



A Fortunate Place

Shire of Wickepin
2019/20 BUDGET

SHIRE OF WICKEPIN
BUDGET
FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

A collaborative Council, dedicated to maintaining and developing our community assets for the benefit of our residents whilst supporting a strong community, a vibrant economy, successful businesses and a sound environment

**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)	1,359,691	1,359,580	1,352,265
Operating grants, subsidies and contributions	9	934,267	1,748,901	861,048
Fees and charges	8	430,494	533,627	459,782
Interest earnings	10(a)	61,500	63,677	52,000
		2,785,952	3,705,785	2,725,095
Expenses				
Employee costs		(1,163,845)	(1,179,966)	(1,332,157)
Materials and contracts		(1,258,593)	(1,134,263)	(1,345,486)
Utility charges		(169,550)	(186,356)	(175,545)
Depreciation on non-current assets	5	(4,645,059)	(4,695,668)	(4,327,930)
Interest expenses	10(c)	(2,050)	(3,368)	(3,453)
Insurance expenses		(206,870)	(166,166)	(179,158)
		(7,445,967)	(7,365,787)	(7,363,729)
Subtotal		(4,660,015)	(3,660,002)	(4,638,634)
Non-operating grants, subsidies and contributions	9	656,234	552,461	552,461
Profit on asset disposals	4(b)	4,959	5,399	21,680
Loss on asset disposals	4(b)	(53,495)	(200,836)	(46,580)
		607,698	357,024	527,561
Net result		(4,052,317)	(3,302,978)	(4,111,073)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(4,052,317)	(3,302,978)	(4,111,073)

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

FOR THE YEAR ENDED 30TH JUNE 2020

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the SHIRE OF WICKEPIN 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		105	13,465	110
General purpose funding		2,206,214	3,016,923	2,171,446
Law, order, public safety		82,105	95,918	72,887
Health		0	100	250
Education and welfare		300	214	4,160
Housing		75,250	96,051	108,150
Community amenities		171,363	171,309	174,710
Recreation and culture		18,832	34,468	32,597
Transport		137,468	130,642	85,120
Economic services		58,815	74,003	42,165
Other property and services		35,500	72,693	33,500
		2,785,952	3,705,786	2,725,095
Expenses excluding finance costs	5,10(b)(d)(e)(f)			
Governance		(460,690)	(429,744)	(442,522)
General purpose funding		(84,005)	(84,513)	(87,054)
Law, order, public safety		(224,858)	(193,043)	(208,330)
Health		(25,220)	(20,075)	(25,916)
Education and welfare		(29,985)	(11,693)	(17,842)
Housing		(158,688)	(159,831)	(186,866)
Community amenities		(410,981)	(372,789)	(383,798)
Recreation and culture		(1,082,137)	(1,006,809)	(981,394)
Transport		(4,701,163)	(4,719,767)	(4,759,357)
Economic services		(221,562)	(229,279)	(241,056)
Other property and services		(44,628)	(134,876)	(26,141)
		(7,443,917)	(7,362,419)	(7,360,276)
Finance costs	6, 10(d)			
Housing		(792)	0	0
Community amenities		0	(2,166)	(2,195)
Recreation and culture		(1,258)	0	0
Transport		0	(1,202)	(1,258)
		(2,050)	(3,368)	(3,453)
Subtotal		(4,660,015)	(3,660,001)	(4,638,634)
Non-operating grants, subsidies and contributions	9	656,234	552,461	552,461
Profit on disposal of assets	4(b)	4,959	5,399	21,680
(Loss) on disposal of assets	4(b)	(53,495)	(200,836)	(46,580)
		607,698	357,024	527,561
Net result		(4,052,317)	(3,302,977)	(4,111,073)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(4,052,317)	(3,302,977)	(4,111,073)

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

FOR THE YEAR ENDED 30TH JUNE 2020

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE**GOVERNANCE**

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

ACTIVITIES

Includes the activities of members of Council and the administrative support available to the Council specific Council services, for the provision of the governance of the district.
Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants, and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, immunisation services, mosquito control and the operation of medical centre.

EDUCATION AND WELFARE

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

Support for childcare, development of services for the aged and rural counselling support.

HOUSING

To provide and maintain staff and other housing.

Provision and maintenance of staff and other housing.

COMMUNITY AMENITIES

To provide services required to the community.

Rubbish collection, operation of tip, noise control support for waste recycling, litter control, administration of town planning scheme, strategic planning, maintenance of cemetery, public conveniences and town drainage maintenance.

RECREATION AND CULTURE

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

Maintenance of halls, swimming facilities, recreation centres and various reserves, operation of library, maintenance of cultural heritage assets.

TRANSPORT

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

Construction and maintenance of streets, roads footpaths, drainage works, parking facilities, cleaning, lighting of streets, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

To help promote the shire and its economic wellbeing.

Tourism and area promotion including the maintenance and operation of caravan parks. Provision of rural services including weed control, vermin control and standpipes. Building control and community development activities.

OTHER PROPERTY AND SERVICES

To monitor and control Council's overheads operating accounts.

Private works operations, plant repair and operation costs and engineering operation costs.

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,359,691	1,343,927	1,352,265
Operating grants, subsidies and contributions		934,267	1,745,391	861,048
Fees and charges		430,494	533,627	459,782
Interest earnings		61,500	63,677	52,000
Goods and services tax		0	(5,575)	
		2,785,952	3,681,047	2,725,095
Payments				
Employee costs		(1,163,845)	(1,125,861)	(1,332,157)
Materials and contracts		(1,258,593)	(1,134,904)	(1,345,486)
Utility charges		(169,550)	(186,356)	(175,545)
Interest expenses		(2,050)	(3,454)	(3,453)
Insurance expenses		(206,870)	(166,166)	(179,158)
		(2,800,908)	(2,616,741)	(3,035,799)
Net cash provided by (used in) operating activities	3	(14,956)	1,064,306	(310,704)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(1,745,279)	(500,843)	(497,344)
Payments for construction of infrastructure	4(a)	(977,576)	(779,359)	(758,376)
Non-operating grants, subsidies and contributions used for the development of assets	9	656,234	552,461	552,461
Proceeds from sale of plant & equipment	4(b)	205,379	150,675	170,594
Net cash provided by (used in) investing activities		(1,861,242)	(577,066)	(532,665)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(31,013)	(29,366)	(29,837)
Proceeds from self supporting loans	6(a)	6,326	6,081	6,081
Net cash provided by (used in) financing activities		(24,687)	(23,285)	(23,756)
Net increase (decrease) in cash held		(1,900,885)	463,955	(867,125)
Cash at beginning of year		3,565,169	3,101,216	3,101,215
Cash and cash equivalents at the end of the year	3	1,664,284	3,565,171	2,234,090

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)	1,405,042	1,264,509	1,134,092
		1,405,042	1,264,509	1,134,092
Revenue from operating activities (excluding rates)				
Governance		105	16,264	1,110
General purpose funding		846,523	1,657,343	819,181
Law, order, public safety		82,105	95,918	72,887
Health		0	100	250
Education and welfare		300	214	4,160
Housing		75,250	96,051	108,150
Community amenities		171,363	171,309	186,040
Recreation and culture		18,832	34,468	32,597
Transport		142,427	133,242	94,470
Economic services		58,815	74,003	42,165
Other property and services		35,500	72,693	33,500
		1,431,220	2,351,605	1,394,510
Expenditure from operating activities				
Governance		(465,549)	(435,219)	(445,002)
General purpose funding		(84,005)	(84,513)	(87,054)
Law, order, public safety		(224,858)	(234,343)	(252,430)
Health		(25,220)	(20,075)	(25,916)
Education and welfare		(29,985)	(11,693)	(17,842)
Housing		(159,480)	(159,831)	(186,866)
Community amenities		(410,981)	(388,451)	(385,993)
Recreation and culture		(1,083,395)	(1,076,279)	(981,394)
Transport		(4,749,799)	(4,751,653)	(4,760,615)
Economic services		(221,562)	(263,894)	(241,056)
Other property and services		(44,628)	(140,671)	(26,141)
		(7,499,462)	(7,566,622)	(7,410,309)
Non-cash amounts excluded from operating activities	2 (b)(ii)	4,695,357	4,891,105	4,352,830
Amount attributable to operating activities		32,157	940,597	(528,877)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	656,234	552,461	552,461
Purchase property, plant and equipment	4(a)	(1,745,279)	(500,843)	(497,344)
Purchase and construction of infrastructure	4(a)	(977,576)	(779,359)	(758,376)
Proceeds from disposal of assets	4(b)	205,379	150,675	170,594
Amount attributable to investing activities		(1,861,242)	(577,066)	(532,665)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(31,013)	(29,366)	(29,837)
Proceeds from self supporting loans	6(a)	6,326	6,081	6,081
Transfers to cash backed reserves (restricted assets)	7(a)	(157,140)	(327,784)	(313,466)
Transfers from cash backed reserves (restricted assets)	7(a)	651,221	33,000	46,500
Amount attributable to financing activities		469,394	(318,069)	(290,722)
Budgeted deficiency before general rates		(1,359,691)	45,462	(1,352,264)
Estimated amount to be raised from general rates	1	1,359,691	1,359,580	1,352,265
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	1,405,043	1

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	0.07030	194	1,819,215	127,894		0	127,894	127,894	127,894
Unimproved valuations									
UV	0.00939	276	140,831,140	1,321,841	(111)		1,321,730	1,321,597	1,322,302
Sub-Totals		470	142,650,355	1,449,735	(111)	0	1,449,624	1,449,491	1,450,196
Minimum									
Minimum payment									
\$									
Gross rental valuations									
GRV	400	63	91,032	25,200			25,200	25,200	25,200
Unimproved valuations									
UV	400	15	357,552	6,000			6,000	6,000	6,000
Sub-Totals		78	448,584	31,200	0	0	31,200	31,200	31,200
		548	143,098,939	1,480,935	(111)	0	1,480,824	1,480,691	1,481,396
							11,734	11,734	8,454
							(47)	(25)	
Discounts/concessions (Refer note 1(d))							(132,820)	(132,820)	(137,585)
Total amount raised from general rates							1,359,691	1,359,580	1,352,265
Specified area rates (Refer note 1(c))							0	0	0
Total rates							1,359,691	1,359,580	1,352,265

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

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	27/09/2019			11.0%
Option three	27/09/2019	5		11.0%
	27/11/2019	5		11.0%
	28/01/2020	5		11.0%
	28/03/2020	5		11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Unpaid rates and service charge interest earned	4,500	4,677	4,000
	4,500	4,677	4,000

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Rates discounts

Rate or fee to which discount is granted	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which discount is granted
Rate Discount	10.0%		\$ 132,820	\$ 132,820	\$ 137,585	Discount is granted to Ratepayers who pay rates in full within 35 days of date of issue of rates
			132,820	132,820	137,585	

(e) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	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
General Rates and Charges Waiver				\$ (25)	\$ (25)	\$ (60)	Rates Balance less than \$5.00	Write off small balances for administration efficiency
				(25)	(25)	(60)		

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

2 (a). NET CURRENT ASSETS

		2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
	Note	\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
Cash - unrestricted	3	55,728	1,462,532	1,462,532	162,269
Cash - restricted reserves	3	1,608,556	2,102,637	2,102,637	2,071,821
Receivables		81,091	87,417	87,417	56,353
		1,745,375	3,652,586	3,652,586	2,290,443
Less: current liabilities					
Trade and other payables		(36,957)	(36,957)	(36,957)	(17,872)
Long term borrowings		(1)	(31,014)	(31,014)	472
Provisions		(199,118)	(199,118)	(199,118)	(200,749)
		(236,076)	(267,089)	(267,089)	(218,149)
Net current assets		1,509,299	3,385,497	3,385,497	2,072,294

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	1,509,299	3,385,497	3,385,497	2,072,294
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	(1,608,556)	(2,102,637)	(2,102,637)	(2,071,821)
Less: Current assets not expected to be received at end of year - current portion of self supporting loans receivable			(6,325)	(6,325)	
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings		1	31,014	31,014	(472)
- Employee benefit provisions		99,255	97,493	97,493	
Adjusted net current assets - surplus/(deficit)		(1)	1,405,042	1,405,042	1
(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)	(4,959)	(5,399)	(5,399)	(21,680)
Less: Movement in liabilities associated with restricted cash		1,762			
Add: Loss on disposal of assets	4(b)	53,495	200,836	200,836	46,580
Add: Depreciation on assets	5	4,645,059	4,695,668	4,695,668	4,327,930
Non cash amounts excluded from operating activities		4,695,357	4,891,105	4,891,105	4,352,830

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

All funds to which the SHIRE OF WICKEPIN 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 WICKEPIN'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 WICKEPIN'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 WICKEPIN'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	55,728	1,462,532	162,269
Cash - restricted	1,608,557	2,102,637	2,071,821
	1,664,285	3,565,169	2,234,090
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Asset Renewal Reserve- Leave Reserve	99,255	97,493	83,532
Asset Renewal Reserve - Plant Reserve	305,236	333,214	332,235
Asset Renewal Reserve - Building Reserve	147,376	488,547	480,496
Asset Renewal Reserve - Fire Fighters Reserve	23,015	22,606	22,152
Asset Renewal Reserve - Cottage Homes Reserve	53,999	38,307	38,473
Asset Renewal Reserve - Special Events Reserve	14,905	14,640	14,570
Asset Renewal Reserve - Computer Reserve	32,460	25,990	25,891
Asset Renewal Reserve - Young Singles Accomodation Reserve	91,831	84,307	80,947
Asset Renewal Reserve - Saleyards Reserve	40,720	34,104	33,967
Asset Renewal Reserve - Sewerage Reserve	268,306	222,448	221,582
Asset Renewal Reserve - Refuse Site Reserve	124,149	121,945	121,368
Asset Renewal Reserve - Land Development Reserve	118,841	116,731	116,179
Asset Renewal Reserve - Aged Persons Accommodation Reserve	5,756	268,131	267,221
Asset Renewal Reserve - Swimming Pool Reserve	207,997	173,853	173,055
Asset Renewal Reserve - Albert Facey Reserve	9,962	9,785	9,739
Asset Renewal Reserve - Fuel Facility Reserve	64,749	50,536	50,414
	1,608,557	2,102,637	2,071,821
Reconciliation of net cash provided by operating activities to net result			
Net result	(4,052,317)	(3,302,976)	(4,111,073)
Depreciation	4,645,059	4,695,668	4,327,930
(Profit)/loss on sale of asset	48,536	195,437	24,900
(Increase)/decrease in receivables	0	(24,738)	
(Increase)/decrease in contract assets	0	0	
Increase/(decrease) in payables	0	5,454	
Increase/(decrease) in contract liabilities	0	0	
Increase/(decrease) in employee provisions	0	47,924	
Change in accounting policies transferred to retained surplus (refer to Note 15)	0	0	0
Grants/contributions for the development of assets	(656,234)	(552,461)	(552,461)
Net cash from operating activities	(14,956)	1,064,308	(310,704)

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program						2019/20	2018/19	2018/19
	Governance	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>									
Buildings - non-specialised		700,000	362,000				1,062,000	500,843	8,200
Buildings - specialised					73,500	12,500	86,000		66,000
Furniture and equipment	5,600			2,300			7,900		14,000
Plant and equipment						589,379	589,379		409,144
	5,600	700,000	362,000	2,300	73,500	601,879	1,745,279	500,843	497,344
<i>Infrastructure</i>									
Infrastructure - Roads						957,576	957,576	779,359	677,876
Infrastructure - Footpaths						20,000	20,000		10,000
Infrastructure - Parks & Ovals							0		70,500
	0	0	0	0	0	977,576	977,576	779,359	758,376
Total acquisitions	5,600	700,000	362,000	2,300	73,500	1,579,455	2,722,855	1,280,202	1,255,720

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

- Plant Replacement Program
- Other Property & Plant
- Road Replacement Program
- Other Parks and Ovals

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												
Governance	65,505	60,646	0	(4,859)	74,448	71,772	2,799	(5,475)	65,844	64,364	1,000	(2,480)
Law, order, public safety		0	0	0	41,300	0	0	(41,300)	44,100	0	0	(44,100)
Community amenities		0	0	0	45,180	31,684	0	(13,496)	31,685	43,015	11,330	0
Recreation and culture		0	0	0	77,870	8,400	0	(69,470)		0	0	0
Transport	188,410	144,733	4,959	(48,636)	66,902	38,818	2,600	(30,684)	53,865	63,215	9,350	0
Economic services		0	0	0	34,615	0	0	(34,615)		0	0	0
Other property and services		0	0	0	5,795	0	0	(5,795)		0	0	0
	253,915	205,379	4,959	(53,495)	346,111	150,675	5,399	(200,835)	195,494	170,594	21,680	(46,580)
By Class												
<u>Property, Plant and Equipment</u>												
Buildings - non-specialised		0			12,675	0		(12,675)		0		
Furniture and equipment		0			20,292	0		(20,292)		0		
Plant and equipment	253,915	205,379	4,959	(53,495)	223,433	150,675	5,399	(78,157)	195,494	170,594	21,680	(46,580)
<u>Infrastructure</u>												
Infrastructure - Parks & Ovals		0			89,711	0		(89,711)		0		
	253,915	205,379	4,959	(53,495)	346,111	150,675	5,399	(200,835)	195,494	170,594	21,680	(46,580)

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

- Staff housing programme
- Plant replacement programme

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

5. ASSET DEPRECIATION

By Program

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	27,500	27,496	27,000
Law, order, public safety	53,600	83,412	53,600
Health		12	
Housing	46,883	46,907	41,600
Community amenities	49,268	50,368	55,900
Recreation and culture	408,990	429,380	417,700
Transport	3,997,148	3,997,148	3,679,730
Economic services	46,100	45,374	46,100
Other property and services	15,570	15,571	6,300
	4,645,059	4,695,668	4,327,930

By Class

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Buildings	273,059	280,002	290,000
Furniture and equipment	21,000	20,052	22,130
Plant and equipment	360,000	395,735	350,000
Infrastructure - Roads	3,660,000	3,666,370	3,336,300
Infrastructure - Footpaths	17,000	17,429	14,000
Infrastructure - Drainage/Sewerage	7,000	7,777	16,500
Infrastructure - Parks & Ovals	270,000	270,223	292,000
Infrastructure - Other - Main St		0	7,000
Infrastructure - Bridges	37,000	38,080	
	4,645,059	4,695,668	4,327,930

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	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed Roads and Streets	
-formation	not depreciated
-pavement	50 years
-bitumous seal	20 years
Gravel Roads	
-formation	not depreciated
-pavement	50 years
-gravel sheet	20 years
Formed Roads	
-formation	not depreciated
-pavement	50years
Infrastructure - Footpaths	20 years
Sewerage Piping	100 years
Water supply piping and drainage	75 years
Infrastructure - Parks & Ovals	30 to 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 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget Principal 1 July 2019	2019/20 Budget New loans	2019/20 Budget Principal repayments	2019/20 Budget Interest repayments	Budget Principal outstanding 30 June 2020	Actual Principal 1 July 2018	2018/19 Actual New loans	2018/19 Actual Principal repayments	2018/19 Actual Interest repayments	Actual Principal outstanding 30 June 2019	Budget Principal 1 July 2018	2018/19 Budget New loans	2018/19 Budget Principal repayments	2018/19 Budget Interest repayments	Budget Principal outstanding 30 June 2019
		\$	\$	\$	\$			\$	\$	\$			\$	\$	\$
Housing															
Loan 100 CEO Residenc	24,687		24,687	792	0	47,972		23,285	2,166	24,687	47,972		23,756	2,195	24,216
Recreation and culture															
	24,687	0	24,687	792	0	47,972	0	23,285	2,166	24,687	47,972	0	23,756	2,195	24,216
Self Supporting Loans															
Recreation and culture															
Loan 102 WDSC Bowlin	26,880	0	6,326	1,258	20,554	32,961	0	6,081	1,202	26,880	32,961	0	6,081	1,258	26,880
	26,880	0	6,326	1,258	20,554	32,961	0	6,081	1,202	26,880	32,961	0	6,081	1,258	26,880
	51,567	0	31,013	2,050	20,554	80,933	0	29,366	3,368	51,567	80,933	0	29,837	3,453	51,096

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

The self supporting loan(s) repayment will be fully reimbursed.

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

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

(c) Unspent borrowings

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

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit	5,000	5,000	5,000
Total amount of credit unused	5,000	5,000	5,000
Loan facilities			
Loan facilities in use at balance date	20,554	51,567	51,096

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Renewal Reserve- Leave Reserve	97,493	1,762		99,255	95,446	2,047		97,493	95,446	1,586	(13,500)	83,532
Asset Renewal Reserve - Plant Reserve	333,214	6,022	(34,000)	305,236	205,371	127,843		333,214	205,371	126,864		332,235
Asset Renewal Reserve - Building Reserve	488,547	8,829	(350,000)	147,376	505,099	16,448	(33,000)	488,547	505,100	8,396	(33,000)	480,496
Asset Renewal Reserve - Fire Fighters Reserve	22,606	409		23,015	22,142	464		22,606	21,790	362		22,152
Asset Renewal Reserve - Cottage Homes Reserve	38,307	15,692		53,999	37,491	816		38,307	37,844	629		38,473
Asset Renewal Reserve - Special Events Reserve	14,640	265		14,905	14,333	307		14,640	14,332	238		14,570
Asset Renewal Reserve - Computer Reserve	25,990	6,470		32,460	20,549	5,441		25,990	20,549	5,342		25,891
Asset Renewal Reserve - Young Singles Accommodation Reserve	84,307	7,524		91,831	77,704	6,603		84,307	74,705	6,242		80,947
Asset Renewal Reserve - Saleyards Reserve	34,104	6,616		40,720	28,493	5,611		34,104	28,493	5,474		33,967
Asset Renewal Reserve - Sewerage Reserve	222,448	45,858		268,306	179,260	43,188		222,448	179,259	42,323		221,582
Asset Renewal Reserve - Refuse Site Reserve	121,945	2,204		124,149	119,384	2,561		121,945	119,384	1,984		121,368
Asset Renewal Reserve - Land Development Reserve	116,731	2,110		118,841	114,280	2,451		116,731	114,279	1,900		116,179
Asset Renewal Reserve - Aged Persons Accommodation Reserve	268,131	4,846	(267,221)	5,756	188,416	79,715		268,131	188,416	78,805		267,221
Asset Renewal Reserve - Swimming Pool Reserve	173,853	34,144		207,997	165,307	8,546		173,853	165,307	7,748		173,055
Asset Renewal Reserve - Albert Facey Reserve	9,785	177		9,962	9,579	206		9,785	9,580	159		9,739
Asset Renewal Reserve - Fuel Facility Reserve	50,536	14,213		64,749	24,999	25,537		50,536	25,000	25,415		50,414
	2,102,637	157,140	(651,221)	1,608,557	1,807,853	327,784	(33,000)	2,102,637	1,804,855	313,466	(46,500)	2,071,821

(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
Asset Renewal Reserve- Leave Reserve	ongoing	to be used to fund annual and long service leave requirements
Asset Renewal Reserve - Plant Reserve	ongoing	to be used for the purchase of road plant, machinery and equipment
Asset Renewal Reserve - Building Reserve	ongoing	to be used for the construction of new buildings, predominantly staff housing
Asset Renewal Reserve - Fire Fighters Reserve	ongoing	to be used to fund the provision of bushfire equipment for brigades
Asset Renewal Reserve - Cottage Homes Reserve	ongoing	to be used for the future maintenance and construction of new Cottage Home Units
Asset Renewal Reserve - Special Events Reserve	ongoing	to be used to fund special events and celebrations
Asset Renewal Reserve - Computer Reserve	ongoing	purchase, upgrade or replacement of hardware as necessary
Asset Renewal Reserve - Young Singles Accommodation Reserve	ongoing	additional income over expenditure held for future repairs or improvements
Asset Renewal Reserve - Saleyards Reserve	ongoing	additional income over expenditure held for future repairs or improvements
Asset Renewal Reserve - Sewerage Reserve	ongoing	additional income over expenditure held for future repairs or improvements
Asset Renewal Reserve - Refuse Site Reserve	ongoing	additional income over expenditure held for the future creation or maintenance of the refuse site
Asset Renewal Reserve - Land Development Reserve	ongoing	income received from the sale of the English House held for future development of the English Land.
Asset Renewal Reserve - Aged Persons Accommodation Reserve	ongoing	to be used for the construction and future maintenance requirements for Aged Person Accommodation units
Asset Renewal Reserve - Swimming Pool Reserve	ongoing	to be used to fund major repairs or improvements at the Wickepin Swimming Pool
Asset Renewal Reserve - Albert Facey Reserve	ongoing	to be used for the refurbishment and future maintenance requirements of Albert Facey Homestead
Asset Renewal Reserve - Fuel Facility Reserve	ongoing	to be used for future maintenance and upgrade of Wickepin Fuel Facility

**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	105	13,465	110
General purpose funding	6,470	6,488	4,450
Law, order, public safety	50,859	51,409	50,550
Health	300	100	300
Education and welfare		214	250
Housing	75,250	96,050	108,150
Community amenities	171,363	171,309	174,710
Recreation and culture	18,832	34,468	32,597
Transport	13,000	13,428	13,000
Economic services	58,815	74,003	42,165
Other property and services	35,500	72,693	33,500
	430,494	533,626	459,782

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

General purpose funding	778,553		762,731
Law, order, public safety	31,246		22,337
Education and welfare			3,860
Transport	124,468		72,120
	934,267	0	861,048

Non-operating grants, subsidies and contributions

Transport	656,234	552,461	552,461
	656,234	552,461	552,461

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

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments

- Reserve funds

- Other funds

Other interest revenue (refer note 1b)

The net result includes as expenses

(b) Auditors remuneration

Audit services

(c) Interest expenses (finance costs)

Borrowings (refer Note 6(a))

Interest expense on lease liabilities

(d) Elected members remuneration

Meeting fees

President's allowance

Deputy President's allowance

Travelling expenses

Telecommunications allowance

(e) Write offs

General rate

(f) Low Value lease expenses

Office equipment

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	38,000	38,717	30,000
	19,000	20,283	18,000
	4,500	4,677	4,000
	61,500	63,677	52,000
	19,000	7,636	35,000
	19,000	7,636	35,000
	2,050	3,368	3,453
	2,050	3,368	3,453
	12,500	14,656	13,700
	4,500	4,500	4,500
	1,000	1,083	1,000
	6,195	6,405	6,000
	4,500	4,205	4,500
	28,695	30,850	29,700
	25	25	60
	25	25	60
	10,632	3,945	4,000
	10,632	3,945	4,000

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 Wickepin jointly owns a Speed Alert Trailer with Shire of Cuballing
An outdoor Movie Screen and projector is jointly owned by the Shire of Wickepin, Cuballing and Pingelly
The Movie Screen and Projector are stored at the Wickepin Community Centre

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Non-current assets			
Plant and equipment	21,000	21,000	21,000
Less: accumulated depreciation	(8,100)	(8,100)	(5,400)
	12,900	12,900	15,600

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 WICKEPIN'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
	\$	\$	\$	\$
WDSC Replacement Greens	103,010	15,000		118,010
Yealering Bowling Club	31,600	7,900		39,500
Miscellaneous	4,231		(1,750)	2,481
	138,842	22,900	(1,750)	159,992

**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 WICKEPIN adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the SHIRE OF WICKEPIN 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	0
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	0	0
Developer contributions	0	0	0
Contract liabilities non-current			
Developer contributions	0	0	0
Cash in lieu of parking	0	0	0
Adjustment to retained surplus from adoption of AASB 15	0	0	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 WICKEPIN 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).

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

INCOME FOR NOT-FOR-PROFIT ENTITIES

The SHIRE OF WICKEPIN 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 WICKEPIN 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	36,957	13,682	50,639
Adjustment to retained surplus from adoption of AASB 1058		(13,682)	

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 WICKEPIN. When the taxable event occurs the financial liability is extinguished and the SHIRE OF WICKEPIN 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 WICKEPIN 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 WICKEPIN of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	9,563,780
Adjustment to retained surplus from adoption of AASB 15	0
Adjustment to retained surplus from adoption of AASB 1058	(13,682)
Retained surplus - 01/07/2019	9,550,098

**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)	1,405,042	1,264,509	1,134,092
		1,405,042	1,264,509	1,134,092
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	934,267	1,748,901	861,048
Fees and charges	8	430,494	533,627	459,782
Interest earnings	10(a)	61,500	63,677	52,000
Profit on asset disposals	4(b)	4,959	5,399	21,680
		1,431,220	2,351,604	1,394,510
Expenditure from operating activities				
Employee costs		(1,163,845)	(1,179,966)	(1,332,157)
Materials and contracts		(1,258,593)	(1,134,263)	(1,345,486)
Utility charges		(169,550)	(186,356)	(175,545)
Depreciation on non-current assets	5	(4,645,059)	(4,695,668)	(4,327,930)
Interest expenses	10(c)	(2,050)	(3,368)	(3,453)
Insurance expenses		(206,870)	(166,166)	(179,158)
Loss on asset disposals	4(b)	(53,495)	(200,836)	(46,580)
		(7,499,462)	(7,566,623)	(7,410,309)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	4,695,357	4,891,105	4,352,830
Amount attributable to operating activities		32,157	940,595	(528,877)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	656,234	552,461	552,461
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(1,745,279)	(500,843)	(497,344)
Purchase and construction of infrastructure	4(a)	(977,576)	(779,359)	(758,376)
Proceeds from disposal of assets	4(b)	205,379	150,675	170,594
Amount attributable to investing activities		(1,861,242)	(577,066)	(532,665)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(31,013)	(29,366)	(29,837)
Proceeds from self supporting loans	6(a)	6,326	6,081	6,081
Transfers to cash backed reserves (restricted assets)	7(a)	(157,140)	(327,784)	(313,466)
Transfers from cash backed reserves (restricted assets)	7(a)	651,221	33,000	46,500
Amount attributable to financing activities		469,394	(318,069)	(290,722)
Budgeted deficiency before general rates		(1,359,691)	45,460	(1,352,264)
Estimated amount to be raised from general rates	1	1,359,691	1,359,580	1,352,265
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	1,405,041	1

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