

2020-2021

Annual Statutory Budget



SHIRE OF

Chapman Valley

love the rural life!

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SHIRE OF CHAPMAN VALLEY

BUDGET

FOR THE YEAR ENDED 30 JUNE 2021

LOCAL GOVERNMENT ACT 1995

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SHIRE'S VISION

A thriving community, making the most of our coastline, ranges and rural settings to support us to grow and prosper.

SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	2,817,841	2,871,233	2,826,721
Operating grants, subsidies and contributions	9(a)	1,215,009	1,448,057	838,744
Fees and charges	8	274,936	302,524	311,307
Interest earnings	11(a)	36,750	53,588	53,290
Other revenue	11(b)	20,835	19,531	11,800
		4,365,371	4,694,933	4,041,862
Expenses				
Employee costs		(1,961,615)	(1,841,871)	(1,981,847)
Materials and contracts		(2,165,942)	(1,249,897)	(1,741,791)
Utility charges		(53,368)	(47,320)	(56,417)
Depreciation on non-current assets	5	(1,949,221)	(1,966,082)	(1,966,450)
Interest expenses	11(d)	(7,003)	(4,481)	(5,898)
Insurance expenses		(158,910)	(163,319)	(182,375)
Other expenditure		(132,112)	(99,830)	(123,430)
		(6,428,171)	(5,372,800)	(6,058,208)
Subtotal				
		(2,062,800)	(677,867)	(2,016,346)
Non-operating grants, subsidies and contributions	9(b)	1,528,260	1,514,620	1,493,953
Profit on asset disposals	4(b)	26,397	3,569	26,500
Loss on asset disposals	4(b)	(2,191)	(15,715)	(15,195)
		1,552,466	1,502,474	1,505,258
Net result				
		(510,334)	824,607	(511,088)
Other comprehensive income				
Changes on revaluation of non-current assets		0	52,551	0
Total other comprehensive income		0	52,551	0
Total comprehensive income				
		(510,334)	877,158	(511,088)

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

SHIRE OF CHAPMAN VALLEY FOR THE YEAR ENDED 30 JUNE 2021

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 14 to the budget.

2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 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 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

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 and concessions 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 and amortisation 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.

SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
Revenue	1,8,9(a),11(a),11(b)	\$	\$	\$
Governance		1,200	20,135	1,200
General purpose funding		3,282,241	3,999,723	3,395,695
Law, order, public safety		30,900	44,257	30,685
Health		2,719	3,685	5,764
Community amenities		193,755	190,985	182,727
Recreation and culture		480,761	195,157	192,464
Transport		298,990	144,169	141,058
Economic services		16,305	17,452	21,770
Other property and services		58,500	79,367	70,500
		4,365,371	4,694,930	4,041,863
Expenses excluding finance costs	4(a),5,11(c),(e)			
Governance		(401,129)	(343,969)	(464,618)
General purpose funding		(122,091)	(106,229)	(129,730)
Law, order, public safety		(215,900)	(220,851)	(258,024)
Health		(30,105)	(14,455)	(37,110)
Education and welfare		(2,000)	(80)	(2,000)
Housing		0	(974)	(3,290)
Community amenities		(766,390)	(606,849)	(745,644)
Recreation and culture		(906,879)	(815,959)	(940,362)
Transport		(3,562,491)	(2,872,074)	(3,046,519)
Economic services		(355,942)	(293,541)	(357,146)
Other property and services		(58,241)	(93,336)	(67,868)
		(6,421,168)	(5,368,317)	(6,052,311)
Finance costs	,6(a),11(d)			
General purpose funding		(4,500)	0	(500)
Recreation and culture		(2,503)	(4,176)	(4,874)
Transport		0	(304)	(524)
		(7,003)	(4,480)	(5,898)
Subtotal		(2,062,800)	(677,867)	(2,016,346)
Non-operating grants, subsidies and contributions	9(b)	1,528,260	1,514,620	1,493,953
Profit on disposal of assets	4(b)	26,397	3,569	26,500
(Loss) on disposal of assets	4(b)	(2,191)	(15,715)	(15,195)
		1,552,466	1,502,474	1,505,258
Net result		(510,334)	824,607	(511,088)
Other comprehensive income				
Changes on revaluation of non-current assets		0	52,551	0
Total other comprehensive income		0	52,551	0
Total comprehensive income		(510,334)	877,158	(511,088)

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

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE

ACTIVITIES

GOVERNANCE

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

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.

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, 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 and renewals facilities.

ECONOMIC SERVICES

To help promote the shire and its economic wellbeing.

Eradication 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.

SHIRE OF CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	2,817,841	2,871,233	2,826,721
Operating grants, subsidies and contributions	1,215,009	1,448,057	838,744
Fees and charges	274,936	302,524	311,307
Interest earnings	36,750	53,588	53,290
Other revenue	20,835	19,531	11,800
	4,365,371	4,694,933	4,041,862
Payments			
Employee costs	(1,961,615)	(1,841,871)	(1,981,847)
Materials and contracts	(2,165,942)	(1,249,897)	(1,741,791)
Utility charges	(53,368)	(47,320)	(56,417)
Interest expenses	(7,003)	(4,481)	(5,898)
Insurance expenses	(158,910)	(163,319)	(182,375)
Other expenditure	(132,112)	(99,830)	(123,430)
	(4,478,950)	(3,406,718)	(4,091,758)
Net cash provided by (used in) operating activities	3	(113,579)	1,288,215
			(49,896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	4(a)	(1,032,449)	(653,049)
Payments for construction of infrastructure	4(a)	(1,798,587)	(1,933,836)
Non-operating grants, subsidies and contributions		1,528,260	1,514,620
Proceeds from sale of plant and equipment	4(b)	80,000	82,943
		80,000	78,500
Net cash provided by (used in) investing activities		(1,222,776)	(989,322)
			(1,242,407)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	6(a)	(45,995)	(68,626)
			(68,626)
Net cash provided by (used in) financing activities		(45,995)	(68,626)
			(68,626)
Net increase (decrease) in cash held		(1,382,349)	230,267
Cash at beginning of year		2,810,106	2,347,227
Cash and cash equivalents at the end of the year	3	1,427,757	2,577,494
			986,298

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

SHIRE OF CHAPMAN VALLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	1,642,943	1,419,387	1,419,387
Revenue from operating activities (excluding rates)	1,642,943	1,419,387	1,419,387
Governance	1,200	20,135	1,200
General purpose funding	464,400	1,128,490	568,974
Law, order, public safety	30,900	44,257	30,685
Health	2,719	3,685	5,764
Community amenities	193,755	190,985	182,727
Recreation and culture	480,761	195,157	192,464
Transport	325,387	147,738	167,558
Economic services	16,305	17,452	21,770
Other property and services	58,500	79,367	70,500
	1,573,927	1,827,266	1,241,642
Expenditure from operating activities			
Governance	(401,129)	(343,969)	(464,618)
General purpose funding	(126,591)	(106,229)	(130,230)
Law, order, public safety	(215,900)	(220,851)	(258,024)
Health	(30,105)	(14,455)	(37,110)
Education and welfare	(2,000)	(80)	(2,000)
Housing	0	(8,748)	(18,485)
Community amenities	(766,390)	(606,849)	(745,644)
Recreation and culture	(909,382)	(820,135)	(945,236)
Transport	(3,564,682)	(2,880,319)	(3,047,043)
Economic services	(355,942)	(293,541)	(357,146)
Other property and services	(58,241)	(93,336)	(67,868)
	(6,430,362)	(5,388,512)	(6,073,404)
Non-cash amounts excluded from operating activities	2 (a)(i) 1,915,625	1,978,354	1,955,145
Amount attributable to operating activities	(1,297,867)	(163,505)	(1,457,230)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	9(b) 1,528,260	1,514,620	1,493,953
Purchase property, plant and equipment	4(a) (1,032,449)	(653,049)	(704,021)
Purchase and construction of infrastructure	4(a) (1,798,587)	(1,933,836)	(2,110,839)
Proceeds from disposal of assets	4(b) 80,000	82,943	78,500
Amount attributable to investing activities	(1,222,776)	(989,322)	(1,242,407)
FINANCING ACTIVITIES			
Repayment of borrowings	6(a) (45,995)	(68,626)	(68,626)
Transfers to cash backed reserves (restricted assets)	7(a) (285,705)	(69,729)	(460,839)
Transfers from cash backed reserves (restricted assets)	7(a) 34,500	62,892	402,381
Amount attributable to financing activities	(297,200)	(75,463)	(127,084)
Budgeted deficiency before general rates	(2,817,842)	(1,228,291)	(2,826,721)
Estimated amount to be raised from general rates	1 2,817,842	2,871,233	2,826,721
Net current assets at end of financial year - surplus/(deficit)	2 (a)(iii) 0	1,642,943	0

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

**SHIRE OF CHAPMAN VALLEY
INDEX OF NOTES TO THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021**

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SHIRE OF CHAPMAN VALLEY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
General Rate GRV	0.094315	287	4,756,020	448,564			448,564	442,534	437,353
				0			0		
Unimproved valuations									
General Rate UV Rural	0.011087	410	187,380,675	2,077,490			2,077,490	2,070,022	2,070,789
UV Oakajee Industrial Estate	0.022000	2	8,813,000	193,886			193,886	201,415	201,415
Sub-Totals		699	200,949,695	2,719,940	0	0	2,719,940	2,713,971	2,709,557
Minimum									
Minimum payment									
	\$								
Gross rental valuations									
General Rate GRV	700	187	816,030	130,900			130,900	137,200	136,500
Unimproved valuations									
General Rate UV Rural	400	16	126,280	6,400			6,400	6,800	6,800
UV Oakajee Industrial Estate	400	0	0	0			0		
Sub-Totals		203	942,310	137,300	0	0	137,300	144,000	143,300
		902	201,892,005	2,857,240	0	0	2,857,240	2,857,971	2,852,857
Movement in Excess Rates							(39,398)	13,263	(26,136)
Total amount raised from general rates							2,817,842	2,871,233	2,826,721

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 2020/21 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.

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	11/09/2020	0	0	8.0%
Option two				
Two Instalment Payment	11/09/2020	0	0.0%	8.0%
	10/11/2020	0	3.0%	8.0%
Option three				
Four Instalment Payment	11/09/2020	0	3.0%	8.0%
	10/11/2020	0	3.0%	8.0%
	11/01/2021	0	3.0%	8.0%
	12/03/2021	0	3.0%	8.0%

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	0	4,455	5,000
Instalment plan interest earned	7,000	6,715	7,500
Unpaid rates and service charge interest earned	7,000	16,356	12,500
	14,000	27,526	25,000

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

SHIRE OF CHAPMAN VALLEY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

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.	

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.

Differential general rate or general rate	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
Unimproved Value Rural	1.14200	1.10870	The advertised rate in the dollar for general and differential UV rates has been adjusted to reflect Council's decision to have a 0% Rate Revenue increase in 2020/2021 due to the COVID-19 pandemic.
Unimproved Value Oakajee Industrial Estate	2.28000	2.20000	The advertised rate in the dollar for general and differential UV rates has been adjusted to reflect Council's decision to have a 0% Rate Revenue increase in 2020/2021 due to the COVID-19 pandemic.

SHIRE OF CHAPMAN VALLEY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Rates discounts

Rate or fee to which discount is granted		Discount %	Discount (\$)	2020/21 Budget	2019/20 Actual	2019/20 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 2020/2021 rating year on the basis it is a non-profit community organisation.
				0	0	0	

(h) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2020/21 Budget	2019/20 Actual	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
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 may 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 may 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		

2 (a). NET CURRENT ASSETS

Items excluded from calculation of 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	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
	\$	\$	\$
(i) 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) (26,397)	(3,569)	(26,500)
Less: Movement in contract liabilities associated with restricted cash	(9,500)	0	0
Less: Movement in employee liabilities associated with restricted cash	110	126	0
Add: Movement in non-current contract liabilities	0	0	0
Add: Loss on disposal of assets	4(b) 2,191	15,715	15,195
Add: Loss on revaluation of non current assets	0	0	0
Add: Depreciation on assets	5 1,949,221	1,966,082	1,966,450
Non cash amounts excluded from operating activities	1,915,625	1,978,354	1,955,145
(ii) Current assets and liabilities excluded from budgeted deficiency			
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 (1,090,656)	(839,451)	(891,076)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	42,125	45,996	19,494
- Current portion of contract liability held in reserve	(9,500)	0	0
- Employee benefit provisions	115,788	115,678	423,049
Total adjustments to net current assets	(942,243)	(677,777)	(448,533)

2 (a). NET CURRENT ASSETS (CONTINUED)

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

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
(iii) Composition of estimated net current assets				
Current assets				
Cash and cash equivalents- unrestricted	3	277,320	1,970,655	166,805
Cash and cash equivalents - restricted				
Cash and cash equivalents - restricted	3	1,090,656	839,451	891,076
Receivables		87,687	81,907	112,094
Inventories		1,170	1,170	4,212
		1,456,833	2,893,183	1,174,187
Less: current liabilities				
Trade and other payables		(101,383)	(90,883)	(283,111)
Contract liabilities		9,500	0	0
Long term borrowings		(42,125)	(45,996)	(19,494)
Provisions		(380,584)	(435,584)	(423,049)
		(514,592)	(572,463)	(725,654)
Net current assets		942,241	2,320,720	448,533
Less: Total adjustments to net current assets	2 (a)(ii)	(942,243)	(677,777)	(448,533)
Closing funding surplus / (deficit)		0	1,642,943	0

2 (b). 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.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

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.

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.

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.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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:

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	277,320	1,970,655	166,805
Reserve bank accounts	1,090,656	839,451	891,076
	1,367,976	2,810,106	1,057,881
- Unrestricted cash and cash equivalents	277,320	1,970,655	166,805
- Restricted cash and cash equivalents	1,090,656	839,451	891,076
	1,367,976	2,810,106	1,057,881
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents and financial assets at amortised cost:			
Leave Reserve	115,788	115,678	95,992
Unspent Grants Reserve	0	9,500	0
Office & Equipment Reserve	39,791	39,751	29,888
Water Strategy Reserve	14,255	14,240	14,285
Plant/Light Vehicle Reserve	477,127	256,877	377,780
Legal Reserve	40,064	40,024	40,160
Land Development Reserve	52,085	52,085	52,329
Roadworks Reserve	167,270	102,170	102,480
Building Reserve	184,276	209,126	177,268
Landcare Reserve	0	0	894
	1,090,656	839,451	891,076
Reconciliation of net cash provided by operating activities to net result			
Net result	(510,334)	824,607	(511,088)
Depreciation	5	1,949,221	1,966,082
(Profit)/loss on sale of asset	4(b)	(24,206)	12,146
(Increase)/decrease in receivables		(5,780)	8,436
(Increase)/decrease in inventories		0	3,051
Increase/(decrease) in payables		10,500	8,713
Increase/(decrease) in contract liabilities		(9,500)	0
Increase/(decrease) in employee provisions		(55,000)	(780)
Non-operating grants, subsidies and contributions		(1,528,260)	(1,514,620)
Net cash from operating activities	(173,359)	1,307,635	(49,896)

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.

FINANCIAL ASSETS AT AMORTISED COST

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

SHIRE OF CHAPMAN VALLEY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program			2020/21	2019/20	2019/20
	Community amenities	Recreation and culture	Transport	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$	\$
<u>Property, Plant and Equipment</u>						
Buildings - specialised	34,360	373,589		407,949	134,561	184,021
Plant and equipment			614,500	614,500	518,488	510,000
Tools and equipment			10,000	10,000	0	10,000
	34,360	373,589	624,500	1,032,449	653,049	704,021
<u>Infrastructure</u>						
Infrastructure - roads			1,798,587	1,798,587	1,933,836	2,110,839
	0	0	1,798,587	1,798,587	1,933,836	2,110,839
Total acquisitions	34,360	373,589	2,423,087	2,831,036	2,586,885	2,814,860

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

SIGNIFICANT ACCOUNTING POLICIES

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.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

SHIRE OF CHAPMAN VALLEY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
By Program	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing		0	0	0	67,081	59,307	0	(7,774)	67,195	52,000	0	(15,195)
Transport	55,794	80,000	26,397	(2,191)	28,008	23,636	3,569	(7,941)		26,500	26,500	0
	55,794	80,000	26,397	(2,191)	95,089	82,943	3,569	(15,715)	67,195	78,500	26,500	(15,195)
By Class												
<u>Property, Plant and Equipment</u>												
Buildings - non-specialised		0			67,081	59,307		(7,774)	67,195	52,000		(15,195)
Plant and equipment	55,794	80,000	26,397	(2,191)	28,008	23,636	3,569	(7,941)		26,500	26,500	
	55,794	80,000	26,397	(2,191)	95,089	82,943	3,569	(15,715)	67,195	78,500	26,500	(15,195)

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

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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
Furniture and office equipment
Plant and equipment
Tools and equipment
Infrastructure - roads
Infrastructure - footpaths

2020/21 Budget	2019/20 Actual	2019/20 Budget
\$	\$	\$
53,000	52,930	54,300
67,000	66,451	65,900
0	229	350
27,400	26,497	26,400
249,500	248,931	251,900
1,215,000	1,214,970	1,208,000
12,600	12,490	12,600
324,721	343,585	347,000
1,949,221	1,966,082	1,966,450
247,893	250,037	250,000
3,820	3,853	3,700
528,166	532,735	532,750
7,170	7,232	7,000
1,156,446	1,166,449	1,167,000
5,727	5,776	6,000
1,949,221	1,966,082	1,966,450

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.

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.

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

Buildings - non-specialised	30 to 50 Years
Buildings - specialised	30 to 50 Years
Furniture and equipment	4 to 10 Years
Plant and equipment	5 to 15 Years
Tools and Equipment	5 to 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

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.

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

SHIRE OF CHAPMAN VALLEY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2020/21	2020/21	Budget	2020/21	Actual	2019/20	2019/20	Actual	2019/20	Budget	2019/20	2019/20	Budget	2019/20	
				Principal	Budget	Budget	Principal	Budget		Actual	Actual	Actual	Actual		Principal	Budget	Budget	Budget	Principal
				1 July 2020	New Loans	Principal Repayments	Principal outstanding 30 June 2021	Interest Repayments	Principal 1 July 2019	New Loans	Principal Repayments	Principal outstanding 30 June 2020	Interest Repayments	Principal 1 July 2019	New Loans	Principal Repayments	Principal outstanding 30 June 2020	Interest Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Recreation and culture																			
				4,960	0	(4,960)	0	(181)	14,451	0	(9,491)	4,960	(778)	14,451	0	(9,491)	4,960	(815)	
				83,160	0	(41,035)	42,125	(2,321)	123,132	0	(39,972)	83,160	(3,399)	123,132	0	(39,973)	83,159	(4,059)	
Transport																			
				0	0	0	0	0	19,163	0	(19,163)	0	(304)	19,163	0	(19,162)	1	(524)	
				88,120	0	(45,995)	42,125	(2,503)	156,746	0	(68,626)	88,120	(4,481)	156,746	0	(68,626)	88,120	(5,398)	

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

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(b) New borrowings - 2020/21

The Shire does not intend to undertake any new borrowings for the year ended 30 June 2021

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30 June 2020 nor is it expected to have unspent borrowing funds as at 30 June 2021.

(d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	500,000	500,000	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	(184)	0
Total amount of credit unused	510,000	509,816	260,000
Loan facilities			
Loan facilities in use at balance date	42,125	88,120	88,120

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd 1 July 2020	2020/21 Budgeted Increase/ (Decrease)	Amount as at 30th June 2021
Westpac Banking Corporation	To continue day to day processing with an agreed available balance	20/05/2020	\$ 500,000	\$ 0	\$ 500,000
			500,000	0	500,000

Due to unknown impacts of COVID-19, an additional overdraft was endorsed by council in the May Ordinary Council Meeting with an anticipated interest paid of \$4,500.

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.

SHIRE OF CHAPMAN VALLEY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Transfer to Budget	2020/21 Transfer (from) Budget	2020/21 Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	115,678	110	0	115,788	115,553	125	0	115,678	115,552	30,540	(50,100)	95,992
(b) Unspent Grants Reserve	9,500	0	(9,500)	0	47,012	9,535	(47,047)	9,500	47,013		(47,013)	0
(c) Office & Equipment Reserve	39,751	40	0	39,791	39,708	43	0	39,751	39,708	180	(10,000)	29,888
(d) Water Strategy Reserve	14,240	15	0	14,255	14,225	15	0	14,240	14,225	60	0	14,285
(e) Plant/Light Vehicle Reserve	256,877	220,250	0	477,127	256,599	278	0	256,877	256,599	376,449	(255,268)	377,780
(f) Legal Reserve	40,024	40	0	40,064	39,981	43	0	40,024	39,980	180	0	40,160
(g) Land Development Reserve	52,085	0	0	52,085	52,029	56	0	52,085	52,029	300	0	52,329
(h) Roadworks Reserve	102,170	65,100	0	167,270	102,059	111	0	102,170	102,060	420	0	102,480
(i) Building Reserve	209,126	150	(25,000)	184,276	149,617	59,509	0	209,126	149,618	52,650	(25,000)	177,268
(j) Landcare Reserve	0	0	0	0	15,831	14	(15,846)	0	15,834	60	(15,000)	894
	839,451	285,705	(34,500)	1,090,656	832,614	69,729	(62,892)	839,451	832,618	460,839	(402,381)	891,076

7. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	30/06/2020	To be used to fund annual and long service leave requirements.
(b) Unspent Grants Reserve	N/A	To be used to quarantine unspent grant and loans.
(c) Office & Equipment Reserve	30/06/2020	To be used to replace Information and Communications Technology equipment.
(d) Water Strategy Reserve	N/A	To be used for the construction and operational costs of facilities for fire fighting purposes.
(e) Plant/Light Vehicle Reserve	30/06/2020	To be used for the purchase of and/or major repair of major plant and light vehicles.
(f) Legal Reserve	N/A	To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.
(g) Land Development Reserve	N/A	To be used for further subdivisional development in the Shire of Chapman Valley.
(h) Roadworks Reserve	N/A	To be used to fund road infrastructure projects.
(i) Building Reserve	N/A	To be used for the construction of shire buildings or capital upgrades of existing shire buildings.
(j) Landcare Reserve	N/A	To be used for landcare related purposes. This reserve was closed as per 19/20 budget.

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

8. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
General purpose funding	3,580	8,365	12,500
Law, order, public safety	11,400	11,145	10,050
Health	2,719	3,686	5,764
Community amenities	166,595	181,545	173,830
Recreation and culture	73,172	85,680	83,693
Economic services	9,470	9,867	13,470
Other property and services	8,000	2,237	12,000
	274,936	302,524	311,307

9. GRANT REVENUE

	Unspent grants, subsidies and contributions liability				Grants, subsidies and contributions revenue			
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
By Program:	\$	\$	\$	\$	\$	\$	\$	\$
(a) Operating grants, subsidies and contributions								
Governance	0	1,200	(1,200)	0	0	1,200	19,990	1,200
General purpose funding	0	424,070	(424,070)	0	0	424,070	1,066,538	503,184
Law, order, public safety	0	19,500	(19,500)	0	0	19,500	33,113	20,635
Community amenities	9,500	17,660	(27,160)	0	0	27,160	9,440	8,897
Recreation and culture	0	407,589	(407,589)	0	0	407,589	109,477	108,771
Transport	0	295,490	(295,490)	0	0	295,490	139,583	137,558
Other property and services	0	40,000	(40,000)	0	0	40,000	69,916	58,500
	9,500	1,205,509	(1,215,009)	0	0	1,215,009	1,448,057	838,744
(b) Non-operating grants, subsidies and contributions								
Recreation and culture	0	0	0	0	0	0	0	25,000
Transport	0	1,528,260	(1,528,260)	0	0	1,528,260	1,514,620	1,468,953
	0	1,528,260	(1,528,260)	0	0	1,528,260	1,514,620	1,493,953
Total	9,500	2,733,769	(2,743,269)	0	0	2,743,269	2,962,677	2,332,697

(c) Unspent grants, subsidies and contributions were restricted as follows:

	Budget Closing Balance 30 June 2021	Actual Balance 30 June 2020
Unspent Grants Reserve	0	9,500
	0	9,500

SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

10. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

11. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Investments			
- Reserve funds	750	921	3,290
- Other funds	22,000	29,596	30,000
Other interest revenue (refer note 1b)	14,000	23,071	20,000
	36,750	53,588	53,290

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 8%.

(b) Other revenue

Reimbursements and recoveries	20,835	19,531	11,800
	20,835	19,531	11,800

The net result includes as expenses

(c) Auditors remuneration

Audit services	47,000	6,156	38,000
	47,000	6,156	38,000

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	2,503	4,481	5,398
Other	4,500	479	500
	7,003	4,960	5,898

(e) Elected members remuneration

Meeting fees	75,280	71,568	75,280
President's allowance	10,000	10,000	10,000
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	400	380	400
Telecommunications allowance	4,000	3,803	4,000
	92,180	88,251	92,180

12. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2020/21.

13. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2020/21.

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

14. 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 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Bonds - Hall Hire	3,320	11,000	(12,500)	1,820
Post Office Deposit	1,580	120	(120)	1,580
Contributions from Sub Divider	355,204	0	0	355,204
Refundable Deposit	9,550	3,600	(5,000)	8,150
CTF Levy	231	2,500	(2,731)	0
Building Commission	898	3,200	(4,098)	0
Unclaimed Monies	250	0	(250)	0
Standpipe Card Bond Income	100	0	(100)	0
	371,133	20,420	(24,799)	366,754

15. 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

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

16. BUDGET RATIOS

	2020/21 Budget	2019/20 Actual	2018/19 Actual	2017/18 Actual
Operating Surplus	(0.1169)	0.1756	(0.1413)	(0.2400)
Funds After Operations	(0.0346)	0.3221	0.9547	1.110
PPE	(0.1395)	0.1359	(0.0538)	0.090
Infrastructure	(0.0090)	0.0083	(0.0139)	(0.0300)
Cash Reserves	0.3323	0.2099	0.3035	0.3100
Borrowings	0.0128	0.0220	0.0571	0.1000
Debt Servicing	0.0140	0.0172	0.0278	0.0400
Average Rates (UV)	1,563	1,603	4,632	4,650
Average Rates (GRV)	5,513	5,527	1,194	1,187

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