

SHIRE OF KENT
BUDGET
FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

A community that places a high value on essential services; communication and technology infrastructure, improved social connectedness; community involvement and participation, a need to retain and grow the population and to strengthen economic prosperity through the diversification of the local economy.

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	2,318,760	2,275,020	2,268,721
Operating grants, subsidies and contributions	9	1,352,832	4,227,408	3,562,161
Fees and charges	8	576,940	622,916	529,626
Interest earnings	10(a)	80,062	76,686	88,325
Other revenue	10(b)	45,500	66,726	49,402
		4,374,094	7,268,756	6,498,235
Expenses				
Employee costs		(1,887,956)	(1,872,894)	(1,916,298)
Materials and contracts		(1,222,643)	(2,341,637)	(3,625,772)
Utility charges		(156,953)	(148,102)	(133,017)
Depreciation on non-current assets	5	(1,780,910)	(1,071,052)	(1,594,519)
Interest expenses	10(d)	(19,863)	(24,263)	(24,263)
Insurance expenses		(142,243)	(133,924)	(127,532)
Other expenditure		(307,415)	(534,941)	(296,694)
		(5,517,983)	(6,126,813)	(7,718,095)
Subtotal				
		(1,143,889)	1,141,943	(1,219,860)
Non-operating grants, subsidies and contributions	9	2,008,737	864,913	1,953,126
Profit on asset disposals	4(b)	134,730	106,689	50,449
Loss on asset disposals	4(b)	(614)	(721)	(14,959)
		2,142,853	970,881	1,988,616
Net result				
		998,964	2,112,824	768,756
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income				
		998,964	2,112,824	768,756

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 Kent 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.
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2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 14.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE**REVENUES****RATES**

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

REVENUES (CONTINUED)**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES**EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

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

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		10,800	17,937	10,300
General purpose funding		3,292,672	4,459,841	3,060,896
Law, order, public safety		88,585	71,334	80,460
Health		12,000	990	0
Education and welfare		500	0	500
Housing		70,150	64,134	71,086
Community amenities		300,387	255,329	224,938
Recreation and culture		9,150	10,283	14,100
Transport		375,000	2,143,172	2,813,023
Economic services		53,150	73,896	43,150
Other property and services		161,700	171,839	179,782
		4,374,094	7,268,756	6,498,235
Expenses excluding finance costs	5, 10(c), (e), (f)			
Governance		(583,822)	(486,885)	(531,269)
General purpose funding		(95,415)	(74,743)	(88,227)
Law, order, public safety		(198,218)	(172,520)	(190,410)
Health		(61,528)	(17,747)	(33,257)
Education and welfare		(30,790)	(27,352)	(33,436)
Housing		(250,300)	(273,954)	(215,581)
Community amenities		(637,905)	(481,755)	(509,514)
Recreation and culture		(764,786)	(691,095)	(600,768)
Transport		(2,456,315)	(3,313,400)	(5,106,230)
Economic services		(230,578)	(207,571)	(185,805)
Other property and services		(188,463)	(355,527)	(199,335)
		(5,498,120)	(6,102,550)	(7,693,832)
Finance costs	6, 10(d)			
Housing		(17,053)	(20,039)	(20,039)
Community amenities		(1,465)	(1,704)	(1,704)
Economic services		(603)	(1,391)	(1,390)
Other property and services		(742)	(1,129)	(1,130)
		(19,863)	(24,263)	(24,263)
Subtotal		(1,143,889)	1,141,943	(1,219,860)
Non-operating grants, subsidies and contributions	9	2,008,737	864,913	1,953,126
Profit on disposal of assets	4(b)	134,730	106,689	50,449
(Loss) on disposal of assets	4(b)	(614)	(721)	(14,959)
		2,142,853	970,881	1,988,616
Net result		998,964	2,112,824	768,756
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		998,964	2,112,824	768,756

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 administration and operation of facilities and services to members of the Shire of Kent; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Shire of Kent services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

To provide an operational framework for environmental and community health.

Food quality and pest control, immunisation services, operation of child health clinics etc.

EDUCATION AND WELFARE

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

Operation of pre-school facilities, assistance to playgroups and other voluntary services.

HOUSING

To provide and maintain staff and other community housing.

Provision and maintenance of staff housing and provision to other community housing if there is an overflow of housing that is surplus to Council's requirement for staff.

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, operation of tips, administration of the town planning scheme, maintenance of cemeteries and townsite sewerage schemes.

RECREATION AND CULTURE

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

Maintenance of halls, recreation centres and various reserves; operation of libraries.

TRANSPORT

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

Constructions and maintenance of streets, roads, cleaning and lighting.

ECONOMIC SERVICES

To help promote the Shire of Kent and its economic wellbeing.

The regulation and provision of tourism, building control, noxious weeds, vermin control and standpipes.

OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Private works operations, plant repairs and operation costs.

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,308,760	2,322,124	2,263,721
Operating grants, subsidies and contributions		1,452,674	4,965,374	4,619,086
Fees and charges		576,940	622,916	529,626
Interest earnings		80,062	76,686	88,325
Goods and services tax		35,000	54,277	67,000
Other revenue		45,500	66,726	49,401
		4,498,936	8,108,103	7,617,159
Payments				
Employee costs		(1,894,956)	(1,922,138)	(1,909,098)
Materials and contracts		(1,047,199)	(2,550,454)	(3,632,472)
Utility charges		(156,953)	(148,102)	(133,017)
Interest expenses		(21,863)	(25,544)	(23,563)
Insurance expenses		(142,243)	(133,924)	(127,532)
Other expenditure		(307,415)	(534,941)	(296,694)
		(3,570,629)	(5,315,103)	(6,122,376)
Net cash provided by (used in) operating activities	3	928,307	2,793,000	1,494,783
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(3,556,500)	(866,423)	(3,244,800)
Payments for construction of infrastructure	4(a)	(2,308,930)	(1,235,361)	(2,067,549)
Non-operating grants, subsidies and contributions used for the development of assets	9	2,008,737	864,913	1,953,126
Proceeds from sale of plant & equipment	4(b)	351,000	310,121	153,000
Net cash provided by (used in) investing activities		(3,505,693)	(926,750)	(3,206,223)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(88,316)	(83,874)	(83,873)
Net cash provided by (used in) financing activities		(88,316)	(83,874)	(83,873)
Net increase (decrease) in cash held		(2,665,702)	1,782,376	(1,795,313)
Cash at beginning of year		6,204,213	4,421,837	4,421,837
Cash and cash equivalents at the end of the year	3	3,538,511	6,204,213	2,626,523

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)	4,033,600	2,995,155	3,072,362
		4,033,600	2,995,155	3,072,362
Revenue from operating activities (excluding rates)				
Governance		10,800	17,937	10,300
General purpose funding		973,912	2,184,821	792,175
Law, order, public safety		88,585	71,334	80,460
Health		12,000	990	0
Education and welfare		500	0	500
Housing		70,150	64,134	71,086
Community amenities		300,387	255,329	224,938
Recreation and culture		9,150	10,283	14,100
Transport		509,730	2,249,861	2,863,472
Economic services		53,150	73,896	43,150
Other property and services		161,700	171,840	179,782
		2,190,064	5,100,425	4,279,963
Expenditure from operating activities				
Governance		(583,822)	(486,885)	(531,269)
General purpose funding		(95,415)	(74,743)	(88,227)
Law, order, public safety		(198,218)	(172,520)	(190,410)
Health		(61,528)	(17,747)	(33,257)
Education and welfare		(30,790)	(27,352)	(33,436)
Housing		(267,353)	(293,993)	(235,620)
Community amenities		(639,370)	(483,459)	(511,218)
Recreation and culture		(764,786)	(691,095)	(600,768)
Transport		(2,456,929)	(3,314,121)	(5,121,189)
Economic services		(231,181)	(208,962)	(187,195)
Other property and services		(189,205)	(356,657)	(200,465)
		(5,518,597)	(6,127,534)	(7,733,054)
Non-cash amounts excluded from operating activities	2 (b)(ii)	1,641,794	965,084	1,559,029
Amount attributable to operating activities		2,346,861	2,933,130	1,178,300
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	2,008,737	864,913	1,953,126
Purchase property, plant and equipment	4(a)	(3,556,500)	(866,423)	(3,244,800)
Purchase and construction of infrastructure	4(a)	(2,308,930)	(1,235,361)	(2,067,549)
Proceeds from disposal of assets	4(b)	351,000	310,121	153,000
Amount attributable to investing activities		(3,505,693)	(926,750)	(3,206,223)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(88,316)	(83,874)	(83,873)
Transfers to cash backed reserves (restricted assets)	7(a)	(1,238,505)	(180,925)	(166,925)
Transfers from cash backed reserves (restricted assets)	7(a)	166,893	17,000	10,000
Amount attributable to financing activities		(1,159,928)	(247,799)	(240,798)
Budgeted deficiency before general rates		(2,318,760)	1,758,581	(2,268,721)
Estimated amount to be raised from general rates	1	2,318,760	2,275,020	2,268,721
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	4,033,601	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
	\$		\$	\$	\$	\$	\$	\$	\$
General rate									
Gross rental valuations									
GRV - Residential/Commercial	0.10530	77	668,304	70,373	0	0	70,373	68,954	69,448
Unimproved valuations									
UV - Rural	0.01084	342	201,839,500	2,188,142	0	500	2,188,642	2,149,072	2,148,252
Mining	0.01084	0	0	0	0	0	0	1,980	0
Sub-Totals		419	202,507,804	2,258,515	0	500	2,259,015	2,220,006	2,217,700
	Minimum								
	\$								
Minimum payment									
Gross rental valuations									
GRV - Residential/Commercial	505	16	24,288	8,080			8,080	8,415	8,415
Unimproved valuations									
UV - Rural	505	12	378,800	6,060			6,060	5,940	5,940
Mining	505	21	170,075	10,605			10,605	6,930	6,930
Sub-Totals		49	573,163	24,745	0	0	24,745	21,285	21,285
		468	203,080,967	2,283,260	0	500	2,283,760	2,241,291	2,238,985
Ex Gratia (CBH)							35,000	33,729	29,736
Total amount raised from general rates							2,318,760	2,275,020	2,268,721
Total rates							2,318,760	2,275,020	2,268,721

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

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				
Single full payment		0	0.0%	11.0%
Option two				
First instalment		10	5.5%	11.0%
Second instalment		10	5.5%	11.0%
Option three				
First instalment		10	5.5%	11.0%
Second instalment		10	5.5%	11.0%
Third instalment		10	5.5%	11.0%
Fourth instalment		10	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	2,500	2,470	2,500
Instalment plan interest earned	8,000	7,544	8,000
Unpaid rates and service charge interest earned	10,250	9,384	10,400
	20,750	19,398	20,900

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

(c) Service Charges

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

(d) Waivers or concessions

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

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

2 (a). NET CURRENT ASSETS

		2019/20 Budget	2019/20 Budget	2018/19 Estimated Actual	2018/19 Budget
	Note	30 June 2020	01 July 2019	30 June 2019	30 June 2019
		\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
Cash - unrestricted	3	81,090	3,818,404	3,818,404	247,712
Cash - restricted reserves	3	3,457,421	2,385,809	2,385,809	2,378,811
Receivables		93,749	218,591	218,592	123,156
Inventories		57,583	87,583	87,583	76,457
		3,689,843	6,510,387	6,510,388	2,826,136
Less: current liabilities					
Trade and other payables		(232,422)	(90,978)	(90,978)	(126,516)
Long term borrowings		(62,704)	(88,316)	(88,316)	0
Provisions		(257,139)	(262,139)	(262,139)	(320,810)
		(552,265)	(441,433)	(441,433)	(447,326)
Net current assets		3,137,578	6,068,954	6,068,955	2,378,811

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	3,137,578	6,068,954	6,068,955	2,378,811
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	(3,457,421)	(2,385,809)	(2,385,809)	(2,378,811)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		62,704	88,316	88,316	0
- Employee benefit provisions		257,139	262,139	262,139	0
Adjusted net current assets - surplus/(deficit)		0	4,033,600	4,033,601	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					
Less: Profit on asset disposals	4(b)	(134,730)	(106,689)	(106,689)	(50,449)
Less: Movement in liabilities associated with restricted cash		(5,000)		0	
Add: Loss on disposal of assets	4(b)	614	721	721	14,959
Add: Change in accounting policies	16		0	0	0
Add: Depreciation on assets	5	1,780,910	1,071,052	1,071,052	1,594,519
Non cash amounts excluded from operating activities		1,641,794	965,084	965,084	1,559,029

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

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

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

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

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

LAND HELD FOR RESALE

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

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

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

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

3. RECONCILIATION OF CASH

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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	81,090	3,818,404	247,712
Cash - restricted	3,457,421	2,385,809	2,378,811
	3,538,511	6,204,213	2,626,523
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave Reserve	302,441	297,870	296,585
Plant Reserve	666,141	636,483	628,886
Land and Building Reserve	653,335	364,890	366,480
Sewerage Reserve	479,385	363,804	52,670
Nyabing Recreation Reserve	56,346	49,585	13,838
Pingrup Recreation Reserve	19,237	13,037	39,304
Water Provision Reserve	41,513	40,887	41,236
Cemetery Reserve	45,143	39,538	362,183
Refuse Disposal Facility Reserve	188,785	87,427	46,123
Admin Vehicle Reserve	68,802	46,095	88,882
Road Reserve	936,293	429,718	426,496
Landcare Reserve	0	16,475	16,128
	3,457,421	2,385,809	2,378,811
Reconciliation of net cash provided by operating activities to net result			
Net result	998,964	2,112,824	768,756
Depreciation	1,780,910	1,071,052	1,594,519
(Profit)/loss on sale of asset	(134,116)	(105,968)	(35,490)
(Increase)/decrease in receivables	124,842	839,348	1,118,925
(Increase)/decrease in contract assets	0	0	0
(Increase)/decrease in inventories	30,000	(10,756)	15,000
Increase/(decrease) in payables	141,444	(202,915)	(26,800)
Increase/(decrease) in contract liabilities	0	0	0
Increase/(decrease) in employee provisions	(5,000)	(45,671)	13,000
Change in accounting policies transferred to retained surplus (refer to Note 16)	0	0	0
Grants/contributions for the development of assets	(2,008,737)	(864,913)	(1,953,126)
Net cash from operating activities	928,307	2,793,000	1,494,783

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program											2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Property, Plant and Equipment</u>														
Land - freehold land												0	200	80,000
Buildings - non-specialised						2,208,500						2,208,500	48,519	2,284,800
Buildings - specialised	5,000							105,000	34,000	209,500		353,500	30,477	90,000
Furniture and equipment	11,500							7,500				19,000	3,330	0
Plant and equipment									975,500			975,500	783,897	790,000
	16,500	0	0	0	0	2,208,500	0	112,500	1,009,500	209,500	0	3,556,500	866,423	3,244,800
<u>Infrastructure</u>														
Infrastructure - Roads									2,050,226			2,050,226	1,234,197	1,774,052
Infrastructure - Other								30,000	50,000	178,704		258,704	1,164	293,497
Total acquisitions	16,500	0	0	0	0	2,208,500	0	142,500	3,109,726	388,204	0	5,865,430	2,101,784	5,312,349

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

Road Program

Plant Replacement Program

Building Maintenance Program

**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	216,884	351,000	134,730	(614)	204,153	310,121	106,689	(721)	117,510	153,000	50,449	(14,959)
	216,884	351,000	134,730	(614)	204,153	310,121	106,689	(721)	117,510	153,000	50,449	(14,959)
By Class												
Plant and equipment	216,884	351,000	134,730	(614)	204,153	310,121	106,689	(721)	117,510	153,000	50,449	(14,959)
	216,884	351,000	134,730	(614)	204,153	310,121	106,689	(721)	117,510	153,000	50,449	(14,959)

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

- Plant replacement programme

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

5. ASSET DEPRECIATION

By Program

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

By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Other

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	75,736	79,255	69,343
	25,823	59,277	54,948
	69,155	67,448	70,779
	63,838	61,104	34,385
	263,378	283,922	90,107
	936,939	9,801	910,616
	11,460	11,313	9,041
	334,581	498,932	355,300
	1,780,910	1,071,052	1,594,519
	139,814	135,272	147,663
	148,925	165,397	0
	5,556	7,006	6,376
	380,711	599,725	441,045
	936,856	11,521	901,177
	169,048	152,131	98,258
	1,780,910	1,071,052	1,594,519

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

Buildings - non-specialised	50 years
Buildings - specialised	50 years
Furniture and equipment	10 years
Plant and equipment	12 years (heavy) 7 years (light)
Electronic Equipment	3 years
Sealed Roads and Streets	
-formation	not depreciated
-payment	50 years
-bituminous seals	20 years
-asphalt surfaces	25 years
Gravel Roads	
-formation	not depreciated
-pavement	50 years
Footpaths (slab)	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

DEPRECIATION (CONTINUED)

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

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

RECOGNITION OF ASSETS

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Budget Principal	2019/20 Budget New loans	2019/20 Budget Principal repayments	2019/20 Budget Interest repayments	Budget Principal outstanding	Actual Principal	2018/19 Actual New loans	2018/19 Actual Principal repayments	2018/19 Actual Interest repayments	Actual Principal outstanding	Budget Principal	2018/19 Budget New loans	2018/19 Budget Principal repayments	2018/19 Budget Interest repayments	Budget Principal outstanding
	1 July 2019				30 June 2020	1 July 2018				30 June 2019	1 July 2018				30 June 2019
		\$	\$	\$	\$			\$	\$	\$			\$	\$	\$
Housing															
Loan 91, Various duplexes	282,902	0	49,685	17,053	233,217	329,553	0	46,651	20,039	282,902	329,553	0	46,651	20,039	282,902
Community amenities															
Loan 54, Nyabing Effluent	16,144	0	2,862	1,465	13,282	18,768	0	2,624	1,704	16,144	18,768	0	2,623	1,704	16,145
Economic services															
Loan 93, ADSL	29,522	0	29,522	603	0	58,268	0	28,746	1,391	29,522	58,268	0	28,746	1,390	29,522
Nyabing & Pingrup					0					0					0
Other property and services															
Loan 88, Nyabing Store	13,936	0	6,247	742	7,689	19,789	0	5,853	1,129	13,936	19,789	0	5,853	1,130	13,936
	342,504	0	88,316	19,863	254,188	426,378	0	83,874	24,263	342,504	426,378	0	83,873	24,263	342,505
	342,504	0	88,316	19,863	254,188	426,378	0	83,874	24,263	342,504	426,378	0	83,873	24,263	342,505

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

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

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

(c) Unspent borrowings

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

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	100,000	100,000	100,000
Bank overdraft at balance date	0	0	0
Credit card limit	16,000	16,000	16,000
Credit card balance at balance date	0	0	0
Total amount of credit unused	116,000	116,000	116,000
Loan facilities			
Loan facilities in use at balance date	254,188	342,504	342,505

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	297,870	4,571	0	302,441	291,585	6,285		297,870	291,585	5,000	0	296,585
Plant Reserve	636,483	179,658	(150,000)	666,141	567,256	69,227		636,483	567,256	61,630	0	628,886
Land and Building Reserve	364,890	288,445	0	653,335	366,980	7,910	(10,000)	364,890	366,980	9,500	(10,000)	366,480
Sewerage Reserve	363,804	115,581	0	479,385	307,183	56,621		363,804	45,570	7,100	0	52,670
Nyabing Recreation Reserve	49,585	6,761	0	56,346	45,570	11,015	(7,000)	49,585	6,888	6,950	0	13,838
Pingrup Recreation Reserve	13,037	6,200	0	19,237	6,889	6,148		13,037	38,704	600	0	39,304
Water Provision Reserve	40,887	626	0	41,513	30,235	10,652		40,887	30,236	11,000	0	41,236
Cemetery Reserve	39,538	5,605	0	45,143	38,704	834		39,538	307,183	55,000	0	362,183
Refuse Disposal Facility Reserve	87,427	101,358	0	188,785	85,582	1,845		87,427	45,123	1,000	0	46,123
Admin Vehicle Reserve	46,095	22,707	0	68,802	45,122	973		46,095	85,582	3,300	0	88,882
Road Reserve	429,718	506,575	0	936,293	420,651	9,067		429,718	420,651	5,845	0	426,496
Landcare Reserve	16,475	418	(16,893)	0	16,127	348		16,475	16,128	0	0	16,128
	2,385,809	1,238,505	(166,893)	3,457,421	2,221,884	180,925	(17,000)	2,385,809	2,221,886	166,925	(10,000)	2,378,811

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Anticipated date of use	Purpose of the reserve
Leave Reserve	All reserves	Funds to be used to fund employee leave requirements.
Plant Reserve	are not	Funds to be used for the purchase of major plant and equipment.
Land and Building Reserve	expected to be	Funds to be set aside for the construction and/or capital maintenance of building infrastructure, land acquisitions and development.
Sewerage Reserve	used within a	Funds to be used for upgrading and/or major maintenance of townsite sewerage schemes.
Nyabing Recreation Reserve	set period as	Funds to be used for the upgrade of sporting facilities in Nyabing.
Pingrup Recreation Reserve	further	Funds to be used for the upgrade of sporting facilities in Pingrup.
Water Provision Reserve	transfers to	Funds to be used for the provision of water services to rural areas of the Shire.
Cemetery Reserve	the reserve	Funds to be used for the upgrading of the Nyabing and Pingrup cemeteries.
Refuse Disposal Facility Reserve	accounts are	Funds to be used for the rehabilitation of the Nyabing and Pingrup rubbish sites.
Admin Vehicle Reserve	expected as	Funds to be used for the provision of vehicle changeovers for the CEO, DCEO and Works Manager.
Road Reserve	funds are	Funds to be used for capital works on roads within the Shire of Kent for future years.
Landcare Reserve	utilised.	Funds to be used for landcare requirements.

**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	1,000	918	800
General purpose funding	3,000	3,189	3,000
Law, order, public safety	44,052	38,225	43,310
Housing	68,900	63,131	69,836
Community amenities	78,138	74,611	77,800
Recreation and culture	3,150	14,555	8,100
Transport	200,500	303,198	200,500
Economic services	52,000	72,687	42,000
Other property and services	126,200	52,402	84,280
	576,940	622,916	529,626

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	7,200	15,785	7,000
General purpose funding	891,000	1,884,187	701,000
Law, order, public safety	44,383	33,109	37,000
Health	12,000	990	0
Education and welfare	500	0	500
Housing	1,000	802	1,000
Community amenities	170,000	180,718	147,138
Recreation and culture	6,000	(4,273)	6,000
Transport	168,500	1,834,922	2,602,523
Other property and services	0	60,409	60,000
	1,300,583	4,006,649	3,562,161

Non-operating grants, subsidies and contributions

Housing	1,100,000	0	1,100,000
Recreation and culture	0	52,587	0
Transport	908,737	712,326	853,126
	2,008,737	864,913	1,953,126

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

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments

- Reserve funds

- Other funds

Other interest revenue (refer note 1b)

(b) Other revenue

Reimbursements and recoveries

The net result includes as expenses

(c) Auditors remuneration

Audit services

(d) Interest expenses (finance costs)

Borrowings (refer note 6(a))

Interest expense on lease liabilities

(e) Elected members remuneration

Meeting fees

Mayor/President's allowance

Travelling expenses

Telecommunications allowance

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	36,662	47,925	44,925
	25,150	11,833	25,000
	18,250	16,928	18,400
	80,062	76,686	88,325
	45,500	66,726	49,402
	45,500	66,726	49,402
	22,000	12,155	20,000
	22,000	12,155	20,000
	19,863	24,263	24,263
	0	0	0
	19,863	24,263	24,263
	64,000	47,583	64,000
	8,000	6,000	8,000
	21,500	5,150	21,500
	8,000	5,750	0
	101,500	64,483	93,500

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

At the commencement date, a lessee shall measure the right-of-use asset at cost.

LEASES (CONTINUED)

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

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

11. MAJOR LAND TRANSACTIONS, TRADING UNDERTAKINGS, INTEREST IN JOINT ARRANGEMENTS

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

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

12. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Housing Bonds	160	0	0	160
Trust Other	178	0	0	178
	338	0	0	338

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

13. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

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

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

14. BUDGET RATIOS

	2019/20 Budget	2018/19 Actual	2017/18 Actual	2016/17 Actual
Operating Surplus	(0.0185)	0.2079	0.0803	0.3200
Funds After Operations	1.3113	1.1692	1.1358	0.8756
PPE	0.2072	(0.0213)	0.0364	(0.0720)
Infrastructure	0.0136	0.0043	0.0593	0.0020
Cash Reserves	0.8648	0.4784	0.5120	0.4430
Borrowings	0.0634	0.0687	0.0983	0.1058
Debt Servicing	0.0206	0.0226	0.0256	0.0232
Average Rates (UV)	6,400	6,266	5,987	5,800
Average Rates (GRV)	916	896	889	702

The ratios are calculated as follows:

OPERATIONS

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

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

ASSET RATIOS

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

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

FINANCING RATIOS

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

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

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

RATES RATIOS

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

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	4,033,600	2,995,155	3,072,362
		4,033,600	2,995,155	3,072,362
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	1,352,832	4,227,408	3,562,161
Fees and charges	8	576,940	622,916	529,626
Interest earnings	10(a)	80,062	76,686	88,325
Other revenue	10(b)	45,500	66,726	49,402
Profit on asset disposals	4(b)	134,730	106,689	50,449
		2,190,064	5,100,425	4,279,963
Expenditure from operating activities				
Employee costs		(1,887,956)	(1,872,894)	(1,916,298)
Materials and contracts		(1,222,643)	(2,341,638)	(3,625,771)
Utility charges		(156,953)	(148,102)	(133,017)
Depreciation on non-current assets	5	(1,780,910)	(1,071,052)	(1,594,519)
Interest expenses	10(d)	(19,863)	(24,263)	(24,263)
Insurance expenses		(142,243)	(133,924)	(127,532)
Other expenditure		(307,415)	(534,941)	(296,695)
Loss on asset disposals	4(b)	(614)	(721)	(14,959)
		(5,518,597)	(6,127,534)	(7,733,054)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	1,641,794	965,084	1,559,029
Amount attributable to operating activities		2,346,861	2,933,130	1,178,300
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	2,008,737	864,913	1,953,126
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(3,556,500)	(866,423)	(3,244,800)
Purchase and construction of infrastructure	4(a)	(2,308,930)	(1,235,361)	(2,067,549)
Proceeds from disposal of assets	4(b)	351,000	310,121	153,000
Amount attributable to investing activities		(3,505,693)	(926,750)	(3,206,223)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(88,316)	(83,874)	(83,873)
Transfers to cash backed reserves (restricted assets)	7(a)	(1,238,505)	(180,925)	(166,925)
Transfers from cash backed reserves (restricted assets)	7(a)	166,893	17,000	10,000
Amount attributable to financing activities		(1,159,928)	(247,799)	(240,798)
Budgeted deficiency before general rates		(2,318,760)	1,758,581	(2,268,721)
Estimated amount to be raised from general rates	1	2,318,760	2,275,020	2,268,721
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	4,033,601	0

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