

SHIRE OF COCOS KEELING ISLANDS

BUDGET

FOR THE YEAR ENDED 30 JUNE 2021

LOCAL GOVERNMENT ACT 1995

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

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	399,761	413,694	413,733
Operating grants, subsidies and contributions	8(a)	3,964,430	3,977,026	3,769,567
Fees and charges	7	957,668	1,233,844	948,983
Interest earnings	10(a)	36,750	42,814	44,968
Other revenue	10(b)	125,785	143,265	123,945
		5,484,394	5,810,643	5,301,196
Expenses				
Employee costs		(2,852,612)	(2,564,313)	(2,754,208)
Materials and contracts		(1,735,475)	(1,386,658)	(1,754,194)
Utility charges		(134,120)	(119,455)	(127,240)
Depreciation on non-current assets	5	(1,591,050)	(1,464,273)	(1,494,300)
Insurance expenses		(369,673)	(367,450)	(365,397)
Other expenditure		(73,500)	(51,399)	(93,000)
		(6,756,430)	(5,953,548)	(6,588,339)
Subtotal		(1,272,036)	(142,905)	(1,287,143)
Non-operating grants, subsidies and contributions	8(b)	1,486,659	451,381	485,515
		1,486,659	451,381	485,515
Net result		214,623	308,476	(801,628)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		214,623	308,476	(801,628)

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

SHIRE OF COCOS

FOR THE YEAR ENDED 30 JUNE 2021

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Cocos Keeling Islands 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 COCOS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
Revenue	1,7,8(a),10(a),10(b)	\$	\$	\$
Governance		20,500	46,905	28,000
General purpose funding		4,301,903	4,321,798	4,069,738
Law, order, public safety		39,869	31,933	43,572
Health		46,663	46,664	47,171
Education and welfare		100	0	150
Housing		506,725	493,458	492,085
Community amenities		72,760	71,919	73,260
Recreation and culture		3,400	16,750	7,650
Transport		73,350	74,527	70,388
Economic services		57,468	86,364	109,558
Other property and services		361,656	620,325	359,624
		5,484,394	5,810,643	5,301,196
Expenses excluding finance costs	4(a),5,10(c),d)			
Governance		(352,644)	(264,734)	(288,903)
General purpose funding		(77,421)	(64,905)	(71,265)
Law, order, public safety		(119,478)	(115,744)	(116,348)
Health		(51,718)	(24,796)	(47,299)
Education and welfare		(379,639)	(317,889)	(340,978)
Housing		(1,187,628)	(1,047,868)	(1,138,521)
Community amenities		(1,491,328)	(1,331,911)	(1,216,051)
Recreation and culture		(1,384,232)	(1,160,213)	(1,472,356)
Transport		(854,331)	(714,805)	(991,570)
Economic services		(485,597)	(342,213)	(459,366)
Other property and services		(372,414)	(568,470)	(445,682)
		(6,756,430)	(5,953,548)	(6,588,339)
Subtotal		(1,272,036)	(142,905)	(1,287,143)
Non-operating grants, subsidies and contributions	8(b)	1,486,659	451,381	485,515
		1,486,659	451,381	485,515
Net result		214,623	308,476	(801,628)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		214,623	308,476	(801,628)

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

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE

ACTIVITIES

GOVERNANCE

To provide the highest level of administrative support to all Council functions and activities as well as to elected members.

Activities include administration and the operation of facilities and services to members of Council including fees, expenses, allowances, election expenses, conference expenses, refreshments and receptions.

GENERAL PURPOSE FUNDING

To provide a solid financial platform by good financial management in order to provide a level of services expected by electors.

Activities include rates and general grants income, expenditure relating to the collection of rates.

LAW, ORDER, PUBLIC SAFETY

To ensure that residents enjoy a standard of living as free as possible from public nuisance.

Activities include administration and enforcement of animal control, litter, camping and other local laws as required.

HEALTH

Maintain a high standard of health control for the benefit of residents by ensuring compliance with all relevant legislation and regular health testing.

Activities include general inspections of all food establishments ensuring compliance with relevant standards.

EDUCATION AND WELFARE

To provide youth and community support, community information and project services.

Activities include the provision of shire community small grant funding, assistance with community projects, school holiday program and youth activities.

HOUSING

To provide and maintain kampong housing for the community.

This includes the provision, administration and maintenance of rental kampong housing, the administration of Kampong Leases.

COMMUNITY AMENITIES

To provide high quality community amenities for the use by residents and visitors to the Cocos (Keeling) Islands.

Activities include the provision of waste management, public conveniences, cemetery maintenance and the administration of the Town Planning Scheme.

RECREATION AND CULTURE

To provide and maintain recreation and cultural facilities.

Activities include the administration and operation of Public Libraries, contributions to community festivals and events, and the maintenance of public reserves, the museum and other significant sites.

TRANSPORT

To construct and maintain all streets and roads within the Shire to a high standard.

Includes the construction and maintenance of all local roads, street signage and transport facilities.

ECONOMIC SERVICES

The regulation and promotion of economic development, tourism, area promotion and building control.

This includes building and planning approval, controls on building standards, assistance in tourism promotion and the development of tourism facilities.

OTHER PROPERTY AND SERVICES

To ensure that all Council plant and equipment is in good working order and to perform private works where required.

Activities include plant operations, private works, insurance and lease administration.

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

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		399,761	416,978	413,733
Operating grants, subsidies and contributions		3,964,430	4,029,410	3,769,567
Fees and charges		957,668	1,233,844	948,983
Interest earnings		36,750	42,814	44,968
Other revenue		125,785	143,265	123,945
		5,484,394	5,866,311	5,301,196
Payments				
Employee costs		(2,852,612)	(2,531,448)	(2,774,639)
Materials and contracts		(1,735,475)	(1,430,276)	(1,754,194)
Utility charges		(134,120)	(119,455)	(127,240)
Insurance expenses		(369,673)	(367,450)	(344,966)
Other expenditure		(73,500)	(51,399)	(93,000)
		(5,165,380)	(4,500,028)	(5,094,039)
Net cash provided by (used in)				
operating activities	3	319,014	1,366,283	207,157
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(2,799,636)	(1,154,171)	(2,436,241)
Payments for construction of infrastructure	4(a)	(551,900)	(571,868)	(590,126)
Non-operating grants, subsidies and contributions		1,486,659	451,381	485,515
Net cash provided by (used in)				
investing activities		(1,864,877)	(1,274,658)	(2,540,852)
Net increase (decrease) in cash held		(1,545,863)	91,625	(2,333,695)
Cash at beginning of year		3,930,700	3,839,075	3,801,534
Cash and cash equivalents				
at the end of the year	3	2,384,837	3,930,700	1,467,839

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

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

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	1,098,796	1,174,024	1,134,363
Revenue from operating activities (excluding rates)	1,098,796	1,174,024	1,134,363
Governance	20,500	46,905	28,000
General purpose funding	3,902,142	3,908,104	3,656,005
Law, order, public safety	39,869	31,933	43,572
Health	46,663	46,664	47,171
Education and welfare	100	0	150
Housing	506,725	493,458	492,085
Community amenities	72,760	71,919	73,260
Recreation and culture	3,400	16,750	7,650
Transport	73,350	74,527	70,388
Economic services	57,468	86,364	109,558
Other property and services	361,656	620,325	359,624
	5,084,633	5,396,949	4,887,463
Expenditure from operating activities			
Governance	(352,644)	(264,734)	(288,903)
General purpose funding	(77,421)	(64,905)	(71,265)
Law, order, public safety	(119,478)	(115,744)	(116,348)
Health	(51,718)	(24,796)	(47,299)
Education and welfare	(379,639)	(317,889)	(340,978)
Housing	(1,187,628)	(1,047,868)	(1,138,521)
Community amenities	(1,491,328)	(1,331,911)	(1,216,051)
Recreation and culture	(1,384,232)	(1,160,213)	(1,472,356)
Transport	(854,331)	(714,805)	(991,570)
Economic services	(485,597)	(342,213)	(459,366)
Other property and services	(372,414)	(568,470)	(445,682)
	(6,756,430)	(5,953,548)	(6,588,339)
Non-cash amounts excluded from operating activities	2 (a)(i) 1,591,050	1,464,273	1,494,300
Amount attributable to operating activities	1,018,049	2,081,698	927,787
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	8(b) 1,486,659	451,381	485,515
Purchase property, plant and equipment	4(a) (2,799,636)	(1,154,171)	(2,436,241)
Purchase and construction of infrastructure	4(a) (551,900)	(571,868)	(590,126)
Amount attributable to investing activities	(1,864,877)	(1,274,658)	(2,540,852)
FINANCING ACTIVITIES			
Transfers to cash backed reserves (restricted assets)	6(a) (427,250)	(121,938)	(585,668)
Transfers from cash backed reserves (restricted assets)	6(a) 874,317	0	1,785,000
Amount attributable to financing activities	447,067	(121,938)	1,199,332
Budgeted deficiency before general rates	(399,761)	685,102	(413,734)
Estimated amount to be raised from general rates	1(a) 399,761	413,694	413,733
Net current assets at end of financial year - surplus/(deficit)	2 (a)(iii) 0	1,098,796	0

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

SHIRE OF COCOS
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FOR THE YEAR ENDED 30 JUNE 2021

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
General Developed	10.9000	127	2,180,360	237,658	0	0	237,658	238,412	239,557
Vacant Land	21.7500	11	55,200	12,006	0	0	12,006	12,006	13,422
Business	11.5000	25	835,595	96,093	0	0	96,093	95,676	96,273
Holiday Accommodation	10.9000	16	297,920	32,473	0	0	32,473	45,365	42,246
Sub-Totals		179	3,369,075	378,231	0	0	378,231	391,459	391,498
Minimum	\$								
Minimum payment									
Gross rental valuations									
General Developed	705	3	3,540	2,115	0	0	2,115	2,115	2,115
Vacant Land	800	4	13,620	3,200	0	0	3,200	3,200	3,200
Business	705	23	91,564	16,215	0	0	16,215	16,920	16,920
Holiday Accommodation	705	0	0	0	0	0	0	0	0
Sub-Totals		30	108,724	21,530	-	-	21,530	22,235	22,235
		209	3,477,799	399,761	0	0	399,761	413,694	413,733
Total amount raised from general rates							399,761	413,694	413,733

All land (other than exempt land) in the Shire of Cocos Keeling Islands is rated according to its Gross Rental Value (GRV).

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.

SHIRE OF COCOS

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

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	14/09/2020	-	0.0%	11.0%
Option two				
Instalment 1	14/09/2020	15	5.5%	11.0%
Instalment 2	9/11/2020		5.5%	11.0%
Instalment 3	21/12/2020		5.5%	11.0%
Instalment 4	1/02/2020		5.5%	11.0%
			2020/21 Budget revenue	2019/20 Actual revenue
		\$	\$	\$
Instalment plan admin charge revenue		500	360	500
Instalment plan interest earned		500	620	800
Unpaid rates and service charge interest earned		4,000	4,836	3,000
		5,000	5,816	4,300

(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
GRV General Developed	This category covers residential, special use and other properties where no commercial activity is occurring and is not being advertised as holiday accommodation.	The object of the rate for this category is to be the base rate by which all other GRV rated properties are assessed.	The reason is that the other GRV rating categories have a higher demand on Shire resources and vacant land is encouraged to be developed.
GRV Vacant Land	This category includes all properties that have no improvements other than merged improvements as defined in the Valuation of Land Act 1978.	The object of the rate for this category is to encourage land owners to develop residential vacant land and to reflect the different method used for the valuation of vacant residential land as compared to the GRV General Developed rate category.	The reason is that the Shire wants to promote and encourage land owners to develop vacant land to its full potential, thereby stimulating growth.
GRV Business	This applies to all properties where commercial activity is the main use. This also applies to properties within Commercial zoning that are used as holiday accommodation.	The object of the rate for this category is to raise additional revenue to fund the costs associated with the higher level of service provided to properties in this category.	The reason is that the Shire incurs higher costs to service these areas including car park infrastructure, landscaping and other amenities. In addition, extra costs are also associated with tourism and economic development activities that have a benefit to these ratepayers.
GRV Holiday Accommodation	This category allows for the use of properties within the residential zone that are used for holiday accommodation, and are being marketed as such.	The object of the rates for this category is to raise additional revenue to fund the costs associated with the higher reliance on Shire resources and the higher level of service provided to properties in this category. Due to the affects of COVID-19 on the tourism industry the rate for this category in the 2020/21 financial year will be set at the same rates as General Developed.	The reason is that due to the affects of Covid-19 the rate for the 2020/21 financial year will be the same as General Developed as the higher reliance on Shire resources is not currently occurring due to the pandemic.

(d) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30 June 2021.

(e) Service Charges

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

(f) Waivers or concessions

The Shire did not have any waivers or concessions for the year ended 30 June 2021.

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

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				
Add: Depreciation on assets	5	1,591,050	1,464,273	1,494,300
Non cash amounts excluded from operating activities		1,591,050	1,464,273	1,494,300
(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	(2,225,078)	(2,672,145)	(1,331,083)
Add: Current liabilities not expected to be cleared at end of year - Employee benefit provisions		318,037	318,037	285,175
Total adjustments to net current assets		(1,907,041)	(2,354,108)	(1,045,908)

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

(iii) Composition of estimated net current assets

Current assets

Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020	
	\$	\$	\$	
Cash and cash equivalents- unrestricted	3	159,759	1,258,555	136,756
Cash and cash equivalents - restricted				
Cash backed reserves	3	2,225,078	2,672,145	1,331,083
Receivables		216,025	216,025	286,390
Inventories		36,024	36,024	41,364
		2,636,886	4,182,749	1,795,593
Less: current liabilities				
Trade and other payables		(411,808)	(411,808)	(464,510)
Provisions		(318,037)	(318,037)	(285,175)
		(729,845)	(729,845)	(749,685)
Net current assets		1,907,041	3,452,904	1,045,908
Less: Total adjustments to net current assets	2 (a)(ii)	(1,907,041)	(2,354,108)	(1,045,908)
Closing funding surplus / (deficit)		0	1,098,796	(0)

2 (b). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

All funds to which the Shire of Cocos Keeling Islands 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 Cocos Keeling Islands'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 Cocos Keeling Islands'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 Cocos Keeling Islands'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.

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		\$ 2,384,837	\$ 3,930,700	\$ 1,467,839
- Unrestricted cash and cash equivalents		159,759	1,258,555	136,756
- Restricted cash and cash equivalents		2,225,078	2,672,145	1,331,083
		2,384,837	3,930,700	1,467,839
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents:				
Leave Reserve		337,923	333,923	335,169
Plant Reserve		757,787	510,787	230,695
Building Reserve		504,737	770,396	213,108
Self Insurance Reserve		102,012	101,012	100,454
Furniture and Equipment Reserve		18,458	18,208	18,276
Climate Adaptation Reserve		84,897	83,897	84,210
		2,225,078	2,672,145	1,331,083
Reconciliation of net cash provided by operating activities to net result				
Net result		214,623	308,476	(801,628)
Depreciation	5	1,591,050	1,464,273	1,494,300
(Increase)/decrease in receivables		0	34,305	0
Increase/(decrease) in payables		0	10,610	0
Non-operating grants, subsidies and contributions		(1,486,659)	(451,381)	(485,515)
Net cash from operating activities		319,014	1,366,283	207,157

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Reporting program						2020/21 Budget total	2019/20 Actual total	2019/20 Budget total
	Governance	Housing	Community amenities	Recreation and culture	Transport	Economic services			
	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>									
Land and Buildings	68,963	1,020,784	9,143	331,844	96,185	980,659	2,507,578	467,645	1,631,141
Furniture and Equipment	78,058	-	-	0	-	-	78,058	50,286	30,000
Plant and Equipment	0	-	55,000	0	159,000	-	214,000	636,240	775,100
	147,021	1,020,784	64,143	331,844	255,185	980,659	2,799,636	1,154,171	2,436,241
<i>Infrastructure</i>									
Roads Infrastructure	-	-	-	-	303,868	-	303,868	300,138	194,050
Other Infrastructure	-	-	0	164,953	58,079	25,000	248,032	271,730	396,076
	-	-	0	164,953	361,947	25,000	551,900	571,868	590,126
Total acquisitions	147,021	1,020,784	64,143	496,797	617,132	1,005,659	3,351,536	1,726,039	3,026,367

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

(b) Disposals of Assets

No Assets are anticipated to be disposed of in 2020/2021.

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.

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

5. ASSET DEPRECIATION

By Program

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

By Class

Land and Buildings
Furniture and Equipment
Plant and Equipment
Roads Infrastructure
Other Infrastructure

2020/21 Budget	2019/20 Actual	2019/20 Budget
\$	\$	\$
55,250	54,292	30,600
70	96	0
5,500	5,100	5,000
18,500	18,066	18,200
342,500	341,408	349,300
223,000	221,381	203,000
146,680	142,848	129,150
343,000	233,790	345,600
69,750	68,570	70,750
386,800	378,722	342,700
1,591,050	1,464,273	1,494,300
566,520	560,310	563,250
66,500	65,639	49,000
482,250	473,528	419,500
255,000	147,918	255,000
220,780	216,878	207,550
1,591,050	1,464,273	1,494,300

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	50 to 100 years
Furniture and Equipment	4 to 15 years
Plant and Equipment	4 to 15 years
Sealed roads and streets	
formation	not depreciated
seal	
- bituminous seals	15 years
- paved roads	50 years

Depreciation (Continued)

Asset Class	Useful life
Gravel roads	
formation	not depreciated
pavement	15 years
gravel sheet	15 years
Infrastructure - other	10 years
Parks and Ovals	not depreciated

AMORTISATION

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

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

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

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

6. 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	\$ 333,923	\$ 4,000	\$ -	\$ 337,923	\$ 329,798	\$ 4,125	\$ -	\$ 333,923	\$ 328,597	\$ 6,572	\$ -	\$ 335,169
(b) Plant Reserve	510,787	406,000	(159,000)	757,787	504,478	6,308	-	510,787	502,642	463,053	(735,000)	230,695
(c) Building Reserve	770,396	5,000	(270,659)	504,737	731,199	39,198	-	770,396	728,537	34,571	(550,000)	213,108
(d) Self Insurance Reserve	101,012	1,000	0	102,012	29,966	71,046	-	101,012	29,857	70,597	-	100,454
(e) Furniture And Equipment Reserve	18,208	250	-	18,458	17,983	225	-	18,208	17,918	358	-	18,276
(f) Community Reserve	853,922	10,000	(444,658)	419,264	843,375	0	-	853,922	840,305	8,866	(500,000)	349,171
(g) Climate Adaptation Reserve	83,897	1,000	-	84,897	82,861	1,036	-	83,897	82,559	1,651	-	84,210
	2,672,145	427,250	(874,317)	2,225,078	2,539,660	121,938	-	2,672,145	2,530,415	585,668	(1,785,000)	1,331,083

6. 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 for the purchase of major plant.
(c) Building Reserve	Ongoing	- to be used for the construction of Council Buildings.
(d) Self Insurance Reserve	Ongoing	- to be used to ensure that Council has sufficient cover on all insurance policies
(e) Furniture and Equipment Reserve	Ongoing	- to be used for the purchase of furniture and office equipment.
(f) Community Reserve	Ongoing	- to be used for the development of Home Island facilities and infrastructure.
(g) Climate Adaptation Reserve	Ongoing	- to be used for the purpose of providing for the needs of Climate Adaptation in the future.

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

7. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	5,000	36,374	-
General purpose funding	580	480	580
Law, order, public safety	100	1,105	100
Health	46,663	46,664	47,171
Housing	405,940	405,690	399,940
Community amenities	72,760	71,919	73,260
Recreation and culture	500	1,450	2,750
Transport	7,000	8,068	6,000
Economic services	57,468	55,496	59,558
Other property and services	361,657	606,598	359,624
	957,668	1,233,844	948,983

8. GRANT REVENUE

	Unspent grants, subsidies and contributions liability					Grants, subsidies and contributions revenue		
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
By Program:	\$	\$	\$	\$	\$	\$	\$	\$
(a) Operating grants, subsidies and contributions								
Governance	-	-	-	-	-	0	5,000	5,000
General purpose funding	-	-	-	-	-	3,864,811	3,864,811	3,610,457
Law, order, public safety	-	-	-	-	-	39,769	30,828	43,472
Recreation and culture	-	-	-	-	-	(2,000)	15,750	0
Transport	-	-	-	-	-	61,850	60,638	60,638
Economic services	-	-	-	-	-	0	-	50,000
	-	-	-	-	-	3,964,430	3,977,026	3,769,567
(b) Non-operating grants, subsidies and contributions								
Governance	-	-	-	-	-	-	-	-
General purpose funding	-	-	-	-	-	-	-	-
Law, order, public safety	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Education and welfare	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	450,000	-	-
Community amenities	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	136,739	160,000	200,000
Transport	-	-	-	-	-	299,920	285,515	285,515
Economic services	-	-	-	-	-	600,000	5,866	-
Other property and services	-	-	-	-	-	-	-	-
	-	-	-	-	-	1,486,659	451,381	485,515
Total	-	-	-	-	-	5,451,089	4,428,407	4,255,081

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

9. 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
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 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
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 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	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
Commissions	Commissions on licencing	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

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Investments			
- Reserve funds	27,250	32,485	28,668
- Other funds	5,000	4,873	12,500
Other interest revenue (refer note 1b)	4,500	5,456	3,800
	36,750	42,814	44,968

(b) Other revenue

Reimbursements and recoveries	125,785	143,265	123,945
Other			
	125,785	143,265	123,945

The net result includes as expenses

(c) Auditors remuneration

Audit services	45,000	44,100	40,000
	45,000	44,100	40,000

(d) Elected members remuneration

Meeting fees	40,000	35,000	35,000
President's allowance	5,500	5,000	5,000
	45,500	40,000	40,000

11. MAJOR LAND TRANSACTIONS

It is not anticipated that the Shire will have any Major Land Transactions in the 2020/21 Financial Year.

12 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated that the Shire will have any Trading Undertakings or Major Trading Undertakings in the 2020/21 Financial Year.

13 INTERESTS IN JOINT ARRANGEMENTS

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

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire of Cocos Keeling Islands's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

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.