activities		(672,349)	(429,894)	(532,926)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(42,365)	(56,086)	(56,086)
Movement in Accruals		0	5,790	0
Proceeds from self supporting loans	6(a)	0	6,908	6,909
Transfers to cash backed reserves (restricted assets)	7(a)	(313,343)	(1,308,768)	(107,579)
Transfers from cash backed reserves (restricted assets)	7(a)	1,069,629	812,574	741,042
Amount attributable to financing activities		713,921	(539,582)	584,286
Budgeted deficiency before general rates		(1,314,255)	(1,225,863)	(1,201,257)
Estimated amount to be raised from general rates	1	1,314,255	1,282,724	1,281,188
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	56,861	79,931

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									
GRV - Wyalkatchem	0.10504	195	1,352,478	142,064			142,064	140,643	139,603
				0			0		1,055
Unimproved valuations									
UV - Rural	0.01642	212	69,942,500	1,148,666			1,148,666	1,118,994	1,119,623
UV - Mining	0.01642	0	0	0			0		
Sub-Totals		407	71,294,978	1,290,730	0	0	1,290,730	1,259,637	1,260,281
Minimum payment									
	\$								
Gross rental valuations									
GRV - Wyalkatchem	495	56	81,562	27,720			27,720	27,225	26,730
Unimproved valuations									
UV - Rural	550	16	285,900	8,800			8,800	8,800	8,250
UV - Mining	550	10	18,306	5,500			5,500	5,500	4,950
Sub-Totals		82	385,768	42,020	0	0	42,020	41,525	40,920
		489	71,680,746	1,332,750	0	0	1,332,750	1,301,162	1,301,201
Discounts/concessions (Refer note 1(d))							(18,495)	(18,438)	(20,013)
Total amount raised from general rates							1,314,255	1,282,724	1,281,188
Specified area rates (Refer note 1(c))							0	0	0
Total rates							1,314,255	1,282,724	1,281,188

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

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				
Full Payment - Discour	21 Days after date of service	0	0.0%	11.0%
Option two				
Full Payment	35 Days after date of service	0	0.0%	11.0%
Option three				
First Instalment	35 Days after date of service			
Second Instalment	95 Days after date of service	5	5.5%	11.0%
Third Instalment	115 Days after date of service	5	5.5%	11.0%
Fourth Instalment	217 Days after date of service	5	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	4,500	4,944	4,300
Unpaid rates and service charge interest earned	3,000	4,091	1,000
	7,500	9,034	5,300

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

(c) Service Charges

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

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Rates discounts

Rate or fee to which discount is granted	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which discount is granted
Rate Assessment - RSL	100.0%	(495)	\$ 495	\$ 495	\$ 495	Rate exception under section 6.26(g) of the Local Government Act
Rates	5.0%		18,000	17,943	19,518	Payment of full rates amount owing including arrears, received on or before the 1st payment option date (21 days after date of services on the rate notice)
			18,495	18,438	20,013	

(e) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Rubbish Service Charge - 1st Service	Concession	30.0%	96	\$ 7,104	\$ 7,600	\$ 7,030	A pensioner concession discount of 30% on the 1st Rubbish Service to pensioner concession holders who have registered and are eligible for a rebate on their rates under the Rates and Charges (Rebates	To provide an affordable service to those who are on a pension.
				7,104	7,600	14,060		

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

2 (a). NET CURRENT ASSETS

		2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
	Note	\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
Cash - unrestricted	3	100,451	261,726	261,726	50,594
Cash - restricted reserves	3	2,429,442	3,185,728	3,185,728	2,007,048
Receivables		77,250	62,250	62,250	113,000
Inventories		6,872	1,872	1,872	60,000
		2,614,015	3,511,576	3,511,576	2,230,642
Less: current liabilities					
Trade and other payables		(94,419)	(178,833)	(178,833)	(103,772)
Contract liabilities		0	0	(33,730)	
Long term borrowings		0	(42,365)	(42,365)	
Provisions		(90,155)	(90,155)	(90,155)	(39,891)
		(184,574)	(311,353)	(345,083)	(143,663)
Net current assets		2,429,441	3,200,223	3,166,493	2,086,979

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

2 (b). NET CURRENT ASSETS (CONTINUED)

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

Operating activities excluded from budgeted deficiency

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

	Note	2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency					
Net current assets	2	2,429,441	3,200,223	3,166,493	2,086,979
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	(2,429,442)	(3,185,728)	(3,185,728)	(2,007,048)
Less: Current assets not expected to be received at end of year - rates receivable				33,730	
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings		0	42,365	42,365	0
- Employee benefit provisions		90,155	90,155	90,155	
Add: Movement in provisions between current and non-current provisions		(90,154)	(90,154)	(90,154)	
Adjusted net current assets - surplus/(deficit)		0	56,861	56,861	79,931
(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)	(450)	(7,256)	(7,256)	(5,247)
Add: Loss on disposal of assets	4(b)	2,040	3,921	3,921	36,219
Add: Depreciation on assets	5	1,374,705	1,299,177	1,299,177	1,237,985
Non cash amounts excluded from operating activities		1,376,295	1,295,842	1,295,842	1,268,957

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

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit. Refer to note 14 for further explanation of the impact of the changes in accounting policies

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

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of Wyalkatchem 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 Wyalkatchem contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Wyalkatchem 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 Wyalkatchem'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 Wyalkatchem'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 Wyalkatchem's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

LAND HELD FOR RESALE

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

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

3. RECONCILIATION OF CASH

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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	100,451	261,726	50,594
Cash - restricted	2,429,443	3,185,729	2,007,048
	2,529,894	3,447,455	2,057,642
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Building Reserve	252,563	294,814	244,889
Community Health Reserve	1,058,004	1,057,222	1,057,464
Plant Reserve	208,123	195,636	137,565
Community Development Reserve	282,679	255,207	204,121
Community Bus Reserve	91,218	81,003	81,027
Waste Management Reserve	68,103	56,435	65,030
Sport & Recreation Reserve	2,015	134,026	134,067
Unspent Grant Reserve	0	800,928	22,409
Government Joint Venture Reserve	13,613	18,148	18,153
Airport Development Reserve	43,467	42,310	42,323
Depot Reserve	409,658	250,000	0
	2,429,443	3,185,729	2,007,048
Reconciliation of net cash provided by operating activities to net result			
Net result	(547,762)	(28,776)	(866,820)
Depreciation	1,374,705	1,299,177	1,237,985
(Profit)/loss on sale of asset	1,590	(3,335)	30,972
(Increase)/decrease in receivables	(15,000)	153,469	5,000
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	(5,000)	72,873	10,000
Increase/(decrease) in payables	(84,414)	51,090	(32,337)
Increase/(decrease) in contract liabilities	0	0	
Increase/(decrease) in employee provisions	0	23,854	
Change in accounting policies transferred to retained surplus (refer to Note 14)	0	0	0
Grants/contributions for the development of assets	(926,966)	(477,024)	(495,566)
Net cash from operating activities	(202,847)	1,091,328	(110,766)

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

	Reporting program					2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
Asset class	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>								
Buildings - non-specialised		7,000				7,000	96,088	222,000
Furniture and equipment					7,000	7,000	36,873	25,000
Plant and equipment					128,000	128,000	298,534	329,256
	0	7,000	0	0	135,000	142,000	431,495	576,256
<i>Infrastructure</i>								
Infrastructure - Roads			792,773			792,773	518,902	520,080
Footpaths			7,609			7,609		
Infrastructure - Other	101,933	500,000		90,000		691,933	8,745	
Infrastructure - Airports						0	13,347	35,000
	101,933	500,000	800,382	90,000	0	1,492,315	540,994	555,080
Total acquisitions	101,933	507,000	800,382	90,000	135,000	1,634,315	972,489	1,131,336

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

- Notes to and forming part of the 2019/2020 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												
Other property and services	36,590	35,000	450	(2,040)	62,236	65,571	7,256	(3,921)	133,816	102,844	5,247	(36,219)
	36,590	35,000	450	(2,040)	62,236	65,571	7,256	(3,921)	133,816	102,844	5,247	(36,219)
By Class												
<i>Property, Plant and Equipment</i>												
Plant and equipment	36,590	35,000	450	(2,040)	62,236	65,571	7,256	(3,921)	133,816	102,844	5,247	(36,219)
	36,590	35,000	450	(2,040)	62,236	65,571	7,256	(3,921)	133,816	102,844	5,247	(36,219)

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

- Plant replacement programme

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

5. ASSET DEPRECIATION

By Program

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

By Class

Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Footpaths
Drainage
Parks & Ovals
Infrastructure - Other

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	0	26,344	32,448
	2,324	2,324	2,324
	9,613	19,654	23,131
	23,314	23,314	20,105
	43,530	43,534	42,900
	5,969	11,766	9,841
	270,639	257,564	176,021
	678,455	677,153	705,338
	44,655	22,212	21,359
	296,206	215,312	204,518
	1,374,705	1,299,177	1,237,985
	238,325	175,981	158,854
	19,412	225	975
	265,308	265,436	214,634
	492,280	451,843	542,314
	16,312	16,312	15,686
	47,368	47,368	24,813
	29,828	47,655	27,020
	265,873	294,357	253,689
	1,374,705	1,299,177	1,237,985

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

Buildings - non-specialised	50 years
Furniture and equipment	2 to 3 years
Plant and equipment	3 to 8 years
Infrastructure - Roads	15 to 50 years
Footpaths	25 years
Drainage	80 years
Parks & Ovals	10 to 60 years
Infrastructure - Airports	50 years
Infrastructure - Kerbing	30 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	2018/19	Actual	Budget	2018/19	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 New loans	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019
		\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$	\$
Housing															
Loan 68 - 43/45 Wilson	127,022	0	22,083	8,382	104,939	147,658	0	20,636	9,828	127,022	147,658	0	20,636	9,828	127,022
Transport															
Loan 74 - Holland Tract	0	0	0	0	0	16,037	0	16,037	0	0	16,037	0	16,037	234	0
Economic services															
Loan 73 - CRC Building	110,910	0	20,282	4,747	90,628	130,323	0	19,413	5,561	110,910	130,323	0	19,413	5,561	110,910
	237,932	0	42,365	13,129	195,568	294,018	0	56,086	15,389	237,932	294,018	0	56,086	15,623	237,932
	237,932	0	42,365	13,129	195,568	294,018	0	56,086	15,389	237,932	294,018	0	56,086	15,623	237,932

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.
The self supporting loan(s) repayment will be fully reimbursed.

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

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 2019 nor is it expected to have unspent borrowing funds as at 30th June 2020.

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	150,000	150,000	150,000
Bank overdraft at balance date	0	0	0
Credit card limit	13,000	13,000	5,000
Total amount of credit unused	163,000	163,000	155,000
Loan facilities			
Loan facilities in use at balance date	195,568	237,932	237,932

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Building Reserve	294,814	7,749	(50,000)	252,563	239,055	55,759		294,814	239,055	5,834	0	244,889
Community Health Reserve	1,057,222	28,782	(28,000)	1,058,004	1,051,797	25,425	(20,000)	1,057,222	1,051,796	25,668	(20,000)	1,057,464
Plant Reserve	195,636	12,487	0	208,123	134,288	61,348		195,636	134,288	3,277	0	137,565
Community Development Reserve	255,207	77,472	(50,000)	282,679	150,449	104,758		255,207	150,449	53,672	0	204,121
Community Bus Reserve	81,003	10,215	0	91,218	79,098	1,905		81,003	79,097	1,930	0	81,027
Waste Management Reserve	56,435	11,668	0	68,103	55,107	1,328		56,435	55,107	9,923	0	65,030
Sport & Recreation Reserve	134,026	1,989	(134,000)	2,015	130,873	3,153		134,026	130,873	3,194	0	134,067
Road Reserve	0	0	0	0	242,449	339	(242,788)	0	217,399	330	(217,729)	0
Unspent Grant Reserve	800,928	1,701	(802,629)	0	548,359	802,355	(549,786)	800,928	524,388	1,334	(503,313)	22,409
Government Joint Venture Reserve	18,148	465	(5,000)	13,613	16,745	1,403		18,148	16,744	1,409	0	18,153
Airport Development Reserve	42,310	1,157	0	43,467	41,315	995		42,310	41,315	1,008	0	42,323
Depot Reserve	250,000	159,658	0	409,658	0	250,000		250,000	0	0	0	0
	3,185,729	313,343	(1,069,629)	2,429,443	2,689,535	1,308,768	(812,574)	3,185,729	2,640,511	107,579	(741,042)	2,007,048

(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
Building Reserve	ongoing	To be used for the continual upgrade and maintenance of council's buildings within the Shire of Wyalkatchem
Community Health Reserve	ongoing	To be used for the continual upgrade of medical facilities and funding of health services within the Shire of Wyalkatchem
Plant Reserve	ongoing	To be used for the continual purchase of Major Plant items
Community Development Reserve	ongoing	To be used for the continual upgrade and/or development of various community facilities in Wyalkatchem
Community Bus Reserve	ongoing	To be used to fund the continual purchase of a community bus
Waste Management Reserve	ongoing	To be used for the continual upgrade and expansion of the Wyalkatchem Waste Disposal Site
Sport & Recreation Reserve	ongoing	To be used for the continual upgrade and/or maintenance of various Sport & Recreation facilities in Wyalkatchem
Road Reserve	30/06/2018	To be used for the purpose of quarantining unspent or prepaid road grants
Unspent Grant Reserve	30/06/2019	To be used for the purpose of containing funds that are derived from unspent or prepaid grants and contributions from external parties
Government Joint Venture Reserve	ongoing	To be used for the long term maintenance and upgrades of the joint venture housing
Airport Development Reserve	ongoing	To be used for the long term maintenance, upgrades, development and/or expansion of the Wyalkatchem Airport
Depot Reserve	30/06/2020	To be used for the continual upgrade and expansion of the Wyalkatchem Depot

**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	0	69	0
General purpose funding	13,724	(18,941)	15,810
Law, order, public safety	1,755	5,972	5,500
Housing	84,752	75,405	85,986
Community amenities	113,513	120,263	107,388
Recreation and culture	3,545	7,731	6,817
Economic services	21,200	23,785	14,870
Other property and services	13,316	5,456	0
	251,805	219,740	236,371

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

Governance	0	10,447	2,000
General purpose funding	804,428	1,103,445	502,514
Law, order, public safety	27,280	35,433	33,986
Health	42,146	49,225	57,105
Community amenities	68,000	0	0
Recreation and culture	15,500	0	0
Transport	109,546	557,062	278,034
Other property and services	33,802	15,875	15,000
	1,100,702	1,771,487	888,639

Non-operating grants, subsidies and contributions

Recreation and culture	333,332	0	0
Transport	568,634	477,024	495,566
Economic services	25,000	0	0
	926,966	477,024	495,566

**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	68,274	48,472	48,001
- Other funds	6,000	6,382	6,148
Other interest revenue (refer note 1b)	3,000	4,091	1,000
	77,274	58,945	55,149
The net result includes as expenses			
(b) Auditors remuneration			
Audit services	26,600	26,000	29,400
Other services	1,570	140	1,500
	28,170	26,140	30,900
(c) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	13,129	15,389	15,623
Interest expense on lease liabilities			
	13,129	15,389	15,623
(d) Elected members remuneration			
Meeting fees	33,551	29,214	34,083
Mayor/President's allowance	6,090	6,090	6,090
Deputy Mayor/President's allowance	1,523	1,523	1,523
Travelling expenses	1,000	276	5,000
Telecommunications allowance	3,808	3,264	3,808
	45,972	40,367	50,504
(e) Write offs			
General rate	0	219	500
	0	219	500

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

11. MAJOR LAND TRANSACTIONS, TRADING UNDERTAKINGS AND INTERESTS IN JOINT ARRANGEMENTS

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

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

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

12. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Key Deposit	195	100	(295)	0
Cleaning Bond	600	0	(600)	0
Employee Pay	2,810	0	0	2,810
Rose & Heritage Fund	2,651	0	0	2,651
	6,256	100	(895)	5,461

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

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

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 14.

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

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

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

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract assets	0		0
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0		0
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		0	

LEASES

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

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

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

INCOME FOR NOT-FOR-PROFIT ENTITIES

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

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised by the Shire of Wyalkatchem. When the taxable event occurs the financial liability is extinguished and the Shire of Wyalkatchem 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 Wyalkatchem to further its objectives may have been measured on initial recognition under other Australian Accounting

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

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

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

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

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

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
	2 (b)(i)	56,861	236,294	122,000
		56,861	236,294	122,000
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	1,100,702	1,771,487	888,639
Fees and charges	8	251,805	211,815	236,371
Interest earnings	10(a)	77,274	58,945	55,149
Profit on asset disposals	4(b)	450	7,256	5,247
		1,430,231	2,049,503	1,185,406
Expenditure from operating activities				
Employee costs		(1,110,401)	(1,119,138)	(1,090,989)
Materials and contracts		(1,469,672)	(1,068,262)	(1,140,808)
Utility charges		(160,513)	(190,797)	(177,742)
Depreciation on non-current assets	5	(1,374,705)	(1,299,177)	(1,237,985)
Interest expenses	10(c)	(13,129)	(15,389)	(15,623)
Insurance expenses		(140,004)	(135,553)	(129,614)
Other expenditure		51,250	0	0
Loss on asset disposals	4(b)	(2,040)	(3,921)	(36,219)
		(4,219,214)	(3,832,237)	(3,828,980)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	1,376,295	1,295,842	1,268,957
Amount attributable to operating activities		(1,355,827)	(250,598)	(1,252,617)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	926,966	477,024	495,566
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(142,000)	(431,495)	(576,256)
Purchase and construction of infrastructure	4(a)	(1,492,315)	(540,994)	(555,080)
Proceeds from disposal of assets	4(b)	35,000	65,571	102,844
Amount attributable to investing activities		(672,349)	(429,894)	(532,926)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(42,365)	(56,086)	(56,086)
Proceeds from self supporting loans	6(a)	0	6,908	6,909
Transfers to cash backed reserves (restricted assets)	7(a)	(313,343)	(1,308,768)	(107,579)
Transfers from cash backed reserves (restricted assets)	7(a)	1,069,629	812,574	741,042
Amount attributable to financing activities		713,921	(545,372)	584,286
Budgeted deficiency before general rates		(1,314,255)	(1,225,863)	(1,201,257)
Estimated amount to be raised from general rates	1	1,314,255	1,282,724	1,281,188
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	56,861	79,931

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