

SHIRE OF NARROGIN
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement by Program	7
Rates and Service Charges	8
Net Current Assets	12
Reconciliation of Cash	14
Fixed Assets	15
Asset Depreciation	17
Borrowings	18
Cash Backed Reserves	20
Fees and Charges	22
Grant Revenue	22
Other Information	23
Major Land Transactions	24
Trust	24
Significant Accounting Policies - Other	25

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	4,780,240	4,645,781	4,670,116
Operating grants, subsidies and contributions	9	3,334,682	4,915,104	3,123,870
Fees and charges	8	1,648,033	1,744,032	1,539,930
Interest earnings	10(a)	177,100	219,007	167,100
Other revenue	10(b)	140,155	725,360	129,500
		10,080,210	12,249,284	9,630,516
Expenses				
Employee costs		(5,631,002)	(5,144,530)	(5,225,265)
Materials and contracts		(3,766,178)	(3,253,767)	(3,591,684)
Utility charges		(669,066)	(633,737)	(632,842)
Depreciation on non-current assets	5	(2,508,848)	(2,487,208)	(2,480,898)
Interest expenses	10(d)	(41,325)	(51,651)	(51,651)
Insurance expenses		(250,411)	(251,493)	(229,838)
Other expenditure		(224,388)	(365,288)	(494,915)
		(13,091,218)	(12,187,674)	(12,707,093)
		(3,011,008)	61,610	(3,076,577)
Non-operating grants, subsidies and contributions	9	846,982	1,782,799	1,365,310
Profit on asset disposals	4(b)	14,305	45,183	2,000
Loss on asset disposals	4(b)	(138,058)	(68,291)	(56,965)
Net result		(2,287,779)	1,821,301	(1,766,232)
Other comprehensive income				
Total other comprehensive income		0	0	0
Total comprehensive income		(2,287,779)	1,821,301	(1,766,232)

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

FOR THE YEAR ENDED 30TH JUNE 2019

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.

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 14 to the budget.

2017/18 ACTUAL BALANCES

Balances shown in this budget as 2017/18 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

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. Exclude 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.

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.

REVENUES (CONTINUED)

FEES AND CHARGES

Revenues (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, rebates etc.

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2019**

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		5,100	49,518	5,100
General purpose funding		6,073,827	7,162,112	5,937,241
Law, order, public safety		52,070	55,983	35,838
Health		11,500	10,920	5,500
Education and welfare		1,503,752	1,480,096	1,275,024
Housing		11,700	9,834	12,200
Community amenities		1,058,504	1,268,396	1,006,256
Recreation and culture		98,854	151,433	260,620
Transport		915,496	1,586,139	704,106
Economic services		258,407	314,910	242,378
Other property and services		91,000	159,943	146,253
		10,080,210	12,249,284	9,630,516
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(660,911)	(534,685)	(598,201)
General purpose funding		(277,815)	(201,647)	(204,758)
Law, order, public safety		(616,412)	(457,176)	(475,559)
Health		(270,696)	(211,400)	(202,407)
Education and welfare		(1,790,640)	(1,522,589)	(1,722,909)
Housing		(34,294)	(34,863)	(32,172)
Community amenities		(1,498,653)	(1,335,183)	(1,424,149)
Recreation and culture		(2,870,879)	(2,319,786)	(3,045,058)
Transport		(4,340,358)	(4,673,280)	(4,219,100)
Economic services		(653,803)	(609,833)	(701,129)
Other property and services		(35,432)	(235,581)	(30,000)
		(13,049,893)	(12,136,023)	(12,655,442)
Finance costs	6, 10(d)			
Governance		(12,396)	(15,305)	(15,305)
Recreation and culture		(22,203)	(26,361)	(26,361)
Transport		(90)	(2,279)	(2,279)
Economic services		(6,636)	(7,706)	(7,706)
		(41,325)	(51,651)	(51,651)
		(3,011,008)	61,610	(3,076,577)
Non-operating grants, subsidies and contributions	9	846,982	1,782,799	1,365,310
Profit on disposal of assets	4(b)	14,305	45,183	2,000
(Loss) on disposal of assets	4(b)	(138,058)	(68,291)	(56,965)
Net result		(2,287,779)	1,821,301	(1,766,232)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(2,287,779)	1,821,301	(1,766,232)

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

FOR THE YEAR ENDED 30TH JUNE 2019

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.

COMMUNITY VISION

Council operations as disclosed in this budget encompass the following service orientate activities/programs:

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the effective allocation for scarce resources.	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	To collect revenue to allow for the provisions of infrastructure and services	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community	Supervision and enforcement of various local laws, fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Inspect food outlets and their control, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to the disadvantaged, the elderly, children and youth.	Preschool and other education, children and youth services, elderly and disadvantaged, senior citizens services.
HOUSING	To provide housing to senior employees.	Provision of staff housing.
COMMUNITY AMENITIES	To provide services required by the community.	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	To provide recreational and cultural services to the community.	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.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construct and maintenance of roads, streets, footpaths, depots parking facilities. Purchase of plant and equipment.
ECONOMIC SERVICES	To promote the Town and its economic wellbeing.	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 AND SERVICES	To monitor and control the Town's overheads operation accounts and town planning scheme.	Private works operation, plant repair and operation costs, administration overheads, community development overheads and gross salary and wages.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,830,240	4,628,430	4,730,116
Operating grants, subsidies and contributions		4,134,682	4,018,117	3,098,870
Fees and charges		1,648,033	1,744,032	1,539,930
Interest earnings		177,100	219,007	167,100
Goods and services tax		0	13,359	1,300,000
Other revenue		140,155	725,360	129,500
		10,930,210	11,348,305	10,965,516
Payments				
Employee costs		(5,631,002)	(5,112,312)	(5,224,965)
Materials and contracts		(3,739,178)	(3,218,052)	(3,583,284)
Utility charges		(669,066)	(633,737)	(632,842)
Interest expenses		(41,325)	(51,651)	(51,151)
Insurance expenses		(250,411)	(251,493)	(229,838)
Goods and services tax		0	0	(1,300,000)
Other expenditure		(224,388)	(365,288)	(494,915)
		(10,555,370)	(9,632,533)	(11,516,995)
Net cash provided by (used in) operating activities	3	374,840	1,715,772	(551,479)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(2,809,584)	(1,786,432)	(1,760,171)
Payments for construction of infrastructure	4(a)	(2,379,347)	(1,892,358)	(2,106,322)
Non-operating grants, subsidies and contributions used for the development of assets	9	846,982	1,782,799	1,365,310
Proceeds from sale of plant & equipment	4(b)	742,571	481,897	117,000
Net cash provided by (used in) investing activities		(3,599,378)	(1,414,094)	(2,384,183)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(129,978)	(220,293)	(220,292)
Proceeds from new borrowings	6(b)	350,000	0	350,000
Net cash provided by (used in) financing activities		220,022	(220,293)	129,708
Net increase (decrease) in cash held		(3,004,516)	81,385	(2,805,954)
Cash at beginning of year		7,056,233	6,974,848	6,916,784
Cash and cash equivalents at the end of the year	3	4,051,717	7,056,233	4,110,830

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	3,686,158	2,930,417	2,821,359
		3,686,158	2,930,417	2,821,359
Revenue from operating activities (excluding rates)				
Governance		5,100	49,518	5,100
General purpose funding		1,293,587	2,531,832	1,275,325
Law, order, public safety		52,070	55,983	35,838
Health		11,500	10,920	5,500
Education and welfare		1,505,434	1,480,096	1,275,024
Housing		11,700	9,834	12,200
Community amenities		1,058,504	1,268,569	1,006,256
Recreation and culture		98,854	151,433	260,620
Transport		924,095	1,630,187	706,106
Economic services		258,407	314,910	242,378
Other property and services		95,024	160,905	146,253
		5,314,275	7,664,187	4,970,600
Expenditure from operating activities				
Governance		(673,307)	(549,990)	(613,506)
General purpose funding		(277,815)	(201,647)	(204,758)
Law, order, public safety		(621,664)	(469,729)	(475,559)
Health		(270,696)	(211,400)	(202,407)
Education and welfare		(1,808,377)	(1,528,039)	(1,722,909)
Housing		(34,294)	(34,863)	(32,172)
Community amenities		(1,501,758)	(1,339,565)	(1,424,149)
Recreation and culture		(2,893,082)	(2,346,147)	(3,071,419)
Transport		(4,440,066)	(4,716,173)	(4,278,344)
Economic services		(660,439)	(617,539)	(708,835)
Other property and services		(47,778)	(240,873)	(30,000)
		(13,229,276)	(12,255,965)	(12,764,058)
Operating activities excluded from budget				
(Profit) on asset disposals	4(b)	(14,305)	(45,183)	(2,000)
Loss on disposal of assets	4(b)	138,058	68,291	56,965
Depreciation on assets	5	2,508,848	2,487,208	2,480,898
Movement in employee benefit provisions (non-current)		0	21,848	0
Amount attributable to operating activities		(1,596,242)	870,803	(2,436,236)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	846,982	1,782,799	1,365,310
Purchase property, plant and equipment	4(a)	(2,809,584)	(1,786,432)	(1,760,171)
Purchase and construction of infrastructure	4(a)	(2,379,347)	(1,892,358)	(2,106,322)
Proceeds from disposal of assets	4(a)	742,571	481,897	117,000
Amount attributable to investing activities		(3,599,378)	(1,414,094)	(2,384,183)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(129,978)	(220,293)	(220,292)
Proceeds from new borrowings	6(b)	350,000	0	350,000
Transfers to cash backed reserves (restricted assets)	7(a)	(838,009)	(1,374,503)	(838,823)
Transfers from cash backed reserves (restricted assets)	7(a)	1,033,367	1,193,965	867,618
Amount attributable to financing activities		415,380	(400,831)	158,503
Budgeted deficiency before general rates		(4,780,240)	(944,122)	(4,661,916)
Estimated amount to be raised from general rates	1	4,780,240	4,630,280	4,661,916
Net current assets at end of financial year - surplus/(deficit)	2	0	3,686,158	0

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

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
General Rate								
GRV					0	0		0
Urban	0.108295	1,696	28,360,768	3,071,329	0	0	3,071,329	2,996,820
Rural	0.067463	77	1,284,140	86,632	0	0	86,632	74,078
UV								
General	0.005970	312	168,308,000	1,004,800	0	0	1,004,800	975,639
Sub-Totals		2,085	197,952,908	4,162,761	0	0	4,162,761	4,046,537
Minimum payment	Minimum							
	\$							
GRV					0	0		0
Urban	1,083	443	3,235,865	479,769	0	0	479,769	471,528
Rural - Highbury	682	8	52,119	5,456	0	0	5,456	7,183
Rural	743	18	384,170	13,374	0	0	13,374	11,056
UV								
General	743	160	13,643,900	118,880	0	0	118,880	93,976
Sub-Totals		629	17,316,054	617,479	0	0	617,479	583,743
		2,714	215,268,962	4,780,240	0	0	4,780,240	4,630,280
Discounts/concessions (Refer note 1(g))							0	0
Total amount raised from general rates							4,780,240	4,630,280
Specified area rates (Refer note 1(e))							0	0
Ex-Gratia Rates							0	8,274
Movement in Excess Rates							0	7,227
Total rates							4,780,240	4,645,781

All land (other than 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 for the 2018/19 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 rate(s) has/have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
1st Instalment	5/09/2018	0	0.00%	11.00%
2nd Instalment	7/11/2018	17	5.50%	11.00%
3rd Instalment	9/01/2019	17	5.50%	11.00%
4th Instalment	13/03/2019	17	5.50%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	30,000	34,150
Instalment plan interest earned	18,000	16,232
Unpaid rates and service charge interest earned	35,000	42,213
	83,000	92,595

(c) 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.

(d) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.

Differential general rate or general rate		Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
GRV Urban	Rate in the dollar	0.110419	0.108295	As the Shire was able to identify additional income and savings during budget deliberations, the advertised rate increase of 4% was reduced by 2%.
GRV Rural	Rate in the dollar	0.68702	0.67463	
Minimum payment		Proposed Minimum \$	Adopted Minimum \$	Reasons for the difference
GRV Urban	Minimum Payment	1104.00	1083.00	As the Shire was able to identify additional income and savings during budget deliberations, the advertised rate increase of 4% was reduced by 2%.
GRV Urban	Lesser Minimum	695.00	682.00	
GRV Rural	Minimum Payment	757.00	743.00	

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Service Charges

The Shire did not raise service charges for the year ended 30th June 2019.

(g) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Disc % or Amount (\$)	2018/19 Budget	2017/18 Actual	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%	\$	\$	Per Lease Agreement	Support for not for Profit

The Shire will offer an early rate payment incentive scheme valued at \$3,000.

1st Prize will be valued at \$1,000,
2nd Prize will be to the value of \$500 , and
3rd to 17th Prize will be to the value of \$100 each.

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

2. NET CURRENT ASSETS

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3	292,277	3,101,435
Cash - restricted reserves	3	3,759,440	3,954,798
Receivables		626,369	1,476,369
Inventories		196,328	198,328
		4,874,414	8,730,930
Less: current liabilities			
Trade and other payables		(480,157)	(455,157)
Long term borrowings		(220,022)	0
Provisions		(845,116)	(845,116)
		(1,545,295)	(1,300,273)
Unadjusted net current assets		3,329,119	7,430,657
Adjustments			
Less: Cash - restricted reserves	3	(3,759,440)	(3,954,798)
Less: Land held for resale		(177,273)	(177,273)
Add: Current portion of borrowings		220,022	0
Add: Current liabilities not expected to be cleared at end of year		387,572	387,572
Adjusted net current assets - surplus/(deficit)		0	3,686,158

Reason for Adjustments

The 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 above.

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire 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.

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.

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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.

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.

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

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:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Cash - unrestricted	292,277	3,101,435	154,773
Cash - restricted	3,759,440	3,954,798	3,956,057
	4,051,717	7,056,233	4,110,830
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Refuse Reserve	433,302	376,475	418,384
Community Assisted Transport (CATS) Vehicle Replacement Res	0	4,297	5,452
Building Reserve	498,626	686,182	516,538
Employee Entitlement Reserve	394,605	387,576	420,109
Plant, Vehicle & Equipment Reserve	322,541	333,984	570,859
Economic Development Reserve	173,323	152,014	151,799
Narrogin Regional Recreation Centre (NRRC) Reserve	268,656	214,761	264,091
Tourism & Area Promotion Reserve	76,838	75,469	75,362
HACC Reserve	658,659	784,351	606,476
CHCP Reserve	192,229	241,070	140,810
CHSP Reserve	152,375	160,970	176,067
It & Office Equipment Reserve	72,247	66,049	66,030
Road Construction Reserve	349,125	301,328	293,683
Asset Valuation Reserve	31,165	30,610	30,565
Unspent Grants & Contributions Reserve	40,903	44,816	219,832
Landcare Reserve	94,846	94,846	0
	3,759,440	3,954,798	3,956,057
Reconciliation of net cash provided by operating activities to net result			
Net result	(2,287,779)	1,821,301	(1,766,232)
Depreciation	2,508,848	2,487,208	2,480,898
(Profit)/loss on sale of asset	123,753	23,108	54,965
(Increase)/decrease in receivables	850,000	(900,979)	35,000
(Increase)/decrease in inventories	2,000	(7,280)	5,000
Increase/(decrease) in payables	25,000	75,212	4,200
Increase/(decrease) in employee provisions	0	1	0
Grants/contributions for the development of assets	(846,982)	(1,782,799)	(1,365,310)
Net cash from operating activities	374,840	1,715,772	(551,479)

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program										2018/19 Budget total	2017/18 Actual total	
	Governanc e	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>													
Buildings - non-specialised	190,060	0	8,236	0	50,500	0	125,000	393,356	0	557,887	0	1,325,039	374,866
Furniture and equipment	20,000	0	0	0	24,000	0	0	27,210	0	0	0	71,210	3,418
Plant and equipment	0	0	92,606	21,000	114,500	0	117,265	7,500	778,642	10,000	271,822	1,413,335	1,408,148
	210,060	0	100,842	21,000	189,000	0	242,265	428,066	778,642	567,887	271,822	2,809,584	1,786,432
<i>Infrastructure</i>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	1,632,644	0	0	1,632,644	1,153,443
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	69,000	0	0	69,000	88,422
Infrastructure - Other	0	0	0	0	0	0	137,288	276,826	140,000	90,000	0	644,114	627,153
Infrastructure - Drainage	0	0	0	0	0	0	0	0	33,589	0	0	33,589	23,340
	0	0	0	0	0	0	137,288	276,826	1,875,233	90,000	0	2,379,347	1,892,358
Total acquisitions	210,060	0	100,842	21,000	189,000	0	379,553	704,892	2,653,875	657,887	271,822	5,188,931	3,678,790

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	Net book	Sale	2018/19 Budget		2017/18 Actual		2017/18 Budget	
	value	proceeds	Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Law, order, public safety	22,252	17,000	0	(5,252)	0	(12,553)	0	0
Education and welfare	54,237	38,182	1,682	(17,737)	0	(5,450)	0	0
Community amenities	102,870	99,765	0	(3,105)	173	(4,382)	0	0
Transport	452,661	361,642	8,599	(99,618)	44,048	(40,614)	2,000	(56,965)
Other property and services	234,304	225,982	4,024	(12,346)	962	(5,292)	0	0
	866,324	742,571	14,305	(138,058)	45,183	(68,291)	2,000	(56,965)
By Class								
<i>Property, Plant and Equipment</i>								
Plant and equipment	866,324	742,571	14,305	(138,058)	45,183	(68,291)	2,000	(56,965)
	866,324	742,571	14,305	(138,058)	45,183	(68,291)	2,000	(56,965)

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

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 - Other
Infrastructure - Water supply
Infrastructure - Drainage
Infrastructure - Parks and Ovals

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
	31,569	32,563	19,406
	56,157	52,964	3,731
	46,346	46,816	49,109
	4,815	4,864	3,204
	14,870	15,020	12,247
	458,788	464,025	515,144
	1,460,461	1,475,329	1,543,959
	49,712	50,217	47,882
	386,130	345,410	286,216
	<u>2,508,848</u>	<u>2,487,208</u>	<u>2,480,898</u>
	592,952	587,838	598,560
	38,400	38,069	20,872
	352,633	349,591	297,650
	1,278,335	1,267,309	1,318,226
	47,512	47,102	49,153
	81,878	81,172	73,393
	0	0	0
	85,636	84,897	90,962
	31,502	31,230	32,082
	<u>2,508,848</u>	<u>2,487,208</u>	<u>2,480,898</u>

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 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.

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.

DEPRECIATION (CONTINUED)

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 system	50 to 75 years

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Governance								
Loan 125 - Corporate Software & Server Upgrade	0	0	0	46,953	0	0	0	1,626
Loan 128 - Administration Building Extension	348,510	0	41,968	40,862	306,541	348,510	12,396	13,679
Recreation and culture								
Loan 121B - Narrogin Regional Leisure Centre	263,930	0	48,681	46,031	215,249	263,930	15,420	18,344
Loan 126 - Town Hall Renovations	139,981	0	28,709	27,440	111,272	139,981	6,784	8,017
Transport								
Loan 51 - Shire Depot	0	0	0	35,004	0	0	89	2,279
Economic services								
Loan 124 - Commercial Property	0	0	0	13,844	0	0	0	550
Loan 127 - Industrial Land	125,416	0	10,619	10,158	114,798	125,416	6,636	7,156
Loan 129 - Accommodation Units	0	350,000	0	0	350,000	0	0	0
	877,837	350,000	129,978	220,293	1,097,860	877,837	41,325	51,651
	877,837	350,000	129,978	220,293	1,097,860	877,837	41,325	51,651

All borrowing repayments, other than Self Supporting Loans, will be financed by general purpose revenue.

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

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	3	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 2018 nor is it expected to have unspent borrowing funds as at 30th June 2019.

(d) Credit Facilities

	2018/19 Budget	2017/18 Actual	2017/18 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	2,578	0
Total amount of credit unused	415,000	417,578	415,000
Loan facilities			
Loan facilities in use at balance date	1,097,860	877,837	1,275,726

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
Refuse Reserve	\$ 376,475	\$ 56,827	\$ 0	\$ 433,302	\$ 428,323	\$ 88,681	\$ (140,529)	\$ 376,475	\$ 428,322	\$ 88,062	\$ (98,000)	\$ 418,384
Community Assisted Transport (CATS) Vehicle Replacement Reserve	4,297	7,203	(11,500)	0	8,021	5,901	(9,624)	4,297	5,352	100	0	5,452
Building Reserve	686,182	92,444	(280,000)	498,626	556,072	270,266	(140,155)	686,182	556,072	60,466	(100,000)	516,538
Employee Entitlement Reserve	387,576	7,029	0	394,605	372,364	49,248	(34,036)	387,576	372,364	47,745	0	420,109
Plant, Vehicle & Equipment Reserve	333,984	431,057	(442,500)	322,541	393,454	417,569	(477,039)	333,984	393,454	417,405	(240,000)	570,859
Economic Development Reserve	152,014	21,309	0	173,323	148,995	3,019	0	152,014	148,995	2,804	0	151,799
Narrogin Regional Recreation Centre (NRRC) Reserve	214,761	143,895	(90,000)	268,656	180,691	83,664	(49,593)	214,761	180,690	83,401	0	264,091
Tourism & Area Promotion Reserve	75,469	1,369	0	76,838	73,969	1,500	0	75,469	73,970	1,392	0	75,362
HACC Reserve	784,351	14,224	(139,916)	658,659	645,352	138,999	0	784,351	596,761	19,715	(10,000)	606,476
CHCP Reserve	241,070	4,372	(53,213)	192,229	165,412	75,658	0	241,070	202,894	3,819	(65,903)	140,810
CHSP Reserve	160,970	2,919	(11,514)	152,375	120,089	81,079	(40,198)	160,970	129,034	47,033	0	176,067
It & Office Equipment Reserve	66,049	6,198	0	72,247	15,734	50,315	0	66,049	15,734	50,296	0	66,030
Road Construction Reserve	301,328	47,797	0	349,125	445,302	9,026	(153,000)	301,328	445,302	8,381	(160,000)	293,683
Asset Valuation Reserve	30,610	555	0	31,165	30,000	610	0	30,610	30,000	565	0	30,565
Unspent Grants & Contributions Reserve	44,816	811	(4,724)	40,903	190,485	4,122	(149,791)	44,816	405,908	7,639	(193,715)	219,832
Landcare Reserve	94,846	0	0	94,846	0	94,846	0	94,846	0	0	0	0
	3,954,798	838,009	(1,033,367)	3,759,440	3,774,263	1,374,503	(1,193,965)	3,954,798	3,984,852	838,823	(867,618)	3,956,057

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

7. CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Refuse Reserve	Ongoing	To fund infrastructure development and rehabilitation costs associates with the refuse site as well as the potential purchase and development of a regional waste facility.
Community Assisted Transport (CATS) Vehicle	Ongoing	To fund the replacement /change over of the CATS vehicle.
Building Reserve	Ongoing	To support the maintenance, acquisition, upgrade or enhancements of buildings within the district.
Employee Entitlement Reserve	Ongoing	To fund current and past employee's leave entitlements and redundancy payouts.
Plant, Vehicle & Equipment Reserve	Ongoing	To support the purchase/replacement of motor vehicles, and heavy plant and equipment.
Economic Development Reserve	Ongoing	To fund economic development projects that will benefit the district.
Narrogin Regional Recreation Centre (NRRC) Reserve	Ongoing	To fund NRRC additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items.
Tourism & Area Promotion Reserve	Ongoing	For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens.
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.
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.
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.
It & Office Equipment Reserve	Ongoing	To fund the purchase and upgrade of computer equipment (including data connection equipment), software and office equipment and CCTV.
Road Construction Reserve	Ongoing	To fund roadworks (including Carparks, Drainage, Footpaths, Bridges and Kerbing) and flood emergency responses affecting those assets.
Asset Valuation Reserve	Ongoing	To fund asset valuations.
Unspent Grants & Contributions Reserve	Ongoing	To fund unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant grant agreement.
Landcare Reserve	Ongoing	To fund future natural resource management activities aligned with the principles established in the former NLCDC letter dated 6/6/17 (ICR1712270).

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.

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

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Governance	100	100
General purpose funding	30,100	40,525
Law, order, public safety	23,400	37,879
Health	11,500	9,637
Education and welfare	199,518	175,529
Housing	11,700	9,834
Community amenities	1,055,504	1,110,911
Recreation and culture	19,900	23,066
Transport	2,504	0
Economic services	243,807	289,016
Other property and services	50,000	47,535
	1,648,033	1,744,032

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance	5,000	18,552
General purpose funding	1,078,932	2,222,523
Law, order, public safety	23,670	13,058
Education and welfare	1,302,034	1,299,228
Community amenities	3,000	0
Recreation and culture	78,954	92,387
Transport	787,992	1,269,356
Economic services	14,100	0
Other property and services	41,000	0
	3,334,682	4,915,104
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	533,825
Education and welfare	0	26,443
Recreation and culture	50,000	274,460
Transport	796,982	948,071
	846,982	1,782,799

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

10. OTHER INFORMATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	70,000	75,738	75,000
- Other funds	54,100	84,824	50,000
Other interest revenue (refer note 1b)	53,000	58,445	42,100
	177,100	219,007	167,100
(b) Other revenue			
Reimbursements and recoveries	123,104	398,316	568,881
Other	129,700	156,479	151,554
	252,804	554,795	720,435
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	41,575	19,416	30,750
	41,575	19,416	30,750
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	41,325	51,651	51,651
	41,325	51,651	51,651
(e) Elected members remuneration			
Meeting fees	88,000	88,000	88,000
President's allowance	23,500	23,500	23,500
Deputy Mayor/President's allowance	5,875	5,875	5,875
Travelling expenses	1,000	44	1,000
Telecommunications allowance	5,600	5,600	5,600
	123,975	123,019	123,975
(f) Operating lease expenses			
Office equipment	24,076	20,465	0
	24,076	20,465	0

SIGNIFICANT ACCOUNTING POLICIES

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.

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

11. MAJOR LAND TRANSACTIONS

It is not anticipated any land transactions or major land transactions will occur in 2018/19.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/19.

13. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2018/19.

14. TRUST FUNDS

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

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
Public Open Space Bonds	72,599	0	0	72,599
Other	500	100	(100)	500
Building Services Levy	2,102	16,850	(17,200)	1,752
BCITF	966	7,320	(7,540)	746
Key Bond	4,455	5,130	(5,450)	4,135
	80,622	29,400	(30,290)	79,732

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

**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 budget year.

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

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.