



# **Shire of Derby / West Kimberley**

## **2019/20 Annual Budget**

For the year ending 30 JUNE 2020

**SHIRE OF DERBY/WEST KIMBERLEY**

**BUDGET**

**FOR THE YEAR ENDED 30 JUNE 2020**

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**SHIRE'S VISION**

A friendly and diverse place with awesome opportunities.

**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)	7,285,776	6,678,945	6,716,700
Operating grants, subsidies and contributions	9	6,823,878	6,583,898	3,417,300
Fees and charges	8	3,699,340	3,861,315	3,754,500
Interest earnings	10(a)	320,075	391,058	306,500
Other revenue	10(b)	203,000	635,992	290,200
		18,332,069	18,151,208	14,485,200
<b>Expenses</b>				
Employee costs		(7,080,355)	(6,444,273)	(6,420,600)
Materials and contracts		(8,434,621)	(10,389,531)	(14,296,900)
Utility charges		(1,011,098)	(964,190)	(1,011,300)
Depreciation on non-current assets	5	(8,554,193)	(6,668,195)	(9,018,200)
Interest expenses	10(d)	(259,622)	(192,987)	(244,300)
Insurance expenses		(971,377)	(956,677)	(989,000)
Other expenditure		(415,050)	(1,256,263)	(1,097,200)
		(26,726,316)	(26,872,116)	(33,077,500)
		(8,394,247)	(8,720,908)	(18,592,300)
<b>Subtotal</b>				
Non-operating grants, subsidies and contributions	9	3,639,968	5,921,502	9,979,700
Loss on asset disposals	4(b)	(135,000)	0	0
		3,504,968	5,921,502	9,979,700
		<b>(4,889,279)</b>	<b>(2,799,406)</b>	<b>(8,612,600)</b>
<b>Net result</b>				
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(4,889,279)</b>	<b>(2,799,406)</b>	<b>(8,612,600)</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 Derby/West Kimberley controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to the budget.

**2018/19 ACTUAL BALANCES**

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

**CHANGE IN ACCOUNTING POLICIES**

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

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

Explanation of the changes arising from these standards is provided at Note 15.

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

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

**SERVICE CHARGES**

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

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

**PROFIT ON ASSET DISPOSAL**

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

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

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

**NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

**FEES AND CHARGES**

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

**INTEREST EARNINGS**

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

**OTHER REVENUE / INCOME**

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

**EXPENSES****EMPLOYEE COSTS**

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

**MATERIALS AND CONTRACTS**

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

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

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

**INSURANCE**

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

**LOSS ON ASSET DISPOSAL**

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

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation expense raised on all classes of assets.

**INTEREST EXPENSES**

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

**OTHER EXPENDITURE**

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

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

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		100	29,666	62,100
General purpose funding		10,400,121	11,535,985	9,028,200
Law, order, public safety		45,350	43,957	46,500
Health		699,038	545,100	527,600
Education and welfare		515,590	149,189	400,000
Housing		78,890	15,171	18,100
Community amenities		1,802,700	1,871,351	1,877,300
Recreation and culture		344,050	312,588	295,700
Transport		4,304,530	3,479,599	2,076,700
Economic services		94,500	109,609	89,000
Other property and services		47,200	58,993	64,000
		18,332,069	18,151,208	14,485,200
<b>Expenses excluding finance costs</b>	5,10(c)(e)(f)(f)			
Governance		(1,014,468)	(1,950,797)	(1,405,100)
General purpose funding		(168,893)	(482,895)	(301,000)
Law, order, public safety		(614,843)	(402,078)	(463,400)
Health		(1,523,148)	(814,562)	(905,800)
Education and welfare		(399,035)	(568,585)	(713,700)
Housing		(29,993)	(167,071)	(157,500)
Community amenities		(3,895,486)	(3,807,283)	(4,032,900)
Recreation and culture		(5,771,038)	(3,624,505)	(4,347,500)
Transport		(11,858,931)	(12,888,641)	(18,212,000)
Economic services		(1,246,334)	(534,756)	(702,800)
Other property and services		55,475	(1,437,956)	(1,591,500)
		(26,466,694)	(26,679,129)	(32,833,200)
<b>Finance costs</b>	6, 10(d)			
Governance		0	(28,345)	0
General purpose funding		0	(369)	(1,000)
Housing		(68,137)	(46,644)	(65,600)
Recreation and culture		(2,186)	(1,740)	(3,900)
Transport		(164,212)	(107,156)	(156,400)
Economic services		(25,087)	(8,733)	(17,400)
		(259,622)	(192,987)	(244,300)
<b>Subtotal</b>		(8,394,247)	(8,720,908)	(18,592,300)
Non-operating grants, subsidies and contributions	9	3,639,968	5,921,502	9,979,700
(Loss) on disposal of assets	4(b)	(135,000)	0	0
		3,504,968	5,921,502	9,979,700
<b>Net result</b>		<b>(4,889,279)</b>	<b>(2,799,406)</b>	<b>(8,612,600)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(4,889,279)</b>	<b>(2,799,406)</b>	<b>(8,612,600)</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's Community Vision, and for each of its broad activities/programs.

**OBJECTIVE****ACTIVITIES****GOVERNANCE**

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

Administration and operation of facilities and services to members of council.  
Other costs that relate to the tasks 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 of various by-laws, fire prevention, emergency services and animal control.

**HEALTH**

To provide an operational framework for environmental and community health.

Food quality and pest control, inspection of abattoir and operation of child health clinic, analytical testing and environmental health administration.

**EDUCATION AND WELFARE**

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

Year round care, housing for the aged and educational services.

**HOUSING**

Help ensure adequate housing.

Management and maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

To provide services required by the community.

Rubbish collections, recycling, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities, sewerage and protection of the environment.

**RECREATION AND CULTURE**

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

Maintenance and operation of the Town Hall, the aquatic centre, recreation centre, library, community arts program, cultural activities and various services.

**TRANSPORT**

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

Construction and maintenance of streets, roads, bridges, footpaths, street lighting, traffic management and airport. Purchase and disposal of Council's road plant, parking control and police licensing.

**ECONOMIC SERVICES**

To help promote the Shire and its economic well being.

Building control, saleyards, tourism and area promotion, standpipes and pest control.

**OTHER PROPERTY AND SERVICES**

To monitor and control the Shire's overheads operating accounts.

Private works operations, plant repairs and operation costs, stock and materials, property leases and rental, salaries and wages for council employees.

**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		7,285,776	9,570,265	6,716,700
Operating grants, subsidies and contributions		9,162,228	6,023,111	8,504,100
Fees and charges		3,699,340	3,861,315	3,754,500
Interest earnings		320,075	391,058	306,500
Goods and services tax		171,907	(362,474)	1,620,090
Other revenue		203,000	635,992	290,200
		20,842,326	20,119,267	21,192,090
<b>Payments</b>				
Employee costs		(7,080,355)	(6,699,009)	(6,420,600)
Materials and contracts		(10,059,723)	(9,390,564)	(14,983,100)
Utility charges		(1,011,098)	(964,190)	(1,011,300)
Interest expenses		(259,622)	(192,987)	(244,300)
Insurance expenses		(971,377)	(956,677)	(989,000)
Goods and services tax		(171,907)	(124,709)	(1,620,090)
Other expenditure		(415,050)	(1,256,263)	(1,097,200)
		(19,969,132)	(19,584,399)	(26,365,590)
<b>Net cash provided by (used in) operating activities</b>	3	873,194	534,868	(5,173,500)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	0	(1,213,164)	(2,319,400)
Payments for construction of infrastructure	4(a)	(5,482,735)	(5,161,066)	(6,985,900)
Non-operating grants, subsidies and contributions used for the development of assets	9	3,639,968	5,921,502	9,979,700
Proceeds from sale of plant & equipment	4(b)	150,000	0	419,500
<b>Net cash provided by (used in) investing activities</b>		(1,692,767)	(452,728)	1,093,900
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(5,642,809)	(146,890)	(160,700)
Proceeds from new borrowings	6(b)	2,000,000	0	0
<b>Net cash provided by (used in) financing activities</b>		(3,642,809)	(146,890)	(160,700)
<b>Net increase (decrease) in cash held</b>		(4,462,382)	(64,750)	(4,240,300)
Cash at beginning of year		6,383,450	6,448,200	6,453,200
<b>Cash and cash equivalents at the end of the year</b>	3	<b>1,921,068</b>	<b>6,383,450</b>	<b>2,212,900</b>

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
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	5,464,095	7,178,393	3,626,300
		5,464,095	7,178,393	3,626,300
<b>Revenue from operating activities (excluding rates)</b>				
Governance		100	29,666	62,100
General purpose funding		3,114,345	4,857,040	2,311,500
Law, order, public safety		45,350	43,957	46,500
Health		699,038	545,100	527,600
Education and welfare		515,590	149,189	400,000
Housing		78,890	15,171	18,100
Community amenities		1,802,700	1,871,351	1,877,300
Recreation and culture		344,050	312,588	295,700
Transport		4,304,530	3,479,599	2,076,700
Economic services		94,500	109,609	89,000
Other property and services		47,200	58,993	64,000
		11,046,293	11,472,263	7,768,500
<b>Expenditure from operating activities</b>				
Governance		(1,014,468)	(1,979,142)	(1,405,100)
General purpose funding		(168,893)	(483,264)	(302,000)
Law, order, public safety		(614,843)	(402,078)	(463,400)
Health		(1,523,148)	(814,562)	(905,800)
Education and welfare		(399,035)	(568,585)	(713,700)
Housing		(233,130)	(213,715)	(223,100)
Community amenities		(3,895,486)	(3,807,283)	(4,032,900)
Recreation and culture		(5,773,224)	(3,626,245)	(4,351,400)
Transport		(12,023,143)	(12,995,797)	(18,368,400)
Economic services		(1,271,421)	(543,489)	(720,200)
Other property and services		55,475	(1,437,956)	(1,591,500)
		(26,861,316)	(26,872,116)	(33,077,500)
Non-cash amounts excluded from operating activities	2 (b)(ii)	8,669,193	6,624,382	9,018,200
<b>Amount attributable to operating activities</b>		(1,681,735)	(1,597,078)	(12,664,500)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	3,639,968	5,921,502	9,979,700
Purchase property, plant and equipment	4(a)	0	(1,213,164)	(2,319,400)
Purchase and construction of infrastructure	4(a)	(5,482,735)	(5,161,066)	(6,985,900)
Proceeds from disposal of assets	4(b)	150,000	0	419,500
<b>Amount attributable to investing activities</b>		(1,692,767)	(452,728)	1,093,900
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(5,642,809)	(146,890)	(160,700)
Proceeds from new borrowings	6(b)	2,000,000	0	0
Transfers to cash backed reserves (restricted assets)	7(a)	(288,465)	0	(1,287,900)
Transfers from cash backed reserves (restricted assets)	7(a)	20,000	0	6,302,500
<b>Amount attributable to financing activities</b>		(3,911,274)	(146,890)	4,853,900
<b>Budgeted deficiency before general rates</b>		(7,285,776)	(2,196,696)	(6,716,700)
<b>Estimated amount to be raised from general rates</b>	1	7,285,776	6,678,945	6,716,700
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>0</b>	<b>4,482,249</b>	<b>0</b>

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
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
GRV General	0.133772	1,508	38,012,810	5,085,050	0	0	5,085,050	4,706,537	4,649,100
<b>Unimproved valuations</b>									
UV Pastoral	0.068300	41	14,654,438	1,000,898	0	0	1,000,898	943,052	941,300
UV Mining	0.284327	113	3,106,775	883,340	24,234	0	907,574	781,861	687,100
UV Other	0.229955	11	1,211,740	278,646	0	0	278,646	237,657	279,600
<b>Sub-Totals</b>		1,673	56,985,763	7,247,934	24,234	0	7,272,168	6,669,107	6,557,100
	<b>Minimum</b>								
<b>Minimum payment</b>									
	\$								
<b>Gross rental valuations</b>									
GRV General	1,027	165	687,398	169,455	0	0	169,455	157,947	157,000
<b>Unimproved valuations</b>									
UV Pastoral	1,027	3	18,500	3,081	0	0	3,081	2,907	2,900
UV Mining	1,027	79	82,792	81,133	0	0	81,133	69,768	74,600
<b>Sub-Totals</b>		247	788,690	253,669	0	0	253,669	230,622	234,500
		1,920	57,774,453	7,501,603	24,234	0	7,525,837	6,899,729	6,791,600
Discounts (Refer note 1(f))							(79,404)	(69,184)	(74,900)
Concessions (Refer note 1(g))							(160,657)	(151,600)	(151,600)
<b>Total amount raised from general rates</b>							7,285,776	6,678,945	6,565,100
<b>Total rates</b>							7,285,776	6,678,945	6,565,100

All land (other than exempt land) in the Shire of Derby/West Kimberley is rated according to its Gross Rental Value (GRV) where it is non-rural use or Unimproved Value (UV) in the remainder of the Shire of Derby/West Kimberley.

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	8/10/2019	0	0.0%	11.0%
<b>Option two</b>				
Two instalments	8/10/2019	0	0.0%	11.0%
	9/02/2020	15	5.5%	11.0%
<b>Option three</b>				
Four instalments	8/10/2019	0	0.0%	11.0%
	9/12/2019	15	5.5%	11.0%
	9/02/2020	15	5.5%	11.0%
	14/04/2020	15	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	10,500	9,370	10,500
Instalment plan interest earned	22,575	22,086	21,500
Unpaid rates and service charge interest earned	199,500	190,000	190,000
	232,575	221,456	222,000

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

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

**(c) Objectives and Reasons for Differential Rating**

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

**Differential general rate**

<b>Description</b>	<b>Characteristics</b>	<b>Objects</b>	<b>Reasons</b>
GRV General Rate	Properties with Gross Rental Value as the basis of Valuation	This rate is to contribute to the service desired by the community. All GRV properties within the Shire have the same rate in the dollar applied.	This is considered to be the base rate above which all other GRV rated properties are assessed.
UV General Rate	Properties with Unimproved Value as the basis of Valuation which is not within the UV Mining or UV Pastoral Categories	This rate is set to achieve an equitable contribution to the cost of services desired by the community. It is lower than the mining rate as the impact of these properties on Shire assets is lower than mining properties yet higher than that of Pastoral properties as the access to Shire services is greater than for pastoral properties.	The higher rate is proposed in order to levy a rate aligned with the impact on the Shire of servicing these properties i.e. heavy haulage vehicle movements, environmental health and strategic planning. These properties have access to all other services and facilities provided by the Shire.
UV Mining	Consists of properties that are used for mining, exploration or prospecting purposes.	This category is rated higher than UV General to reflect the higher road infrastructure maintenance costs to Council as a result of heavy vehicle use over Shire roads.	The higher rate mining properties pay is to ensure they adequately contribute to the cost of the Shire services as they are heavy users of the Shire's road system (Comparative to Pastoral), and contribute to its deterioration at a far higher level than other ratepayers.
UV Pastoral	Consists of properties that are exclusively for pastoral use.	This category is rated lower than the other UV categories due to large increases in property values applied to Pastoral Station Leases by the State while still ensuring an equitable contribution to the maintenance of Shire roads.	This is considered the base rate above which all other UV rated properties are assessed. The Pastoral category on average have seen an increase in the value of properties. These increases have meant an inequity in the rates charged for pastoral properties. The lower Rate in the Dollar ensures that mining and pastoral properties provide equally for the upkeep of Shire Infrastructure.

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

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

**(d) Specified Area Rate**

The Shire did not raise specified area rates for the year ended 30th June 2020.

**(e) Service Charges**

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

**(f) Rates discounts**

Rate or fee to which discount is granted	Discount %	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which discount is granted
General rates	2.0%	\$ 79,404	\$ 69,184	\$ 74,900	A discount is offered to ratepayers whose payment of the on or before 21 days after the date appearing on the rate notice. The discount will apply to interim rates issued after
		79,404	69,184	74,900	

**(g) Waivers or concessions**

Rate or fee and charge to which the waiver or concession is granted	Type	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Rates	Concession	\$	\$ 160,657	\$ 151,600	\$ 151,600	Concession to a vacant island which is minimum rated, two parcels of land outside the town boundary which are minimum rated and one rural property which is rated on the basis of a reduced area.	To allow for minimum services provided and cultural related matters.
Landing Fees	Concession	\$	55,000	55,000	55,000	100% of landing fees incurred by Royal Flying Doctor Service.	To retain the RFDS services in the community and acknowledge the vital service provided.
Fees and Charges	Facility Hire Charges	\$	2,000	20	2,000	50% use for some community organisations and shire staff.	To support clubs for contributions made to the community and to protect health and lifestyle of shire staff.
			217,657	206,620	208,600		

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	99,951	4,830,798	299,300
Cash - restricted reserves	3	1,821,117	1,552,652	1,913,600
Receivables		3,896,091	3,896,091	2,000,000
Contract assets		0	2,338,350	0
Inventories		106,580	106,580	90,000
		5,923,739	12,724,471	4,302,900
<b>Less: current liabilities</b>				
Trade and other payables		(3,782,567)	(4,051,165)	(2,389,300)
Contract liabilities		0	(1,356,504)	0
Provisions		(752,496)	(752,496)	(929,400)
		(4,535,063)	(4,803,661)	(3,318,700)
<b>Net current assets</b>		1,388,676	5,582,460	984,200

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	1,388,676	5,582,460	984,200
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	(1,821,117)	(1,552,652)	(1,913,600)
Add: Current liabilities not expected to be cleared at end of year - Employee benefit provisions		432,441	452,441	929,400
<b>Adjusted net current assets - surplus/(deficit)</b>		0	4,482,249	0
<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: Movement in liabilities associated with restricted cash		(20,000)	(43,813)	0
Add: Loss on disposal of assets	4(b)	135,000	0	0
Add: Change in accounting policies	15	0	(643,496)	0
Add: Depreciation on assets	5	8,554,193	6,668,195	9,018,200
<b>Non cash amounts excluded from operating activities</b>		8,669,193	6,624,382	9,018,200

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

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

Refer to note 15 for further explanation of the impact of the changes in accounting policies

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

**2 (c). NET CURRENT ASSETS (CONTINUED)**

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

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

**TRADE AND OTHER PAYABLES**

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

All funds to which the Shire of Derby/West Kimberley 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 Derby/West Kimberley'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 Derby/West Kimberley'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 Derby/West Kimberley's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**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	99,951	4,830,798	299,300
Cash - restricted	1,821,117	1,552,652	1,913,600
	<b>1,921,068</b>	<b>6,383,450</b>	<b>2,212,900</b>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave	432,441	452,441	452,400
Office building	814,511	814,511	764,500
Airport	28,456	28,456	0
Wharf maintenance	3,721	3,721	0
Economic development	19,935	19,935	0
Fitzroy resource centre	46,771	46,771	46,800
Staff housing	159,965	159,965	160,000
Energy developments	26,852	26,852	0
Capital works	288,465	0	203,600
Unspent grants	0	0	286,300
	<b>1,821,117</b>	<b>1,552,652</b>	<b>1,913,600</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	<b>(4,889,279)</b>	<b>(2,799,406)</b>	<b>(8,612,600)</b>
Depreciation	8,554,193	6,668,195	9,018,200
(Profit)/loss on sale of asset	135,000	0	0
(Increase)/decrease in receivables	0	1,843,350	5,086,800
(Increase)/decrease in contract assets	2,338,350	0	
(Increase)/decrease in inventories	0	19,076	35,800
Increase/(decrease) in payables	713,248	952,106	(722,000)
Increase/(decrease) in contract liabilities	(1,356,504)	0	
Increase/(decrease) in employee provisions	0	(226,951)	0
Change in accounting policies transferred to retained surplus (refer to Note 15)	(981,846)	0	0
Grants/contributions for the development of assets	(3,639,968)	(5,921,502)	(9,979,700)
<b>Net cash from operating activities</b>	<b>873,194</b>	<b>534,868</b>	<b>(5,173,500)</b>

**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	2018/19	2018/19
	Law, order, public safety	Transport	Budget total	Actual total	Budget total
	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>					
Buildings - non-specialised	0	0	0	391,761	1,683,400
Furniture and equipment	0	0	0	10,792	38,000
Plant and equipment	0	0	0	709,903	598,000
Computer equipment	0	0	0	100,708	0
	0	0	0	1,213,164	2,319,400
<i>Infrastructure</i>					
Infrastructure - Roads	0	4,466,407	4,466,407	2,160,175	5,440,800
Infrastructure - Footpaths	0	0	0	0	82,500
Infrastructure - Drainage	0	0	0	667,865	40,000
Infrastructure - Parks and Ovals	0	0	0	122,108	285,300
Infrastructure - Airports	0	502,250	502,250	951,467	186,800
Infrastructure - Derby Wharf	0	100,000	100,000	887,240	950,500
Infrastructure - Buildings & Structures		0	0	0	0
Infrastructure - Other	414,078	0	414,078	372,211	0
	414,078	5,068,657	5,482,735	5,161,066	6,985,900
<b>Total acquisitions</b>	<b>414,078</b>	<b>5,068,657</b>	<b>5,482,735</b>	<b>6,374,230</b>	<b>9,305,300</b>

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information at:

**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.

	<b>2019/20 Budget Net Book Value</b>	<b>2019/20 Budget Sale Proceeds</b>	<b>2019/20 Budget Profit</b>	<b>2019/20 Budget Loss</b>	<b>2018/19 Actual Net Book Value</b>	<b>2018/19 Actual Sale Proceeds</b>	<b>2018/19 Actual Profit</b>	<b>2018/19 Actual Loss</b>	<b>2018/19 Budget Net Book Value</b>	<b>2018/19 Budget Sale Proceeds</b>	<b>2018/19 Budget Profit</b>	<b>2018/19 Budget Loss</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Governance	0	0	0	0	0	0	0	0	50,000	50,000	0	0
Law, order, public safety	0	0	0	0	0	0	0	0	15,000	15,000	0	0
Housing	285,000	150,000	0	(135,000)	0	0	0	0	307,500	307,500	0	0
Other property and services		0	0	0	0	0	0	0	47,000	47,000	0	0
	285,000	150,000	0	(135,000)	0	0	0	0	419,500	419,500	0	0
<b>By Class</b>												
<i>Property, Plant and Equipment</i>												
Buildings - non-specialised	285,000	150,000	0	(135,000)	0	0	0	0	292,500	292,500	0	0
Buildings - specialised	0	0	0	0	0	0	0	0	127,000	127,000	0	0
	285,000	150,000	0	(135,000)	0	0	0	0	419,500	419,500	0	0

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

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

**5. ASSET DEPRECIATION**

**By Program**

Governance
Law, order, public safety
Health
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 - Drainage
Infrastructure - Parks and Ovals

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
0		49,249	71,700
25,233		25,233	34,900
24,246		24,246	22,700
53,028		53,028	56,300
166,733		166,733	170,000
710,062		710,062	733,600
804,731		804,732	711,900
6,381,398		4,495,400	6,899,700
112,755		112,755	123,900
276,007		226,757	193,500
<b>8,554,193</b>		<b>6,668,195</b>	<b>9,018,200</b>
730,382		569,350	770,000
30,354		23,661	32,000
256,108		199,642	270,000
5,264,440		4,103,755	5,550,000
137,539		107,215	145,000
659,241		513,894	695,000
1,476,129		1,150,678	1,556,200
<b>8,554,193</b>		<b>6,668,195</b>	<b>9,018,200</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	25 to 40 years
Furniture and equipment	3 to 10 years
Plant and equipment	4 to 15 years
Sealed road pavement	40 years
Bituminous seals	15 years
Asphalt surfaces	15 years
Gravel sheet	8 years
Footpaths	15 years
Car parks	25 years
Drainage	35 years
Airport electrical facilities	10 years
Airport runways, aprons and taxiways	8 years
Signage	5 years
Other infrastructure assets	10 years

**DEPRECIATION (CONTINUED)**

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

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

**RECOGNITION OF ASSETS**

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

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

## 6. INFORMATION ON BORROWINGS

## (a) Borrowing repayments

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

Purpose	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2020	Principal 1 July 2018	Actual New loans	Actual Principal repayments	Actual Interest repayments	Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Principal outstanding 30 June 2019
		\$	\$	\$	\$		\$	\$	\$		\$	\$	\$	\$	\$
<b>Housing</b>															
Loan 136 - Staff Housing	117,945	0	20,646	7,404	97,299	137,301	0	19,356	8,694	117,945	117,962	0	22,400	5,200	95,562
Loan 146 - Staff Housing	652,881	0	42,630	40,663	610,251	687,881	0	35,000	40,000	652,881	689,308	0	37,600	45,700	651,708
Loan 148 - Staff Housing	306,437	0	25,703	20,070	280,734	308,005	0	1,568	10,000	306,437	326,707	0	15,900	14,700	310,807
<b>Recreation and culture</b>															
Loan 135 - Civic Centre Renovations	49,055	0	32,264	2,186	16,791	78,833	0	29,778	4,714	49,055	79,362	0	30,600	3,900	48,762
<b>Transport</b>															
Loan 145 - Wharf Fenders and Boat Ramp	253,528	0	34,855	24,956	218,673	275,608	0	22,080	17,787	253,528	274,878	0	0	67,300	274,878
Loan 150 - Derby Airport Infrastructure	5,315,200	0	5,315,200	92,883	0	5,315,200	0	0	92,883	5,315,200	5,313,833	0	0	74,300	5,313,833
Loan 152 - Refinance Derby Airport Infrastructure & Wharf	0	2,000,000	86,491	30,000	1,913,509	0	0	0	0	0	0	0	0	0	0
Loan 151 - Fitzroy Airport Infrastructure	378,892	0	52,891	16,373	326,001	396,000	0	17,108	5,980	378,892	395,898	0	33,500	14,800	362,398
<b>Economic services</b>															
Loan 149 - Derby Visitors Centre	383,047	0	32,129	25,087	350,918	405,047	0	22,000	12,929	383,047	382,891	0	20,700	17,400	362,191
	7,456,985	2,000,000	5,642,809	259,622	3,814,176	7,603,875	0	146,890	192,987	7,456,985	7,580,839	0	160,700	243,300	7,420,139
	7,456,985	2,000,000	5,642,809	259,622	3,814,176	7,603,875	0	146,890	192,987	7,456,985	7,580,839	0	160,700	243,300	7,420,139

All borrowing repayments 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) Refinancing of Borrowings - 2019/20

In accordance with FM Reg 29(e) the Shire has resolved to refinance a loan in the budget year.

#### (i) Original Debenture

Particulars/Purpose	Objectives of Refinancing	Reasons for Refinancing	Institution	Loan type	Term (years)	Interest rate	Total interest & charges
Loan 152 - Derby Airport and Wharf infrastructure	Longer term financing	Improve short term liquidity	WATC	Debenture	1	2.3%	\$ 185,766
							185,766

#### (ii) Refinanced Debenture

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount to be Refinanced	Amount Principal varies to original	Total interest & charges
Loan 152 - Derby Airport and Wharf infrastructure	WATC	Debenture	40	3.0%	\$ 2,000,000	\$ (2,815,200)	\$ 329,829
					2,000,000	(2,815,200)	329,829

### (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 152 Derby Wharf Infrastructure	Improvements to Wharf	2017/18	\$ 803,226	\$ (803,226)	\$ 0
			803,226	(803,226)	0

### (d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>Undrawn borrowing facilities credit standby arrangements</b>	\$	\$	\$
Bank overdraft limit			0
Bank overdraft at balance date			0
Credit card limit	50,000	50,000	50,000
<b>Total amount of credit unused</b>	50,000	50,000	50,000
<b>Loan facilities</b>			
Loan facilities in use at balance date	3,814,176	7,456,985	7,420,139
Unused loan facilities at balance date	0	803,226	0

## 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	452,441	0	(20,000)	432,441	452,441	0	0	452,441	452,400	0	0	452,400
Office building	814,511	0	0	814,511	814,511	0	0	814,511	814,500	0	(50,000)	764,500
Airport	28,456	0	0	28,456	28,456	0	0	28,456	28,500	0	(28,500)	0
Wharf maintenance	3,721	0	0	3,721	3,721	0	0	3,721	3,700	0	(3,700)	0
Economic development	19,935	0	0	19,935	19,935	0	0	19,935	19,900	0	(19,900)	0
Fitzroy resource centre	46,771	0	0	46,771	46,771	0	0	46,771	46,800	0	0	46,800
Staff housing	159,965	0	0	159,965	159,965	0	0	159,965	160,000	0	0	160,000
Energy developments	26,852	0	0	26,852	26,852	0	0	26,852	26,900	0	(26,900)	0
Capital works	0	288,465	0	288,465	0	0	0	0	1,001,600	(798,000)	0	203,600
Unspent grants	0	0	0	0	0	0	0	0	5,375,500	286,300	(5,375,500)	286,300
	1,552,652	288,465	(20,000)	1,821,117	1,552,652	0	0	1,552,652	6,928,200	1,287,900	(6,302,500)	1,913,600

### (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	ongoing	To be used to fund annual and long service leave requirements
Office building	ongoing	To be used to fund the new Derby administration building
Airport	ongoing	To be used to fund airport capital works, primarily bitumen resealing
Wharf maintenance	ongoing	To be used to carry out wharf maintenance
Economic development	ongoing	To promote economic development within the Shire
Fitzroy resource centre	ongoing	To be used to quarantine funds received from the lease of the FX Recreation Hall to be utilised for any upgrade works
Staff housing	ongoing	To be used for the construction of staff housing
Energy developments	ongoing	To administer the funds provided by Energy Developments Limited to create lasting value throughout the West Kimberley by contributing to not-for-profit projects or activities that benefit the Shire of Derby/West Kimberley
Capital works	ongoing	To help with the construction/maintenance of major capital works
Unspent grants	ongoing	To be used to quarantine unspent grant funds and contributions at the end of each financial year

**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>
	\$	\$	\$
Governance	0	16,686	37,600
General purpose funding	15,000	13,755	15,000
Law, order, public safety	26,300	18,766	25,200
Health	34,000	45,705	30,000
Education and welfare	0	0	4,000
Housing	78,890	11,444	16,100
Community amenities	1,801,700	1,871,351	1,877,300
Recreation and culture	116,300	128,595	213,400
Transport	1,510,300	1,694,680	1,436,500
Economic services	94,400	21,186	47,100
Other property and services	22,450	39,147	52,300
	<b>3,699,340</b>	<b>3,861,315</b>	<b>3,754,500</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	2,779,270	4,269,697	1,970,000
Health	661,288	489,835	492,000
Education and welfare	494,590	127,399	362,000
Recreation and culture	94,500	27,165	34,300
Transport	2,794,230	1,661,020	551,000
Other property and services	0	8,782	8,000
	<b>6,823,878</b>	<b>6,583,898</b>	<b>3,417,300</b>

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

Law, order, public safety	414,078	0	231,000
Recreation and culture	0	158,789	168,800
Transport	3,225,890	5,762,713	9,579,900
	<b>3,639,968</b>	<b>5,921,502</b>	<b>9,979,700</b>

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

**10. OTHER INFORMATION**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
<b>The net result includes as revenues</b>	\$	\$	\$
<b>(a) Interest earnings</b>			
Cash and cash equivalents			
- Other funds	98,000	178,972	95,000
Other interest revenue (refer note 1b)	222,075	212,086	211,500
	320,075	391,058	306,500
<b>(b) Other revenue</b>			
Reimbursements and recoveries	112,109	342,331	0
Other	90,891	293,661	290,200
	203,000	635,992	290,200
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	65,000	46,000	65,000
Other services	0	77,000	85,000
	65,000	123,000	150,000
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6(a))	259,622	192,987	243,300
Other	0	0	1,000
	259,622	192,987	244,300
<b>(e) Elected members remuneration</b>			
Meeting fees	148,500	145,875	148,500
President's allowance	63,000	62,727	40,000
Deputy President's allowance	16,000	9,604	10,000
Telecommunications allowance	12,000	9,333	12,000
	239,500	227,539	210,500

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

**11. MAJOR LAND TRANSACTIONS AND TRADING UNDERTAKINGS**

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

**12. INTERESTS IN JOINT ARRANGEMENTS**

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**

**13. TRUST FUNDS**

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

<b>Detail</b>	<b>Balance 1 July 2019</b>	<b>Estimated amounts received</b>	<b>Estimated amounts paid</b>	<b>Estimated balance 30 June 2020</b>
	\$	\$	\$	\$
Deposits Nomination	0	240	(240)	0
	0	240	(240)	0

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

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

**GOODS AND SERVICES TAX (GST)**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**ROUNDING OFF FIGURES**

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

**COMPARATIVE FIGURES**

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

**BUDGET COMPARATIVE FIGURES**

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

**REVENUE RECOGNITION**

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 15.

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

**15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE  
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Shire of Derby/West Kimberley adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Derby/West Kimberley 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	2,338,350	2,338,350
Adjustment to retained surplus from adoption of AASB 15		2,338,350	

**LEASES**

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Derby/West Kimberley 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).

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

The Shire of Derby/West Kimberley 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 Derby/West Kimberley 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 no changes occurred to the 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	4,051,165	1,356,504	5,407,669
Adjustment to retained surplus from adoption of AASB 1058		(1,356,504)	

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 Derby/West Kimberley. When the taxable event occurs the financial liability is extinguished and the Shire of Derby/West Kimberley 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 Derby/West Kimberley 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 not been recognised in budgeted revenue and budgeted expenditure as the fair value of the services can not be reliably estimated and the services would not have been purchased if they had not been donated.

The impact on the Shire of Derby/West Kimberley of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	65,670,839
Adjustment to retained surplus from adoption of AASB 15	2,338,350
Adjustment to retained surplus from adoption of AASB 1058	(1,356,504)
Retained surplus - 01/07/2019	66,652,685