

SHIRE OF NGAANYATJARRAKU

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

The Shire of Ngaanyatjarraku - On a journey

Our Land - Looking after our Land

Our People - Looking after our People

Leadership - Showing the way for our Community

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	277,174	264,110	255,759
Operating grants, subsidies and contributions	9	3,373,461	5,459,955	3,185,891
Fees and charges	8	485,136	368,034	316,840
Interest earnings	10(a)	50,000	30,097	6,497
Other revenue	10(b)	65,915	240,200	31,085
		4,251,686	6,362,396	3,796,072
Expenses				
Employee costs		(1,999,022)	(2,476,276)	(2,709,286)
Materials and contracts		(2,723,545)	(2,390,422)	(2,405,705)
Utility charges		(103,560)	(111,528)	(95,000)
Depreciation on non-current assets	5	(905,050)	(929,832)	(1,366,389)
Interest expenses	10(d)	(1,500)	(1,456)	0
Insurance expenses		(148,993)	(150,951)	(123,000)
Other expenditure		(88,978)	(11,866)	(117,140)
		(5,970,648)	(6,072,331)	(6,816,520)
Subtotal		(1,718,962)	290,065	(3,020,448)
Non-operating grants, subsidies and contributions	9	3,368,563	4,488,897	8,687,675
Loss on asset disposals	4(b)	(66,400)	(36,871)	0
		3,302,163	4,452,026	8,687,675
Net result		1,583,201	4,742,091	5,667,227
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		1,583,201	4,742,091	5,667,227

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 Ngaanyatjarraku 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		27,500	5,579	3,000
General purpose funding		1,955,233	3,511,267	1,759,096
Law, order, public safety		416	408	420
Health		400	110,108	105,200
Education and welfare		155,000	283,710	318,000
Housing		135,000	22,209	20,000
Community amenities		105,736	110,973	87,000
Recreation and culture		280,000	276,279	222,307
Transport		1,558,401	1,997,872	1,274,049
Economic services		34,000	14,275	7,000
Other property and services		0	29,716	0
		4,251,686	6,362,396	3,796,072
Expenses excluding finance costs	5,10(c)(e)(f)(f)			
Governance		(204,255)	(194,792)	(139,103)
General purpose funding		0	(34,533)	(24,825)
Law, order, public safety		(7,547)	(60,707)	(91,031)
Health		(365,805)	(428,131)	(488,745)
Education and welfare		(439,302)	(728,886)	(1,093,417)
Housing		(420,585)	(284,648)	(336,166)
Community amenities		(879,116)	(453,893)	(610,465)
Recreation and culture		(839,685)	(877,905)	(872,682)
Transport		(2,651,255)	(2,687,857)	(2,983,962)
Economic services		(163,098)	(131,752)	(163,128)
Other property and services		1,500	(187,771)	(12,996)
		(5,969,148)	(6,070,875)	(6,816,520)
Finance costs	6, 10(d)			
Other property and services		(1,500)	(1,456)	0
		(1,500)	(1,456)	0
Subtotal		(1,718,962)	290,065	(3,020,448)
Non-operating grants, subsidies and contributions	9	3,368,563	4,488,897	8,687,675
(Loss) on disposal of assets	4(b)	(66,400)	(36,871)	0
		3,302,163	4,452,026	8,687,675
Net result		1,583,201	4,742,091	5,667,227
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		1,583,201	4,742,091	5,667,227

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

FOR THE YEAR ENDED 30TH JUNE 2020

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE**ACTIVITIES****GOVERNANCE**

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

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not 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 safer and environmentally conscious community.

Supervision and enforcement of various laws relating to aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and a waste pick-up service Warburton, Warakurna and Wanarn.

EDUCATION AND WELFARE

To provide services to children and youth.

Maintenance of playgroup centres (early years learning) Warburton, Blackstone, Jameson.

HOUSING

To provide and maintain staff housing.

Provision and maintenance of staff housing.

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, litter control, Warburton Warakurna and Wanarn.

RECREATION AND CULTURE

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

Maintenance of public halls, civic centres, Warburton recreation centre and operation of recreation services in Warburton. Provision and maintenance of parks and playgrounds. Operation of other cultural facilities.

TRANSPORT

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

Construction and maintenance of roads, streets, footpaths, depot and traffic control. Cleaning of streets and maintenance of street trees.

ECONOMIC SERVICES

To help promote the shire and its economic well-being.

Tourism and area promotion and building control.

OTHER PROPERTY AND SERVICES

To monitor and control council's overheads operating accounts.

Private works operation, plant repairs, operation costs and administrative costs.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		277,174	305,602	255,759
Operating grants, subsidies and contributions		3,373,461	6,634,277	4,799,177
Fees and charges		485,136	368,034	316,840
Interest earnings		50,000	30,097	6,497
Goods and services tax		281,252	200,081	0
Other revenue		65,915	240,200	31,085
		4,532,938	7,778,291	5,409,358
Payments				
Employee costs		(1,999,022)	(2,554,186)	(2,709,286)
Materials and contracts		(2,936,231)	(2,689,611)	(2,405,705)
Utility charges		(103,560)	(111,528)	(95,000)
Interest expenses		(1,500)	(1,456)	0
Insurance expenses		(148,993)	(150,951)	(123,000)
Goods and services tax		(281,252)	(248,236)	0
Other expenditure		(88,978)	(11,866)	(117,140)
		(5,559,536)	(5,767,834)	(5,450,131)
Net cash provided by (used in) operating activities	3	(1,026,598)	2,010,457	(40,773)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(174,000)	(129,653)	(328,000)
Payments for construction of infrastructure	4(a)	(3,965,943)	(4,852,056)	(9,084,775)
Non-operating grants, subsidies and contributions used for the development of assets	9	3,368,563	4,488,897	8,687,675
Proceeds from sale of plant & equipment	4(b)	52,100	249,698	0
Net cash provided by (used in) investing activities		(719,280)	(243,114)	(725,100)
Net increase (decrease) in cash held		(1,745,878)	1,767,343	(765,873)
Cash at beginning of year		4,937,932	3,170,589	3,270,636
Cash and cash equivalents at the end of the year	3	3,192,054	4,937,932	2,504,763

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)	2,593,533	3,063,927	3,373,238
		2,593,533	3,063,927	3,373,238
Revenue from operating activities (excluding rates)				
Governance		27,500	5,579	3,000
General purpose funding		1,678,059	3,247,157	1,503,337
Law, order, public safety		416	408	420
Health		400	110,108	105,200
Education and welfare		155,000	283,710	318,000
Housing		135,000	22,209	20,000
Community amenities		105,736	110,973	87,000
Recreation and culture		280,000	276,279	222,307
Transport		1,558,401	1,997,872	1,274,049
Economic services		34,000	14,275	7,000
Other property and services		0	29,716	0
		3,974,512	6,098,286	3,540,313
Expenditure from operating activities				
Governance		(204,255)	(194,792)	(139,103)
General purpose funding		0	(34,533)	(24,825)
Law, order, public safety		(7,547)	(60,707)	(91,031)
Health		(365,805)	(428,131)	(488,745)
Education and welfare		(439,302)	(728,886)	(1,093,417)
Housing		(420,585)	(284,648)	(336,166)
Community amenities		(879,116)	(453,893)	(610,465)
Recreation and culture		(839,685)	(877,905)	(872,682)
Transport		(2,717,655)	(2,724,728)	(2,983,962)
Economic services		(163,098)	(131,752)	(163,128)
Other property and services		0	(189,227)	(12,996)
		(6,037,048)	(6,109,202)	(6,816,520)
Non-cash amounts excluded from operating activities	2 (b)(ii)	971,450	966,703	1,366,389
Amount attributable to operating activities		1,502,447	4,019,714	1,463,420
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	3,368,563	4,488,897	8,687,675
Purchase property, plant and equipment	4(a)	(174,000)	(129,653)	(328,000)
Purchase and construction of infrastructure	4(a)	(3,965,943)	(4,852,056)	(9,084,775)
Proceeds from disposal of assets	4(b)	52,100	249,698	0
Amount attributable to investing activities		(719,280)	(243,114)	(725,100)
FINANCING ACTIVITIES				
Transfers to cash backed reserves (restricted assets)	7(a)	(1,060,341)	(1,924,443)	(1,619,332)
Transfers from cash backed reserves (restricted assets)	7(a)	0	733,840	625,253
Amount attributable to financing activities		(1,060,341)	(1,190,603)	(994,079)
Budgeted deficiency before general rates		(277,174)	2,585,997	(255,759)
Estimated amount to be raised from general rates	1	277,174	264,110	255,759
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	2,850,107	0

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

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Unimproved valuations									
UV GENERAL	0.21000	34	1,007,412	211,557	0	0	211,557	199,228	190,877
Sub-Totals		34	1,007,412	211,557	0	0	211,557	199,228	190,877
Minimum									
Minimum payment									
\$									
Unimproved valuations									
UV GENERAL	245	3	2,384	735	0	0	735	0	0
Sub-Totals		3	2,384	735	0	0	735	0	0
		37	1,009,796	212,292	0	0	212,292	199,228	190,877
Total amount raised from general rates							212,292	199,228	190,877
Ex-gratia rates							64,882	64,882	64,882
Total rates							277,174	264,110	255,759

All land (other than exempt land) in the Shire of Ngaanyatjarraku is rated according to its Unimproved Value (UV) in the the Shire of Ngaanyatjarraku.

The general rates detailed for the 2019/20 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Full payment	1/11/2019	0	0.0%	11.0%
Option two				
First instalment	1/11/2019	0	0.0%	11.0%
Second instalment	2/02/2020	0	0.0%	11.0%
Option three				
First instalment	1/11/2019	0	0.0%	11.0%
Second instalment	2/02/2020	0	0.0%	11.0%
Third instalment	3/03/2020	0	0.0%	11.0%
Fourth instalment	4/05/2020	0	0.0%	11.0%

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Specified Area Rate

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

(d) Service Charges

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

(e) Discounts, waivers or concessions

The Shire does not anticipate any discounts, 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		\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
	Cash - unrestricted	87,776	2,893,995	2,893,995	593,851
3	Cash - restricted reserves	3,104,278	2,043,937	2,043,937	1,910,912
	Receivables	380,091	380,091	380,091	803,548
	Inventories	71,223	71,223	71,223	41,862
		3,643,368	5,389,246	5,389,246	3,350,173
Less: current liabilities					
	Trade and other payables	(246,233)	(202,345)	(202,345)	(1,080,332)
	Contract liabilities	0	(256,574)	0	
	Provisions	(257,823)	(257,823)	(257,823)	(358,929)
		(504,056)	(716,742)	(460,168)	(1,439,261)
	Net current assets	3,139,312	4,672,504	4,929,078	1,910,912

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

2 (b). NET CURRENT ASSETS (CONTINUED)

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

Operating activities excluded from budgeted deficiency

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

	Note	2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency					
Net current assets	2	3,139,312	4,672,504	4,929,078	1,910,912
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	(3,104,278)	(2,043,937)	(2,043,937)	(1,910,912)
Less: Current assets not expected to be received at end of year - Investment Local Government House Trust Units		(35,034)	(35,034)	(35,034)	0
Adjusted net current assets - surplus/(deficit)		0	2,593,533	2,850,107	0
(ii) Operating activities excluded from budgeted deficiency					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
Adjustments to operating activities					
Add: Loss on disposal of assets	4(b)	66,400	36,871	36,871	0
Add: Change in accounting policies	15	0	256,574	0	
Add: Depreciation on assets	5	905,050	929,832	929,832	1,366,389
Non cash amounts excluded from operating activities		971,450	1,223,277	966,703	1,366,389

(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 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 Ngaanyatjarraku 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 Ngaanyatjarraku contributes to a number of superannuation funds on behalf of employees.

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

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

3. RECONCILIATION OF CASH

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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	87,776	2,893,995	593,851
Cash - restricted	3,104,278	2,043,937	1,910,912
	3,192,054	4,937,932	2,504,763
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Employee entitlement reserve	304,650	304,650	0
Asset replacement, acquisition & development reserve	2,792,708	1,732,367	1,840,635
Cultural centre reserve	6,920	6,920	70,277
	3,104,278	2,043,937	1,910,912
Reconciliation of net cash provided by operating activities to net result			
Net result	1,583,201	4,742,091	5,667,227
Depreciation	905,050	929,832	1,366,389
(Profit)/loss on sale of asset	66,400	36,871	0
(Increase)/decrease in receivables	0	1,167,659	1,613,286
(Increase)/decrease in inventories	0	976	0
Increase/(decrease) in payables	(212,686)	(300,165)	0
Increase/(decrease) in contract liabilities	(256,574)	0	0
Increase/(decrease) in employee provisions	0	(77,910)	0
Change in accounting policies transferred to retained surplus (refer to Note 15)	256,574	0	0
Grants/contributions for the development of assets	(3,368,563)	(4,488,897)	(8,687,675)
Net cash from operating activities	(1,026,598)	2,010,457	(40,773)

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	2018/19	2018/19
	Housing	Community amenities	Recreation and culture	Transport	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$	\$	\$
<u>Property, Plant and Equipment</u>							
Land & Buildings	12,000	0	35,000	0	47,000	63,512	90,000
Furniture and equipment	0	0	0	0	0	0	5,000
Plant and equipment	0	127,000	0	0	127,000	66,141	233,000
	12,000	127,000	35,000	0	174,000	129,653	328,000
<u>Infrastructure</u>							
Infrastructure - Roads	0	0	0	3,905,943	3,905,943	4,852,056	9,084,775
Infrastructure - Recreation	0	0	0	25,000	25,000	0	0
Infrastructure - Other	0	0	0	35,000	35,000	0	0
	0	0	0	3,965,943	3,965,943	4,852,056	9,084,775
Total acquisitions	12,000	127,000	35,000	3,965,943	4,139,943	4,981,709	9,412,775

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

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Transport	118,500	52,100	0	(66,400)	212,827	249,698	0	(36,871)	0	0	0	0
	118,500	52,100	0	(66,400)	212,827	249,698	0	(36,871)	0	0	0	0
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment	118,500	52,100	0	(66,400)	212,827	249,698		(36,871)	0	0	0	0
	118,500	52,100	0	(66,400)	212,827	249,698	0	(36,871)	0	0	0	0

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

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

5. ASSET DEPRECIATION

By Program

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

By Class

Land & Buildings
Furniture and equipment
Plant and equipment
Infrastructure - Roads

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	21,000	22,359	21,000
	2,000	2,102	2,500
	33,000	33,411	23,500
	42,700	42,768	37,000
	80,000	76,155	92,735
	45,000	49,694	60,000
	31,100	33,479	55,179
	650,250	647,851	1,065,975
	0	3,701	8,500
	0	18,312	0
	905,050	929,832	1,366,389
	104,147	106,999	157,235
	3,974	4,083	6,000
	106,628	109,547	160,980
	690,301	709,203	1,042,174
	905,050	929,832	1,366,389

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

Buildings	50 years
Furniture and equipment	4 years
Plant and equipment	15 years
Infrastructure - formation	not depreciated
Infrastructure - pavement	23 years
Infrastructure - seal	23 years
Infrastructure - kerb	20 years
Infrastructure - drainage	32 years
Infrastructure -recreation	50 years

DEPRECIATION (CONTINUED)

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

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

RECOGNITION OF ASSETS

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

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

The Shire has not budgeted to have any borrowings for the year ended 30th June 2020 and did not have or budget to have any borrowings for the year ended 30th June 2019

(b) New borrowings - 2019/20

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

(c) Unspent borrowings

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

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Credit card limit	8,000	8,000	8,000
Credit card balance at balance date	0	(1,990)	0
Total amount of credit unused	8,000	6,010	8,000

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
Employee entitlement reserve	\$ 304,650	\$ 0	\$ 0	\$ 304,650	\$ 0	\$ 304,650	\$ 0	\$ 304,650	\$ 0	\$ 0	\$ 0	\$ 0
Asset replacement, acquisition & development reserve	1,732,367	1,060,341	0	2,792,708	846,604	1,619,603	(733,840)	1,732,367	846,603	1,619,285	(625,253)	1,840,635
Cultural centre reserve	6,920	0	0	6,920	6,730	190	0	6,920	70,230	47	0	70,277
	2,043,937	1,060,341	0	3,104,278	853,334	1,924,443	(733,840)	2,043,937	916,833	1,619,332	(625,253)	1,910,912

(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
Employee entitlement reserve	ongoing	To provide for the payment of employee entitlements
Asset replacement, acquisition & development reserve	ongoing	To provide and replace the necessary equipment, furniture, plant, buildings and infrastructure comprising of roads, drains, footpaths and recreational reserves.
Cultural centre reserve	ongoing	To provide for the successful operation of the Cultural Centre as provided for in clause 8.21 of the management deed between the Shire of Ngaanyatjarraku, Warburton Community Incorporated and the Ngaanyatjarraku Council (Aboriginal Corporation), transfers to the reserve representing surplus funds from the day to day operations of the Cultural Centre after deducting costs incurred by the Shire.

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

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	0	413	500
General purpose funding	0	0	1,500
Health	400	0	200
Education and welfare	0	500	7,000
Housing	135,000	22,209	20,000
Community amenities	105,736	103,473	87,000
Recreation and culture	240,000	227,164	195,640
Economic services	4,000	14,275	5,000
	485,136	368,034	316,840

9. GRANT REVENUE

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

By Program:

Operating grants, subsidies and contributions

Governance	1,628,059	3,216,647	1,495,340
General purpose funding	2,500	2,474	2,500
Health	154,500	108,107	105,000
Education and welfare	0	281,339	309,000
Community amenities	0	7,500	0
Recreation and culture	0	550	0
Transport	1,558,402	1,747,174	1,274,051
Economic services	30,000	0	0
Other property and services	0	96,164	0
	3,373,461	5,459,955	3,185,891

Non-operating grants, subsidies and contributions

Transport	3,368,563	4,488,897	8,687,675
	3,368,563	4,488,897	8,687,675

**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	25,000	15,857	6,047
- Other funds	25,000	14,240	450
	50,000	30,097	6,497
(b) Other revenue			
Reimbursements and recoveries	65,915	240,200	31,085
	65,915	240,200	31,085
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	23,000	50,721	55,000
	23,000	50,721	55,000
(d) Interest expenses (finance costs)			
Other	1,500	1,456	0
	1,500	1,456	0
(e) Elected members remuneration			
Meeting fees	22,300	16,900	18,000
Annual Local Government allowance - President	4,000	4,000	4,000
Annual Local Government allowance - Deputy President	1,000	1,000	1,000
Travelling expenses	8,500	3,654	15,000
	35,800	25,554	44,000

**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 Shire will be party to any Major Land Transactions or Trading Undertakings during 2019/20.

12. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any 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 Shire of Ngaanyatjarraku'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
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
	\$	\$	\$	\$
Nomination fees	0	240	(240)	0
	0	240	(240)	0

**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 Ngaanyatjarraku adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Ngaanyatjarraku 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 115 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	256,574	256,574
Adjustment to retained surplus from adoption of AASB 15		(256,574)	

LEASES

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

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Ngaanyatjarraku 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 Ngaanyatjarraku 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:

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 Ngaanyatjarraku. When the taxable event occurs the financial liability is extinguished and the Shire of Ngaanyatjarraku 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 Ngaanyatjarraku 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 not been recognised in budgeted revenue and budgeted expenditure as the fair value of the services can not be reliably estimated and the services would not have been purchased if they had not been donated.

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

	2,019
	\$
Retained surplus - 30/06/2019	60,251,064
Adjustment to retained surplus from adoption of AASB 15	(256,574)
Retained surplus - 01/07/2019	59,994,490