

Attachment 1

SHIRE OF CARNARVON



2020 / 2021

STATUTORY BUDGET DOCUMENT

Attachment 1

SHIRE OF CARNARVON
BUDGET
FOR THE YEAR ENDED 30 JUNE 2021
LOCAL GOVERNMENT ACT 1995

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SHIRE'S VISION

- A connected community across leaders, cultures, and generations
- A future for every young person
- A job-rich economy, built on local strengths
- A still-natural environment, looked after and used

The Shire of Carnarvon acknowledges the Yingarrda people as the Traditional Custodians of this land which we work and live on. We pay our respects to their Elders past, present and emerging and extend this respect to all Aboriginal people and their ongoing connection to this Country.

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

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	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	5,523,129	5,689,867	5,729,007
Operating grants, subsidies and contributions	10(a)	3,287,310	5,600,874	6,040,181
Fees and charges	9	2,737,910	2,740,009	3,550,861
Interest earnings	12(a)	68,584	137,466	162,951
Other revenue	12(b)	306,557	352,308	269,407
		11,923,490	14,520,524	15,752,407
Expenses				
Employee costs		(7,171,945)	(7,402,468)	(8,334,100)
Materials and contracts		(5,003,286)	(3,937,551)	(5,451,703)
Utility charges		(809,328)	(800,823)	(756,856)
Depreciation on non-current assets	5	(8,286,606)	(8,328,686)	(8,636,116)
Interest expenses	12(d)	(35,164)	(42,046)	(25,453)
Insurance expenses		(496,958)	(452,665)	(472,530)
Other expenditure		(502,066)	(253,456)	(371,457)
		(22,305,353)	(21,217,695)	(24,048,215)
Subtotal				
		(10,381,863)	(6,697,171)	(8,295,808)
Non-operating grants, subsidies and contributions	10(b)	4,258,072	1,596,993	3,574,187
Profit on asset disposals	4(b)	0	1,306	0
Loss on asset disposals	4(b)	0	(37,650)	0
		4,258,072	1,560,649	3,574,187
Net result				
		(6,123,791)	(5,136,522)	(4,721,621)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income				
		(6,123,791)	(5,136,522)	(4,721,621)

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

SHIRE OF CARNARVON FOR THE YEAR ENDED 30 JUNE 2021

Attachment 1

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to the budget.

2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

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

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

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES RATES

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

REVENUES (CONTINUED)

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

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

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	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
Revenue	1,9,10(a),12(a),12(b)	\$	\$	\$
Governance		148,705	81,744	123,251
General purpose funding		7,755,834	10,600,988	10,704,565
Law, order, public safety		225,169	92,709	202,451
Health		43,442	74,272	92,950
Education and welfare		218,034	171,836	180,422
Housing		23,900	14,704	12,269
Community amenities		1,943,896	1,995,956	2,164,883
Recreation and culture		254,258	165,033	393,275
Transport		773,652	939,653	1,072,267
Economic services		408,663	195,650	463,121
Other property and services		127,937	187,979	342,953
		11,923,490	14,520,524	15,752,407
Expenses excluding finance costs	4(a),5,12(c),(e)			
Governance		(1,396,183)	(1,810,732)	(1,318,085)
General purpose funding		(204,795)	(148,338)	(218,966)
Law, order, public safety		(977,206)	(902,637)	(1,014,713)
Health		(672,783)	(531,860)	(754,694)
Education and welfare		(1,161,570)	(948,688)	(1,206,134)
Housing		(115,575)	(95,544)	(113,231)
Community amenities		(2,426,510)	(2,352,457)	(2,687,450)
Recreation and culture		(4,796,049)	(4,457,980)	(5,336,146)
Transport		(9,226,000)	(8,743,652)	(9,885,085)
Economic services		(1,188,273)	(981,713)	(1,226,091)
Other property and services		(105,246)	(202,049)	(262,167)
		(22,270,190)	(21,175,650)	(24,022,762)
Finance costs	,7,6(a),12(d)			
Governance		(446)	(486)	(446)
Housing		(296)	(1,062)	(2,337)
Transport		(9,057)	(10,462)	(10,354)
Other property and services		(25,365)	(30,036)	(12,316)
		(35,164)	(42,046)	(25,453)
Subtotal		(10,381,864)	(6,697,172)	(8,295,808)
Non-operating grants, subsidies and contributions	10(b)	4,258,072	1,596,993	3,574,187
Profit on disposal of assets	4(b)	0	1,306	0
(Loss) on disposal of assets	4(b)	0	(37,650)	0
		4,258,072	1,560,649	3,574,187
Net result		(6,123,792)	(5,136,523)	(4,721,621)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(6,123,791)	(5,136,523)	(4,721,621)

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

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE

GOVERNANCE

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

GENERAL PURPOSE FUNDING

To collect general revenue to allow for the provision of services.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer community.

HEALTH

To provide an operational framework for good community health.

EDUCATION AND WELFARE

To meet the needs of the community in these areas.

HOUSING

To meet the needs of the Shire of Carnarvon Staff.

COMMUNITY AMENITIES

To provide sanitary and essential services required by the community.

To provide land development strategies and to process land development activities.

Environmental sustainability.

RECREATION AND CULTURE

To establish and manage efficiently infrastructure and resources which will help the social well being of the

ACTIVITIES

Administration and operations of facilities and services to members of Council. Other costs which relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

Rates activity, general purpose grants, banking costs and interest revenue.

Supervision of various local laws, fire prevention, emergency services, CBD security, administration of the Crime Prevention Plan.

Food quality and pest control, inspections and infant health. This function also provides for the implementation of the Healthy Lifestyles model.

Support pre-school facilities and assistance of seniors and retirement villages. This function also provides for Youth Strategy and the accounting of the Carnarvon Youth Co-Ordinating Networks finance as part of the agreement.

Staff Housing.

Refuse collection services, operation of refuse site, administration of town planning scheme, cemetery services and maintenance, environmental protection services and land development services.

Operations of the Civic Centre (Camel Lane), aquatic centre and beach areas, regional library service, cultural and heritage services and

community.

facilities, reserves, parks and gardens.

TRANSPORT

To provide effective and efficient transport services to the community.

Maintenance of streets, roads, footpaths, street lighting, airport. Agency for Department of Planning and Infrastructure's on line vehicle licensing services.

ECONOMIC SERVICES

To help promote and market the Shire of Carnarvon to the world and improve the economic well being.

To ensure building development regulations are adhered to.

Noxious weed control, tourism and area promotion, building control and services.

OTHER PROPERTY AND SERVICES

To ensure works programs are operating efficiently.

Private works operations, public works operations and plant operations.

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

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	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,523,129	5,351,349	5,729,007
Operating grants, subsidies and contributions		3,287,310	5,719,247	6,040,181
Fees and charges		2,737,910	2,740,009	3,550,861
Interest earnings		68,584	137,466	162,951
Goods and services tax		0	(29,305)	218,136
Other revenue		306,557	352,308	269,407
		11,923,490	14,271,074	15,970,543
Payments				
Employee costs		(7,171,945)	(7,371,330)	(8,334,100)
Materials and contracts		(5,003,286)	(4,291,620)	(5,451,703)
Utility charges		(809,328)	(800,823)	(756,856)
Interest expenses		(35,164)	(42,046)	(25,453)
Insurance expenses		(496,958)	(452,665)	(472,530)
Goods and services tax		0	0	(109,068)
Other expenditure		(502,066)	(253,456)	(371,457)
		(14,018,747)	(13,211,940)	(15,521,167)
Net cash provided by (used in) operating activities	3	(2,095,257)	1,059,134	449,376
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(576,360)	(789,255)	(1,022,245)
Payments for construction of infrastructure	4(a)	(6,578,315)	(1,137,283)	(4,714,135)
Non-operating grants, subsidies and contributions	10(b)	4,258,072	1,596,993	3,574,187
Proceeds from sale of plant and equipment	4(b)	0	81,954	0
Net cash provided by (used in) investing activities		(2,896,603)	(247,591)	(2,162,193)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(53,244)	(54,534)	(54,534)
Principal elements of lease payments	7	(365,390)	(342,139)	
Net cash provided by (used in) financing activities		(418,634)	(396,673)	(54,534)
Net increase (decrease) in cash held		(5,410,494)	414,870	(1,767,351)
Cash at beginning of year		7,814,282	7,399,412	7,202,731
Cash and cash equivalents at the end of the year	3	2,403,788	7,814,282	5,435,380

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

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

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	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		5,152,400	4,316,025	4,272,063
Revenue from operating activities (excluding general rates)		5,152,400	4,316,025	4,272,063
Governance		148,705	83,050	123,251
General purpose funding		2,467,669	5,146,084	5,210,522
Law, order, public safety		225,169	92,709	202,451
Health		43,442	74,272	92,950
Education and welfare		218,034	171,836	180,422
Housing		23,900	14,704	12,269
Community amenities		1,943,896	1,995,956	2,164,883
Recreation and culture		254,258	165,033	393,275
Transport		773,652	981,638	1,072,267
Economic services		408,663	195,650	463,121
Other property and services		127,937	187,979	342,953
		6,635,325	9,108,911	10,258,364
Expenditure from operating activities (plus finance costs)		(1,396,629)	(1,812,604)	(1,318,531)
Governance		(204,795)	(148,338)	(218,966)
General purpose funding		(977,206)	(902,637)	(1,014,713)
Law, order, public safety		(672,783)	(531,860)	(754,694)
Health		(1,161,570)	(948,688)	(1,206,134)
Education and welfare		(115,871)	(96,606)	(115,568)
Housing		(2,426,510)	(2,352,457)	(2,687,450)
Community amenities		(4,796,049)	(4,461,372)	(5,336,146)
Recreation and culture		(9,235,057)	(8,712,128)	(9,895,439)
Transport		(1,188,273)	(984,260)	(1,226,091)
Economic services		(130,611)	(262,410)	(274,483)
Other property and services		(22,305,353)	(21,213,360)	(24,048,215)
Non-cash amounts excluded from operating activities	2 (a)(i)	8,686,301	9,642,377	7,068,070
Amount attributable to operating activities		(1,831,327)	1,853,953	(2,449,718)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	10(b)	4,258,072	1,596,993	3,574,187
Purchase property, plant and equipment	4(a)	(576,360)	(789,255)	(1,022,245)
Purchase and construction of infrastructure	4(a)	(6,578,315)	(1,137,283)	(4,714,135)
Purchase of right of use assets	4(a)		(1,367,544)	
Proceeds from disposal of assets	4(b)	0	81,954	0
Amount attributable to investing activities		(2,896,603)	(1,615,134)	(2,162,193)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(53,244)	(54,534)	(54,534)
Principal elements of finance lease payments	7	(365,390)	(342,139)	0
Transfers to cash backed reserves (restricted assets)	8(a)	(1,400,181)	(593,558)	(161,761)
Transfers from cash backed reserves (restricted assets)	8(a)	1,512,110	448,908	1,932,379
Amount attributable to financing activities		(306,705)	(541,323)	1,716,084
Budgeted deficiency before general rates		(5,034,635)	(302,505)	(2,895,827)
Estimated amount to be raised from general rates	1	5,288,166	5,454,905	5,494,043
Net current assets at end of financial year - surplus/(deficit)	2 (a)(iii)	253,531	5,152,400	2,598,216

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

SHIRE OF CARNARVON
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FOR THE YEAR ENDED 30 JUNE 2021

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

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1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
GRV Valued Properties				0			0	4,149,343	4,181,858
GRV Residential	0.104740	1,287	22,181,769	2,323,318	10,330	4,464	2,338,112		
GRV Special Use/Rural	0.104740	56	1,772,882	185,692			185,692		
GRV Commercial/Industrial	0.094266	259	15,560,477	1,466,824	5,000		1,471,824		
Differential General Rate									
UV Mining	0.119933	24	586,410	70,330		(4,459)	65,871	70,329	70,329
UV Pastoral	0.039737	31	5,210,865	207,064		(10,050)	197,014	207,060	207,060
UV Intensive Horticultural	0.014728	167	33,494,000	493,300		(28,018)	465,282	493,273	493,273
Sub-Totals		1,824	78,806,403	4,746,528	15,330	(38,063)	4,723,795	4,920,005	4,952,520
Minimum	\$								
Minimum payment									
Gross rental valuations									
GRV Valued Properties							0	525,733	525,733
GRV Residential	1,093	392	3,261,558	428,456			428,456		
GRV Special Use/Rural	1,093	46	367,533	50,278			50,278		
GRV Commercial/Industrial	1,093	63	497,096	68,859			68,859		
Unimproved valuations									
UV Mining	229	24	29,719	5,496			5,496	5,038	5,038
UV Pastoral	461	9	30,700	4,149			4,149	3,227	3,227
UV Intensive Horticultural	902	1	50,000	902			902	902	902
Sub-Totals		535	4,236,606	558,140	0	0	558,140	534,900	534,900
		2,359	83,043,009	5,304,668	15,330	(38,063)	5,281,935	5,454,905	5,487,420
Ex-gratia rates							6,231	9,372	6,623
Total amount raised from general rates							5,288,166	5,454,905	5,494,043
Specified area rates (Refer note 1(e))							234,963	234,963	234,964
Total rates							5,523,129	5,689,868	5,729,007

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

The general rates detailed for the 2020/21 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Payment in Full	20/10/2020	0	0.0%	8.0%
Option two				
Instalment 1	20/10/2020	0	0.0%	8.0%
Instalment 2	23/02/2021	4	5.5%	8.0%
Option three				
Instalment 1	20/10/2020	0	0.0%	8.0%
Instalment 2	22/12/2020	4	5.5%	8.0%
Instalment 3	23/02/2021	4	5.5%	8.0%
Instalment 4	27/04/2021	4	5.5%	8.0%

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan interest earned	5,000	23,292	20,951
Unpaid rates and service charge interest earned	43,584	101,218	72,000
	48,584	124,510	98,251

In response to the COVID-19 pandemic Council has adopted Policy C036 - COVID19 Financial Hardship. Under that policy, and in line with Local Government (COVID-19 Response) Order 2020, excluded persons will not be charged the above interest on instalments or overdue rates.

1. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

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

Differential general rate

Description	Characteristics	Objects	Reasons
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SHIRE OF CARNARVON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

UV Mining	UV Mining applies to all mining, exploration, prospecting and other general purpose leases located within the Shire of Carnarvon.	The objects of the rate for the category of UV Mining is to raise revenue to fund the additional cost impact to the Shire.	The reason this category is rated higher than the other two rates is to reflect the higher road infrastructure maintenance costs to the Shire as a result of use of extensive lengths of Shire roads throughout the year, and the relatively low total contribution from this sector to the overall total.
UV Pastoral	UV Pastoral rating applies to all pastoral leases and land with a predominately rural land use.	The object of the rate for the categories of UV Pastoral is to raise revenue required to fund the additional cost impacts attributed to the servicing of these properties.	The Shire incurs higher costs for infrastructure maintenance and service provision to UV Pastoral properties as a result of extra vehicle movements on the Shire's road network due to the location and commercial nature of these properties outside the town site.
UV Intensive Horticulture	UV Intensive Horticulture (Plantation) rating applies to all plantation properties on unimproved land use.	The object of the rate for the categories of UV Intensive Horticulture is to raise revenue required to fund the additional cost impacts attributed to the servicing of these properties.	The Shire incurs higher costs for infrastructure maintenance and service provision to UV Intensive Horticulture properties as a result of extra vehicle movements on the Shire's road network due to the location and commercial nature of these properties outside the town site.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
UV Mining	UV Mining applies to all mining, exploration, prospecting and other general purpose leases located within the Shire of Carnarvon.	The objects of the rate for the category of UV Mining is to raise revenue to fund the additional cost impact to the Shire.	The reason this category is rated higher than the other two rates is to reflect the higher road infrastructure maintenance costs to the Shire as a result of use of extensive lengths of Shire roads throughout the year, and the relatively low total contribution from this sector to the overall total.
UV Pastoral	UV Pastoral rating applies to all pastoral leases and land with a predominately rural land use.	The object of the rate for the categories of UV Pastoral is to raise revenue required to fund the additional cost impacts attributed to the servicing of these properties.	The Shire incurs higher costs for infrastructure maintenance and service provision to UV Pastoral properties as a result of extra vehicle movements on the Shire's road network due to the location and commercial nature of these properties outside the town site.
UV Intensive Horticulture	UV Intensive Horticulture (Plantation) rating applies to all plantation properties on unimproved land use.	The object of the rate for the categories of UV Intensive Horticulture is to raise revenue required to fund the additional cost impacts attributed to the servicing of these properties.	The Shire incurs higher costs for infrastructure maintenance and service provision to UV Intensive Horticulture properties as a result of extra vehicle movements on the Shire's road network due to the location and commercial nature of these properties outside the town site.

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

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1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

	Basis of valuation	Rate in	Rateable value	2020/21 Budget specified area rate revenue	2020/21 Interim specified area rate revenue	2020/21 Back specified area rate revenue	2020/21 Total budget specified area rate revenue	2019/20 Actual revenue	2019/20 Budget revenue
Specified area rate		\$	\$	\$	\$	\$	\$	\$	\$
GRV Coral Bay	GRV	0.06953	3,379,403	234,963			234,963	234,963	234,964
			3,379,403	234,963	0	0	234,963	234,963	234,964

(f) Service Charges

The Shire did not raise service charges for the year ended 30 June 2021.

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30 June 2021.

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

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2 (a). NET CURRENT ASSETS

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
	\$	\$	\$
(i) Operating activities excluded from budgeted deficiency			
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.			
Adjustments to operating activities			
Less: Profit on asset disposals	4(b) 0	(1,306)	0
Less: Non-cash grants and contributions for assets			(1,597,263)
Less: Movement in contract liabilities associated with restricted cash	399,695	1,234,273	
Less: Movement in employee liabilities associated with restricted cash	0	43,074	
Add: Loss on disposal of assets	4(b) 0	37,650	0
Add: Change in accounting policies	0	0	29,217
Add: Depreciation on assets	5 8,286,606	8,328,686	8,636,116
Non cash amounts excluded from operating activities	8,686,301	9,642,377	7,068,070
(ii) Current assets and liabilities excluded from budgeted deficiency			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.			
Adjustments to net current assets			
Less: Cash - restricted reserves	3 (5,365,238)	(5,477,167)	(1,934,422)
Less: Accruals salaries and wages			(33,704)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	1,290	54,534	109,068
- Current portion of contract liability held in reserve	1,058,968	1,234,273	0
- Current portion of lease liabilities	(365,917)	(527)	0
- Employee benefit provisions	172,529	172,529	689,059
Add: Movement in provisions between current and non-current provisions	516,530	516,530	
Total adjustments to net current assets	(3,981,838)	(3,499,828)	(1,169,999)

2 (a). NET CURRENT ASSETS (CONTINUED)

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

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
(iii) Composition of estimated net current assets				
Current assets				
Cash and cash equivalents- unrestricted	3	351,095	2,337,115	3,500,960
Cash and cash equivalents - restricted				
Cash backed reserves	3, 10	3,747,631	5,477,167	1,934,422
Unspent grants, subsidies and contributions	10	1,617,607	1,617,607	0
Receivables		1,273,915	1,723,915	
Contract assets		0	0	1,568,679
Inventories		72,460	72,460	45,911
		7,062,708	11,228,264	7,049,972
Less: current liabilities				
Trade and other payables		(598,697)	(598,697)	(886,367)
Contract liabilities		(1,904,210)	(1,234,273)	(1,597,263)
Lease liabilities		365,917	527	
Long term borrowings		(1,290)	(54,534)	(109,068)
Provisions		(689,059)	(689,059)	(689,059)
		(2,827,339)	(2,576,036)	(3,281,757)
Net current assets		4,235,369	8,652,228	3,768,215
Less: Total adjustments to net current assets	2 (a)(ii)	(3,981,838)	(3,499,828)	(1,169,999)
Closing funding surplus / (deficit)		253,531	5,152,400	2,598,216

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

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2 (b). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

All funds to which the Shire of Carnarvon contributes are defined contribution plans.

LEASE LIABILITIES

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

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire of Carnarvon'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 Carnarvon'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 Carnarvon's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

LAND HELD FOR RESALE

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

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

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3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	2,403,788	2,337,115	3,500,960
Term deposits	3,312,545	5,477,167	1,934,422
	<u>5,716,333</u>	<u>7,814,282</u>	<u>5,435,382</u>
- Unrestricted cash and cash equivalents	351,095	2,337,115	3,500,960
- Restricted cash and cash equivalents	5,365,238	5,477,167	1,934,422
	<u>5,716,333</u>	<u>7,814,282</u>	<u>5,435,382</u>

The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents:

Leave Reserve	402,529	172,529	130,649
Plant Reserve	304,881	154,881	74,317
Waste Disposal Reserve	178,279	78,279	79,151
Property Infrastructure Reserve	1,764	1,764	1,778
Staff Housing Reserve	700,219	700,219	664,871
Civic Centre Reserve	60,487	60,487	62,638
I.T. Replacement Reserve	144,522	94,522	34,391
Airport Reserve	59,275	59,275	59,184
Coral Bay Tip Reserve	21,850	21,850	22,032
Surge/Fascine Reserve	587,882	356,382	107,383
Town Planning Reserve	1,451	1,451	1,655
Fascine Dredging Reserve	84,654	84,654	59,308
Flood Mitigation Reserve	11,880	11,880	11,973
OCT/NASA Reserve	58,850	8,850	8,920
Blowholes Reserve	2,748	2,748	2,863
Unspent Grants & Contributions Reserve	16,920	1,471,030	54,566
Land & Infrastructure Development	397,248	225,248	212,704
Asset Management Reserve	44,879	36,879	29,108
Emergency Response Reserve	302,787	252,787	253,083
Mosquito Management Reserve	4,526	3,845	3,848
Country Roads Grading Reserve	360,000	60,000	60,000
Unspent grants, subsidies and contributions	10 1,617,607	1,617,607	0
	<u>5,365,238</u>	<u>5,477,167</u>	<u>1,934,422</u>

Reconciliation of net cash provided by operating activities to net result

Net result		(6,123,791)	(5,136,523)	(4,721,621)
Depreciation	5	8,286,606	8,328,686	8,636,116
(Profit)/loss on sale of asset	4(b)	0	36,344	0
(Increase)/decrease in receivables		0	(151,684)	
(Increase)/decrease in inventories		0	(26,549)	
Increase/(decrease) in payables		0	(327,520)	109,068
Increase/(decrease) in contract liabilities		0	(97,766)	
Non-operating grants, subsidies and contributions		(4,258,072)	(1,596,993)	(3,574,187)
Net cash from operating activities		<u>(2,095,257)</u>	<u>1,027,995</u>	<u>449,376</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.

FINANCIAL ASSETS AT AMORTISED COST

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

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

SHIRE OF CARNARVON
 NOTES TO AND FORMING PART OF THE BUDGET
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4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program						2020/21 Budget total	2019/20 Actual total	2019/20 Budget total
	Governance	Law, order, public safety	Housing	Community amenities	Recreation and culture	Transport			
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>									
Land and buildings		144,100	20,000	0	99,950	57,310	321,360		641,442
Buildings - specialised							0	433,931	20,000
Furniture and equipment	50,000						50,000	55,408	82,803
Plant and equipment					35,000	170,000	205,000	299,916	278,000
	50,000	144,100	20,000	0	134,950	227,310	576,360	789,255	1,022,245
<i>Infrastructure</i>									
Infrastructure - roads						3,137,125	3,137,125	988,645	2,210,236
Infrastructure - footpaths						232,040	232,040	46,951	112,393
Infrastructure - drainage						37,000	37,000	34,047	39,200
Infrastructure - parks and ovals						1,107,046	1,107,046	1,614	1,012,046
Infrastructure - other				10,000	1,124,461		1,134,461	12,512	473,000
Infrastructure - airport						756,731	756,731	52,426	692,260
Infrastructure - landfill				173,912			173,912	1,088	175,000
Infrastructure - bridges							0	0	
Infrastructure - levee system							0	0	
Infrastructure - carparks							0	0	
	0	0	0	183,912	1,124,461	5,269,942	6,578,315	1,137,283	4,714,135
<i>Right of use assets</i>									
Right of use - plant and equipment							0	1,346,746	
Right of use - furniture and fittings							0	20,798	
	0	0	0	0	0	0	0	1,367,544	0
Total acquisitions	50,000	144,100	20,000	183,912	1,259,411	5,497,252	7,154,675	3,294,081	5,736,380

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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

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

SHIRE OF CARNARVON
 NOTES TO AND FORMING PART OF THE BUDGET
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4. FIXED ASSETS

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
By Program	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance		0	0	0	40,807	40,727	1,306	(1,386)	0	0	0	0
Recreation and culture		0	0	0	7,801	4,409	0	(3,392)	0	0	0	0
Economic services		0	0	0	9,002	6,455	0	(2,547)	0	0	0	0
Other property and services		0	0	0	60,688	30,363	0	(30,325)	0	0	0	0
	0	0	0	0	118,298	81,954	1,306	(37,650)	0	0	0	0
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment		0			118,298	81,954	1,306	(37,650)	0	0		
	0	0	0	0	118,298	81,954	1,306	(37,650)	0	0	0	0

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

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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

SHIRE OF CARNARVON
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FOR THE YEAR ENDED 30 JUNE 2021

5. ASSET DEPRECIATION

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
By Program			
Governance	194,916	203,349	191,847
Law, order, public safety	73,340	73,440	46,158
Health	6,397	6,405	7,518
Education and welfare	61,904	61,989	62,515
Housing	30,458	30,500	30,500
Community amenities	132,081	132,822	121,802
Recreation and culture	1,066,114	1,073,990	1,062,245
Transport	6,180,834	6,195,674	6,620,107
Economic services	1,565	1,567	3,267
Other property and services	538,997	548,949	490,157
	8,286,606	8,328,686	8,636,116
By Class			
Land and buildings	984,754	1,005,982	966,455
Furniture and equipment	44,590	45,598	33,229
Plant and equipment	271,716	254,789	486,401
Infrastructure - roads	4,815,571	4,827,514	5,272,565
Infrastructure - footpaths	201,924	202,475	199,698
Infrastructure - drainage	303,776	304,193	301,346
Infrastructure - parks and ovals	281,722	282,144	376,086
Infrastructure - other	203,178	205,218	201,170
Infrastructure - airport	612,779	613,620	581,517
Infrastructure - landfill	20,781	20,810	26,986
Infrastructure - bridges	151,792	152,000	128,690
Infrastructure - levee system	41,793	41,850	41,850
Infrastructure - carparks	20,199	20,227	20,123
Right of use - plant and equipment	322,788	335,830	
Right of use - furniture and fittings	9,243	16,438	
	8,286,606	8,328,686	8,636,116

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

Buildings	10 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 20 years

Sealed roads and streets

formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years

Gravel roads

formation	not depreciated
pavement	50 years
gravel sheet	12 years

Formed roads

clearing and earthworks	not depreciated
construction/roadbase	50 years
Footpaths - slab	50 years
Bridges	50 years
Levee system	50 years
Tools	5 years
Water supply piping & drainage systems	75 years
Other infrastructure	Various

AMORTISATION

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

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

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

SHIRE OF CARNARVON
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6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Interest Institution	Interest Rate	Budget	2020/21	2020/21	Budget	2020/21	Actual	2019/20	2019/20	Actual	2019/20	Budget	2019/20	2019/20	Budget	2019/20
				Principal 1 July 2020	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments		Principal 1 July 2019	Actual New Loans	Actual Principal Repayments	Principal outstanding 30 June 2020		Actual Interest Repayments	Principal 1 July 2019	Budget New Loans	Budget Principal Repayments
Housing				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Loan 213 Staff Housing				9,751		(9,750)	1	296	22,088		(12,337)	9,751	1,062	22,088		(12,337)	9,751	2,337
Transport																		
Loan 216 Airport Corrective Works				307,732		(43,494)	264,238	9,057	349,929		(42,197)	307,732	10,462	349,929		(42,197)	307,732	10,354
				317,483	0	(53,244)	264,239	9,353	372,017	0	(54,534)	317,483	11,525	372,017	0	(54,534)	317,483	12,691
				317,483	0	(53,244)	264,239	9,353	372,017	0	(54,534)	317,483	11,525	372,017	0	(54,534)	317,483	12,691

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

The self supporting loan(s) repayment will be fully reimbursed.

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

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6. INFORMATION ON BORROWINGS

(b) New borrowings - 2020/21

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

(c) Unspent borrowings

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

(d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	200,000	200,000	200,000
Bank overdraft at balance date			0
Credit card limit	40,000	40,000	40,000
Credit card balance at balance date			
Total amount of credit unused	240,000	240,000	240,000
Loan facilities			
Loan facilities in use at balance date	264,239	317,483	317,483

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease	2020/21 Budget	2020/21 Budget Lease	Budget Lease	2020/21 Budget Lease	Actual	2019/20 Actual	2019/20 Actual	Actual	2019/20 Actual	Budget	2019/20 Budget	2019/20 Budget	Budget	2019/20 Budget
					Principal	New Leases	Principal Repayments	Principal outstanding 30 June 2021	Interest Repayments	Principal 1 July 2019	New Leases	Principal repayments	Principal outstanding 30 June 2020	Interest repayments	Principal 1 July 2019	New Leases	Principal repayments	Principal outstanding 30 June 2020	Interest repayments
Governance																			
Photocopier Lease	1	Ricoh Finance	2.6%	2	11,973		(9,547)	2,426	446	21,273		(9,300)	11,973	486	30,333		(9,060)	21,273	446
P330 Toyota Hilux C28266	9	Easifleet	2.5%	3	6,581		(6,581)	(0)	41	22,098		(15,517)	6,581	357	37,231		(15,133)	22,098	377
P349 Toyota Landcruiser P1	22	SGFleet	2.7%	5	42,397		(42,397)	0	1,041		48,486	(6,089)	42,397	834				0	
P351 Isuzu D-Max 1GWP82	24	SGFleet	2.7%	5	28,888		(6,367)	22,521	709		33,037	(4,149)	28,888	568				0	
P355 Toyota Hilux C28583	29	SGFleet	2.5%	3	21,699		(8,233)	13,466	450		25,069	(3,370)	21,699	194				0	
Law, order, public safety																			
P342 Toyota Hilux C28452	12	SGFleet	2.5%	6	41,894		(27,754)	14,140	734	68,961		(27,067)	41,894	1,421	82,242		(13,281)	68,961	1,421
P344 Isuzu D-Max 1GRY05	13	SGFleet	2.5%	6	32,496		(19,334)	13,161	594	51,351		(18,856)	32,496	993	57,532		(6,181)	51,351	1,073
P345 Isuzu D-Max 1GST28	14	SGFleet	2.5%	6	34,674		(19,627)	15,047	646	53,815		(19,141)	34,674	1,211	58,526		(4,711)	53,815	1,132
Health																			
P346 Nissan Navara C2846	15	SGFleet	2.7%	5	26,782		(7,041)	19,741	643	33,633		(6,851)	26,782	833	35,875		(2,243)	33,633	833
Community amenities																			
PUTE37 Toyota Hilux C277	6	Easifleet	2.5%	5	2,968		(2,968)	(0)	114	7,620		(4,652)	2,968	601	3,688	9,407	(5,476)	7,620	633
PUTE35 Toyota Hilux C279	7	Easifleet	2.5%	5	2,572		(2,572)	(0)	87	7,297		(4,725)	2,572	564	3,165	9,466	(5,333)	7,297	592
Recreation and culture																			
P339 Isuzu D-Max 1GPA29	4	Easifleet	2.5%	3	7,616		(7,023)	593	111	14,465		(6,849)	7,616	268	20,594		(6,129)	14,465	286
P353 Isuzu D-Max 1GXV24	27	SGFleet	2.5%	3	26,003		(10,569)	15,434	532		32,047	(6,044)	26,003	814				0	
Transport																			
P302 Street Sweeper 1GHA	2	Maia Financial	2.5%	5	0			0		16,422		(16,422)	0	69	81,091		(64,669)	16,422	69
P343 Toyota Hilux C28462	3	Easifleet	2.7%	5	22,179		(5,973)	16,206	531	27,991		(5,812)	22,179	651	30,366		(2,375)	27,991	708
P299 Komatsu Excavator C	10	SGFleet	3.3%	10	121,417		(30,211)	91,207	3,553	150,649		(29,231)	121,417	4,452	178,932		(28,284)	150,649	
P303 Komatsu Wheel Load	11	SGFleet	3.3%	10	130,986		(33,362)	97,623	3,821	163,267		(32,281)	130,986	4,505	194,501		(31,234)	163,267	4,902
P317 Terex Bobcat	18	SGFleet	2.7%	5	(0)			(0)		8,243	8,284	(16,527)	(0)	89	32,526		(24,283)	8,243	47
P347 Isuzu F-Series 1GWC	19	SGFleet	2.7%	5	268,479		(60,401)	208,077	6,577		312,711	(44,232)	268,479	6,869				0	
P348 Cat Skid Steer Loader	20	SGFleet	2.7%	5	100,343		(22,115)	78,228	2,464		114,755	(14,412)	100,343	2,202				0	
P350 Toyota Hilux C28554	23	SGFleet	2.7%	5	31,614		(6,968)	24,646	776		36,154	(4,541)	31,614	542				0	
P354 Isuzu D-Max 1GXV33	26	SGFleet	2.5%	3	31,887		(12,961)	18,927	652		39,299	(7,412)	31,887	529				0	
P352 Toyota Hilux C77	28	SGFleet	2.7%	5	31,290		(6,497)	24,793	773		33,945	(2,655)	31,290	292				0	
Economic services																			
PUTE36 Toyota Hilux C279	5	Easifleet	2.5%	5	3,133		(3,133)	0	20	8,423		(5,290)	3,133	530	4,194	10,598	(6,369)	8,423	
P312 Nissan Navara C2772	17	SGFleet	2.5%	5	1,303		(1,303)	0	2	1,636	5,198	(5,530)	1,303	24	1,894	6,524	(6,782)	1,636	2
Other property and services																			
P331 Toyota Hilux C28239	8	Easifleet	2.5%	3	2,888		(2,888)	0	12	14,259		(11,372)	2,888	223	25,349		(11,090)	14,259	228
P311 Holden Colorado C27	16	SGFleet	2.5%	5	0			0		1,924	962	(2,886)	0	3	2,260	5,755	(6,091)	1,924	3
P319 Holden Colorado C27	19	SGFleet	2.5%	5	0			0		1,938	970	(2,908)	0	3	2,193	5,798	(6,053)	1,938	3
P322 Holden Colorado C27	21	SGFleet	2.5%	5	0			0		2,548		(2,548)	0	4	2,994	5,086	(5,532)	2,548	6
P356 Isuzu D-Max 1GXV24	25	SGFleet	2.5%	3	23,529		(9,564)	13,966	481		28,998	(5,469)	23,529	390				0	
					1,055,592	0	(365,390)	690,202	25,811	677,814	719,917	(342,139)	1,055,592	30,522	885,490	52,633	(260,309)	677,814	12,762

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At the inception of a contract, the Shire assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and a lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

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8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
(a) Leave Reserve	\$ 172,529	\$ 230,000	\$ 0	\$ 402,529	\$ 129,558	\$ 42,971	\$ 0	\$ 172,529	\$ 130,107	\$ 542	\$ 0	\$ 130,649
(b) Plant Reserve	154,881	150,000	0	304,881	73,181	81,700	0	154,881	73,746	571	0	74,317
(c) Waste Disposal Reserve	78,279	100,000	0	178,279	78,279	0	0	78,279	78,400	751	0	79,151
(d) Property Infrastructure Reserve	1,764	0	0	1,764	1,764	0	0	1,764	1,771	7	0	1,778
(e) Staff Housing Reserve	700,219	0	0	700,219	700,219	0	0	700,219	700,419	3,097	(38,645)	664,871
(f) Civic Centre Reserve	60,487	0	0	60,487	60,487	0	0	60,487	62,168	470	0	62,638
(g) I.T. Replacement Reserve	94,522	50,000	0	144,522	53,522	41,000	0	94,522	54,162	229	(20,000)	34,391
(h) Airport Reserve	59,275	0	0	59,275	59,275	0	0	59,275	58,976	208	0	59,184
(i) Coral Bay Tip Reserve	21,850	0	0	21,850	21,850	0	0	21,850	21,939	93	0	22,032
(j) Surge/Fascine Reserve	356,382	231,500	0	587,882	356,382	0	0	356,382	356,131	1,252	(250,000)	107,383
(k) Town Planning Reserve	1,451	0	0	1,451	1,451	0	0	1,451	1,564	91	0	1,655
(l) Fascine Dredging Reserve	84,654	0	0	84,654	84,654	0	0	84,654	84,594	533	(25,819)	59,308
(m) Flood Mitigation Reserve	11,880	0	0	11,880	11,880	0	0	11,880	11,923	50	0	11,973
(n) OCT/NASA Reserve	8,850	50,000	0	58,850	8,850	0	0	8,850	8,882	38	0	8,920
(o) Blowholes Reserve	2,748	0	0	2,748	2,748	0	0	2,748	2,851	12	0	2,863
(p) Unspent Grants & Contributions Res	1,471,030	0	(1,454,110)	16,920	1,610,712	309,226	(448,908)	1,471,030	1,602,502	39,979	(1,587,915)	54,566
(q) Land & Infrastructure Development	225,248	230,000	(58,000)	397,248	225,248	0	0	225,248	220,112	2,592	(10,000)	212,704
(r) Asset Management Reserve	36,879	8,000	0	44,879	28,879	8,000	0	36,879	28,985	123	0	29,108
(s) Emergency Response Reserve	252,787	50,000	0	302,787	202,787	50,000	0	252,787	202,627	50,456	0	253,083
(t) Mosquito Management Reserve	3,845	681	0	4,526	3,184	661	0	3,845	3,181	667	0	3,848
(u) Country Roads Grading Reserve	60,000	300,000	0	360,000	0	60,000	0	60,000	0	60,000	0	60,000
	3,859,560	1,400,181	(1,512,110)	3,747,631	3,714,910	593,558	(448,908)	3,859,560	3,705,040	161,761	(1,932,379)	1,934,422

8. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Plant Reserve	Ongoing	To be used to implement the Shire's Plant Replacement Program.
(c) Waste Disposal Reserve	Ongoing	To be used for maintenance or capital expenditure at Browns Range Refuse Site.

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(d)	Property Infrastructure Reserve	Ongoing	To be used to contribute to replacement of major upgrades on Shire of Carnarvon
(e)	Staff Housing Reserve	Ongoing	To be used for major maintenance and capital purchases with respect to staff housing.
(f)	Civic Centre Reserve	Ongoing	To be used for major building and equipment upgrades to Carnarvon Civic Centre.
(g)	I.T. Replacement Reserve	Ongoing	To be used to fund the Shire of Carnarvon Information Technology Strategy.
(h)	Airport Reserve	Ongoing	To be used to contribute to capital costs in relation to the Carnarvon Airport.
(i)	Coral Bay Tip Reserve	Ongoing	To be used for maintenance and capital costs associated with Coral Bay Refuse Site.
(j)	Surge/Fascine Reserve	Ongoing	To be used for capital upgrade costs associated with the Fascine Wall.
(k)	Town Planning Reserve	Ongoing	To be used to contribute to funding town planning scheme reviews, new scheme & relevant town planning purposes.
(l)	Fascine Dredging Reserve	Ongoing	To be used for capital upgrade costs associated with the Fascine Wall.
(m)	Flood Mitigation Reserve	Ongoing	To be used to finance Council's obligations with respect to the Flood Mitigation Strategy.
(n)	OCT/NASA Reserve	Ongoing	To be used for the development & conservation of the OTC site.
(o)	Blowholes Reserve	Ongoing	To be used to assist with the removal of shack debris and post demolition rehabilitation of shack area.
(p)	Unspent Grants & Contributions Res	Ongoing	To be used to isolate grants and contributions for specific purposes to be spent at a later date or in subsequent years.
(q)	Land & Infrastructure Development	Ongoing	To be used for the purchase of land and development of infrastructure within the Shire of Carnarvon.
(r)	Asset Management Reserve	Ongoing	To be used for the replacement and improvement of specified assets within the Shire of Carnarvon in accordance with the Shire's Asset Management Plan.
(s)	Emergency Response Reserve	Ongoing	To be used in the preparation for and providing immediate assistance, relief and recovery to the community in response to an Emergency within the Shire of Carnarvon.
(t)	Mosquito Management Reserve	Ongoing	To be used for the purpose of delivering services to assist in mosquito management within the Shire of Carnarvon, which includes funding from the Department of Health.
(u)	Country Roads Grading Reserve	Ongoing	To be used for the country roads grading program in seasons when the climatic conditions are suitable.

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

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9. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	15,834	13,471	15,723
General purpose funding	23,210	17,892	41,412
Law, order, public safety	21,540	21,545	26,801
Health	34,870	45,201	41,799
Education and welfare	990	665	1,237
Community amenities	1,700,452	1,718,458	1,849,854
Recreation and culture	176,529	112,908	237,700
Transport	399,660	604,443	716,041
Economic services	281,555	137,127	343,237
Other property and services	83,270	68,300	277,057
	2,737,910	2,740,009	3,550,861

10. GRANT REVENUE

	Unspent grants, subsidies and contributions liability				Grants, subsidies and contributions revenue			
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
By Program:	\$	\$	\$	\$	\$	\$	\$	\$
(a) Operating grants, subsidies and contributions								
Governance	13,460			13,460		33,460	0	33,460
General purpose funding				0		2,368,734	4,969,873	5,000,000
Law, order, public safety				0		192,579	56,728	167,896
Health				0		8,000	28,500	51,101
Education and welfare				0		203,000	167,411	176,487
Community amenities				0			33,166	71,416
Recreation and culture	66,290			66,290		66,289	47,291	140,477
Transport				0		366,570	279,266	338,093
Economic services	43,022			43,022		48,678	18,639	43,022
Other property and services	40,909			40,909			0	18,229
	163,681	0	0	163,681	0	3,287,310	5,600,874	6,040,181
(b) Non-operating grants, subsidies and contributions								
Law, order, public safety				0		134,100	38,900	0
Community amenities				0		0	17,315	17,315
Recreation and culture	1,394,700			1,394,700		1,526,746	252,956	1,519,307
Transport	59,226			59,226		2,597,226	1,287,822	2,037,565
	1,453,926	0	0	1,453,926	0	4,258,072	1,596,993	3,574,187
Total	1,617,607	0	0	1,617,607	0	7,545,382	7,197,866	9,614,368

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

	Budget Closing Balance 30 June 2021	Actual Balance 30 June 2020
Unspent grants, subsidies and contributions	1,617,607	1,617,607
	1,617,607	1,617,607

11. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

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

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

12. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments

- Reserve funds

- Other funds

Other interest revenue (refer note 1b)

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5%.

(b) Other revenue

Reimbursements and recoveries

The net result includes as expenses

(c) Auditors remuneration

Audit services

Other services

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))

Interest expense on lease liabilities

(e) Elected members remuneration

Meeting fees

Mayor/President's allowance

Deputy Mayor/President's allowance

Travelling expenses

Telecommunications allowance

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
(a) Interest earnings			
Investments			
- Reserve funds	10,000	9,871	51,100
- Other funds	10,000	3,086	18,900
Other interest revenue (refer note 1b)	48,584	124,510	92,951
	68,584	137,466	162,951
(b) Other revenue			
Reimbursements and recoveries	306,557	352,308	269,407
	306,557	352,308	269,407
(c) Auditors remuneration			
Audit services	65,000	42,221	50,000
Other services	1,000	950	7,000
	66,000	43,171	57,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	(9,353)	(11,525)	(12,691)
Interest expense on lease liabilities	(25,811)	(30,522)	(12,762)
	(35,164)	(42,047)	(25,453)
(e) Elected members remuneration			
Meeting fees	141,000	139,872	141,000
Mayor/President's allowance	46,000	46,896	46,000
Deputy Mayor/President's allowance	11,500	11,724	11,500
Travelling expenses	46,000	16,959	18,500
Telecommunications allowance	2,278	2,195	4,389
	246,778	217,646	221,389

13. MAJOR LAND TRANSACTIONS

It is not anticipated that any land transactions or major land transactions will occur in 2020/21.

14. TRUST FUNDS

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

Detail	Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Building in Training Fund	3,704	22,000	(22,000)	3,704
Civic Centre Airconditioning	51	0	0	51
Civic Centre Hire	2,507	0	0	2,507
Footpath Deposits	20,099	0	0	20,099
Footpaths Cash in Lieu	7,200	0	0	7,200
P.O.S. Deposits	140,374	0	0	140,374
Perth Glory Flood Relief	12,500	0	0	12,500
Private Works	287,059	2,000	(2,000)	287,059
Shire Facility Deposits	10,309	0	0	10,309
Sundry	50,699	0	0	50,699
Suspense	16,027	500	(6,500)	10,027
Unclaimed Monies	4,479	500	(1,000)	3,979
Visitor Centre Booking Sales	46,233	77,000	(80,000)	43,233
	601,241	102,000	(111,500)	591,741

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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.