

SHIRE OF PERENJORI
BUDGET
FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE OF PERENJORI VISION

The Shire of Perenjori will endeavour to provide community services and facilities to meet the needs of members of the community and enable them to enjoy a pleasant and healthy way of life.

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	2,772,324	2,708,201	2,674,113
Operating grants, subsidies and contributions	9	1,726,688	2,789,426	1,732,496
Fees and charges	8	805,430	777,097	708,800
Interest earnings	10(a)	39,113	65,385	47,500
Other revenue	10(b)	313,050	394,450	118,775
		<u>5,656,605</u>	<u>6,734,559</u>	<u>5,281,684</u>
Expenses				
Employee costs		(3,854,210)	(2,362,621)	(2,486,257)
Materials and contracts		(317,866)	(1,249,901)	(1,307,339)
Utility charges		(55,600)	(283,032)	(235,610)
Depreciation on non-current assets	5	(2,609,882)	(2,538,922)	(2,402,250)
Interest expenses	10(d)	(37,277)	(69,803)	(52,660)
Insurance expenses		(60,586)	(91,177)	(124,740)
Other expenditure		(300,689)	(282,362)	(344,200)
		<u>(7,236,110)</u>	<u>(6,877,818)</u>	<u>(6,953,056)</u>
Subtotal		(1,579,505)	(143,259)	(1,671,372)
Non-operating grants, subsidies and contributions	9	1,046,009	750,401	943,207
Profit on asset disposals	4(b)	26,671	13,250	8,743
Loss on asset disposals	4(b)	0	(45,203)	(19,185)
		<u>1,072,680</u>	<u>718,448</u>	<u>932,765</u>
Net result		(506,825)	575,189	(738,607)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(506,825)	575,189	(738,607)

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 Perenjori 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		41,013	68,270	55,300
General purpose funding		3,844,418	4,773,722	3,607,413
Law, order, public safety		200,620	193,575	148,225
Health		2,700	2,456	2,400
Education and welfare		223,500	222,588	201,500
Housing		155,000	165,699	200,000
Community amenities		60,280	56,323	44,500
Recreation and culture		218,900	411,313	504,530
Transport		399,174	285,747	122,816
Economic services		388,000	356,768	241,000
Other property and services		123,000	198,098	154,000
		5,656,605	6,734,559	5,281,684
Expenses excluding finance costs	5,10(c)(e)(f)(f)			
Governance		(328,160)	(168,562)	(171,052)
General purpose funding		(135,159)	(136,906)	(141,102)
Law, order, public safety		(312,121)	(316,494)	(313,648)
Health		(105,322)	(79,421)	(111,707)
Education and welfare		(592,820)	(476,024)	(444,093)
Housing		(223,228)	(267,071)	(366,666)
Community amenities		(514,046)	(396,314)	(351,809)
Recreation and culture		(1,144,590)	(1,444,818)	(1,496,102)
Transport		(2,792,051)	(2,808,648)	(2,567,199)
Economic services		(945,459)	(791,072)	(810,194)
Other property and services		(105,877)	77,315	(126,824)
		(7,198,833)	(6,808,015)	(6,900,396)
Finance costs	6, 10(d)			
Housing		(11,836)	(19,682)	(14,946)
Community amenities		(16,638)	(26,627)	(17,897)
Recreation and culture		(6,696)	(18,221)	(13,349)
Transport		(2,107)	(5,273)	(3,592)
Economic services		0	0	(2,876)
		(37,277)	(69,803)	(52,660)
Subtotal		(1,579,505)	(143,259)	(1,671,372)
Non-operating grants, subsidies and contributions	9	1,046,009	750,401	943,207
Profit on disposal of assets	4(b)	26,671	13,250	8,743
(Loss) on disposal of assets	4(b)	0	(45,203)	(19,185)
		1,072,680	718,448	932,765
Net result		(506,825)	575,189	(738,607)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(506,825)	575,189	(738,607)

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 of Perenjori's Community Vision, and for each of its broad activities/programs.

Council has adopted a 'Plan for the future' comprising a Strategic Community Plan and Corporate Business Plan to provide the long term community vision, aspirations and objectives.

Based upon feedback received from the community the vision of the Shire is:

"A wonderful place to live, work, invest and visit with the community working together to achieve shared objectives"

The Strategic Community Plan defines the key objectives of the Shire as:

"Economic: A strong, resilient and balanced economy.

Environment: Our unique natural and built environment is protected and enhanced.

Social: Our community enjoys a high quality of life.

Civic Leadership: A collaborative and engaged community."

OBJECTIVE**GOVERNANCE****Activities:**

Expenses associated with provision of services to members of council and elections. Also included are costs associated with computer operations, corporate accounting, corporate records and asset management. Costs reported as administrative expenses are redistributed in accordance with the principle of activity based costing (ABC).

GENERAL PURPOSE FUNDING**Activities:**

Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on Police Licensing. The costs associated with raising the above mentioned revenues, eg. Valuation expenses, debt collection and overheads.

LAW, ORDER, PUBLIC SAFETY**Activities:**

Enforcement of Local Laws, fire prevention, animal control and provision of ranger services.

HEALTH**Activities:**

Health inspection services, food quality control, mosquito control and contributions towards provision of medical health services.

EDUCATION AND WELFARE

Activities:

Donations to local education facilities, Perenjori Early Childhood Centre .

HOUSING

Activities:

Provision of maintenance for staff and private housing.

COMMUNITY AMENITIES

Activities:

Rubbish collection services, operation and maintenance of refuse sites, cemetery maintenance and improvements, flood mitigation, public convenience maintenance.

RECREATION AND CULTURE

Activities:

Maintenance of halls, swimming pool, recreation centres, parks and gardens, ovals and various reserves, operation of library services.

TRANSPORT

Activities:

Maintenance of roads, drainage, footpaths, parking facilities, traffic control, street cleaning, maintenance of airstrip

ECONOMIC SERVICES

Activities:

Tourism, community development, pest control, building services, caravan parks and private works.

OTHER PROPERTY AND SERVICES

Activities:

Plant works, plant overheads and stock of 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		2,772,324	2,705,378	2,674,113
Operating grants, subsidies and contributions		1,726,688	3,069,166	1,982,496
Fees and charges		805,430	777,097	708,800
Interest earnings		39,113	65,385	47,500
Goods and services tax		0	21,565	771,000
Other revenue		313,050	394,450	118,775
		<u>5,656,605</u>	<u>7,033,041</u>	<u>6,302,684</u>
Payments				
Employee costs		(3,814,925)	(2,442,167)	(2,486,257)
Materials and contracts		(471,866)	(1,356,425)	(1,307,339)
Utility charges		(55,600)	(283,032)	(235,610)
Interest expenses		(37,277)	(56,474)	(52,660)
Insurance expenses		(60,586)	(91,177)	(124,740)
Goods and services tax		0	0	(771,000)
Other expenditure		(300,689)	(282,362)	(344,200)
		<u>(4,740,943)</u>	<u>(4,511,637)</u>	<u>(5,321,806)</u>
Net cash provided by (used in) operating activities	3	<u>915,662</u>	<u>2,521,404</u>	<u>980,878</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(765,000)	(737,607)	(1,163,776)
Payments for construction of infrastructure	4(a)	(1,929,102)	(1,326,341)	(2,007,607)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,046,009	750,401	943,207
Proceeds from sale of plant & equipment	4(b)	187,500	37,596	53,000
Net cash provided by (used in) investing activities		<u>(1,460,593)</u>	<u>(1,275,951)</u>	<u>(2,175,176)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(222,673)	(252,293)	(270,595)
Proceeds from new borrowings	6(b)	0	0	200,000
Net cash provided by (used in) financing activities		<u>(222,673)</u>	<u>(252,293)</u>	<u>(70,595)</u>
Net increase (decrease) in cash held		(767,604)	993,160	(1,264,893)
Cash at beginning of year		4,098,240	3,105,080	3,070,639
Cash and cash equivalents at the end of the year	3	<u><u>3,330,636</u></u>	<u><u>4,098,240</u></u>	<u><u>1,805,746</u></u>

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)	1,584,084	1,289,151	1,211,330
		1,584,084	1,289,151	1,211,330
Revenue from operating activities (excluding rates)				
Governance		41,013	68,270	55,300
General purpose funding		1,072,094	2,065,521	933,300
Law, order, public safety		200,620	193,575	148,225
Health		2,700	2,456	2,400
Education and welfare		223,500	222,588	201,500
Housing		155,000	165,699	200,000
Community amenities		60,280	56,323	44,500
Recreation and culture		218,900	411,313	504,530
Transport		425,845	298,997	112,374
Economic services		388,000	356,768	241,000
Other property and services		123,000	198,098	154,000
		2,910,952	4,039,608	2,597,129
Expenditure from operating activities				
Governance		(328,160)	(168,562)	(171,052)
General purpose funding		(135,159)	(136,906)	(141,102)
Law, order, public safety		(312,121)	(316,494)	(313,648)
Health		(105,322)	(79,421)	(111,707)
Education and welfare		(592,820)	(476,024)	(444,093)
Housing		(235,064)	(286,753)	(381,612)
Community amenities		(530,684)	(422,941)	(369,706)
Recreation and culture		(1,151,286)	(1,463,039)	(1,509,451)
Transport		(2,794,158)	(2,886,130)	(2,570,791)
Economic services		(945,459)	(791,072)	(813,070)
Other property and services		(105,877)	77,315	(126,824)
		(7,236,110)	(6,950,027)	(6,953,056)
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,575,085	2,570,875	2,412,692
Amount attributable to operating activities		(165,989)	949,607	(731,905)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,046,009	750,401	943,207
Purchase property, plant and equipment	4(a)	(765,000)	(737,607)	(1,163,776)
Purchase and construction of infrastructure	4(a)	(1,929,102)	(1,326,341)	(2,007,607)
Proceeds from disposal of assets	4(b)	187,500	37,596	53,000
Amount attributable to investing activities		(1,460,593)	(1,275,951)	(2,175,176)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(222,673)	(252,293)	(270,595)
Proceeds from new borrowings	6(b)	0	0	200,000
Transfers to cash backed reserves (restricted assets)	7(a)	(752,390)	(246,277)	(30,003)
Transfers from cash backed reserves (restricted assets)	7(a)	0	0	350,000
Amount attributable to financing activities		(975,063)	(498,570)	249,402
Budgeted deficiency before general rates		(2,601,645)	(824,914)	(2,657,679)
Estimated amount to be raised from general rates	1	2,772,324	2,708,201	2,674,113
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	170,679	1,883,287	16,434

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 - Townsite	8.27120	106	1,301,196	107,625			107,625	101,529	92,042
GRV - Mining	8.27120	1	3,144,000	260,047			260,047	254,947	254,947
Unimproved valuations									
UV - Rural Pastoral	1.90000	255	98,690,300	1,875,116	9,000	3,000	1,887,116	1,856,956	1,840,446
UV - Mining	34.25500	37	1,941,351	665,010			665,010	651,992	651,992
Exploration	25.50000	20	119,389	30,445			30,445	19,214	19,214
Sub-Totals		419	105,196,236	2,938,243	9,000	3,000	2,950,243	2,884,638	2,858,641
Minimum									
Minimum payment									
\$									
Gross rental valuations									
GRV - Townsite	349	36	28,536	12,564			12,564	11,970	11,970
GRV - Mining	349	1	20	349			349	342	342
Unimproved valuations									
UV - Rural Pastoral	349	10	75,700	3,490			3,490	3,420	3,420
UV - Mining	349	5	1,699	1,745			1,745	1,368	1,368
Exploration	349	17	12,506	5,933			5,933	5,472	5,472
Sub-Totals		69	118,461	24,081	0	0	24,081	22,572	22,572
		488	105,314,697	2,962,324	9,000	3,000	2,974,324	2,907,210	2,881,213
Discounts/concessions (Refer note 1(g))							(215,000)	(212,171)	(220,000)
Total amount raised from general rates							2,759,324	2,695,039	2,661,213
Ex Gratia Rates							13,000	13,162	12,900
Total rates							2,772,324	2,708,201	2,674,113

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

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	30th October 2019			
Option two	2nd January 2020	10	5.50%	11.00%
Option three	3rd March 2020	10	5.50%	11.00%
Option four	4th May 2020	10	5.50%	11.00%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
Instalment plan admin charge revenue	\$ 1,200	\$ 2,400	\$ 1,200
Instalment plan interest earned	3,000	6,214	2,000
Unpaid rates and service charge interest earned	2,500	5,285	2,500
	<u>6,700</u>	<u>13,899</u>	<u>5,700</u>

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects	Reasons
UV - Rural Pastoral	Properties within the Shire that are for broad acre farming.	Require a fair contribution to the revenue requirements of the Shire, whilst not risking additional financial pressure.	The level of rates set for UN Rural is that this allows for a fair contribution to the revenue requirements of the Shire at the highest sustainable level. The level reflects the present financial vulnerability of ratepayers on this category.
UV Mining	Properties within the Shire with a mining exploration or prospecting tenement lease.	To ensure that mining contributes to the maintenance of the Shire's assets and services to the extent that the mining operators and their connections use them.	To assist the Shire to make up the deficiency in its revenue at a level which is fair in all circumstances.
UV Exploration	Properties within the Shire with a mining exploration or prospecting tenement lease.	To ensure that mining contributes to the maintenance of the Shire's assets and services to the extent that the mining operators and their connections use them.	To assist the Shire to make up the deficiency in its revenue at a level which is fair in all circumstances.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
UV - Rural Pastoral	Properties within the Shire that are for broad acre farming.	The object of the minimums is to raise a reasonable contribution from all ratepayers towards the cost of providing municipal services.	The minimum is a realistic contribution that any property should make towards the cost of services provided.
UV - Mining	Properties within the Shire with a mining exploration or prospecting tenement lease.		
UV - Exploration	Properties within the Shire with a mining exploration or prospecting tenement lease.		

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.

Differential general rate or general rate	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
Rural Rate - Unimproved Value	2.00990	1.90000	The Shire of Perenjori advised ratepayers that after further review the advertised average differential rate increase of 2.80% has now been reduced to 2.00% and this is reflected in the 2019/20 budget and rates.
Mining Rate - Unimproved Value	36.56710	34.25500	
Exploration Rate - Unimproved	25.70000	25.50000	
Minimum payment	Proposed Minimum \$	Adopted Minimum \$	Reasons for the difference
Rural Rate - Unimproved Value	352	349	The Shire of Perenjori advised ratepayers that after further review the advertised average differential rate increase of 2.80% has now been reduced to 2.00% and this is reflected in the 2019/20 budget and rates.
Mining Rate - Unimproved Value	352	349	
Exploration Rate - Unimproved Value	352	349	

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

(f) Service Charges

The Shire of Perenjori 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)

(g) 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
Current Rates & Charges (excluding Interim Rates and Minimum Rates)	10.0%	215,000	\$ 215,000	\$ 212,171	\$ 220,000	A discount is offered to ratepayers who pay the full amount of rates and charges including any previous outstanding amounts on or before the due date as stated on the rates notice: this date is at least 35 days after the notice is issued. This discount does not apply to interim rates levied and those properties to which a minimum rate applies.
			215,000	212,171	220,000	

(h) Waivers or concessions

Photocopy and Paper Charges	Waiver	Gratis	0	0	Unknown	0 A waiver will be granted to community groups where Council considers support for these groups is required for the benefit of the overall community.	To assist community groups with photocopying and printing facilities. To relieve community groups of the cost associated with the printing of documents for community purposes.
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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	231,583	1,751,577	25,359
Cash - restricted reserves	3	3,099,053	2,346,663	1,780,388
Receivables		186,847	186,847	99,427
Inventories		52,081	52,081	30,710
		3,569,564	4,337,168	1,935,884
Less: current liabilities				
Trade and other payables		(110,432)	(110,432)	(139,059)
Contract liabilities		0	(154,000)	0
Long term borrowings		(17,723)	(240,396)	90
Provisions		(251,092)	(251,092)	(232,390)
		(379,247)	(601,920)	(371,359)
Net current assets		3,190,317	3,735,248	1,564,525

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	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	3,190,317	3,581,248	1,564,525
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	(3,099,053)	(2,346,663)	(1,780,388)
Add: Current liabilities associated with restricted assets				
- Unspent grants, contributions and reimbursements		0	8,797	154,000
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		17,723	240,396	(90)
- Employee benefit provisions		61,692	61,021	232,390
Add: Movement in provisions between current and non-current provisions			39,285	
Adjusted net current assets - surplus/(deficit)		170,679	1,584,084	16,437
(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)	(26,671)	(13,250)	(8,743)
Less: Movement in liabilities associated with restricted cash		(8,126)		
Add: Loss on disposal of assets	4(b)	0	45,203	19,185
Add: Change in accounting policies	15		154,000	
Add: Depreciation on assets	5	2,609,882	2,538,922	2,402,250
Non cash amounts excluded from operating activities		2,575,085	2,724,875	2,412,692
(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019				

The Shire of Perenjori 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 of Perenjori as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit. Refer to note 15 for further explanation of the impact of the changes in accounting policies

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

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

All funds to which the Shire of Perenjori 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 Perenjori'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 Perenjori'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 Perenjori'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	231,583	1,751,577	25,359
Cash - restricted	3,099,053	2,346,663	1,780,388
	3,330,636	4,098,240	1,805,747

The following restrictions have been imposed by regulation or other externally imposed requirements:

Leave Reserve	61,692	61,021	61,010
Computer Reserve	39,894	8,797	8,796
Plant Replacement Reserve	550,067	247,346	147,304
Staff Housing Reserve	132,633	32,278	32,273
Local Group interest Free Loan Reserve	16,863	16,680	16,677
Local Achievement Reserve	2,762	2,732	2,731
Refuse Site Reserve	203,753	201,536	101,502
Swimming Pool Reserve	88,037	87,079	87,064
Gravel Pit Rehab Reserve	19,599	19,386	19,383
Joint Venture Housing Reserve	304,437	301,125	301,074
Tourism Reserve	8,526	8,433	8,431
Sport & Recreation Reserve	2,826	2,795	2,794
Mt Gibson Infrastructure Reserve	1,153,627	947,627	581,588
Accommodation Village Reserve	22,382	22,138	22,138
Airstrip Development Reserve	3,110	3,076	3,076
Water Harvesting Reserve	144,797	143,222	143,198
Vocal History Reserve	7,789	7,704	7,702
Water Supply Reserve	18,986	18,779	18,775
Community Bus & Maintenance Reserve	18,738	18,534	18,531
Road Reserve	10,752	10,635	10,634
Community Amenities Reserve	25,910	25,628	25,623
Communications Reserve	161,873	160,112	160,084
Employee Costs Reserve	100,000	0	0
	3,099,053	2,346,663	1,780,388

**Reconciliation of net cash provided by
operating activities to net result**

Net result	(506,825)	575,189	(738,607)
Depreciation	2,609,882	2,538,922	2,402,250
(Profit)/loss on sale of asset	(26,671)	31,953	10,442
(Increase)/decrease in receivables	0	298,482	250,000
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	0	(30,757)	
Increase/(decrease) in payables	(154,000)	(111,758)	
Increase/(decrease) in contract liabilities	(154,000)	0	
Increase/(decrease) in employee provisions	39,285	(30,226)	
Change in accounting policies transferred to retained surplus (refer to Note 15)	154,000	0	0
Grants/contributions for the development of assets	(1,046,009)	(750,401)	(943,207)
Net cash from operating activities	915,662	2,521,404	980,878

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.

Asset class	Reporting program						2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance	Law, order, public safety	Health	Community amenities	Recreation and culture	Transport			
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>									
Buildings - non-specialised	35,000	15,000	10,000		100,000		160,000	294,964	716,126
Furniture and equipment					5,000		5,000		
Plant and equipment						600,000	600,000	442,643	447,650
	35,000	15,000	10,000	0	105,000	600,000	765,000	737,607	1,163,776
<i>Infrastructure</i>									
Infrastructure - Roads						1,880,937	1,880,937	1,267,894	1,459,607
Infrastructure - Parks & Ovals							0	58,447	360,000
Infrastructure - Other				38,000	10,165		48,165		188,000
	0	0	0	38,000	10,165	1,880,937	1,929,102	1,326,341	2,007,607
Total acquisitions	35,000	15,000	10,000	38,000	115,165	2,480,937	2,694,102	2,063,948	3,171,383

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 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												
Transport	160,829	187,500	26,671	0	69,549	37,596	13,250	(45,203)	63,442	53,000	(10,442)	0
	160,829	187,500	26,671	0	69,549	37,596	13,250	(45,203)	63,442	53,000	(10,442)	0
By Class												
<i>Property, Plant and Equipment</i>												
Plant and equipment	160,829	187,500	26,671		69,549	37,596	13,250	(45,203)	63,442	53,000	8,743	(19,185)
	160,829	187,500	26,671	0	69,549	37,596	13,250	(45,203)	63,442	53,000	8,743	(19,185)

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

- Staff housing programme
- Plant replacement programme

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

5. ASSET DEPRECIATION

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
By Program			
Governance	97,404	73,862	97,404
Law, order, public safety	44,167	50,525	44,167
Health	8,944	6,582	8,944
Education and welfare	105,524	115,884	105,524
Housing	79,000	71,959	73,010
Community amenities	8,817	9,800	8,817
Recreation and culture	230,888	248,037	230,888
Transport	1,664,350	1,609,121	1,476,955
Economic services	68,638	77,151	68,638
Other property and services	302,150	276,001	287,903
	2,609,882	2,538,922	2,402,250
By Class			
Buildings - non-specialised	325,961	373,776	350,846
Furniture and equipment	7,839	7,626	12,925
Plant and equipment	302,150	372,011	360,476
Infrastructure - Roads	1,714,163	1,507,899	1,418,635
Infrastructure - Footpaths	16,500	16,366	15,012
Infrastructure - Airfield	166,374	171,123	45,163
Infrastructure - Parks & Ovals	36,895	41,781	163,290
Infrastructure - Other	40,000	48,340	35,903
	2,609,882	2,538,922	2,402,250

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:

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 96 - CHA Housing	76,012		13,311	4,684	62,701	88,492			31						
Loan 97 - Flat Pack Housing	76,723		24,493	3,379	52,230	100,108		12,482	8,136	87,626	88,494		12,481	5,502	76,013
Loan 101 -Duplex Housing	87,471		27,819	3,772	59,652	0		23,385	5,676	(23,385)	100,337		23,385	4,415	76,952
						114,032		26,561	5,870	87,471	114,031		26,561	5,029	87,470
Community amenities															
Loan 98 - John St Subdivision	243,662		20,124	16,638	223,538	262,429		18,817	26,596	243,612	261,770		18,840	17,897	242,930
Recreation and culture															
Loan 99 - Aquatic Centre	40,862		40,862	1,247	0	119,082		78,283	7,875	40,799	119,221		78,283	6,086	40,938
Loan 100 - Aquatic Centre	122,788		39,051	5,450	83,737	159,994		37,238	10,346	122,756	160,187		37,238	7,263	122,949
Transport															
Loan 102 - Grader	100,772		57,013	2,107	43,759	156,299		55,527	5,273	100,772	156,288		55,528	3,592	100,760
Economic services															
Loan 103 - Caron Dam	0				0					0		200,000	18,279	2,876	181,721
	748,290	0	222,673	37,277	525,617	1,000,436	0	252,293	69,803	659,651	1,000,328	200,000	270,595	52,660	929,733
	748,290	0	222,673	37,277	525,617	1,000,436	0	252,293	69,803	659,651	1,000,328	200,000	270,595	52,660	929,733

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

(c) Unspent borrowings

The Shire of Perenjori 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			
Bank overdraft at balance date			
Credit card limit	20,000	20,000	20,000
Credit card balance at balance date	(3,000)	(2,624)	(3,000)
Total amount of credit unused	<u>17,000</u>	<u>17,376</u>	<u>17,000</u>
Loan facilities			
Loan facilities in use at balance date	<u>525,617</u>	<u>659,651</u>	<u>929,733</u>

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	61,021	671		61,692	60,151	870		61,021	60,151	859		61,010
Computer Reserve	8,797	31,097		39,894	8,672	125		8,797	8,672	124		8,796
Plant Replacement Reserve	247,346	302,721		550,067	243,821	3,525		247,346	243,821	3,483	(100,000)	147,304
Staff Housing Reserve	32,278	100,355		132,633	31,818	460		32,278	31,819	454		32,273
Local Group interest Free Loan Resc	16,680	183		16,863	16,442	238		16,680	16,442	235		16,677
Local Achievement Reserve	2,732	30		2,762	2,693	39		2,732	2,693	38		2,731
Refuse Site Reserve	201,536	2,217		203,753	198,664	2,872		201,536	198,664	2,838	(100,000)	101,502
Swimming Pool Reserve	87,079	958		88,037	85,838	1,241		87,079	85,838	1,226		87,064
Gravel Pit Rehab Reserve	19,386	213		19,599	19,110	276		19,386	19,110	273		19,383
Joint Venture Housing Reserve	301,125	3,312		304,437	296,835	4,290		301,125	296,834	4,240		301,074
Tourism Reserve	8,433	93		8,526	8,313	120		8,433	8,312	119		8,431
Sport & Recreation Reserve	2,795	31		2,826	2,755	40		2,795	2,755	39		2,794
Mt Gibson Infrastructure Reserve	947,627	206,000		1,153,627	721,287	226,340		947,627	721,286	10,302	(150,000)	581,588
Accommodation Village Reserve	22,138	244		22,382	21,823	315		22,138	21,823	315		22,138
Airstrip Development Reserve	3,076	34		3,110	3,032	44		3,076	3,033	43		3,076
Water Harvesting Reserve	143,222	1,575		144,797	141,181	2,041		143,222	141,181	2,017		143,198
Vocal History Reserve	7,704	85		7,789	7,594	110		7,704	7,594	108		7,702
Water Supply Reserve	18,779	207		18,986	18,511	268		18,779	18,511	264		18,775
Community Bus & Maintenance Resc	18,534	204		18,738	18,270	264		18,534	18,270	261		18,531
Road Reserve	10,635	117		10,752	10,483	152		10,635	10,484	150		10,634
Community Amenities Reserve	25,628	282		25,910	25,263	365		25,628	25,262	361		25,623
Commnications Reserve	160,112	1,761		161,873	157,830	2,282		160,112	157,830	2,254		160,084
Employee Costs Reserve	0	100,000		100,000	0			0				0
	2,346,663	752,390	0	3,099,053	2,100,386	246,277	0	2,346,663	2,100,385	30,003	(350,000)	1,780,388

(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
Leave Reserve	Ongoing	To be used to fund long service leave requirements
Computer Reserve	Ongoing	To be used to - maintain the administration computer systems
Plant Replacement Reserve	Ongoing	To be used to purchase major plant
Staff Housing Reserve	Ongoing	To be used for - future staff housing
Local Group interest Free Loan Rese	Ongoing	To be used for - community groups in purchasing equipment
Local Achievement Reserve	Ongoing	To be used for - incentive to local achievers
Refuse Site Reserve	Ongoing	To be used for - future landfill site
Swimming Pool Reserve	Ongoing	To be used for - refurbish and upgrade the swimming pool facilities
Gravel Pit Rehab Reserve	Ongoing	To be used to - cover costs of rehabilitation of exhausted pits
Joint Venture Housing Reserve	Ongoing	To be used as - surplus funds to be used as per the JV housing agreement
Tourism Reserve	Ongoing	To be used to - maintain and upgrade facilities at the caravan park
Sport & Recreation Reserve	Ongoing	To be used to - support the maintenance and replacement of sporting and recreational facilities
Accommodation Village Reserve	Ongoing	To be used for - maintenance costs
Airstrip Development Reserve	Ongoing	To be used for - ongoing developments and maintenance of the airstrip
Water Harvesting Reserve	Ongoing	To be used to - purchase and installation of dams to increase water capacity for supplementing the town parks. gardens and reserves
Vocal History Reserve	Ongoing	To be used for - history of our pioneers
Water Supply Reserve	Ongoing	To be used for - holding loan funds for the project to supply scheme water to the West Bowgada locality
Community Bus & Maintenance Rese	Ongoing	To be used for - the ongoing maintenance and replacement of the community bus
Road Reserve	Ongoing	To be used for - the purpose of completing roads
Community Amenities Reserve	Ongoing	To be used to - assist organisations providing community amenities
Communications Reserve	Ongoing	To be used to - subsidise the funding of the telephone communication towers in and near Perenjori
Employee Costs Reserve	Ongoing	To be used to - cover employee expenses
Mt Gibson Infrastructure Reserve	Ongoing	To be used for - supporting the acquisition, restoration, extension or improvement of infrastructure assets limited to public buildings, recreational facilities, parks and gardens, power supply, water supply, land drainage or roads - as per agreement

**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
	\$	\$	\$
General purpose funding	1,500	4,991	1,400
Law, order, public safety	5,100	4,411	1,500
Health	2,700	2,456	2,400
Education and welfare	120,000	115,721	100,000
Housing	152,500	163,909	195,000
Community amenities	59,530	54,955	44,000
Recreation and culture	18,000	10,133	10,500
Transport	8,100	7,232	8,000
Economic services	363,000	351,768	241,000
Other property and services	75,000	61,522	105,000
	805,430	777,097	708,800

9. GRANT REVENUE

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

By Program:

Operating grants, subsidies and contributions

General purpose funding	1,057,294	2,021,297	963,000
Law, order, public safety	143,820	70,314	105,250
Education and welfare	102,000	105,000	100,000
Recreation and culture	200,000	314,299	314,300
Transport	203,574	278,516	193,837
Economic services	20,000		
	1,726,688	2,789,426	1,676,387

Non-operating grants, subsidies and contributions

Law, order, public safety	40,000	0	0
Transport	1,006,009	750,401	843,207
Economic services	0	0	100,000
	1,046,009	750,401	943,207

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	25,813	39,108	30,000
- Other funds	7,800	15,895	13,000
Other interest revenue (refer note 1b)	5,500	10,382	4,500
	<u>39,113</u>	<u>65,385</u>	<u>47,500</u>
(b) Other revenue			
Reimbursements and recoveries	313,050	394,450	118,775
	<u>313,050</u>	<u>394,450</u>	<u>118,775</u>
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	50,000	39,504	42,000
	<u>50,000</u>	<u>39,504</u>	<u>42,000</u>
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	37,277	69,803	52,660
Interest expense on lease liabilities			
	<u>37,277</u>	<u>69,803</u>	<u>52,660</u>
(e) Elected members remuneration			
Meeting fees	12,852	36,139	32,000
Mayor/President's allowance	6,304	19,855	22,000
Deputy Mayor/President's allowance	828	4,966	6,000
Travelling expenses	2,520	8,247	8,000
	<u>22,504</u>	<u>69,207</u>	<u>68,000</u>

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

11. MAJOR LAND TRANSACTIONS

John Street/Hirshauer Street Residential Subdivision

(a) Details

Council commenced this 21 lot subdivision on Council owned land in 2007-2008. The subdivision currently comprises of the following lots: 3 lots have been sold to others and 18 are owned by the Shire of Perenjori.

It is proposed to review the market value for the lots and develop a marketing plan to sell those lots not required by the Shire.

(b) Current year transactions

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Operating revenue	0	0	0
Capital revenue	0	0	0
Capital expenditure	0	0	0
	0	0	0
	0	0	0

There are no liabilities in relation to this land transaction as at 30 June 2019.

(c) Expected future cash flows

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	\$	\$	\$	\$	\$	\$
Cash outflows						
Loan Principal Repayments	20,178	21,609	23,141	24,782	24,782	114,492
Payments for development of land held for sale	0	0	0	0	0	0
	20,178	21,609	23,141	24,782	24,782	114,492
Cash Inflows						
Sale Proceeds	187,500	50,000	50,000	50,000	50,000	387,500
Proceeds on sale of land held for sale	0	0	0	0	0	0
	187,500	50,000	50,000	50,000	50,000	387,500
Net cash flows	207,678	71,609	73,141	74,782	74,782	501,992

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

12. INTERESTS IN JOINT ARRANGEMENTS

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

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

13. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Mt Gibson Public Benefit Fund	181,069	50,000	(50,000)	181,069
	181,069	50,000	(50,000)	181,069

**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 Perenjori adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Perenjori 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	154,000		154,000
Developer contributions	0		0
Contract liabilities non-current			
Developer contributions	0		0
Cash in lieu of parking	0		0
Adjustment to retained surplus from adoption of AASB 15		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 Perenjori is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

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

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

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Perenjori 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 Perenjori 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 Perenjori. When the taxable event occurs the financial liability is extinguished and the Shire of Perenjori 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 Perenjori to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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

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

	<u>2019</u>	
	\$	
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		<u>0</u>

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	1,584,084	1,289,151	1,211,330
		1,584,084	1,289,151	1,211,330
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	1,726,688	2,789,426	1,732,496
Fees and charges	8	805,430	777,097	708,800
Interest earnings	10(a)	39,113	65,385	47,500
Other revenue	10(b)	313,050	394,450	118,775
Profit on asset disposals	4(b)	26,671	13,250	8,743
		2,910,952	4,039,608	2,616,314
Expenditure from operating activities				
Employee costs		(3,854,210)	(2,362,621)	(2,486,257)
Materials and contracts		(317,866)	(1,276,907)	(1,307,339)
Utility charges		(55,600)	(283,032)	(235,610)
Depreciation on non-current assets	5	(2,609,882)	(2,538,922)	(2,402,250)
Interest expenses	10(d)	(37,277)	(69,803)	(52,660)
Insurance expenses		(60,586)	(91,177)	(124,740)
Other expenditure		(300,689)	(282,362)	(344,200)
Loss on asset disposals	4(b)	0	(45,203)	(19,185)
		(7,236,110)	(6,950,027)	(6,972,241)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,575,085	2,570,875	2,412,692
Amount attributable to operating activities		(165,989)	949,607	(731,905)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,046,009	750,401	943,207
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(765,000)	(737,607)	(1,163,776)
Purchase and construction of infrastructure	4(a)	(1,929,102)	(1,326,341)	(2,007,607)
Proceeds from disposal of assets	4(b)	187,500	37,596	53,000
Amount attributable to investing activities		(1,460,593)	(1,275,951)	(2,175,176)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(222,673)	(252,293)	(270,595)
Proceeds from new borrowings	6	0	0	200,000
Transfers to cash backed reserves (restricted assets)	7(a)	(752,390)	(246,277)	(30,003)
Transfers from cash backed reserves (restricted assets)	7(a)	0	0	350,000
Amount attributable to financing activities		(975,063)	(498,570)	249,405
Budgeted deficiency before general rates		(2,601,645)	(824,914)	(2,657,676)
Estimated amount to be raised from general rates	1	2,772,324	2,708,201	2,674,113
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	170,679	1,883,287	16,437

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