

**SHIRE OF NARROGIN**

**BUDGET**

**FOR THE YEAR ENDED 30 JUNE 2020**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2020**

**BY NATURE OR TYPE**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	4,943,620	4,838,775	4,780,240
Operating grants, subsidies and contributions	9	2,809,466	4,933,353	3,334,682
Fees and charges	8	1,646,486	1,708,941	1,648,033
Interest earnings	10(a)	177,100	250,292	177,100
Other revenue	10(b)	204,578	547,651	140,155
		9,781,250	12,279,012	10,080,210
<b>Expenses</b>				
Employee costs		(5,281,439)	(5,208,351)	(5,631,002)
Materials and contracts		(3,121,662)	(3,191,464)	(3,766,178)
Utility charges		(687,072)	(655,288)	(669,066)
Depreciation on non-current assets	5	(3,450,264)	(3,492,227)	(2,508,848)
Interest expenses	10(d)	(39,440)	(41,325)	(41,325)
Insurance expenses		(267,776)	(260,371)	(250,411)
Other expenditure		(642,125)	(208,086)	(224,388)
		(13,489,778)	(13,057,112)	(13,091,218)
<b>Subtotal</b>		(3,708,528)	(778,100)	(3,011,008)
Non-operating grants, subsidies and contributions	9	851,426	809,023	846,982
Profit on asset disposals	4(b)	35,472	14,395	14,305
Loss on asset disposals	4(b)	(132,477)	(84,584)	(138,058)
		754,421	738,834	723,229
<b>Net result</b>		<b>(2,954,107)</b>	<b>(39,266)</b>	<b>(2,287,779)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	455,418	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>455,418</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(2,954,107)</b>	<b>416,152</b>	<b>(2,287,779)</b>

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

## FOR THE YEAR ENDED 30TH JUNE 2020

**BASIS OF PREPARATION**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

All funds through which the Shire of 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.

**2018/19 ACTUAL BALANCES**

Balances shown in this budget as 2018/19 Actual are estimates 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, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

**SERVICE CHARGES**

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

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

**PROFIT ON ASSET DISPOSAL**

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

**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

**REVENUES (CONTINUED)****NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

**FEES AND CHARGES**

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

**INTEREST EARNINGS**

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

**OTHER REVENUE / INCOME**

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

**EXPENSES****EMPLOYEE COSTS**

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

**MATERIALS AND CONTRACTS**

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

**UTILITIES (GAS, ELECTRICITY, WATER, ETC.)**

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

**INSURANCE**

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

**LOSS ON ASSET DISPOSAL**

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

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation 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 2020**

**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		1,850	3,581	5,100
General purpose funding		6,298,461	7,472,429	6,073,827
Law, order, public safety		79,900	267,020	52,070
Health		23,500	53,624	11,500
Education and welfare		1,370,538	1,462,390	1,503,752
Housing		8,240	8,668	11,700
Community amenities		1,073,914	1,080,228	1,058,504
Recreation and culture		138,571	194,321	98,854
Transport		393,646	1,275,679	915,496
Economic services		283,619	276,823	258,407
Other property and services		109,011	184,249	91,000
		9,781,250	12,279,012	10,080,210
<b>Expenses excluding finance costs</b>	5,10(c)(e)(f)(g)			
Governance		(716,201)	(574,450)	(660,911)
General purpose funding		(255,567)	(282,381)	(277,815)
Law, order, public safety		(766,873)	(527,279)	(616,412)
Health		(280,251)	(250,111)	(270,696)
Education and welfare		(1,555,453)	(1,531,903)	(1,790,640)
Housing		(34,441)	(31,506)	(34,294)
Community amenities		(1,568,717)	(1,390,223)	(1,498,653)
Recreation and culture		(3,460,169)	(3,033,645)	(2,870,879)
Transport		(4,003,206)	(4,679,123)	(4,340,358)
Economic services		(796,803)	(664,837)	(653,803)
Other property and services		(12,657)	(50,329)	(35,432)
		(13,450,338)	(13,015,787)	(13,049,893)
<b>Finance costs</b>	6, 10(d)			
Governance		(8,519)	(12,396)	(12,396)
Recreation and culture		(15,356)	(22,203)	(22,203)
Transport		0	(89)	(90)
Economic services		(15,565)	(6,637)	(6,636)
		(39,440)	(41,325)	(41,325)
<b>Subtotal</b>		(3,708,528)	(778,100)	(3,011,008)
Non-operating grants, subsidies and contributions	9	851,426	809,023	846,982
Profit on disposal of assets	4(b)	35,472	14,395	14,305
(Loss) on disposal of assets	4(b)	(132,477)	(84,584)	(138,058)
		754,421	738,834	723,229
<b>Net result</b>		<b>(2,954,107)</b>	<b>(39,266)</b>	<b>(2,287,779)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	455,418	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>455,418</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(2,954,107)</b>	<b>416,152</b>	<b>(2,287,779)</b>

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

## FOR THE YEAR ENDED 30TH JUNE 2020

**KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS**

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

**OBJECTIVE****ACTIVITIES****GOVERNANCE**

To provide 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 Shire 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 Shire'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 2020**

**BY NATURE OR TYPE**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,993,620	4,744,950	4,830,240
Operating grants, subsidies and contributions		3,209,466	5,406,171	4,134,682
Fees and charges		1,646,486	1,708,941	1,648,033
Interest earnings		177,100	250,292	177,100
Goods and services tax		164,883	225,446	
Other revenue		204,578	547,651	140,155
		10,396,133	12,883,451	10,930,210
<b>Payments</b>				
Employee costs		(5,281,439)	(5,331,019)	(5,631,002)
Materials and contracts		(3,094,662)	(3,109,969)	(3,739,178)
Utility charges		(687,072)	(655,288)	(669,066)
Interest expenses		(39,440)	(41,325)	(41,325)
Insurance expenses		(267,776)	(260,371)	(250,411)
Goods and services tax		(164,883)	(164,883)	
Other expenditure		(642,125)	(208,086)	(224,388)
		(10,177,397)	(9,770,941)	(10,555,370)
<b>Net cash provided by (used in) operating activities</b>	3	218,736	3,112,510	374,840
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(2,629,468)	(1,861,992)	(2,809,584)
Payments for construction of infrastructure	4(a)	(2,910,277)	(1,967,522)	(2,379,347)
Non-operating grants, subsidies and contributions used for the development of assets	9	851,426	809,023	846,982
Proceeds from sale of plant & equipment	4(b)	667,897	604,762	742,571
<b>Net cash provided by (used in) investing activities</b>		(4,020,422)	(2,415,729)	(3,599,378)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(166,659)	(129,777)	(129,978)
Proceeds from new borrowings	6(b)	0	350,000	350,000
<b>Net cash provided by (used in) financing activities</b>		(166,659)	220,223	220,022
<b>Net increase (decrease) in cash held</b>		(3,968,345)	917,004	(3,004,516)
Cash at beginning of year		7,893,081	6,976,077	7,056,233
<b>Cash and cash equivalents at the end of the year</b>	3	<b>3,924,736</b>	<b>7,893,081</b>	<b>4,051,717</b>

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

**RATES SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020**

**BY REPORTING PROGRAM**

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	4,001,534	3,760,640	3,686,158
		4,001,534	3,760,640	3,686,158
<b>Revenue from operating activities (excluding rates)</b>				
Governance		1,850	3,581	5,100
General purpose funding		1,363,465	2,678,088	1,293,587
Law, order, public safety		79,900	267,020	52,070
Health		23,500	53,624	11,500
Education and welfare		1,370,538	1,464,072	1,505,434
Housing		8,240	8,668	11,700
Community amenities		1,092,366	1,082,425	1,058,504
Recreation and culture		138,571	194,321	98,854
Transport		408,915	1,285,194	924,095
Economic services		283,619	276,823	258,407
Other property and services		110,762	185,250	95,024
		4,881,726	7,499,066	5,314,275
<b>Expenditure from operating activities</b>				
Governance		(724,720)	(586,846)	(673,307)
General purpose funding		(255,567)	(282,381)	(277,815)
Law, order, public safety		(766,873)	(532,421)	(621,664)
Health		(280,251)	(250,111)	(270,696)
Education and welfare		(1,573,105)	(1,551,292)	(1,808,377)
Housing		(34,441)	(31,506)	(34,294)
Community amenities		(1,574,917)	(1,393,143)	(1,501,758)
Recreation and culture		(3,475,525)	(3,055,848)	(2,893,082)
Transport		(4,086,406)	(4,722,065)	(4,440,066)
Economic services		(812,368)	(671,474)	(660,439)
Other property and services		(38,082)	(64,609)	(47,778)
		(13,622,255)	(13,141,696)	(13,229,276)
Non-cash amounts excluded from operating activities	2 (b)(ii)	3,547,269	3,483,103	2,632,601
<b>Amount attributable to operating activities</b>		(1,191,726)	1,601,113	(1,596,242)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	851,426	809,023	846,982
Purchase property, plant and equipment	4(a)	(2,629,468)	(1,861,992)	(2,809,584)
Purchase and construction of infrastructure	4(a)	(2,910,277)	(1,967,522)	(2,379,347)
Proceeds from disposal of assets	4(b)	667,897	604,762	742,571
<b>Amount attributable to investing activities</b>		(4,020,422)	(2,415,729)	(3,599,378)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(166,659)	(129,777)	(129,978)
Proceeds from new borrowings	6(b)	0	350,000	350,000
Transfers to cash backed reserves (restricted assets)	7(a)	(969,913)	(1,307,045)	(838,009)
Transfers from cash backed reserves (restricted assets)	7(a)	1,413,724	1,108,631	1,033,367
<b>Amount attributable to financing activities</b>		277,152	21,809	415,380
<b>Budgeted deficiency before general rates</b>		(4,934,996)	(792,807)	(4,780,240)
<b>Estimated amount to be raised from general rates</b>	1	4,934,996	4,794,341	4,780,240
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>0</b>	<b>4,001,534</b>	<b>0</b>

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

**RATES SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020**

**BY NATURE OR TYPE**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2 (b)(i)	4,001,534	3,760,640	3,686,158
		4,001,534	3,760,640	3,686,158
<b>Revenue from operating activities (excluding rates)</b>				
Rate revenue other than revenue raised from general rates	1	8,624	44,434	0
Operating grants, subsidies and contributions	9	2,809,466	4,933,353	3,334,682
Fees and charges	8	1,646,486	1,708,941	1,648,033
Interest earnings	10(a)	177,100	250,292	177,100
Other revenue	10(b)	204,578	547,651	140,155
Profit on asset disposals	4(b)	35,472	14,395	14,305
		4,881,726	7,499,066	5,314,275
<b>Expenditure from operating activities</b>				
Employee costs		(5,281,439)	(5,208,351)	(5,631,002)
Materials and contracts		(3,121,662)	(3,191,464)	(3,766,178)
Utility charges		(687,072)	(655,288)	(669,066)
Depreciation on non-current assets	5	(3,450,264)	(3,492,227)	(2,508,848)
Interest expenses	10(d)	(39,440)	(41,325)	(41,325)
Insurance expenses		(267,776)	(260,371)	(250,411)
Other expenditure		(642,125)	(208,086)	(224,388)
Loss on asset disposals	4(b)	(132,477)	(84,584)	(138,058)
		(13,622,255)	(13,141,696)	(13,229,276)
<b>Operating activities excluded from budgeted deficiency</b>				
Non-cash amounts excluded from operating activities	2 (b)(ii)	3,547,269	3,483,103	2,632,601
<b>Amount attributable to operating activities</b>		(1,191,726)	1,601,113	(1,596,242)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	851,426	809,023	846,982
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(2,629,468)	(1,861,992)	(2,809,584)
Purchase and construction of infrastructure	4(a)	(2,910,277)	(1,967,522)	(2,379,347)
Proceeds from disposal of assets	4(b)	667,897	604,762	742,571
<b>Amount attributable to investing activities</b>		(4,020,422)	(2,415,729)	(3,599,378)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(166,659)	(129,777)	(129,978)
Proceeds from new borrowings	6	0	350,000	350,000
Transfers to cash backed reserves (restricted assets)	7(a)	(969,913)	(1,307,045)	(838,009)
Transfers from cash backed reserves (restricted assets)	7(a)	1,413,724	1,108,631	1,033,367
<b>Amount attributable to financing activities</b>		277,152	21,809	415,380
<b>Budgeted deficiency before general rates</b>		(4,934,996)	(792,807)	(4,780,240)
<b>Estimated amount to be raised from general rates</b>	1	4,934,996	4,794,341	4,780,240
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	0	4,001,534	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 2020

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
Urban	0.11304	1,655	27,410,999	3,096,476			3,096,476	3,082,040	3,071,329
Rural	0.07075	75	1,334,414	94,415			94,415	90,023	86,632
Rural - Highbury				0			0		
<b>Unimproved valuations</b>									
General	0.00616	285	168,626,000	1,039,073			1,039,073	1,004,799	1,004,800
<b>Sub-Totals</b>		2,015	197,371,413	4,229,964	0	0	4,229,964	4,176,862	4,162,761
<b>Minimum payment</b>									
	\$								
<b>Gross rental valuations</b>									
Urban	1,105	484	3,578,615	534,820			534,820	479,769	479,769
Rural	799	16	156,289	12,784			12,784	5,456	5,456
Rural - Highbury	713	9	60,647	6,417			6,417	12,631	13,374
<b>Unimproved valuations</b>									
General	799	189	16,908,800	151,011			151,011	119,623	118,880
<b>Sub-Totals</b>		698	20,704,351	705,032	0	0	705,032	617,479	617,479
		2,713	218,075,764	4,934,996	0	0	4,934,996	4,794,341	4,780,240
Discounts/concessions (Refer note 1(e))							0	0	0
<b>Total amount raised from general rates</b>							4,934,996	4,794,341	4,780,240
Ex-Gratia Rates							8,624	9,300	0
Movement in Excess Rates							0	35,134	0
Specified area rates (Refer note 1(d))							0	0	0
<b>Total rates</b>							4,943,620	4,838,775	4,780,240

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 2019/20 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

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
		\$	%	%
<b>Option three</b>				
1st Instalment	5/09/2019	0	0.0%	11.0%
2nd Instalment	7/11/2019	17	5.5%	11.0%
3rd Instalment	9/01/2020	17	5.5%	11.0%
4th Instalment	12/03/2020	17	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	35,000	41,287	30,000
Instalment plan interest earned	18,000	18,025	18,000
Unpaid rates and service charge interest earned	35,000	48,231	35,000
	88,000	107,543	83,000

(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.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**1. RATES AND SERVICE CHARGES (CONTINUED)**

The Shire did not raise specified area rates for the year ended 30th June 2020.

**(d) Service Charges**

The Shire did not raise service charges for the year ended 30th June 2020.

**(e) Waivers or concessions**

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Rates for Not for Profit Leases	Waiver	100.0%		\$	\$	\$	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 2020

2 (a). NET CURRENT ASSETS

		2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
Note		\$	\$	\$	\$
<b>Composition of estimated net current assets</b>					
<b>Current assets</b>					
	Cash - unrestricted	3	215,332	3,739,866	292,277
	Cash - restricted reserves	3	3,709,404	4,153,215	3,759,440
	Receivables		561,486	1,011,486	626,369
	Inventories		182,583	184,583	196,328
			4,668,805	9,089,150	4,874,414
<b>Less: current liabilities</b>					
	Trade and other payables		(520,680)	(495,680)	(480,157)
	Long term borrowings		1	(166,658)	(220,022)
	Provisions		(596,310)	(596,310)	(845,116)
			(1,116,989)	(1,258,648)	(1,545,295)
	<b>Net current assets</b>		3,551,816	7,830,502	3,329,119

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

2 (b). NET CURRENT ASSETS (CONTINUED)

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

Operating activities excluded from budgeted deficiency

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

	Note	2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
		\$	\$	\$	\$
<b>(i) Current assets and liabilities excluded from budgeted deficiency</b>					
<b>Net current assets</b>	2	3,551,816	7,830,502	7,830,502	3,329,119
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
<b>Adjustments to net current assets</b>					
Less: Cash - restricted reserves	3	(3,709,404)	(4,153,215)	(4,153,215)	(3,759,440)
Less: Current assets not expected to be received at end of year					
- Land held for resale		(177,273)	(177,273)	(177,273)	(177,273)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings		(1)	166,658	166,658	220,022
- Employee benefit provisions		334,862	334,862	334,862	387,572
<b>Adjusted net current assets - surplus/(deficit)</b>		0	4,001,534	4,001,534	0
<b>(ii) Operating activities excluded from budgeted deficiency</b>					
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.					
<b>Adjustments to operating activities</b>					
Less: Profit on asset disposals	4(b)	(35,472)	(14,395)	(14,395)	(14,305)
Less: Movement in liabilities associated with restricted cash		0	0	(52,714)	0
Less: Movement in deferred pensioner rates (non-current)		0	0	(26,599)	0
Add: Loss on disposal of assets	4(b)	132,477	84,584	84,584	138,058
Add: Depreciation on assets	5	3,450,264	3,492,227	3,492,227	2,508,848
<b>Non cash amounts excluded from operating activities</b>		3,547,269	3,562,416	3,483,103	2,632,601

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**2 (c). NET CURRENT ASSETS (CONTINUED)**

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

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

**TRADE AND OTHER PAYABLES**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of 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.

**CONTRACT ASSETS**

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

**PROVISIONS**

Provisions are recognised when the Shire has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**INVENTORIES**

**General**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Superannuation**

The Shire of 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.

**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.

**CONTRACT LIABILITIES**

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

**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 2020**

**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:

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Cash - unrestricted	215,332	3,739,866	292,277
Cash - restricted	3,709,404	4,153,215	3,759,440
	<b>3,924,736</b>	<b>7,893,081</b>	<b>4,051,717</b>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Refuse Reserve	473,498	435,109	433,302
Community Assisted Transport (CATS) Vehicle Replacement Reserve	(1,530)	4,395	0
Building Reserve	355,204	873,682	498,626
Employee Entitlement Reserve	360,549	334,862	394,605
Plant, Vehicle & Equipment Reserve	330,385	454,959	322,541
Economic Development Reserve	209,005	174,049	173,323
Narrogin Regional Recreation Centre (NRRC) Reserve	155,182	73,927	268,656
Tourism & Area Promotion Reserve	78,513	77,202	76,838
HACC Reserve	468,805	557,576	658,659
CHCP Reserve	72,341	152,862	192,229
CHSP Reserve	638,489	426,026	152,375
It & Office Equipment Reserve	78,795	72,563	72,247
Road Construction Reserve	334,999	329,405	349,125
Asset Valuation Reserve	31,309	31,309	31,165
Unspent Grants & Contributions Reserve	18	48,265	40,903
Landcare Reserve	98,672	97,024	94,846
Airport Reserve	25,170	10,000	0
	<b>3,709,404</b>	<b>4,153,215</b>	<b>3,759,440</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	<b>(2,954,107)</b>	<b>(39,266)</b>	<b>(2,287,779)</b>
Depreciation	3,450,264	3,492,227	2,508,848
(Profit)/loss on sale of asset	97,005	70,189	123,753
(Increase)/decrease in receivables	450,000	439,556	850,000
(Increase)/decrease in contract assets	0	0	0
(Increase)/decrease in inventories	2,000	(30)	2,000
Increase/(decrease) in payables	25,000	(41,143)	25,000
Increase/(decrease) in contract liabilities	0	0	0
Change in accounting policies transferred to retained surplus (refer to Note 16)	0	0	0
Grants/contributions for the development of assets	(851,426)	(809,023)	(846,982)
<b>Net cash from operating activities</b>	<b>218,736</b>	<b>3,112,510</b>	<b>374,840</b>

**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.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program								2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance	General purpose funding	Education and welfare	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>											
Buildings - non-specialised	180,000	0	55,986	249,719	267,148	0	477,482	0	1,230,335	696,658	1,325,039
Buildings - specialised	0	0	0	0	0	0	0	0	0	0	0
Furniture and equipment	20,000	0	0	0	2,500	0	0	0	22,500	64,217	71,210
Plant and equipment	0	65,000	55,000	126,952	27,935	891,719	25,000	185,027	1,376,633	1,101,117	1,413,335
	200,000	65,000	110,986	376,671	297,583	891,719	502,482	185,027	2,629,468	1,861,992	2,809,584
<i>Infrastructure</i>											
Infrastructure - Roads	0	0	0	0	0	2,072,295	0	0	2,072,295	1,515,704	1,632,644
Infrastructure - Footpaths	0	0	0	0	0	76,000	0	0	76,000	52,300	69,000
Infrastructure - Other	0	0	0	290,783	295,159	45,000	68,000	0	698,942	384,121	644,114
Infrastructure - Bridges	0	0	0	0	0	31,040	0	0	31,040	0	33,589
Infrastructure - Drainage	0	0	0	0	0	32,000	0	0	32,000	2,194	0
Infrastructure - Parks and Ovals	0	0	0	0	0	0	0	0	0	13,203	0
	0	0	0	290,783	295,159	2,256,335	68,000	0	2,910,277	1,967,522	2,379,347
<b>Total acquisitions</b>	200,000	65,000	110,986	667,454	592,742	3,148,054	570,482	185,027	5,539,745	3,829,514	5,188,931



NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Law, order, public safety	0	0	0	0	50,597	45,455	0	(5,142)	22,252	17,000	0	(5,252)
Education and welfare	42,652	25,000	0	(17,652)	67,071	49,364	1,682	(19,389)	54,237	38,182	1,682	(17,737)
Community amenities	105,000	117,252	18,452	(6,200)	67,355	66,632	2,197	(2,920)	102,870	99,765	0	(3,105)
Transport	447,250	379,319	15,269	(83,200)	331,998	298,660	9,515	(42,853)	452,661	361,642	8,599	(99,618)
Economic services	13,200	13,200	0	0	0	0	0	0	0	0	0	0
Other property and services	156,800	133,126	1,751	(25,425)	157,930	144,651	1,001	(14,280)	234,304	225,982	4,024	(12,346)
	764,902	667,897	35,472	(132,477)	674,951	604,762	14,395	(84,584)	866,324	742,571	14,305	(138,058)
<b>By Class</b>												
<u>Property, Plant and Equipment</u>												
Plant and equipment	764,902	667,897	35,472	(132,477)	674,951	604,762	14,395	(84,584)	866,324	742,571	14,305	(138,058)
	764,902	667,897	35,472	(132,477)	674,951	604,762	14,395	(84,584)	866,324	742,571	14,305	(138,058)

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

## 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 - Bridges
Infrastructure - Drainage
Infrastructure - Parks and Ovals

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	42,655	42,679	31,569
Law, order, public safety	84,261	84,308	56,157
Education and welfare	52,363	52,391	46,346
Housing	5,297	5,300	4,815
Community amenities	41,688	41,711	14,870
Recreation and culture	997,468	998,037	458,788
Transport	1,769,632	1,770,600	1,460,461
Economic services	96,264	96,397	49,712
Other property and services	360,636	400,804	386,130
	3,450,264	3,492,227	2,508,848
Buildings - non-specialised	731,343	740,238	592,952
Furniture and equipment	54,492	55,155	38,400
Plant and equipment	412,358	417,372	352,633
Infrastructure - Roads	1,529,337	1,547,937	1,278,335
Infrastructure - Footpaths	70,761	71,622	47,512
Infrastructure - Other	22,135	22,404	81,878
Infrastructure - Bridges	98,720	99,921	0
Infrastructure - Drainage	0	0	85,636
Infrastructure - Parks and Ovals	531,118	537,578	31,502
	3,450,264	3,492,227	2,508,848

## SIGNIFICANT ACCOUNTING POLICIES

### DEPRECIATION

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

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

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	50 to 75 years

### DEPRECIATION (CONTINUED)

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.

### RECOGNITION OF ASSETS

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

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	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget
	Principal	Budget	Budget	Budget	Principal		Actual	Actual	Actual	Principal		Budget	Budget	Budget	Budget
	1 July 2019	New	Principal	Interest	outstanding	1 July 2018	New	Principal	Interest	outstanding	1 July 2018	New	Principal	Interest	30 June 2019
		loans	repayments	repayments	30 June 2020		loans	repayments	repayments	30 June 2019		loans	repayments	repayments	30 June 2019
		\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$	\$
<b>Governance</b>															
Loan 125 - Corporate Software & Server Upgrade	0	0	0	0	0	0	0	0	109	0	0	0	0	0	0
Loan 128 - Administration Building Extension	327,386	0	43,105	8,519	284,281	369,354	0	41,968	12,287	327,386	348,510	0	41,968	12,396	306,542
<b>Recreation and culture</b>															
Loan 121B - Narrogin Regional Leisure Centre	219,202	0	51,483	10,791	167,719	267,883	0	48,681	15,419	219,202	263,930	0	48,681	15,420	215,249
Loan 126 - Town Hall Renovations	125,591	0	29,621	4,565	95,970	154,100	0	28,509	6,784	125,591	139,981	0	28,709	6,784	111,272
<b>Transport</b>															
Loan 51 - Shire Depot	0	0	0	0	0	0	0	0	90	0	0	0	0	89	0
<b>Economic services</b>															
Loan 127 - Industrial Land	120,048	0	11,100	5,255	108,948	130,667	0	10,619	6,636	120,048	125,416	0	10,619	6,636	114,797
Loan 129 - Accommodation Units	350,000	0	31,350	10,310	318,650	0	350,000	0	0	350,000	0	350,000	0	0	350,000
	1,142,227	0	166,659	39,440	975,568	922,004	350,000	129,777	41,325	1,142,227	877,837	350,000	129,978	41,325	1,097,859
	1,142,227	0	166,659	39,440	975,568	922,004	350,000	129,777	41,325	1,142,227	877,837	350,000	129,978	41,325	1,097,859

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.  
The self supporting loan(s) repayment will be fully reimbursed.

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2020

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd.	Amount used 2019/20 Budget	Amount as at 30th June 2020
Loan 129 - Accommodation Units	NCP Accommodation units	2019	\$ 350,000	\$ 350,000	\$ 0
			350,000	350,000	0

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
<b>Undrawn borrowing facilities</b>			
<b>credit standby arrangements</b>			
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	1,539	0
<b>Total amount of credit unused</b>	<b>415,000</b>	<b>416,539</b>	<b>415,000</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	975,568	1,142,227	1,097,859

**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 2020

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
Refuse Reserve	\$ 435,109	\$ 84,389	\$ (46,000)	\$ 473,498	\$ 376,475	\$ 58,634	\$ 0	\$ 435,109	\$ 376,475	\$ 56,827	\$ 0	\$ 433,302
Community Assisted Transport (CATS) Vehicle Replacement Reserve	4,395	6,075	(12,000)	(1,530)	4,297	98	0	4,395	4,297	7,203	(11,500)	0
Building Reserve	873,682	31,522	(550,000)	355,204	686,183	187,499	0	873,682	686,182	92,444	(280,000)	498,626
Employee Entitlement Reserve	334,862	25,687	0	360,549	387,576	8,890	(61,604)	334,862	387,576	7,029	0	394,605
Plant, Vehicle & Equipment Reserve	454,959	432,726	(557,300)	330,385	333,984	516,164	(395,189)	454,959	333,984	431,057	(442,500)	322,541
Economic Development Reserve	174,049	52,956	(18,000)	209,005	152,014	22,035	0	174,049	152,014	21,309	0	173,323
Narrogin Regional Recreation Centre (NRRC) Reserve	73,927	81,255	0	155,182	214,761	144,925	(285,759)	73,927	214,761	143,895	(90,000)	268,656
Tourism & Area Promotion Reserve	77,202	1,311	0	78,513	75,469	1,733	0	77,202	75,469	1,369	0	76,838
HACC Reserve	557,576	9,469	(98,240)	468,805	784,352	17,985	(244,761)	557,576	784,351	14,224	(139,916)	658,659
CHCP Reserve	152,862	2,596	(83,117)	72,341	241,070	5,533	(93,741)	152,862	241,070	4,372	(53,213)	192,229
CHSP Reserve	426,026	212,463	0	638,489	160,970	265,056	0	426,026	160,970	2,919	(11,514)	152,375
It & Office Equipment Reserve	72,563	6,232	0	78,795	66,049	6,514	0	72,563	66,049	6,198	0	72,247
Road Construction Reserve	329,405	5,594	0	334,999	301,328	28,077	0	329,405	301,328	47,797	0	349,125
Asset Valuation Reserve	31,309	0	0	31,309	30,610	699	0	31,309	30,610	555	0	31,165
Unspent Grants & Contributions Reserve	48,265	820	(49,067)	18	44,817	31,025	(27,577)	48,265	44,816	811	(4,724)	40,903
Landcare Reserve	97,024	1,648	0	98,672	94,846	2,178	0	97,024	94,846	0	0	94,846
Airport Reserve	10,000	15,170	0	25,170	0	10,000	0	10,000	0	0	0	0
	4,153,215	969,913	(1,413,724)	3,709,404	3,954,801	1,307,045	(1,108,631)	4,153,215	3,954,798	838,009	(1,033,367)	3,759,440
		0	0									

(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 Replacement Reserve	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 store 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).
Airport Reserve	Ongoing	For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding to the Narrogin Airport.

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 2020**

**8. FEES & CHARGES REVENUE**

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
Governance	1,600	2,157	100
General purpose funding	39,100	45,964	30,100
Law, order, public safety	23,400	37,164	23,400
Health	23,500	30,158	11,500
Education and welfare	156,612	163,868	199,518
Housing	8,240	8,568	11,700
Community amenities	1,070,914	1,080,228	1,055,504
Recreation and culture	17,100	23,061	19,900
Transport	0	350	2,504
Economic services	266,020	259,444	243,807
Other property and services	40,000	57,979	50,000
	<b>1,646,486</b>	<b>1,708,941</b>	<b>1,648,033</b>

**9. 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	250	0	5,000
General purpose funding	1,139,641	2,283,260	1,078,932
Law, order, public safety	51,500	222,768	23,670
Education and welfare	1,209,926	1,288,563	1,302,034
Community amenities	3,000	0	3,000
Recreation and culture	58,154	50,504	78,954
Transport	292,395	1,058,258	787,992
Economic services	17,100	0	14,100
Other property and services	37,500	30,000	41,000
	<b>2,809,466</b>	<b>4,933,353</b>	<b>3,334,682</b>

**Non-operating grants, subsidies and contributions**

Education and welfare	0	18,000	0
Recreation and culture	20,000	3,000	50,000
Transport	831,426	788,023	796,982
	<b>851,426</b>	<b>809,023</b>	<b>846,982</b>

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020

10. OTHER INFORMATION

	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>The net result includes as revenues</b>	\$	\$	\$
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	70,000	90,699	70,000
- Other funds	50,000	91,363	54,100
Late payment of fees and charges *	4,100	1,974	
Other interest revenue (refer note 1b)	53,000	66,256	53,000
	177,100	250,292	177,100
* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 11%.			
<b>(b) Other revenue</b>			
Reimbursements and recoveries	204,578	420,620	10,455
Other		127,031	129,700
	204,578	547,651	140,155
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	49,875	38,760	41,575
	49,875	38,760	41,575
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6(a))	39,440	41,325	41,325
Interest expense on lease liabilities			
	39,440	41,325	41,325
<b>(e) Elected members remuneration</b>			
Meeting fees	88,000	88,000	88,000
President's allowance	24,000	23,500	23,500
Deputy President's allowance	6,000	5,875	5,875
Travelling expenses	1,000	139	1,000
Telecommunications allowance	5,600	5,600	5,600
	124,600	123,114	123,975
<b>(f) Write offs</b>			
Fees and charges	0	2,622	0
	0	2,622	0
<b>(g) Low Value lease expenses</b>			
Office equipment	24,076	24,076	24,076
	24,076	24,076	24,076

**SIGNIFICANT ACCOUNTING POLICIES**

**LEASES**

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

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

At the commencement date, a lessee shall measure the right-of-use asset at cost.

**LEASES (CONTINUED)**

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.



**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**11. MAJOR LAND TRANSACTIONS**

It is not anticipated any land transactions or major land transactions will occur in 2019/20.

**12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2019/20.

**13. INTERESTS IN JOINT ARRANGEMENTS**

It is not anticipated the Shire will be party to any joint venture arrangements during 2019/20.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**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:

<b>Detail</b>	<b>Balance 1 July 2019</b>	<b>Estimated amounts received</b>	<b>Estimated amounts paid</b>	<b>Estimated balance 30 June 2020</b>
	\$	\$	\$	\$
Public Open Space Bonds	73,144	0	0	73,144
Other	500	100	(100)	500
Building Services Levy	285	16,850	(16,900)	235
BCITF	404	7,320	(7,540)	184
Retention Bonds	2,928	0	0	2,928
Footpath, Kerb & Road Bond	11,075	0	0	11,075
Key Bond	3,913	5,130	(5,450)	3,593
	<b>92,247</b>	<b>29,400</b>	<b>(29,990)</b>	<b>91,657</b>

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020**

**15. SIGNIFICANT ACCOUNTING POLICIES - OTHER  
INFORMATION**

**GOODS AND SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of a budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

**COMPARATIVE FIGURES**

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

**BUDGET COMPARATIVE FIGURES**

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

**REVENUE RECOGNITION**

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 16.