

ANNUAL BUDGET 2017/18

ADOPTED 26 JULY 2017
FOR PERIOD ENDING 30 JUNE 2018



SHIRE PRESIDENT'S REPORT



The Annual Budget 2017/18 is the second budget for the “new “Shire of Narrogin and is one of consolidation and growth.

The budget has been prepared with a “natural” rate increase of 2% demonstrating Council’s commitment to keeping increases low. Please note that for the former Shire rate payers there is an additional “Parity” increase, as per the merger Memorandum of Understanding. More details can be found on Councils website <http://www.narrogin.wa.gov.au/live/services/rates.aspx>.

Some of the significant projects that have been included in the Annual Budget 2017/18 are listed below. These are many and varied ranging from important capital works projects in the roads and townscaping areas, to some important planning processes in Town Planning and Recreation.

There are, however many challenges ahead, the WA State Government will have some important implications to local governments, but we will work proactively to deal with them in a positive and equitable manner.

Copies of the Annual Budget 2017/18 are available from the Shire’s website www.narrogin.wa.gov.au.

It is with pleasure that I present the Annual Budget 2017/18 that was adopted by Council on 26 July 2017. I look forward to continuing to bring substantial positive change and improvements to our great community.

Leigh Ballard
Shire President

RATES INFORMATION

Differential Rate Category	Rate in the \$	General Minimum Payment \$	Lesser Minimum Payment \$
GRV - Urban	10.6172	1,062.00	
GRV - Rural	6.1938	691.00	653.00
UV	0.59990	691.00	

The general rates detailed above for the 2017/18 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 reasonable contribution to the cost of the Local Government's services and facilities.

All land (except exempt land) in the Shire of Narrogin is rated according to its Gross Rental Value (GRV) or on the Unimproved Value (UV) basis.

Due to the Merger of the Town and Shire of Narrogin (on 1 July 2016) a Memorandum of Understanding (MOU) was endorsed by both Councils to ensure that the new rating system was implemented over a 10 year period to affected previous Shire of Narrogin ratepayers. This increase, termed the "Parity Increase" is designed to ensure that all properties will have the same rate in the dollar applied at the completion of the 10-year period. Further details can be found at <http://www.narrogin.wa.gov.au/live/services/rates.aspx>.

Waste Avoidance and Resource Recovery Act Rate (Tip Site Maintenance)

Section 66 of *The Waste Avoidance and Resource Recovery Act* allows Local Governments to levy a rate for the costs associated with rubbish tip maintenance

The object of this rate is to ensure costs in relation to the maintenance and servicing of the refuse site within the Shire are equally distributed within the Shire ratepayers.

A receptacle charge rate has been set at \$221.50, plus \$82.00 recycling receptacle charge within the GRV and UV valuation areas throughout the Shire. The commercial rubbish charge rate has been set at \$226.50 for the initial bin and \$248.00 for an additional bin. The special rubbish charge rate for 2017/18 is \$333.

Administration & Interest Charge for Rates & Service Charges

- a) Where no instalment option is indicated, penalty interest will begin to accrue at the rate of 11% pa on all Rates that remain unpaid 35 days after the date of issue. Where an instalment option is indicated, interest will begin to accrue at the rate of 11% pa on any instalment payment that remains unpaid after the due date of the instalment, until such time as the instalment is paid.
- b) Instalments: Rates payable by instalments is offered again with an Administration cost of \$12 per instalment after the initial payment, ie: \$48 in total. In addition, an interest rate of 5.5%pa (simple interest) will also be charged on the 2nd, 3rd and 4th instalments which will be evenly spread over the four instalments and clearly illustrated on the Rate Notice.
- c) Payment Arrangement Administration Fee: Ratepayers that are experiencing financial hardship may apply to enter into an agreed payment arrangement. The fee to administer these arrangements are:

i.	1 - 2 payments	-	\$0
ii.	3 - 5 payments	-	\$15
iii.	Greater than 5 payments	-	\$48

SIGNIFICANT PROJECTS 2017/2018

Significant Projects	Value (\$)	Funding
Construction of Waste Transfer Station	133,000	IP
Finalise Cemetery Upgrade (Car Park and Niche Wall)	85,000	IP
CCTV upgrade	109,000	IP
Development of Gnarojin Park Master Plan	30,000	
Bin Surrounds - CBD (Townscape)	40,000	
Public Toilet Maintenance - Painting & Re-tiling (Gnarojin, Smith St, Harris St and Highbury)	31,000	
Town Hall Upgrade	94,000	
Playground upgrades (Lions, Jersey, Northwood, Ashworth Parks, Hockey Club and Highbury Hall)	157,000	
Library Landscaping - Stage 1A - Accessible Ramp	80,000	
Roadworks - Roads to Recovery (Whinbin Rock Rd - \$285k)	541,860	PF
Roadworks Regional Road Group (Narrogin Harrismith Rd)	617,510	PF
Footpath Construction (Daglish & Felspar Sts and Williams Rd)	66,000	
Plant and Equipment Purchases	525,000	
Accommodation Units (NCP)	350,000	
Proposed Youth Service	50,000	
Management Plans Foxes Lair & Railway Dam	20,000	
Development of Narrogin Sport and Recreation Master Plan	70,000	PF, G
Gravel Pit Rehabilitation (White, Whinbin, Cardwell, Hilders, Wagin - Wickepin Rds)	20,000	
Narrogin Caravan Park (Power Upgrade, Renovate ablutions and old laundry).	152,900	PF
Dryandra Country Visitors Centre - operational support	60,000	
Old Shire Office Building Upgrade	80,000	

(In Progress – “IP”, Partially Funded – “PF”, Grant Dependent – “G”)

ELECTED MEMBERS

As a result of the merger of the former Town and Shire of Narrogin an extraordinary election was held in October 2016. The following members were elected.



*President
Leigh Ballard
2017*



*Deputy President
Cr Tim Wiese
Rural Ward - 2017*



*Cr Colin Ward
Urban Ward - 2019*



*Cr Nathan Walker
Rural Ward - 2019*



*Cr Paul Schutz
Urban Ward - 2019*



*Cr Murray Fisher
Rural Ward - 2019*



*Cr Clive Bartron
Urban Ward - 2017*



*Cr Brian Seale
Urban Ward - 2017*



*Cr Geoff Ballard
Rural Ward - 2017)*

Note the Shire President is directly elected by electors and not by other Councillors.

Elections are held biennially on the third Saturday in October and the next ordinary election is 21 October 2017. These elections are subject to electoral procedures as governed by the *Local*

Government Act 1995. Voting at these elections is not compulsory and the 2017 election will be conducted by a postal election run by the Electoral Commission.

Council Meetings are held on the fourth Tuesday of each month and are open to the public. Minutes of the meetings are available on the Shire of Narrogin website www.narrogin.wa.gov.au.

SHIRE OF NARROGIN
BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	4,670,116	4,559,085	4,510,697
Operating grants, subsidies and contributions	15	3,123,870	5,388,298	3,702,902
Fees and charges	14	1,539,930	1,770,584	1,659,720
Service charges	11	0	0	0
Interest earnings	2(a)	167,100	202,341	182,100
Other revenue	2(a)	129,500	127,510	138,584
		<u>9,630,516</u>	<u>12,047,818</u>	<u>10,194,003</u>
Expenses				
Employee costs		(5,225,265)	(4,662,005)	(5,015,674)
Materials and contracts		(3,591,684)	(2,882,011)	(4,169,323)
Utility charges		(632,842)	(640,614)	(705,537)
Depreciation on non-current assets	2(a)	(2,480,898)	(2,522,841)	(2,299,553)
Interest expenses	2(a)	(51,651)	(56,724)	(75,851)
Insurance expenses		(229,838)	(287,792)	(283,943)
Other expenditure		(494,915)	(4,160,050)	(3,653,696)
		<u>(12,707,093)</u>	<u>(15,212,037)</u>	<u>(16,203,577)</u>
		(3,076,577)	(3,164,219)	(6,009,574)
Non-operating grants, subsidies and contributions	15	1,365,310	1,439,802	1,721,744
Profit on asset disposals	6	2,000	0	1,500
Loss on asset disposals	6	(56,965)	(398,304)	(306,206)
Loss on revaluation of non current assets		0	0	0
Net result		<u>(1,766,232)</u>	<u>(2,122,721)</u>	<u>(4,592,536)</u>
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>(1,766,232)</u></u>	<u><u>(2,122,721)</u></u>	<u><u>(4,592,536)</u></u>

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

SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue (refer notes 1,2,8,10 to 15)				
Governance		5,100	159,597	96,100
General purpose funding		5,937,241	8,271,925	6,993,945
Law, order, public safety		35,838	46,305	35,797
Health		5,500	8,329	7,500
Education and welfare		1,275,024	1,349,210	1,263,386
Housing		12,200	12,900	13,000
Community amenities		1,006,256	1,163,150	978,119
Recreation and culture		260,620	226,821	149,895
Transport		704,106	278,627	291,404
Economic services		242,378	299,879	248,194
Other property and services		146,253	231,075	116,663
		<u>9,630,516</u>	<u>12,047,818</u>	<u>10,194,003</u>
Expenses excluding finance costs (refer notes 1, 2 & 16)				
Governance		(598,201)	(1,197,282)	(1,681,222)
General purpose funding		(204,758)	(192,303)	(177,867)
Law, order, public safety		(475,559)	(304,727)	(427,553)
Health		(202,407)	(131,678)	(194,492)
Education and welfare		(1,722,909)	(5,297,783)	(5,473,881)
Housing		(32,172)	(22,984)	(31,874)
Community amenities		(1,424,149)	(1,180,454)	(1,430,177)
Recreation and culture		(3,045,058)	(2,404,219)	(2,658,252)
Transport		(4,219,100)	(3,568,309)	(3,275,900)
Economic services		(701,129)	(574,619)	(748,107)
Other property and services		(30,000)	(280,955)	(28,401)
		<u>(12,655,442)</u>	<u>(15,155,313)</u>	<u>(16,127,726)</u>
Finance costs (refer notes 2 & 7)				
Governance		(15,305)	(16,888)	(18,185)
Recreation and culture		(26,361)	(29,014)	(30,409)
Transport		(2,279)	(4,929)	(4,767)
Economic services		(7,706)	(5,893)	(22,490)
Other property and services		0	0	0
		<u>(51,651)</u>	<u>(56,724)</u>	<u>(75,851)</u>
		<u>(3,076,577)</u>	<u>(3,164,219)</u>	<u>(6,009,574)</u>
Non-operating grants, subsidies and contributions	15	1,365,310	1,439,802	1,721,744
Profit on disposal of assets	6	2,000	0	1,500
(Loss) on disposal of assets	6	(56,965)	(398,304)	(306,206)
Loss on revaluation of non current assets		0	0	0
		<u>1,310,345</u>	<u>1,041,498</u>	<u>1,417,038</u>
Net result		(1,766,232)	(2,122,721)	(4,592,536)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		<u>(1,766,232)</u>	<u>(2,122,721)</u>	<u>(4,592,536)</u>

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

**SHIRE OF NARROGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,730,116	4,453,983	4,814,219
Operating grants, subsidies and contributions		3,098,870	5,992,875	4,079,317
Fees and charges		1,539,930	2,170,584	1,659,720
Service charges		0	0	0
Interest earnings		167,100	202,341	182,100
Goods and services tax		1,300,000	1,235,493	702,836
Other revenue		129,500	127,510	138,584
		<u>10,965,516</u>	<u>14,182,786</u>	<u>11,576,776</u>
Payments				
Employee costs		(5,224,965)	(4,331,503)	(5,090,633)
Materials and contracts		(3,583,284)	(3,112,555)	(3,693,549)
Utility charges		(632,842)	(640,614)	(705,537)
Interest expenses		(51,151)	(56,267)	(78,226)
Insurance expenses		(229,838)	(287,792)	(283,943)
Goods and services tax		(1,300,000)	(1,300,000)	(1,350,000)
Other expenditure		(494,915)	(4,160,050)	(3,653,696)
		<u>(11,516,995)</u>	<u>(13,888,781)</u>	<u>(14,855,584)</u>
Net cash provided by (used in) operating activities	3(b)	<u>(551,479)</u>	<u>294,005</u>	<u>(3,278,808)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(1,760,171)	(1,607,977)	(2,501,939)
Payments for construction of infrastructure	5	(2,106,322)	(2,704,497)	(3,728,356)
Non-operating grants, subsidies and contributions used for the development of assets		1,365,310	1,439,802	1,721,744
Proceeds from sale of plant & equipment	6	117,000	564,991	598,145
Net cash provided by (used in) investing activities		<u>(2,384,183)</u>	<u>(2,307,681)</u>	<u>(3,910,406)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7	(220,292)	(211,876)	(221,310)
Advances to community groups		0	0	0
Proceeds from self supporting loans		0	0	0
Proceeds from new borrowings	7	350,000	0	350,000
Net cash provided by (used in) financing activities		<u>129,708</u>	<u>(211,876)</u>	<u>128,690</u>
Net increase (decrease) in cash held		(2,805,954)	(2,225,552)	(7,060,524)
Cash at beginning of year		<u>6,916,784</u>	<u>9,142,336</u>	<u>10,182,102</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>4,110,830</u></u>	<u><u>6,916,784</u></u>	<u><u>3,121,578</u></u>

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

SHIRE OF NARROGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	<u>2,821,359</u>	<u>5,860,482</u>	<u>6,316,076</u>
		2,821,359	5,860,482	6,316,076
Revenue from operating activities (excluding rates)				
Governance		5,100	159,597	96,100
General purpose funding		1,275,325	3,744,699	2,483,248
Law, order, public safety		35,838	46,305	35,797
Health		5,500	8,329	7,500
Education and welfare		1,275,024	1,349,210	1,263,386
Housing		12,200	12,900	13,000
Community amenities		1,006,256	1,163,150	978,119
Recreation and culture		260,620	226,821	149,895
Transport		706,106	278,627	291,404
Economic services		242,378	299,879	249,694
Other property and services		<u>146,253</u>	<u>231,075</u>	<u>116,663</u>
		4,970,600	7,520,592	5,684,806
Expenditure from operating activities				
Governance		(613,506)	(1,224,245)	(1,707,907)
General purpose funding		(204,758)	(192,303)	(177,867)
Law, order, public safety		(475,559)	(310,651)	(427,553)
Health		(202,407)	(131,678)	(194,492)
Education and welfare		(1,722,909)	(5,310,848)	(5,492,981)
Housing		(32,172)	(22,984)	(31,874)
Community amenities		(1,424,149)	(1,186,839)	(1,435,677)
Recreation and culture		(3,071,419)	(2,433,233)	(2,688,661)
Transport		(4,278,344)	(3,661,071)	(3,289,313)
Economic services		(708,835)	(844,110)	(1,025,957)
Other property and services		<u>(30,000)</u>	<u>(292,379)</u>	<u>(37,501)</u>
		(12,764,058)	(15,610,341)	(16,509,783)
Operating activities excluded from budget				
(Profit) on asset disposals	6	(2,000)	0	(1,500)
Loss on disposal of assets	6	56,965	398,304	306,206
Depreciation on assets	2(a)	2,480,898	2,522,841	2,299,553
Adjustment for Old Shire Figures in Net Current assets		0	51,922	0
Movement in deferred pensioner rates (non-current)		0	(40,191)	0
Movement in leave reserve added back		0	3,375	0
Movement in employee benefit provisions (non-current)		<u>0</u>	<u>(95,494)</u>	<u>0</u>
Amount attributable to operating activities		(2,436,236)	611,490	(1,904,642)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	15	1,365,310	1,439,802	1,721,744
Purchase land held for resale	5	0	0	0
Purchase property, plant and equipment	5	(1,760,171)	(1,607,977)	(2,501,939)
Purchase and construction of infrastructure	5	(2,106,322)	(2,704,497)	(3,728,356)
Proceeds from disposal of assets	6	<u>117,000</u>	<u>564,991</u>	<u>598,145</u>
Amount attributable to investing activities		(2,384,183)	(2,307,681)	(3,910,406)
FINANCING ACTIVITIES				
Repayment of borrowings	7	(220,292)	(211,876)	(221,310)
Proceeds from new borrowings	7	350,000	0	350,000
Proceeds from self supporting loans		0	0	0
Transfers to cash backed reserves (restricted assets)	9	(838,823)	(641,872)	(295,737)
Transfers from cash backed reserves (restricted assets)	9	<u>867,618</u>	<u>844,072</u>	<u>1,471,398</u>
Amount attributable to financing activities		158,503	(9,676)	1,304,351
Budgeted deficiency before general rates		(4,661,916)	(1,705,867)	(4,510,697)
Estimated amount to be raised from general rates	8	<u>4,661,916</u>	<u>4,527,226</u>	<u>4,510,697</u>
Net current assets at end of financial year - surplus/(deficit)	4	<u><u>0</u></u>	<u><u>2,821,359</u></u>	<u><u>0</u></u>

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also 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.

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.

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 17 to the budget.

(b) 2016/17 actual balances

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding off figures

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

(d) Comparative figures

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

(e) 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Forecast fair value adjustments

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

(g) Rates, grants, donations and other contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Narrogin obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

(h) 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.

(i) 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.

(j) 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 4 - Net Current Assets.

(k) 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

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.

(m) Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations* were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire of Narrogin commenced the process of adopting fair value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at fair value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire of Narrogin revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire of Narrogin includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

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.

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
Water supply piping & drainage systems	50 to 75 years

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.

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.

Capitalisation Threshold

Expenditure or revaluation on items under the capitalisation threshold will not be capitalised. Rather, it is recorded on an asset inventory listing.

Plant, property and equipment (excluding buildings) \$5,000 or greater, and buildings and infrastructure items \$10,000 or greater.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities

When performing a revaluation, the Shire of Narrogin uses a mix of both independent and management valuations using the following as a guide:

Fair value is the price that the Shire of Narrogin would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire of Narrogin selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire of Narrogin are consistent with one or more of the following valuation approaches:

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities (continued)

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire of Narrogin gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire of Narrogin becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Narrogin commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire of Narrogin management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire of Narrogin no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(p) Impairment of assets

In accordance with Australian Accounting Standards the Shire of Narrogin assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of assets (continued)

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(q) 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.

(r) Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire of Narrogin's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Narrogin does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Provisions

Provisions are recognised when the Shire of Narrogin 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.

(u) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire of Narrogin, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(v) Investment in associates

An associate is an entity over which the Shire of Narrogin has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire of Narrogin's share of net assets of the associate. In addition, the Shire of Narrogin's share of the profit or loss of the associate is included in the

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire of Narrogin's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investment in associates (continued)

Profits and losses resulting from transactions between the Shire of Narrogin and the associate are eliminated to the extent of the Shire of Narrogin's interest in the associate.

When the Shire of Narrogin's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Narrogin discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire of Narrogin will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.

(x) 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. Refer to note 1(o) for a description of the equity method of accounting.

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 Narrogin's interests, in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 20.

(y) Current and non-current classification

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
2. REVENUES AND EXPENSES			
(a) Net result			
The net result includes:			
Charging as an expense:			
(i) Auditors remuneration			
Audit services	30,750	19,395	30,750
Depreciation by program			
Governance	19,406	19,564	27,092
General purpose funding	0	0	0
Law, order, public safety	3,731	3,689	19,656
Health	0	0	0
Education and welfare	49,109	49,057	37,553
Housing	3,204	3,200	8,015
Community amenities	12,247	12,233	11,718
Recreation and culture	515,144	515,108	514,195
Transport	1,543,959	1,542,039	1,088,840
Economic services	47,882	47,639	50,452
Other property and services	286,216	330,312	542,032
	<u>2,480,898</u>	<u>2,522,841</u>	<u>2,299,553</u>
Depreciation by asset class			
Land and buildings	598,560	608,679	629,510
Furniture and equipment	20,872	21,225	70,637
Plant and equipment	297,650	302,682	540,019
Roads	1,318,226	1,340,513	894,479
Footpaths	49,153	49,984	40,303
Drainage	90,962	92,500	71,285
Parks and ovals	32,082	32,624	0
Other	73,393	74,634	53,320
	<u>2,480,898</u>	<u>2,522,841</u>	<u>2,299,553</u>
Interest expenses (finance costs)			
- Borrowings (refer note 7(a))	51,651	56,724	75,851
	<u>51,651</u>	<u>56,724</u>	<u>75,851</u>
(ii) Crediting as revenues:			
Interest earnings			
Investments			
- Reserve funds	75,000	79,943	75,000
- Other funds	50,000	102,062	52,000
Other interest revenue (refer note 12)	42,100	20,336	55,100
	<u>167,100</u>	<u>202,341</u>	<u>182,100</u>
(iii) Other revenue			
Reimbursements and recoveries	0	0	0
Other	129,500	127,510	138,584
	<u>129,500</u>	<u>127,510</u>	<u>138,584</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

2. REVENUES AND EXPENSES (Continued)

(b) Statement of objective

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.

COMMUNITY VISION

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.

GOVERNANCE

Objective:

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

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.

GENERAL PURPOSE FUNDING

Objective:

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

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

To provide housing to senior employees.

Activities:

Provision of staff housing.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

2. REVENUES AND EXPENSES (Continued)

(b) Statement of objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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 town planning scheme, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To provide recreational and cultural services to the community.

Activities:

Maintain public halls, civic centres, aquatic centre, recreational centre and various sporting facilities, Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To promote the Town and its economic wellbeing.

Activities:

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

OTHER PROPERTY & SERVICES

Objective:

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

Activities:

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

3. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - unrestricted	154,773	2,931,932	0
Cash - restricted	3,956,057	3,984,852	3,121,578
	<u>4,110,830</u>	<u>6,916,784</u>	<u>3,121,578</u>

The following restrictions have been imposed by regulation or other externally imposed requirements:

Refuse Reserve (*)	418,384	428,322	329,663
Emergency Services Reserve	0	0	0
Aged Care Development Reserve	0	0	0
J Hogg Memorial Reserve	0	0	0
Community Assisted Transport (CATS) Vehicle Repl	5,452	5,352	3,657
Building Reserve (*)	516,538	556,072	135,902
Employee Entitlement Reserve (*)	420,109	372,364	416,167
Plant, Vehicle & Equipment Reserve (*)	570,859	393,454	388,340
Economic Development Reserve	151,799	148,995	148,741
Narrogin Regional Leisure Centre (NRLC) Reserve	264,091	180,690	180,471
Tourism & Area Promotion reserve	75,362	73,970	54,429
HACC Reserve	606,476	596,761	649,577
CHCP Reserve	140,810	202,894	259,407
CHSP Reserve	176,067	129,034	93,860
It & Office Equipment Reserve (*)	66,030	15,734	15,684
Road Construction Reserve (**)	293,683	445,302	337,226
Asset Valuation Reserve	30,565	30,000	30,000
Unspent Grants & Contributions Reserve	219,832	405,908	78,453
	0	0	0
	0	0	0
	<u>3,956,057</u>	<u>3,984,852</u>	<u>3,121,577</u>

(b) Reconciliation of net cash provided by operating activities to net result

Net result	(1,766,232)	(2,122,721)	(4,592,536)
Depreciation	2,480,898	2,522,841	2,299,553
(Profit)/loss on sale of asset	54,965	398,304	304,706
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	35,000	2,752	732,773
(Increase)/decrease in inventories	5,000	(13,775)	8,828
Increase/(decrease) in payables	4,200	674,748	(310,388)
Increase/(decrease) in employee provisions	0	271,658	0
Grants/contributions for the development of assets	(1,365,310)	(1,439,802)	(1,721,744)
Net cash from operating activities	<u>(551,479)</u>	<u>294,005</u>	<u>(3,278,808)</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

3. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
(c) 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	0	0
Total amount of credit unused	<u>415,000</u>	<u>415,000</u>	<u>415,000</u>
 Loan facilities			
Loan facilities in use at balance date	<u>1,275,726</u>	<u>1,146,018</u>	<u>1,504,939</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2017/18 Budget \$	2016/17 Actual \$
4. NET CURRENT ASSETS			

Composition of estimated net current assets

Current assets

Cash - unrestricted	3(a)	154,773	2,931,932
Cash - restricted reserves	3(a)	3,956,057	3,984,852
Receivables		529,593	564,593
Inventories		8,775	13,775
		<u>4,649,198</u>	<u>7,495,152</u>

Less: current liabilities

Trade and other payables		(220,389)	(216,189)
Short term borrowings		0	0
Long term borrowings		(372,078)	(242,370)
Provisions		(845,116)	(845,116)
		<u>(1,437,583)</u>	<u>(1,303,675)</u>

Unadjusted net current assets

3,211,615 **6,191,477**

Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with *Local Government (Financial Management) Regulation 32* as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.

Adjustments

Less: Cash - restricted reserves	3(a)	(3,956,057)	(3,984,852)
Less: Land held for resale		0	0
Less: Current loans - clubs / institutions		0	0
Add: Current portion of borrowings		372,078	242,370
Add: Current liabilities not expected to be cleared at end of year		372,364	372,364
Adjusted net current assets - surplus/(deficit)		<u><u>0</u></u>	<u><u>2,821,359</u></u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

5. ACQUISITION OF ASSETS

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

Asset class	Reporting program											2017/18 Budget total \$	2016/17 Actual 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 and buildings	40,119				59,000	20,000	20,000	261,500	30,000	502,939	80,000	1,013,558	862,341
Furniture and equipment					10,000			20,000				30,000	52,346
Plant and equipment			111,613					70,000	525,000	10,000		716,613	693,290
	40,119	0	111,613	0	69,000	20,000	20,000	351,500	555,000	512,939	80,000	1,760,171	1,607,977
<i>Infrastructure</i>													
Roads									1,160,355			1,160,355	2,014,327
Footpaths									66,000			66,000	48,272
Drainage									30,000			30,000	0
Parks and ovals													14,028
Other			2,944				393,023	294,000	132,000	28,000		849,967	627,870
	0	0	2,944	0	0	0	393,023	294,000	1,388,355	28,000	0	2,106,322	2,704,497
Total acquisitions	40,119	0	114,557	0	69,000	20,000	413,023	645,500	1,943,355	540,939	80,000	3,866,493	4,312,474

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:
- Statement of Estimated Capital Expenditure for the Period 1 July 2017 to 30 June 2018

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

6. DISPOSALS OF ASSETS

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

By Program

	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
	\$	\$	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Governance		0	0	0	0	(10,075)	0	(8,500)
Law,order, public safety		0	0	0	0	(5,924)	0	0
Education and welfare		0	0	0	0	(13,065)	0	(19,100)
Community amenities		0	0	0	0	(6,385)	0	(5,500)
Transport	171,965	117,000	2,000	(56,965)	0	(87,833)	0	(8,646)
Economic services		0	0	0	0	(263,598)	1,500	(255,360)
Other property and services		0	0	0	0	(11,424)	0	(9,100)
	171,965	117,000	2,000	(56,965)	0	(398,304)	1,500	(306,206)

By Class

	Net book value	Sale proceeds	2017/18 Budget	
	\$	\$	Profit	Loss
	\$	\$	\$	\$
Plant and equipment	171,965	117,000	2,000	(56,965)
	171,965	117,000	2,000	(56,965)

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document as follows:
- Statement of Estimated Capital Expenditure for the Period 1 July 2017 to 30 June 2018

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 1-Jul-17	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Governance								
Loan 125 - Corporate Software & Server Upgrade	46,953		46,953	45,428	0	46,953	1,626	3,296
Loan 128 - Administration Building Extension	410,216		40,862	39,784	369,354	410,216	13,679	13,592
Recreation and culture								
Loan 49 - Narrogin Regional Leisure Centre (*)			0	9,972	0	0	0	322
Loan 121B _ Narrogin Regional Leisure Centre	317,636		46,031	39,805	271,605	317,636	18,344	19,571
Loan 126 - Town Hall Renovations	181,540		27,440	26,411	154,100	181,540	8,017	9,121
Transport								
Loan 51 - Shire Depot (*)	35,004		35,004	32,617	0	35,004	2,280	4,929
Economic services								
Loan 124 - Commercial Property	13,844		13,844	13,054	0	13,844	549	1,506
Loan 127 - Industrial Land	140,825		10,158	4,805	130,667	140,825	7,156	4,387
Loan 129 - Accommodation Units		350,000	0	0	350,000	0	0	0
	1,146,018	350,000	220,292	211,876	1,275,726	1,146,018	51,651	56,724

(*) Loans was transferred to the Shire on the 1 July 2016 as a result of the merger.
All borrowing repayments will be financed by general purpose revenue.

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

7. INFORMATION ON BORROWINGS (Continued)

(b) New borrowings - 2017/18

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate %	Amount borrowed budget \$	Total interest & charges \$	Amount used budget \$	Balance unspent \$
Loan 129 - Accommodation Units (NCP)	WATC	Debenture	10	2.65	350,000	50,798	350,000	0
					350,000	50,798	350,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

(d) Overdraft

The Shire has not utilised an overdraft facility during the financial year although an overdraft facility of \$400,000 with the National Australia Bank does exist. It is not anticipated that this facility will be required to be utilised during 2017/18.

(e) Credit Card Facility

Council's Credit Card Facility with National Australia Bank remains unchanged at \$15,000. It is expected the current credit limit of \$15,000 will remain unchanged during 2017/18 financial year.

AASB 101.10(e)
AASB 101.51
AASB 101.112

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

LGA S6.2(4)(b)
FM Reg 23(a)

8. RATING INFORMATION

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2017/18 Budgeted rate revenue \$	2017/18 Budgeted interim rates \$	2017/18 Budgeted back rates \$	2017/18 Budgeted total revenue \$	2016/17 Actual \$
Differential general rate or general rate								
GRV								
Urban	0.106172	1,699	28,531,352	3,029,231			3,029,231	2,971,572
Rural	0.061938	71	1,196,000	74,078			74,078	60,600
General Rate								
UV								
	0.005990	335	162,864,000	975,555			975,555	942,340
Sub-Totals		2,105	192,591,352	4,078,864	0	0	4,078,864	3,974,512
Minimum payment								
GRV								
Urban	1062	444	3,245,025	471,528			471,528	460,122
Rural - Highbury	653	11	82,799	7,183			7,183	22,505
Rural	691	16	105,720	11,056			11,056	
UV								
	691	135	10,885,900	93,285			93,285	70,087
Sub-Totals		606	14,319,444	583,052	0	0	583,052	552,714
		2,711	206,910,796	4,661,916	0	0	4,661,916	4,527,226
Discounts/concessions (Refer note 13)							0	0
Total amount raised from general rates							4,661,916	4,527,226
Specified area rates (Refer note 10)							0	0
Ex Gratia Rates							8,200	8,127
Movement in Excess Rates							0	23,732
Total rates							4,670,116	4,559,085

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

8(a). RATING INFORMATION

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

The general rates detailed above for the 2017/18 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 the Local Government services/facilities.

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 former 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 formers Town of Narrogin Rate Payers.
GRV Rural	Properties that had former 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.	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 formers Town of Narrogin Rate Payers.

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

8(a). RATING INFORMATION

Differential minimum payment

Description	Characteristics	Objects	Reasons
GRV Urban	Properties that had former 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 formers Town of Narrogin Rate Payers.
GRV Rural	Properties that had former 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.	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 formers Town of Narrogin Rate Payers. The GRV Lesser Minimum is applicable to assessments in the Highbury townsite for the above reason.

8(b). REASON FOR CHANGE TO ADVERTISED DIFFERENTIAL RATES & MINIMUM PAYMENTS

The Shire had advertised its intention to levy the following differential rates:

GRV Urban	Rate in the dollar	\$0.106172
	Minimum Payment	\$1,062.00
	Lesser Minimum	\$653.00

GRV Rural	Rate in the dollar	\$0.061938
	Minimum Payment	\$691.00

The above advertised rating figures had been based on a 3.0% Natural general rate increase.

As the Shire was able to identify additional income and savings during budget deliberations, the advertised rate increase of 3.0% was reduced by 1.0%. The GRV Rural minimum payment was increased to be consistent with the requirements of the merger's Memorandum of Understanding (MOU) with regards to rating.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

9. CASH BACKED RESERVES

	2017/18 Budget Opening balance \$	2017/18 Budget Transfer to \$	2017/18 Budget Transfer (from) \$	2017/18 Budget Closing balance \$	2016/17 Actual Opening balance \$	2016/17 Actual Transfer to \$	2016/17 Actual Transfer (from) \$	2016/17 Actual Closing balance \$	2016/17 Budget Opening balance \$	2016/17 Budget Transfer to \$	2016/17 Budget Transfer (from) \$	2016/17 Budget Closing balance \$
Refuse Reserve (*)	428,322	88,062	(98,000)	418,384	420,327	7,995	0	428,322	420,327	7,336	(98,000)	329,663
Community Assisted Transport (CATS) Vehicle Replacement Reserve	5,352	100	0	5,452	9,001	179	(3,828)	5,352	9,000	157	(5,500)	3,657
Building Reserve (*)	556,072	60,466	(100,000)	516,538	231,855	324,217	0	556,072	231,855	54,047	(150,000)	135,902
Employee Entitlement Reserve (*)	372,364	47,745	0	420,109	368,990	47,782	(44,408)	372,364	368,990	47,177	0	416,167
Plant, Vehicle & Equipment Reserve (*)	393,454	417,405	(240,000)	570,859	312,879	80,575	0	393,454	312,879	75,461	0	388,340
Economic Development Reserve	148,995	2,804	0	151,799	146,190	2,805	0	148,995	146,190	2,551	0	148,741
Narrogin Regional Leisure Centre (NRLC) Reserve	180,690	83,401	0	264,091	147,890	32,800	0	180,690	147,890	32,581	0	180,471
Tourism & Area Promotion reserve	73,970	1,392	0	75,362	102,638	1,974	(30,642)	73,970	102,638	1,791	(50,000)	54,429
HACC Reserve	596,761	19,715	(10,000)	606,476	597,360	11,611	(12,210)	596,761	648,263	11,314	(10,000)	649,577
CHCP Reserve	202,894	3,819	(65,903)	140,810	246,487	5,112	(48,705)	202,894	268,717	4,690	(14,000)	259,407
CHSP Reserve	129,034	47,033	0	176,067	55,198	73,836	0	129,034	92,250	1,610	0	93,860
It & Office Equipment Reserve (*)	15,734	50,296	0	66,030	35,071	663	(20,000)	15,734	35,072	612	(20,000)	15,684
Road Construction Reserve (**)	445,302	8,381	(160,000)	293,683	437,336	7,966	0	445,302	437,336	7,633	(107,743)	337,226
Asset Valuation Reserve	30,000	565	0	30,565	0	30,000	0	30,000	0	30,000	0	30,000
Unspent Grants & Contributions Reserve	405,908	7,639	(193,715)	219,832	1,075,830	14,357	(684,279)	405,908	1,075,831	18,777	(1,016,155)	78,453
	<u>3,984,852</u>	<u>838,823</u>	<u>(867,618)</u>	<u>3,956,057</u>	<u>4,187,052</u>	<u>641,872</u>	<u>(844,072)</u>	<u>3,984,852</u>	<u>4,297,238</u>	<u>295,737</u>	<u>(1,471,398)</u>	<u>3,121,577</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

9. CASH BACKED RESERVES (Continued)

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	Purpose of the reserve
Refuse Reserve (*)	To fund infrastructure development and rehabilitation costs associates with the Town's tip site as well the purchase and development a regional waste facility.
Emergency Services Reserve	To fund the replacement and/or purchase of emergency service plant, property and equipment. (Closed)
Aged Care Development Reserve	To support the delivery of home/aged care services within the district including the purchase of plant and equipment and the relocation of Jessie house.
J Hogg Memorial Reserve	This Reserve was established from funds bequeathed to the Town by the Late Jessie Hogg. The purpose of this reserve is to fund community infrastructure development/enhancements. (Closed)
Community Assisted Transport (CATS) Vehicle Replacement Reserve	To fund the replacement /change over of the CATS vehicle.
Building Reserve (*)	To support the acquisition, upgrade or enhancements of buildings within the district.
Employee Entitlement Reserve (*)	To fund current and past employee's leave entitlements and redundancy payouts.
Plant, Vehicle & Equipment Reserve (*)	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
Economic Development Reserve	To fund economic development projects that will benefit the district.
Narrogin Regional Leisure Centre (NRLC) Reserve	To fund YMCA additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.
Tourism & Area Promotion reserve	For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
HACC Reserve	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.
CHCP Reserve	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.
CHSP Reserve	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.
It & Office Equipment Reserve (*)	To fund the purchase and upgrade of computer equipment (including data connection equipment), software and office equipment and CCTV.
Road Construction Reserve (**)	To fund roadworks (including Carparks, Drainage, Footpaths and Kerbing) and flood emergency.
Asset Valuation Reserve	To fund asset valuations.
Unspent Grants & Contributions Reserve	To store unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

10. SPECIFIED AREA RATE

The Shire does not plan to impose a specified area rate.

11. SERVICE CHARGES

The Shire does not plan to impose a service charge.

12. 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 %
1st Instalment	5/09/2017	0	0.00%	11.00%
2nd Instalment	7/11/2017	12	5.50%	11.00%
3rd Instalment	9/01/2018	12	5.50%	11.00%
4th Instalment	13/03/2018	12	5.50%	11.00%

	2017/18 Budget revenue \$	2016/17 Actual \$
Instalment plan admin charge revenue	21,100	26,055
Instalment plan interest earned	18,000	17,404
Unpaid rates interest earned	3,000	2,932
	42,100	46,391

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS

The Shire does not propose to offer an early rates payment discount.

The Shire will offer an early rate payment incentive scheme valued at \$3,364.

- 1st Prize will be valued at \$1,000,
- 2nd Prize will be to the value of \$500 , and
- 3rd Prize will be a double pass to Western Australian Symphony Orchestra (Valued at \$182)
- 4th Prize will be a double pass to Western Australian Symphony Orchestra (Valued at \$182)
- 5th to 19th Prize will be to the value of \$100 each.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$
14. FEES & CHARGES REVENUE		
Governance	100	575
General purpose funding	25,900	32,543
Law, order, public safety	16,000	25,421
Health	5,500	8,328
Education and welfare	137,929	157,759
Housing	12,200	12,900
Community amenities	1,003,256	1,132,180
Recreation and culture	19,000	27,336
Transport	2,504	0
Economic services	240,878	286,077
Other property and services	76,663	87,465
	<u>1,539,930</u>	<u>1,770,584</u>
15. GRANT REVENUE		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance	1,075,125	158,967
General purpose funding	5,000	3,479,299
Law, order, public safety	14,838	15,542
Health		0
Education and welfare	1,137,095	1,191,450
Housing		0
Community amenities	3,000	30,971
Recreation and culture	241,620	199,485
Transport	576,602	155,433
Economic services	1,000	13,541
Other property and services	69,590	143,610
	<u>3,123,870</u>	<u>5,388,298</u>
Non-operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	0	0
Law, order, public safety	100,000	282,526
Health	0	0
Education and welfare	24,000	45,249
Housing	0	0
Community amenities	0	0
Recreation and culture	294,460	20,000
Transport	946,850	1,092,027
Economic services	0	0
Other property and services	0	0
	<u>1,365,310</u>	<u>1,439,802</u>

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 Budget \$	2016/17 Actual \$
16. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and/or the President.		
Meeting fees	88,000	118,462
Mayor/President's allowance	23,500	12,333
Deputy Mayor/President's allowance	5,875	3,083
Travelling expenses	5,000	0
Telecommunications allowance	5,600	3,733
	127,975	137,612

17. TRUST FUNDS

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

Detail	Balance 1-Jul-17 \$	Estimated amounts received \$	Estimated amounts paid (\$)	Estimated balance 30-Jun-18 \$
Cultural Development	4,820	0	0	4,820
Public Open Space Bonds	72,599	0	0	72,599
Cross Over/Footpath	0	6,000	(6,000)	0
Music Society	300	0	0	300
Narrogin Abattoir Committee	480	0	0	480
Meat Inspection	1,990	0	0	1,990
Key Bond	3,450	0	0	3,450
Other	500	0	0	500
	84,139	6,000	(6,000)	84,139

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

18. MAJOR LAND TRANSACTIONS

The Shire does not anticipate undertaking any major land transactions.

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18.

20. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2017/18.