

SHIRE OF NGAANYATJARRAKU

BUDGET

FOR THE YEAR ENDED 30 JUNE 2021

LOCAL GOVERNMENT ACT 1995

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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

SHIRE OF NGAANYATJARRAKU
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	197,656	261,582	277,174
Operating grants, subsidies and contributions	9(a)	3,567,284	5,604,524	3,373,461
Fees and charges	8	416,055	488,860	485,136
Interest earnings	11(a)	52,150	59,789	50,000
Other revenue	11(b)	92,416	99,031	65,915
		4,325,561	6,513,786	4,251,686
Expenses				
Employee costs		(2,172,956)	(1,677,284)	(1,999,022)
Materials and contracts		(3,304,215)	(2,178,796)	(2,723,545)
Utility charges		(71,993)	(47,146)	(103,560)
Depreciation on non-current assets	5	(1,501,660)	(1,512,134)	(905,050)
Interest expenses	11(d)	(500)	(342)	(1,500)
Insurance expenses		(168,121)	(153,038)	(148,993)
Other expenditure		(96,079)	(66,960)	(88,978)
		(7,315,524)	(5,635,700)	(5,970,648)
Subtotal		(2,989,963)	878,086	(1,718,962)
Non-operating grants, subsidies and contributions	9(b)	3,408,055	2,755,744	3,368,563
Profit on asset disposals	4(b)	1,000	20,630	0
Loss on asset disposals	4(b)	(23,500)	(57,282)	(66,400)
		3,385,555	2,719,092	3,302,163
Net result		395,592	3,597,178	1,583,201
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		395,592	3,597,178	1,583,201

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

SHIRE OF NGAANYATJARRAKU

FOR THE YEAR ENDED 30 JUNE 2021

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 12 to the budget.

2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 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 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

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 and concessions 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 and amortisation 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.

SHIRE OF NGAANYATJARRAKU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
Revenue	1,8,9(a),11(a),11(b)	\$	\$	\$
Governance		2,000	65,806	27,500
General purpose funding		1,804,833	3,450,614	1,955,233
Law, order, public safety		416	416	416
Health		1,400	1,426	400
Education and welfare		48,000	204,195	155,000
Housing		95,590	147,854	135,000
Community amenities		71,265	95,734	105,736
Recreation and culture		230,000	241,158	280,000
Transport		2,071,257	2,305,433	1,558,401
Economic services		800	1,150	34,000
		4,325,561	6,513,786	4,251,686
Expenses excluding finance costs	4(a),5,11(c),(e),(f)			
Governance		(136,531)	(168,904)	(204,255)
General purpose funding		0	(250)	0
Law, order, public safety		(11,970)	(6,151)	(7,547)
Health		(253,488)	(294,318)	(365,805)
Education and welfare		(43,230)	(400,756)	(439,302)
Housing		(266,875)	(338,166)	(420,585)
Community amenities		(600,213)	(602,538)	(879,116)
Recreation and culture		(774,516)	(616,445)	(839,685)
Transport		(4,967,025)	(3,131,342)	(2,651,255)
Economic services		(261,176)	(76,488)	(163,098)
Other property and services		0	0	1,500
		(7,315,024)	(5,635,358)	(5,969,148)
Finance costs	,11(d)			
Governance		(500)	(342)	0
Other property and services		0	0	(1,500)
		(500)	(342)	(1,500)
Subtotal		(2,989,963)	878,086	(1,718,962)
Non-operating grants, subsidies and contributions	9(b)	3,408,055	2,755,744	3,368,563
Profit on disposal of assets	4(b)	1,000	20,630	0
(Loss) on disposal of assets	4(b)	(23,500)	(57,282)	(66,400)
		3,385,555	2,719,092	3,302,163
Net result		395,592	3,597,178	1,583,201
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		395,592	3,597,178	1,583,201

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

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE

GOVERNANCE

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

ACTIVITIES

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 an 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 and Wanarn.

EDUCATION AND WELFARE

To provide services to children and youth.

Maintenance of playgroup centre (early years learning) at Warburton.

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 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.

SHIRE OF NGAANYATJARRAKU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		197,656	256,749	277,174
Operating grants, subsidies and contributions		3,250,147	5,924,654	3,373,461
Fees and charges		416,055	488,860	485,136
Interest earnings		52,150	59,789	50,000
Goods and services tax		330,422	606,359	281,252
Other revenue		92,416	99,031	65,915
		4,338,846	7,435,442	4,532,938
Payments				
Employee costs		(2,172,956)	(1,677,284)	(1,999,022)
Materials and contracts		(3,304,215)	(2,487,400)	(2,936,231)
Utility charges		(71,993)	(47,146)	(103,560)
Interest expenses		(500)	(342)	(1,500)
Insurance expenses		(168,121)	(153,038)	(148,993)
Goods and services tax		(330,422)	(271,073)	(281,252)
Other expenditure		(96,079)	(66,960)	(88,978)
		(6,144,286)	(4,703,243)	(5,559,536)
Net cash provided by (used in) operating activities	3	(1,805,440)	2,732,199	(1,026,598)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(337,150)	(119,610)	(174,000)
Payments for construction of infrastructure	4(a)	(4,162,605)	(3,540,021)	(3,965,943)
Non-operating grants, subsidies and contributions		3,408,055	2,755,744	3,368,563
Proceeds from sale of plant and equipment	4(b)	60,000	137,256	52,100
Net cash provided by (used in) investing activities		(1,031,700)	(766,631)	(719,280)
Net increase (decrease) in cash held		(2,837,140)	1,965,568	(1,745,878)
Cash at beginning of year		6,903,500	4,937,932	4,937,932
Cash and cash equivalents at the end of the year	3	4,066,360	6,903,500	3,192,054

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

SHIRE OF NGAANYATJARRAKU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		2,997,140	2,851,350	2,593,533
Revenue from operating activities (excluding rates)				
Governance		2,000	65,806	27,500
General purpose funding		1,607,177	3,189,032	1,678,059
Law, order, public safety		416	416	416
Health		1,400	1,426	400
Education and welfare		48,000	204,195	155,000
Housing		95,590	147,854	135,000
Community amenities		71,265	95,734	105,736
Recreation and culture		230,000	241,158	280,000
Transport		2,072,257	2,326,063	1,558,401
Economic services		800	1,150	34,000
		4,128,905	6,272,834	3,974,512
Expenditure from operating activities				
Governance		(159,031)	(169,246)	(204,255)
General purpose funding		0	(250)	0
Law, order, public safety		(11,970)	(6,151)	(7,547)
Health		(253,488)	(294,318)	(365,805)
Education and welfare		(43,230)	(400,756)	(439,302)
Housing		(266,875)	(338,166)	(420,585)
Community amenities		(600,213)	(602,538)	(879,116)
Recreation and culture		(774,516)	(616,445)	(839,685)
Transport		(4,968,525)	(3,188,624)	(2,717,655)
Economic services		(261,176)	(76,488)	(163,098)
		(7,339,024)	(5,692,982)	(6,037,048)
Non-cash amounts excluded from operating activities	2 (a)(i)	1,207,023	1,865,923	971,450
Amount attributable to operating activities		994,044	5,297,125	1,502,447
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9(b)	3,408,055	2,755,744	3,368,563
Purchase property, plant and equipment	4(a)	(337,150)	(119,610)	(174,000)
Purchase and construction of infrastructure	4(a)	(4,162,605)	(3,540,021)	(3,965,943)
Proceeds from disposal of assets	4(b)	60,000	137,256	52,100
Amount attributable to investing activities		(1,031,700)	(766,631)	(719,280)
FINANCING ACTIVITIES				
Transfers to cash backed reserves (restricted assets)	7(a)	(160,000)	(1,794,936)	(1,060,341)
Amount attributable to financing activities		(160,000)	(1,794,936)	(1,060,341)
Budgeted deficiency before general rates		(197,656)	2,735,558	(277,174)
Estimated amount to be raised from general rates	1	197,656	261,582	277,174
Net current assets at end of financial year - surplus/(deficit)	2 (a)(iii)	0	2,997,140	0

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

SHIRE OF NGAANYATJARRAKU
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FOR THE YEAR ENDED 30 JUNE 2021

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1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Unimproved valuations									
	0.21000	30	936,076	196,576	0	100	196,676	229,319	211,557
Sub-Totals		30	936,076	196,576	0	100	196,676	229,319	211,557
	Minimum								
Minimum payment									
Unimproved valuations									
	245	4		980	0	0	980	0	735
Sub-Totals		4	0	980	0	0	980	0	735
		34	936,076	197,556	0	100	197,656	229,319	212,292
Total amount raised from general rates							197,656	229,319	212,292
Ex-gratia rates							0	32,263	64,882
Total rates							197,656	261,582	277,174

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

The general rates detailed for the 2020/21 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.

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				
One payment	6/10/2020	0	0.0%	8.0%
Option two				
Instalment one	6/10/2020	0	0.0%	8.0%
Instalment two	8/12/2020	0	0.0%	8.0%
Option three				
Instalment one	6/10/2020	0	0.0%	8.0%
Instalment two	8/12/2020	0	0.0%	8.0%
Instalment three	9/02/2021	0	0.0%	8.0%
Instalment four	9/04/2021	0	0.0%	8.0%

(c) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30 June 2021.

(d) Service Charges

The Shire did not raise service charges for the year ended 30 June 2021.

(e) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30 June 2021.

2 (a). NET CURRENT ASSETS

Items excluded from calculation of 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.

(i) 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

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
Less: Profit on asset disposals	4(b)	(1,000)	(20,630)	0
Less: Movement in contract liabilities associated with restricted cash		(317,137)	317,137	0
Add: Loss on disposal of assets	4(b)	23,500	57,282	66,400
Add: Depreciation on assets	5	1,501,660	1,512,134	905,050
Non cash amounts excluded from operating activities		1,207,023	1,865,923	971,450

(ii) Current assets and liabilities excluded from budgeted deficiency

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	(3,998,873)	(3,838,873)	(3,104,278)
- Investment Local Government House Trust Units		0	0	(35,034)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of contract liability held in reserve		0	317,137	0
- Employee benefit provisions		172,862	172,862	0
Total adjustments to net current assets		(3,826,011)	(3,348,874)	(3,139,312)

2 (a). NET CURRENT ASSETS (CONTINUED)

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

	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
Note	\$	\$	\$
(iii) Composition of estimated net current assets			
Current assets			
Cash and cash equivalents- unrestricted	67,487	2,747,490	87,776
Cash and cash equivalents - restricted			
Cash backed reserves	3,998,873	3,838,873	3,104,278
Unspent grants, subsidies and contributions	0	317,137	0
Receivables	65,617	65,617	380,091
Inventories	50,497	50,497	71,223
	4,182,474	7,019,614	3,643,368
Less: current liabilities			
Trade and other payables	(183,601)	(183,601)	(246,233)
Contract liabilities	0	(317,137)	0
Provisions	(172,862)	(172,862)	(257,823)
	(356,463)	(673,600)	(504,056)
Net current assets	3,826,011	6,346,014	3,139,312
Less: Total adjustments to net current assets	(3,826,011)	(3,348,874)	(3,139,312)
Closing funding surplus / (deficit)	0	2,997,140	0

2 (b). 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.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

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.

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.

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.

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:

	Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
Cash at bank and on hand		\$ 4,066,360	\$ 6,903,500	\$ 3,192,054
		4,066,360	6,903,500	3,192,054
- Unrestricted cash and cash equivalents		67,487	2,747,490	87,776
- Restricted cash and cash equivalents		3,998,873	4,156,010	3,104,278
		4,066,360	6,903,500	3,192,054
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents:				
Employee entitlement reserve		309,822	309,822	304,650
Asset replacement, acquisition & development reserve		3,522,013	3,522,013	2,792,708
Cultural centre reserve		87,038	7,038	6,920
Strategic reserve		80,000	0	0
Unspent grants, subsidies and contributions	9	0	317,137	0
		3,998,873	4,156,010	3,104,278
Reconciliation of net cash provided by operating activities to net result				
Net result		395,592	3,597,178	1,583,201
Depreciation	5	1,501,660	1,512,134	905,050
(Profit)/loss on sale of asset	4(b)	22,500	36,652	66,400
(Increase)/decrease in receivables		0	279,434	0
(Increase)/decrease in inventories		0	20,726	0
Increase/(decrease) in payables		0	(18,744)	(212,686)
Increase/(decrease) in contract liabilities		(317,137)	60,563	(256,574)
Change in accounting policies transferred to retained earnings		0	0	256,574
Non-operating grants, subsidies and contributions		(3,408,055)	(2,755,744)	(3,368,563)
Net cash from operating activities		(1,805,440)	2,732,199	(1,026,598)

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.

FINANCIAL ASSETS AT AMORTISED COST

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

SHIRE OF NGAANYATJARRAKU
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program				2020/21	2019/20	2019/20
	Governance	Health	Recreation and culture	Transport	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>							
Buildings - non-specialised	0	0	20,000	33,150	53,150	73,843	47,000
Furniture and equipment	0	0	0	0	0	0	0
Plant and equipment	132,000	76,000	0	76,000	284,000	45,767	127,000
	132,000	76,000	20,000	109,150	337,150	119,610	174,000
<i>Infrastructure</i>							
Infrastructure - roads	0	0	0	4,157,605	4,157,605	3,513,965	3,905,943
Infrastructure - recreation	0	0	5,000	0	5,000	26,056	25,000
Infrastructure - other	0	0	0	0	0	0	35,000
	0	0	5,000	4,157,605	4,162,605	3,540,021	3,965,943
Total acquisitions	132,000	76,000	25,000	4,266,755	4,499,755	3,659,631	4,139,943

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

SIGNIFICANT ACCOUNTING POLICIES

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.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

SHIRE OF NGAANYATJARRAKU
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 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	44,000	22,000	0	(22,000)	0	0	0	0		0	0	0
Transport	38,500	38,000	1,000	(1,500)	173,908	137,256	20,630	(57,282)	118,500	52,100	0	(66,400)
	82,500	60,000	1,000	(23,500)	173,908	137,256	20,630	(57,282)	118,500	52,100	0	(66,400)
By Class												
<i>Property, Plant and Equipment</i>												
Plant and equipment	82,500	60,000	1,000	(23,500)	173,908	137,256	20,630	(57,282)	118,500	52,100		(66,400)
	82,500	60,000	1,000	(23,500)	173,908	137,256	20,630	(57,282)	118,500	52,100	0	(66,400)

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

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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.

5. ASSET DEPRECIATION

By Program

Governance	29,484	29,484	21,000
Law, order, public safety	1,821	1,821	2,000
Health	15,472	15,472	33,000
Education and welfare	25,610	36,084	42,700
Housing	91,607	91,607	80,000
Community amenities	31,844	31,844	45,000
Recreation and culture	49,735	49,735	31,100
Transport	1,256,087	1,256,087	650,250
	1,501,660	1,512,134	905,050

By Class

Buildings - non-specialised	151,607	151,607	104,147
Furniture and equipment	10,389	10,389	3,974
Plant and equipment	100,411	110,885	106,628
Infrastructure - roads	1,237,033	1,237,033	690,301
Infrastructure - recreation	2,220	2,220	
	1,501,660	1,512,134	905,050

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.

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.

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

Buildings - non-specialised	50 years
Furniture and equipment	4 years
Plant and equipment	5 years
Infrastructure - roads	0 - 32 years
Infrastructure - recreation	50 years

2020/21 Budget	2019/20 Actual	2019/20 Budget
\$	\$	\$
29,484	29,484	21,000
1,821	1,821	2,000
15,472	15,472	33,000
25,610	36,084	42,700
91,607	91,607	80,000
31,844	31,844	45,000
49,735	49,735	31,100
1,256,087	1,256,087	650,250
1,501,660	1,512,134	905,050
151,607	151,607	104,147
10,389	10,389	3,974
100,411	110,885	106,628
1,237,033	1,237,033	690,301
2,220	2,220	
1,501,660	1,512,134	905,050

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

The Shire has not budgeted to have any borrowings for the year ended 30 June 2021 and did not have or budget to have any borrowings for the year ended 30 June 2020

(b) New borrowings - 2020/21

The Shire does not intend to undertake any new borrowings for the year ended 30 June 2021

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30 June 2020 nor is it expected to have unspent borrowing funds as at 30 June 2021.

(d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	15,000	10,000	8,000
Credit card balance at balance date	0	(1,889)	0
Total amount of credit unused	15,000	8,111	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.

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
(a) Employee entitlement reserve	\$ 309,822	\$ 0	\$ 0	\$ 309,822	\$ 304,650	\$ 5,172	\$ 0	\$ 309,822	\$ 304,650	\$ 0	\$ 0	\$ 304,650
(b) Asset replacement, acquisition & development reserve	3,522,013	0	0	3,522,013	1,732,367	1,789,646	0	3,522,013	1,732,367	1,060,341	0	2,792,708
(c) Cultural centre reserve	7,038	80,000	0	87,038	6,920	118	0	7,038	6,920	0	0	6,920
(d) Strategic reserve	0	80,000	0	80,000	0	0	0	0	0	0	0	0
	3,838,873	160,000	0	3,998,873	2,043,937	1,794,936	0	3,838,873	2,043,937	1,060,341	0	3,104,278

(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
(a) Employee entitlement reserve	ongoing	To provide for the payment of employee entitlements.
(b) 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.
(c) Cultural centre reserve	ongoing	To provide for the successful operation of the Cultural Centre as provided in clause 8.21 of the management deed between the Shire of Ngaanyatjarraku, Warburton Community Incorporated and the Ngaanyatjarra 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.
(d) Strategic reserve	ongoing	To provide for the reduction of financial risk of unanticipated events in the occurrence of a natural disaster. To provide for strategic actions in support of identified activities that cannot be funded in the one budget period. To provide for the capacity to take-up unanticipated strategic opportunities.

SHIRE OF NGAANYATJARRAKU
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

8. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	0	562	0
Health	400	260	400
Education and welfare	48,000	48,000	0
Housing	95,590	147,854	135,000
Community amenities	71,265	85,734	105,736
Recreation and culture	200,000	205,300	240,000
Economic services	800	1,150	4,000
	416,055	488,860	485,136

9. GRANT REVENUE

	Unspent grants, subsidies and contributions liability					Grants, subsidies and contributions revenue		
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
By Program:	\$	\$	\$	\$	\$	\$	\$	\$
(a) Operating grants, subsidies and contributions								
Governance	0	0	0	0	0	1,555,027	3,129,242	1,628,059
General purpose funding	0	0	0	0	0	2,000	2,094	2,500
Education and welfare	0	0	0	0	0	0	154,686	154,500
Community amenities	0	0	0	0	0	0	10,000	0
Recreation and culture	0	0	0	0	0	0	371	0
Transport	0	0	0	0	0	2,010,257	2,308,131	1,558,402
Economic services	0	0	0	0	0	0	0	30,000
	0	0	0	0	0	3,567,284	5,604,524	3,373,461
(b) Non-operating grants, subsidies and contributions								
Transport	317,137	0	(317,137)	0	0	3,408,055	2,755,744	3,368,563
	317,137	0	(317,137)	0	0	3,408,055	2,755,744	3,368,563
Total	317,137	0	(317,137)	0	0	6,975,339	8,360,268	6,742,024

(c) Unspent grants, subsidies and contributions were restricted as follows:

	Budget Closing Balance 30 June 2021	Actual Balance 30 June 2020
Unspent grants, subsidies and contributions	0	317,137
	0	317,137

SHIRE OF NGAANYATJARRAKU
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

10. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

11. OTHER INFORMATION

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	40,000	27,637	25,000
- Other funds	12,150	32,152	25,000
	52,150	59,789	50,000
(b) Other revenue			
Reimbursements and recoveries	31,416	(1,573)	65,915
Other	61,000	100,604	0
	92,416	99,031	65,915
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	38,000	24,160	23,000
	38,000	24,160	23,000
(d) Interest expenses (finance costs)			
Other	500	342	1,500
	500	342	1,500
(e) Elected members remuneration			
Meeting fees	26,250	16,300	22,300
Mayor/President's allowance	6,000	4,000	4,000
Deputy Mayor/President's allowance	1,500	927	1,000
Travelling expenses	3,000	550	8,500
	36,750	21,777	35,800
(f) Write offs			
Fees and charges	0	46,095	0
	0	46,095	0

12. TRUST FUNDS

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

Detail	Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Nomination fees	0	80	(80)	0
	0	80	(80)	0

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.