

SHIRE OF NORTHAMPTON

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement by Program	7
Rates and Service Charges	8
Net Current Assets	14
Reconciliation of Cash	17
Fixed Assets	18
Asset Depreciation	20
Borrowings	21
Cash Backed Reserves	23
Fees and Charges	24
Grant Revenue	24
Other Information	25
Major Land Transactions	26
Major Trading Undertaking	27
Interests in Joint Arrangements	28
Trust	28
Significant Accounting Policies - Other	29
Significant Accounting Policies - Change in Accounting Policies	30

SHIRE'S VISION

A proud and unique community recognising the past and creating the future.

**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)	4,703,547	4,574,430	4,622,864
Operating grants, subsidies and contributions	9	1,557,893	2,514,586	1,454,404
Fees and charges	8	1,280,648	1,390,861	1,265,424
Interest earnings	10(a)	106,450	108,101	121,750
Other revenue	10(b)	0	296,219	0
		7,648,538	8,884,197	7,464,442
Expenses				
Employee costs		(3,365,648)	(3,201,716)	(3,003,415)
Materials and contracts		(2,164,572)	(2,626,800)	(2,288,238)
Utility charges		(320,250)	(372,231)	(359,390)
Depreciation on non-current assets	5	(2,149,300)	(2,132,133)	(3,607,500)
Interest expenses	10(d)	(64,877)	(57,373)	(60,159)
Insurance expenses		(209,440)	(276,466)	(251,088)
Other expenditure		(466,509)	(429,778)	(437,137)
		(8,740,596)	(9,096,497)	(10,006,927)
Subtotal				
		(1,092,058)	(212,300)	(2,542,485)
Non-operating grants, subsidies and contributions	9	1,500,386	1,559,037	1,123,008
Profit on asset disposals	4(b)	20,280	8,549	40,000
Loss on asset disposals	4(b)	(29,000)	(2,685)	(5,000)
		1,491,666	1,564,901	1,158,008
Net result				
		399,608	1,352,601	(1,384,477)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income				
		399,608	1,352,601	(1,384,477)

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 Northampton 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		60,154	56,948	55,124
General purpose funding		5,650,065	6,301,383	5,554,570
Law, order, public safety		73,383	554,097	70,395
Health		40,112	39,789	54,497
Education and welfare		226,362	239,460	224,748
Housing		53,436	59,682	56,436
Community amenities		886,277	923,656	908,527
Recreation and culture		81,418	82,284	54,287
Transport		180,166	170,162	106,040
Economic services		274,600	273,889	256,169
Other property and services		122,565	182,847	123,649
		7,648,538	8,884,197	7,464,442
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(896,152)	(873,586)	(870,344)
General purpose funding		(220,112)	(261,587)	(197,215)
Law, order, public safety		(338,993)	(528,230)	(401,396)
Health		(168,239)	(218,211)	(210,093)
Education and welfare		(297,868)	(343,221)	(284,868)
Housing		(92,380)	(93,016)	(73,516)
Community amenities		(1,584,857)	(1,496,898)	(1,565,743)
Recreation and culture		(1,639,690)	(1,690,139)	(1,663,727)
Transport		(2,949,439)	(2,837,504)	(4,213,373)
Economic services		(467,989)	(481,701)	(443,493)
Other property and services		(20,000)	(215,031)	(23,000)
		(8,675,719)	(9,039,124)	(9,946,768)
Finance costs	6, 10(d)			
Education and welfare		(17,126)	(16,478)	(17,777)
Housing		(8,497)	(9,376)	(9,789)
Recreation and culture		(10,973)	(943)	(1,383)
Transport		(7,716)	(8,927)	(9,561)
Other property and services		(20,565)	(21,649)	(21,649)
		(64,877)	(57,373)	(60,159)
Subtotal		(1,092,058)	(212,300)	(2,542,485)
Non-operating grants, subsidies and contributions	9	1,500,386	1,559,037	1,123,008
Profit on disposal of assets	4(b)	20,280	8,549	40,000
(Loss) on disposal of assets	4(b)	(29,000)	(2,685)	(5,000)
		1,491,666	1,564,901	1,158,008
Net result		399,608	1,352,601	(1,384,477)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		399,608	1,352,601	(1,384,477)

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**ACTIVITIES****GOVERNANCE**

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

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, administration of health local laws and maintenance of the Northampton and Kalbarri doctors surgery.

EDUCATION AND WELFARE

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

Maintenance of child minding centre's, operational costs associated with Child Care facilities and Kalbarri Aged Care Housing maintenance.

HOUSING

To provide and maintain housing.

Provision and maintenance of housing.

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and town planning schemes, cemetery and public conveniences.administration of

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and operation of library, museum and other cultural facilities.playgrounds.

TRANSPORT

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

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

To help promote the shire and its economic wellbeing.

Tourism and area promotion including Lucky Bay and Little Bay camping areas. Port Gergory water supply and Building control.

OTHER PROPERTY AND SERVICES

To monitor and control Shire's overhead operating accounts.

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

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,703,547	4,617,779	4,622,864
Operating grants, subsidies and contributions		1,557,893	2,509,358	1,454,404
Fees and charges		1,280,648	1,390,861	1,265,424
Interest earnings		106,450	108,101	121,750
Other revenue		0	296,219	
		7,648,538	8,922,318	7,464,442
Payments				
Employee costs		(3,365,648)	(3,201,716)	(3,003,415)
Materials and contracts		(2,164,572)	(2,943,149)	(2,288,238)
Utility charges		(320,250)	(372,231)	(359,390)
Interest expenses		(64,877)	(57,373)	(60,159)
Insurance expenses		(209,440)	(276,466)	(251,088)
Other expenditure		(466,509)	(429,778)	(437,137)
		(6,591,296)	(7,280,713)	(6,399,427)
Net cash provided by (used in) operating activities	3	1,057,242	1,641,605	1,065,015
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(1,626,935)	(1,144,987)	(1,393,810)
Payments for construction of infrastructure	4(a)	(2,907,901)	(2,875,077)	(3,641,827)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,500,386	1,559,037	1,123,008
Proceeds from sale of plant & equipment	4(b)	116,900	135,318	164,000
Net cash provided by (used in) investing activities		(2,917,550)	(2,325,709)	(3,748,629)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(157,325)	(134,246)	(134,246)
Proceeds from self supporting loans	6(a)	36,391	25,949	34,794
Proceeds from new borrowings	6(b)	365,000	500,000	500,000
Net cash provided by (used in) financing activities		244,066	391,703	400,548
Net increase (decrease) in cash held		(1,616,242)	(292,401)	(2,283,066)
Cash at beginning of year		2,880,313	3,172,714	3,172,714
Cash and cash equivalents at the end of the year	3	1,264,071	2,880,313	889,648

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)	1,734,648	1,745,371	2,122,202
		1,734,648	1,745,371	2,122,202
Revenue from operating activities (excluding rates)				
Governance		71,434	56,948	55,124
General purpose funding		987,778	1,767,219	972,206
Law, order, public safety		73,383	554,097	70,395
Health		40,112	39,789	54,497
Education and welfare		226,362	239,460	224,748
Housing		53,436	59,682	56,436
Community amenities		886,277	923,656	908,527
Recreation and culture		81,418	82,284	54,287
Transport		189,166	178,711	146,040
Economic services		274,600	273,889	256,169
Other property and services		122,565	182,847	123,649
		3,006,531	4,358,582	2,922,078
Expenditure from operating activities				
Governance		(896,152)	(873,586)	(870,344)
General purpose funding		(220,112)	(261,587)	(197,215)
Law, order, public safety		(338,993)	(528,230)	(401,396)
Health		(168,239)	(218,211)	(210,093)
Education and welfare		(314,994)	(359,699)	(302,645)
Housing		(100,877)	(102,392)	(83,305)
Community amenities		(1,584,857)	(1,496,898)	(1,565,743)
Recreation and culture		(1,650,663)	(1,691,082)	(1,665,110)
Transport		(2,986,155)	(2,849,116)	(4,227,934)
Economic services		(467,989)	(481,701)	(443,493)
Other property and services		(40,565)	(236,680)	(44,649)
		(8,769,596)	(9,099,182)	(10,011,927)
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,041,120	2,126,269	3,572,500
Amount attributable to operating activities		(1,987,297)	(868,960)	(1,395,147)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,500,386	1,559,037	1,123,008
Purchase property, plant and equipment	4(a)	(1,626,935)	(1,144,987)	(1,393,810)
Purchase and construction of infrastructure	4(a)	(2,907,901)	(2,875,077)	(3,641,827)
Proceeds from disposal of assets	4(b)	116,900	135,318	164,000
Amount attributable to investing activities		(2,917,550)	(2,325,709)	(3,748,629)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(157,325)	(134,246)	(134,246)
Proceeds from new borrowings	6(b)	365,000	500,000	500,000
Proceeds from self supporting loans	6(a)	36,391	25,949	34,794
Transfers to cash backed reserves (restricted assets)	7(a)	(60,200)	(156,657)	(66,200)
Transfers from cash backed reserves (restricted assets)	7(a)	58,694	168,370	227,064
Amount attributable to financing activities		242,560	403,416	561,412
Budgeted deficiency before general rates		(4,662,287)	(2,791,253)	(4,582,364)
Estimated amount to be raised from general rates	1	4,662,287	4,534,163	4,582,364
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	1,742,910	0

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

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
General GRV	0.07991	1,557	17,566,798	1,688,420	0	0	1,688,420	1,632,394	1,644,791
Unimproved valuations									
General UV	0.01261	438	184,294,922	2,355,757	0	0	2,355,757	2,344,222	2,346,323
Sub-Totals		1,995	201,861,720	4,044,177	0	0	4,044,177	3,976,616	3,991,114
Minimum									
Minimum payment									
\$									
Gross rental valuations									
General GRV	565	1,023	7,232,894	577,995			577,995	565,950	561,000
Unimproved valuations									
General UV	565	71	3,181,205	40,115			40,115	24,750	30,250
Sub-Totals		1,094	10,414,099	618,110	0	0	618,110	590,700	591,250
		3,089	212,275,819	4,662,287	0	0	4,662,287	4,567,316	4,582,364
Discounts/concessions (Refer note 1(e))							0	(33,153)	0
Total amount raised from general rates							4,662,287	4,534,163	4,582,364
Specified area rates (Refer note 1(c))							41,260	40,267	40,500
Total rates							4,703,547	4,574,430	4,622,864

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

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
Single Payment	04-10-19	\$ 0	% 0.0%	% 0.0%
Option two				
First Installment	04-10-19	5	5.0%	10.0%
Second Installment	06-12-19	5	5.0%	10.0%
Option three				
First Installment	04-10-19	5	5.0%	10.0%
Second Installment	06-12-19	5	5.0%	10.0%
Third Installment	07-02-20	5	5.0%	10.0%
Fourth Installment	03-04-20	5	5.0%	10.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
Instalment plan interest/admin earned	\$ 20,000	\$ 21,777	\$ 15,500
Unpaid rates and service charge interest earned	31,450	31,341	36,250
	51,450	53,118	51,750

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Specified Area Rate

	Basis of valuation	Rate in	Rateable value	2019/20 Budget specified area rate revenue	2019/20 Interim specified area rate revenue	2019/20 Back specified area rate revenue	2019/20 Total budget specified area rate revenue	2018/19 Actual revenue	2018/19 Budget revenue
Specified area rate		\$	\$	\$	\$	\$	\$	\$	\$
Port Gregory Water Spply	GRV	0.019819	568,148	11,260	0	0	11,260	10,612	10,500
Kalbarri Tourism Rate	GRV	0.001733	17,324,563	30,000	0	0	30,000	29,655	30,000
			17,892,711	41,260	0	0	41,260	40,267	40,500

	Purpose of the rate	Area or properties rate is to be imposed on	Budgeted rate applied to costs	Budgeted rate set aside to reserve	Reserve Amount to be applied to costs
Specified area rate			\$	\$	\$
Port Gregory Water Spply	The specified area rate for the Port Gregory Water Supply is levied on all rateable Port Gregory Gross Rental Value designated properties for the operation of the Port Gregory water supply. The amount required has been estimated as the cost to operated the water supply for 2018/2019.		11,260	0	0
Kalbarri Tourism Rate	The specified area rate for Kalbarri Tourism is levied on all rateable Kalbarri Gross Rental Value designated properties in accordance with the Kalbarri Town Planning Scheme No. 9		30,000	0	0
			41,260	0	0

(d) Service Charges

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

(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
Write Off	Legal Fees	0.0%	0	33,153	0	Write off per legal advice
			0	33,153	0	

(e) Waivers or concessions

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

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

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	372,512	1,988,754	1,988,754	(201,269)
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	(927,635)	(926,129)	(926,129)	(776,977)
Less: Current assets not expected to be received at end of year					
- Land held for resale		(235,000)	(235,000)	(235,000)	(235,000)
Add: Current liabilities associated with restricted assets					
- Accruals		(125,162)	(8,262)		
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		157,324	157,324	157,324	500,000
- Employee benefit provisions		757,961	757,961	757,961	713,246
Adjusted net current assets - surplus/(deficit)		0	1,734,648	1,742,910	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)	(20,280)	(8,549)	(8,549)	(40,000)
Less: Movement in liabilities associated with restricted cash		(116,900)			
Add: Loss on disposal of assets	4(b)	29,000	2,685	2,685	5,000
Add: Depreciation on assets	5	2,149,300	2,132,133	2,132,133	3,607,500
Non cash amounts excluded from operating activities		2,041,120	2,126,269	2,126,269	3,572,500

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

All funds to which the Shire of Northampton 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 Northampton'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 Northampton'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 Northampton'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	(307,885)	1,309,863	112,671
Cash - restricted	1,571,956	1,570,450	776,977
	1,264,071	2,880,313	889,648
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave Reserve	256,008	246,008	247,544
Roadworks Reserve	29,641	27,641	28,250
Kalbarri Airport Reserve	85,515	65,315	65,372
Computer & Office Equipment Reserve	33,945	32,945	33,405
House & Building Reserve	121,865	109,865	110,618
Kalbarri Aged Persons Accommodation Reserve	0	58,694	0
Land Development Reserve	264,161	249,161	255,288
Port Gregory Water Supply Reserve	36,500	36,500	36,500
Tourism Infrastructure Reserve	100,000	100,000	0
Unspent grants and contributions not held in reserve	232,221	232,221	
Unspent borrowings	412,100	412,100	
	1,571,956	1,570,450	776,977
Reconciliation of net cash provided by operating activities to net result			
Net result	399,608	1,352,601	(1,384,477)
Depreciation	2,149,300	2,132,133	3,607,500
(Profit)/loss on sale of asset	8,720	(5,864)	(35,000)
(Increase)/decrease in receivables	0	38,121	
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	0	3,755	
Increase/(decrease) in payables	0	(320,104)	
Increase/(decrease) in contract liabilities	0	0	
Change in accounting policies transferred to retained surplus (refer to Note 14)	0	0	0
Grants/contributions for the development of assets	(1,500,386)	(1,559,037)	(1,123,008)
Net cash from operating activities	1,057,242	1,641,605	1,065,015

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	Community amenities	Recreation and culture	Transport	Economic services			
	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>								
Land - freehold land						0	9,101	5,910
Buildings - specialised		110,000	714,035	30,000		854,035	246,034	714,400
Furniture and equipment	21,500					21,500	31,653	32,500
Plant and equipment	54,100			677,300	20,000	751,400	858,199	641,000
	75,600	110,000	714,035	707,300	20,000	1,626,935	1,144,987	1,393,810
<i>Infrastructure</i>								
Infrastructure - Roads				1,928,213		1,928,213	2,255,425	2,647,629
Infrastructure - Footpaths/Carparks			238,835	297,403		536,238	115,641	378,413
Infrastructure - Parks and Ovals		73,500	369,950			443,450	504,011	615,785
	0	73,500	608,785	2,225,616	0	2,907,901	2,875,077	3,641,827
Total acquisitions	75,600	183,500	1,322,820	2,932,916	20,000	4,534,836	4,020,064	5,035,637

A detailed breakdown of acquisitions on an individual asset basis can be found in the 2019/2020 Schedule Budget document.

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	17,120	28,400	11,280	0		0	0	0		0	0	0
Transport	108,500	88,500	9,000	(29,000)	129,454	135,318	8,549	(2,685)	129,000	164,000	40,000	(5,000)
	125,620	116,900	20,280	(29,000)	129,454	135,318	8,549	(2,685)	129,000	164,000	40,000	(5,000)
By Class												
<i>Property, Plant and Equipment</i>												
Plant and equipment	125,620	116,900	20,280	(29,000)	129,454	135,318	8,549	(2,685)	129,000	164,000	40,000	(5,000)
	125,620	116,900	20,280	(29,000)	129,454	135,318	8,549	(2,685)	129,000	164,000	40,000	(5,000)

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

- Plant replacement programme

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

5. ASSET DEPRECIATION

By Program

Governance	37,500	35,996	31,500
Law, order, public safety	62,000	62,222	57,000
Health	24,500	23,766	23,750
Education and welfare	6,500	6,385	6,500
Housing	30,000	29,630	30,000
Community amenities	54,800	54,358	51,250
Recreation and culture	396,000	386,447	383,000
Transport	1,501,000	1,496,407	2,990,000
Economic services	37,000	36,922	34,500

By Class

Buildings - non-specialised	400,000	399,298	399,000
Furniture and equipment	19,300	13,143	9,000
Plant and equipment	440,000	425,857	384,500
Infrastructure - Roads	1,005,000	1,003,795	2,545,000
Infrastructure - Footpaths/Carparks	45,000	46,407	21,500
Infrastructure - Drainage	70,000	71,328	56,000
Infrastructure - Parks and Ovals	130,000	130,020	148,000
Infrastructure - Airports	40,000	42,285	44,500
	2,149,300	2,132,133	3,607,500

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
37,500	35,996	31,500
62,000	62,222	57,000
24,500	23,766	23,750
6,500	6,385	6,500
30,000	29,630	30,000
54,800	54,358	51,250
396,000	386,447	383,000
1,501,000	1,496,407	2,990,000
37,000	36,922	34,500
2,149,300	2,132,133	3,607,500
400,000	399,298	399,000
19,300	13,143	9,000
440,000	425,857	384,500
1,005,000	1,003,795	2,545,000
45,000	46,407	21,500
70,000	71,328	56,000
130,000	130,020	148,000
40,000	42,285	44,500
2,149,300	2,132,133	3,607,500

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	3-10 Years
Plant and equipment	5-15 Years
Infrastructure - Roads	20-50 Years
Infrastructure - Footpaths/Carp	20-50 Years
Infrastructure - Drainage	50-75 Years
Infrastructure - Parks and Oval	20-50 Years
Infrastructure - Airports	40-50 Years

DEPRECIATION (CONTINUED)

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

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

RECOGNITION OF ASSETS

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

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget Principal 1 July 2019	2019/20 Budget New loans	2019/20 Budget Principal repayments	2019/20 Budget Interest repayments	Budget Principal outstanding 30 June 2020	Actual Principal 1 July 2018	2018/19 Actual New loans	2018/19 Actual Principal repayments	2018/19 Actual Interest repayments	Actual Principal outstanding 30 June 2019	Budget Principal 1 July 2018	2018/19 Budget New loans	2018/19 Budget Principal repayments	2018/19 Budget Interest repayments	Budget Principal outstanding 30 June 2019
		\$	\$	\$	\$			\$	\$	\$			\$	\$	\$
Education and welfare															
Housing															
154 - Staff Housing	223,447		34,288	8,497	189,159	256,641		33,194	8,987	223,447	256,641		33,194	9,789	223,447
Recreation and culture															
148A - Library Extensior	0		0	0	0	26,733		26,733	913	0	26,733		26,733	939	0
156 - RSL Hall Developr	500,000		45,516	10,771	454,484	0	500,000			500,000	0	500,000			500,000
Transport															
153 - Plant Purchases	174,814		41,130	7,716	133,684	214,339		39,525	8,927	174,814	214,339		39,525	9,561	174,814
157 - Plant Purchases	0	365,000			365,000	0				0					0
	898,261	365,000	120,934	26,984	1,142,327	497,713	500,000	99,452	18,827	898,261	497,713	500,000	99,452	20,289	898,261
Self Supporting Loans															
Education and welfare															
155 - Pioneer Lodge	372,568	0	14,542	17,126	358,026	386,552	0	13,984	16,478	372,568	386,552	0	13,984	17,777	372,568
Housing															
152 - Staff Housing	311,752	0	18,010	20,565	293,742	328,941	0	17,189	21,649	311,752	328,941	0	17,189	21,649	311,752
Recreation and culture															
151 - Kalbarri Bowling C	3,838	0	3,839	202	(1)	7,459	0	3,621	419	3,838	7,459	0	3,621	444	3,838
	688,158	0	36,391	37,893	651,767	722,952	0	34,794	38,546	688,158	722,952	0	34,794	39,870	688,158
	1,586,419	365,000	157,325	64,877	1,794,094	1,220,665	500,000	134,246	57,373	1,586,419	1,220,665	500,000	134,246	60,159	1,586,419

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

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Plant Purchase	WATC	Fixed	10	1.79%	\$ 365,000	\$ 0	\$ 365,000	\$ 0
					365,000	0	365,000	0

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd.	Amount used 2019/20 Budget	Amount as at 30th June 2020
Loan 156	RSL Hall Extension	2019	\$ 412,100	\$ 87,900	\$ 0
			412,100	87,900	0

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
Undrawn borrowing facilities	\$	\$	\$
credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	(2,500)	(1,852)	(2,500)
Total amount of credit unused	7,500	8,148	7,500
Loan facilities			
Loan facilities in use at balance date	1,794,094	1,586,419	1,586,419

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	246,008	10,000		256,008	237,544	8,464		246,008	237,544	10,000		247,544
Roadworks Reserve	27,641	2,000		29,641	26,250	1,391		27,641	26,250	2,000		28,250
Kalbarri Airport Reserve	65,315	20,200		85,515	45,172	20,143		65,315	45,172	20,200		65,372
Computer & Office Equipment Reser	32,945	1,000		33,945	31,906	1,039		32,945	31,905	1,500		33,405
House & Building Reserve	109,865	12,000		121,865	98,118	11,747		109,865	98,118	12,500		110,618
Kalbarri Aged Persons Accommodati	58,694		(58,694)	0	227,064		(168,370)	58,694	227,064	0	(227,064)	0
Land Development Reserve	249,161	15,000		264,161	235,288	13,873		249,161	235,288	20,000		255,288
Port Gregory Water Supply Rerserve	36,500			36,500	36,500			36,500	36,500	0		36,500
Tourism Infrastructure Reserve	100,000			100,000	0	100,000		100,000				0
	926,129	60,200	(58,694)	927,635	937,842	156,657	(168,370)	926,129	937,841	66,200	(227,064)	776,977

(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	TBD	To be used to fund annual and long service leave requirements
Roadworks Reserve	TBD	To be used to fund major reseals of bitumen roads and other major road construction works including footpath construction
Kalbarri Airport Reserve	TBD	To be used for the maintenance and construction of the Kalbarri Airport
Computer & Office Equipment Reser	TBD	To be used to for the purchase and upgrade of office equipment and computers
House & Building Reserve	TBD	To be used for the construction of new housing and upgrades to buildings under Council control
Kalbarri Aged Persons Accommodati	2019/2020	To be used for the construction of live in aged care facilities in Kalbarri
Land Development Reserve	TBD	To be used for the development of Council land for sale on the open market.
Port Gregory Water Supply Rerserve	TBD	To be used for the replacement of the Port Gregory pipeline.
Tourism Infrastructure Reserve	TBD	To be used for the development of Tourism Infrastructure.

TBD = To Be Determined

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

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	11,300	11,333	10,450
Law, order, public safety	14,500	15,088	15,450
Health	11,612	11,617	11,497
Education and welfare	107,126	153,303	93,107
Housing	46,436	46,206	46,436
Community amenities	828,077	859,618	837,377
Recreation and culture	12,916	15,419	12,958
Transport	3,841	3,848	3,080
Economic services	224,840	225,620	210,069
Other property and services	20,000	48,809	25,000
	1,280,648	1,390,861	1,265,424

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	48,854	45,615	44,674
General purpose funding	881,328	1,659,119	850,456
Law, order, public safety	58,883	244,789	54,945
Health	28,500	28,172	43,000
Education and welfare	119,236	86,157	131,641
Housing	7,000	13,476	10,000
Community amenities	58,200	64,039	71,150
Recreation and culture	68,502	66,865	41,329
Transport	176,325	164,315	102,960
Economic services	8,500	8,002	5,600
Other property and services	102,565	134,037	98,649
	1,557,893	2,514,586	1,454,404

Non-operating grants, subsidies and contributions

Education and welfare	0	53,276	0
Recreation and culture	146,910	262,083	195,655
Transport	1,353,476	1,243,678	927,353
	1,500,386	1,559,037	1,123,008

**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	25,200	21,657	31,200
- Other funds	29,800	33,326	38,800
Other interest revenue (refer note 1b)	51,450	53,118	51,750
	106,450	108,101	121,750
(b) Other revenue			
Reimbursements and recoveries	0	296,219	0
	0	296,219	0
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	40,000	40,000	40,000
Other services	3,900	4,150	3,900
	43,900	44,150	43,900
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	64,877	57,373	60,159
Interest expense on lease liabilities	0	0	0
	64,877	57,373	60,159
(e) Elected members remuneration			
Meeting fees	29,350	22,800	23,850
Mayor/President's allowance	14,000	12,000	12,000
Deputy Mayor/President's allowance	3,500	2,500	2,500
Travelling expenses	10,000	7,815	5,000
Telecommunications allowance	4,500	4,500	4,500
	61,350	49,615	47,850
(f) Write offs			
General rate	0	33,153	0
	0	33,153	0

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

11. MAJOR LAND TRANSACTIONS, TRADING UNDERTAKINGS AND INTERESTS IN JOINT ARRANGEMENTS

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

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

**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
	\$	\$	\$	\$
Transportable Housing Bonds	11,000	0	(11,000)	0
Footpath Deposits	7,007	2,000	(9,007)	0
Building Levies (BCITF & BRB)	183	29,817	(30,000)	0
Community Bus Bond	4,800	2,000	(5,400)	1,400
Unclaimed Monies	4,044	0	(4,044)	0
BROC - Management Fund	1	0	0	1
RSL Hall Key Bond	420	400	(820)	0
Special Series Plates	770	2,170	(2,940)	0
NCCA	22,235	0	(22,235)	0
One Life	1,940	0	(1,940)	0
Rubbish Tip Key Bond	1,400	0	0	1,400
Horrocks - Skatepark	1,050	0	0	1,050
	54,850	36,387	(87,386)	3,851

**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 Note 14.

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

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

LEASES

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Northampton 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 Northampton 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 Northampton 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 Northampton. When the taxable event occurs the financial liability is extinguished and the Shire of Northampton 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 Northampton to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was signification 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 Northampton 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	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	0.01	0.07	0.07	0.06
Funds After Operations	0.97	0.88	0.79	0.76
PPE	0.05	(0.11)	0.01	(0.11)
Infrastructure	0.03	0.03	(0.55)	0.02
Cash Reserves	0.15	0.14	0.15	0.14
Borrowings	0.20	0.15	0.09	0.11
Debt Servicing	0.03	0.03	0.03	0.03
Average Rates (UV)	5,383	5,233	5,076	4,338
Average Rates (GRV)	1,084	1,055	1,006	984

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)	1,734,648	1,745,371	2,122,202
		1,734,648	1,745,371	2,122,202
Revenue from operating activities (excluding rates)				
Specified area rates	1(c)	41,260	40,266	40,500
Operating grants, subsidies and contributions	9	1,557,893	2,514,586	1,454,404
Fees and charges	8	1,280,648	1,390,861	1,265,424
Interest earnings	10(a)	106,450	108,101	121,750
Other revenue	10(b)	0	296,219	0
Profit on asset disposals	4(b)	20,280	8,549	40,000
		3,006,531	4,358,582	2,922,078
Expenditure from operating activities				
Employee costs		(3,365,648)	(3,201,716)	(3,003,415)
Materials and contracts		(2,164,572)	(2,626,800)	(2,288,238)
Utility charges		(320,250)	(372,231)	(359,390)
Depreciation on non-current assets	5	(2,149,300)	(2,132,133)	(3,607,500)
Interest expenses	10(d)	(64,877)	(57,373)	(60,159)
Insurance expenses		(209,440)	(276,466)	(251,088)
Other expenditure		(466,509)	(429,778)	(437,137)
Loss on asset disposals	4(b)	(29,000)	(2,685)	(5,000)
		(8,769,596)	(9,099,182)	(10,011,927)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,041,120	2,126,269	3,572,500
Amount attributable to operating activities		(1,987,297)	(868,960)	(1,395,147)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	1,500,386	1,559,037	1,123,008
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(1,626,935)	(1,144,987)	(1,393,810)
Purchase and construction of infrastructure	4(a)	(2,907,901)	(2,875,077)	(3,641,827)
Proceeds from disposal of assets	4(b)	116,900	135,318	164,000
Amount attributable to investing activities		(2,917,550)	(2,325,709)	(3,748,629)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(157,325)	(134,246)	(134,246)
Proceeds from new borrowings	6	365,000	500,000	500,000
Proceeds from self supporting loans	6(a)	36,391	25,949	34,794
Transfers to cash backed reserves (restricted assets)	7(a)	(60,200)	(156,657)	(66,200)
Transfers from cash backed reserves (restricted assets)	7(a)	58,694	168,370	227,064
Amount attributable to financing activities		242,560	403,416	561,412
Budgeted deficiency before general rates		(4,662,287)	(2,791,253)	(4,582,364)
Estimated amount to be raised from general rates	1	4,662,287	4,534,163	4,582,364
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	1,742,910	0

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