

SHIRE
OF



CUBALLING

BUDGET
FOR THE YEAR ENDED
30 June 2020

Adopted by Council 29/07/2019

SHIRE OF CUBALLING
BUDGET
FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement by Program	7
Rates and Service Charges	8
Net Current Assets	11
Reconciliation of Cash	13
Fixed Assets	14
Asset Depreciation	16
Borrowings	17
Cash Backed Reserves	19
Fees and Charges	20
Adopted by Council 29/07/2019 Grant Revenue	20
Other Information	21
Major Land Transactions	22
Major Trading Undertaking	22
Interests in Joint Arrangements	22
Trust	23
Significant Accounting Policies - Other	24
Significant Accounting Policies - Change in Accounting Policies	25

**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)	1,175,270	1,125,644	1,118,672
Operating grants, subsidies and contributions	9	733,442	1,198,880	626,369
Fees and charges	8	347,392	396,324	400,253
Interest earnings	10(a)	32,887	44,719	35,000
Other revenue	10(b)	41,500	49,402	28,500
		2,330,490	2,814,968	2,208,794
Expenses				
Employee costs		(1,139,925)	(1,075,145)	(1,173,545)
Materials and contracts		(2,142,057)	(769,911)	(827,595)
Utility charges		(64,076)	(54,784)	(51,290)
Depreciation on non-current assets	5	(1,500,557)	(1,552,386)	(1,491,780)
Interest expenses	10(d)	(10,294)	(6,372)	(8,403)
Insurance expenses		(143,652)	(131,415)	(130,445)
Other expenditure		(83,370)	(58,189)	(83,958)
		(5,083,931)	(3,648,202)	(3,767,016)
Subtotal		(2,753,441)	(833,233)	(1,558,222)
Non-operating grants, subsidies and contributions	9	1,650,739	527,827	534,005
Profit on asset disposals	4(b)	0	0	0
Loss on asset disposals	4(b)	(24,437)	(16,566)	(12,742)
		1,626,302	511,261	521,263
Adopted by Council 29/07/2019				
Net result		(1,127,139)	(321,972)	(1,036,959)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(1,127,139)	(321,972)	(1,036,959)

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

STATEMENT OF COMPREHENSIVE INCOME 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 Cuballing 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.

Adopted by Council 29/07/2019

A separate statement of those monies appears at Note 15 to the budget.

2018/19 ACTUAL BALANCES

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

CHANGE IN ACCOUNTING POLICIES

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

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

Explanation of the changes arising from these standards is provided at Note 17

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		1,295	37,032	3,000
General purpose funding		1,497,676	1,738,764	1,447,827
Law, order, public safety		28,018	51,683	33,767
Health		800	1,148	700
Education and welfare		2,500	3,500	1,000
Housing		4,680	4,680	4,680
Community amenities		77,382	68,029	60,700
Recreation and culture		84,877	81,729	8,545
Transport		310,631	460,945	247,262
Economic services		38,250	31,747	83,812
Other property and services		284,380	335,711	317,500
		2,330,490	2,814,967	2,208,793
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(149,640)	(131,700)	(152,396)
General purpose funding		(75,915)	(63,159)	(74,310)
Law, order, public safety		(186,043)	(165,052)	(178,486)
Health		(41,600)	(37,533)	(44,733)
Education and welfare		(1,237,800)	(14,293)	(54,551)
Housing		(43,610)	(48,531)	(72,294)
Community amenities		(355,510)	(339,596)	(343,728)
Recreation and culture		(376,688)	(367,488)	(258,140)
Transport		(2,193,061)	(2,089,963)	(2,114,502)
Economic services		(174,705)	(181,247)	(194,290)
Other property and services		(239,064)	(203,267)	(271,184)
		(5,073,637)	(3,641,828)	(3,758,614)
Finance costs	6, 10(d)			
Education and welfare		(2,774)	0	0
Transport		(4,126)	(6,372)	(5,867)
Other property and services		(3,394)	0	(2,536)
		(10,294)	(6,372)	(8,403)
Subtotal		(2,753,441)	(833,233)	(1,558,224)
Non-operating grants, subsidies and contributions	9	1,650,739	527,827	534,005
Profit on disposal of assets	4(b)	0	0	0
(Loss) on disposal of assets	4(b)	(24,437)	(16,566)	(12,742)
		1,626,302	511,261	521,263
Net result		(1,127,139)	(321,972)	(1,036,961)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(1,127,139)	(321,972)	(1,036,961)

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

**STATEMENT OF COMPREHENSIVE INCOME
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

GOVERNANCE

Administration and operation of facilities and services to members of council, other costs that relate to the tasks of elected members and ratepayers on matters which do not concern specific council activities.

ACTIVITIES

Complete Council Meetings
Represent the Shire of Cuballing on regional boards and organisations
Complete administration activities including insurance, finance and compliance reporting
Complete local community strategic planning
Lobby other levels of government in support of the Shire of Cuballing

GENERAL PURPOSE FUNDING

Adopted by Council 29/07/2019

Manage Rates issue and collection

Maintain property data

LAW, ORDER, PUBLIC SAFETY

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

Provide a visiting ranger service
Support Cuballing Popanyinning Volunteer Bush Fire Brigade
Complete fire prevention activities
Provide bushfire response activities
Oversee local emergency management planning

HEALTH

Inspections of septic and food control.

Inspect food premises
Licence sewerage systems

EDUCATION AND WELFARE

Support of school activities.

Provide activities for local youth
Support local schools

HOUSING

Provision and maintenance of staff housing.

Provide staff housing for CEO

COMMUNITY AMENITIES

Operation of refuse sites, noise control and administration of Town Planning Scheme.

Operate Cuballing Transfer Station
Operate Popanyinning Transfer Station
Provide kerbside waste & recycling services
Provide town planning approvals
Complete town planning enforcement
Complete town planning amendments and reviews
Provide Cuballing cemetery
Provide Popanyinning cemetery

RECREATION AND CULTURE

Maintenance of halls, recreation centre and various reserves.
Support library services in Narrogin.

Maintain Halls and Civic buildings
Maintain parks & gardens
Maintain Cuballing Recreation Centre and oval
Manage lease of Dryandra Equestrian Centre
Support Narrogin Library

TRANSPORT

Construction and maintenance of streets, roads, bridges, footpaths, drainage works, traffic signs, bus shelters and depot maintenance.

Maintain and protect local environmentally significant areas
Maintain Council roads and footpaths
Construct new roads and footpaths
Provide vehicle licencing agency services

ECONOMIC SERVICES

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

Control noxious weeds on Council property
Support Dryandra Country Visitors Centre
Provide DrumMuster Service
Promote the Shire of Cuballing
Provide Building registration services to Shire of Cuballing
Provide potable water sales
Inspect swimming pools

OTHER PROPERTY AND SERVICES

Private works operation, plant repairs and operation costs.

Complete private civil construction works
Provide Building Surveying services

**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	1,175,270	1,113,678	1,153,672
Operating grants, subsidies and contributions	733,442	1,257,248	696,369
Fees and charges	347,392	396,324	400,253
Interest earnings	32,887	44,719	35,000
Goods and services tax	0	9,185	0
Other revenue	41,500	49,402	28,500
	2,330,491	2,870,556	2,313,794
Payments			
Employee costs	(1,139,925)	(1,105,265)	(1,162,110)
Materials and contracts	(958,867)	(655,641)	(788,350)
Utility charges	(64,076)	(54,784)	(42,170)
Interest expenses	(10,294)	(6,372)	(8,403)
Insurance expenses	(143,652)	(131,415)	(130,445)
Other expenditure	(83,370)	(58,189)	(83,958)
	(2,400,184)	(2,011,666)	(2,215,436)
Net cash provided by (used in) operating activities	3	(69,693)	858,890
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of Adopted by Council 29/07/2019	4(a)	(2,179,570)	(399,959)
Payments for construction of infrastructure	4(a)	(1,007,382)	(917,239)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,650,739	527,827
Proceeds from sale of plant & equipment	4(b)	94,000	48,475
Net cash provided by (used in) investing activities		(1,442,213)	(740,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6(a)	(69,160)	(38,704)
Proceeds from new borrowings	6(b)	310,000	160,000
Net cash provided by (used in) financing activities		240,840	121,296
Net increase (decrease) in cash held		(1,271,066)	239,290
Cash at beginning of year		2,290,923	2,051,633
Cash and cash equivalents at the end of the year	3	1,019,857	2,290,923
		1,453,140	

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)	687,002	618,610	660,426
		687,002	618,610	660,426
Revenue from operating activities (excluding rates)				
Governance		1,295	37,032	3,000
General purpose funding		322,406	613,120	322,455
Law, order, public safety		28,018	51,683	33,767
Health		800	1,148	700
Education and welfare		2,500	3,500	1,000
Housing		4,680	4,680	4,680
Community amenities		77,382	68,029	60,700
Recreation and culture		84,877	81,729	8,545
Transport		310,631	460,945	247,262
Economic services		38,250	31,747	83,812
Other property and services		284,380	335,711	317,500
		1,155,219	1,689,324	1,083,421
Expenditure from operating activities				
Governance		(149,640)	(131,700)	(152,396)
General purpose funding		(75,915)	(63,159)	(74,310)
Law, order, public safety		(186,043)	(165,052)	(178,486)
Health		(41,600)	(37,533)	(44,733)
Education and welfare		(1,240,574)	(14,293)	(54,551)
Housing		(43,610)	(48,531)	(72,294)
Community amenities		(355,510)	(339,596)	(343,728)
Recreation and culture		(376,688)	(367,488)	(258,140)
Transport		(2,221,624)	(2,112,901)	(2,133,111)
Economic services		(174,705)	(181,247)	(194,290)
Other property and services		(242,458)	(203,267)	(273,720)
		(5,108,367)	(3,664,767)	(3,779,759)
Adopted by Council 29/07/2019				
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,718,207	1,568,952	1,504,522
Amount attributable to operating activities		(547,939)	212,119	(531,390)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,650,739	527,827	534,005
Purchase property, plant and equipment	4(a)	(2,179,570)	(399,959)	(575,711)
Purchase and construction of infrastructure	4(a)	(1,007,382)	(917,239)	(805,835)
Proceeds from disposal of assets	4(b)	94,000	48,475	36,256
Amount attributable to investing activities		(1,442,213)	(740,896)	(811,285)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(69,160)	(38,704)	(45,566)
Proceeds from new borrowings	6(b)	310,000	160,000	160,000
Transfers to cash backed reserves (restricted assets)	7(a)	(4,545)	(165,386)	(143,127)
Transfers from cash backed reserves (restricted assets)	7(a)	563,826	134,225	245,996
Amount attributable to financing activities		800,121	90,135	217,303
Budgeted deficiency before general rates		(1,190,031)	(438,642)	(1,125,372)
Estimated amount to be raised from general rates	1	1,175,270	1,125,644	1,118,672
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	(14,761)	687,002	0

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

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
GRV Cuballing	0.07697	187	2,350,114	180,881	0	0	180,881	152,468	152,468
Unimproved valuations									
UV Cuballing	0.00729	188	115,229,000	839,904	0	0	839,904	787,518	787,684
Sub-Totals		375	117,579,114	1,020,785	0	0	1,020,785	939,986	940,152
Adopted by Council 29/07/2019	Minimum								
Minimum payment									
Gross rental valuations									
GRV Cuballing	690	140		96,600	0	0	96,600	111,780	111,780
Unimproved valuations									
UV Cuballing	930	152		141,360	0	0	141,360	146,940	146,940
Sub-Totals		292	0	237,960	0	0	237,960	258,720	258,720
Less Rates Written Off							(6,700)	(130)	(6,700)
		667	117,579,114	1,258,745	0	0	1,252,045	1,198,576	1,192,172
Discounts/concessions (Refer note 1(d))							(76,775)	(72,932)	(73,500)
Total amount raised from general rates							1,175,270	1,125,644	1,118,672
Specified area rates (Refer note 1(c))							0	0	0
Total rates							1,175,270	1,125,644	1,118,672

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

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				
Discount	28/08/2019			0.0%
Option two				
Pay in Full	11/09/2019			0.0%
Option three				
Pay in 4 Instalments	11/09/2019	30		11.0%
	11/11/2019		5.5%	11.0%
	13/01/2020		5.5%	11.0%
	13/03/2020		5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	1,500	2,220	1,500
Instalment plan interest earned	1,000	1,711	1,000
Unpaid rates and service charge interest earned	6,887	7,458	8,000
	9,387	11,389	10,500

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Specified Area Rate

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

(c) Service Charges

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

(d) Rates discounts

Rate or fee to which discount is granted	Discount %	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which discount is granted
Option One Only	8.0%	\$ 76,775	\$ 72,932	\$ 73,500	A discount of 8% of the current rates levied will be offered to ratepayers whose payment of the full amount owing including arrears, is received on or before 21 days after the date of service appearing on the rates notice.
		76,775	72,932	73,500	

(e) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Discount %	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
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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

	Note	2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
Cash - unrestricted	3	4,987	609,477	593,514	13,706
Cash - restricted reserves	3	1,014,870	1,574,151	1,574,151	1,439,434
Cash - restricted unspent grant Income			73,832	73,832	
Receivables		64,420	54,398	32,263	62,513
Rates Receivable		63,701	63,701	63,701	
Inventories		9,144	8,986	8,391	8,391
		1,157,122	2,384,545	2,345,852	1,524,044
Less: current liabilities					
Trade and other payables		(156,563)	(123,392)	(123,392)	(84,608)
Contract liabilities					
Short term borrowings				0	
Long term borrowings		(69,610)	(69,160)	(11)	(193,594)
Provisions		(246,020)	(246,020)	(246,020)	(276,668)
		(472,193)	(438,572)	(369,423)	(554,870)
Net current assets		684,929	1,945,973	1,976,429	969,174

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

7/2019 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	Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency					
Net current assets	2	684,929	1,945,973	1,976,429	969,174
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	(1,014,870)	(1,574,151)	(1,574,151)	(1,439,434)
Add: Current liabilities					
- Current portion of borrowings		69,160	69,160	38,704	193,594
- Employee benefit provisions		246,020	246,020	246,020	276,666
Adjusted net current assets - surplus/(deficit)		(14,761)	687,002	687,002	0
(ii) Operating activities excluded from budgeted deficiency					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
Adjustments to operating activities					
Add: Loss on disposal of assets	4(b)	24,437	16,566	16,566	12,742
Add: Change in accounting policies	17	1,193,213	761,972		
Add: Depreciation on assets	5	1,500,557	1,552,386	1,552,386	1,491,780
Non cash amounts excluded from operating activities		2,718,207	2,330,924	1,568,952	1,504,522

(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 17 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 Cuballing 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 Adopted by Council 29/07/2019
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 Cuballing contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Cuballing 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 Cuballing'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 Cuballing'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 Cuballing'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	4,987	642,940	13,706
Cash - restricted	1,014,870	1,647,983	1,439,434
	1,019,857	2,290,923	1,453,140
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Administration Building, IT & Office Equipment Reserve	5,393	21,068	20,801
Employee Entitlements Reserve	303,437	303,437	298,860
Housing Reserve	53,817	96,817	55,485
Recreation and Community Reserve	30,048	291,199	228,305
Refuse Site Reserve	58,763	58,763	57,254
Grain Freight Reserve	81,912	81,912	80,719
Equestrian Reserve	14,711	10,166	10,093
Road and Bridges Reserve	42,542	42,542	28,001
Plant and Equipment Reserve	420,195	664,195	655,902
Standpipe Maintenance Reserve	4,052	4,052	4,023
Unspent grants and contributions not held in reserve		73,832	0
	1,014,870	1,647,983	1,439,443
Reconciliation of net cash provided by operating activities to net result			
Net result	(1,127,139)	(321,972)	(1,036,961)
Depreciation	1,500,557	1,552,386	1,491,780
(Profit)/loss on sale of asset	24,437	16,566	12,742
(Increase)/decrease in receivables	(10,022)	55,587	105,000
(Increase)/decrease in inventories	0	(595)	0
Increase/(decrease) in payables		131,755	59,800
Increase/(decrease) in employee provisions		(47,010)	0
Change in accounting policies transferred to retained surplus (refer to Note 17)	1,193,213	0	0
Grants/contributions for the development of assets	(1,650,739)	(527,827)	(534,005)
Net cash from operating activities	(69,693)	858,890	98,357

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2019/20 Budget total	2018/19 Actual total	2018/19 Budget total	
	Governance	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 & Buildings	14,000				1,222,000		26,046	338,949	15,000	10,500			1,626,495	232,416	397,690
Furniture & Equipment	9,075												9,075	0	2,618
Plant & Equipment									544,000				544,000	167,543	175,403
	23,075	0	0	0	1,222,000	0	26,046	338,949	559,000	10,500	0		2,179,570	399,959	575,711
<u>Infrastructure</u>															
Infrastructure - Roads									1,007,382				1,007,382	913,310	805,835
Infrastructure - Other Infrastructure													0	3,929	0
	0	0	0	0	0	0	0	0	1,007,382	0	0		1,007,382	917,239	805,835
Total acquisitions	23,075	0	0	0	1,222,000	0	26,046	338,949	1,566,382	10,500	0		3,186,952	1,317,199	1,381,546

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

Additional Notes To Budget - Capital Purchases

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Transport	118,436	94,000	0	(24,437)	65,041	48,475	0	(16,566)	48,998	36,256	0	(12,742)
	118,436	94,000	0	(24,437)	65,041	48,475	0	(16,566)	48,998	36,256	0	(12,742)
By Class												
<i>Property, Plant and Equipment</i>												
Plant and Equipment	118,436	94,000		(24,437)	65,041	48,475		(16,566)	48,998	36,256		(12,742)
	118,436	94,000	0	(24,437)	65,041	48,475	0	(16,566)	48,998	36,256	0	(12,742)

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

Plant & Equipment
Furniture and Equipment
Plant and Equipment
Adopt Infrastructure - Other
Infrastructure - Roads

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	22,160	22,680	19,940
	71,800	71,719	71,058
	8,100	8,125	8,135
	3,578	7,586	3,793
	90,750	98,918	81,257
	1,123,923	1,163,462	1,123,924
	12,246	11,547	10,912
	168,000	168,350	172,761
	1,500,557	1,552,386	1,491,780
	93,082	92,039	93,167
	5,160	5,145	753
	260,960	260,966	260,232
	41,738	54,875	0
	1,099,617	1,139,361	1,137,628
	1,500,557	1,552,386	1,491,780

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:

Plant & Equipment	30-50 Years
Furniture and Equipment	3 to 10 Years
Plant and Equipment	5 to 15 years
Infrastructure - Roads	50 Years

DEPRECIATION (CONTINUED)

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

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

RECOGNITION OF ASSETS

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

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget	
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2020	Principal 1 July 2018	Actual New loans	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019	
		\$	\$	\$	\$					\$				\$	\$	\$
Education and welfare																
Loan - Aged Persons Hc	0	310,000	14,223	2,775	295,777	0	0	0	0	0	0	0	0	0	0	0
Transport																
Loan 63 - Grader	111,951	0	40,446	4,126	71,505	150,655	0	38,704	6,372	111,951	150,644	0	38,704	5,867	111,940	
Economic services																
Loan 64 - Property Loan	160,000	0	14,491	3,394	138,145		160,000	0	0	160,000		160,000	6,862	2,536	153,138	
	271,951	310,000	69,160	10,294	505,427	150,655	160,000	38,704	6,372	271,951	150,644	160,000	45,566	8,403	265,078	
	0	0	0	0	0	0	0	0	0	0	0	0		0	0	
	271,951	310,000	69,160	10,294	505,427	150,655	160,000	38,704	6,372	271,951	150,644	160,000	45,566	8,403	265,078	

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Aged Persons Housing	WATC	Fixed Rate	10	2.2%	310,000	2,775	310,000	0
					310,000	2,775	310,000	0

(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 Undrawn borrowing facilities credit standby arrangements

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Bank overdraft limit	30,000	30,000	30,000
Bank overdraft at balance date	0	0	0
Credit card limit	20,000	20,000	20,000
Total amount of credit unused	50,000	50,000	50,000

Loan facilities

Loan facilities in use at balance date	505,427	271,951	265,078
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Overdraft details	overdraft was	overdraft b/fwd 1 July	Budgeted	at 30th June
		\$	\$	\$
Commonwealth Bank Of Meet short term funding requireme		0	(30,000)	30,000
		0	(30,000)	30,000

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 2019/20 Budget Transfer to	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration Building, IT & Office Equipment Reserve	21,068		5,393	17,414	5,454	(1,800)	21,068	17,398	5,203	(1,800)	20,801
Employee Entitlements Reserve	303,437		303,437	308,356	22,811	(27,730)	303,437	308,227	18,363	(27,730)	298,860
Housing Reserve	96,817		53,817	89,482	7,335	0	96,817	89,441	6,044	(40,000)	55,485
Recreation and Community Reserve	291,199		30,048	308,218	13,041	(30,060)	291,199	308,070	8,595	(88,360)	228,305
Refuse Site Reserve	58,763		58,763	99,864	2,605	(43,706)	58,763	99,795	1,165	(43,706)	57,254
Grain Freight Reserve	81,912		81,912	79,829	2,083	0	81,912	79,788	931	0	80,719
Equestrian Reserve	10,166	4,545	14,711	5,034	5,132	0	10,166	5,034	5,059	0	10,093
Road and Bridges Reserve	42,542		42,542	71,604	1,867	(30,929)	42,542	71,566	835	(44,400)	28,001
Plant and Equipment Reserve	664,195		420,195	561,190	103,005	0	664,195	560,993	94,909	0	655,902
Standpipe Maintenance Reserve	4,052		4,052	2,000	2,052	0	4,052	2,000	2,023	0	4,023
Building Employee Entitlement Reserve	0		0	0	0	0	0	0	0	0	0
	1,574,151	4,545	1,014,870	1,542,990	165,386	(134,225)	1,574,151	1,542,312	143,127	(245,996)	1,439,443

(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	Purpose of the reserve
Administration Building, IT & Office Equipment Reserve	To be used to maintain the administration building and for the purchase of new and/ or replacement of office equipment or furniture.
Employee Entitlements Reserve	To be used to fund employee entitlements.
Housing Reserve	To be used to fund maintenance or construction of new housing.
Recreation and Community Reserve	To be used to upgrade the oval and associated facilities.
Refuse Site Reserve	To be used to fund the upgrade of the refuse sites.
Grain Freight Reserve	To be used to maintain the grain freight route through the district.
Equestrian Reserve	To be used to maintain and upkeep the equestrian centre.
Road and Bridges Reserve	To be used to maintain and fund road and bridge projects through the district.
Plant and Equipment Reserve	To be used to maintain and fund plant replacement program.
Standpipe Maintenance Reserve	To be used to maintain and upkeep the standpipe network.
Building Employee Entitlement Reserve	To be used to fund building employee entitlements.

**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	3,147	3,245	120
General purpose funding	1,000	2,846	2,925
Law, order, public safety	3,250	5,945	3,250
Health	800	1,148	700
Community amenities	71,020	67,699	60,200
Recreation and culture	7,545	7,615	7,545
Transport	2,000	5,137	2,000
Economic services	31,250	29,165	55,012
Other property and services	227,380	273,522	268,500
	347,392	396,324	400,253

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	595	35,799	2,880
General purpose funding	285,073	563,235	289,730
Law, order, public safety	24,769	45,738	30,517
Education and welfare	2,500	2,500	1,000
Housing	4,680	4,680	4,680
Community amenities	6,362	71,614	500
Recreation and culture	77,332	3,500	1,000
Transport	300,631	446,228	237,262
Economic services	6,500	1,000	28,800
Other property and services	25,000	24,587	30,000
	733,442	1,198,880	626,369

Non-operating grants, subsidies and contributions

Recreation and culture	0	6,545	12,723
Transport	778,739	521,282	521,282
Education & Welfare	872,000	0	0
	2,522,739	527,827	534,005

**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	15,000	22,259	18,000
- Other funds	10,000	13,292	8,000
Other interest revenue (refer note 1b)	7,887	9,169	9,000
	32,887	44,719	35,000

(b) Other revenue

Other	41,500	49,402	28,500
	41,500	49,402	28,500

The net result includes as expenses

(c) Auditors remuneration

Audit services	17,000	16,976	19,000
	17,000	16,976	19,000

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	10,294	6,372	8,403
	10,294	6,372	8,403

(e) Elected members remuneration

Ador Meeting fees	12,805	11,250	12,000
Mayor/President's allowance	8,000	7,500	7,500
Deputy Mayor/President's allowance	2,000	1,875	1,875
	22,805	20,625	21,375

(f) Write offs

General rate	6,700	130	6,700
	6,700	130	6,700

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

11 MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2019/20.

12 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major undertakings will occur in 2019/20

13 MAJOR LAND TRANSACTIONS, TRADING UNDERTAKINGS AND INTERESTS IN JOINT ARRANGEMENTS

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

14 INTERESTS IN JOINT ARRANGEMENTS

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

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

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

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

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

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

15 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
	\$	\$	\$	\$
Bonds - Buildings	6,889			6,889
Bonds - Hall Hire	1,150			1,150
Commodine Tennis Club	2,890			2,890
Cuballing Country Festival	1,099			1,099
Cuballing Cricket Club	200			200
Badmington Club	20			20
Cuballing Football Association	566		(100)	466
Environment and Townscape Trust Fur	6,362		(6,362)	0
Police Licensing	816	250,000	(250,033)	783
Swipe Cards	1,605			1,605
Reimbursements	1,698			1,698
	23,296	250,000	(256,495)	16,801

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

**16 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.

Adopted by Council 29/07/2019

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 17

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

**17 SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Shire of Cuballing adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Cuballing has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract assets	0		0
Contract liabilities - current			
Unspent grants, contributions and reimbursements	509,904		509,904

LEASES

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

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Cuballing has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Cuballing has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount 30 June 19	Reclassification	AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Trade and other payables			
Adjustment to retained surplus from adoption of AASB 1058			0

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised by the Shire of Cuballing. When the taxable event occurs the financial liability is extinguished and the Shire of Cuballing recognises income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration that was significantly less than fair value principally to enable the Shire of Cuballing to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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

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

	2019	
	\$	
Retained surplus - 30/06/2019	683,309	
Adjustment to retained surplus from adoption of AASB 15	0	
Adjustment to retained surplus from adoption of AASB 1058	0	0
Retained surplus - 01/07/2019	683,309	0

SHIRE OF CUBALLING
ADDITIONAL NOTES TO THE BUDGET
2019/2020

LOAN REPAYMENT SCHEDULE

LOAN 63 COA	Term of Loan 8 years	Capital 12424	Interest 14341	Total	Govt Guarantee Fee 04298
8/07/2019		3,302.90	411.38	3,714.28	391.79
7/08/2019		3,315.04	399.24	3,714.28	
9/09/2019		3,327.22	387.06	3,714.28	
7/10/2019		3,339.45	374.83	3,714.28	
7/11/2019		3,351.72	362.56	3,714.28	
9/12/2019		3,364.04	350.24	3,714.28	
7/01/2020		3,376.40	337.88	3,714.28	309.97
7/02/2020		3,388.81	325.47	3,714.28	
9/03/2020		3,401.26	313.02	3,714.28	
7/04/2020		3,413.76	300.52	3,714.28	
7/05/2020		3,426.31	287.97	3,714.28	
8/06/2020		3,438.90	275.38	3,714.28	
Total		40,445.81	4,125.55	44,571.36	701.76

LOAN 64 COA	Term of Loan 10 years	Capital 12146	Interest 12101	Total	Govt Guarantee Fee 04298
Loan Drawn Down		160,000.00	10/05/2019		
13/07/2019					534.78
13/11/2019		7,206.52	1,736.00	8,942.52	
13/01/2020					509.28
13/05/2020		7,284.71	1,657.81	8,942.52	
Total		14,491.23	3,393.81	17,885.04	1,044.06

LOAN 65 COA	Term of Loan 10 years	Capital	Interest	Total	Govt Guarantee Fee 04298
Adopted by Council	29/07/2019	310,000.00			
17/01/2020		14,223.19	2,774.50	16,997.69	1,189.79
Total		14,223.19	2,774.50	16,997.69	1,189.79

LOANS TOTAL		69,160.23	7,519.36	62,456.40	1,745.82
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As of 1 July 2015, the Government Guarantee Fee has gone from 0.1% to 0.7% and will be invoiced

SHIRE OF CUBALLING
ADDITIONAL NOTES TO THE BUDGET
2019/2020

INSURANCE SCHEDULE

		2018/19 Actual	2019/20 Budget
		\$	\$
LGIS Liability	GL		
Public Liability	1142370.570	21,025	22,497
Crime (Formerly Fidelity Guarantee)	1042380.570	1,118	1,866
LGIS WorkCare			
Workers Compensation	1142370.570	38,575	45,428
Management Liability	1041060.570		
Statutory and Business Practices Liability		7,058	7,269
Councillors and Officers Liability			
Cyber Liability	1042380.570	1,000	1,000
Accident and Health			
Corporate Travel	1042380.570	750	750
Personal Accident	1042380.570	425	425
LGIS Property	To Bld Mtc	25,995	28,369
Bush Fire	1051050.570	10,612	12,300
Marine Cargo	1142370.570	525	525
Motor Vehicle and Plant	To Plant	24,297	26,168
TOTAL		131,380	146,597

COMMUNITY EVENTS

		2019/20 Grants Budget	2019/20 Budget
		\$	\$
Project	Date		
Winter Movie Night - Cuballing	July	-	500
Popo Bonfire Night	August	-	2,000
Digital Literacy for Older Aust.	July to Aug	1,500	2,000
Kids/Youth Activity Day	September	3,000	5,900
Blue Light Disco	October		100
Mens Shed Market Day	October		100
Adopted by Council 29/07/2019	November	1,000	1,100
Thank a Volunteer Day	December	1,000	1,400
Movie Night- Cuballing	December		1,400
Christmas Tree Popo	December		250
Christmas Tree Cuby	December		250
Australia Day Breakfast	January		350
Music Festival	February		3,400
Stay on your feet - Oldies	March	1,500	1,500
Blue Light Disco	April		100
Youth Week	April	1,000	2,500
Anzac Day	April		270
WA Off Road Racing	April		1,700
Popo Market Day	May		300
Australia Biggest Morning Tea	May		470
TOTAL		9,000	25,590

SHIRE OF CUBALLING
ADDITIONAL NOTES TO THE BUDGET
2019/2020

DONATIONS & CONTRIBUTIONS

		2018/19	2019/20
		Actual	Budget
Project	GL	\$	\$
Schools	8105	500	500
Dryandra Country Visitors Centre	13205	7,000	7,000
Narrogin Library	11505	5,000	5,000
Great Southern Regional Waste Group (Wagin)	10200	5,000	5,000
Aged Housing	08400	40,000	40,000
Central Country Zone	04107	3,760	4,000
Regional Risk Coordinator Program	14236	4,517	4,472
Community Assisted Vehicle Program (Narrogin)	08300	2,000	1,000
TOTAL		67,777	66,972

IT EXPENSES

		2018/19	2019/2020
		Actual	Budget
Project	GL	\$	\$
ITV User Group Subscription	04293	650	680
IT Vision Synergy Annual Subscription		20,297	20,792
Licenses & Support		13,771	12,000
CEO Laptop		-	2,599
Update Admin Staff Computer		1,277	1,916
Ramm	J14236	7,353	7,499
TOTAL		43,348	45,486

ESL GRANT SPENDING

		2018/19	2019/20
		Actual	Budget
Project	GL	\$	\$
Expenditure - Mtnce of Vehicles and Trailers	05101	11,836	11,200
Expenditure - Maintenance of Land and Buildings	05102	1,088	1,518
Expenditure - Utilities, Phone, Rates and Taxes	05103	3,955	3,595
Expenditure - Other Goods and Services	05104	318	2,400
Expenditure - Insurances	05105	10,612	12,300
Expenditure - Clothing and Accessories	05107	5,374	5,729
Income - Fire Prevention - Grants	05150	- 30,517	- 35,342
TOTAL		2,666	1,400

SHIRE OF CUBALLING
ADDITIONAL NOTES TO THE BUDGET

2019/2020

		2018/19	2019/20
		Actual	Budget
		\$	\$
Economic Services (local)	GL		
Expenditure - Cuballing Building Services	13310	42,167	42,000
Income - Local Building Certificate Fees	13348	- 660	- 100
Income - Local Building Licence Fees	13350	- 1,002	- 1,000
Income - Local Building Dispute Fee	13351	- 4,932	- 5,000
Income - Local Building Surveyor Services	13353	-	- 1,000
Income - Local Building Commission	13355	- 234	- 250
Capital Expenditure - Purchase Vehicle		-	43,226
Other Property & Services (Private Works)			
Expenditure - Building Surveyor - Wages GEN	14110	111,420	125,663
Expenditure Building Surveyor - Other Costs GEN	14111	30,592	44,400
Income - PW Building Surveyor Services	14162	- 197,404	- 160,000
Income - PW Building Certificate Fees	14161	- 2,640	- 2,880
Income - PW Building Licence Fees	14163	- 17,355	- 18,000
Income - PW Building Dispute Fee	14164	- 1,246	- 1,000
Income - PW Building Commission	14166	- 500	- 238
TOTAL		(41,794)	65,821

SHIRE OF CUBALLING
ADDITIONAL NOTES TO THE BUDGET
2019/2020

CAPITAL WORKS PROGRAM											
Project	GL	JOB	Wages	O/Heads	Wages+O/H	Depreciation	Plant	Materials	Contract	Total	Notes
INFRASTRUCTURE											
Regional Road Group (RRG) - 12115											
Wandering-Narrogin Road 19/20	12115	R129B	\$ 31,375.00	\$ 44,238.75	\$ 75,613.75	\$ 16,395.00	\$ 50,634.00	\$ 22,390.00	\$ 185,697.00	\$ 350,729.75	
Wandering-Narrogin Road Reconstruct Failed Section	12115	R129C	\$ 7,575.00	\$ 10,680.75	\$ 18,255.75	\$ 3,832.50	\$ 10,136.00	\$ 44,260.00	\$ 4,560.00	\$ 81,044.25	Reconstruction of failed section
Stratherne Road 19/20 Shoulder Widening	12115	R001B	\$ 16,550.00	\$ 27,495.00	\$ 44,045.00	\$ 10,882.50	\$ 31,794.50	\$ 6,020.00	\$ 58,200.00	\$ 150,942.00	Shoulder Widening
			\$ 55,500.00	\$ 82,414.50	\$ 137,914.50	\$ 31,110.00	\$ 92,564.50	\$ 72,670.00	\$ 248,457.00	\$ 582,716.00	
Roads to Recovery (R2R) - 12120											
Popanyinning West Road Reseal	12120	R004E	\$ 250.00	\$ 352.50	\$ 602.50	\$ -	\$ -	\$ -	\$ 13,397.50	\$ 14,000.00	
			\$ 250.00	\$ 352.50	\$ 602.50	\$ -	\$ -	\$ -	\$ 13,397.50	\$ 14,000.00	
Blackspot Funding - 12125											
Wandering Narrogin, Springhill & Nabrikinning	12125	BS129	\$ 59,225.00	\$ 83,507.25	\$ 142,732.25	\$ 21,330.00	\$ 60,469.50	\$ 129,000.00	\$ 57,134.25	\$ 410,666.00	Initial Scope Report, Services Relocation & Land Acquisition
			\$ 59,225.00	\$ 83,507.25	\$ 142,732.25	\$ 21,330.00	\$ 60,469.50	\$ 129,000.00	\$ 57,134.25	\$ 410,666.00	
Other Infrastructure - Economic Services - 13605											
LAND & BUILDINGS											
Austral Street Land	12126	C196A							\$ 10,500.00	\$ 10,500.00	Planning & Subdivision
Popanyinning Hall	11320	J163A							\$ 26,046.35	\$ 26,046.35	Level floor at front entrance
Aged Person's Accommodation									\$ 1,222,000.00	\$ 1,222,000.00	Build 4 Independent Living Units
Cuballing Shire Depot - Fence & Gate	12210	J168A							\$ 15,000.00	\$ 15,000.00	
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,273,546.35	\$ 1,273,546.35	
Governance - 104261											
Solar Panels - Administration Office	4261	J4114B							\$ 14,000.00	\$ 14,000.00	
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,000.00	\$ 14,000.00	
Adopted by Council 29/07/2019											
Cuballing Memorial Park	11320	C176	\$ 19,237.50	\$ 27,124.88	\$ 46,362.38	\$ 2,355.75	\$ 13,740.35	\$ 58,647.00	\$ 32,103.50	\$ 153,208.98	Costing may be revised - Funded by reserve transfer
Cuballing Railway Reserve	11320	C176A		\$ -	\$ -				\$ 20,000.00	\$ 20,000.00	Railway Reserve Design
Cuballing Cemetery Upgrade	10715	J159	\$ 712.50	\$ 1,004.63	\$ 1,717.13	\$ 175.50	\$ 365.90	\$ 10,124.00		\$ 12,382.53	Partly funded with Trust funds
Yornaning Dam Upgrade - Stage 2	11320	C188	\$ 16,495.00	\$ 23,257.95	\$ 39,752.95			\$ 32,831.00	\$ 80,774.00	\$ 153,357.95	Grant funded
			\$ 36,445.00	\$ 51,387.45	\$ 87,832.45	\$ 2,531.25	\$ 14,106.25	\$ 101,602.00	\$ 132,877.50	\$ 338,949.45	
TOTAL CONSTRUCTION			\$ 151,420.00	\$ 217,661.70	\$ 369,081.70	\$ 54,971.25	\$ 167,140.25	\$ 303,272.00	\$ 1,739,412.60	\$ 2,633,877.80	

**SHIRE OF CUBALLING
ADDITIONAL NOTES TO THE BUDGET
2018/2019**

GRANT REGISTER 2018/2019 (only tied funds)

Program/Details	Grant Provider	GL	2018/2019 Actual	2019/2020 Budget	Operating	Capital	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		Balance Check	Balance Check Variance
							Payment 1	Date Paid	Payment 2	Date Paid	Payment 3	Date Paid	Payment 4	Date Paid		
GENERAL PURPOSE FUNDING			\$	\$	\$	\$	\$		\$		\$		\$		\$	\$
Grants Commission - General	WALGGC	03200	563,235	285,073	285,073	0	71,268		71,268		71,268		71,269		285,073	0
GOVERNANCE																
Youth Development Traineeship Funding		02454	30,000													
LAW, ORDER, PUBLIC SAFETY																
Cuballing Fast Fill Trailer	Dept. of Fire & Emergency Services	5150	6,545													
FESA Grant - Operating Bush Fire Brigade	Dept. of Fire & Emergency Services	05150	52,282	24,769	24,769	0	0		8,256		8,257		8,257		24,769	0
RECREATION AND CULTURE																
Kidsport Funding	Dept. of Sport & Recreation	11170	2,500	0	0	0	0		0		0		0		0	0
Yornaning Dam Upgrades Stage 1	Stage 1	11114	12,000										0		0	0
Yornaning Dam Upgrades Stage 2	Stage 2	11116	9,690	73,832	73,832				73,832						73,832	
TRANSPORT																
Direct Grant	Main Roads	12155	98,183	115,490	115,490	0	115,490		0		0		0		115,490	0
Roads To Recovery Grant - Capital	Roads to Recovery	12175	191,270	211,000	0	211,000	84,400		84,400		42,200		0		211,000	0
RRG Grants - Capital Projects	Regional Road Group	12163	330,012	334,630	0	334,630	0		133,852		133,852		66,926		334,630	0
WANDRRA (Storm Damage)	Main Roads	12176	0	0	0	0	0		0		0		0		0	0
Blackspot Funding	Main Roads	12180	0	233,109	0	233,109	0		0		0		233,109		233,109	0
Grants Commission - Roads	WALGGC	12185	338,585	185,141	185,141	0	46,285		46,285		46,285		46,285		185,141	0
ECONOMIC SERVICES																
Various	Dept. Local Government & Communities	13250	1,000	6,500	6,500	0	0		0		6,500		0		6,500	0
EDUCATION & WELFARE																
Aged Persons Accommodation				872,000		872,000			872,000						872,000	0
TOTALS			1,635,302	2,341,544	690,805	1,650,739	317,443		1,289,893		308,362		425,846		2,341,544	0
Operating	Operating			690,805												
Non-Operating	Non-operating			1,650,739												
Adopted by Council 29/07/2019				<u>2,341,544</u>												