

**SHIRE OF CHITTERING**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2019**



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**SHIRE'S VISION**

*A connected thriving community.*

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

**BY NATURE OR TYPE**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1	5,576,226	5,441,331	5,435,077
Operating grants, subsidies and contributions	9	1,167,125	2,220,113	1,271,542
Fees and charges	8	1,332,718	1,316,629	1,389,012
Interest earnings	10(a)	130,834	121,505	140,602
Other revenue	10(b)	148,400	317,068	244,131
		<u>8,355,303</u>	<u>9,416,646</u>	<u>8,480,364</u>
<b>Expenses</b>				
Employee costs		(3,500,585)	(3,454,692)	(3,204,609)
Materials and contracts		(3,208,245)	(2,866,580)	(3,433,471)
Utility charges		(163,504)	(162,090)	(143,934)
Depreciation on non-current assets	5	(4,742,350)	(4,713,437)	(4,629,753)
Interest expenses	10(d)	(90,010)	(66,931)	(67,264)
Insurance expenses		(182,841)	(161,814)	(177,206)
Other expenditure		(367,868)	(300,348)	(377,781)
		<u>(12,255,403)</u>	<u>(11,725,892)</u>	<u>(12,034,018)</u>
		(3,900,100)	(2,309,246)	(3,553,654)
Non-operating grants, subsidies and contributions	9	1,012,284	338,141	1,337,484
Profit on asset disposals	4(b)	4,277	31,955	0
Loss on asset disposals	4(b)	(303,097)	(9,237)	(62,706)
<b>Net result</b>		<b>(3,186,636)</b>	<b>(1,948,387)</b>	<b>(2,278,876)</b>
<b>Other comprehensive income</b>				
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(3,186,636)</b>	<b>(1,948,387)</b>	<b>(2,278,876)</b>

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

**FOR THE YEAR ENDED 30 JUNE 2019****BASIS OF PREPARATION**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

All funds through which the Shire of Chittering controls resources to carry on its functions have been included in the financial statements forming part of this budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to the budget.

**2017/18 ACTUAL BALANCES**

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

**KEY TERMS AND DEFINITIONS - NATURE OR TYPE****REVENUES****RATES**

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

**SERVICE CHARGES**

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

**PROFIT ON ASSET DISPOSAL**

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

**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

**NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

**REVENUES (CONTINUED)****FEES AND CHARGES**

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

**INTEREST EARNINGS**

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

**OTHER REVENUE / INCOME**

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

**EXPENSES****EMPLOYEE COSTS**

All costs associated with the employment of a 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)**

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 30 JUNE 2019**

**BY PROGRAM**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
<b>Revenue</b>	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		14,100	47,741	12,558
General purpose funding		6,426,936	6,865,905	6,277,067
Law, order, public safety		313,553	554,080	509,060
Health		53,375	50,040	57,265
Education and welfare		19,100	16,306	26,775
Housing		132,080	145,462	170,155
Community amenities		940,048	979,270	971,199
Recreation and culture		13,400	19,829	47,999
Transport		108,228	520,497	107,728
Economic services		301,259	130,523	258,058
Other property and services		33,224	86,993	42,500
		8,355,303	9,416,646	8,480,364
<b>Expenses excluding finance costs</b>	5,10(c),(e),(f)			
Governance		(854,175)	(633,625)	(815,758)
General purpose funding		(318,712)	(218,664)	(227,186)
Law, order, public safety		(1,015,330)	(1,178,716)	(1,236,403)
Health		(335,765)	(311,668)	(350,694)
Education and welfare		(116,647)	(67,730)	(106,108)
Housing		(343,317)	(290,014)	(328,509)
Community amenities		(2,138,375)	(1,908,730)	(2,164,242)
Recreation and culture		(1,389,057)	(1,068,710)	(1,301,612)
Transport		(4,648,715)	(4,716,082)	(4,486,902)
Economic services		(983,374)	(732,779)	(920,888)
Other property and services		(21,926)	(532,243)	(28,452)
		(12,165,393)	(11,658,961)	(11,966,754)
<b>Finance costs</b>	6, 10(d)			
Governance		(2,592)	(288)	(2,000)
Health		(24,529)	(28,562)	(25,676)
Housing		(7,045)	(7,622)	(9,127)
Recreation and culture		(4,013)	(4,664)	(3,589)
Transport		(11,437)	(8,403)	(11,972)
Economic services		(39,294)	(17,392)	(14,900)
Other property and services		(1,100)	0	0
		(90,010)	(66,931)	(67,264)
		(3,900,100)	(2,309,246)	(3,553,654)
Non-operating grants, subsidies and contributions	9	1,012,284	338,141	1,337,484
Profit on disposal of assets	4(b)	4,277	31,955	0
(Loss) on disposal of assets	4(b)	(303,097)	(9,237)	(62,706)
<b>Net result</b>		<b>(3,186,636)</b>	<b>(1,948,387)</b>	<b>(2,278,876)</b>
<b>Other comprehensive income</b>				
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(3,186,636)</b>	<b>(1,948,387)</b>	<b>(2,278,876)</b>

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

## FOR THE YEAR ENDED 30 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.

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance and contributions to medical health and community health centre.
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	Senior citizens programs, youth service and events.
<b>HOUSING</b>	To provide and maintain staff, community and seniors housing.	Provision and maintenance of staff, community and seniors housing.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Waste collection services, operation of waste landfill sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of the town planning scheme, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance of halls, the library and various parks, reserves and other recreation activities and cultural pursuits.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, bridges, footpaths, drainage works, lighting and cleaning of streets and verge maintenance.
<b>ECONOMIC SERVICES</b>	To help promote the Shire and its economic wellbeing.	Tourism and area promotion. Provision of rural services including weed control, community bus operations, economic and community development programs and building control.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control Council's overhead operating accounts.	Private works, plant repair and operation costs and engineering operation costs.

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

**BY NATURE OR TYPE**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		5,601,226	5,351,435	5,475,077
Operating grants, subsidies and contributions		1,209,125	2,506,045	1,771,542
Fees and charges		1,332,718	1,316,629	1,389,012
Interest earnings		130,834	121,505	140,602
Goods and services tax		1,800	(43,175)	0
Other revenue		148,400	317,068	244,131
		8,424,103	9,569,507	9,020,364
<b>Payments</b>				
Employee costs		(3,524,085)	(3,403,589)	(3,204,609)
Materials and contracts		(3,223,245)	(2,823,161)	(3,408,471)
Utility charges		(163,504)	(162,090)	(143,934)
Interest expenses		(92,010)	(59,355)	(67,264)
Insurance expenses		(182,841)	(161,814)	(177,206)
Other expenditure		(367,868)	(300,348)	(377,781)
		(7,553,553)	(6,910,357)	(7,379,265)
<b>Net cash provided by (used in) operating activities</b>	3	870,550	2,659,150	1,641,099
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	4(a)	(2,147,419)	(1,719,063)	(2,196,924)
Payments for construction of infrastructure	4(a)	(3,083,370)	(2,157,808)	(3,015,029)
Non-operating grants, subsidies and contributions used for the development of assets	9	1,012,284	338,141	1,337,484
Proceeds from sale of plant & equipment	4(b)	1,130,855	150,507	185,727
<b>Net cash provided by (used in) investing activities</b>		(3,087,650)	(3,388,223)	(3,688,742)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	6	(509,216)	(116,089)	(132,769)
Proceeds from new borrowings	6(b)	705,000	845,000	845,000
<b>Net cash provided by (used in) financing activities</b>		195,784	728,911	712,231
<b>Net increase (decrease) in cash held</b>		(2,021,316)	(162)	(1,335,412)
Cash at beginning of year		3,752,946	3,753,114	3,753,115
<b>Cash and cash equivalents at the end of the year</b>	3	<b>1,731,630</b>	<b>3,752,952</b>	<b>2,417,703</b>

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

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

**BY REPORTING PROGRAM**

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	2	1,671,698	2,433,123	2,471,033
		1,671,698	2,433,123	2,471,033
<b>Revenue from operating activities (excluding rates)</b>				
Governance		14,100	47,741	12,558
General purpose funding		853,242	1,446,356	841,990
Law, order, public safety		313,553	554,080	509,060
Health		53,375	50,040	57,265
Education and welfare		19,100	16,306	26,775
Housing		132,080	145,462	170,155
Community amenities		940,048	979,270	971,199
Recreation and culture		13,400	19,829	47,999
Transport		110,277	552,452	107,728
Economic services		303,487	130,523	258,058
Other property and services		33,224	86,993	42,500
		2,785,886	4,029,052	3,045,287
<b>Expenditure from operating activities</b>				
Governance		(867,599)	(633,913)	(830,415)
General purpose funding		(318,712)	(218,664)	(227,186)
Law, order, public safety		(1,027,635)	(1,184,625)	(1,263,318)
Health		(366,302)	(340,230)	(376,370)
Education and welfare		(116,647)	(67,730)	(106,108)
Housing		(416,226)	(297,636)	(337,636)
Community amenities		(2,143,972)	(1,908,730)	(2,164,242)
Recreation and culture		(1,393,070)	(1,073,374)	(1,305,201)
Transport		(4,662,554)	(4,727,813)	(4,522,008)
Economic services		(1,222,668)	(750,171)	(935,788)
Other property and services		(23,115)	(532,243)	(28,452)
		(12,558,500)	(11,735,129)	(12,096,724)
<b>Operating activities excluded from budget</b>				
(Profit) on asset disposals	4(b)	(4,277)	(31,955)	0
Loss on disposal of assets	4(b)	303,097	9,237	62,706
Depreciation on assets	5	4,742,350	4,713,437	4,629,753
Movement of Deferred Pensioner Rates/ESL		0	(21,219)	0
Movement in Leave Reserve (Added Back)		0	41,807	0
Movement in employee benefit provisions (non-current)		0	(22,825)	0
<b>Amount attributable to operating activities</b>		(3,059,746)	(584,472)	(1,887,945)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	9	1,012,284	338,141	1,337,484
Purchase property, plant and equipment	4(a)	(2,147,419)	(1,719,063)	(2,196,924)
Purchase and construction of infrastructure	4(a)	(3,083,370)	(2,157,808)	(3,015,029)
Proceeds from disposal of assets	4(a)	1,130,855	150,507	185,727
<b>Amount attributable to investing activities</b>		(3,087,650)	(3,388,223)	(3,688,742)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	6(a)	(509,216)	(116,089)	(132,769)
Proceeds from new borrowings	6(b)	705,000	845,000	845,000
Transfers to cash backed reserves (restricted assets)	7(a)	(601,711)	(900,392)	(857,228)
Transfers from cash backed reserves (restricted assets)	7(a)	979,629	396,325	286,607
<b>Amount attributable to financing activities</b>		573,702	224,844	141,610
<b>Budgeted deficiency before general rates</b>		(5,573,694)	(3,747,851)	(5,435,077)
<b>Estimated amount to be raised from general rates</b>	1	5,573,694	5,419,549	5,435,077
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2	0	1,671,698	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 30 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
	\$		\$	\$	\$	\$	\$	\$
<b>General Rate</b>								
GRV	0.100227	1,613	30,506,565	3,057,581	0	0	3,057,581	2,920,299
UV	0.006302	723	320,797,000	2,021,663	0	0	2,021,663	1,964,750
<b>Sub-Totals</b>		2,336	351,303,565	5,079,244	0	0	5,079,244	4,885,049
<b>Minimum</b>								
<b>Minimum payment</b>	\$							
GRV	1,000	427	0	427,000	0	0	427,000	468,000
UV	950	71	0	67,450	0	0	67,450	66,500
<b>Sub-Totals</b>		498	0	494,450	0	0	494,450	534,500
		2,834	351,303,565	5,573,694	0	0	5,573,694	5,419,549
Discounts/concessions (Refer note 1(g))							0	0
<b>Total amount raised from general rates</b>							5,573,694	5,419,549
Specified area rates (Refer note 1(e))							0	0
Rates Adjustments							0	(2,235)
Movement in Excess Rates							0	21,534
Ex-Gratia Rates							2,532	2,483
<b>Total rates</b>							5,576,226	5,441,331

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

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
		\$	%	%
<b>Option one</b>				
Payment in Full	29/08/2018	0	0.00%	0.00%
<b>Option two</b>				
Payment in Four Instalments				
	29/08/2018	0	5.50%	11.00%
	30/10/2018	10	5.50%	11.00%
	3/01/2019	10	5.50%	11.00%
	5/03/2019	10	5.50%	11.00%

	2018/19 Budget revenue	2017/18 Actual
	\$	\$
Instalment plan admin charge revenue	36,000	36,620
Instalment plan interest earned	26,500	26,131
Pensioner Deferred Interest	1,200	1,276
ESL Penalty Interest	1,250	1,318
Unpaid rates and service charge interest earned	40,000	42,851
	104,950	108,196

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

## 2. NET CURRENT ASSETS

	Note	2018/19 Budget	2017/18 Actual
		\$	\$
<b>Composition of estimated net current assets</b>			
<b>Current assets</b>			
Cash - unrestricted	3	15,367	1,658,765
Cash - restricted reserves	3	1,716,263	2,094,181
Receivables		645,840	714,640
Inventories		3,676	3,676
		2,381,146	4,471,262
<b>Less: current liabilities</b>			
Trade and other payables		(277,426)	(317,926)
Long term borrowings		(275,085)	(79,301)
Provisions		(524,792)	(524,792)
		(1,077,303)	(922,019)
<b>Unadjusted net current assets</b>		1,303,843	3,549,243
<b>Adjustments</b>			
Less: Cash - restricted reserves	3	(1,716,263)	(2,094,181)
Add: Current portion of borrowings		275,085	79,301
Add: Current liabilities not expected to be cleared at end of year		137,335	137,335
<b>Adjusted net current assets - surplus/(deficit)</b>		0	1,671,698

### 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 Chittering's operational cycle. In the case of liabilities where the Shire of Chittering 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 Chittering'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 Chittering 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 Chittering 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 Chittering contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Chittering contributes are defined contribution plans.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

Provision is made for the Shire of Chittering'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 Chittering'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 Chittering's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**LAND HELD FOR RESALE**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 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:

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>	<b>2017/18 Budget</b>
	\$	\$	\$
Cash - unrestricted	15,367	1,658,765	256,964
Cash - restricted	1,716,263	2,094,181	2,160,739
	<b>1,731,630</b>	<b>3,752,946</b>	<b>2,417,703</b>
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Employee Entitlement Reserve	180,081	137,334	137,440
Plant Replacement Reserve	460,723	777,786	733,250
Community Housing Reserve	73,685	72,240	72,327
Seniors Housing Reserve	7,595	7,446	7,463
Public Open Space Reserve	276,161	270,746	271,035
Cemetery Development Reserve	0	33,941	33,979
Recreation Development Reserve	238,018	233,351	333,601
Ambulance Development Reserve	0	4,341	4,345
Waste Management Development Reserve	348,179	292,332	292,537
Contribution to Roadworks Reserve	38,084	37,339	37,381
Waste Water Management Reserve (STED)	93,737	91,899	101,955
Unspent Grants Reserve	0	135,426	135,426
	<b>1,716,263</b>	<b>2,094,181</b>	<b>2,160,739</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	<b>(3,186,636)</b>	<b>(1,948,387)</b>	<b>(2,278,876)</b>
Depreciation	4,742,350	4,713,437	4,629,753
(Profit)/loss on sale of asset	298,820	(22,718)	62,706
(Increase)/decrease in receivables	68,800	152,861	540,000
(Increase)/decrease in inventories	0	2,030	0
Increase/(decrease) in payables	(40,500)	95,908	25,000
Increase/(decrease) in employee provisions	0	4,160	0
Grants/contributions for the development of assets	(1,012,284)	(338,141)	(1,337,484)
<b>Net cash from operating activities</b>	<b>870,550</b>	<b>2,659,150</b>	<b>1,641,099</b>

**SIGNIFICANT ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

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

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

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2018/19 Budget total	2017/18 Actual total
	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		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Property, Plant and Equipment</u>													
Land - freehold land	0	0	0	0	0	0	0	20,000	0	660,000	0	680,000	76,966
Buildings - non-specialised	0	0	0	0	0	0	5,000	173,312	70,500	100,000	110,230	459,042	682,917
Buildings - specialised	0	0	0	0	0	0	0	0	0	0	0	0	347,772
Plant and equipment	51,818	0	186,935	30,000	0	0	42,727	0	579,983	0	116,914	1,008,377	611,408
	51,818	0	186,935	30,000	0	0	47,727	193,312	650,483	760,000	227,144	2,147,419	1,719,063
<u>Infrastructure</u>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	2,499,043	0	0	2,499,043	1,913,976
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	297,742	0	0	297,742	151,034
Infrastructure - Parks and ovals	0	0	0	0	0	0	34,434	134,832	0	0	0	169,266	29,488
Infrastructure - Bridges and Culverts	0	0	0	0	0	0	0	0	97,319	0	0	97,319	63,310
Infrastructure - Other	0	0	0	0	0	0	0	0	0	20,000	0	20,000	0
	0	0	0	0	0	0	34,434	134,832	2,894,104	20,000	0	3,083,370	2,157,808
<b>Total acquisitions</b>	51,818	0	186,935	30,000	0	0	82,161	328,144	3,544,587	780,000	227,144	5,230,789	3,876,871

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>								
Governance	34,923	24,091	0	(10,832)	0	0	0	(12,657)
Law, order, public safety	39,578	27,273	0	(12,305)	0	(5,909)	0	(26,915)
Health	16,008	10,000	0	(6,008)	0	0	0	0
Housing	365,864	300,000	0	(65,864)	0	0	0	0
Community amenities	16,506	10,909	0	(5,597)	0	0	0	0
Transport	78,935	78,582	2,049	(2,402)	31,955	(3,328)	0	(23,134)
Economic services	867,772	670,000	2,228	(200,000)	0	0	0	0
Other property and services	10,089	10,000	0	(89)	0	0	0	0
	1,429,675	1,130,855	4,277	(303,097)	31,955	(9,237)	0	(62,706)
<b>By Class</b>								
<u>Property, Plant and Equipment</u>								
Land - freehold land	1,233,636	970,000	2,228	(265,864)	0	0	0	0
Plant and equipment	196,039	160,855	2,049	(37,233)	31,955	(9,237)	0	(62,706)
	1,429,675	1,130,855	4,277	(303,097)	31,955	(9,237)	0	(62,706)

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 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 - non-specialised
Buildings - specialised
Plant and equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Parks and ovals
Infrastructure - Bridges and Culverts
Infrastructure - Other

2018/19 Budget	2017/18 Actual	2017/18 Budget
\$	\$	\$
2,030	2,178	79,871
207,877	208,703	205,068
105,218	106,283	103,493
6,606	6,798	6,709
49,221	50,281	25,127
83,803	84,749	76,367
416,584	414,414	378,408
3,521,757	3,523,795	3,438,047
33,192	34,289	32,374
316,062	281,947	284,289
4,742,350	4,713,437	4,629,753
25,779	25,622	0
638,267	634,376	573,026
468,027	465,172	588,495
3,266,064	3,246,152	3,151,380
16,268	16,169	15,763
96,762	96,172	96,080
75,231	74,772	72,836
133,400	132,587	132,173
22,552	22,415	0
4,742,350	4,713,437	4,629,753

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.

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	30 to 50 years
Furniture and Equipment	4 to 10 years
Computer Equipment	3 years
Plant and Equipment - Heavy	5 to 15 years
Plant and Equipment - Light	0 to 10 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
Original surfacing and non major re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
Formed roads	
clearing and earthworks	not depreciated
clearing and earthworks	50 years
Footpaths - slab	40 years
Footpaths - asphalt	10 years
Sewerage piping	100 years
Water supply piping/drainage systems	75 years

NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 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
			\$	\$	\$	\$	\$	\$
<b>Governance</b>								
Loan 80 Admin Server/IT Upgrade	100,000	0	18,934	0	81,066	100,000	2,592	288
<b>Health</b>								
Loan 79 Multi Purpose Health Centre	562,652	0	27,155	25,996	535,497	562,652	24,529	28,562
<b>Housing</b>								
Loan 72 Staff Housing Development	92,174	0	29,324	20,584	62,850	92,174	4,932	5,108
Loan 73 Senior & Community Housing	32,938	0	8,497	6,011	24,441	32,938	2,113	2,514
<b>Recreation and culture</b>								
Loan 74 Land Acquisition Gray Road	62,082	0	13,766	9,737	48,316	62,082	4,013	4,664
<b>Transport</b>								
Loan 79 New Grader	262,351	0	12,662	12,121	249,689	262,351	11,437	8,403
<b>Economic services</b>								
Loan 81 Land Lot 215 Great Northern Hwy	67,048	0	67,048	12,952	0	67,048	1,706	1,397
Loan 85 Land Lot 215 Great Northern Hwy	187,500	0	187,500	0	0	187,500	5,625	0
Loan 82 Land Lot 168 Binda Place	636,312	0	79,945	28,688	556,367	636,312	18,963	15,995
New Loan 83 Lifestyle Village	0	650,000	59,362	0	590,638	0	13,000	0
<b>Other property and services</b>								
Loan 86 Admin Telephone System	0	55,000	5,023	0	49,977	0	1,100	0
	2,003,057	705,000	509,216	116,089	2,198,841	2,003,057	90,010	66,931

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



NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 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
				%	\$	\$	\$	\$
New Loan 83 Lifestyle Village	WATC		5	4	650,000	73,622	650,000	0
Loan 86 Admin Telephone System	WATC		5	4	55,000	6,230	55,000	0
					705,000	79,852	705,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2018 nor is it expected to have unspent borrowing funds as at 30 June 2019.

(d) Credit Facilities

**Undrawn borrowing facilities  
credit standby arrangements**

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

**Total amount of credit unused**

2018/19 Budget	2017/18 Actual	2017/18 Budget
\$	\$	\$
150,000	150,000	150,000
0	0	0
25,000	25,000	25,000
(10,000)	(9,317)	0
165,000	165,683	175,000
2,198,841	2,003,057	1,813,351

**Loan facilities**

Loan facilities in use at balance date

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd	2017/18 Budget	Amount as at 30 June 2018
			\$	\$	\$
Bendigo Bank	Short term liquidity		150,000	150,000	150,000
			150,000	150,000	150,000

**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 30 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Entitlement Reserve	137,334	42,747	0	180,081	95,527	41,808	0	137,334	95,527	41,913	0	137,440
Plant Replacement Reserve	777,786	385,383	(702,446)	460,723	326,716	451,071	0	777,786	326,716	406,534	0	733,250
Public Buildings and Amenities Reserve	0	0	0	0	78,925	1,492	(80,417)	0	78,925	1,578	(80,503)	0
Gravel Acquisition Reserve	0	0	0	0	67,357	1,275	(68,632)	0	67,357	1,347	(68,704)	0
Community Housing Reserve	72,240	1,445	0	73,685	80,713	1,528	(10,000)	72,240	80,713	1,614	(10,000)	72,327
Seniors Housing Reserve	7,446	149	0	7,595	17,121	324	(10,000)	7,446	17,121	342	(10,000)	7,463
Public Open Space Reserve	270,746	5,415	0	276,161	265,721	5,025	0	270,746	265,721	5,314	0	271,035
Bindoon Community Bus Reserve	0	0	0	0	44,057	833	(44,890)	0	44,057	881	(44,938)	0
Cemetery Development Reserve	33,941	679	(34,620)	0	33,313	629	0	33,941	33,313	666	0	33,979
Recreation Development Reserve	233,351	104,667	(100,000)	238,018	229,021	104,331	(100,000)	233,351	229,021	104,580	0	333,601
Ambulance Development Reserve	4,341	87	(4,428)	0	4,260	82	0	4,341	4,260	85	0	4,345
Waste Management Development Reserve	292,332	55,847	0	348,179	188,762	103,570	0	292,332	188,762	103,775	0	292,537
Landcare Vehicles Reserve	0	0	0	0	71,041	1,344	(72,386)	0	71,041	1,421	(72,462)	0
Contribution to Roadworks Reserve	37,339	745	0	38,084	36,648	692	0	37,339	36,648	733	0	37,381
Waste Water Management Reserve (STED)	91,899	1,838	0	93,737	50,936	50,962	(10,000)	91,899	50,936	51,019	0	101,955
Unspent Grants Reserve	135,426	2,709	(138,135)	0	0	135,426	0	135,426	0	135,426	0	135,426
	2,094,181	601,711	(979,629)	1,716,263	1,590,118	900,392	(396,325)	2,094,181	1,590,118	857,228	(286,607)	2,160,739

(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
Employee Entitlement Reserve	Ongoing	to be used to fund employee accumulated annual, sick, long service leave and employee gratuities
Plant Replacement Reserve	Ongoing	to be used to fund plant purchases, trades or major overhauls
Public Buildings and Amenities Reserve	Closed	
Gravel Acquisition Reserve	Closed	
Community Housing Reserve	30/06/2019	to be used to fund repairs, improvements, extensions or construction of community units
Seniors Housing Reserve	30/06/2019	to be used to fund repairs, improvements, extensions or construction of seniors units
Public Open Space Reserve	Ongoing	to be used to fund public open space developments in accordance with developer precincts
Bindoon Community Bus Reserve	Closed	
Cemetery Development Reserve	30/06/2019	to be used to fund the development or acquisition of recreation land or facilities
Recreation Development Reserve	Ongoing	to be used to fund the development or acquisition of cemetery land or facilities
Ambulance Development Reserve	30/06/2019	to be used to contribute towards the cost of purchasing or replacing an Ambulance
Waste Management Development Reserve	Ongoing	to be used to fund the replacement landfill sites and rehabilitation of existing landfill sites
Landcare Vehicles Reserve	Closed	
Contribution to Roadworks Reserve	Ongoing	to be used for the maintenance of Mooliabeenie Road
Waste Water Management Reserve (STED)	Ongoing	to be used to fund the development of a Waste Water Management system for the Shire
Unspent Grants Reserve	30/06/2019	to be used to fund isolate funds received for specific projects not completed in 2017/18

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

**8. FEES & CHARGES REVENUE**

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>
	\$	\$
Governance	2,000	4,155
General purpose funding	50,000	52,056
Law, order, public safety	50,400	50,549
Health	53,375	49,180
Education and welfare	3,500	1,329
Housing	125,580	128,607
Community amenities	883,948	921,153
Recreation and culture	1,050	4,795
Transport	0	(1,090)
Economic services	149,641	101,995
Other property and services	13,224	3,900
	<b>1,332,718</b>	<b>1,316,629</b>

**9. GRANT REVENUE**

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
<b>By Program:</b>		
<b>Operating grants, subsidies and contributions</b>		
Governance	0	4,273
General purpose funding	633,126	1,197,223
Law, order, public safety	259,653	451,172
Education and welfare	15,600	13,764
Recreation and culture	400	4,348
Transport	108,228	497,890
Economic services	150,118	23,681
Other property and services	0	27,762
	<b>1,167,125</b>	<b>2,220,113</b>
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	67,977	15,276
Transport	944,307	322,865
	<b>1,012,284</b>	<b>338,141</b>

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

**10. OTHER INFORMATION**

**The net result includes as revenues**

**(a) Interest earnings**

Investments

- Reserve funds

- Other funds

Other interest revenue (refer note 1b)

**(b) Other revenue**

Reimbursements and recoveries

Other

**The net result includes as expenses**

**(c) Auditors remuneration**

Audit services

Other services

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

Borrowings (refer note 6(a))

**(e) Elected members remuneration**

Meeting fees

Mayor/President's allowance

Deputy Mayor/President's allowance

Travelling expenses

Telecommunications allowance

<b>2018/19 Budget</b>	<b>2017/18 Actual</b>	<b>2017/18 Budget</b>
\$	\$	\$
41,884	30,073	31,802
20,000	19,856	45,000
68,950	71,576	63,800
130,834	121,505	140,602
91,900	243,554	204,131
56,500	73,133	40,000
148,400	316,687	244,131
29,800	27,819	21,400
10,000	3,000	20,000
39,800	30,819	41,400
90,010	66,931	67,264
90,010	66,931	67,264
96,535	97,535	96,535
15,225	14,273	15,225
3,806	951	3,806
14,000	6,302	14,000
21,000	23,797	21,000
150,566	142,858	150,566

**SIGNIFICANT ACCOUNTING POLICIES**

**LEASES**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire of Chittering are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

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

**13. INTERESTS IN JOINT ARRANGEMENTS**

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

**14. TRUST FUNDS**

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

Detail	Balance 30-Jun-18	Estimated amounts received	Estimated amounts paid	Estimated balance 30-Jun-19
	\$	\$	(\$)	\$
Animal Control	50	0	0	50
Bonds - Community Bus	1,100	600	(600)	1,100
Construction Training Fund (CTF)	2,773	30,000	(32,773)	0
Bonds - Crossovers	16,514	2,000	(16,514)	2,000
Bonds - Defects Roadworks	11,743	10,000	(11,743)	10,000
Bonds - Developer	95,682	0	0	95,682
Bonds - Extractive Industries	217,658	0	0	217,658
Bonds - Gravel Pit Rehabilitation	21,289	0	0	21,289
Bonds - Keys, Hall and Equipment	1,905	3,000	(4,905)	0
Building Services Levy (BSL)	2,938	37,000	(39,938)	(0)
Bonds - Community Housing	352	0	352	704
Unclaimed Monies	1,031	0	0	1,031
	373,036	82,600	(106,121)	349,515

**NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 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 Chittering 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.