

**SHIRE OF CUNDERDIN**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**CITY'S VISION**

A place for people, a place for community.

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

**BY NATURE OR TYPE**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	2,133,576	2,071,725	2,072,795
Operating grants, subsidies and contributions	9	853,998	2,029,503	1,122,984
Fees and charges	8	408,508	615,927	490,184
Interest earnings	10(a)	63,200	76,767	55,000
Other revenue	10(b)	0	49,206	5,500
		3,459,282	4,843,128	3,746,463
<b>Expenses</b>				
Employee costs		(1,577,076)	(1,608,864)	(1,682,764)
Materials and contracts		(1,285,030)	(1,660,705)	(1,363,757)
Utility charges		(208,439)	(267,490)	(229,400)
Depreciation on non-current assets	5	(5,307,150)	(5,564,749)	(4,005,100)
Interest expenses	10(d)	(65,081)	(67,980)	(74,295)
Insurance expenses		(166,185)	(152,543)	(161,868)
Other expenditure		(177,750)	(62,514)	(82,450)
		(8,786,711)	(9,384,845)	(7,599,634)
<b>Subtotal</b>		(5,327,429)	(4,541,717)	(3,853,171)
Non-operating grants, subsidies and contributions	9	580,189	679,254	505,906
Profit on asset disposals	4(b)	0	41,143	109,400
Loss on asset disposals	4(b)	0	(45,522)	(7,629)
Fair value adjustments to financial assets at fair value through profit or loss		0	8,164	0
		580,189	683,039	607,677
<b>Net result</b>		<b>(4,747,240)</b>	<b>(3,858,678)</b>	<b>(3,245,494)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	3,669,195	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>3,669,195</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(4,747,240)</b>	<b>(189,483)</b>	<b>(3,245,494)</b>

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 City/Town/Shire of Somewhere 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 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
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		0	640	0
General purpose funding		2,896,276	3,621,414	2,870,393
Law, order, public safety		32,239	54,804	36,000
Health		0	50	0
Education and welfare		75,800	127,226	132,440
Housing		31,980	35,700	15,700
Community amenities		160,500	185,981	139,438
Recreation and culture		33,900	60,133	78,313
Transport		165,459	126,975	108,000
Economic services		13,000	63,077	8,000
Other property and services		50,128	567,126	358,179
		<b>3,459,282</b>	<b>4,843,126</b>	<b>3,746,463</b>
<b>Expenses excluding finance costs</b>	5,10(c)(e)(f)(f)			
Governance		(169,946)	(146,161)	(169,831)
General purpose funding		(161,000)	(106,919)	(99,100)
Law, order, public safety		(94,366)	(98,707)	(117,681)
Health		(95,241)	(60,366)	(93,358)
Education and welfare		(194,468)	(386,199)	(241,377)
Housing		(125,813)	(129,797)	(138,623)
Community amenities		(505,203)	(622,959)	(597,127)
Recreation and culture		(1,322,394)	(1,613,248)	(1,597,555)
Transport		(4,936,209)	(5,638,544)	(3,901,064)
Economic services		(69,182)	(77,817)	(84,666)
Other property and services		(1,047,808)	(436,147)	(484,957)
		<b>(8,721,630)</b>	<b>(9,316,864)</b>	<b>(7,525,339)</b>
<b>Finance costs</b>	6, 10(d)			
Recreation and culture		(56,439)	(58,410)	(58,927)
Other property and services		(8,642)	(9,569)	(15,368)
		<b>(65,081)</b>	<b>(67,979)</b>	<b>(74,295)</b>
<b>Subtotal</b>		<b>(5,327,429)</b>	<b>(4,541,717)</b>	<b>(3,853,171)</b>
Non-operating grants, subsidies and contributions	9	580,189	679,254	505,906
Profit on disposal of assets	4(b)	0	41,143	109,400
(Loss) on disposal of assets	4(b)	0	(45,522)	(7,629)
Fair value adjustments to financial assets at fair value through profit or loss		0	8,164	0
		<b>580,189</b>	<b>683,039</b>	<b>607,677</b>
		<b>(4,747,240)</b>	<b>(3,858,678)</b>	<b>(3,245,494)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	3,669,195	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>3,669,195</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(4,747,240)</b>	<b>(189,483)</b>	<b>(3,245,494)</b>

A place for people, a place for

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

**OBJECTIVE****ACTIVITIES****GOVERNANCE**

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

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

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

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

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

**HEALTH**

To provide an operational framework for environmental and community health.

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

**EDUCATION AND WELFARE**

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

Maintenance of daycare centre, aged housing and provision of aged and youth services.

**HOUSING**

To provide and maintain housing.

Provision of staff housing and other housing to the community.

**COMMUNITY AMENITIES**

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

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

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

**TRANSPORT**

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

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

**ECONOMIC SERVICES**

To promote the Shire and its economic wellbeing.

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

**OTHER PROPERTY AND SERVICES**

To monitor and control the Shires overhead and operating accounts.

Private works operation, plant repair and operation costs and engineering operation 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
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,133,576	2,015,162	2,122,795
Operating grants, subsidies and contributions		853,998	2,246,197	1,222,984
Fees and charges		408,508	615,927	490,184
Interest earnings		63,200	76,767	55,000
Goods and services tax		0	409,412	0
Other revenue		0	49,206	5,500
		3,459,282	5,412,671	3,896,463
<b>Payments</b>				
Employee costs		(1,577,076)	(1,650,145)	(1,682,764)
Materials and contracts		(1,285,030)	(2,021,691)	(1,518,757)
Utility charges		(208,439)	(267,490)	(229,400)
Interest expenses		(65,081)	(69,129)	(74,295)
Insurance expenses		(166,185)	(152,543)	(161,868)
Goods and services tax		0	(361,678)	0
Other expenditure		(177,750)	(62,514)	(82,450)
		(3,479,561)	(4,585,190)	(3,749,534)
<b>Net cash provided by (used in) operating activities</b>	3	(20,279)	827,481	146,929
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(1,057,000)	(769,421)	(911,394)
Payments for construction of infrastructure	4(a)	(1,420,027)	(1,052,972)	(1,435,744)
Non-operating grants, subsidies and contributions used for the development of assets	9	580,189	679,254	505,906
Proceeds from sale of plant & equipment	4(b)	299,500	41,143	130,000
<b>Net cash provided by (used in) investing activities</b>		(1,597,338)	(1,101,996)	(1,711,232)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(78,344)	(74,131)	(74,131)
Proceeds from new borrowings		250,000	0	0
<b>Net cash provided by (used in) financing activities</b>		171,656	(74,131)	(74,131)
<b>Net increase (decrease) in cash held</b>		(1,445,961)	(348,646)	(1,638,434)
Cash at beginning of year		2,245,188	2,593,833	2,497,039
<b>Cash and cash equivalents at the end of the year</b>	3	<b>799,227</b>	<b>2,245,187</b>	<b>858,605</b>

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
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	1,393,281	1,573,579	1,630,962
		1,393,281	1,573,579	1,630,962
<b>Revenue from operating activities (excluding rates)</b>				
Governance		0	640	0
General purpose funding		762,700	1,549,689	797,598
Law, order, public safety		32,239	54,804	36,000
Health		0	50	5,400
Education and welfare		75,800	127,226	132,440
Housing		31,980	35,700	15,700
Community amenities		160,500	185,981	139,438
Recreation and culture		33,900	60,133	78,313
Transport		165,459	137,248	212,000
Economic services		13,000	63,077	8,000
Other property and services		50,128	597,996	358,179
		1,325,706	2,812,544	1,783,068
<b>Expenditure from operating activities</b>				
Governance		(169,946)	(146,161)	(169,831)
General purpose funding		(161,000)	(106,919)	(99,100)
Law, order, public safety		(94,366)	(98,707)	(117,681)
Health		(95,241)	(60,366)	(93,358)
Education and welfare		(194,468)	(386,199)	(241,377)
Housing		(125,813)	(129,797)	(138,623)
Community amenities		(505,203)	(622,959)	(597,127)
Recreation and culture		(1,378,833)	(1,671,658)	(1,656,482)
Transport		(4,936,209)	(5,669,757)	(3,908,693)
Economic services		(69,182)	(77,817)	(84,666)
Other property and services		(1,056,450)	(451,861)	(500,325)
		(8,786,711)	(9,422,201)	(7,607,263)
Non-cash amounts excluded from operating activities	2 (b)(ii)	5,337,096	5,521,533	3,903,329
<b>Amount attributable to operating activities</b>		(730,628)	485,455	(289,904)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	580,189	679,254	505,906
Purchase property, plant and equipment	4(a)	(1,057,000)	(769,421)	(911,394)
Purchase and construction of infrastructure	4(a)	(1,420,027)	(1,052,972)	(1,435,744)
Proceeds from disposal of assets	4(b)	299,500	41,143	130,000
<b>Amount attributable to investing activities</b>		(1,597,338)	(1,101,996)	(1,711,232)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(78,344)	(74,131)	(74,131)
Proceeds from new borrowings	6(b)	250,000	0	0
Transfers to cash backed reserves (restricted assets)	7(a)	(30,000)	(47,774)	(30,000)
Transfers from cash backed reserves (restricted assets)	7(a)	53,000	60,000	0
<b>Amount attributable to financing activities</b>	ople, a place f	194,656	(61,905)	(104,131)
<b>Budgeted deficiency before general rates</b>		(2,133,310)	(678,446)	(2,105,267)
<b>Estimated amount to be raised from general rates</b>	1	2,133,577	2,071,724	2,072,795
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>267</b>	<b>1,393,278</b>	<b>(32,472)</b>

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
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
Residential	0.08753	383	5,406,377	473,199			473,199	449,595	450,515
<b>Unimproved valuations</b>									
Rural	0.00890	297	166,644,500	1,482,803			1,482,803	1,450,159	1,450,159
Mining	0.00890	0		0			0	0	0
<b>Sub-Totals</b>		680	172,050,877	1,956,002	0	0	1,956,002	1,899,754	1,900,674
<b>Minimum</b>									
<b>Minimum payment</b>									
\$									
<b>Gross rental valuations</b>									
Residential	719	127	412,460	91,313			91,313	90,042	90,042
<b>Unimproved valuations</b>									
Rural	719	90	412,460	64,710			64,710	60,726	60,726
Mining	719	8	49,478	5,752			5,752	5,584	5,584
<b>Sub-Totals</b>		225	874,398	161,775	0	0	161,775	156,352	156,352
		905	172,925,275	2,117,777	0	0	2,117,777	2,056,106	2,057,026
Discounts/concessions (Refer note 1(d))							0	0	0
Ex Gratia Rates							15,800	15,618	15,769
<b>Total amount raised from general rates</b>							2,133,577	2,071,724	2,072,795
Specified area rates (Refer note 1(c))							0	0	0
<b>Total rates</b>							2,133,577	2,071,724	2,072,795

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

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
		\$	%	%
<b>Option one</b>				
Single Full Payment	4-Sep-19	0	0.0%	11.0%
<b>Option two</b>				
First Installment	4-Sep-19	9	5.5%	11.0%
Second Installment	6-Nov-19	9	5.5%	11.0%
Third Installment	9-Jan-20	9	5.5%	11.0%
Fourth Installment	11-Mar-20	9	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	5,500	6,434	5,500
Instalment plan interest earned	8,000	9,134	8,000
Unpaid rates and service charge interest earned	22,000	27,065	20,000
	35,500	42,633	33,500

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

**1. RATES AND SERVICE CHARGES (CONTINUED)**

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

**(c) Service Charges**

The City 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) Waivers or concessions**

The City does not anticipate any waivers or concessions for the year ended 30th June 2020.

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

## 2 (a). NET CURRENT ASSETS

		2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
	Note	\$	\$	\$	\$
<b>Composition of estimated net current assets</b>					
<b>Current assets</b>					
Cash - unrestricted	3	(422,484)	1,000,477	1,000,477	(165,120)
Cash - restricted reserves	3	958,500	981,500	981,500	1,023,725
Cash - restricted unspent borrowings	6 (b)	263,213	263,213	263,213	0
Receivables		311,809	311,809	311,809	370,138
Inventories		130	130	130	5,000
		1,111,168	2,557,129	2,557,129	1,233,743
<b>Less: current liabilities</b>					
Trade and other payables		(152,402)	(152,402)	(152,402)	(242,490)
Long term borrowings		(250,001)	(78,345)	(78,345)	(74,131)
Provisions		(205,385)	(205,385)	(205,385)	(135,190)
		(607,788)	(436,132)	(436,132)	(451,811)
<b>Net current assets</b>		<b>503,380</b>	<b>2,120,997</b>	<b>2,120,997</b>	<b>781,932</b>

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
		\$	\$	\$	\$
<b>(i) Current assets and liabilities excluded from budgeted deficiency</b>					
<b>Net current assets</b>	2	503,380	2,120,997	2,120,997	781,932
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
<b>Adjustments to net current assets</b>					
Less: Cash - restricted reserves	3	(958,500)	(981,500)	(981,500)	(1,023,725)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		250,001	78,345	78,345	74,131
- Employee benefit provisions		205,385	175,439	175,439	135,190
<b>Adjusted net current assets - surplus/(deficit)</b>		266	1,393,281	1,393,281	(32,472)
<b>(ii) Operating activities excluded from budgeted deficiency</b>					
		(33,244)	1,393,282	1,393,282	(32,472)
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
<b>Adjustments to operating activities</b>					
Less: Profit on asset disposals	4(b)	0	(41,143)	(41,143)	(109,400)
Less: Movement in liabilities associated with restricted cash		29,946		(47,595)	
Add: Loss on disposal of assets	4(b)	0	45,522	45,522	7,629
Add: Depreciation on assets	5	5,307,150	5,564,749	5,564,749	4,005,100
<b>Non cash amounts excluded from operating activities</b>		5,337,096	5,569,128	5,521,533	3,903,329

**(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 City's operational cycle. In the case of liabilities where the City 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 City's intentions to release for sale.

**TRADE AND OTHER PAYABLES**

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

All funds to which the City/Town/Shire of Somewhere 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 City are recognised as a liability until such time as the City satisfies its obligations under the agreement.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

Provision is made for the City/Town/Shire of Somewhere'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 City/Town/Shire of Somewhere'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 City/Town/Shire of Somewhere's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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**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:

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Cash - unrestricted	(422,484)	1,000,477	(165,120)
Cash - restricted	1,221,711	1,244,711	1,023,725
	<b>799,227</b>	<b>2,245,188</b>	<b>858,605</b>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Plant Replacement Reserve	221,296	221,296	219,613
Staff Entitlement Reserve	175,439	175,439	174,104
Airfeild Reserve	113,549	113,549	112,685
Community Bus Reserve	20,047	20,047	19,894
Asset Replacement Reserve	217,664	247,664	245,779
Buildings Reserve	75,784	75,784	134,751
Cunderdin Museum Reserve	18,556	41,556	31,392
Sporting Surfaces Replacement	86,163	86,163	85,507
AAA Reserve	30,000	0	0
Unspent grants and contributions not held in reserve	261,528	261,528	
Other restricted cash	1,685	1,685	
	<b>1,221,711</b>	<b>1,244,711</b>	<b>1,023,725</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	<b>(4,747,240)</b>	<b>(3,858,678)</b>	<b>(3,245,494)</b>
Depreciation	5,307,150	5,564,749	4,005,100
(Profit)/loss on sale of asset	0	4,379	(101,771)
(Increase)/decrease in receivables	0	207,865	150,000
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	0	12,241	(5,000)
Increase/(decrease) in payables	0	(408,456)	(150,000)
Increase/(decrease) in contract liabilities	0	0	
Increase/(decrease) in employee provisions	0	(7,201)	0
Change in accounting policies transferred to retained surplus (refer to Note 14)	0	0	0
Non cash contributions		(8,164)	
Grants/contributions for the development of assets	(580,189)	(679,254)	(505,906)
<b>Net cash from operating activities</b>	<b>(20,279)</b>	<b>827,481</b>	<b>146,929</b>

#### 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
	Housing	Community amenities	Recreation and culture	Transport	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>								
Land - freehold land	60,000					60,000		
Buildings - non-specialised	250,000		186,000			436,000	331,206	287,219
Buildings - specialised				4,000		4,000		
Furniture and equipment					42,000	42,000	0	32,175
Plant and equipment		17,000		498,000		515,000	438,215	592,000
	310,000	17,000	186,000	502,000	42,000	1,057,000	769,421	911,394
<i>Infrastructure</i>								
Infrastructure - Roads		370,000		1,050,027		1,420,027	885,778	861,532
Infrastructure - Footpaths						0	0	20,000
Infrastructure - Airfield						0	167,194	554,212
	0	370,000	0	1,050,027	0	1,420,027	1,052,972	1,435,744
<b>Total acquisitions</b>	<b>310,000</b>	<b>387,000</b>	<b>186,000</b>	<b>1,552,027</b>	<b>42,000</b>	<b>2,477,027</b>	<b>1,822,393</b>	<b>2,347,138</b>

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Health		0	0	0		0	0	0	2,600	8,000	5,400	0
Housing	140,000	140,000	0	0		0	0	0		0	0	0
Transport	159,500	159,500	0	0	31,213	10,273	10,273	(31,213)	25,629	122,000	104,000	(7,629)
Other property and services		0	0	0	14,309	30,870	30,870	(14,309)		0	0	0
	299,500	299,500	0	0	45,522	41,143	41,143	(45,522)	28,229	130,000	109,400	(7,629)
<b>By Class</b>												
<u>Property, Plant and Equipment</u>												
Land - freehold land		0				30,870	30,870	0		0		
Buildings - non-specialised	140,000	140,000	0		234	0		(234)		0		
Furniture and equipment		0			14,075	0		(14,075)		0		
Plant and equipment	159,500	159,500	0		8,495	10,273	10,273	(8,495)	28,229	130,000	109,400	(7,629)
<u>Infrastructure</u>												
Infrastructure - Airfield		0			1,200	0		(1,200)		0		
Infrastructure - Other Infrastructure		0			21,518	0		(21,518)		0		
	299,500	299,500	0	0	45,522	41,143	41,143	(45,522)	28,229	130,000	109,400	(7,629)

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**

**By Program**

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	25,150	24,800	25,000
Law, order, public safety	24,100	24,160	24,000
Health	36,500	34,818	36,500
Education and welfare	63,700	62,133	18,400
Housing	39,500	39,510	39,300
Community amenities	15,600	12,658	18,000
Recreation and culture	671,400	580,212	597,600
Transport	4,218,400	4,515,620	2,987,800
Other property and services	212,800	270,838	258,500
	<b>5,307,150</b>	<b>5,564,749</b>	<b>4,005,100</b>

**By Class**

Buildings - non-specialised	643,550	695,500	512,000
Furniture and equipment	9,550	4,944	10,000
Plant and equipment	269,800	208,778	216,600
Infrastructure - Roads	3,750,000	3,740,201	2,845,000
Infrastructure - Footpaths	17,550	25,677	8,500
Infrastructure - Airfield	202,500	416,065	202,000
Infrastructure - Other Infrastructure	289,200	349,184	211,000
Infrastructure - Bridges	125,000	124,400	
	<b>5,307,150</b>	<b>5,564,749</b>	<b>4,005,100</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**DEPRECIATION**

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

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

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**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
		\$	\$	\$	\$		\$	\$	\$			\$	\$	\$	\$
Loan 77 - Housing	0	250,000	0	0	250,000					0					0
<b>Recreation and culture</b>															
Loan 76 - Recreation Ce	1,091,342		49,450	56,439	1,041,892	1,138,304		46,962	58,410	1,091,342	1,138,304		46,962	58,927	1,091,342
<b>Other property and services</b>															
Loan 73 - Ettamogah Pu	85,568		17,013	5,111	68,555	101,561		15,993	5,659	85,568	101,561		15,993	6,737	85,568
Loan 74 - Ettamogah Pu	59,693		11,881	3,531	47,812	70,869		11,176	3,910	59,693	70,869		11,176	8,631	59,693
	1,236,603	250,000	78,344	65,081	1,408,259	1,310,734	0	74,131	67,979	1,236,603	1,310,734	0	74,131	74,295	1,236,603
	1,236,603	250,000	78,344	65,081	1,408,259	1,310,734	0	74,131	67,979	1,236,603	1,310,734	0	74,131	74,295	1,236,603

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

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Housing	Tresuary		10	5.0%	\$ 250,000	\$ 0	\$ 250,000	\$ 0
					250,000	0	250,000	0

(c) Unspent borrowings

The City 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
<b>Undrawn borrowing facilities credit standby arrangements</b>	\$	\$	\$
Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	1,087	0
<b>Total amount of credit unused</b>	10,000	11,087	10,000
<b>Loan facilities</b>			
Loan facilities in use at balance date	1,408,259	1,236,603	1,236,603

**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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant Replacement Reserve	221,296			221,296	215,279	6,017		221,296	215,280	4,333		219,613
Staff Entitlement Reserve	175,439			175,439	170,669	4,770		175,439	170,669	3,435		174,104
Airfeild Reserve	113,549			113,549	110,462	3,087		113,549	110,462	2,223		112,685
Community Bus Reserve	20,047			20,047	19,502	545		20,047	19,502	392		19,894
Asset Replacement Reserve	247,664		(30,000)	217,664	240,930	6,734		247,664	240,930	4,849		245,779
Buildings Reserve	75,784			75,784	132,092	3,692	(60,000)	75,784	132,092	2,659		134,751
Cunderdin Museum Reserve	41,556		(23,000)	18,556	20,970	20,586		41,556	20,970	10,422		31,392
Sporting Surfaces Replacement	86,163			86,163	83,820	2,343		86,163	83,820	1,687		85,507
AAA Reserve	0	30,000		30,000	0			0				0
	981,498	30,000	(53,000)	958,498	993,724	47,774	(60,000)	981,498	993,725	30,000		1,023,725

### (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
Plant Replacement Reserve	Ongoing	To be used to fund acquisition, disposal and maintenance of plant and equipment.
Staff Entitlement Reserve	Ongoing	To be used to fund annual and long service leave requirements.
Airfeild Reserve	Ongoing	To be used to fund acquisition, maintenance and funding of property, buildings, plant and equipment associated with the Cunderdin airfield.
Community Bus Reserve	Ongoing	To be used to fund acquisition, disposal and maintenance of community bus.
Asset Replacement Reserve	Ongoing	To provide for the replacement of necessary equipment, furniture and infrastructure comprising of road, drains, footpaths and recreational reserves.
Buildings Reserve	Ongoing	To be used to fund acquisition, disposal and maintenance of land and buildings.
Cunderdin Museum Reserve	Ongoing	To be used to fund exhibitions and upgrades to the Cunderdin Museum
Sporting Surfaces Replacement	Ongoing	To be used to fund the replacement of the tennis and bowling surfaces in Cunderin and Meckering
AAA Reserve	Ongoing	To be used to fund the ongoing maintenance and upgrades of Sandalwood Village and other Aged Accommodation.

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

**8. FEES & CHARGES REVENUE**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Governance	0	640	0
General purpose funding	9,500	4,180	4,500
Law, order, public safety	2,500	11,092	2,500
Health	0	50	0
Education and welfare	67,000	64,099	77,440
Housing	31,980	33,120	15,700
Community amenities	160,500	164,470	139,438
Recreation and culture	33,900	40,853	33,500
Transport	40,000	42,648	40,000
Economic services	13,000	59,746	5,000
Other property and services	50,128	195,028	172,106
	<b>408,508</b>	<b>615,926</b>	<b>490,184</b>

**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	690,000	1,462,308	732,598
Law, order, public safety	29,739	43,712	33,500
Education and welfare	8,800	63,128	55,000
Housing	0	2,580	0
Community amenities	0	21,511	0
Recreation and culture	0	19,280	44,813
Transport	705,648	115,515	68,000
Economic services	0	3,331	3,000
Other property and services	0	298,139	186,073
	<b>1,434,187</b>	<b>2,029,504</b>	<b>1,122,984</b>

**Non-operating grants, subsidies and contributions**

Community amenities	0	75,000	5,000
Recreation and culture	0	34,813	0
Transport	580,189	569,441	500,906
	<b>580,189</b>	<b>679,254</b>	<b>505,906</b>

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

**10. OTHER INFORMATION**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
<b>The net result includes as revenues</b>	\$	\$	\$
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	25,000	27,775	22,000
- Other funds	8,200	12,793	5,000
Other interest revenue (refer note 1b)	30,000	36,199	28,000
	<b>63,200</b>	<b>76,767</b>	<b>55,000</b>
<b>(b) Other revenue</b>			
Reimbursements and recoveries	0	49,206	5,500
	<b>0</b>	<b>49,206</b>	<b>5,500</b>
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	32,000	28,600	45,000
Other services		1,700	
	<b>32,000</b>	<b>30,300</b>	<b>45,000</b>
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6(a))	65,081	67,979	74,295
Interest expense on lease liabilities			
	<b>65,081</b>	<b>67,979</b>	<b>74,295</b>
<b>(e) Elected members remuneration</b>			
Meeting fees	30,000	29,695	25,000
Mayor/President's allowance	1,500		1,500
Deputy Mayor/President's allowance	750		750
Travelling expenses			200
	<b>32,250</b>	<b>29,695</b>	<b>27,450</b>

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

## 11. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS

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

## 12. INTERESTS IN JOINT ARRANGEMENTS

The Shire of Cunderdin together with the Cunderdin - Meckering Cottage Homes Inc and Homeswest has a Joint Venture arrangement for the provision of Aged Persons Homes in Kennedy Street Cunderdin. The only asset at 30th June 2019 is land and associated development costs.

The Shire has a 5.6% equitable interest in the Joint Venture.

It is not anticipated the Shire will be a party to any new Joint Venture arrangements during 2019/20

### SIGNIFICANT ACCOUNTING POLICIES

#### INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City/Town/Shire of Somewhere's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

**NOTES TO AND FORMING PART OF THE BUDGET**



**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 City/Town/Shire of Somewhere adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City/Town/Shire of Somewhere 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 City/Town/Shire of Somewhere 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 City/Town/Shire of Somewhere has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the City/Town/Shire of Somewhere 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			
A place for people, a place for community.		0	

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 City/Town/Shire of Somewhere. When the taxable event occurs the financial liability is extinguished and the City/Town/Shire of Somewhere 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 CUNDERDIN

City/Town/Shire of Somewhere to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was signification 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 City/Town/Shire of Somewhere 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>

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

**15. BUDGET RATIOS**

	2019/20 Budget	2018/19 Actual	2017/18 Actual	2016/17 Actual
Operating Surplus		(1.5100)	(1.9400)	(1.7000)
Funds After Operations				
PPE				
Infrastructure				
Cash Reserves				
Borrowings				
Debt Servicing				
Average Rates (UV)				
Average Rates (GRV)				

The ratios are calculated as follows:

**OPERATIONS**

Operating Surplus  $\frac{\text{Adjusted underlying surplus (or deficit)}}{\text{Adjusted underlying revenue}}$

Funds After Operations  $\frac{\text{Funds remaining after operations}}{\text{General funds}}$

**ASSET RATIOS**

PPE  $\frac{\text{Closing WDV value of PPE less Opening WDV value of PPE}}{\text{Opening WDV value of PPE}}$

Infrastructure  $\frac{\text{Closing WDV Infrastructure less Opening WDV infrastructure}}{\text{Opening WDV Infrastructure}}$

**FINANCING RATIOS**

Cash Reserves  $\frac{\text{Discretionary Reserve Balance}}{\text{General Funds}}$

Borrowings  $\frac{\text{Principal outstanding}}{\text{General funds}}$

Debt Servicing  $\frac{\text{Principal and interest due}}{\text{General funds}}$

**RATES RATIOS**

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

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	1,393,281	1,573,579	1,630,962
		1,393,281	1,573,579	1,630,962
<b>Revenue from operating activities (excluding rates)</b>				
Operating grants, subsidies and contributions	9	853,998	2,029,503	1,122,984
Fees and charges	8	408,508	615,927	490,184
Interest earnings	10(a)	63,200	76,767	55,000
Other revenue	10(b)	0	57,370	5,500
Profit on asset disposals	4(b)	0	41,143	109,400
		1,325,706	2,820,710	1,783,068
<b>Expenditure from operating activities</b>				
Employee costs		(1,577,076)	(1,608,864)	(1,682,764)
Materials and contracts		(1,285,030)	(1,660,705)	(1,363,757)
Utility charges		(208,439)	(267,490)	(229,400)
Depreciation on non-current assets	5	(5,307,150)	(5,564,749)	(4,005,100)
Interest expenses	10(d)	(65,081)	(67,980)	(74,295)
Insurance expenses		(166,185)	(152,543)	(161,868)
Other expenditure		(177,750)	(62,514)	(82,450)
Loss on asset disposals	4(b)	0	(45,522)	(7,629)
		(8,786,711)	(9,430,367)	(7,607,263)
<b>Operating activities excluded from budgeted deficiency</b>				
Non-cash amounts excluded from operating activities	2 (b)(ii)	5,337,096	5,521,533	3,903,329
<b>Amount attributable to operating activities</b>		(730,628)	485,455	(289,904)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	580,189	679,254	505,906
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(1,057,000)	(769,421)	(911,394)
Purchase and construction of infrastructure	4(a)	(1,420,027)	(1,052,972)	(1,435,744)
Proceeds from disposal of assets	4(b)	299,500	41,143	130,000
<b>Amount attributable to investing activities</b>		(1,597,338)	(1,101,996)	(1,711,232)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(78,344)	(74,131)	(74,131)
Proceeds from new borrowings	6	250,000	0	0
Transfers to cash backed reserves (restricted assets)	7(a)	(30,000)	(47,774)	(30,000)
Transfers from cash backed reserves (restricted assets)	7(a)	53,000	60,000	0
<b>Amount attributable to financing activities</b>		194,656	(61,905)	(104,131)
<b>Budgeted deficiency before general rates</b>		(2,133,310)	(678,446)	(2,105,267)
<b>Estimated amount to be raised from general rates</b>	1	2,133,577	2,071,724	2,072,795
<b>Net current assets at end of financial year - surplus/(deficit)</b>	ple, a place	267	1,393,278	(32,472)

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