



SHIRE OF
Chapman Valley
love the rural life!



Statutory Budget

2019 - 2020

SHIRE OF CHAPMAN VALLEY

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	8
Rate Setting Statement by Program	9
Rates and Service Charges	10
Net Current Assets	15
Reconciliation of Cash	18
Fixed Assets	19
Asset Depreciation	21
Borrowings	22
Cash Backed Reserves	24
Fees and Charges	25
Grant Revenue	25
Other Information	26
Major Land Transactions	27
Major Trading Undertaking	27
Interests in Joint Arrangements	27
Trust	28
Significant Accounting Policies - Other	29
Significant Accounting Policies - Change in Accounting Policies	30

SHIRE'S VISION

"We are a thriving community, making the most of our coastline, ranges and rural settings to SUPPORT us to GROW and PROSPER."

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	2,826,721	2,743,381	2,703,726
Operating grants, subsidies and contributions	9	784,465	1,546,854	905,418
Fees and charges	8	311,307	334,320	320,649
Interest earnings	10(a)	53,290	58,470	45,752
Other revenue	10(b)	11,800	45,749	11,050
		3,987,583	4,728,774	3,986,595
Expenses				
Employee costs		(1,981,847)	(1,876,933)	(2,031,169)
Materials and contracts		(1,688,891)	(1,685,626)	(2,068,874)
Utility charges		(54,917)	(43,843)	(59,639)
Depreciation on non-current assets	5	(3,132,358)	(3,172,063)	(2,333,307)
Interest expenses	10(d)	(5,898)	(7,713)	(9,453)
Insurance expenses		(182,375)	(151,905)	(155,789)
Other expenditure		(123,430)	(128,627)	(120,430)
		(7,169,716)	(7,066,710)	(6,778,661)
Subtotal		(3,182,133)	(2,337,936)	(2,792,066)
Non-operating grants, subsidies and contributions	9	1,493,953	1,138,684	1,082,772
Profit on asset disposals	4(b)	26,500	30,102	20,285
Loss on asset disposals	4(b)	(15,195)	(1,981)	(21,238)
		1,505,258	1,166,805	1,081,819
Net result		(1,676,875)	(1,171,131)	(1,710,247)
Other comprehensive income				
Changes on revaluation of non-current assets		0	477,527	0
Total other comprehensive income		0	477,527	0
Total comprehensive income		(1,676,875)	(693,604)	(1,710,247)

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 12 to the budget.

2018/19 ACTUAL BALANCES

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

CHANGE IN ACCOUNTING POLICIES

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

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

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

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

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

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

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES**EMPLOYEE COSTS**

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

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

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		1,200	26,808	17,744
General purpose funding		3,349,538	3,734,614	3,160,152
Law, order, public safety		30,685	71,768	26,858
Health		5,764	6,322	5,492
Housing		0	4,680	9,360
Community amenities		182,727	213,312	185,077
Recreation and culture		192,464	107,955	98,420
Transport		132,936	427,247	376,942
Economic services		21,770	25,306	21,550
Other property and services		70,499	110,762	85,000
		3,987,583	4,728,774	3,986,595
Expenses excluding finance costs	5,10(c)(e)(f)(f)			
Governance		(348,444)	(478,312)	(448,883)
General purpose funding		(129,730)	(114,677)	(119,610)
Law, order, public safety		(265,058)	(191,216)	(197,755)
Health		(37,110)	(16,412)	(16,776)
Education and welfare		(2,000)	(160)	(2,000)
Housing		(56,285)	(2,811)	(4,219)
Community amenities		(721,884)	(653,414)	(824,027)
Recreation and culture		(877,983)	(750,048)	(764,912)
Transport		(4,312,067)	(4,353,139)	(3,981,548)
Economic services		(344,546)	(310,048)	(326,264)
Other property and services		(68,711)	(188,760)	(83,214)
		(7,163,818)	(7,058,997)	(6,769,208)
Finance costs	6, 10(d)			
General purpose funding		(500)	0	(500)
Recreation and culture		(4,874)	(6,096)	(6,616)
Transport		(524)	(1,617)	(2,337)
		(5,898)	(7,713)	(9,453)
Subtotal		(3,182,133)	(2,337,936)	(2,792,066)
Non-operating grants, subsidies and contributions	9	1,493,953	1,138,684	1,082,772
Profit on disposal of assets	4(b)	26,500	30,102	20,285
(Loss) on disposal of assets	4(b)	(15,195)	(1,981)	(21,238)
		1,505,258	1,166,805	1,081,819
Net result		(1,676,875)	(1,171,131)	(1,710,247)
Other comprehensive income				
Changes on revaluation of non-current assets		0	477,527	0
Total other comprehensive income		0	477,527	0
Total comprehensive income		(1,676,875)	(693,604)	(1,710,247)

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

ACTIVITIESGovernance

Administration and Operation of facilities and services to members of council; Includes fees, expenses and allowances paid to elected and committee members, election costs, insurance, subscription, conference expenses, council chamber expenses and members' entertainment. Also includes the allocation of administration expenses for the CEO and staff in preparation, administration and attendance at meetings and assisting elected members and other committees of Council. Research, development and preparation of policy documents, development of local laws, strategic planning, principal activity plans, annual budgets, annual financial reports, audit fees and the annual report.

Administration

In accordance with Legislative changes which were effective on 1st July 1997. General Administration costs have been allocated to the various programs of Council to reflect the true costs of services provided. Directly attributable costs have been recorded in the relevant program while indirect costs have been allocated using time spent by administration staff on tasks related to each of the programs as a basis.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Revenue from rates levied, interest and fees on instalment arrangements and arrears, government subsidy for entitled pensioners and rates deferred, less discounts and concessions relating to rates levied. Expenditures incurred in administration and maintaining rate records, rating valuations, serving notices, postage, stationery, advertising, debt collection, printing, indirect administration costs etc. Income receivable from the WA Grants Commission and any other Government Grant of a general purpose nature. Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses.

LAW, ORDER, AND PUBLIC SAFETY

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

Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks. Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranger's expenses are collected here and apportioned throughout the various programs to which they relate.

HEALTH

To provide an operational framework for environmental and community health.

Food quality and pest control, inspections of eating houses, lodging and boarding houses, itinerant food vendors, offensive trade, and any other outlays concerned with general health inspections and administration services provided by the Council.

EDUCATION AND WELFARE

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

Operation, improvements and maintenance of pre-school facilities; assistance to playgroups and other voluntary services. Annual awards and prizes to Nabawa and Yuna Primary Schools.

HOUSING

'To provide and maintain residential housing for staff, with the surplus available for private rental.

Collection of revenue and expenditure in respect of the administration and operation of residential housing for council staff. The expenditure is reallocated to the relevant programmes using staff duties as a basis.

COMMUNITY AMENITIES

To provide services required by the community.

Administration and operation of domestic refuse collection and disposal services, including delivery to a regional disposal site. Provision and maintenance of rubbish disposal sites. Collection and disposal of public litter bins, special rubbish clean ups, special litter enforcement and control. Includes administration and operation of foreshore protection project. Administration and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning. Costs associated with resumption of land for recreational purposes. Hosting of a Natural Resource Management Officer to assist community groups and landowners.

RECREATION AND CULTURE

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

Administration, provision and operation of public halls, community centre, sporting complex, ovals, swimming areas and beaches. Includes contributions towards operations, subsidies and improvements of sporting clubs, sporting facilities and recreational areas. Administration, provision and operation of local libraries and library services. Contributions towards heritage issues such as municipal inventory, local Historical society operations - museum development/improvement etc.

TRANSPORT

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

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets and maintenance of depots. Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges etc. Operations relating to the licensing or regulating of traffic under the control of the local government. Includes vehicle registration, vehicle examination expenses and examination facilities.

ECONOMIC SERVICES

To help promote the shire and its economic wellbeing.

Management/containment of noxious weeds and control of vermin. The development, promotion, support etc. of tourism and area promotion to attract tourists. Administration, inspection and operations concerned with application of the building standards including examination, processing and inspections services, swimming pool inspections etc. Revenues and outlays associated with water supply - standpipes.

OTHER PROPERTY AND SERVICES

To monitor and control council's overheads operating accounts.

Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the Council. These include road works on private property. Public Works Overheads - Overheads incurred as the result of the use of direct labour, which is subsequently apportioned to the appropriate works and services absorbing the total expenditure. Includes expenditure incurred in the maintenance and operation of plant, Council's hire rate absorbing the total expenditure of plant running costs and usage. The total salaries and wages incurred during the year is recorded here and allocated over the various works and services to which it relates.

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,828,047	2,752,139	2,704,989
Operating grants, subsidies and contributions		774,098	1,614,106	979,303
Fees and charges		311,307	334,320	320,649
Interest earnings		53,290	58,470	45,752
Other revenue		11,800	45,749	11,050
		3,978,542	4,804,784	4,061,743
Payments				
Employee costs		(1,958,847)	(1,804,420)	(2,019,930)
Materials and contracts		(1,846,337)	(1,368,917)	(1,868,848)
Utility charges		(54,917)	(43,843)	(59,639)
Interest expenses		(5,898)	(8,479)	(9,453)
Insurance expenses		(182,375)	(151,905)	(155,789)
Other expenditure		(123,430)	(128,627)	(120,430)
		(4,171,804)	(3,506,191)	(4,234,089)
Net cash provided by (used in) operating activities	3	(193,262)	1,298,593	(172,346)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(704,621)	(726,357)	(743,281)
Payments for construction of infrastructure	4(a)	(2,120,839)	(1,430,317)	(1,376,687)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,493,953	1,138,684	1,082,772
Proceeds from sale of plant & equipment	4(b)	78,500	85,963	76,500
Net cash provided by (used in) investing activities		(1,253,007)	(932,027)	(960,696)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(68,626)	(99,136)	(99,136)
Proceeds from new borrowings	6(b)	0	0	85,000
Net cash provided by (used in) financing activities		(68,626)	(99,136)	(14,136)
Net increase (decrease) in cash held		(1,514,895)	267,430	(1,147,178)
Cash at beginning of year		2,347,227	2,079,796	2,079,796
Cash and cash equivalents at the end of the year	3	832,332	2,347,227	932,618

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)	1,204,318	1,367,942	1,279,178
		1,204,318	1,367,942	1,279,178
Revenue from operating activities (excluding rates)				
Governance		1,200	26,808	17,744
General purpose funding		522,817	991,233	456,426
Law, order, public safety		30,685	71,768	26,858
Health		5,764	6,322	5,492
Housing		0	4,680	9,360
Community amenities		182,727	213,312	185,077
Recreation and culture		192,464	107,955	98,420
Transport		159,436	457,349	397,227
Economic services		21,770	25,306	21,550
Other property and services		70,499	110,762	85,000
		1,187,362	2,015,495	1,303,154
Expenditure from operating activities				
Governance		(348,444)	(478,601)	(448,883)
General purpose funding		(130,230)	(114,677)	(120,110)
Law, order, public safety		(265,058)	(191,216)	(197,755)
Health		(37,110)	(16,412)	(16,776)
Education and welfare		(2,000)	(160)	(2,000)
Housing		(71,480)	(2,811)	(4,219)
Community amenities		(721,884)	(653,414)	(824,027)
Recreation and culture		(882,857)	(756,144)	(771,528)
Transport		(4,312,591)	(4,356,448)	(4,005,123)
Economic services		(344,546)	(310,048)	(326,264)
Other property and services		(68,711)	(188,760)	(83,214)
		(7,184,911)	(7,068,691)	(6,799,899)
Non-cash amounts excluded from operating activities	2 (b)(ii)	3,121,053	3,223,121	2,334,260
Amount attributable to operating activities		(1,672,178)	(462,133)	(1,883,307)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,493,953	1,138,684	1,082,772
Purchase property, plant and equipment	4(a)	(704,621)	(726,357)	(743,281)
Purchase and construction of infrastructure	4(a)	(2,120,839)	(1,430,317)	(1,376,687)
Proceeds from disposal of assets	4(b)	78,500	85,963	76,500
Amount attributable to investing activities		(1,253,007)	(932,027)	(960,696)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(68,626)	(99,136)	(99,136)
Proceeds from new borrowings	6(b)	0	0	85,000
Transfers to cash backed reserves (restricted assets)	7(a)	(235,290)	(304,026)	(154,652)
Transfers from cash backed reserves (restricted assets)	7(a)	402,381	258,259	309,065
Amount attributable to financing activities		98,465	(144,903)	140,277
Budgeted deficiency before general rates		(2,826,721)	(1,539,063)	(2,703,726)
Estimated amount to be raised from general rates	1	2,826,721	2,743,381	2,703,726
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	1,204,318	0

This statement is to be read in conjunction with the accompanying notes.
2019/20 Endorsed Statutory Budget

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	0.09500	276	4,603,715	437,353			437,353	455,171	442,157
Unimproved valuations									
UV Rural	0.01142	409	181,329,999	2,070,789			2,070,789	1,971,611	1,971,105
UV Oakajee Industrial Estate		2	8,834,000	201,415			201,415	193,856	193,856
Buffer Zone	0.02280								
Sub-Totals		687	194,767,714	2,709,557	0	0	2,709,557	2,620,638	2,607,118
Minimum									
Minimum payment									
	\$								
Gross rental valuations									
GRV	700	195	880,939	136,500			136,500	108,600	108,600
Unimproved valuations									
UV Rural	400	17	136,023	6,800			6,800	6,400	6,400
UV Oakajee Industrial Estate	400	0		0			0		0
Buffer Zone									
Sub-Totals		212	1,016,962	143,300	0	0	143,300	115,000	115,000
Adjustment for Excess Rates							(26,136)	7,743	(18,392)
		899	195,784,676	2,852,857	0	0	2,826,721	2,743,381	2,703,726
Discounts/concessions (Refer note 1(e))							0	0	0
Total amount raised from general rates							2,826,721	2,743,381	2,703,726
Specified area rates (Refer note 1(d))							0	0	0
Total rates							2,826,721	2,743,381	2,703,726

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

The general rates detailed for the 2019/20 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single Payment in Full	6/09/2019	0	0	11.0%
Option two				
Two Instalment Payment	6/09/2019	0	0.0%	11.0%
	5/11/2019	9	5.5%	11.0%
Option three				
Four Instalment Payment	6/09/2019	9	5.5%	11.0%
	5/11/2019	9	5.5%	11.0%
	7/01/2020	9	5.5%	11.0%
	10/03/2020	9	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	5,000	5,310	5,000
Instalment plan interest earned	7,500	8,056	7,000
Unpaid rates and service charge interest earned	12,500	16,351	12,500
	25,000	29,717	24,500

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects	Reasons
UV Oakajee Industrial Estate	This category includes any property zoned Oakajee Industrial Estate and buffer within the Town Planning Scheme No.1	To recover from this sector an equitable share of the rates relating to the land held by Landcorp so that the Shire of Chapman Valley should not be financially disadvantaged due to the acquisition and subsequent development of the land. This follows on from the written commitment made in September 1998, by the then Minister for Resources Development & Energy, the Shire of Chapman Valley would not be financially disadvantaged due to the acquisition and subsequent development of land by Landcorp. In order to reduce the impact of the Oakajee development on other ratepayers Council has sought to introduce a differential rate.	

**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.

(d) 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)

(e) 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
				\$	\$	\$	
Rates	General	100%	0	0	0	0	0 Council has granted a waiver of rates to the Yuna CWA for the 2018/2019 rating year on the basis it is a non-profit community organisation.
Administration charge on instalment	Instalment	100%	0	0	0	0	0 Council has granted a waiver of instalment charges (\$9) for any pensioner wishing to take advantage of making payment of
				0	0	0	
(f) Waivers or concessions							
Venue Hire; Photocopy Charges & Private Works	Fee	100%	0	0	0	0	0 Council may grant a waiver to community groups who reside in the shire who wish to use the facilities in association with a community event. Council considers support of these groups necessary for the overall benefit of the community.
Pool Inspections & Water Testing Charges	Fee	100%	0	0	0	0	0 Council will grant a waiver to Yuna Primary School for pool inspection and water testing at the Yuna Primary School pool under the condition the school has the pool open outside of school hours during summer. Council considers support of these groups necessary for the overall benefit of the community.
Venue Hire Recreation Facilities	Fee	100%	0	0	0	0	0 Council will grant a waiver to Yuna and Nabawa Parents and Citizens Association for the use of recreation facilities within the Shire. Council considers support of these groups necessary for the overall benefit of the community.
				0	0	0	

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

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

2 (a). NET CURRENT ASSETS

		2019/20 Budget 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	166,805	1,514,609	300,181
	Cash - restricted reserves	3	665,527	832,618	632,437
	Receivables		112,095	103,054	102,259
	Inventories		4,212	4,222	1,912
			948,639	2,454,503	1,036,789
Less: current liabilities					
	Trade and other payables		(283,111)	(417,567)	(404,352)
	Long term borrowings		(19,494)	(68,626)	(99,136)
	Provisions		(423,049)	(423,049)	(333,262)
			(725,654)	(909,242)	(836,750)
	Net current assets		222,985	1,545,261	200,039

**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	222,985	1,545,261	1,545,261	200,039
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	(665,527)	(832,618)	(832,618)	(632,437)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		19,494	68,626	68,626	99,136
- Employee benefit provisions		423,049	423,049	423,049	333,262
Adjusted net current assets - surplus/(deficit)		0	1,204,318	1,204,318	0
(ii) Operating activities excluded from budgeted deficiency					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
Adjustments to operating activities					
Less: Profit on asset disposals	4(b)	(26,500)	(30,102)	(30,102)	(20,285)
Less: Movement in deferred Pensioner Rates				668	
Less: Movement in Provisions				78,511	
Add: Loss on disposal of assets	4(b)	15,195	1,981	1,981	21,238
Add: Depreciation on assets	5	3,132,358	3,172,063	3,172,063	2,333,307
Non cash amounts excluded from operating activities		3,121,053	3,143,942	3,223,121	2,334,260

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

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

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

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

All funds to which the Shire of Chapman Valley 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 Chapman Valley'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 Chapman Valley'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 Chapman Valley'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	166,805	1,514,609	300,181
Cash - restricted	665,527	832,618	632,437
	832,332	2,347,227	932,618
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave Reserve	95,992	115,552	81,094
Water Strategy Reserve	14,285	14,225	14,235
Computer and Office Equipment Reserve	29,888	39,708	39,777
Plant/ Light Vehicle Reserve	152,231	256,599	153,398
Legal Reserve	40,160	39,980	39,988
Unspent Grants Reserve	0	47,013	0
Land Development Reserve	52,329	52,029	52,104
Roadworks Reserve	102,480	102,060	102,160
Landcare Reserve	894	15,834	846
Building Reserve	177,268	149,618	148,835
	665,527	832,618	632,437
Reconciliation of net cash provided by operating activities to net result			
Net result	(1,676,875)	(1,171,131)	(1,710,247)
Depreciation	3,132,358	3,172,063	2,333,307
(Profit)/loss on sale of asset	(11,305)	(28,121)	953
(Increase)/decrease in receivables	(9,041)	76,010	75,148
(Increase)/decrease in contract assets	0	0	0
(Increase)/decrease in inventories	10	(2,310)	0
Increase/(decrease) in payables	(134,456)	312,255	211,265
Increase/(decrease) in contract liabilities	0	0	0
Increase/(decrease) in employee provisions	0	78,511	0
Change in accounting policies transferred to retained surplus (refer to Note 14)	0	0	0
Grants/contributions for the development of assets	(1,493,953)	(1,138,684)	(1,082,772)
Net cash from operating activities	(193,262)	1,298,593	(172,346)

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2019/20 Budget total	2018/19 Actual total	2018/19 Budget total		
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<u>Property, Plant and Equipment</u>																
Buildings - non-specialised						21,000	163,021							184,021	204,681	171,781
Plant and equipment								510,000						510,000	515,607	562,000
Tools and Equipment								10,600						10,600	6,069	9,500
	0	0	0	0	0	21,000	163,021	520,600	0	0			704,621	726,357	743,281	
<u>Infrastructure</u>																
Infrastructure - Roads								2,120,839						2,120,839	1,430,317	1,376,687
	0	0	0	0	0	0	0	2,120,839	0	0			2,120,839	1,430,317	1,376,687	
Total acquisitions	0	0	0	0	0	21,000	163,021	2,641,439	0	0			2,825,460	2,156,674	2,119,968	

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

**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	0	0	0	0	407	118	0	(289)	0	0	0	0
Housing	67,195	52,000	0	(15,195)	0	0	0	0	0	0	0	0
Transport	0	26,500	26,500	0	57,435	85,845	30,102	(1,692)	77,453	76,500	20,285	(21,238)
	67,195	78,500	26,500	(15,195)	57,842	85,963	30,102	(1,981)	77,453	76,500	20,285	(21,238)
By Class												
<i>Property, Plant and Equipment</i>												
Buildings - non-specialised	67,195	52,000	0	(15,195)	0	0	0	0	0	0	0	0
Furniture and equipment	0	0	0	0	407	118	0	(289)	0	0	0	0
Plant and equipment	0	26,500	26,500	0	57,435	85,612	29,869	(1,692)	77,453	76,500	20,285	(21,238)
Tools and Equipment	0	0	0	0	0	233	233	0	0	0	0	0
	67,195	78,500	26,500	(15,195)	57,842	85,963	30,102	(1,981)	77,453	76,500	20,285	(21,238)

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

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

By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Tools and Equipment
Infrastructure - Roads
Infrastructure - Footpaths

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
26,626	48,528	39,195
72,935	77,731	76,485
1,345	1,345	1,345
7,640	9,223	9,200
210,922	244,646	224,632
2,465,047	2,471,141	1,422,080
0	11,820	11,821
347,843	307,629	548,549
3,132,358	3,172,063	2,333,307
0	1,345	1,345
238,544	232,799	232,214
19,705	44,394	32,512
394,104	440,053	431,139
7,232	41,159	28,831
2,466,997	2,406,537	1,603,278
5,776	5,776	3,988
3,132,358	3,172,063	2,333,307

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	30-50 Years
Buildings - specialised	30-50 Years
Furniture and equipment	4-10 Years
Plant and equipment	5-15 Years
Tools and Equipment	5-15 Years
Infrastructure - Roads	
Formation	not depreciated
Pavement	50 Years
Seal	
- Bituminous seals	20 Years
- Asphalt seals	25 Years
Gravel Roads	
Formation	not depreciated
Pavement	50 Years
Gravel Sheet	12 Years
Formed Roads	
Formation	not depreciated
Pavement	50 Years
Infrastructure - Footpaths	20 Years
Infrastructure - Drainage	75 Years

DEPRECIATION (CONTINUED)

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

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

RECOGNITION OF ASSETS

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

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget	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
		\$	\$	\$	\$		\$	\$	\$			\$	\$	\$	\$
Recreation and culture															
Loan 89 -Nabawa Stadium Upgrade	14,451	0	9,491	815	4,960	23,394	0	8,943	1,380	14,451	23,394	0	8,943	1,423	14,451
Loan 98 - Bill Hemsley Park	123,132	0	39,973	4,059	83,159	162,070	0	38,938	4,717	123,132	162,070	0	38,938	5,193	123,132
Transport															
Loan 96 - Plant	0	0	0	0	0	32,561	0	32,561	708	0	32,561	0	32,561	1,200	0
Loan 97 - Plant	19,163	0	19,162	524	1	37,857	0	18,694	908	19,163	37,857	0	18,694	1,137	19,163
Loan 99 - Plant	0	0	0	0	0	0	0	0	0	0	0	85,000	0	0	85,000
	156,746	0	68,626	5,398	88,120	255,882	0	99,136	7,713	156,746	255,882	85,000	99,136	8,953	241,746
	156,746	0	68,626	5,398	88,120	255,882	0	99,136	7,713	156,746	255,882	85,000	99,136	8,953	241,746

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	250,000	250,000	250,000
Bank overdraft at balance date	0	0	0
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	(35)	(63)
Total amount of credit unused	260,000	259,965	259,937
Loan facilities			
Loan facilities in use at balance date	88,120	156,746	241,746

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd 1 July 2019	2019/20 Budgeted Increase/ (Decrease)	Amount as at 30th June 2020
Westpac Banking Corporation	To continue day to day processing with an agreed available balance	23/08/2013	\$ 250,000	\$ 0	\$ 250,000
			250,000	0	250,000

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual 2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget 2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	115,552	30,540	(50,100)	95,992	115,054	498	0	115,552	115,054	540	(34,500)	81,094
Water Startegy Reserve	14,225	60	0	14,285	14,163	62	0	14,225	14,163	72	0	14,235
Computer and Office Equipment Reserve	39,708	180	(10,000)	29,888	39,537	171	0	39,708	39,537	240	0	39,777
Plant/ Light Vehicle Reserve	256,599	150,900	(255,268)	152,231	213,579	254,701	(211,681)	256,599	213,579	151,500	(211,681)	153,398
Legal Reserve	39,980	180	0	40,160	39,808	172	0	39,980	39,808	180	0	39,988
Unspent Grants Reserve	47,013	0	(47,013)	0	13,617	47,013	(13,617)	47,013	13,617	0	(13,617)	0
Land Development Reserve	52,029	300	0	52,329	51,805	224	0	52,029	51,804	300	0	52,104
Roadworks Reserve	102,060	420	0	102,480	101,620	440	0	102,060	101,620	540	0	102,160
Landcare Reserve	15,834	60	(15,000)	894	15,766	68	0	15,834	15,766	80	(15,000)	846
Building Reserve	149,618	52,650	(25,000)	177,268	181,902	677	(32,961)	149,618	181,902	1,200	(34,267)	148,835
Community Growth Fund	0	0	0	0	0	0	0	0	0	0	0	0
	832,618	235,290	(402,381)	665,527	786,851	304,026	(258,259)	832,618	786,850	154,652	(309,065)	632,437

(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	30.06.2020	To be used to fund annual and long service leave requirements.
Water Startegy Reserve	30.09.2019	To be used for the construction and operational costs of facilities for fire fighting purposes.
Computer and Office Equipment Reserve		To be used to replace Information and Communications Technology equipment.
Plant/ Light Vehicle Reserve	30.06.2020	To be used for the purchase of and/or major repair of major plant and light vehicles.
Legal Reserve		To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.
Unspent Grants Reserve	30.08.2019	To be used to quarantine unspent grants and loans.
Land Development Reserve		To be used for further subdivisional development in the Shire of Chapman Valley.
Roadworks Reserve		To be used to fund road infrastructure projects.
Landcare Reserve	30.06.2020	To be used for landcare related purposes.

Building Reserve	To be used for the construction of shire buildings or capital upgrades of existing shire buildings.
Community Growth Fund	To be used to assist with funding Community Growth Fund projects in accordance with the Council endorsed Community Growth Fund guidelines and application procedures to be capped at a maximum of \$20,000

(c) Cash Backed Reserves - Change in Use

The Shire has resolved to make the following changes in the use of part of the money in a reserve account. This money is to be used or set aside for a purpose other than the purpose for which the account was established.

Cash Backed Reserve	Proposed new purpose of the reserve	Objects of changing of the reserve	Reasons for changing the use of the reserve	2019/20 Budget amount to be used	2019/20 Budget amount change of purpose
Plant/ Light Vehicle Reserve	To be used for the purchase of and/or major repair of major plant and light vehicles.	To allow for major repair of major plant or light vehicles	To remove the restrictiveness of use to purchasing of new plant only.	\$ 255,268	\$ 255,268
				255,268	255,268

**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
	\$	\$	\$
General purpose funding	12,500	8,671	12,500
Law, order, public safety	10,050	11,710	9,950
Health	5,764	6,322	5,492
Housing	0	4,680	9,360
Community amenities	173,830	189,442	165,427
Recreation and culture	83,693	87,356	84,420
Economic services	13,470	17,119	13,500
Other property and services	12,000	9,020	20,000
	311,307	334,320	320,649

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	1,200	26,714	17,745
General purpose funding	457,026	924,091	398,174
Law, order, public safety	20,635	60,058	16,907
Community amenities	8,897	26,869	19,650
Recreation and culture	108,771	20,599	14,000
Transport	129,436	422,393	373,942
Other property and services	58,500	69,130	65,000
	784,465	1,549,854	905,418

Non-operating grants, subsidies and contributions

Recreation and culture	25,000	10,909	5,000
Transport	1,468,953	1,127,775	1,077,772
	1,493,953	1,138,684	1,082,772

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

10. OTHER INFORMATION

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	3,290	3,258	4,652
- Other funds	30,000	30,805	21,600
Other interest revenue (refer note 1b)	20,000	24,407	19,500
	53,290	58,470	45,752
(b) Other revenue			
Other	11,800	45,749	11,050
	11,800	45,749	11,050
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	38,000	18,258	35,975
	38,000	18,258	35,975
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	5,398	7,713	8,953
Interest expense on lease liabilities			
Other	500	0	500
	5,898	7,713	9,453
(e) Elected members remuneration			
Meeting fees	75,280	72,805	72,280
President's allowance	10,000	10,000	10,000
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	400	375	400
Telecommunications allowance	4,000	3,880	4,000
	92,180	89,560	89,180

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

12. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Bonds - Hall Hire	3,490	15,900	(19,390)	0
Post Office Deposit	1,462	120	(120)	1,462
Contributions from Sub Divider	353,330	0	0	353,330
CTF Levy	276	8,000	(8,276)	0
Building Commission	623	8,000	(8,623)	0
Refundable Deposit	6,090	0	0	6,090
Unclaimed Monies	250	0	0	250
Standpipe Card Bond Income	100	0	0	100
	365,621	32,020	(36,409)	361,232

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

**13. SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

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

OTHER

(i) Budget Variations - Variations to operational budgets within the programs may be approved by the Chief Executive Officer, on the recommendation of the Manager Finance and Corporate Services.

Variations to budgets between programs require approval from Council.

(ii) Signatories to Accounts - Two (2) signatories are required for the operation of all Shire accounts.

Authority is vested in the Chief Executive Officer to sign all cheques.

(a) The Chief Executive Office may delegate to the Manager Finance and Corporate Services and the Deputy Chief Executive Officer, in that order of precedence, on all cheques and direct entry payments.

(b) The Chief Executive Officer may also delegate to any one of either the Manager Finance and Corporate Services or Deputy Chief Executive Officer as secondary signatories to sign all cheques and direct entry payments.

(c) In the absence of these staff members, the President or Deputy President may sign as either the primary or secondary signature

(d) In the absence of any of the authorised signatories, officers acting in those positions are also authorised to sign all cheques

(e) The authorised signatories are only authorised to approve payment of accounts on the condition that such expenditure has been incurred in compliance with Section 6.8 of the Local Government Act 1995.

(f) Lists of all payments made are to be included in the agenda of the next Ordinary Meeting of Council to be received and included in the Minutes of the Meeting.

(g) The lists of all cheques and direct entry payments are to be signed and certified by the Chief Executive Officer and Manager of Finance and Corporate Services (or those person acting in those positions) to the effect that all accounts paid have been certified as true and correct, correctly authorised and is approved expenditure.

(h) Vouchers, supporting invoices and other relevant documentation will be made available for inspection by Councillors at any time following the date of payment and at the next Ordinary Meeting of Council.

(i) The Capital Threshold has been determined at \$5,000

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

**14. 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 Chapman Valley adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Chapman Valley 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	47,013		47,013
Developer contributions	0		0
Contract liabilities non-current			
Developer contributions	266,323		266,323
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 Chapman Valley 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**

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

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Chapman Valley 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 Chapman Valley 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 Chapman Valley. When the taxable event occurs the financial liability is extinguished and the Shire of Chapman Valley 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 Chapman Valley 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 Chapman Valley 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**

15. BUDGET RATIOS

	2019/20 Budget	2018/19 Actual	2017/18 Actual	2016/17 Actual
Operating Surplus	(0.3044)	(0.1413)	(0.2400)	(0.0800)
Funds After Operations	0.4314	0.9547	1.1100	1.270
PPE	0.0607	(0.0538)	0.0900	0.280
Infrastructure	0.0346	(0.0139)	(0.0300)	0.0700
Cash Reserves	0.2461	0.3035	0.3100	0.5100
Borrowings	0.0312	0.0571	0.1000	0.1400
Debt Servicing	0.0090	0.0278	0.0400	0.0400
Average Rates (UV)	4,877	4,632	4,650	4,645
Average Rates (GRV)	1,218	1,194	1,187	1,191

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	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	1,204,318	1,367,942	1,279,178
		1,204,318	1,367,942	1,279,178
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	784,465	1,546,854	905,418
Fees and charges	8	311,307	334,320	320,649
Interest earnings	10(a)	53,290	58,470	45,752
Other revenue	10(b)	11,800	45,749	11,050
Profit on asset disposals	4(b)	26,500	30,102	20,285
		1,187,362	2,015,495	1,303,154
Expenditure from operating activities				
Employee costs		(1,981,847)	(1,876,933)	(2,031,169)
Materials and contracts		(1,688,891)	(1,685,626)	(2,068,874)
Utility charges		(54,917)	(43,843)	(59,639)
Depreciation on non-current assets	5	(3,132,358)	(3,172,063)	(2,333,307)
Interest expenses	10(d)	(5,898)	(7,713)	(9,453)
Insurance expenses		(182,375)	(151,905)	(155,789)
Other expenditure		(123,430)	(128,627)	(120,430)
Loss on asset disposals	4(b)	(15,195)	(1,981)	(21,238)
		(7,184,911)	(7,068,691)	(6,799,899)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	3,121,053	3,223,121	2,334,260
Amount attributable to operating activities		(1,672,178)	(462,133)	(1,883,307)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,493,953	1,138,684	1,082,772
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(704,621)	(726,357)	(743,281)
Purchase and construction of infrastructure	4(a)	(2,120,839)	(1,430,317)	(1,376,687)
Proceeds from disposal of assets	4(b)	78,500	85,963	76,500
Amount attributable to investing activities		(1,253,007)	(932,027)	(960,696)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(68,626)	(99,136)	(99,136)
Proceeds from new borrowings	6	0	0	85,000
Transfers to cash backed reserves (restricted assets)	7(a)	(235,290)	(304,026)	(154,652)
Transfers from cash backed reserves (restricted assets)	7(a)	402,381	258,259	309,065
Amount attributable to financing activities		98,465	(144,903)	140,277
		(2,826,721)	(1,539,063)	(2,703,726)
Budgeted deficiency before general rates		(2,826,721)	(1,539,063)	(2,703,726)
Estimated amount to be raised from general rates	1	2,826,721	2,743,381	2,703,726
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	1,204,318	0

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