

**SHIRE OF TAMMIN**  
**FINANCIAL BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**SHIRE OF TAMMIN'S VISION**

**Our Vision**

A Place for People, A Place for Community

**Our Aspirations are:**

A community that cares, and a place where community matters

A great place to live and visit because we take pride in our local area

A vibrant and active community, inclusive and welcoming for young and old.

**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
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	1,118,062	1,068,393	1,064,163
Operating grants, subsidies and contributions	9	650,983	1,336,172	585,937
Fees and charges	8	154,752	183,965	151,058
Interest earnings	10(a)	53,350	52,357	34,900
Other revenue	10(b)	59,992	101,443	160,630
		2,037,139	2,742,331	1,996,688
<b>Expenses</b>				
Employee costs		(854,746)	(505,416)	(758,888)
Materials and contracts		(956,320)	(874,972)	(1,132,348)
Utility charges		(119,541)	(114,391)	(52,680)
Depreciation on non-current assets	5	(1,255,065)	(1,262,241)	(1,240,370)
Interest expenses	10(d)	(8,194)	(10,273)	(10,965)
Insurance expenses		(65,987)	(74,950)	(62,479)
Other expenditure		(112,899)	(74,952)	(33,850)
		(3,372,753)	(2,917,195)	(3,291,580)
<b>Subtotal</b>				
		(1,335,614)	(174,864)	(1,294,892)
Non-operating grants, subsidies and contributions	9	579,656	350,865	351,617
Profit on asset disposals	4(b)	18,069	-	-
Loss on asset disposals	4(b)	(51,127)	(1,636)	(3,000)
		546,598	349,229	348,617
<b>Net result</b>				
		<b>(789,016)</b>	<b>174,365</b>	<b>(946,275)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		-	-	-
<b>Total other comprehensive income</b>				
		-	-	-
<b>Total comprehensive income</b>				
		<b>(789,016)</b>	<b>174,365</b>	<b>(946,275)</b>

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 Tammin 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.

**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 16.

**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
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		-	6,000	-
General purpose funding		1,697,314	2,188,263	1,580,325
Law, order, public safety		8,754	8,639	3,700
Health		1,044	658	948
Education and welfare		63,637	62,950	79,624
Housing		27,417	33,298	38,400
Community amenities		35,020	33,749	30,176
Recreation and culture		51,100	26,388	34,385
Transport		78,277	223,109	47,400
Economic services		26,950	72,552	42,150
Other property and services		47,626	86,726	139,580
		2,037,139	2,742,331	1,996,688
<b>Expenses excluding finance costs</b>	5,10,(c),(e),(f),(g)			
Governance		(349,159)	(309,678)	(271,757)
General purpose funding		(96,223)	(88,538)	(95,269)
Law, order, public safety		(31,751)	(30,287)	(32,597)
Health		(9,670)	(8,707)	(9,405)
Education and welfare		(112,901)	(101,551)	(130,099)
Housing		(50,588)	(42,603)	(61,439)
Community amenities		(241,913)	(169,480)	(254,309)
Recreation and culture		(593,635)	(472,167)	(526,578)
Transport		(1,784,162)	(1,531,488)	(1,670,331)
Economic services		(76,039)	(57,952)	(78,203)
Other property and services		(18,517)	(94,472)	(150,628)
		(3,364,559)	(2,906,923)	(3,280,615)
<b>Finance costs</b>	6, 10(d)			
Housing		(3,960)	(4,920)	(5,258)
Recreation and culture		(2,454)	(2,788)	(2,950)
Transport		(1,780)	(2,565)	(2,757)
		(8,194)	(10,273)	(10,965)
<b>Subtotal</b>		(1,335,614)	(174,864)	(1,294,892)
Non-operating grants, subsidies and contributions	9	579,656	350,865	351,617
Profit on disposal of assets	4(b)	18,069	-	-
(Loss) on disposal of assets	4(b)	(51,127)	(1,636)	(3,000)
		546,598	349,229	348,617
<b>Net result</b>		<b>(789,016)</b>	<b>174,365</b>	<b>(946,275)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		-	-	-
<b>Total other comprehensive income</b>		-	-	-
<b>Total comprehensive income</b>		<b>(789,016)</b>	<b>174,365</b>	<b>(946,275)</b>

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 of Tammin'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 to the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

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

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

**HEALTH**

To provide an operational framework for environmental & community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

**EDUCATION AND WELFARE**

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

Maintenance of child minding centre, playgroup centre, senior citizens centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

**HOUSING**

The provision of housing to staff.

Staff housing, provision of general rental accommodation to the public when not required by staff.

**COMMUNITY AMENITIES**

The provision of services required by the community.

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

**RECREATION AND CULTURE**

To establish and effectively manage infrastructure and resources that help to maintain the social well being of the community.

Maintenance of public halls, civic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museums and other cultural facilities.

**TRANSPORT**

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

Construction and maintenance of roads, streets, footpaths, depots, cycleways, 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 the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building control.

**OTHER PROPERTY AND SERVICES**

To monitor and control Council's overheads operating account.

Private works operation, plant repair and operation costs, housing and engineering operational 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
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,128,724	1,060,619	1,064,163
Operating grants, subsidies and contributions		640,321	1,369,182	440,336
Fees and charges		154,752	183,965	296,659
Interest earnings		53,350	52,357	34,900
Goods and services tax		200,000	167,267	200,000
Other revenue		59,992	101,443	160,630
		2,237,139	2,934,834	2,196,688
<b>Payments</b>				
Employee costs		(856,196)	(505,416)	(758,888)
Materials and contracts		(945,659)	(890,104)	(1,132,348)
Utility charges		(119,541)	(114,391)	(52,680)
Interest expenses		(12,075)	(10,273)	(10,965)
Insurance expenses		(65,987)	(74,950)	(62,479)
Goods and services tax		(210,661)	(220,838)	(200,000)
Other expenditure		(112,899)	(74,952)	(33,850)
		(2,323,018)	(1,890,924)	(2,251,210)
<b>Net cash provided by (used in) operating activities</b>	3	(85,880)	1,043,910	(54,522)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(782,400)	(148,056)	(139,000)
Payments for construction of infrastructure	4(a)	(949,746)	(807,610)	(859,851)
Non-operating grants, subsidies and contributions used for the development of assets	9	579,656	350,865	351,617
Proceeds from sale of plant & equipment	4(b)	194,191	16,363	15,000
<b>Net cash provided by (used in) investing activities</b>		(958,299)	(588,438)	(632,234)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(72,769)	(50,829)	(50,828)
<b>Net cash provided by (used in) financing activities</b>		(72,769)	(50,829)	(50,828)
<b>Net increase (decrease) in cash held</b>		(1,116,948)	404,644	(737,584)
Cash at beginning of year		2,394,300	1,989,656	1,991,889
<b>Cash and cash equivalents at the end of the year</b>	3	<b>1,277,352</b>	<b>2,394,300</b>	<b>1,254,305</b>

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

SHIRE OF TAMMIN  
RATES SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020

## BY REPORTING PROGRAM

NOTE	2019/20 Budget	2018/19 Actual*	2018/19 Budget
	\$	\$	\$
<b>OPERATING ACTIVITIES</b>			
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	956,397	657,584
	956,397	711,467	657,584
<b>Revenue from operating activities (excluding rates)</b>			
Governance	-	6,000	-
General purpose funding	587,014	1,127,261	523,624
Law, order, public safety	8,754	8,639	3,700
Health	1,044	658	948
Education and welfare	63,637	62,950	79,624
Housing	45,486	33,298	38,400
Community amenities	35,020	33,749	30,176
Recreation and culture	51,100	26,388	34,385
Transport	78,277	223,109	47,400
Economic services	26,950	72,552	42,150
Other property and services	47,626	86,726	139,580
	944,907	1,681,330	939,987
<b>Expenditure from operating activities</b>			
Governance	(349,159)	(309,678)	(271,757)
General purpose funding	(96,223)	(88,538)	(95,269)
Law, order, public safety	(31,751)	(30,287)	(32,597)
Health	(9,670)	(8,707)	(9,405)
Education and welfare	(112,901)	(101,551)	(130,099)
Housing	(105,675)	(47,522)	(66,697)
Community amenities	(241,913)	(169,480)	(254,309)
Recreation and culture	(596,089)	(474,956)	(529,529)
Transport	(1,785,942)	(1,534,052)	(1,673,088)
Economic services	(76,039)	(57,952)	(78,203)
Other property and services	(18,517)	(96,109)	(153,628)
	(3,423,880)	(2,918,832)	(3,294,580)
Non-cash amounts excluded from operating activities:	2 (b)(ii)		
Depreciation on assets	1,255,065	1,262,241	1,240,370
Loss on disposal of assets	51,127	1,636	3,000
Profit on disposal of assets	(18,069)	-	-
Provisions and Accruals (LSL, Pensioner Deferred Rates)		81	-
<b>Amount attributable to operating activities</b>	(234,453)	737,924	(453,638)
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions	9	579,656	351,617
Purchase property, plant and equipment	4(a)	(782,400)	(139,000)
Purchase and construction of infrastructure	4(a)	(949,746)	(859,851)
Proceeds from disposal of assets	4(b)	194,191	15,000
<b>Amount attributable to investing activities</b>	(958,299)	(588,438)	(632,234)
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings	6	(72,769)	(50,828)
Transfers to cash backed reserves (restricted assets)	7(a)	(168,000)	(38,000)
Transfers from cash backed reserves (restricted assets)	7(a)	327,100	118,000
<b>Amount attributable to financing activities</b>	86,331	(254,090)	29,172
<b>Budgeted deficiency before general rates</b>	<b>(1,106,421)</b>	<b>(104,605)</b>	<b>(1,056,701)</b>
<b>Estimated amount to be raised from general rates</b>	1	1,110,301	1,056,701
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>3,880</b>	<b>-</b>

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

\*FY18/19 Actuals are provided but not audited. These figures may change with finalisation of year end accounts.

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
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
Gross Rental Value	0.124434	89	807,924	100,533	-	-	100,533	96,734	96,666
Unimproved Value	0.015720	158	62,723,500	986,013	-	-	986,013	951,943	951,943
<b>Sub-Totals</b>		247	63,531,424	1,086,547	-	-	1,086,547	1,048,677	1,048,609
<b>Minimum</b>									
<b>Minimum payment</b>									
	\$								
Gross Rental Value	573	46	23,662	26,358	-	-	26,358	25,346	25,346
Unimproved Value	573	35	739,000	20,055	-	-	20,055	15,428	15,428
<b>Sub-Totals</b>		81	762,662	46,413	-	-	46,413	40,774	40,774
		328	64,294,086	1,132,960	-	-	1,132,960	1,089,450	1,089,382
Discounts/concessions							(22,659)	(28,449)	(32,681)
<b>Total amount raised from general rates</b>							1,110,301	1,061,001	1,056,701
Ex gratia rates							7,762	7,392	7,462
<b>Total rates</b>							1,118,062	1,068,393	1,064,163

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

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
		\$	%	%
<b>Option one</b>				
Payment in Full	9 September 2019	-	0.0%	0.0%
<b>Option two</b>				
First Instalment	9 September 2019	\$4	5.5%	11.0%
Second Instalment	11 November 2019	\$4	5.5%	11.0%
Third Instalment	13 January 2020	\$4	5.5%	11.0%
Fourth Instalment	16 March 2020	\$4	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	1,100	1,080	1,750
Instalment plan interest earned	1,550	1,429	1,400
Unpaid rates and service charge interest earned	7,000	6,985	4,500
	9,650	9,494	7,650

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

**1. RATES AND SERVICE CHARGES (CONTINUED)**

**(c) Service Charges**

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

**(d) Rates discounts**

Rate or fee to which discount is granted	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which discount is granted
			\$	\$	\$	
Rates discount for prompt payment	2.0%		22,659	28,449	32,681	If all rates and charges appearing on the rates notice (including arrears) are paid in full within 35 days of issue of the rate assessment notice.
			22,659	28,449	32,681	

**(e) Waivers or concessions**

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

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

2 (a). NET CURRENT ASSETS

Note	2019/20	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Actual 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
<b>Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash - Unrestricted	3	51,950	1,009,798	153,064
Cash - Restricted	3	1,225,402	1,384,502	1,101,241
Unspent grants and contributions not held in reserve		-	-	-
Receivables		119,352	119,352	56,546
Inventories		-	-	(65)
		1,396,704	2,513,652	1,310,786
<b>Less: current liabilities</b>				
Trade and other payables		(81,799)	(87,129)	(123,199)
Long term borrowings		-	(72,769)	-
Provisions		(85,623)	(85,623)	(86,346)
		(167,422)	(245,521)	(209,545)
<b>Net current assets</b>		1,229,282	2,268,131	1,101,241

2 (b). 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	2019/20	2018/19	2018/19
	Budget 30 June 2020	Budget 01 July 2019	Estimated Actual 30 June 2019	Budget 30 June 2019
	\$	\$	\$	\$
<b>(i) Current assets and liabilities excluded from budgeted deficiency</b>				
<b>Net current assets</b>	2	1,229,282	2,268,131	1,101,241
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.				
<b>Adjustments to net current assets</b>				
Less: Cash - restricted reserves	3	(1,225,402)	(1,384,502)	(1,101,241)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings		-	72,769	-
<b>Adjusted net current assets - surplus/(deficit)</b>		3,880	956,397	-
<b>(ii) Operating activities excluded from budgeted deficiency</b>				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	4b	(18,069)	-	-
Add: Loss on disposal of assets	4b	51,127	1,636	3,000
Add: Depreciation on assets	5	1,255,065	1,262,241	1,240,370
Add: Provisions and Accruals (LSL)			4,678	
Add: Provisions and Accruals (Pensioner Deferred Rates)			(4,597)	
<b>Non cash amounts excluded from operating activities</b>		1,288,123	1,263,877	1,243,370

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

The Shire of Tammin 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 of Tammin 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 16 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 of Tammin's operational cycle. In the case of liabilities where the Shire of Tammin 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 of Tammin's intentions to release for sale.

**TRADE AND OTHER PAYABLES**

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

All funds to which the Shire of Tammin 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 of Tammin are recognised as a liability until such time as the Shire of Tammin satisfies its obligations under the agreement.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

Provision is made for the Shire of Tammin'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 Tammin'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 Tammin'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:

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Cash - unrestricted	51,950	1,009,798	153,064
Cash - restricted	1,225,402	1,384,502	1,101,241
	<u>1,277,352</u>	<u>2,394,300</u>	<u>1,254,305</u>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Staff Entitlements Reserve	28,153	27,238	27,024
Plant Replacement Reserve	204,664	407,066	228,918
Information & Technology Reserve	12,417	12,014	11,920
Tamma Village Upgrade & Improvements Reserve	20,964	20,283	20,123
Tammin Sports, Recreation & Community Facilities Upgrade & Improvements Reserve	806,806	892,940	788,397
Bowling Green Replacement Reserve	37,397	24,961	24,859
Property & Building Reserve	115,000	-	-
	<u>1,225,402</u>	<u>1,384,502</u>	<u>1,101,241</u>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	(789,016)	174,365	(946,275)
Depreciation	1,255,065	1,262,241	1,240,370
(Profit)/loss on sale of asset	33,058	1,636	3,000
(Increase)/decrease in receivables	-	(28,336)	-
Increase/(decrease) in payables	(3,881)	(21,325)	-
Increase/(decrease) in employee provisions	(1,450)	6,193	-
Grants/contributions for the development of assets	(579,656)	(350,865)	(351,617)
<b>Net cash from operating activities</b>	<u>(85,880)</u>	<u>1,043,910</u>	<u>(54,522)</u>

**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
	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>										
Buildings - non-specialised	39,500	5,000	8,000	281,100	-	-	5,000	338,600	82,602	74,500
Furniture and equipment	-	-	-	-	-	-	6,800	6,800	32,454	6,500
Plant and equipment	-	-	115,000	-	211,000	-	111,000	437,000	33,000	58,000
	39,500	5,000	123,000	281,100	211,000	-	122,800	782,400	148,056	139,000
<i>Infrastructure</i>										
Infrastructure - Roads	20,000	-	-	-	864,746	-	-	884,746	651,160	706,111
Infrastructure - Footpaths	-	-	-	-	20,000	-	-	20,000	-	-
Infrastructure - Other	-	-	5,000	15,000	-	25,000	-	45,000	156,450	153,740
	20,000	-	5,000	15,000	884,746	25,000	-	949,746	807,610	859,851
<b>Total acquisitions</b>	59,500	5,000	128,000	296,100	1,095,746	25,000	122,800	1,732,146	955,666	998,851

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

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Housing	166,127	115,000	-	(51,127)	-	-	-	-	-	-	-	-
Other property and services	61,122	79,191	18,069	-	17,999	16,363	-	(1,636)	18,000	15,000	-	(3,000)
	227,249	194,191	18,069	(51,127)	17,999	16,363	-	(1,636)	18,000	15,000	-	(3,000)
<b>By Class</b>												
<i>Property, Plant and Equipment</i>												
Land - freehold land	8,000	8,000	-	-	-	-	-	-	-	-	-	-
Buildings - non-specialised	158,127	107,000	-	(51,127)	-	-	-	-	-	-	-	-
Plant and equipment	61,122	79,191	18,069	-	17,999	16,363	-	(1,636)	18,000	15,000	-	(3,000)
	227,249	194,191	18,069	(51,127)	17,999	16,363	-	(1,636)	18,000	15,000	-	(3,000)
<b>By Asset</b>												
Mazda 6 Sports Sedan	-	-	-	-	17,999	16,363	-	(1,636)	18,000	15,000	-	(3,000)
20 Ridley Street	166,127	115,000	-	(51,127)								
Community Bus	8,000	15,000	7,000									
Toyota Hilux - TN1	40,872	41,000	128									
Ford Ranger - TN2	12,250	23,191	10,941									
	227,249	194,191	18,069	(51,127)	17,999	16,363	-	(1,636)	18,000	15,000	-	(3,000)

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information.

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

**5. ASSET DEPRECIATION**

**By Program**

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

**By Class**

Buildings - non-specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Other

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
280	280	280
29,142	29,106	28,690
18,313	18,290	18,310
8,308	8,297	8,310
153,223	153,032	135,680
926,281	924,860	915,780
5,249	5,242	5,250
114,270	123,134	128,070
<b>1,255,065</b>	<b>1,262,241</b>	<b>1,240,370</b>
121,907	121,755	120,370
8,114	8,103	8,110
120,137	128,726	138,580
879,773	878,678	867,040
16,981	16,960	16,980
108,154	108,019	89,290
<b>1,255,065</b>	<b>1,262,241</b>	<b>1,240,370</b>

**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 to 50 years
Buildings - specialised	Not Applicable
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	12 to 50 years
Infrastructure - Drainage	Not Applicable
Infrastructure - Footpaths	40 years
Infrastructure - Parks & Ovals	Not Applicable
Infrastructure - Airport	Not Applicable
Infrastructure - Other	10 to 50 years

**DEPRECIATION (CONTINUED)**

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

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

**RECOGNITION OF ASSETS**

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

Assets with a value of less than \$5,000 of an attractive nature are recorded in an attractive items register



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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2020	Principal 1 July 2018	Actual New loans	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019
		\$	\$	\$	\$		\$	\$	\$		\$	\$	\$	\$	\$
<b>Housing</b>															
Loan 79 - 12 Russell Street	32,196	-	14,121	1,187	18,075	42,912	-	10,716	1,710	32,196	42,912	-	10,715	1,838	32,197
Loan 80 - 3&5 Nottage Way	89,488	-	18,912	2,773	70,576	101,565	-	12,077	3,210	89,488	101,565	-	12,077	3,420	89,488
<b>Recreation and culture</b>															
Loan 81 - Synthetic Bowling Green	100,681	-	18,555	2,454	82,126	112,644	-	11,963	2,788	100,681	112,644	-	11,963	2,950	100,681
<b>Transport</b>															
Loan 78 - Depot	48,293	-	21,181	1,780	27,112	64,366	-	16,073	2,565	48,293	64,366	-	16,073	2,757	48,293
	270,658	-	72,769	8,194	197,890	321,487	-	50,829	10,273	270,658	321,487	-	50,828	10,965	270,659
	270,658	-	72,769	8,194	197,890	321,487	-	50,829	10,273	270,658	321,487	-	50,828	10,965	270,659

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

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

**6. INFORMATION ON BORROWINGS (CONTINUED)**

**(b) New borrowings - 2019/20**

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

**(c) Unspent borrowings**

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

**(d) Credit Facilities**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
<b>Undrawn borrowing facilities credit standby arrangements</b>			
Bank overdraft limit	100,000	100,000	100,000
Bank overdraft at balance date	-	-	-
Credit card limit	20,000	20,000	20,000
Credit card balance at balance date	(1,500)	(1,234)	(500)
<b>Total amount of credit unused</b>	<b>118,500</b>	<b>118,766</b>	<b>119,500</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	197,890	270,658	270,659

**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
Staff Entitlements Reserve	\$ 27,238	\$ 915	\$ -	\$ 28,153	\$ 26,442	\$ 796	\$ -	\$ 27,238	\$ 26,442	\$ 582	\$ -	\$ 27,024
Plant Replacement Reserve	407,066	8,598	(211,000)	204,664	248,449	158,617	-	407,066	248,449	5,469	(25,000)	228,918
Information & Technology Reserve	12,014	404	-	12,417	11,663	351	-	12,014	11,663	257	-	11,920
Tamma Village Upgrade & Improvements Reserve	20,283	681	-	20,964	19,690	593	-	20,283	19,690	433	-	20,123
Tammin Sports, Recreation & Community Facilities Upgrade & Improvements Reserve	892,940	29,966	(116,100)	806,806	862,415	30,524	-	892,940	862,415	18,982	(93,000)	788,397
Bowling Green Replacement Reserve	24,961	12,435	-	37,397	12,582	12,379	-	24,961	12,582	12,277	-	24,859
Property & Building Reserve	-	115,000	-	115,000	-	-	-	-	-	-	-	-
	1,384,502	168,000	(327,100)	1,225,402	1,181,241	203,261	-	1,384,502	1,181,241	38,000	(118,000)	1,101,241

(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
Staff Entitlements Reserve	Ongoing	- To fund long service leave requirements.
Plant Replacement Reserve	Ongoing	- To purchase major plant and machinery.
Information & Technology Reserve	Ongoing	- To fund IT requirements.
Tamma Village Upgrade & Improvements Reserve	Ongoing	- For maintenance and upgrades of Tamma Village units.
Tammin Sports, Recreation & Community Facilities Upgrade & Improvements Reserve	Ongoing	- For improvements of Tammin's sport, recreation & community facilities.
Bowling Green Replacement Reserve	Ongoing	- For replacement of the synthetic playing surface at the end of its useful life.
Property & Building Reserve	Ongoing	- For future development of Shire properties including urgent maintenance and construction of Council buildings.

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

**8. FEES & CHARGES REVENUE**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Law, order, public safety	4,200	4,085	3,200
Health	1,044	658	948
Education and welfare	63,437	59,687	59,124
Housing	26,102	32,025	37,700
Community amenities	31,320	29,919	29,976
Recreation and culture	10,900	9,479	6,960
Transport	1,450	700	1,400
Economic services	1,300	15,192	1,750
Other property and services	15,000	32,219	10,000
	<b>154,752</b>	<b>183,965</b>	<b>151,058</b>

**9. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

**By Program:**

**Operating grants, subsidies and contributions**

General purpose funding	509,302	1,052,132	476,912
Law, order, public safety	4,354	4,354	500
Community amenities	200	-	200
Recreation and culture	40,200	2,234	27,425
Transport	71,277	217,386	40,500
Economic services	25,650	57,360	40,400
Other property and services	-	2,705	-
	<b>650,983</b>	<b>1,336,172</b>	<b>585,937</b>

**Non-operating grants, subsidies and contributions**

Recreation and culture	76,850	12,000	12,000
Transport	502,806	338,865	339,617
	<b>579,656</b>	<b>350,865</b>	<b>351,617</b>

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
<b>The net result includes as revenues</b>	\$	\$	\$
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	41,000	40,122	26,000
- Other funds	3,800	3,821	3,000
Other interest revenue (refer note 1b)	8,550	8,414	5,900
	53,350	52,357	34,900
<b>(b) Other revenue</b>			
Reimbursements and recoveries	45,242	83,853	148,380
Other	14,750	17,590	12,250
	59,992	101,443	160,630
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	28,000	39,300	26,000
	28,000	39,300	26,000
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6a)	8,194	10,273	10,965
Interest expense on lease liabilities	-	-	-
	8,194	10,273	10,965
<b>(e) Elected members remuneration</b>			
Meeting fees	8,060	7,000	8,400
Mayor/President's allowance	2,400	2,400	2,400
Deputy Mayor/President's allowance	600	600	600
Travelling expenses	1,500	1,284	1,500
	12,560	11,284	12,900
<b>(f) Write offs</b>			
General rate	300	38	300
Fees and charges	1,000	-	1,000
	1,300	38	1,300

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

**11. MAJOR LAND TRANSACTIONS**

It is not anticipated any major land transactions will occur in 2019/20.

**12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any major trade undertakings will occur in 2019/20.

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

**13. INTERESTS IN JOINT ARRANGEMENTS**

It is not anticipated the Shire of Tammin 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**

**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 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Licensing	167	70,000	(70,167)	-
Bonds	15,391	1,000	(15,000)	1,391
Building Levy	57	500	(557)	-
Kidsport	30	-	(30)	-
Unclaimed Monies	6,603	-	-	6,603
	22,248	71,500	(85,754)	7,994



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

**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**

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 16.

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

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

**LEASES**

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Tammin 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**

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

**INCOME FOR NOT-FOR-PROFIT ENTITIES**

The Shire of Tammin 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 Tammin 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		-	

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 Tammin. When the taxable event occurs the financial liability is extinguished and the Shire of Tammin 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 Tammin to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services have been recognised in budgeted revenue and budgeted expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

The impact on the Shire of Tammin of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	3,321,964
Adjustment to retained surplus from adoption of AASB 15	-
Adjustment to retained surplus from adoption of AASB 1058	-
Retained surplus - 01/07/2019	<u>3,321,964</u>