

SHIRE OF MURCHISON
BUDGET
FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement by Program	7
Rates and Service Charges	8
Net Current Assets	13
Reconciliation of Cash	16
Fixed Assets	17
Asset Depreciation	19
Borrowings	20
Cash Backed Reserves	22
Fees and Charges	23
Grant Revenue	23
Other Information	24
Major Land Transactions	25
Major Trading Undertaking	25
Interests in Joint Arrangements	25
Trust	26
Significant Accounting Policies - Other	27
Significant Accounting Policies - Change in Accounting Policies	28

SHIRE'S VISION

"Working together to preserve the unique character of the Shire and supporting diverse and sustainable lifestyle and economic opportunities"

**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
		\$	\$	\$
Revenue				
Rates	1(a)	464,044	458,510	420,292
Operating grants, subsidies and contributions	9	2,172,905	4,049,120	1,829,172
Fees and charges	8	261,750	275,933	269,150
Interest earnings	10(a)	135,500	163,192	100,750
Other revenue	10(b)	9,480,677	12,893,116	15,421,990
		12,514,876	17,839,871	18,041,354
Expenses				
Employee costs		(1,232,268)	(1,229,489)	(1,246,867)
Materials and contracts		(11,229,957)	(13,781,486)	(16,322,717)
Depreciation on non-current assets	5	(3,071,485)	(2,798,739)	(3,121,385)
Interest expenses	10(d)	(12,500)	(34,016)	(45,290)
Insurance expenses		(157,376)	(133,052)	(164,473)
Other expenditure		(155,583)	(114,357)	(120,564)
		(15,859,169)	(18,091,139)	(21,021,296)
Subtotal		(3,344,293)	(251,268)	(2,979,942)
Non-operating grants, subsidies and contributions	9	738,950	477,510	521,235
Profit on asset disposals	4(b)	9,439	6,171	10,000
Loss on asset disposals	4(b)	(112,597)	(17,908)	(115,900)
		635,792	465,773	415,335
Net result		(2,708,501)	214,505	(2,564,607)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(2,708,501)	214,505	(2,564,607)

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 Murchison 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 13 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.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 15.

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.

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

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES**EMPLOYEE COSTS**

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation 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
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		12,500	13,482	9,000
General purpose funding		2,437,544	4,344,777	2,210,742
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		9,706,092	13,091,163	15,457,672
Economic services		252,000	265,247	260,250
Other property and services		88,000	108,295	80,000
		12,514,876	17,839,871	18,041,354
Expenses excluding finance costs	5,10(c)(e)(f)(f)			
Governance		(376,935)	(337,841)	(349,914)
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		(13,872,667)	(16,529,177)	(19,115,235)
Economic services		(858,525)	(696,688)	(791,979)
Other property and services		(124,977)	(60,357)	(71,367)
		(15,846,669)	(18,057,123)	(20,976,006)
Finance costs	6, 10(d)			
Transport		(12,500)	(34,016)	(45,290)
		(12,500)	(34,016)	(45,290)
Subtotal		(3,344,293)	(251,268)	(2,979,942)
Non-operating grants, subsidies and contributions	9	738,950	477,510	521,235
Profit on disposal of assets	4(b)	9,439	6,171	10,000
(Loss) on disposal of assets	4(b)	(112,597)	(17,908)	(115,900)
		635,792	465,773	415,335
Net result		(2,708,501)	214,505	(2,564,607)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(2,708,501)	214,505	(2,564,607)

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 the decision-making framework to facilitate allocation of scarce resources.

Administration and operation of facilities and services to members of Council. Other costs that relate to the task of assisting elected members and electors on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision of various by-laws, fire prevention and animal control.

HEALTH

To provide an operational framework for environmental and community health.

Monitor health control standards within the community, provide support and assistance with airstrips to enable all residents access to the Royal Flying Doctor for regular and emergency health services.

EDUCATION AND WELFARE

To provide services to disadvantaged persons. The elderly, children and youth.

Support of education facilities within the Shire and of any external resources necessary to assist with the education programmes for all residents.

HOUSING

To provide and maintain staff housing.

Provision and maintenance of staff housing.

COMMUNITY AMENITIES

To provide services required by the community.

Maintain a refuse site for the settlement.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social well being of the community.

Provide a library and museum and operation thereof. Maintain recreation centre, sports field, parks, gardens and other recreational facilities.

TRANSPORT

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

Construction and maintenance of roads, drainage works and traffic signs. Maintenance of the settlement air-strip.

ECONOMIC SERVICES

To help promote the shire and its economic well being.

Building control, provision of power and water supplies. Supply and maintenance of television re-broadcasting installation. Provision of radio communication. Maintenance of caravan park. Vermin control and area promotion.

OTHER PROPERTY AND SERVICES

To monitor and control Shire's overheads operating accounts.

Private works operation, plant repair and operation costs.

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
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		464,044	472,384	420,292
Operating grants, subsidies and contributions		4,662,133	1,081,158	1,802,496
Fees and charges		261,750	275,933	269,150
Interest earnings		135,500	163,192	100,750
Goods and services tax		109,868	375,291	230,470
Other revenue		9,480,677	12,893,116	15,421,990
		15,113,972	15,261,074	18,245,148
Payments				
Employee costs		(1,232,268)	(1,314,828)	(1,246,867)
Materials and contracts		(11,229,957)	(13,135,063)	(16,265,187)
Interest expenses		(12,500)	(34,016)	(45,290)
Insurance expenses		(157,376)	(133,052)	(164,473)
Goods and services tax		(109,868)	(137,866)	0
Other expenditure		(155,583)	(114,357)	(120,564)
		(12,897,552)	(14,869,182)	(17,842,381)
Net cash provided by (used in) operating activities	3	2,216,420	391,892	402,767
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(2,693,250)	(175,473)	(1,642,500)
Payments for construction of infrastructure	4(a)	(2,742,975)	(1,700,514)	(5,577,291)
Non-operating grants, subsidies and contributions used for the development of assets	9	738,950	477,510	521,235
Proceeds from sale of plant & equipment	4(b)	243,900	19,933	257,100
Net cash provided by (used in) investing activities		(4,453,375)	(1,378,544)	(6,441,456)
CASH FLOWS FROM FINANCING ACTIVITIES				
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
Net cash provided by (used in) financing activities		(1,550,525)	1,548,560	0
Net increase (decrease) in cash held		(3,787,480)	561,908	(6,038,689)
Cash at beginning of year		9,520,812	8,958,904	8,958,904
Cash and cash equivalents at the end of the year	3	5,733,332	9,520,812	2,920,215

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
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	4,681,340	3,756,909	3,794,404
		4,681,340	3,756,909	3,794,404
Revenue from operating activities (excluding rates)				
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
Expenditure from operating activities				
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
Amount attributable to operating activities		3,944,488	5,845,870	3,382,217
INVESTING ACTIVITIES				
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
Amount attributable to investing activities		(4,453,375)	(1,378,544)	(6,441,456)
FINANCING ACTIVITIES				
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
Amount attributable to financing activities		44,843	(244,496)	2,638,947
Budgeted deficiency before general rates		(464,044)	4,222,830	(420,292)
Estimated amount to be raised from general rates	1	464,044	458,510	420,292
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	4,681,340	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 total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue	
	\$		\$	\$	\$	\$	\$	\$	
Differential general rate or general rate									
Unimproved valuations									
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	
Sub-Totals		59	3,156,124	458,047	27	458,074	450,604	412,826	
Minimum									
Minimum payment									
Unimproved valuations									
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	
Sub-Totals		15	50,475	5,970	0	5,970	7,906	7,466	
						74	3,206,599	464,017	27
Total amount raised from general rates						464,044	458,510	420,292	
Total rates						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
		\$	%	%
Option one				
Payment in full	11/10/2019	0	0.0%	8.0%
Option two				
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

Description	Characteristics	Objects	Reasons
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

Description	Characteristics	Objects	Reasons
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
	\$	\$	\$
Composition of estimated net current assets			
Current assets			
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
Less: current liabilities			
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)
Net current assets		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
		\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency				
Net current assets	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.				
Adjustments to net current assets				
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
Adjusted net current assets - surplus/(deficit)		0	4,681,340	0
(ii) Operating activities excluded from budgeted deficiency				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
Adjustments to operating activities				
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
Non cash amounts excluded from operating activities		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:

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	25,686	2,212,798	0
Cash - restricted	5,707,646	7,308,014	2,920,215
	5,733,332	9,520,812	2,920,215
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
	5,707,646	7,308,014	2,920,215
Reconciliation of net cash provided by operating activities to net result			
Net result	(2,708,501)	214,505	(2,564,607)
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)
Net cash from operating activities	2,216,420	391,892	402,767

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
Total acquisitions	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
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)
By Class												
<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
	\$	\$	\$
Governance	28,433	24,397	35,541
General purpose funding	0	0	4,148
Law, order, public safety	9,685	13,862	2,951
Health	2,656	2,392	0
Housing	24,000	21,625	83,154
Community amenities	6,200	5,696	6,344
Recreation and culture	66,240	61,006	77,930
Transport	2,525,371	2,310,480	2,405,115
Economic services	72,450	63,043	84,402
Other property and services	336,450	296,238	421,800
	3,071,485	2,798,739	3,121,385
Buildings - non-specialised	305,300	272,205	368,111
Furniture and equipment	1,980	2,636	10,459
Plant and equipment	424,600	328,565	463,021
Infrastructure - Roads	2,293,355	2,148,339	2,238,255
Infrastructure - Bridges	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
		\$	\$	\$	\$			\$	\$	\$			\$	\$	\$
Transport															
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
Undrawn borrowing facilities credit standby arrangements	\$	\$	\$
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
Total amount of credit unused	105,000	105,000	105,000
Loan facilities			
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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
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
	261,750	275,933	269,150

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
	2,172,905	3,937,971	1,829,172

Non-operating grants, subsidies and contributions

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

**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.

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Non-current assets			
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.