

10.4 Adoption of 2019/20 Budget

Corporate & Community Services



Date:	15 July 2019
Location:	Not Applicable
Responsible Officer:	Cherie Delmage, Manager Corporate & Community Services
Author:	Darren Friend, Projects
Legislation:	<i>Local Government Act 1995; Local Government (Financial Management) Regulations 1996; Local Government (Administration) Regulations 1996; and Waste Avoidance and Resources Recovery Act 2001</i>
Sharepoint Reference:	Organisation/Financial Management/Budgeting/2019-2020 Budget
Disclosure of Interest:	Nil
Attachments:	Attachment 10.4A - Draft 2019/20 Budget

Purpose of Report

Executive Decision



Legislative Requirement

Summary

The purpose of this report is to present the Draft 2019/20 Budget for adoption.

Background

The Draft 2019/20 Budget has been compiled based on the principles contained in the Strategic Community Plan and in accordance with presentations made to Council at budget workshops held in June and July 2019.

Further information provided to Council and considered at the budget workshops included proposed Programs for Plant Replacement, Building Maintenance and Asset Acquisitions.

Comment

The main features of the Draft 2019/20 Budget include:

1. A total increase of 4% in the value of rates levied. This increase applies across all rate categories which is then calculated using the valuations provided by Landgate for Gross Rental Valuations (GRV) and the Unimproved Valuations (UV). The impact on rates of individual properties will vary according to valuations as provided by Landgate;
2. The Schedule of Fees and Charges Schedule was reviewed with some changes made and the 2019/20 Schedule of Fees and Charges was adopted by Council at its June 2019 meeting. This enabled the new Schedule to come into effect on 1 July 2019;
3. Refuse collection charges increased by 4%;
4. Sewerage rates and charges increased by 4%;
5. Major purchases of plant, as per the Plant Replacement Program, will include the purchase of a second hand Jetpatcher, Tag Trailer and a Sewerage Jetta; and
6. Proposed capital expenditure for 2019/20 of \$2,643,800 includes the following:

- a. A road program totalling \$1,460,480 the cost of which is partially offset by Federal and State road funding. The net impact of these works on Council funds is \$200,000; and
- b. Continuation of Phase 1 of the Swimming Pool Refurbishment.

Other Investment activities include:

Proceeds from Disposal of Assets	
Sale of Housing Stock	\$140,000
Low Loader & Dolly	\$15,000
Light Vehicles	\$411,000
TOTAL	\$566,000

The following are proposed new loans or debentures for 2019/20;

Dowerin Events Management Interest Free Loans	
Swimming Pool Infrastructure Works	\$50,000
Tourism Entry Statement Works	\$37,500
TOTAL	\$87,500

The budget will include transfers from Reserves of \$281,716 and \$267,900 transfers to Reserves (plus approximate interest of \$60,000) resulting in an estimated increase of \$46,000 in the Reserve balance at the end of the 2019/20 financial year.

For further detail regarding transfers to and from Reserves, please refer to Note 7 of the Draft 2019/20 Budget.

The estimated brought forward balance is \$730,000, however, it must be noted that this figure is unaudited and may change once the annual accounts are finalised. The major influence on the brought forward figure is the receipt of 50% of the 2019/20 Financial Assistance Grants in June 2019 of \$760,000.

Consultation

Consultation has occurred between the CEO, Manager of Works & Assets, Manager Corporate & Community Services and the Finance Project Officer.

Budget workshops were held with Council in June and July 2019 which included all proposed 2019/20 Programs.

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 2

Reference: L3

Community Priority: Our Infrastructure

Objective: Our infrastructure will drive economic and population growth, be a key enabler of the digital economy and support reliable, efficient service delivery

Outcome: 1

Reference: I2

Asset Management Plan

The Draft 2019/20 Budget aligns with the Shire of Dowerin's Asset Management Plan that prioritises assets and details a replacement and maintenance schedule.

Long Term Financial Plan

The Draft 2019/20 Budget aligns with the Shire of Dowerin's Long Term Financial Plan and is consistent with asset renewal and service delivery.

Statutory Implications

Section 6.2 of the *Local Government Act 1995* requires that not later than 31 August in each financial year, the local government is to prepare and adopt a budget for its municipal fund for the financial year ending on the following 30 June.

Division 5 and 6 of Part 6 of the *Local Government Act 1995* refers to the setting of budgets and raising of rates and charges. The *Local Government (Financial Management) Regulations 1996* details the form and content of the budget. The Draft 2019/20 Budget as presented is considered to meet the statutory requirements.

Risk Implications

The Shire risks contravening the *Local Government Act 1995* and associated Regulations if this item is not prepared, presented and adopted by Council by 31 August 2019.

Financial Implications

Specific financial implications are as noted within this report with full details itemised in the attached Draft 2019/20 Budget presented for adoption.

Voting Requirements



Simple Majority



Absolute Majority

Committee Resolution - 7.4

Moved: Cr Hudson

Seconded: Cr Trepp

- 0006
1. That the Finance Committee, by Absolute Majority pursuant to Section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, recommends to Council that it adopts the Shire of Dowerin 2019/20 Budget, as presented in Attachment 7.4A, for the 2019/20 financial year which includes the following:
 - a. Statement of Comprehensive Income by nature and type on Page 2 showing a net result for the 2019/20 financial year of \$223,897;
 - b. Statement of Comprehensive Income by Program on Page 4 showing a net result for the 2019/20 financial year of \$223,897;
 - c. Statement of Cash Flows on Page 6 showing a net result for the 2019/20 financial year of \$852,383;
 - d. Rate Setting Statement on Page 7 showing the required amount of \$1,352,400 to be raised from rates for the 2019/20 financial year;
 - e. Notes to and forming part of the Annual Budget on Pages 8 to 31; and
 - f. Transfers to/from Reserve Accounts as detailed in Page 21.

2. That the Finance Committee, by Absolute Majority pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995*, for the purpose of yielding the deficiency disclosed by the 2019/20 Budget adopted at Part 1 above, recommends to Council that it imposes the following general rates and minimum payments on Gross Rental and Unimproved Values (as shown at Note 1 on Page 8 of the 2019/20 Budget):

Unimproved Value	Rate in \$	Minimum Rate
Residential (GRV)	10.079	\$770
Commercial/Industrial GRV	10.079	\$770
Town Rural (GRV)	10.079	\$770
Other Towns (GRV)	10.079	\$225
Rural Farmland (UV)	0.840	\$770
Commercial/Industrial (UV)	0.840	\$770
Town Rural (UV)	0.840	\$770
Mining (UV)	0.840	\$225

3. That the Finance Committee, by Absolute Majority pursuant to Section 41 of the *Health Act 1971*, recommends to Council that it imposes the following sewerage rates and minimum payments on Gross Rental Values (as shown at Note 1e on Page 11 of the 2019/20 Budget):

Gross Rental Value	Rate in \$	Minimum Rate/Charge
Sewerage Rates:		
Residential	0.075841	\$372
Commercial	0.075841	\$765
Vacant	0.075841	\$372
Government	N/A	\$765
Sewerage Fixtures:		
First Fixture	N/A	\$250
Additional Fixtures	N/A	\$114

4. That the Finance Committee, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, recommends to Council that it nominates the following due dates for the payment in full by instalments:

One Installment Option:

Full payment	9 September 2019
--------------	------------------

Two Installment Option:

1 st Instalment due date	9 September 2019
-------------------------------------	------------------

2 nd Instalment due date	13 January 2020
-------------------------------------	-----------------

Four Installment Option:

1 st Instalment Due Date	9 September 2019
2 nd Instalment Due Date	11 November 2019
3 rd Instalment Due Date	13 January 2020
4 th Instalment Due Date	13 March 2020

5. That the Finance Committee, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 67 of the *Local Government (Financial Management) Regulations 1996*, recommends to Council that it adopts an instalment administration charge where the owner has elected to pay rates (and service charges) through an instalment option of \$5 for each instalment after the initial instalment is paid.
6. That the Finance Committee, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 68 of the *Local Government (Financial Management) Regulations 1996*, recommends to Council that it adopts an interest rate of 5.5% where the owner has elected to pay rates and service charges through an instalment option.
7. That the Finance Committee, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 70 of the *Local Government (Financial Management) Regulations 1996*, recommends to Council that it adopts an interest rate of 11% for rates (and service charges) and costs of proceedings to recover such charges that remain unpaid after becoming due and payable.
8. That the Finance Committee, by Absolute Majority pursuant to Section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, recommends to Council that it adopts the following charges for the removal and deposit of domestic and commercial waste:

Residential Premises (Including Recycling) a. 240ltr Waste Bin Weekly Collection; and b. 240ltr Recycle Bin Fortnightly Collection.	\$344
Additional Refuse Service a. 240ltr Waste Bin Weekly Collection.	\$172
Minnivale Residential Collection (excluding Recycling)	\$172

9. That the Finance Committee, by Absolute Majority pursuant to Section 5.99 of the *Local Government Act 1995* and Regulation 34 of the *Local Government (Administration) Regulations 1996*, recommends to Council that it adopts the following annual fees and allowances for elected members:

Council Meetings; Councillors	\$200 per meeting
Council Meetings; President	\$270 per meeting
Council Committee Meetings	\$75 per meeting

Allowance; Shire President	\$3,200 per annum
Allowance; Deputy Shire President	\$800 per annum

10. That the Finance Committee, by Absolute Majority pursuant to Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996* and AASB 1031 Materiality, recommends to Council that the level to be used in the Statement of Financial Activity in 2019/20 for the reporting of material variance shall be 10% or \$10,000, whichever is the greater.

CARRIED BY ABSOLUTE MAJORITY 2/0

Officer's Recommendation

1. That Council, by Absolute Majority pursuant to Section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, adopts the Shire of Dowerin 2019/20 Budget, as presented in Attachment 10.4A, for the 2019/20 financial year which includes the following:
 - a. Statement of Comprehensive Income by nature and type on Page 2 showing a net result for the 2019/20 financial year of \$223,897;
 - b. Statement of Comprehensive Income by Program on Page 4 showing a net result for the 2019/20 financial year of \$223,897;
 - c. Statement of Cash Flows on Page 6 showing a net result for the 2019/20 financial year of \$852,383;
 - d. Rate Setting Statement on Page 7 showing the required amount of \$1,352,400 to be raised from rates for the 2019/20 financial year;
 - e. Notes to and forming part of the Annual Budget on Pages 8 to 31; and
 - f. Transfers to/from Reserve Accounts as detailed in Page 21.

2. That Council, by Absolute Majority pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995*, for the purpose of yielding the deficiency disclosed by the 2019/20 Budget adopted at Part 1 above, imposes the following general rates and minimum payments on Gross Rental and Unimproved Values (as shown at Note 1 on Page 8 of the 2019/20 Budget):

Unimproved Value	Rate in \$	Minimum Rate
Residential (GRV)	10.079	\$770
Commercial/Industrial GRV	10.079	\$770
Town Rural (GRV)	10.079	\$770
Other Towns (GRV)	10.079	\$225
Rural Farmland (UV)	0.840	\$770
Commercial/Industrial (UV)	0.840	\$770
Town Rural (UV)	0.840	\$770
Mining (UV)	0.840	\$225

3. That Council, by Absolute Majority pursuant to Section 41 of the *Health Act 1911*, recommends to Council that it imposes the following sewerage rates and minimum payments on Gross Rental Values (as shown at Note 1e on Page 11 of the 2019/20 Budget):

Gross Rental Value	Rate in \$	Minimum Rate/Charge
Sewerage Rates:		
Residential	0.075841	\$372
Commercial	0.075841	\$765
Vacant	0.075841	\$372
Government	N/A	\$765
Sewerage Fixtures:		
First Fixture	N/A	\$250
Additional Fixtures	N/A	\$114

4. That Council, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, nominates the following due dates for the payment in full by instalments:

One Installment Option:

Full payment	9 September 2019
--------------	------------------

Two Installment Option:

1 st Instalment due date	9 September 2019
2 nd Instalment due date	13 January 2020

Four Installment Option:

1 st Instalment due date	9 September 2019
2 nd Instalment due date	11 November 2019
3 rd Instalment due date	13 January 2020
4 th Instalment due date	13 March 2020

5. That Council, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 67 of the *Local Government (Financial Management) Regulations 1996*, adopts an instalment administration charge where the owner has elected to pay rates (and service charges) through an instalment option of \$5 for each instalment after the initial instalment is paid.
6. That Council, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 68 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest rate of 5.5% where the owner has elected to pay rates and service charges through an instalment option.
7. That Council, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 70 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest rate of 11% for rates (and service charges) and costs of proceedings to recover such charges that remain unpaid after becoming due and payable.

8. That Council, by Absolute Majority pursuant to Section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, adopts the following charges for the removal and deposit of domestic and commercial waste:

Residential Premises (Including Recycling) c. 240ltr Waste Bin Weekly Collection; and d. 240ltr Recycle Bin Fortnightly Collection.	\$344
Additional Refuse Service b. 240ltr Waste Bin Weekly Collection.	\$172
Minnivale Residential Collection (excluding Recycling)	\$172

9. That Council, by Absolute Majority pursuant to Section 5.99 of the *Local Government Act 1995* and Regulation 34 of the *Local Government (Administration) Regulations 1996*, adopts the following annual fees and allowances for elected members:

Council Meetings; Councillors	\$200 per meeting
Council Meetings; President	\$270 per meeting
Council Committee Meetings	\$75 per meeting
Allowance; Shire President	\$3,200 per annum
Allowance; Deputy Shire President	\$800 per annum

10. That Council, by Absolute Majority pursuant to Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996* and AASB 1031 Materiality, adopts the level to be used in the Statement of Financial Activity in 2019/20 for the reporting of material variance as 10% or \$10,000, whichever is the greater.

Resolution

Moved: Cr Metcalf

Seconded: Cr Ward

- 0013**
1. **That Council, by Absolute Majority pursuant to Section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, adopts the Shire of Dowerin 2019/20 Budget, as presented in Attachment 10.4A (as amended), for the 2019/20 financial year which includes the following:**
 - a. **Statement of Comprehensive Income by nature and type on Page 2 showing a net result for the 2019/20 financial year of \$223,897;**
 - b. **Statement of Comprehensive Income by Program on Page 4 showing a net result for the 2019/20 financial year of \$223,897;**
 - c. **Statement of Cash Flows on Page 6 showing a net result for the 2019/20 financial year of \$683,816;**
 - d. **Rate Setting Statement on Page 7 showing the required amount of \$1,352,400 to be raised from rates for the 2019/20 financial year;**
 - e. **Notes to and forming part of the Annual Budget on Pages 8 to 31; and**
 - f. **Transfers to/from Reserve Accounts as detailed in Page 21.**
 2. **That Council, by Absolute Majority pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the *Local Government Act 1995*, for the purpose of yielding the**

deficiency disclosed by the 2019/20 Budget adopted at Part 1 above, imposes the following general rates and minimum payments on Gross Rental and Unimproved Values (as shown at Note 1 on Page 8 of the 2019/20 Budget):

Unimproved Value	Rate in \$	Minimum Rate
Residential (GRV)	10.079	\$770
Commercial/Industrial GRV	10.079	\$770
Town Rural (GRV)	10.079	\$770
Other Towns (GRV)	10.079	\$225
Rural Farmland (UV)	0.840	\$770
Commercial/Industrial (UV)	0.840	\$770
Town Rural (UV)	0.840	\$770
Mining (UV)	0.840	\$225

3. That Council, by Absolute Majority pursuant to Section 41 of the *Health Act 1911*, recommends to Council that it imposes the following sewerage rates and minimum payments on Gross Rental Values (as shown at Note 1e on Page 11 of the 2019/20 Budget):

Gross Rental Value	Rate in \$	Minimum Rate/Charge
Sewerage Rates:		
Residential	0.075841	\$372
Commercial	0.075841	\$765
Vacant	0.075841	\$372
Government	N/A	\$765
Sewerage Fixtures:		
First Fixture	N/A	\$250
Additional Fixtures	N/A	\$114

4. That Council, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, nominates the following due dates for the payment in full by instalments:

One Installment Option:

Full payment	9 September 2019
--------------	------------------

Two Installment Option:

1 st Instalment due date	9 September 2019
2 nd Instalment due date	13 January 2020

Four Instalment Option:

1st Instalment due date	9 September 2019
2nd Instalment due date	11 November 2019
3rd Instalment due date	13 January 2020
4th Instalment due date	13 March 2020

5. That Council, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 67 of the *Local Government (Financial Management) Regulations 1996*, adopts an instalment administration charge where the owner has elected to pay rates (and service charges) through an instalment option of \$5 for each instalment after the initial instalment is paid.
6. That Council, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 68 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest rate of 5.5% where the owner has elected to pay rates and service charges through an instalment option.
7. That Council, by Absolute Majority pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 70 of the *Local Government (Financial Management) Regulations 1996*, adopts an interest rate of 11% for rates (and service charges) and costs of proceedings to recover such charges that remain unpaid after becoming due and payable.
8. That Council, by Absolute Majority pursuant to Section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, adopts the following charges for the removal and deposit of domestic and commercial waste:

Residential Premises (Including Recycling) e. 240ltr Waste Bin Weekly Collection; and f. 240ltr Recycle Bin Fortnightly Collection.	\$344
Additional Refuse Service c. 240ltr Waste Bin Weekly Collection.	\$172
Minnivale Residential Collection (excluding Recycling)	\$172

9. That Council, by Absolute Majority pursuant to Section 5.99 of the *Local Government Act 1995* and Regulation 34 of the *Local Government (Administration) Regulations 1996*, adopts the following annual fees and allowances for elected members:

Council Meetings; Councillors	\$200 per meeting
Council Meetings; President	\$270 per meeting
Council Committee Meetings	\$75 per meeting
Allowance; Shire President	\$3,200 per annum
Allowance; Deputy Shire President	\$800 per annum

- 10. That Council, by Absolute Majority pursuant to Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996* and AASB 1031 Materiality, adopts the level to be used in the Statement of Financial Activity in 2019/20 for the reporting of material variance as 5% or \$10,000, whichever is the greater.**

CARRIED BY ABSOLUTE MAJORITY 6/0

Reason

In relation to points 1 and 1a, an updated Statutory Budget was tabled at the meeting containing the most recent 2018/19 actuals to demonstrate to Council the surplus brought forward (net current asset) shown in the 2019/20 Budget.

In relation to point 10, Council believed a lower percentage rate was more applicable for the Shire of Dowerin.

4.05pm - D Friend, Projects Officer, left the meeting and did not return.

SHIRE OF DOWERIN
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 Reporting Program	7
Rates and Service Charges	8
Net Current Assets	12
Reconciliation of Cash	15
Fixed Assets	16
Asset Depreciation	18
Borrowings	19
Cash Backed Reserves	21
Fees and Charges	23
Grant Revenue	23
Other Information	24
Major Land Transactions	25
Major Trading Undertaking	25
Interests in Joint Arrangements	25
Trust	26
Significant Accounting Policies - Other	27
Significant Accounting Policies - Change in Accounting Policies	28
Ratios	30
Rate Setting Statement by Nature/Type	31

SHIRE'S VISION

Dowerin will be a thriving and growing rural community which offers lifestyle choice for all generations, is progressive in environmental management and is a preferred location for business development.

**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)	1,352,400	1,295,363	1,309,983
Sewerage Rates and Charges	1(e)	156,000	160,648	160,100
Operating grants, subsidies and contributions	9	1,213,682	2,359,884	1,561,454
Fees and charges	8	489,662	454,851	470,855
Interest earnings	10(a)	84,205	130,051	63,111
Other revenue	10(b)	238,592	279,424	192,550
		3,534,541	4,680,221	3,758,053
Expenses				
Employee costs		(1,825,508)	(1,816,959)	(1,712,602)
Materials and contracts		(1,223,490)	(1,976,531)	(1,661,763)
Utility charges		(140,700)	(157,927)	(193,792)
Depreciation on non-current assets	5	(1,271,795)	(1,269,269)	(1,331,346)
Interest expenses	10(d)	(51,162)	(37,885)	(44,684)
Insurance expenses		(91,375)	(152,557)	(159,868)
Other expenditure		(78,770)	(85,473)	(99,622)
		(4,682,800)	(5,496,601)	(5,203,677)
Subtotal				
		(1,148,259)	(816,380)	(1,445,624)
Non-operating grants, subsidies and contributions	9	1,301,106	716,810	717,862
Profit on asset disposals	4(b)	80,050	54,902	21,276
Loss on asset disposals	4(b)	(9,000)	(54,402)	(66,903)
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Fair value adjustments to investment property at fair value through profit or loss		0	0	0
		1,372,156	717,310	672,235
Net result				
		223,897	(99,070)	(773,389)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income				
		223,897	(99,070)	(773,389)

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 Dowerin controls resources to carry on its functions have been included in the financial statements forming part of this budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to the budget.

2018/19 ACTUAL BALANCES

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

CHANGE IN ACCOUNTING POLICIES

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

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

Explanation of the changes arising from these standards is provided at Note 15.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

REVENUES (CONTINUED)

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

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

BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		0	22,285	5,730
General purpose funding		2,242,460	2,931,500	2,068,319
Law, order, public safety		61,922	37,047	14,234
Health		2,600	237,281	237,241
Education and welfare		466,192	106,702	135,160
Housing		145,812	144,214	181,870
Community amenities		265,400	263,819	262,387
Recreation and culture		77,450	45,240	48,421
Transport		149,800	657,183	654,294
Economic services		76,905	166,413	137,652
Other property and services		46,000	63,428	12,745
		3,534,541	4,675,112	3,758,053
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(642,064)	(535,522)	(503,348)
General purpose funding		(172,297)	(209,571)	(146,063)
Law, order, public safety		(126,220)	(70,132)	(54,449)
Health		(54,836)	(384,233)	(334,824)
Education and welfare		(489,908)	(126,342)	(174,454)
Housing		(57,721)	(339,056)	(233,614)
Community amenities		(402,540)	(328,647)	(302,336)
Recreation and culture		(962,857)	(898,495)	(816,313)
Transport		(1,341,321)	(1,991,288)	(2,257,582)
Economic services		(374,241)	(270,973)	(323,265)
Other property and services		(7,633)	(304,455)	(12,745)
		(4,631,638)	(5,458,714)	(5,158,993)
Finance costs	6, 10(d)			
Governance		0	0	0
General purpose funding		(5,000)	(4,249)	0
Law, order, public safety		0	0	0
Health		0	0	0
Education and welfare		0	0	0
Housing		(9,734)	(4,998)	(4,998)
Community amenities		0	0	0
Recreation and culture		(14,113)	(10,346)	(15,619)
Transport		0	0	0
Economic services		(22,315)	(18,292)	(24,067)
Other property and services		0	0	0
		(51,162)	(37,885)	(44,684)
Subtotal		(1,148,259)	(821,487)	(1,445,624)
Non-operating grants, subsidies and contributions	9	1,301,106	716,810	717,862
Profit on disposal of assets	4(b)	80,050	54,902	21,276
(Loss) on disposal of assets	4(b)	(9,000)	(54,402)	(66,903)
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Fair value adjustments to investment property at fair value through profit or loss		0	0	0
		1,372,156	717,310	672,235
Net result		223,897	(104,177)	(773,389)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		223,897	(104,177)	(773,389)

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

ACTIVITIES

GOVERNANCE

Operational costs associated with Elected Members and the governance and compliance of Council's operations.

GENERAL PURPOSE FUNDING

Rates including income and expenses relating to the imposition of rates. General purpose government grants and interest earnings.

LAW, ORDER, PUBLIC SAFETY

Supervision and enactment of various Local Laws, fire prevention, animal control and community crime prevention.

HEALTH

Environmental health services including food quality, pest control, inspection of food premises.

EDUCATION AND WELFARE

Care for the aged, community nursing including Commonwealth Home Support Program (CHSP) and meals on wheels services. Operational costs associated with the local Child Care Centre.

HOUSING

Maintenance of staff and other rental housing including Community Housing Project units operated by joint venture with the Dept. of Housing.

COMMUNITY AMENITIES

Rubbish collection & recycling services, operation of disposal sites, administration and operation of the Dowerin townsite sewerage scheme, administration of the town planning scheme, operation of Dowerin and Minnivale public cemeteries, maintenance of public toilets, Dowerin community bus.

RECREATION AND CULTURE

Maintenance of various halls and sporting pavilions, parks and gardens, sports playing surface areas and reserves (including football oval, hockey oval, tennis courts, bowling greens and golf course). Contribution to the operation of the public library.

TRANSPORT

Construction and maintenance of streets, roads, footpaths, drainage, signs. Maintenance of street trees. Lighting of streets. Maintenance of works depot. Purchase of road plant. Aerodrome Operations.

ECONOMIC SERVICES

Regulation of tourism, area promotion, building control, saleyards, noxious weeds and vermin control. Assistance with operations of the annual Dowerin Field Days. Maintenance costs associated with the Community Resource Centre.

OTHER PROPERTY AND SERVICES

Private Works. Plant repairs and operations. Engineering and Administration overheads. Materials and Stores.

**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		1,352,400	1,189,844	1,386,057
Sewerage Rates and Charges	1(e)	156,000	160,648	160,100
Operating grants, subsidies and contributions		1,213,682	2,206,871	1,601,317
Fees and charges		489,662	454,851	459,918
Service charges		0	0	0
Interest earnings		84,205	130,051	63,111
Goods and services tax		0	(32,849)	200,000
Other revenue		238,592	279,424	192,550
		3,534,541	4,388,840	4,063,053
Payments				
Employee costs		(1,825,508)	(1,995,312)	(1,762,602)
Materials and contracts		(1,223,490)	(2,318,889)	(1,812,132)
Utility charges		(140,700)	(157,927)	(193,792)
Interest expenses		(51,162)	(46,394)	(123,938)
Insurance expenses		(91,375)	(152,557)	(159,868)
Goods and services tax		0	0	(200,000)
Other expenditure		(78,770)	(85,473)	(99,622)
		(3,411,005)	(4,756,552)	(4,351,954)
Net cash provided by (used in) operating activities	3	123,536	(367,712)	(288,901)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	4(a)	0	0	0
Payments for purchase of investment property	4(a)	0	0	0
Payments for purchase of property, plant & equipment	4(a)	(908,000)	(1,464,509)	(1,358,716)
Payments for construction of infrastructure	4(a)	(1,735,480)	(1,356,341)	(1,380,333)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,301,106	716,810	717,862
Proceeds from sale of land held for resale	4(b)	0	0	0
Proceeds from sale of investment property	4(b)	0	0	0
Proceeds from sale of plant & equipment	4(b)	576,000	592,681	283,000
Proceeds from sale of infrastructure	4(b)	0	0	0
Net cash provided by (used in) investing activities		(766,374)	(1,511,359)	(1,738,187)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(141,045)	(126,735)	(126,735)
Advances to community groups	6	0	0	0
Proceeds from self supporting loans	6(a)	12,567	(12,567)	24,534
Proceeds from new borrowings	6(b)	87,500	480,000	480,000
Net cash provided by (used in) financing activities		(40,978)	340,698	377,799
Net increase (decrease) in cash held		(683,816)	(1,538,373)	(1,649,289)
Cash at beginning of year		3,089,427	3,934,691	3,934,691
Cash and cash equivalents at the end of the year	3	2,405,611	2,396,318	2,285,402

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)	716,124	1,491,282	1,492,612
		716,124	1,491,282	1,492,612
Revenue from operating activities (excluding rates)				
Governance		0	31,093	5,730
General purpose funding		890,060	1,636,137	758,336
Law, order, public safety		61,922	37,047	14,234
Health		2,600	237,281	237,241
Education and welfare		466,192	106,702	135,160
Housing		178,812	158,845	181,870
Community amenities		265,400	263,819	262,387
Recreation and culture		80,450	45,240	48,421
Transport		160,350	693,751	672,953
Economic services		76,905	166,413	137,652
Other property and services		79,500	63,428	15,362
		2,262,191	3,439,756	2,469,346
Expenditure from operating activities				
Governance		(642,064)	(535,522)	(503,348)
General purpose funding		(177,297)	(213,820)	(146,063)
Law, order, public safety		(126,220)	(70,132)	(54,449)
Health		(54,836)	(384,233)	(334,824)
Education and welfare		(489,908)	(126,342)	(174,454)
Housing		(75,455)	(390,473)	(296,845)
Community amenities		(402,540)	(328,647)	(302,336)
Recreation and culture		(977,970)	(908,841)	(831,932)
Transport		(1,341,321)	(1,999,272)	(2,263,582)
Economic services		(396,556)	(289,265)	(347,332)
Other property and services		(7,633)	(304,455)	(15,415)
		(4,691,800)	(5,551,002)	(5,270,580)
Non-cash amounts excluded from operating activities	2 (b)(ii)	1,200,745	1,268,769	1,378,082
Amount attributable to operating activities		(512,740)	648,805	69,460
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,301,106	716,810	717,862
Purchase land held for resale	4(a)	0	0	0
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(908,000)	(1,464,509)	(1,358,716)
Purchase and construction of infrastructure	4(a)	(1,735,480)	(1,356,341)	(1,380,333)
Proceeds from disposal of assets	4(b)	576,000	592,681	283,000
Amount attributable to investing activities		(766,374)	(1,511,359)	(1,738,187)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(141,045)	(126,735)	(126,735)
Proceeds from new borrowings	6(b)	87,500	480,000	480,000
Proceeds from self supporting loans	6(a)	12,567	(12,567)	24,534
Transfers to cash backed reserves (restricted assets)	7(a)	(327,900)	(430,662)	(314,092)
Transfers from cash backed reserves (restricted assets)	7(a)	281,716	342,558	299,520
Amount attributable to financing activities		(87,162)	252,594	363,227
Budgeted deficiency before general rates		(1,366,276)	(609,960)	(1,305,500)
Estimated amount to be raised from general rates	1	1,352,400	1,295,363	1,309,983
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	(13,876)	685,403	4,483

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 - Residential	0.10079	136	1,352,119	136,282			136,282	127,206	128,465
GRV - Commercial	0.10079	15	256,474	25,851			25,851	24,856	24,856
GRV - Town Rural	0.10079	12	138,892	13,999			13,999	13,626	12,367
GRV - Other Towns	0.10079	8	33,384	3,365			3,365	0	
Unimproved valuations									
UV - Rural Farmland	0.00840	229	126,018,500	1,058,933			1,058,933	1,009,597	1,015,965
Sub-Totals		400	127,799,369	1,238,430	0	0	1,238,430	1,175,285	1,181,653
Minimum									
Minimum payment									
\$									
Gross rental valuations									
GRV - Residential	770	39		30,030			30,030	36,780	35,582
GRV - Commercial	770	18		13,860			13,860	13,338	13,343
GRV - Town Rural	770	15		11,550			11,550	11,856	11,861
GRV - Other Towns	225	20		4,500			4,500	4,104	4,110
Unimproved valuations									
UV - Rural Farmland	770	61		46,970			46,970	48,165	57,596
UV - Commercial/Industrial	770	4		3,080			3,080	2,964	2,965
UV - Town Rural	770	4		3,080			3,080	2,223	2,224
UV - Mining	225	4		900			900	648	649
Sub-Totals		165	0	113,970	0	0	113,970	120,078	128,330
		565	127,799,369	1,352,400	0	0	1,352,400	1,295,363	1,309,983
Discounts/concessions (Refer note 1(d))							0	0	0
Total amount raised from general rates							1,352,400	1,295,363	1,309,983
Specified area rates (Refer note 1(c))							0	0	0
Total rates							1,352,400	1,295,363	1,309,983

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

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 and 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				
Rates Paid In Full	09 September 2019			11.0%
Option two				
Instalment 1	09 September 2019		5.5%	11.0%
Instalment 2	13 January 2020	5	5.5%	11.0%
Option three				
Instalment 1	09 September 2019		5.5%	11.0%
Instalment 2	11 November 2019	5	5.5%	11.0%
Instalment 3	13 January 2020	5	5.5%	11.0%
Instalment 4	13 March 2020	5	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	5,000	4,838	957
Instalment plan interest earned	1,000		11,669
Unpaid rates and service charge interest earned	9,000	10,796	
	15,000	15,634	12,626

**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) 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

1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Sewerage Charges

	Rate in	Number of properties	Rateable value	2019/20 Budgeted revenue	Budget Applied to Costs	2018/19 Actual revenue
	\$		\$	\$	\$	\$
General Charge						
Residential	0.075841	170	1,633,075	123,000	123,000	114,438
Commercial	0.075841	11	239,223	18,135	18,135	18,044
Vacant Land	0.075841	6	10,920	828	828	2,582
Minimum Charge						
Residential	372.00	6	4,368	2,232	2,232	5,624
Commercial	765.00	11	58,181	8,415	8,415	7,491
Vacant Land	372.00	5	1,860	1,860	1,860	0
Government	765.00	2		1,530	1,530	1,471
Total Charges		211	1,947,627	156,000	156,000	149,650
Sewerage Fixtures						
First Fixture	250.00	14		3,500	3,500	3,356
Additional Fixtures	114.00	65		7,000	7,000	7,094
Total Fixtures Charges		79		10,500	10,500	10,450

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

2 (a). NET CURRENT ASSETS

	Note	2019/20	2019/20	2018/19	2018/19
		Budget	Budget	Estimated	Budget
		30 June 2020	01 July 2019	30 June 2019	30 June 2019
		\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
Cash - unrestricted	3	113,959	843,960	843,960	113,467
Cash - restricted reserves	3	2,291,651	2,245,467	2,245,467	2,171,935
Cash - restricted unspent borrowings	6 (b)	0	0	0	
Receivables		250,745	273,312	303,948	104,823
Contract assets		0	0	0	
Inventories		11,163	11,163	11,163	27,769
		2,667,518	3,373,902	3,404,538	2,417,994
Less: current liabilities					
Trade and other payables		(389,743)	(412,311)	(342,311)	(193,344)
Contract liabilities		0	0	0	
Short term borrowings					
Long term borrowings		(144,589)	4,856	4,856	
Provisions		(151,636)	(151,636)	(151,636)	(103,558)
		(685,968)	(559,091)	(489,091)	(296,902)
Net current assets		1,981,550	2,814,811	2,915,447	2,121,092

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	1,981,550	2,814,811	2,915,447	2,121,092
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: Unspent borrowings	6(c)		0		
Less: Cash - restricted reserves	3	(2,291,651)	(2,245,467)	(2,245,467)	(2,171,935)
Less: Current assets restricted to trading undertaking			0		
Add: Current liabilities associated with restricted assets					
- Unspent grants, contributions and reimbursements		0	0		
- Developer contributions		0	0		
- Cash in lieu of parking		0	0		
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		144,589	(4,856)	(4,856)	0
- Employee benefit provisions		151,636	151,636	151,636	55,326
- bonds and deposits held			0		
non-current provisions			0		
Adjusted net current assets - surplus/(deficit)		(13,876)	716,124	816,760	4,483
(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)	(80,050)	(54,902)	(54,902)	(21,276)
Less: Reversal of prior year loss on revaluation of non-current assets		0	0	0	0
Less: Non-cash grants and contributions for assets			0		
Less: Movement in liabilities associated with restricted cash					1,109
Add: Loss on disposal of assets	4(b)	9,000	54,402	54,402	66,903
Add: Loss on revaluation of non current assets		0	0	0	0
Add: Change in accounting policies	15		0		
Add: Depreciation on assets	5	1,271,795	1,269,269	1,269,269	1,331,346
Non cash amounts excluded from operating activities		1,200,745	1,268,769	1,268,769	1,378,082

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

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. The opening

budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit.
Refer to note 15 for further explanation of the impact of the changes in accounting policies

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

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

All funds to which the Shire of Dowerin 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 Dowerin'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 Dowerin'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 Dowerin'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	113,959	843,960	113,467
Cash - restricted	2,291,652	2,245,467	2,171,935
	2,405,611	3,089,427	2,285,402
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave Reserve	58,145	56,632	55,326
Plant Reserve	145,561	59,959	105,056
Sewerage Asset Preservation Reserve	1,167,640	1,256,174	1,292,368
Land & Building Reserve	476,654	449,363	304,611
Swimming Pool Reserve	190	185	0
Recreation Facilities Reserve	192,108	193,926	188,805
Community Housing Project Reserve	50,241	48,933	47,805
Community Bus Reserve	0	0	0
Economic Development Reserve	57,242	55,752	55,291
All-Hours Gym Reserve	0	0	0
Bowling Green Replacement Reserve	97,592	85,312	83,971
Tennis Court Replacement Reserve	46,279	39,231	38,702
Asset Renewal Reserve	0	0	0
Asset Renewal Reserve	0	0	0
Asset Renewal Reserve	0	0	0
Unspent grants and contributions not held in reserve	0	0	0
Unspent borrowings	0	0	0
Other restricted cash	0	0	0
	2,291,652	2,245,467	2,171,935
Reconciliation of net cash provided by operating activities to net result			
Net result	223,897	(99,073)	(773,389)
Depreciation	1,271,795	1,269,269	1,331,346
(Profit)/loss on sale of asset	(71,050)	(500)	45,627
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	0	(291,381)	104,631
(Increase)/decrease in contract assets	0	0	0
(Increase)/decrease in inventories	0	(11,163)	0
Increase/(decrease) in payables	0	(320,678)	(229,254)
Increase/(decrease) in contract liabilities	0	0	0
Increase/(decrease) in employee provisions	0	(197,376)	(50,000)
Change in accounting policies transferred to retained surplus (refer to Note 15)	0	0	0
Non cash contributions			
Grants/contributions for the development of assets	(1,301,106)	(716,810)	(717,862)
Net cash from operating activities	123,536	(367,712)	(288,901)

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.

The bank overdraft is shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program						2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	
<u>Property, Plant and Equipment</u>									
Land - freehold land							0		
Land - vested in and under the control of Council							0		
Buildings - non-specialised						55,000	55,000	572,685	616,716
Buildings - specialised							0		
Furniture and equipment			12,000				12,000		
Plant and equipment		85,000	103,000	293,000		360,000	841,000	891,824	742,000
Tools & Equipment							0		
User defined 2							0		
User defined 3							0		
	0	85,000	115,000	293,000	0	415,000	908,000	1,464,509	1,358,716
<u>Infrastructure</u>									
Infrastructure - Roads				1,390,480			1,390,480	1,353,313	1,350,333
Infrastructure - Footpaths				70,000			70,000	3,028	30,000
Infrastructure - Signs							0		
Infrastructure - Drainage							0		
Infrastructure - Sewerage							0		
Infrastructure - Parks & Ovals							0		
Infrastructure - Street Lighting							0		
Infrastructure - Other			200,000		75,000		275,000		
	0	0	200,000	1,460,480	75,000	0	1,735,480	1,356,341	1,380,333
Total acquisitions	0	85,000	315,000	1,753,480	75,000	415,000	2,643,480	2,820,850	2,739,049

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

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

4. FIXED ASSETS (CONTINUED)

(b) Disposal 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												
Governance		0	0	0	66,201	75,009	8,808	0		0	0	0
General Purpose Funding		0	0	0		0	0	0		0	0	0
Law, order, public safety		0	0	0		0	0	0		0	0	0
Health		0	0	0		0	0	0		0	0	0
Education and welfare		0	0	0		0	0	0		0	0	0
Housing	115,000	140,000	33,000	(8,000)	349,200	317,412	14,631	(46,419)	208,233	150,000	0	(58,233)
Community amenities		0	0	0		0	0	0		0	0	0
Recreation and culture	87,000	89,000	3,000	(1,000)		0	0	0		0	0	0
Transport	4,450	15,000	10,550	0	171,676	200,260	36,568	(7,984)	112,341	125,000	18,659	(6,000)
Economic services		0	0	0		0	0	0		0	0	0
Other property and services	298,500	332,000	33,500	0		0	0	0	8,053	8,000	2,617	(2,670)
	504,950	576,000	80,050	(9,000)	587,077	592,681	60,007	(54,403)	328,627	283,000	21,276	(66,903)
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land		0				0				0		
Land - vested in and under the control of Council		0				0				0		
Buildings - non-specialised	115,000	140,000	33,000	(8,000)	349,200	317,412	14,631	(46,419)	208,233	150,000		(58,233)
Buildings - specialised		0				0				0		
Furniture and equipment		0				0				0		
Plant and equipment	389,950	436,000	47,050	(1,000)	237,877	275,269	45,376	(7,984)	120,394	133,000	21,276	(8,670)
	504,950	576,000	80,050	(9,000)	587,077	592,681	60,007	(54,403)	328,627	283,000	21,276	(66,903)

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

- Capital Works Schedule
- Plant replacement programme
- Detailed Schedules

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

5. ASSET DEPRECIATION

By Program

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

By Class

Buildings - non-specialised
Furniture and equipment
Plant and equipment
Tools & Equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Sewerage
Infrastructure - Parks & Ovals
Infrastructure - Other

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
9,400	9,911	1,375
36,270	38,710	24,369
	5,706	6,900
13,000	9,136	15,030
65,000	125,636	125,547
66,000	66,652	66,769
419,545	393,122	331,030
478,350	562,715	464,830
53,500	44,980	64,960
130,730	12,701	230,536
1,271,795	1,269,269	1,331,346
468,400	468,322	433,044
16,400	16,337	10,815
114,450	114,413	225,561
1,500	1,486	1,542
428,345	425,251	414,990
20,100	20,964	20,940
22,150	22,116	22,090
55,700	55,669	57,824
78,400	78,395	78,290
66,350	66,316	66,250
1,271,795	1,269,269	1,331,346

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
Buildings - specialised
Furniture and equipment
Plant and equipment
Tools & Equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Signs
Infrastructure - Drainage
Infrastructure - Sewerage
Infrastructure - Parks & Ovals
Infrastructure - Street Lighting
Infrastructure - Other

DEPRECIATION (CONTINUED)

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

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

RECOGNITION OF ASSETS

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

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2020	Principal 1 July 2018	Actual New loans	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019
		\$	\$	\$	\$		\$	\$	\$			\$	\$	\$	\$
Housing															
Loan 100 - GROH	275,144		9,973	9,734	265,171		280,000	4,856	4,998	275,144		280,000	4,856	4,998	275,144
Recreation and culture															
Loan 97 - Community Club	218,830		70,011	8,243	148,819	286,063		67,233	10,346	218,830	286,063		67,233	11,019	218,830
Loan 101 - Swimming Pool	200,000		17,428	5,870	182,572		200,000			200,000		200,000		4,600	200,000
DEM Loan - Swimming Pool	0	50,000			50,000					0					0
Economic services															
DEM Loan - Tourism Entry Stat	0	37,500													
Loan 98 - Dowerin Events	12,567		12,567	205	0	37,101		24,534	1,008	12,567	37,101		24,534	1,008	12,567
Loan 99 - Accommodation	711,693		31,066	22,110	680,627	741,805		30,112	17,284	711,693	741,805		30,112	23,058	711,693
	1,405,667	87,500	128,478	45,957	1,327,189	1,027,868	480,000	102,201	32,628	1,405,667	1,027,868	480,000	102,201	43,675	1,405,667
Self Supporting Loans															
Economic services															
Loan 98 - Dowerin Events	12,567	0	12,567	205	0	37,101	0	24,534	1,008	12,567	37,101	0	24,534	1,008	12,567
	12,567	0	12,567	205	0	37,101	0	24,534	1,008	12,567	37,101	0	24,534	1,008	12,567
	1,418,234	87,500	141,045	46,162	1,327,189	1,064,969	480,000	126,735	33,636	1,418,234	1,064,969	480,000	126,735	44,683	1,418,234

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

The self supporting loan repayment will be fully reimbursed.

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
DEM Loan - Swimming Pool	Dowerin Events	Interest Free	5	0.0%	50,000		50,000	0
DEM Loan - Tourism Entry Sta	Dowerin Events	Interest Free	5	0.0%	37,500		37,500	0
					87,500	0	87,500	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 30 June 2020.

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	60,000	60,000	60,000
Bank overdraft at balance date	0	0	
Credit card limit	16,000	16,000	16,000
Credit card balance at balance date		(6,191)	
Total amount of credit unused	76,000	69,809	76,000
Loan facilities			
Loan facilities in use at balance date	1,327,189	1,418,234	1,418,234

Unused loan facilities at balance date

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd 1 July 2019	2019/20 Budgeted Increase/ (Decrease)	Amount as at 30 June 2020
			\$	\$	\$
NAB	Cash Flow	1980	0	0	0
			0	0	0

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	56,632	1,513		58,145	54,217	2,415		56,632	54,217	1,109		55,326
Plant Reserve	59,959	85,602		145,561	369,807		(309,848)	59,959	369,807	1,874	(266,625)	105,056
Sewerage Asset Preservation Reserve	1,256,174	61,466	(150,000)	1,167,640	1,161,589	94,585		1,256,174	1,161,589	130,779		1,292,368
Land & Building Reserve	449,363	152,007	(124,716)	476,654	148,579	300,784		449,363	148,579	156,032		304,611
Swimming Pool Reserve	185	5		190	32,895		(32,710)	185	32,895	0	(32,895)	0
Recreation Facilities Reserve	193,926	5,182	(7,000)	192,108	185,023	8,903		193,926	185,023	3,782		188,805
Community Housing Project Reserve	48,933	1,308		50,241	46,847	2,086		48,933	46,847	958		47,805
Economic Development Reserve	55,752	1,490		57,242	54,183	1,569		55,752	54,183	1,108		55,291
All-Hours Gym Reserve	0	0		0	0			0	0	0		0
Bowling Green Replacement Reserve	85,312	12,280		97,592	72,293	13,019		85,312	72,293	11,678		83,971
Tennis Court Replacement Reserve	39,231	7,048		46,279	31,930	7,301		39,231	31,930	6,772		38,702
	2,245,467	327,900	(281,716)	2,291,652	2,157,363	430,662	(342,558)	2,245,467	2,157,363	314,092	(299,520)	2,171,935

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

7. CASH BACKED RESERVES (CONTINUED)

(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	Ongoing	to be used to fund long service leave requirements
Plant Reserve	Ongoing	to be used to fund the replacement of plant
Sewerage Asset Preservation Reserve	Ongoing	to be used for the renewal and development of town sewerage infrastructure.
Land & Building Reserve	Ongoing	to be used for the development, purchase and/or renewal of land and building assets.
Swimming Pool Reserve	Ongoing	to be used for the renewal and/or upgrades and development of the swimming pool.
Recreation Facilities Reserve	Ongoing	to be used for the renewal and/or upgrades and development of recreation facilities.
Community Housing Project Reserve	Ongoing	to be used for Council's contribution to housing projects.
Economic Development Reserve	Ongoing	to provide Council with seed funding to leverage grant funding and other economic development opportunities and initiatives.
All-Hours Gym Reserve	Ongoing	to be used for the replacement and/or purchase of new equipment for the Gymnasium.
Bowling Green Replacement Reserve	Ongoing	to be used for the replacement of Bowling Greens.
Tennis Court Replacement Reserve	Ongoing	to be used for the replacement of the Tennis Court playing surface.

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

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	0	66	30
General purpose funding	6,000	6,438	2,018
Law, order, public safety	6,500	6,477	5,405
Health	1,600	14,826	16,230
Education and welfare	92,750	1,620	1,836
Housing	145,812	141,894	180,830
Community amenities	95,400	102,208	100,974
Recreation and culture	25,400	28,116	28,421
Transport	0	517	632
Economic services	110,200	114,870	129,838
Other property and services	6,000	37,819	4,641
	489,662	454,851	470,855

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			
General purpose funding	760,860	1,458,660	663,898
Law, order, public safety	51,422	30,570	8,829
Health	0	222,024	220,901
Education and welfare	244,800		
Housing			
Community amenities			
Recreation and culture	24,600	0	6,000
Transport	132,000	638,630	635,112
Economic services	0	10,000	640
Other property and services			
	1,213,682	2,359,884	1,535,380

Non-operating grants, subsidies and contributions

Recreation and culture	2,500	0	0
Transport	1,261,106	716,810	717,862
Economic services	37,500	0	0
Other property and services	0	0	0
	1,301,106	716,810	717,862

**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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
Investments			
- Reserve funds	60,000	86,926	43,151
- Other funds	14,000	18,517	7,283
Late payment of fees and charges *			1,008
Loan Interest Reimbursed	205	13,812	
Other interest revenue (refer note 1b)	10,000	10,796	11,669
	<u>84,205</u>	<u>130,051</u>	<u>63,111</u>

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 11%.

(b) Other revenue

Reimbursements and recoveries	238,592	279,424	176,812
Other			15,738
	<u>238,592</u>	<u>279,424</u>	<u>192,550</u>

The net result includes as expenses

(c) Auditors remuneration

Audit services	32,000	14,149	25,500
	<u>32,000</u>	<u>14,149</u>	<u>25,500</u>

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	46,162	33,636	44,683
Interest expense on lease liabilities			0
Other	5,000	4,249	0
	<u>51,162</u>	<u>37,885</u>	<u>44,683</u>

(e) Elected members remuneration

Meeting fees	25,000	24,255	25,000
President's allowance	3,200	1,590	3,180
Deputy President's allowance	800	400	800
Telecommunications allowance	1,000	900	2,000
	<u>30,000</u>	<u>27,145</u>	<u>30,980</u>

(f) Write offs

General rate	1,000	4,416	8,000
Specified area rate			
Service charge - Water			
Fees and charges			
	<u>1,000</u>	<u>4,416</u>	<u>8,000</u>

(g) Low Value lease expenses

Office equipment			
Office equipment			
	<u>0</u>	<u>0</u>	<u>0</u>

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 AND TRADING UNDERTAKINGS

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

12. INTERESTS IN JOINT ARRANGEMENTS

The Shire of Dowerin entered into arrangements with the State Housing Commission - Homeswest for;
4 x 2 Bedroom Units for small families (Memorial Street Units) in 1996
4 x Independent Living Units for Seniors (Lot 27 Goldfields Road - Hilda Street Units) in 2006
Assets associated with the joint venture agreements are included in Council's Property, Plant & Equipment Register.

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Non-current assets			
Land and Buildings	1,155,947		
Less: accumulated depreciation	(27,898)		
	1,128,049	0	0

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 Dowerin's interests in the assets, liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

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

13. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Housing Bonds	3,180			3,180
Key Deposits	90			90
Tidy Towns	3,219			3,219
HACC Funds	691			691
BCITF Levies & BSL Fees		500	(500)	0
HACC Fundraising	2,522			2,522
Other Deposits	2,358			2,358
Councillor Nomination Deposits		320	(320)	0
	12,060	820	(820)	12,060

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020****14. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION****GOODS AND SERVICES TAX (GST)**

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 15.

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

15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE IN ACCOUNTING POLICIES

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

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract assets	0		0
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0		0
Developer contributions	0		0
Contract liabilities non-current			
Developer contributions	0		0
Cash in lieu of parking	0		0
Adjustment to retained surplus from adoption of AASB 15		0	

LEASES

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

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

15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE IN ACCOUNTING POLICIES (Continued)

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Dowerin 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 Dowerin 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 Dowerin. When the taxable event occurs the financial liability is extinguished and the Shire of Dowerin 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 Dowerin 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 Dowerin of the changes as at 1 July 2019 is as follows:

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

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

16. BUDGET RATIOS

	2019/20 Budget	2018/19 Actual	2017/18 Actual	2016/17 Actual
Operating Surplus	(0.4641)	(0.3523)	0.5296	0.4753
Funds After Operations	0.0933	(0.0424)	3.1054	1.0909
PPE	(0.0102)	(0.0075)	0.1282	0.0747
Infrastructure	0.0415	0.0058	(0.0005)	0.0194
Cash Reserves	0.9874	0.9677	1.0390	0.8411
Borrowings	0.5719	0.6058	0.5129	0.5564
Debt Servicing	0.0807	0.0691	0.0754	0.0660
Average Rates (UV)	3,685	3,522	3,287	2,600
Average Rates (GRV)	910	881	841	634

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)	716,124	1,491,282	1,492,612
		716,124	1,491,282	1,492,612
Revenue from operating activities (excluding rates)				
Specified area rates	1(c)	0	0	0
Sewerage Rates and Charges	1(e)	156,000	160,648	160,100
Operating grants, subsidies and contributions	9	1,213,682	2,359,884	1,561,454
Fees and charges	8	489,662	454,851	470,855
Service charges	1(c)	0	0	0
Interest earnings	10(a)	84,205	130,051	63,111
Other revenue	10(b)	238,592	279,424	192,550
Profit on asset disposals	4(b)	80,050	54,902	21,276
		2,262,191	3,439,760	2,469,346
Expenditure from operating activities				
Employee costs		(1,825,508)	(1,816,959)	(1,712,602)
Materials and contracts		(1,223,490)	(1,976,531)	(1,661,763)
Utility charges		(140,700)	(157,927)	(193,792)
Depreciation on non-current assets	5	(1,271,795)	(1,269,269)	(1,331,346)
Interest expenses	10(d)	(51,162)	(37,885)	(44,684)
Insurance expenses		(91,375)	(152,557)	(159,868)
Other expenditure		(78,770)	(85,473)	(99,622)
Loss on asset disposals	4(b)	(9,000)	(54,402)	(66,903)
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
		(4,691,800)	(5,551,003)	(5,270,580)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	1,200,745	1,268,769	1,378,082
Amount attributable to operating activities		(512,740)	648,808	69,460
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,301,106	716,810	717,862
Purchase land held for resale	4(a)	0	0	0
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(908,000)	(1,464,509)	(1,358,716)
Purchase and construction of infrastructure	4(a)	(1,735,480)	(1,356,341)	(1,380,333)
Proceeds from disposal of assets	4(b)	576,000	592,681	283,000
Amount attributable to investing activities		(766,374)	(1,511,359)	(1,738,187)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(141,045)	(126,735)	(126,735)
Proceeds from new borrowings	6	87,500	480,000	480,000
Proceeds from self supporting loans	6(a)	12,567	(12,567)	24,534
Transfers to cash backed reserves (restricted assets)	7(a)	(327,900)	(430,662)	(314,092)
Transfers from cash backed reserves (restricted assets)	7(a)	281,716	342,558	299,520
Amount attributable to financing activities		(87,162)	252,594	363,227
Budgeted deficiency before general rates		(1,366,276)	(609,957)	(1,305,500)
Estimated amount to be raised from general rates	1	1,352,400	1,295,363	1,309,983
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	(13,876)	685,406	4,483

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