













**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)	4,681,340	3,756,909	3,794,404
		4,681,340	3,756,909	3,794,404
<b>Revenue from operating activities (excluding rates)</b>				
Governance		12,500	13,482	9,000
General purpose funding		1,973,500	3,886,267	1,790,450
Law, order, public safety		12,700	12,596	16,500
Housing		4,290	3,765	4,290
Recreation and culture		1,750	546	2,900
Transport		9,715,531	13,097,334	15,467,672
Economic services		252,000	265,247	260,250
Other property and services		88,000	108,295	80,000
		12,060,271	17,387,532	17,631,062
<b>Expenditure from operating activities</b>				
Governance		(380,521)	(337,841)	(357,714)
General purpose funding		(24,000)	(22,077)	(28,594)
Law, order, public safety		(123,635)	(91,459)	(140,320)
Health		(25,680)	(19,360)	(34,327)
Housing		(12,882)	(16,839)	(3,281)
Community amenities		(84,385)	(47,633)	(54,626)
Recreation and culture		(342,983)	(235,692)	(386,363)
Transport		(13,994,178)	(16,581,101)	(19,268,625)
Economic services		(858,525)	(696,688)	(791,979)
Other property and services		(124,977)	(60,357)	(71,367)
		(15,971,766)	(18,109,047)	(21,137,196)
Non-cash amounts excluded from operating activities	2 (b)(ii)	3,174,643	2,810,476	3,093,947
<b>Amount attributable to operating activities</b>		3,944,488	5,845,870	3,382,217
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	738,950	477,510	521,235
Purchase property, plant and equipment	4(a)	(2,693,250)	(175,473)	(1,642,500)
Purchase and construction of infrastructure	4(a)	(2,742,975)	(1,700,514)	(5,577,291)
Proceeds from disposal of assets	4(b)	243,900	19,933	257,100
<b>Amount attributable to investing activities</b>		(4,453,375)	(1,378,544)	(6,441,456)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(4,050,525)	(9,755,948)	(8,000,000)
Proceeds from new borrowings	6(b)	2,500,000	11,304,508	8,000,000
Transfers to cash backed reserves (restricted assets)	7(a)	(1,028,634)	(1,854,196)	(1,429,692)
Transfers from cash backed reserves (restricted assets)	7(a)	2,624,002	61,140	4,068,639
<b>Amount attributable to financing activities</b>		44,843	(244,496)	2,638,947
<b>Budgeted deficiency before general rates</b>		(464,044)	4,222,830	(420,292)
<b>Estimated amount to be raised from general rates</b>	1	464,044	458,510	420,292
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (b)(i)	<b>0</b>	<b>4,681,340</b>	<b>0</b>

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 total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>								
<b>Unimproved valuations</b>								
UV Pastoral	0.03295	23	1,459,657	48,096	0	48,096	45,541	45,541
UV Mining	0.27940	11	1,375,054	384,190	0	384,190	382,182	344,584
UV Prospecting and Exploration	0.08015	25	321,413	25,761	27	25,788	22,881	22,701
<b>Sub-Totals</b>		59	3,156,124	458,047	27	458,074	450,604	412,826
<b>Minimum</b>								
<b>Minimum payment</b>								
<b>Unimproved valuations</b>								
UV Pastoral	320	6	13,263	1,920	0	1,920	1,746	1,746
UV Prospecting and Exploration	450	9	37,212	4,050	0	4,050	6,160	5,720
<b>Sub-Totals</b>		15	50,475	5,970	0	5,970	7,906	7,466
		74	3,206,599	464,017	27	464,044	458,510	420,292
<b>Total amount raised from general rates</b>						464,044	458,510	420,292
<b>Total rates</b>						464,044	458,510	420,292

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

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 one</b>				
Payment in full	11/10/2019	0	0.0%	8.0%
<b>Option two</b>				
1st Instalment	11/10/2019	0	0.0%	0.0%
2nd Instalment	13/12/2019	11	0.0%	0.0%
3rd Instalment	14/02/2020	11	0.0%	0.0%
4th Instalment	17/04/2020	11	0.0%	0.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	500	693	200
Instalment plan interest earned	0	0	0
Unpaid rates and service charge interest earned	3,000	3,178	750
	3,500	3,871	950

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

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

**(c) Objectives and Reasons for Differential Rating**

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

**Differential general rate**

<b>Description</b>	<b>Characteristics</b>	<b>Objects</b>	<b>Reasons</b>
UV - Pastoral	Consists of properties for pastoral use	This is considered to be the base rate for which all other UV rates properties are assessed.	Pastoral UV applies to any land that currently has a pastoral lease granted. While recognising reduced viability caused by many years of droughts and floods and the devastation caused by the wild dog problem this category is rated to reflect the infrastructure maintenance cost to the Council as well as increased operational costs to address issues such as vermin control, fire mitigation and enhanced accessibility to pastoral properties. It also recognises the long-term commitment of pastoralists to the region and their stewardship of Crown Land. Further, an annual biosecurity rate is linked to the valuations provided by the Valuer General. This biosecurity rate is payable by the pastoral sector only, even though the mining/exploration sectors pose a significant biosecurity risk.
UV - Mining	Mining tenements other than Exploration or Prospecting tenements	The differential rate in the dollar is based on the commercial aspects of mining leases.	The Mining sector tends to be transitory by nature and benefits from Shire services and infrastructure that is maintained in the long term by those ratepayers who are established long term in the region. The rate is set higher for this sector to ensure that its contribution towards the maintenance of that infrastructure is proportionate to the advantage it gains.
UV - Exploration/ Prospecting	Mining tenements that are Exploration and Prospecting Tenements	The differential rate in the dollar is based on the commercial aspects of the use of the tenements.	The Exploration/Prospecting sector tends to be transitory by nature and the category has been rated to reflect that exploration lease holders are significant beneficiaries of established Shire services and infrastructure and is also in recognition of the future benefits that accrue to exploration lease holders though they contribute very little or no enterprise to the community.

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

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

**(d) Differential Minimum Payment**

<b>Description</b>	<b>Characteristics</b>	<b>Objects</b>	<b>Reasons</b>
UV - Pastoral	Properties for pastoral use	The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of Shire infrastructure.	The setting of minimum payments within the categories is an important method of ensuring that all properties contribute an equitable rate amount.
UV-Mining	Mining tenements other than Exploration or Prospecting tenements	The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of Shire infrastructure.	The setting of minimum payments within the categories is an important method of ensuring that all properties contribute an equitable rate amount.
UV-Exploration/ Prospecting	Mining tenements that are Exploration or Prospecting tenements	The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of Shire infrastructure.	The setting of minimum payments within the categories is an important method of ensuring that all properties contribute an equitable rate amount.

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

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

**(e) Specified Area Rate**

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

**(f) Service Charges**

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

**(g) Waivers or concessions**

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2020.

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

2 (a). NET CURRENT ASSETS

		2018/19	
	2019/20	Estimated	2018/19
Note	Budget	Actual	Budget
	30 June 2020	30 June 2019	30 June 2019
	\$	\$	\$
<b>Composition of estimated net current assets</b>			
<b>Current assets</b>			
Cash - unrestricted	3	25,686	2,212,798
Cash - restricted reserves	3	5,707,646	7,303,014
Cash - restricted unspent borrowings	6 (b)	0	5,000
Receivables		682,970	3,172,198
Inventories		195,126	195,126
		6,611,428	12,888,136
<b>Less: current liabilities</b>			
Trade and other payables		(903,782)	(903,782)
Long term borrowings		(164)	(1,550,689)
Provisions		(75,493)	(75,493)
		(979,439)	(2,529,964)
<b>Net current assets</b>		5,631,989	10,358,172
			2,871,076

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	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	5,631,989	10,358,172	2,871,076
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	(5,707,646)	(7,303,014)	(2,920,215)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		164	1,550,689	545
- Employee benefit provisions		75,493	75,493	0
Add: Movement in provisions between current and non-current provisions		0	0	48,594
<b>Adjusted net current assets - surplus/(deficit)</b>		0	4,681,340	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)	(9,439)	(6,171)	(10,000)
Less: Non-cash grants and contributions for assets		0	0	(133,338)
Add: Loss on disposal of assets	4(b)	112,597	17,908	115,900
Add: Depreciation on assets	5	3,071,485	2,798,739	3,121,385
<b>Non cash amounts excluded from operating activities</b>		3,174,643	2,810,476	3,093,947

(iii) Reason for adjustment to Adjusted net current assets - surplus/(deficit) on 1 July 2019

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. Refer to note 15 for further explanation of the impact of the changes in accounting policies

**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 Murchison 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 Murchison contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Murchison 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 Murchison'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 Murchison'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 Murchison's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**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	25,686	2,212,798	0
Cash - restricted	5,707,646	7,308,014	2,920,215
	<b>5,733,332</b>	<b>9,520,812</b>	<b>2,920,215</b>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave Reserve	137,875	135,705	135,624
Plant Reserve	1,277,137	1,410,317	1,004,430
Buildings Reserve	250,400	502,879	237,479
Beringarra-Cue Road Reserve	2,676,235	3,536,485	127,844
Ballinyoo Bridge Reserve	0	0	46,921
CSIRO Berigarra-Pindar Road Reserve	174,408	171,668	171,166
Flood Damage Repairs Reserve	128,038	250,561	250,354
Settlement Buildings and Facilities Reserve	786,678	920,399	871,397
Road Sealing reserve	276,875	375,000	75,000
Unspent borrowings	0	5,000	0
	<b>5,707,646</b>	<b>7,308,014</b>	<b>2,920,215</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	<b>(2,708,501)</b>	<b>214,505</b>	<b>(2,564,607)</b>
Depreciation	3,071,485	2,798,739	3,121,385
(Profit)/loss on sale of asset	103,158	11,737	105,900
(Increase)/decrease in receivables	2,489,228	(2,716,663)	203,794
(Increase)/decrease in inventories	0	(15,935)	0
Increase/(decrease) in payables	0	626,223	57,530
Increase/(decrease) in employee provisions	0	(49,204)	0
Grants/contributions for the development of assets	(738,950)	(477,510)	(521,235)
<b>Net cash from operating activities</b>	<b>2,216,420</b>	<b>391,892</b>	<b>402,767</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.

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 2020

#### 4. FIXED ASSETS

##### (a) Acquisition of Assets

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

##### Reporting program

Asset class	Reporting program							2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance	Law, order, public safety	Housing	Community amenities	Recreation and culture	Transport	Economic services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>										
Buildings - non-specialised	0	0	577,000	0	0	0	80,000	657,000	7,138	176,000
Buildings - specialised	50,000	53,950	0	125,000	16,000	0	0	244,950	90,932	415,500
Furniture and equipment	20,000	0	0	0	0	0	0	20,000	10,338	58,000
Plant and equipment	0	0	0	0	0	1,180,000	591,300	1,771,300	67,065	993,000
	70,000	53,950	577,000	125,000	16,000	1,180,000	671,300	2,693,250	175,473	1,642,500
<i>Infrastructure</i>										
Infrastructure - Roads	0	0	0	0	0	2,742,975	0	2,742,975	1,700,514	5,577,291
	0	0	0	0	0	2,742,975	0	2,742,975	1,700,514	5,577,291
<b>Total acquisitions</b>	70,000	53,950	577,000	125,000	16,000	3,922,975	671,300	5,436,225	1,875,987	7,219,791

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

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>												
Governance	21,586	18,000	0	(3,586)	0	0	0	0	27,000	19,200	0	(7,800)
Transport	325,472	225,900	9,439	(109,011)	31,670	19,933	6,171	(17,908)	336,000	237,900	10,000	(108,100)
	347,058	243,900	9,439	(112,597)	31,670	19,933	6,171	(17,908)	363,000	257,100	10,000	(115,900)
<b>By Class</b>												
<u>Property, Plant and Equipment</u>												
Plant and equipment	347,058	243,900	9,439	(112,597)	31,670	19,933	6,171	(17,908)	363,000	257,100	10,000	(115,900)
	347,058	243,900	9,439	(112,597)	31,670	19,933	6,171	(17,908)	363,000	257,100	10,000	(115,900)

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

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

**5. ASSET DEPRECIATION**

**By Program**

Governance
General purpose funding
Law, order, public safety
Health
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 - Bridges

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	28,433	24,397	35,541
	0	0	4,148
	9,685	13,862	2,951
	2,656	2,392	0
	24,000	21,625	83,154
	6,200	5,696	6,344
	66,240	61,006	77,930
	2,525,371	2,310,480	2,405,115
	72,450	63,043	84,402
	336,450	296,238	421,800
	3,071,485	2,798,739	3,121,385
	305,300	272,205	368,111
	1,980	2,636	10,459
	424,600	328,565	463,021
	2,293,355	2,148,339	2,238,255
	46,250	46,994	41,539
	3,071,485	2,798,739	3,121,385

**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 and Improvements - non-specialised	10-40 years
Other buildings and improvements	10-40 years
Furniture and equipment	5-10 years
Plant and equipment	3-10 years
Infrastructure - Roads	7-35 years
Infrastructure - Bridges	10-20 years
Infrastructure - Airstrip	50-100 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 Principal 1 July 2019	2019/20 Budget New loans	2019/20 Budget Principal repayments	2019/20 Budget Interest repayments	Budget Principal outstanding 30 June 2020	Actual Principal 1 July 2018	2018/19 Actual New loans	2018/19 Actual Principal repayments	2018/19 Actual Interest repayments	Actual Principal outstanding 30 June 2019	Budget Principal 1 July 2018	2018/19 Budget New loans	2018/19 Budget Principal repayments	2018/19 Budget Interest repayments	Budget Principal outstanding 30 June 2019
		\$	\$	\$	\$			\$	\$	\$			\$	\$	\$
<b>Transport</b>															
Purchase of Road Plant	18,416	0	900	500	17,516	19,481	0	1,065	500	18,416	19,581	0	0	790	19,581
Finance Flood Damage Works	1,549,625	2,500,000	4,049,625	12,000	0	0	11,304,508	9,754,883	33,516	1,549,625	0	8,000,000	8,000,000	44,500	0
	1,568,041	2,500,000	4,050,525	12,500	17,516	19,481	11,304,508	9,755,948	34,016	1,568,041	19,581	8,000,000	8,000,000	45,290	19,581

All borrowing repayments will be financed by general purpose revenue.

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

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Finance Flood Damage Works		Credit Line			2,500,000		(2,500,000)	5,000,000
					2,500,000	0	(2,500,000)	5,000,000

(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 1 Dolly	Plant Purchase	2017-18	\$ 5,000	\$ (5,000)	\$ 0
			5,000	(5,000)	0

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
<b>Undrawn borrowing facilities credit standby arrangements</b>	\$	\$	\$
Bank overdraft limit	100,000	100,000	100,000
Bank overdraft at balance date	0	0	0
Credit card limit	5,000	5,000	5,000
Credit card balance at balance date	0	0	0
<b>Total amount of credit unused</b>	<b>105,000</b>	<b>105,000</b>	<b>105,000</b>
<b>Loan facilities</b>			
Loan facilities in use at balance date	17,516	1,568,041	19,581
Unused loan facilities at balance date	0	5,000	0

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd 1 July 2019	2019/20 Budgeted Increase/ (Decrease)	Amount as at 30th June 2020
Westpac	Cash flow management	Perpetual	\$ 0	\$ 0	\$ 0
			0	0	0

While an overdraft facility of \$100,000 does exist on the Municipal cheque account, it is not anticipated this will be Utilised in 2019/20.

**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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	135,705	2,170	0	137,875	85,444	50,261	0	135,705	181,984	3,640	(50,000)	135,624
Plant Reserve	1,410,317	516,820	(650,000)	1,277,137	975,371	434,946	0	1,410,317	975,370	432,060	(403,000)	1,004,430
Buildings Reserve	502,879	0	(252,479)	250,400	350,114	152,765	0	502,879	135,114	152,365	(50,000)	237,479
Beringarra-Cue Road Reserve	3,536,485	34,750	(895,000)	2,676,235	3,456,045	88,101	(7,661)	3,536,485	3,625,134	20,410	(3,517,700)	127,844
Transaction Centre Reserve	0	0	0	0	6,329	94	(6,423)	0	6,329	110	(6,439)	0
Ballinyoo Bridge Reserve	0	0	0	0	46,115	941	(47,056)	0	46,114	807	0	46,921
CSIRO Berigarra-Pindar Road Rese	171,668	2,740	0	174,408	168,226	3,442	0	171,668	168,226	2,940	0	171,166
Flood Damage Repairs Reserve	250,561	4,000	(126,523)	128,038	69,145	181,416	0	250,561	69,144	181,210	0	250,354
Settlement Buildings and Facilities F	920,399	366,279	(500,000)	786,678	353,169	567,230	0	920,399	351,747	561,150	(41,500)	871,397
Road Sealing reserve	375,000	101,875	(200,000)	276,875	0	375,000	0	375,000	0	75,000	0	75,000
	7,303,014	1,028,634	(2,624,002)	5,707,646	5,509,958	1,854,196	(61,140)	7,303,014	5,559,162	1,429,692	(4,068,639)	2,920,215

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

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
Leave Reserve	Ongoing	to be used to fund annual and long service leave requirements
Plant Reserve	Ongoing	to be used for the purchase of plant
Buildings Reserve	Ongoing	to be used for the construction /renovation of Administration Centre
Beringarra-Cue Road Reserve	Ongoing	to be used to convert the road from bitumen to gravel as required
Transaction Centre Reserve	n/a	Set up for development of the CBD - transferred to settlement buildings and facilities reserve
Ballinyoo Bridge Reserve	Ongoing	to be used for the maintenance and replacement of bridge 837
CSIRO Berigarra-Pindar Road Rese	Ongoing	to be used to fund additional maintenance work required for CSIRO traffic
Flood Damage Repairs Reserve	Ongoing	to be used towards the "trigger point" for WANDRRA funded flood damage works
Settlement Buildings and Facilities F	Ongoing	to be used to fund improvements to and maintenance of settlement buildings & facilities
Road Sealing reserve	Ongoing	to be used to fund road sealing program

**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	7,500	8,090	5,000
Law, order, public safety	500	0	1,000
Recreation and culture	1,750	546	2,900
Economic services	252,000	265,247	260,250
Other property and services	0	2,050	0
	<b>261,750</b>	<b>275,933</b>	<b>269,150</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**

General purpose funding	1,837,500	3,722,382	1,689,500
Law, order, public safety	12,200	12,596	15,500
Transport	323,205	202,993	124,172
	<b>2,172,905</b>	<b>3,937,971</b>	<b>1,829,172</b>

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

Law, order, public safety	53,950	0	0
Transport	685,000	477,510	521,235
	<b>738,950</b>	<b>477,510</b>	<b>521,235</b>

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

**10. OTHER INFORMATION**

**The net result includes as revenues**

**(a) Interest earnings**

Cash and cash equivalents

- Reserve funds

- Other funds

Other interest revenue (refer note 1b)

**(b) Other revenue**

Reimbursements and recoveries

Other

**The net result includes as expenses**

**(c) Auditors remuneration**

Audit services

Other services

**(d) Interest expenses (finance costs)**

Borrowings (refer Note 6(a))

**(e) Elected members remuneration**

Meeting fees

President's allowance

Deputy President's allowance

Travelling expenses

Telecommunications allowance

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
	90,000	107,920	75,000
	42,500	52,094	25,000
	3,000	3,178	750
	<b>135,500</b>	<b>163,192</b>	<b>100,750</b>
	9,383,387	12,893,116	15,333,700
	97,290	0	88,290
	<b>9,480,677</b>	<b>12,893,116</b>	<b>15,421,990</b>
	50,000	34,923	25,000
	0	0	10,000
	<b>50,000</b>	<b>34,923</b>	<b>35,000</b>
	12,500	34,016	45,290
	<b>12,500</b>	<b>34,016</b>	<b>45,290</b>
	60,543	58,090	56,000
	10,032	6,990	6,990
	2,508	1,750	1,750
	22,000	20,653	28,824
	8,000	6,937	8,000
	<b>103,083</b>	<b>94,420</b>	<b>101,564</b>

**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 AND TRADING UNDERTAKINGS

It is not anticipated the Shire will be party to any Major Land Transactions or Trading Undertakings during 2019/20.

## 12. INTERESTS IN JOINT ARRANGEMENTS

The Shire of Murchison has participated in a joint venture with the Department of Housing for the construction of eight accommodation units in the Murchison settlement. The provision of housing aims to provide accommodation for Shire employees. The Shire of Murchison has a 15.69% interest in one unit and a nil% interest in the other seven. All revenue and expenses of the joint venture are recognised in the relevant financial statements of the Council.

	<b>2019/20 Budget</b>	<b>2018/19 Actual</b>	<b>2018/19 Budget</b>
	\$	\$	\$
<b>Non-current assets</b>			
Buildings	59,797	59,797	59,797
Less: accumulated depreciation	(12,000)	(6,722)	(6,722)
	<u>47,797</u>	<u>53,075</u>	<u>53,075</u>

### SIGNIFICANT ACCOUNTING POLICIES

#### INTERESTS IN JOINT ARRANGEMENTS

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

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

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

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

**13. TRUST FUNDS**

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Nomination Fees	0	240	(240)	0
	0	240	(240)	0

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

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

**GOODS AND SERVICES TAX (GST)**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**ROUNDING OFF FIGURES**

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

**COMPARATIVE FIGURES**

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

**BUDGET COMPARATIVE FIGURES**

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

**REVENUE RECOGNITION**

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 15.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30TH JUNE 2020****15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE  
IN ACCOUNTING POLICIES**

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Shire of Murchison adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Murchison has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary no adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019), as there were no relevant revenue from contracts with customers or unspent grants.

**LEASES**

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Murchison is not required to make any adjustments on transition for leases for which the underlying asset is of low value. 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).

**INCOME FOR NOT-FOR-PROFIT ENTITIES**

The Shire of Murchison has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Murchison has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

Volunteer Services in relation to Volunteer Fire Services have not been recognised in budgeted revenue and budgeted expenditure as the fair value of the services cannot be reliably estimated and the services would not have been purchased if they had not been donated.