

SHIRE OF MURCHISON
BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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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 2019**

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
Revenue				
Rates	1	420,292	410,844	400,767
Operating grants, subsidies and contributions	9.	1,829,172	3,774,021	1,909,046
Fees and charges	9.	269,150	253,121	240,661
Service charges		0	0	0
Interest earnings	10.(a)	100,750	86,260	72,333
Other revenue	10.(b)	15,421,990	6,304,575	6,490,184
		18,041,354	10,828,821	9,112,991
Expenses				
Employee costs		(1,246,867)	(1,244,639)	(1,202,838)
Materials and contracts		(16,322,717)	(7,206,126)	(7,603,687)
Utility charges		0	(3,106)	0
Depreciation on non-current assets	5.	(3,121,385)	(3,016,207)	(3,174,884)
Interest expenses	10.(d)	(45,290)	(27,549)	(44,951)
Insurance expenses		(164,473)	(155,294)	(189,991)
Other expenditure		(120,564)	(97,712)	(133,989)
		(21,021,296)	(11,750,633)	(12,350,340)
		(2,979,942)	(921,812)	(3,237,349)
Non-operating grants, subsidies and contributions	9.	521,235	1,080,545	1,100,259
Profit on asset disposals	4.(b)	10,000	505	23,520
Loss on asset disposals	4.(b)	(115,900)	(85,763)	(93,965)
Loss on revaluation of non current assets		0	(77,244)	0
Reversal of prior year loss on revaluation of assets		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Net result		(2,564,607)	(3,769)	(2,207,535)
Other comprehensive income				
Changes on revaluation of non-current assets		0	150,858	0
Total other comprehensive income		0	150,858	0
Total comprehensive income		(2,564,607)	147,089	(2,207,535)

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

BASIS OF PREPARATION

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

Except for cash flow and rate setting information, the budget has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of 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 #NAME?

2017/18 ACTUAL BALANCES

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

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

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

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

REVENUES (CONTINUED)

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

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

BY PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		9,000	8,353	9,201
General purpose funding		2,210,742	3,986,031	2,257,774
Law, order, public safety		16,500	15,262	7,721
Health		0	0	0
Education and welfare		0	0	0
Housing		4,290	4,110	4,290
Community amenities		0	0	0
Recreation and culture		2,900	2,717	1,530
Transport		15,457,672	6,458,494	6,525,095
Economic services		260,250	244,700	224,532
Other property and services		80,000	109,154	82,848
		18,041,354	10,828,821	9,112,991
Expenses excluding finance costs	5,10(c),(e),(f)			
Governance		(349,914)	(368,397)	(462,223)
General purpose funding		(28,594)	(28,328)	(46,085)
Law, order, public safety		(140,321)	(126,079)	(92,746)
Health		(34,327)	(17,054)	(24,882)
Education and welfare		0	0	0
Housing		(3,281)	(631)	(3,421)
Community amenities		(54,626)	(21,749)	(73,220)
Recreation and culture		(386,363)	(328,428)	(304,223)
Transport		(19,115,235)	(10,076,098)	(10,442,593)
Economic services		(791,979)	(698,373)	(846,772)
Other property and services		(71,366)	(57,948)	(9,224)
		(20,976,006)	(11,723,085)	(12,305,389)
Finance costs	6, 10(d)			
Governance		0	0	0
General purpose funding		0	0	0
Law, order, public safety		0	0	0
Health		0	0	0
Education and welfare		0	0	0
Housing		0	0	0
Community amenities		0	0	0
Recreation and culture		0	0	0
Transport		(45,290)	(27,548)	(44,951)
Economic services		0	0	0
Other property and services		0	0	0
		(45,290)	(27,548)	(44,951)
		(2,979,942)	(921,812)	(3,237,349)
Non-operating grants, subsidies and contributions	9.	521,235	1,080,545	1,100,259
Profit on disposal of assets	4.(b)	10,000	505	23,520
(Loss) on disposal of assets	4.(b)	(115,900)	(85,763)	(93,965)
Loss on revaluation of non current assets		0	(77,244)	0
Reversal of prior year loss on revaluation of assets		0	0	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Net result		(2,564,607)	(3,769)	(2,207,535)
Other comprehensive income				
Changes on revaluation of non-current assets		0	150,858	0
		0	150,858	0
Total comprehensive income		(2,564,607)	147,089	(2,207,535)

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

FOR THE YEAR ENDED 30TH JUNE 2019

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide the decision-making framework to facilitate allocation of limited 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 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 wellbeing	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	To monitor and control Shire's overheads operating account	Private works operation, plant repair and operation costs.

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

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		420,292	401,636	400,767
Operating grants, subsidies and contributions		1,802,496	3,624,603	1,909,046
Fees and charges		269,150	253,121	240,661
Service charges		0	0	0
Interest earnings		100,750	86,260	72,333
Goods and services tax		230,470	(190,447)	804,000
Other revenue		15,421,990	6,304,575	6,490,184
		18,245,148	10,479,748	9,916,991
Payments				
Employee costs		(1,246,867)	(1,220,625)	(1,202,838)
Materials and contracts		(16,265,187)	(7,320,303)	(7,832,413)
Utility charges		0	(3,106)	0
Interest expenses		(45,290)	(27,549)	(44,951)
Insurance expenses		(164,473)	(155,294)	(189,991)
Goods and services tax		0		(804,000)
Other expenditure		(120,564)	(97,712)	(133,989)
		(17,842,381)	(8,824,589)	(10,208,182)
Net cash provided by (used in) operating activities	3	402,767	1,655,159	(291,191)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	4.(a)	0	0	0
Payments for purchase of property, plant & equipment	4.(a)	(1,642,500)	(682,541)	(1,591,230)
Payments for construction of infrastructure	4.(a)	(5,577,291)	(3,859,886)	(8,352,753)
Non-operating grants, subsidies and contributions used for the development of assets	9	521,235	1,080,545	1,100,259
Proceeds from sale of plant & equipment	4(b)	257,100	97,701	216,625
Net cash provided by (used in) investing activities		(6,441,456)	(3,364,181)	(8,627,099)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6.	(8,000,000)	(4,767,114)	(3,000,512)
Advances to community groups	6.	0	0	0
Proceeds from self supporting loans	6.(a)	0	0	0
Proceeds from new borrowings	6.(b)	8,000,000	4,786,594	3,015,000
Net cash provided by (used in) financing activities		0	19,480	14,488
Net increase (decrease) in cash held		(6,038,689)	(1,689,542)	(8,903,802)
Cash at beginning of year		8,958,904	10,648,446	10,648,446
Cash and cash equivalents at the end of the year	3	2,920,215	8,958,904	1,744,644

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

BY REPORTING PROGRAM

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	3,794,404	4,913,068	4,870,024
		3,794,404	4,913,068	4,870,024
Revenue from operating activities (excluding rates)				
Governance		9,000	8,353	9,201
General purpose funding		1,790,450	3,575,187	1,857,007
Law, order, public safety		16,500	15,262	7,721
Health		0	0	0
Education and welfare		0	0	0
Housing		4,290	4,110	4,290
Community amenities		0	0	0
Recreation and culture		2,900	2,717	1,530
Transport		15,467,672	6,458,999	6,548,615
Economic services		260,250	244,700	224,532
Other property and services		80,000	109,154	82,848
		17,631,062	10,418,482	8,735,744
Expenditure from operating activities				
Governance		(357,714)	(368,397)	(464,440)
General purpose funding		(28,594)	(28,328)	(46,085)
Law, order, public safety		(140,321)	(126,079)	(92,746)
Health		(34,327)	(17,054)	(24,882)
Education and welfare		0	0	0
Housing		(3,281)	(631)	(3,421)
Community amenities		(54,626)	(21,749)	(73,220)
Recreation and culture		(386,363)	(328,428)	(304,223)
Transport		(19,268,625)	(10,189,410)	(10,579,292)
Economic services		(791,979)	(698,373)	(846,772)
Other property and services		(71,366)	(135,192)	(9,224)
		(21,137,196)	(11,913,641)	(12,444,305)
Operating activities excluded from budget				
(Profit) on asset disposals	4.(b)	(10,000)	(505)	(23,520)
Loss on disposal of assets	4.(b)	115,900	85,763	93,965
Loss on revaluation of non current assets		0	77,244	0
Reversal of prior year loss on revaluation of assets		0		0
Depreciation on assets	5	3,121,385	3,016,207	3,174,884
Movement in employee benefit provisions (non-current)		(133,338)	137,277	0
Amount attributable to operating activities		3,382,217	6,733,895	4,406,792
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9.	521,235	1,080,545	1,100,259
Purchase land held for resale	4.(a)	0	0	0
Purchase property, plant and equipment	4.(a)	(1,642,500)	(678,709)	(1,591,230)
Purchase and construction of infrastructure	4.(a)	(5,577,291)	(3,859,886)	(8,352,753)
Proceeds from disposal of assets	4.(a)	257,100	97,701	216,625
Amount attributable to investing activities		(6,441,456)	(3,360,349)	(8,627,099)
FINANCING ACTIVITIES				
Repayment of borrowings	6	(8,000,000)	(4,767,114)	(3,000,512)
Proceeds from new borrowings	6	8,000,000	4,786,594	3,015,000
Proceeds from self supporting loans	6	0	0	0
Transfers to cash backed reserves (restricted assets)	7	(1,429,692)	(715,326)	(765,012)
Transfers from cash backed Reserves	7	4,068,639	705,860	4,570,064
		2,638,947	10,014	3,819,540
Budgeted deficiency before general rates		(420,292)	3,383,560	(400,767)
Estimated amount to be raised from general rates	1	420,292	410,844	400,767
Net current assets at end of financial year - surplus/(deficit)	3	0	3,794,404	0

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

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

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue
	\$		\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
UV Rural	0.031200	23	1,459,657	45,541	0	0	45,541	41,830
UV Mining	0.294000	9	1,172,054	344,584	0	0	344,584	343,791
UV Prospecting and Exploration	0.076750	20	295,775	22,701	0	0	22,701	20,763
Sub-Totals		52	2,927,486	412,826	0	0	412,826	406,384
Minimum								
Minimum payment								
	\$							
UV Rural	291	6	13,263	1,746	0	0	1,746	1,108
UV Mining	440	0	0	0	0	0	0	0
UV Prospecting and Exploration	440	13	37,330	5,720	0	0	5,720	3,352
Sub-Totals		19	50,593	7,466	0	0	7,466	4,460
		71	2,978,079	420,292	0	0	420,292	410,844
Discounts and concessions - refer Note 1							0	0
Total amount raised from general rates							420,292	410,844
Specified area rates (Refer note 1(f))							0	0
Total rates							420,292	410,844

All land (other than exempt land) in the Shire of Murchison is rated according to its Unimproved Value (UV).

The general rates detailed for the 2018/19 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum 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 2019**

1. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Payment in full	5/10/2018	0	0.00%	8.00%
Option three				
1st instalment	5/10/2018	0	0.00%	0.00%
2nd instalment	6/12/2018	11	0.00%	0.00%
3rd instalment	7/02/2019	11	0.00%	0.00%
4th instalment	9/04/2019	11	0.00%	0.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	200	135
Unpaid rates and service charge interest earned	750	980
	<u>950</u>	<u>1,115</u>

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

(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 - Rural	Consists of properties for pastoral use	This is considered to be the base rate for which all other UV rates properties are assessed	The category is rated to reflect the infrastructure maintenance cost to council and the sectors reduced viability caused by many years of drought, flood and the wild dog problem. It also recognises the long term commitment of pastoralists to the region and their stewardship of the land. The pastoral industry is also required to pay a vermin rate of 5.124 cents in the dollar annually which the mining and exploration/prospecting industry is not encumbered with, even though they are a 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 rate payers 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	As with the mining sector, the Exploration / Prospecting sector tends to be transitory by nature. The category is rated to reflect the fact that tenement holders use established Shire services and infrastructure but contribute little or no enterprise to the community.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
UV - Rural	Consists of 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 the 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 the 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 and 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 the Shire infrastructure	The setting of minimum payments within the categories is an important method of ensuring that all properties contribute an equitable rate amount

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

The rates proposed in the adopted budget are the same as the differential rate advertised to the public

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

1. RATES AND SERVICE CHARGES (CONTINUED)

(f) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2019.

(g) Service Charges

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

(h) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2019.

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

2. NET CURRENT ASSETS

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3	0	3,399,742
Cash - restricted reserves	3	2,920,215	5,559,162
Receivables		225,046	428,840
Inventories		179,191	179,191
		3,324,452	9,566,935
Less: current liabilities			
Trade and other payables		(328,134)	(270,604)
Long term borrowings		(545)	(545)
Provisions		(124,697)	(124,697)
		(453,376)	(395,846)
Unadjusted net current assets		2,871,076	9,171,089
Adjustments			
Less: Cash - restricted reserves	3	(2,920,215)	(5,559,162)
Add: Current portion of borrowings		545	545
Add: Leave Reserve		48,594	181,932
Adjusted net current assets - surplus/(deficit)		0	3,794,404

Reason for Adjustments

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

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

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

2. NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER PAYABLES

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

PROVISIONS

Provisions are recognised when the Shire of Murchison 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.

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.

LAND HELD FOR RESALE

The Murchison settlement has no title to land and no land is held for resale.

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

3. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
Cash - unrestricted	\$ 0	\$ 3,399,742	\$ 0
Cash - restricted	2,920,215	5,559,162	1,744,644
	<u>2,920,215</u>	<u>8,958,904</u>	<u>1,744,644</u>

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

Reserves - Leave Reserve	135,623	181,983	184,116
Reserves - Plant Replacement	1,004,430	975,370	972,663
Reserves - Buildings	237,479	135,114	69
Reserves - Beringarra-Cue Road	127,844	3,625,134	53,667
Reserves - Transaction Centre	0	6,329	6,440
Reserves - Ballinyoo Bridge	46,921	46,114	46,920
Reserves - CSIRO Beringarra_Pindar Road	171,166	168,226	171,168
Reserves - Flood Damage Repairs	250,354	69,144	202,741
Reserves - Settlement Buildings and Facilities	871,396	351,746	106,860
Reserves - Road Sealing reserve	75,000	0	0
	<u>2,920,215</u>	<u>5,559,162</u>	<u>1,744,644</u>

Reconciliation of net cash provided by operating activities to net result

Net result	(2,564,607)	(3,770)	(2,207,535)
Depreciation	3,121,385	3,016,207	3,174,884
(Profit)/loss on sale of asset	105,900	85,258	70,445
Loss on revaluation of non current assets	0	77,244	0
(Increase)/decrease in receivables	203,794	(349,073)	0
(Increase)/decrease in inventories	0	(25,410)	50,000
Increase/(decrease) in payables	57,530	(89,555)	(278,726)
Increase/(decrease) in employee provisions	0	24,802	0
Grants/contributions for the development of assets	(521,235)	(1,080,545)	(1,100,259)
Net cash from operating activities	<u>402,767</u>	<u>1,655,158</u>	<u>(291,191)</u>

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

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

4. FIXED ASSETS

30/06/2018

(a) Acquisition of Assets

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

	04	03	05	07	08	09	10	11	12	13	14		
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services	2018/19 Budget total	2017/18 Actual total
Asset class	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>													
Buildings and Improvements - non-specialised	0	75,000	0	0	0	87,000	0	14,000	0	0	0	176,000	5,932
Other Buildings and Improvements	12,000	20,000	0	0	0	0	30,000	0	275,000	78,500	0	415,500	0
Furniture and equipment	0	58,000	0	0	0	0	0	0	0	0	0	58,000	
Plant and equipment	0	0	0	0	0	0	0	0	993,000	0	0	993,000	672,777
	12,000	153,000	0	0	0	87,000	30,000	14,000	1,268,000	78,500	0	1,642,500	678,709
<i>Infrastructure</i>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	5,577,291	0	0	5,577,291	3,859,886
	0	0	0	0	0	0	0	0	5,577,291	0	0	5,577,291	3,859,886
<i>Land Held for Resale</i>													
Land held for resale	0	0	0	0	0	0	0	0	0	0	0	0	0
Total acquisitions	12,000	153,000	0	0	0	87,000	30,000	14,000	6,845,291	78,500	0	7,219,791	4,538,595

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

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	Net book value	Sale proceeds	2018/19 Budget		2017/18 Actual		2017/18 Budget	
			Profit	Loss	Profit	Loss	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$
By Program								
Governance	27,000	19,200	0	(7,800)	0	0	0	(2,217)
Transport	336,000	237,900	10,000	(108,100)	505	(85,763)	23,520	(91,748)
	<u>363,000</u>	<u>257,100</u>	<u>10,000</u>	<u>(115,900)</u>	<u>505</u>	<u>(85,763)</u>	<u>23,520</u>	<u>(93,965)</u>
By Class								
<i>Property, Plant and Equipment</i>								
Plant and equipment	363,000	257,100	10,000	(115,900)	505	(85,763)	23,520	(93,965)
	<u>363,000</u>	<u>257,100</u>	<u>10,000</u>	<u>(115,900)</u>	<u>505</u>	<u>(85,763)</u>	<u>23,520</u>	<u>(93,965)</u>

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

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

5. ASSET DEPRECIATION

By Program

Governance
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

By Class

Buildings and Improvements - non-specialised
Other Buildings and Improvements
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Bridges

30/06/2019 30/06/2018 30/06/2018

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Governance	35,541	35,429	116
Law, order, public safety	4,148	4,051	4,184
Health	2,951	2,713	948
Education and welfare	0	0	101,881
Housing	83,154	84,485	0
Community amenities	6,344	6,197	4,930
Recreation and culture	77,930	72,464	62,607
Transport	2,405,115	2,303,057	2,449,443
Economic services	84,402	73,088	72,742
Other property and services	421,800	434,723	478,033
	3,121,385	3,016,207	3,174,884
Buildings and Improvements - non-specialised	368,111	353,741	0
Other Buildings and Improvements	0	0	18,319
Furniture and equipment	10,459	11,718	10,977
Plant and equipment	463,021	474,460	463,219
Infrastructure - Roads	2,238,255	2,136,544	2,315,369
Infrastructure - Bridges	41,539	39,745	367,000
	3,121,385	3,016,207	3,174,884

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

DEPRECIATION (CONTINUED)

Major depreciation periods used for each class of depreciable asset are:

Buildings 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
Work in Progress	Nil
Infrastructure - Roads	7-35 years
Infrastructure - Airstrip	10-20 years
Infrastructure - Bridges	50-100 yrs

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual
			\$	\$	\$	\$	\$	\$
Transport								
Purchase of Road Plant	19,581	0	0	0	19,581	19,581	790	333
Finance Flood Damage works	0	8,000,000	8,000,000	0	0	0	44,500	0
Flood Damage 2017	0		0	4,767,114	0	0	0	27,216
	19,581	8,000,000	8,000,000	4,767,114	19,581	19,581	45,290	27,549
	19,581	8,000,000	8,000,000	4,767,114	19,581	19,581	45,290	27,549

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

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2018/19

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Finance Flood Damage work	WATC	Debenture	2	0	8,000,000	44,500	8,000,000	0
					8,000,000	44,500	8,000,000	0

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd	2017/18 Budget	Amount as at 30 June 2018
			\$	\$	\$
Loan 1	Purchase plant	2017-18	0	0	5,000
			0	0	5,000

(d) Credit Facilities

	2018/19 Budget	2017/18 Actual	2017/18 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
Total amount of credit unused	105,000	105,000	105,000
Loan facilities			
Loan facilities in use at balance date	19,581	19,581	14,488
Unused loan facilities at balance date	5,000	5,000	0

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to	2017/18 Budget Transfer (from)	2017/18 Budget Closing Balance
Reserves - Leave Reserve	\$ 181,983	\$ 3,640	\$ (50,000)	\$ 135,623	\$ 121,337	\$ 60,646	\$ 0	\$ 181,983	\$ 121,337	\$ 62,779	\$ 0	\$ 184,116
Reserves - Plant Replacement	975,370	432,060	(403,000)	1,004,430	791,372	542,998	(359,000)	975,370	791,372	546,207	(364,916)	972,663
Reserves - Buildings	135,114	152,365	(50,000)	237,479	134,399	715	0	135,114	134,399	3,078	(137,408)	69
Reserves - Beringarra-Cue Road	3,625,134	20,410	(3,517,700)	127,844	3,784,736	57,258	(216,860)	3,625,134	3,784,736	86,671	(3,817,740)	53,667
Reserves - Transaction Centre	6,329	110	(6,439)	0	6,296	33	0	6,329	6,296	144	0	6,440
Reserves - Ballinyoo Bridge	46,114	807	0	46,921	45,870	244	0	46,114	45,870	1,050	0	46,920
Reserves - CSIRO Beringarra_Pindar Road	168,226	2,940	0	171,166	167,336	890	0	168,226	167,336	3,832	0	171,168
Reserves - Flood Damage Repairs	69,144	181,210	0	250,354	198,202	942	(130,000)	69,144	198,202	4,539	0	202,741
Reserves - Settlement Buildings and Facilities	351,746	561,150	(41,500)	871,396	300,148	51,598	0	351,746	300,148	56,712	(250,000)	106,860
Reserves - Road Sealing reserve	0	75,000	0	75,000	0	0	0	0	0	0	0	0
	5,559,162	1,429,692	(4,068,639)	2,920,215	5,549,696	715,326	(705,860)	5,559,162	5,549,696	765,012	(4,570,064)	1,744,644

NOTES TO AND FORMING PART OF THE BUDGET

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
Reserves - Leave Reserve	Ongoing	- to be used to fund Annual and Long Service leave requirements
Reserves - Plant Replacement	Ongoing	- to be used for the purchase of Plant
Reserves - Buildings	Ongoing	- to be used for the construction / renovation of Administration Centre
Reserves - Beringarra-Cue Road	Ongoing	- to be used to convert the road from bitumen to gravel as required
Reserves - Transaction Centre	n/a	Set up for development of CBD - transferred to Settlement Buildings and Facilities Reserve
Reserves - Ballinyoo Bridge	Ongoing	- to be used for the maintenance or replacement of bridge 837
Reserves - CSIRO Beringarra_Pindar Road	Ongoing	- to be used to fund additional maintenance work required due to CSIRO traffic
Reserves - Flood Damage Repairs	Ongoing	- to be used towards the 'trigger point' for WANDRRA funded flood damage works
Reserves - Settlement Buildings and Facilities	Ongoing	- to be used to fund improvements to and maintenance of settlement buildings & facilities
Reserves - 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 2019**

30/06/2019 30/06/2018

8. FEES & CHARGES REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Governance	5,000	4,656
General purpose funding	0	0
Law, order, public safety	1,000	1,340
Health	0	0
Education and welfare	0	0
Housing	0	0
Community amenities	0	0
Recreation and culture	2,900	2,717
Transport	0	0
Economic services	260,250	244,408
Other property and services	0	0
	269,150	253,121

9. GRANT REVENUE

	2018/19 Budget	2017/18 Actual
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	1,689,500	3,488,792
Law, order, public safety	15,500	13,922
Health	0	0
Education and welfare	0	0
Housing	0	0
Community amenities	0	0
Recreation and culture	0	0
Transport	124,172	271,307
Economic services	0	0
Other property and services	0	0
	1,829,172	3,774,021
Non-operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	0	0
Law, order, public safety	0	0
Health	0	0
Education and welfare	0	0
Housing	0	0
Community amenities	0	0
Recreation and culture	0	0
Transport	521,235	1,080,545
Economic services	0	0
Other property and services	0	0
	521,235	1,080,545

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

10. OTHER INFORMATION

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	75,000	62,993	61,818
- Other funds	25,000	22,288	10,000
Other interest revenue (refer note 1b)	750	980	515
	100,750	86,260	72,333
(b) Other revenue			
Reimbursements and recoveries	15,333,700	6,284,250	6,406,494
Other	88,290	20,325	83,690
	15,421,990	6,304,575	6,490,184
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	25,000	22,402	18,901
Other services	10,000	1,605	0
	35,000	24,007	18,901
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	45,290	27,549	0
	45,290	27,549	0
(e) Elected members remuneration			
Meeting fees	56,000	55,790	68,520
Mayor/President's allowance	6,990	6,990	12,000
Deputy Mayor/President's allowance	1,750	1,750	4,000
Travelling expenses	28,824	14,909	13,824
Telecommunications allowance	8,000	6,699	2,000
	101,564	86,138	100,344

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

11 MAJOR LAND TRANSACTIONS

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

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

12 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

13 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 statement of Council.

	2018	2017
	\$	\$
Non-current assets		
Buildings	59,797	59,797
Less: accumulated depreciation	(6,722)	0
	53,075	59,797

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.

14 TRUST FUNDS

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

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
Housing Bonds	7,350	0	0	7,350
Licensing Fees	0	37,500	(37,500)	0
Crosslands Murchison Community Fund	397,581	0	(50,000)	347,581
Shire Social Club	8,281	2,500	(5,000)	5,781
	413,212	40,000	(92,500)	360,712

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

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

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

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

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