

SHIRE OF NARROGIN

BUDGET

FOR THE YEAR ENDED 30 JUNE 2022

LOCAL GOVERNMENT ACT 1995

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SHIRE'S VISION

"A leading regional economic driver and a socially interactive and inclusive community"

SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	5,117,093	4,929,046	4,941,453
Operating grants, subsidies and contributions	10(a)	3,501,549	4,894,779	3,163,838
Fees and charges	9	1,881,186	1,820,582	1,854,976
Interest earnings	12(a)	69,553	79,756	149,500
Other revenue	12(b)	349,170	436,209	150,230
		10,918,551	12,160,372	10,259,997
Expenses				
Employee costs		(5,584,188)	(5,276,130)	(5,135,262)
Materials and contracts		(3,153,456)	(2,521,864)	(3,373,528)
Utility charges		(658,717)	(621,325)	(668,064)
Depreciation on non-current assets	5	(3,274,599)	(2,910,545)	(3,450,264)
Interest expenses	12(c)	(33,125)	(31,084)	(31,937)
Insurance expenses		(279,657)	(265,960)	(258,599)
Other expenditure		(371,482)	(488,315)	(592,550)
		(13,355,224)	(12,115,223)	(13,510,204)
Subtotal		(2,436,673)	45,149	(3,250,207)
Non-operating grants, subsidies and contributions	10(b)	1,731,740	1,711,216	3,546,581
Profit on asset disposals	4(b)	38,800	0	0
Loss on asset disposals	4(b)	(147,622)	(2,722)	(129,582)
		1,622,918	1,708,494	3,416,999
Net result		(813,755)	1,753,643	166,792
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(813,755)	1,753,643	166,792

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

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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 Narrogin 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 15 to the budget.

2020/21 ACTUAL BALANCES

Balances shown in this budget as 2020/21 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 2021 no new accounting policies are to be adopted and no new policies are expected to impact the annual budget.

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 NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
Revenue	1,9,10(a),12(a),12(b)	\$	\$	\$
Governance		5,060	11,103	1,850
General purpose funding		6,524,000	7,466,012	6,281,444
Law, order, public safety		353,275	413,583	285,505
Health		19,950	21,722	21,350
Education and welfare		2,034,744	2,083,684	1,579,357
Housing		8,364	8,240	8,240
Community amenities		1,133,155	1,103,416	1,145,512
Recreation and culture		66,916	96,116	162,200
Transport		268,138	275,012	251,970
Economic services		365,849	435,584	304,200
Other property and services		139,100	245,900	218,368
		10,918,551	12,160,372	10,259,996
Expenses excluding finance costs	4(a),5,12(c)(d)(e)(e)			
Governance		(690,726)	(508,588)	(640,596)
General purpose funding		(322,483)	(319,910)	(250,012)
Law, order, public safety		(969,586)	(722,942)	(755,830)
Health		(303,363)	(279,732)	(289,031)
Education and welfare		(1,563,688)	(1,745,942)	(1,833,458)
Housing		(28,298)	(29,039)	(33,202)
Community amenities		(1,537,585)	(1,374,344)	(1,528,207)
Recreation and culture		(3,206,491)	(2,868,613)	(3,503,604)
Transport		(3,738,621)	(3,304,789)	(3,712,877)
Economic services		(822,151)	(762,437)	(867,108)
Other property and services		(139,108)	(167,806)	(64,342)
		(13,322,100)	(12,084,140)	(13,478,266)
Finance costs	7,6(a),12(c)			
Governance		(6,152)	(7,693)	(7,352)
Housing		(7,525)	0	0
Community amenities		(2,580)	0	(2,250)
Recreation and culture		(7,012)	(11,550)	(11,290)
Economic services		(9,855)	(11,840)	(11,046)
		(33,124)	(31,083)	(31,938)
Subtotal		(2,436,673)	45,149	(3,250,207)
Non-operating grants, subsidies and contributions	10(b)	1,731,740	1,711,216	3,546,581
Profit on disposal of assets	4(b)	38,800	0	0
(Loss) on disposal of assets	4(b)	(147,622)	(2,722)	(129,582)
		1,622,918	1,708,494	3,416,999
Net result		(813,755)	1,753,643	166,792
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(813,755)	1,753,643	166,792

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 effective allocation for scarce resources.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provisions of infrastructure and services.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer community.

HEALTH

To provide an operational framework for environmental and community health.

EDUCATION AND WELFARE

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

HOUSING

To provide housing to senior employees.

COMMUNITY AMENITIES

To provide services required by the community.

RECREATION AND CULTURE

To provide recreational and cultural services to the community.

TRANSPORT

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

ECONOMIC SERVICES

To promote the Shire and its economic wellbeing.

OTHER PROPERTY AND SERVICES

To monitor and control the Shire's overheads operation accounts and town planning scheme.

ACTIVITIES

Includes the activities of members of council and administration support available to the council for provision of governance of the district. Other costs relate to the task of assisting elected members and electors on matters which do not concern specific Shire services.

Rates, general purpose government grants and interest revenue.

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

Inspect food outlets and their control, noise control and waste disposal compliance.

Preschool and other education, children and youth services, elderly and disadvantaged, senior citizen services.

Provision of staff housing.

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

Maintain public halls, civic centres, aquatic centre, recreational centre and various sporting facilities, Provisions and maintenance of parks, gardens and playgrounds. Operations of Library, museum and other cultural facilities.

Construct and maintenance of roads, streets, footpaths, depots parking facilities.
Purchase of plant and equipment.

Tourism and area promotion including the maintenance and operation of a caravan park
Provision of rural services including weed control, and standpipes.
Building Control.

Private works operation, plant repair and operation costs, administration overheads, community development overheads and gross salary and wages.

SHIRE OF NARROGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,004,637	4,750,557	4,941,453
Operating grants, subsidies and contributions		3,589,005	4,908,927	3,163,838
Fees and charges		1,881,186	1,820,582	1,854,976
Interest received		69,553	79,756	149,500
Goods and services tax received		434,284	419,653	355,705
Other revenue		349,170	436,209	150,230
		11,327,835	12,415,684	10,615,702
Payments				
Employee costs		(5,571,649)	(5,452,158)	(5,135,262)
Materials and contracts		(3,013,996)	(2,808,923)	(3,373,528)
Utility charges		(658,717)	(621,325)	(668,064)
Interest expenses		(33,125)	(24,157)	(31,937)
Insurance paid		(279,657)	(265,960)	(258,599)
Goods and services tax paid		(434,284)	(450,200)	(355,705)
Other expenditure		(371,482)	(488,315)	(592,550)
		(10,362,910)	(10,111,038)	(10,415,645)
Net cash provided by (used in) operating activities	3	964,925	2,304,646	200,057
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(3,996,000)	(1,398,734)	(3,912,757)
Payments for construction of infrastructure	4(a)	(3,201,744)	(2,828,604)	(3,897,032)
Non-operating grants, subsidies and contributions	10(b)	1,731,740	1,711,216	3,546,581
Proceeds from sale of plant and equipment	4(b)	407,000	244,518	592,000
Net cash provided by (used in) investing activities		(5,059,004)	(2,271,604)	(3,671,208)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(206,412)	(173,653)	(173,653)
Proceeds from new borrowings	6(a)	500,000	180,000	180,000
Net cash provided by (used in) financing activities		286,020	(1,519)	6,347
Net increase (decrease) in cash held		(3,808,059)	31,524	(3,464,804)
Cash at beginning of year		7,234,602	7,202,711	7,216,736
Cash and cash equivalents at the end of the year	3	3,426,543	7,234,235	3,751,932

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

SHIRE OF NARROGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2(a)	2,394,166	2,557,686	2,697,512
		2,394,166	2,557,686	2,697,512
Revenue from operating activities (excluding rates)				
Governance		5,060	11,103	1,850
General purpose funding		1,416,161	2,546,083	1,339,991
Law, order, public safety		353,275	413,583	285,505
Health		19,950	21,722	21,350
Education and welfare		2,034,744	2,083,683	1,579,357
Housing		8,364	8,240	8,240
Community amenities		1,133,155	1,103,416	1,145,512
Recreation and culture		66,916	96,116	162,200
Transport		284,138	275,012	251,970
Economic services		365,849	435,584	304,200
Other property and services		161,900	245,900	218,368
		5,849,512	7,240,442	5,318,543
Expenditure from operating activities				
Governance		(696,878)	(516,281)	(647,946)
General purpose funding		(322,483)	(319,910)	(250,012)
Law, order, public safety		(969,586)	(725,664)	(773,425)
Health		(303,363)	(279,732)	(290,379)
Education and welfare		(1,571,410)	(1,745,941)	(1,854,952)
Housing		(35,823)	(29,039)	(33,202)
Community amenities		(1,540,165)	(1,374,343)	(1,537,957)
Recreation and culture		(3,213,503)	(2,880,162)	(3,514,894)
Transport		(3,869,121)	(3,304,788)	(3,778,915)
Economic services		(832,006)	(774,276)	(893,760)
Other property and services		(148,508)	(167,806)	(64,343)
		(13,502,846)	(12,117,942)	(13,639,785)
Non-cash amounts excluded from operating activities	2(b)	3,383,601	2,917,150	3,579,846
Amount attributable to operating activities		(1,875,567)	597,336	(2,043,884)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,731,740	1,711,216	3,546,581
Payments for property, plant and equipment	4(a)	(3,996,000)	(1,398,734)	(3,912,757)
Payments for construction of infrastructure	4(a)	(3,201,744)	(2,828,604)	(3,897,032)
Proceeds from disposal of assets	4(b)	407,000	244,518	592,000
		(5,059,004)	(2,271,604)	(3,671,208)
Amount attributable to investing activities		(5,059,004)	(2,271,604)	(3,671,208)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(206,412)	(173,653)	(173,653)
Proceeds from new borrowings	6(a)	500,000	180,000	180,000
Transfers to cash backed reserves (restricted assets)	8(a)	(2,637,245)	(3,216,997)	(2,300,170)
Transfers from cash backed reserves (restricted assets)	8(a)	4,170,391	2,359,154	3,067,461
Amount attributable to financing activities		1,826,734	(851,496)	773,637
Budgeted deficiency before imposition of general rates		(5,107,837)	(2,525,763)	(4,941,455)
Estimated amount to be raised from general rates	1	5,107,837	4,919,929	4,941,455
Net current assets at end of financial year - surplus/(deficit)	2(a)	0	2,394,166	0

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

SHIRE OF NARROGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	2	2,394,166	2,697,512
		2,394,166	2,697,512
Revenue from operating activities (excluding rates)			
Specified area and ex gratia rates	1(d)	9,254	9,118
Operating grants, subsidies and	10(a)		
Operating grants, subsidies and contributions	10(a)	3,501,549	3,163,838
Fees and charges	9	1,881,186	1,854,976
Interest earnings	12(a)	69,553	149,500
Other revenue	12(b)	349,170	150,230
Profit on asset disposals	4(b)	38,800	0
		5,849,512	5,327,662
Expenditure from operating activities			
Employee costs		(5,584,188)	(5,135,262)
Materials and contracts		(3,153,456)	(3,373,528)
Utility charges		(658,717)	(668,064)
Depreciation on non-current assets	5	(3,274,599)	(3,450,264)
Interest expenses	12(c)	(33,125)	(31,937)
Insurance expenses		(279,657)	(258,599)
Other expenditure		(371,482)	(592,550)
Loss on asset disposals	4(b)	(147,622)	(129,582)
		(13,502,846)	(13,639,786)
Non-cash amounts excluded from operating activities	2(b)	3,383,601	3,579,846
Amount attributable to operating activities		(1,875,567)	(2,034,766)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	10(b)	1,731,740	3,546,581
Payments for property, plant and equipment	4(a)	(3,996,000)	(3,912,757)
Payments for construction of infrastructure	4(a)	(3,201,744)	(3,897,032)
Proceeds from disposal of assets	4(b)	407,000	592,000
Amount attributable to investing activities		(5,059,004)	(3,671,208)
Amount attributable to investing activities		(5,059,004)	(3,671,208)
FINANCING ACTIVITIES			
Repayment of borrowings	6(a)	(206,412)	(173,653)
Proceeds from new borrowings	6(b)	500,000	180,000
Transfers to cash backed reserves (restricted assets)	8(a)	(2,637,245)	(2,300,170)
Transfers from cash backed reserves (restricted assets)	8(a)	4,170,391	3,067,461
Amount attributable to financing activities		1,826,734	773,637
Budgeted deficiency before general rates		(5,107,837)	(4,932,337)
Estimated amount to be raised from general rates	1(a)	5,107,837	4,932,337
Net current assets at end of financial year - surplus/(deficit)	2	0	0

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

SHIRE OF NARROGIN
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FOR THE YEAR ENDED 30 JUNE 2022

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SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2021/22 Budgeted rate revenue	2021/22 Budgeted interim rates	2021/22 Budgeted back rates	2021/22 Budgeted total revenue	2020/21 Actual total revenue	2020/21 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
Urban	0.1158600	1,614	27,022,493	3,130,826			3,130,826	3,067,925	3,096,490
Rural	0.0774200	43	700,648	54,244			54,244	54,244	63,944
Rural - Highbury	0.0774200	32	591,580	45,800			45,800	45,800	29,840
Unimproved valuations									
General	0.0055570	251	191,092,000	1,061,898			1,061,898	1,010,196	1,040,171
Sub-Totals		1,940	219,406,721	4,292,768	0	0	4,292,768	4,178,165	4,230,445
Minimum									
Minimum payment									
	\$								
Gross rental valuations									
Urban	1,133	525	3,946,333	594,825			594,825	542,089	532,305
Rural	863	16	90,142	13,808			13,808	13,808	13,583
Rural - Highbury	749	6	49,348	4,494			4,494	4,494	4,991
Unimproved valuations									
General	863	234	22,031,900	201,942			201,942	181,373	151,011
Sub-Totals		781	26,117,723	815,069	0	0	815,069	741,764	701,890
		2,721	245,524,444	5,107,837	0	0	5,107,837	4,919,929	4,932,335
Total amount raised from general rates							5,107,837	4,919,929	4,932,335
Ex gratia rates							9,254	9,117	9,118
Total rates							5,117,091	4,929,046	4,941,453

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

The general rates detailed for the 2021/22 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 NARROGIN
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2022

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/Penalty rates interest rates
		\$	%	%
Option one				
One instalment	13/10/2021	0.00	0.0%	7.0%
Option two				
1st instalment	13/10/2021	13.00	5.5%	7.0%
2nd instalment	14/12/2021	13.00	5.5%	7.0%
3rd instalment	15/02/2022	13.25	5.5%	7.0%
4th instalment	20/04/2022	13.25	5.5%	7.0%

	2021/22 Budget revenue	2020/21 Actual revenue	2020/21 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	45,000	45,308	30,000
Instalment plan interest earned	12,000	12,933	15,000
Unpaid rates and service charge interest earned	40,000	44,252	45,000
	97,000	102,493	90,000

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
GRV Urban	Properties that had formerly been located in the Town of Narrogin	To allow the Shire to impose a higher rate in the to the Urban Ward ratepayers to all the phasing in of rate parity with Urban Ward ratepayers.	During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire Rate Payers will be allowed a 10 year period to achieve rating parity with the former Town of Narrogin Rate Payers.
GRV Rural	Properties that had formerly been located in the Shire of Narrogin.	To allow the Shire to set a lower rate in the dollar to Rural Ward ratepayers to allow for the phasing in of rating parity over a 10 year period.	<p>During the merger negotiations between the Shire and Town of Narrogin, it was agreed that the former Shire Rate Payers will be allowed a 10 year period to achieve rating parity with the former Town of Narrogin Rate Payers.</p> <p>The GRV Lesser Minimum is applicable to assessments in the Highbury townsite for the above reason.</p>

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2022.

(e) Service Charges

The Shire did not raise service charges for the year ended 30th June 2022.

(f) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2021/22 Budget	2020/21 Actual	2020/21 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Rates for Not for Profit Leases	Waiver	100.0%	0	\$ 20,394	\$ 19,890	\$ 20,000	Per lease agreement	Support for not for Profit
				20,394	19,890	20,000		

2. NET CURRENT ASSETS

	2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
Note	\$	\$	\$
(a) Composition of estimated net current assets			
Current assets			
Cash and cash equivalents- unrestricted	8,594	2,292,939	472,092
Cash and cash equivalents - restricted	3,408,517	4,941,663	3,279,840
Receivables	893,887	868,887	641,091
Accrued income	47,688	30,688	0
Inventories	22,792	20,252	25,990
	<u>4,381,478</u>	<u>8,154,429</u>	<u>4,419,013</u>
Less: current liabilities			
Trade and other payables	(569,963)	(453,125)	(579,315)
Lease liabilities	(10,644)	(10,644)	0
Long term borrowings	(208,250)	(206,412)	(180,375)
Employee provisions	(763,761)	(726,058)	(559,858)
	<u>(1,552,618)</u>	<u>(1,396,239)</u>	<u>(1,319,548)</u>
Net current assets	<u>2,828,860</u>	<u>6,758,190</u>	<u>3,099,465</u>
Less: Total adjustments to net current assets	2(c) (2,828,860)	(4,364,024)	(3,099,465)
Net current assets used in the Rate Setting Statement	<u>0</u>	<u>2,394,166</u>	<u>0</u>

2. NET CURRENT ASSETS (CONTINUED)

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

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.

(b) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals
Add: Loss on disposal of assets
Add: Movement in non-current lease liabilities
Add: Depreciation on assets
Movement in non-current employee provisions
Movement in current employee provisions associated with restricted cash

Non cash amounts excluded from operating activities

Note	2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
	\$	\$	\$
4(b)	(38,800)	0	0
4(b)	147,622	2,722	129,582
	0	(7,500)	0
5	3,274,599	2,910,545	3,450,264
	0	11,383	0
	180	0	0
	3,383,601	2,917,150	3,579,846

(c) 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 in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Cash - restricted reserves
Add: Current liabilities not expected to be cleared at end of year
- Current portion of borrowings
- Current portion of lease liabilities
- Current portion of employee benefit provisions held in reserve

Total adjustments to net current assets

7	(3,408,517)	(4,941,663)	(3,279,840)
	208,250	206,412	180,375
	10,644	10,644	0
	360,763	360,583	0
	(2,828,860)	(4,364,024)	(3,099,465)

2 (d) NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

An 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 or 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 Narrogin 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.

PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

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 Narrogin contributes to a number of superannuation funds on behalf of employees.

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

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.

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.

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

PROVISIONS

Provisions are recognised when the Shire has a present 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.

EMPLOYEE BENEFITS

Short-term employee benefits

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

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	2021/22 Budget	2020/21 Actual	2020/21 Budget
Cash at bank and on hand		\$ 3,417,111	\$ 7,234,602	\$ 3,751,932
Total cash and cash equivalents		3,417,111	7,234,602	3,751,932
Held as				
- Unrestricted cash and cash equivalents		8,594	2,292,939	472,092
- Restricted cash and cash equivalents		3,408,517	4,941,663	3,279,840
		3,417,111	7,234,602	3,751,932
Restrictions				
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents		3,408,517	4,941,663	3,279,840
		3,408,517	4,941,663	3,279,840
The restricted assets are a result of the following specific purposes to which the assets may be used:				
Reserves - cash/financial asset backed	8	3,408,517	4,941,663	3,279,840
		3,408,517	4,941,663	3,279,840
Reconciliation of net cash provided by operating activities to net result				
Net result		(813,755)	1,753,645	166,791
Depreciation	5	3,274,599	2,910,545	3,450,264
(Profit)/loss on sale of asset	4(b)	108,822	2,722	129,582
(Increase)/decrease in receivables		(25,000)	(194,888)	0
(Increase)/decrease in inventories		(2,540)	(517)	0
Increase/(decrease) in payables		116,838	(477,711)	0
Increase/(decrease) in employee provisions		37,701	22,066	0
Non-operating grants, subsidies and contributions		(1,731,740)	(1,711,216)	(3,546,581)
Net cash from operating activities		964,925	2,304,646	200,056

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.

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2021/22 Budget total	2020/21 Actual total	2020/21 Budget total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>														
Land - freehold land												0	0	
Land - vested in and under the control of council	0	0	0	0	0	0	0	0	0	0	0	0	0	
Buildings - non-specialised	0	0	0	0	0	0	0	0	0	0	0	0	0	
Buildings - specialised	0	0	0	0	900,000	500,000	110,000	706,000	0	310,000	0	2,526,000	722,287	2,619,757
Furniture and equipment	11,000	0	0	0	0	0	0	0	0	0	57,000	68,000	64,528	94,000
Plant and equipment	0	0	0	0	116,000	0	55,000	256,000	820,000	30,000	125,000	1,402,000	611,920	1,199,000
	11,000	0	0	0	1,016,000	500,000	165,000	962,000	820,000	340,000	182,000	3,996,000	1,398,734	3,912,757
<i>Infrastructure</i>														
Infrastructure - roads	0	0	0	0	0	0	0	0	2,056,540	0	0	2,056,540	1,834,481	1,944,275
Infrastructure - footpaths	0	0	0	0	0	0	0	0	58,000	0	0	58,000	58,247	81,360
Infrastructure - drainage	0	0	0	0	0	0	0	0	30,000	0	0	30,000	0	30,000
Infrastructure - parks and ovals	0	0	0	0	0	0	0	225,000	0	0	0	225,000	39,424	0
Infrastructure - other	0	0	0	0	0	0	190,460	532,190	10,000	0	0	732,650	896,452	1,571,397
Infrastructure - bridges	0	0	0	0	0	0	0	0	99,554	0	0	99,554	0	270,000
	0	0	0	0	0	0	190,460	757,190	2,254,094	0	0	3,201,744	2,828,604	3,897,032
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total acquisitions	11,000	0	0	0	1,016,000	500,000	355,460	1,719,190	3,074,094	340,000	182,000	7,197,744	4,227,338	7,809,789

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

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.

4. FIXED ASSETS

(b) Disposals of Assets

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

	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss	2020/21 Actual Net Book Value	2020/21 Actual Sale Proceeds	2020/21 Actual Profit	2020/21 Actual Loss	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	0	0	0	0	0	0	0	0	0	0	0	0
General Purpose Funding	0	0	0	0	0	0	0	0	0	0	0	0
Law, order, public safety	0	0	0	0	18,722	16,000	0	(2,722)	43,595	26,000	0	(17,595)
Health	0	0	0	0	0	0	0	0	16,348	15,000	0	(1,348)
Education and welfare	53,944	46,222	0	(7,722)	0	0	0	0	54,494	33,000	0	(21,494)
Housing	0	0	0	0	0	0	0	0	0	0	0	0
Community amenities	0	0	0	0	0	0	0	0	147,000	139,500	0	(7,500)
Recreation and culture	0	0	0	0	0	0	0	0	0	0	0	0
Transport	428,878	314,378	16,000	(130,500)	228,519	228,519	0	0	382,283	316,244	0	(66,039)
Economic services	0	0	0	0	0	0	0	0	17,256	17,256	0	0
Other property and services	33,000	46,400	22,800	(9,400)	0	0	0	0	60,606	45,000	0	(15,606)
	515,822	407,000	38,800	(147,622)	247,240	244,518	0	(2,722)	721,582	592,000	0	(129,582)
By Class												
<i>Property, Plant and Equipment</i>												
Plant and equipment	515,822	407,000	38,800	(147,622)	247,240	244,518	0	(2,722)	721,582	592,000	0	(129,582)
	515,822	407,000	38,800	(147,622)	247,240	244,518	0	(2,722)	721,582	592,000	0	(129,582)

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.

5. ASSET DEPRECIATION

By Program

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

By Class

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

2021/22 Budget	2020/21 Actual	2020/21 Budget
\$	\$	\$
43,295	275	42,655
79,866	69,146	84,261
53,148	53,482	52,363
5,376	5,300	5,297
40,802	47,122	41,688
930,274	817,562	997,468
1,605,182	1,396,357	1,769,632
97,708	101,684	96,264
418,947	419,617	360,636
3,274,599	2,910,545	3,450,264
724,120	725,200	731,343
54,200	53,220	54,492
421,230	411,980	412,358
1,358,189	1,020,354	1,529,337
72,600	71,560	70,761
521,200	508,951	531,118
23,500	22,080	22,135
99,560	97,200	98,720
3,274,599	2,910,545	3,450,264

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	40 to 100 years
Furniture and Equipment	10 years
Plant and Equipment	5 to 15 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	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping & drainage systems	50 to 75 years
Other Infrastructure	10 to 50 years
Bridges	75 to 100 years

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.

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	Institution	Interest Rate	Date due	Budget	2021/22	2021/22	Budget	2021/22	Actual	2020/21	2020/21	Actual	2020/21	2020/21	Budget	2020/21	
					Principal 1 July 2021	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2022	Budget Interest Repayments	Principal 1 July 2020	Actual New Loans	Actual Principal Repayments	Principal outstanding 30 June 2021	Actual Interest Repayments	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments
Governance					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
OTHGOV - loan 128 Admin renovations	128	WATC	2.69% p.a	31/05/26	240,008	0	(45,471)	194,537	6,152	284,280	0	(44,272)	240,008	7,693	0	(44,272)	240,009	7,351
Housing																		
Staff Housing loan	New	WATC	3.01% p.a	15/11/41	0	500,000	(9,200)	490,800	7,525	0	0	0	0	0	0	0	0	0
Community amenities																		
SEW - loan 130 Upgrade TWIS	130	WATC	1.47% p.a	25/06/31	180,000	0	(16,836)	163,164	5,368	0	180,000	0	180,000	0	180,000	0	180,000	2,250
Recreation and culture																		
NRLC - loan 121B	121B	WATC	5.51% p.a	18/05/23	113,272	0	(57,581)	55,691	4,801	167,719	0	(54,447)	113,272	8,092	0	(54,447)	104,228	7,880
HALLS - loan 126 Renovations	126	WATC	3.86% p.a	31/05/23	65,195	0	(31,974)	33,221	2,211	95,970	0	(30,775)	65,195	3,458	0	(30,775)	65,195	3,410
Economic services																		
ECONOM - loan 127 Industrial land	127	WATC	4.48% p.a	26/06/28	97,346	0	(12,128)	85,218	4,227	108,948	0	(11,602)	97,346	5,031	0	(11,602)	97,346	4,752
TOUR - loan 129 Accommodation Units	129	WATC	5.51% p.a	28/05/29	285,539	0	(33,221)	252,318	5,629	318,095	0	(32,556)	285,539	6,809	0	(32,556)	285,558	6,293
					981,359	500,000	(206,412)	1,274,948	35,913	975,012	180,000	(173,653)	981,359	31,083	180,000	(173,653)	972,335	31,937
					981,359	500,000	(206,412)	1,274,948	35,913	975,012	180,000	(173,653)	981,359	31,083	180,000	(173,653)	972,335	31,937

All borrowing repayments will be financed by general purpose revenue.

6. INFORMATION ON BORROWINGS

(b) New borrowings - 2021/22

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Staff Housing	WATC	Debenture	20	% 3.01% p.a	\$ 500,000	\$ 7,525	\$ 500,000	\$ 0
					500,000	7,525	500,000	0

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd.	Amount used 2020/21 Budget	New loans unspent at 30 June 2021	Amount as at 30 June 2022
SEW - loan 130 Upgrade TWIS	Upgrade TWIS	2021	\$ 180,000	\$ 144,588	\$ 35,412	\$ 0
			180,000	144,588	35,412	0

(d) Credit Facilities

	2021/22 Budget	2020/21 Actual	2020/21 Budget
Undrawn borrowing facilities	\$	\$	\$
credit standby arrangements			
Bank overdraft limit	400,000	400,000	400,000
Bank overdraft at balance date	0	0	0
Credit card limit	15,000	15,000	15,000
Credit card balance at balance date	0	(5,156)	0
Total amount of credit unused	415,000	409,844	415,000
Loan facilities			
Loan facilities in use at balance date	1,274,948	981,359	972,335

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.

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget	2021/22	Budget	2021/22	Actual	2020/21	Actual	2020/21	Budget	2020/21	Budget	2020/21	Budget	2020/21
					Lease Principal 1 July 2021	Budget New Leases	Lease Principal Repayments	Lease Principal outstanding 30 June 2022		Lease Interest Repayments	Actual Principal 1 July 2020	Actual New Leases		Lease Principal repayments	Lease Principal outstanding 30 June 2021	Lease Interest repayments	Actual Principal 1 July 2020	Budget New Leases
Law, order, public safety					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Holden Colorado	1	Easifleet	1.7% p.a	36 months	16,340	0	(7,568)	8,772	24,206		(7,866)	16,340	0	0	0	0	0	0
					16,340	0	(7,568)	8,772	24,206	0	(7,866)	16,340	0	0	0	0	0	0

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.

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.

8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance	2020/21 Actual Opening Balance	2020/21 Actual Transfer to	2020/21 Actual Transfer (from)	2020/21 Actual Closing Balance	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Building Reserve	370,750	180	(196,000)	174,930	470,148	0	(99,398)	370,750	478,789	57,452	(92,720)	443,521
(b) Refuse Site Reserve	575,351	39,017	(23,848)	590,520	478,789	96,562	0	575,351	794	13,042	(13,000)	836
(c) Community Assisted Transport (CAT) Reserve	8,491	8,000	(10,000)	6,491	794	7,697	0	8,491	279,436	129,225	(215,000)	193,661
(d) Narrogin Regional Leisure Centre Reserve	241,742	100,120	(251,000)	90,862	279,436	201,000	(238,694)	241,742	360,583	5,452		366,035
(e) Employee Entitlement Reserve	360,583	180	0	360,763	360,583	0	0	360,583	470,148	7,101	(158,297)	318,952
(f) Plant, Vehicle & Equipment Reserve	472,420	425,230	(677,000)	220,650	395,307	425,000	(347,887)	472,420	395,308	430,159	(538,500)	286,967
(g) Economic Development Reserve	227,022	110	(200,000)	27,132	227,022	0	0	227,022	227,022	3,432	(208,059)	22,395
(h) IT & Office Equipment Reserve	26,311	10	(20,000)	6,321	78,802	0	(52,491)	26,311	78,801	1,191	(60,000)	19,992
(i) Tourism & Area Promotion Reserve	78,521	30	0	78,551	78,521	0	0	78,521	78,521	1,187	0	79,708
(j) Unspent Grants & Contribution Reserve	563,029	280	(376,435)	186,874	186,594	376,435	0	563,029	186,594	3,382	0	189,976
(k) HACC Reserve	448,109	134	(448,243)	0	523,586	54,544	(130,021)	448,109	477,523	48,988	(214,069)	312,442
(l) CHCP Reserve	566,113	759,914	(994,907)	331,120	222,234	807,449	(463,570)	566,113	209,296	760,622	(462,415)	507,503
(m) CHSP Reserve	464,195	1,223,300	(873,384)	814,111	291,306	1,167,810	(994,921)	464,195	313,617	751,499	(1,045,401)	19,715
(n) Road construction reserve	335,003	160	0	335,163	335,003	0	0	335,003	335,003	5,065	0	340,068
(o) Asset Valuation reserve	31,844	10	0	31,854	31,844	0	0	31,844	31,844	0	0	31,844
(p) Landcare Reserve	92,363	40	(25,000)	67,403	98,681	0	(6,318)	92,363	98,681	1,492	(25,000)	75,173
(q) Narrogin Airport Reserve	40,171	15,020	0	55,191	25,171	15,000	0	40,171	25,171	15,381	0	40,552
(r) Bridges Reserve	22,145	48,010	(39,574)	30,581	0	48,000	(25,855)	22,145	0	48,000	(35,000)	13,000
(s) Water Re use	17,500	17,500	(35,000)	0	0	17,500	0	17,500	0	17,500	0	17,500
(t) Public Open Space Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(u) Developer Contributions Reserve	0	0	0	0	0	0	0	0	0	0	0	0
	4,941,663	2,637,245	(4,170,391)	3,408,517	4,083,820	3,216,997	(2,359,154)	4,941,663	4,047,131	2,300,170	(3,067,461)	3,279,840

(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) Building Reserve	Ongoing	To fund the acquisition, renewal, upgrading or construction of Shire owned buildings and facilities.
(b) Refuse Site Reserve	Ongoing	To fund the development, operation, maintenance and capital expenditure for the Council's waste management facilities including the Shire's landfill site(s) and waste collection operations.
(c) Community Assisted Transport (CAT) Reserve	Ongoing	To fund the replacement / change over of the CATs vehicle.
(d) Employee Entitlement Reserve	Ongoing	To fund current and past employee's leave entitlements and redundancy payouts.
(e) Narrogin Regional Leisure Centre Reserve	Ongoing	To fund renewal, replacement, upgrades or major maintenance of the Narrogin Regional Leisure Centre.
(f) Plant, Vehicle & Equipment Reserve	Ongoing	To support the purchase/replacement of motor vehicles, and heavy plant and equipment that are licensed.
(g) Economic Development Reserve	Ongoing	To fund economic development projects that will benefit the district.
(h) IT & Office Equipment Reserve	Ongoing	To fund the purchase and upgrade of computer equipment (including data connection equipment), software and office equipment and CCTV.
(i) Tourism & Area Promotion Reserve	Ongoing	For the purpose of tourism & district promotion activities, public art installations or acquisitions, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
(j) Unspent Grants & Contribution Reserve	Ongoing	To store unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant grant agreement.
(k) HACC Reserve	Ongoing	To store unspent H.A.C.C grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
(l) CHCP Reserve	Ongoing	To store unspent C.H.C.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
(m) CHSP Reserve	Ongoing	To store unspent C.H.S.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body.
(n) Road construction reserve	Ongoing	To fund roadworks (including Carparks, Drainage, Footpaths, Bridges and Kerbing) and flood emergency responses affecting those assets.
(o) Asset Valuation reserve	Ongoing	To fund asset valuations.
(p) Landcare Reserve	Ongoing	To fund future natural resource management activities aligned with the principles established in the former NLDC letter dated 6/6/17 (ICR1712270).
(q) Narrogin Airport Reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding to the Narrogin Airport.
(r) Bridges Reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for bridges within the Shire.
(s) Water Re use	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for infrastructure enabling the re-use of water resources.
(t) Public Open Space Reserve	Ongoing	For the purposes of receiving and recording payments in lieu of Public Open Space and accounting for and expending those funds per S154 of the Planning and Development Act 2005.
(u) Developer Contributions Reserve	Ongoing	For the purposes of receiving and recording payments in lieu of Develop Contributions such as car parking in lieu, and accounting for and expending those funds per the Planning and Development (Local Planning Schemes) Regulations 2015, clause 77(1).

The reserves are not expected to be fully utilised within a set period. It is the Shire's intention to utilise the Funds held in the above mentioned Reserves for the purposes of not utilising external overdraft facilities for short periods from time to time during the financial year. The benefit to the Shire is that financing cost are reduced by minimising the use of overdraft facilities.

This advice is provided in the budget pursuant to section 6.11(3) of the Local Government Act 1995.

9. FEES & CHARGES REVENUE

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Governance	3,306	2,099	1,600
General purpose funding	54,295	56,098	47,850
Law, order, public safety	29,550	30,882	32,500
Health	19,950	21,722	21,350
Education and welfare	172,570	92,278	178,516
Housing	8,364	8,240	8,240
Community amenities	1,130,155	1,090,603	1,142,512
Recreation and culture	14,147	17,217	12,100
Transport	0	1,056	0
Economic services	353,249	385,843	285,600
Other property and services	95,600	114,545	124,708
	1,881,186	1,820,582	1,854,976

10. GRANT REVENUE

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
By Program:			
(a) Operating grants, subsidies and contributions			
General purpose funding	1,150,000	2,315,818	1,139,641
Law, order, public safety	317,725	381,151	248,005
Education and welfare	1,852,134	1,973,124	1,400,841
Recreation and culture	13,590	30,376	150,100
Transport	159,600	150,596	150,020
Other property and services	8,500	43,713	12,681
	3,501,549	4,894,779	3,163,838
(b) Non-operating grants, subsidies and contributions			
Education and welfare	0	5,000	0
Community amenities	41,688	0	0
Recreation and culture	522,400	805,204	872,742
Transport	1,087,654	901,012	1,173,839
Economic services	79,998	0	0
	1,731,740	1,711,216	3,546,581
Total grants, subsidies and contributions	5,233,289	6,605,995	6,710,419

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 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 contractual commitments	General appropriations and contributions with no specific contractual commitments	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

11. REVENUE RECOGNITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
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

Other interest revenue (refer note 1b)

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
	52,000	57,185	60,000
	52,000	57,185	60,000

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5.5% .

(b) Other revenue

Reimbursements and recoveries

	349,170	436,209	150,230
	349,170	436,209	150,230

The net result includes as expenses

(c) Interest expenses (finance costs)

Borrowings (refer Note 6(a))

	(35,913)	(31,083)	(31,937)
	(35,913)	(31,083)	(31,937)

(d) Elected members remuneration

Mr L Ballard – Shire President

Local Govt Allowance

Meeting Attendance Fee

Annual Allowance for ICT

Travel & Accommodation Expense

	(23,500)	(23,500)	(23,500)
	(20,000)	(20,000)	(20,000)
	(1,600)	(1,600)	(1,600)
	(111)	0	(111)
	(45,211)	(45,100)	(45,211)

Cr T Wiese – Deputy Shire President

Local Govt Allowance

Meeting Attendance Fee

Annual Allowance for ICT

Travel & Accommodation Expense

	(5,875)	(5,875)	(5,875)
	(5,000)	(5,000)	(5,000)
	(400)	(400)	(400)
	(111)	0	(111)
	(11,386)	(11,275)	(11,386)

Cr G Ballard

Meeting Attendance Fee

Annual Allowance for ICT

Travel & Accommodation Expense

	(9,000)	(8,500)	(8,500)
	(500)	(500)	(500)
	(111)	0	(111)
	(9,611)	(9,000)	(9,111)

Cr C Bartron

Meeting Attendance Fee

Annual Allowance for ICT

Travel & Accommodation Expense

	(9,000)	(8,500)	(8,500)
	(500)	(500)	(500)
	(111)	0	(111)
	(9,611)	(9,000)	(9,111)

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

Cr G Broad			
Meeting Attendance Fee	(9,000)	(8,500)	(8,500)
Annual Allowance for ICT	(500)	(500)	(500)
Travel & Accommodation Expense	(111)	0	(111)
	(9,611)	(9,000)	(9,111)
Cr J Early			
Meeting Attendance Fee	(9,000)	(8,500)	(8,500)
Annual Allowance for ICT	(500)	(500)	(500)
Travel & Accommodation Expense	(111)	0	(111)
	(9,611)	(9,000)	(9,111)
Cr M Fisher			
Meeting Attendance Fee	(9,000)	(8,500)	(8,500)
Annual Allowance for ICT	(500)	(500)	(500)
Travel & Accommodation Expense	(111)	0	(111)
	(9,611)	(9,000)	(9,111)
Cr S Lushey			
Meeting Attendance Fee	(9,000)	(8,500)	(8,500)
Annual Allowance for ICT	(500)	(500)	(500)
Travel & Accommodation Expense	(111)	0	(111)
	(9,611)	(9,000)	(9,111)
Cr B Seale			
Meeting Attendance Fee	(9,000)	(8,500)	(8,500)
Annual Allowance for ICT	(500)	(500)	(500)
Travel & Accommodation Expense	(111)	0	(111)
	(9,611)	(9,000)	(9,111)
Total Elected Member Remuneration	(123,875)	(119,375)	(120,375)
Local Govt Allowance	(29,375)	(29,375)	(29,375)
Meeting Attendance Fee	(88,000)	(84,500)	(84,500)
Annual Allowance for ICT	(5,500)	(5,500)	(5,500)
Travel & Accommodation Expense	(1,000)	0	(1,000)
	(123,875)	(119,375)	(120,375)

13. MAJOR LAND TRANSACTIONS

(a) Details

It is not anticipated any major land transactions will occur in 2021/22.

14. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

(a) Details

It is not anticipated any trading undertakings or major trading undertakings will occur in 2021/22.

15. TRUST FUNDS

Funds held at balance date which are required by legislation to be credited to the trust fund and which are not included in the financial statements are as follows:

Detail	Balance 30 June 2021	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2022
Public Open space bonds	\$ 0	\$ 0	\$ 0	\$ 0

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.