

SHIRE OF BROOKTON

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

BROOKTON is

a well-recognised business and agricultural hub,
a flourishing stop-over destination, and
a celebrated place to live.

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

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	2,310,718	2,270,091	2,269,064
Operating grants, subsidies and contributions	8	4,474,690	4,799,775	3,885,553
Fees and charges	7	1,648,336	1,946,853	1,685,956
Interest earnings	9(a)	220,264	156,182	238,526
Other revenue	9(a)	86,323	95,256	92,689
		8,740,331	9,268,157	8,171,788
Expenses				
Employee costs		(1,649,585)	(1,431,996)	(1,475,184)
Materials and contracts		(6,006,031)	(5,156,037)	(5,778,239)
Utility charges		(174,264)	(162,249)	(164,519)
Depreciation on non-current assets	4	(2,910,437)	(2,953,796)	(2,109,942)
Interest expenses	9(b)	(94,529)	(102,150)	(104,476)
Insurance expenses		(189,977)	(179,651)	(183,686)
Other expenditure		(9,084)	(197)	(754)
		(11,033,907)	(9,986,076)	(9,816,800)
Subtotal		(2,293,576)	(717,919)	(1,645,012)
Non-operating grants, subsidies and contributions	8	520,880	363,199	521,106
Profit on asset disposals	4(a)	0	3,946	3,149
Loss on asset disposals	4(a)	(1,100)	(19,545)	(765)
		519,780	347,600	523,490
Net result		(1,773,796)	(370,319)	(1,121,522)
Other comprehensive income				
Changes on revaluation of non-current assets		0	95,037	0
Total other comprehensive income		0	95,037	0
Total comprehensive income		(1,773,796)	(275,282)	(1,121,522)

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

FOR THE YEAR ENDED 30TH JUNE 2020

BASIS OF PREPARATION

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Brookton 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 11 Trust Funds to the budget.

2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

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

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

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

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

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

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

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES**EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment

expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

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

BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		13,250	22,872	13,250
General purpose funding		3,514,662	4,018,503	2,954,940
Law, order, public safety		29,743	23,363	20,000
Health		1,100	917	1,300
Education and welfare		4,466,911	4,491,315	4,495,238
Housing		87,209	102,609	81,696
Community amenities		414,478	392,248	391,933
Recreation and culture		39,682	48,620	43,002
Transport		88,786	77,445	83,440
Economic services		47,950	46,288	50,430
Other property and services		36,560	43,976	36,560
		8,740,331	9,268,156	8,171,789
Expenses excluding finance costs	4,9(a)(a)(a)(a)			
Governance		(574,111)	(461,576)	(527,426)
General purpose funding		(193,796)	(165,264)	(177,974)
Law, order, public safety		(225,507)	(161,115)	(180,331)
Health		(74,104)	(65,980)	(79,565)
Education and welfare		(4,554,518)	(4,230,144)	(4,429,555)
Housing		(200,160)	(153,089)	(233,810)
Community amenities		(510,319)	(380,206)	(489,282)
Recreation and culture		(953,660)	(802,703)	(967,772)
Transport		(3,450,541)	(3,065,785)	(2,435,126)
Economic services		(188,442)	(142,404)	(170,697)
Other property and services		(14,220)	(255,659)	(20,786)
		(10,939,378)	(9,883,925)	(9,712,324)
Finance costs	6, 10(d)			
Governance		(3,307)	(3,491)	(3,618)
General purpose funding		(24,349)	(27,340)	(28,142)
Education and welfare		(4,491)	(4,768)	(4,960)
Housing		(7,409)	(7,867)	(8,184)
Community amenities		(3,144)	(3,338)	(3,472)
Recreation and culture		(44,420)	(47,479)	(47,917)
Other property and services		(7,409)	(7,867)	(8,184)
		(94,529)	(102,150)	(104,477)
Subtotal		(2,293,576)	(717,919)	(1,645,012)
Non-operating grants, subsidies and contributions	8	520,880	363,199	521,106
Profit on disposal of assets	4(a)	0	3,946	3,149
(Loss) on disposal of assets	4(a)	(1,100)	(19,545)	(765)
		519,780	347,600	523,490
Net result		(1,773,796)	(370,319)	(1,121,522)
Other comprehensive income				
Changes on revaluation of non-current assets		0	95,037	0
Total other comprehensive income		0	95,037	0
Total comprehensive income		(1,773,796)	(275,282)	(1,121,522)

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

FOR THE YEAR ENDED 30TH JUNE 2020

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE**GOVERNANCE**

To provide a decision making process for the efficient allocation of resources.

ACTIVITIES

Administration and operations of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers 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 grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer community.

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

HEALTH

To provide an operational framework for good community health..

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance. In addition this program also includes the costs associated with the maintenance of the Saddleback Medical Centre.

EDUCATION AND WELFARE

The Shire of Brookton incorporates the operation of Kalkarni Residency, which is an Aged Care facility. Annual contributions are also made to pre-school education through the Early Years Network

Support day care centres and pre school facilities and assistance to senior citizens and retirement villages and other voluntary services

HOUSING

Provision and maintenance of rental housing to staff and non-staff tenants.

Provision and maintenance of rental housing to staff and non-staff tenants.

COMMUNITY AMENITIES

Provision and maintenance of a sewerage overflow system; street; household and commercial refuse collection; refuse disposal site; administration of a town planning scheme; public conveniences and Brookton cemetery.

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning scheme, cemetery and public conveniences

RECREATION AND CULTURE

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

Maintenance of halls, aquatic centre, recreation centre and reserves, parks and gardens, library service, cultural and heritage services and facilities.

TRANSPORT

Construction and maintenance of RAV network including traffic signs, footpaths, bridges, culverts and other drains, street cleaning and lighting of streets. Townscape projects and the maintenance of a works depot.

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Tourism and promotion of Brookton, operation of Brookton Caravan Park, building control and land care development of the Brookton district

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and stand pipes. Building control.

OTHER PROPERTY AND SERVICES

Private works and indirect cost allocation pools for plant operation and public works.

Private works operations, public works operation, plant operation costs, gross salaries and wages.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget \$	2018/19 Actual \$	2018/19 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,380,298	2,248,639	2,296,579
Operating grants, subsidies and contributions		4,603,801	5,038,382	4,142,348
Fees and charges		1,648,336	1,946,853	1,685,956
Interest earnings		220,264	156,182	238,526
Goods and services tax		0	598,947	29,704
Other revenue		86,323	95,256	92,689
		8,939,022	10,084,259	8,485,802
Payments				
Employee costs		(1,656,184)	(1,450,329)	(1,475,184)
Materials and contracts		(6,077,974)	(6,050,577)	(6,733,030)
Utility charges		(174,264)	(162,249)	(164,519)
Interest expenses		(111,823)	(104,452)	(104,476)
Insurance expenses		(189,977)	(179,651)	(183,686)
Goods and services tax		0	(598,947)	
Other expenditure		(9,084)	(197)	(754)
		(8,219,306)	(8,546,402)	(8,661,649)
Net cash provided by (used in) operating activities	3	719,716	1,537,857	(175,847)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(822,440)	(578,468)	(1,434,485)
Payments for construction of infrastructure	4(a)	(1,105,471)	(801,350)	(1,044,664)
Non-operating grants, subsidies and contributions used for the development of assets	8	520,880	363,199	521,106
Proceeds from sale of plant & equipment	4(a)	93,000	90,910	106,818
Net cash provided by (used in) investing activities		(1,314,031)	(925,709)	(1,851,225)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	5(a)	(254,174)	(152,941)	(138,653)
Proceeds from self supporting loans	5(a)	21,296	43,043	28,754
Net cash provided by (used in) financing activities		(232,878)	(109,898)	(109,899)
Net increase (decrease) in cash held		(827,193)	502,249	(2,136,971)
Cash at beginning of year		6,517,374	6,015,126	6,015,126
Cash and cash equivalents at the end of the year	3	5,690,181	6,517,375	3,878,155

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

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

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	1,135,543	914,150	914,150
		1,135,543	914,150	914,150
Revenue from operating activities (excluding rates)				
Governance		13,250	26,021	16,399
General purpose funding		1,203,944	1,748,412	685,876
Law, order, public safety		29,743	23,363	20,000
Health		1,100	917	1,300
Education and welfare		4,466,911	4,491,315	4,495,238
Housing		87,209	102,609	81,696
Community amenities		414,478	392,248	391,933
Recreation and culture		39,682	48,620	43,002
Transport		88,786	77,445	83,440
Economic services		47,950	46,288	50,430
Other property and services		36,560	44,774	36,560
		6,429,613	7,002,012	5,905,874
Expenditure from operating activities				
Governance		(577,418)	(465,067)	(531,044)
General purpose funding		(218,145)	(192,604)	(206,116)
Law, order, public safety		(225,507)	(161,115)	(180,331)
Health		(74,104)	(65,980)	(79,565)
Education and welfare		(4,559,008)	(4,234,913)	(4,434,515)
Housing		(207,569)	(160,956)	(241,994)
Community amenities		(513,463)	(383,544)	(492,754)
Recreation and culture		(998,080)	(850,182)	(1,015,689)
Transport		(3,450,541)	(3,065,785)	(2,435,126)
Economic services		(188,442)	(142,404)	(170,697)
Other property and services		(22,729)	(283,071)	(29,735)
		(11,035,006)	(10,005,621)	(9,817,566)
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,911,537	2,969,395	2,107,558
Amount attributable to operating activities		(558,313)	879,936	(889,984)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	8	520,880	363,199	521,106
Purchase property, plant and equipment	4(a)	(822,440)	(578,468)	(1,434,485)
Purchase and construction of infrastructure	4(a)	(1,105,471)	(801,350)	(1,044,664)
Proceeds from disposal of assets	4(a)	93,000	90,910	106,818
Amount attributable to investing activities		(1,314,031)	(925,709)	(1,851,225)
FINANCING ACTIVITIES				
Repayment of borrowings	5(a)	(254,174)	(152,941)	(138,653)
Proceeds from self supporting loans	5(a)	21,296	43,043	28,754
Transfers to cash backed reserves (restricted assets)	6(a)	(1,205,975)	(1,428,550)	(1,410,988)
Transfers from cash backed reserves (restricted assets)	6(a)	1,000,479	449,672	1,551,983
Amount attributable to financing activities		(438,374)	(1,088,776)	31,096
Budgeted deficiency before general rates		(2,310,718)	(1,134,549)	(2,710,113)
Estimated amount to be raised from general rates	1	2,310,718	2,270,091	2,269,064
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	1,135,542	(441,049)

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

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

1. RATES AND SERVICE CHARGES

(e) Rating Information

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2019/20 Budgeted rate revenue \$	2019/20 Budgeted interim rates \$	2019/20 Budgeted back rates \$	2019/20 Budgeted total revenue \$	2018/19 Actual total revenue \$	2018/19 Budget total revenue \$
Differential general rate or general rate									
Gross rental valuations									
02 GRV Commercial	0.101453	22	668,784	67,850			67,850	68,096	67,545
03 GRV Residential	0.101453	262	3,180,638	322,685			322,685	284,541	284,468
05 GRV Industrial	0.101453	4	68,360	6,935			6,935	7,433	7,433
07 GRV Rural	0.101453	2	302,500	30,690			30,690	41,145	41,145
13 Exempt Property		22	142,620	0			0	0	0
00 Non-Rateable Property		247	45,268	0			0	0	0
Unimproved valuations									
01 UV Unimproved Value	0.010299	233	158,281,000	1,630,136			1,630,136	1,655,878	1,653,276
Sub-Totals		792	162,689,170	2,058,296	0	0	2,058,296	2,057,093	2,053,867
Minimum payment									
Gross rental valuations									
GRV Commercial	809	10		8,090			8,090	7,281	7,281
GRV Residential	809	56		45,304			45,304	59,057	59,057
GRV Industrial	809	2		1,618			1,618	809	809
GRV Rural	809	0		0			0	0	0
Unimproved valuations		126		174,510			174,510	124,650	124,650
UV Unimproved Value	1,385	194	0	229,522	0	0	229,522	191,797	191,797
Sub-Totals		986	162,689,170	2,287,818	0	0	2,287,818	2,248,890	2,245,664
Discounts/Concessions							(2,100)	(2,097)	(1,600)
Total amount raised from general rates							2,285,718	2,246,793	2,244,064
Specified area rates (Refer note 1(c))							0	0	0
ExGratia Rates (CBH)							25,000	23,298	25,000
Total rates							2,310,718	2,270,091	2,269,064

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

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

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

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge \$	Instalment plan interest rate %	Unpaid rates interest rates %
Option one				
One Payment	26/09/2019	0	0.0%	11.0%
Option two				
1st Instalment	26/09/2019	0	5.5%	11.0%
2nd Instalment	3/02/2019	10	5.5%	11.0%
Option three				
1st Instalment		0	5.5%	11.0%
2nd Instalment		10	5.5%	11.0%
3rd Instalment		10	5.5%	11.0%
4th Instalment		10	5.5%	11.0%
		2019/20 Budget revenue		2018/19 Actual revenue
		\$		\$
Instalment plan admin charge revenue		5,200		4,070
Instalment plan interest earned		7,000		6,723
Unpaid rates and service charge interest earned		6,200		8,504
		18,400		19,297
				25,900

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

(c) Service Charges

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018**

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Rates discounts

Rate or fee to which discount is granted	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which discount is granted
Contiguous Rating Discount			\$ 0	\$ 2,097	\$ 1,600	
				\$ 2,097	\$ 1,600	

(e) Waivers or concessions

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

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

2 (a). NET CURRENT ASSETS

		2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
Note		\$	\$	\$	\$
Composition of estimated net current assets					
Current assets					
	Cash - unrestricted	231,212	1,263,900	1,263,900	(255,447)
	Cash - restricted reserves	5,458,970	5,253,475	5,253,475	4,133,601
	Receivables	3,976,087	4,174,778	4,174,778	4,064,766
	Inventories	16,487	16,487	16,487	27,394
		9,682,756	10,708,640	10,708,640	7,970,314
Less: current liabilities					
	Trade and other payables	(4,057,985)	(4,153,821)	(4,153,821)	(4,075,184)
	Long term borrowings	(254,174)	(152,941)	(152,941)	(138,652)
	Provisions	(147,032)	(147,032)	(147,032)	(173,825)
		(4,459,191)	(4,453,794)	(4,453,794)	(4,387,661)
	Net current assets	5,223,565	6,254,846	6,254,846	3,582,653

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

2 (b). NET CURRENT ASSETS (CONTINUED)

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

Operating activities excluded from budgeted deficiency

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

		2019/20 Budget 30 June 2020	2019/20 Budget 01 July 2019	2018/19 Estimated Actual 30 June 2019	2018/19 Budget 30 June 2019
Note		\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency					
	Net current assets	5,223,565	6,254,846	6,254,846	3,582,653
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.					
	Adjustments to net current assets				
	Less: Cash - restricted reserves	(5,458,970)	(5,253,475)	(5,253,475)	(4,133,601)
	Less: Current assets not expected to be received at end of year - current portion of self supporting loans receivable	(21,296)	(21,296)	(21,296)	(28,753)
	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	254,174	152,941	152,941	138,652
	Add: Movement in provisions between current and non-current provisions	2,527	2,527	2,527	0
	Adjusted net current assets - surplus/(deficit)	0	1,135,543	1,135,543	(441,049)

(ii) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.

Adjustments to operating activities

Less: Profit on asset disposals	4(a)	0	(3,946)	(3,946)	(3,149)
Add: Loss on disposal of assets	4(a)	1,100	19,545	19,545	765
Add: Depreciation on assets	4	2,910,437	2,953,796	2,953,796	2,109,942
Non cash amounts excluded from operating activities		2,911,537	2,969,395	2,969,395	2,107,558

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

The Shire has elected to retrospectively apply the cumulative effect of applying AASB 1058 Income of Not-for-Profit Entities at the date of initial application of the standard, being 1 July 2019. The impact of applying the standard was to recognise unspent grants and contributions for construction of recognisable non-financial assets controlled by the Shire as a liability. The opening budgeted surplus/deficit on 1 July 2019 has been amended accordingly from the estimated actual closing surplus/deficit.

Refer to note 15 for further explanation of the impact of the changes in accounting policies

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

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of Brookton becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

CONTRACT ASSETS

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

PROVISIONS

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

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

INVENTORIES

General

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

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

Superannuation

The Shire of Brookton contributes to a number of superannuation funds on behalf of employees.

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

TRADE AND OTHER RECEIVABLES

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

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

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

CONTRACT LIABILITIES

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

LAND HELD FOR RESALE

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

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

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

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

3. RECONCILIATION OF CASH

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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	231,212	1,263,900	(255,447)
Cash - restricted	5,458,970	5,253,474	4,133,601
	5,690,182	6,517,374	3,878,154
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Leave Reserve	138,878	116,698	115,242
Plant and Vehicle Reserve	786,245	891,033	613,799
Land and Housing Development Reserve	1,391,706	1,188,710	771,968
Furniture & Equipment Reserve	56,894	80,392	80,694
Municipal Building & Facility Reserve	328,955	329,433	254,379
Townscape & Footpath Reserve	124,192	103,203	63,424
Sewerage Scheme Reserve	430,832	368,937	367,987
Road and Bridges Infrastructure Reserve	627,313	399,046	397,769
Health & Wellbeing Reserve	557,843	588,020	438,923
Community Bus Reserve	0	80,992	81,025
Sport & Recreation Reserve	31,696	26,206	26,074
Rehabilitation & Refuse Reserve	170,159	117,955	117,530
Saddleback Building Reserve	0	55,554	55,576
Caravan Park Reserve	154,282	141,635	141,602
Brookton Museum/Heritage Reserve	47,271	45,421	45,485
Kweda Hall Reserve	18,371	16,758	15,295
Aldersyde Hall Reserve	25,806	25,806	26,425
Railway station Reserve	95,259	118,053	116,651
Madison Square Units Reserve	30,721	25,249	25,170
Cemetery Reserve	43,953	33,330	33,183
Water Reserve	48,552	44,744	10,599
Developer Contribution Reserve	2,747	2,697	2,698
Brookton Aquatic Centre Reserve	141,884	129,464	128,807
Cash Contingency Reserve	205,411	177,498	137,663
Independent Living Units Reserve	0	146,640	65,633
	5,458,970	5,253,474	4,133,601
Reconciliation of net cash provided by operating activities to net result			
Net result	(1,773,796)	(370,318)	(1,121,522)
Depreciation	2,910,437	2,953,796	2,109,942
(Profit)/loss on sale of asset	1,100	15,599	(2,384)
(Increase)/decrease in receivables	198,691	217,155	339,013
(Increase)/decrease in contract assets	0	0	
(Increase)/decrease in inventories	0	10,907	
Increase/(decrease) in payables	(95,836)	(901,150)	(979,790)
Increase/(decrease) in contract liabilities	0	0	
Increase/(decrease) in employee provisions	0	(24,932)	
Change in accounting policies transferred to retained surplus (refer to Note 11)	0	0	0
Grants/contributions for the development of assets	(520,880)	(363,199)	(521,106)
Net cash from operating activities	719,716	1,537,858	(175,847)

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

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

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program						2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance	Education and welfare	Community amenities	Recreation and culture	Transport	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	
<u>Property, Plant and Equipment</u>									
Buildings - non-specialised							85,899	420,000	
Buildings - specialised	55,000	90,000	10,000	46,000		201,000		540,000	
Furniture and equipment	80,000	10,000		10,000		100,000	170,340	69,000	
Plant and equipment	30,000					491,440	322,229	405,485	
	165,000	100,000	10,000	56,000	0	822,440	578,468	1,434,485	
<u>Infrastructure</u>									
Infrastructure - Roads					1,043,471	1,043,471	756,385	963,664	
Infrastructure - footpaths					30,000	30,000	32,935	39,000	
Infrastructure - Sewerage			32,000			32,000	12,030	42,000	
	0	0	32,000	0	1,073,471	1,105,471	801,350	1,044,664	
Total acquisitions	165,000	100,000	42,000	56,000	1,073,471	1,927,911	1,379,818	2,479,149	

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 2020**

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20		2019/20		2019/20		2018/19		2018/19		2018/19		2018/19		2018/19	
	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
By Program																
Governance	0	0	0	0	38,670	41,819	3,149	0	38,669	41,818	3,149	0	38,669	41,818	3,149	0
Other property and services	94,100	93,000	0	(1,100)	67,838	49,091	798	(19,545)	65,765	65,000	0	(765)	65,765	65,000	0	(765)
	94,100	93,000	0	(1,100)	106,508	90,910	3,947	(19,545)	104,434	106,818	3,149	(765)	104,434	106,818	3,149	(765)
By Class																
<u>Property, Plant and Equipment</u>																
Plant and equipment	94,100	93,000	0	(1,100)	106,508	90,910	3,947	(19,545)	104,434	106,818	3,149	(765)	104,434	106,818	3,149	(765)
	94,100	93,000	0	(1,100)	106,508	90,910	3,947	(19,545)	104,434	106,818	3,149	(765)	104,434	106,818	3,149	(765)

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

- Staff housing programme
- Plant replacement programme

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

5. ASSET DEPRECIATION

By Program

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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	35,308	35,986	35,455
	22,329	25,493	25,143
	130,101	129,450	123,573
	19,313	19,324	19,058
	42,972	42,925	56,121
	160,139	159,568	125,911
	2,396,327	2,397,096	1,581,266
	2,190	2,191	2,161
	101,758	141,763	141,253
	2,910,437	2,953,796	2,109,941
	23,479	17,872	24,684
	251,544	257,247	246,578
	17,519	16,806	12,471
	107,048	147,012	148,462
	22,329	25,493	25,143
	2,385,714	2,386,479	1,568,073
	10,613	10,617	13,194
	39,380	39,431	53,017
	52,811	52,839	18,319
	2,910,437	2,953,796	2,109,941

By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Plant and equipment - Bushfire
Infrastructure - Roads
Infrastructure - footpaths
Infrastructure - Sewerage
Infrastructure - parks & ovals

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

Buildings - non-specialised	5 to 138 Years
Buildings - specialised	5 to 138 Years
Furniture and equipment	4 to 10 Years
Plant and equipment	2 to 60 Years
Infrastructure - Parks and Gardens	10 to 100 Years
Sealed Roads and Streets	
Formation/Subgrade	not depreciated
Pavement	15 to 100 Years
Surface	4 to 125 Years
Surface Water Channel	5 to 100 Years
Gravel Roads	
Formation/Subgrade	not depreciated
Pavement	10 to 100 Years
Formed Roads (unsealed)	
Formation/Subgrade	not depreciated
Pavement	10 to 100 Years
Footpaths - slabs	40 to 100 Years
Sewerage Piping	1 to 100 Years
Water Supply Piping and Drainage Systems	30 to 100 Years
Storm Water Drainage	50 to 100 Years
Bridges	4 to 160 Years

DEPRECIATION (CONTINUED)

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

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

RECOGNITION OF ASSETS

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

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

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	2019/20		2019/20		2019/20		2018/19		2018/19		2018/19		2018/19		2018/19		2018/19	
	Budget Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding 30 June 2020	Actual Principal 1 July 2018	Actual New loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding 30 June 2019	Budget Principal 1 July 2018	Budget New loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding 30 June 2019			
Governance																		
Loan 78 Senior Citizens Homes	89,416		89,416	6,485	0	104,011		14,595	7,442	89,416				14,595	7,485	89,416		
Loan 79 Multifunctional Family Centre	0		0		0	23,154		23,154	804	0				8,865	1,386	14,289		
Loan 82 Country Club	237,124		21,296	17,864	215,828	257,013		19,889	19,094	237,124				19,889	19,271	237,124		
Loan 75 Administration	47,061		47,061	3,307	(0)	51,806		4,745	3,491	47,061				4,745	3,618	47,061		
Education and welfare																		
Loan 80 Kalkami Residency	72,291		8,689	4,491	63,602	80,511		8,220	4,768	72,291				8,220	4,960	72,291		
Housing																		
Loan 80 Staff Housing	119,280		14,337	7,409	104,943	132,843		13,563	7,867	119,280				13,563	8,184	119,280		
Community amenities																		
Loan 80 Sewerage	50,604		6,062	3,144	44,522	56,357		5,753	3,338	50,604				5,754	3,472	50,604		
Recreation and culture																		
Loan 81 Sport and Recreation	589,663		52,956	44,420	536,707	639,122		49,459	47,479	589,663				49,459	47,917	589,663		
Transport																		
Loan 80 Grader	119,280		14,337	7,409	104,943	132,843		13,563	7,867	119,280				13,563	8,184	119,280		
	1,087,595	0	232,879	76,665	854,716	1,197,493	0	109,898	82,252	1,087,595	0	0	109,899	83,820	1,087,595			
Self Supporting Loans																		
Governance																		
Loan 79 Multifunctional Family Centre	0	0	0	0	0	23,154	0	23,154	804	0				8,865	1,386	14,289		
Loan 82 Country Club	237,124	0	21,296	17,864	215,828	257,013	0	19,889	19,094	237,124				19,889	19,271	237,124		
	237,124	0	21,296	17,864	215,828	280,167	0	43,043	19,898	237,124				28,754	20,657	251,413		
	1,324,719	0	254,174	94,529	1,070,545	1,477,660	0	152,941	102,150	1,324,719	0	0	138,653	104,477	1,339,008			

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

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

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

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

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowing funds as at 30th June 2020.

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date			
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date		(1,204)	
Total amount of credit unused	10,000	8,796	10,000
Loan facilities			
Loan facilities in use at balance date	1,070,545	1,324,719	1,339,008

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20		2019/20		2018/19		2018/19		2018/19		2018/19		2018/19			
	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance
Leave Reserve	\$ 116,698	\$ 22,180	\$	\$ 138,878	\$ 0	\$ 116,698	\$	\$ 116,698	\$ 0	\$ 115,242	\$	\$ 115,242	\$ 0	\$ 115,242	\$	\$ 115,242
Plant and Vehicle Reserve	891,033	305,212	(410,000)	786,245	664,198	226,835		891,033	664,198	221,601	(272,000)	613,799	664,198	221,601	(272,000)	613,799
Land and Housing Development Res	1,188,710	202,996		1,391,706	1,024,906	163,804		1,188,710	1,024,906	167,062	(420,000)	771,968	1,024,906	167,062	(420,000)	771,968
Furniture & Equipment Reserve	80,392	21,502	(45,000)	56,894	78,538	1,854		80,392	78,538	2,156		80,694	78,538	2,156		80,694
Municipal Building & Facility Reserve	329,433	54,522	(55,000)	328,955	236,374	93,059		329,433	236,375	92,004	(74,000)	254,379	236,375	92,004	(74,000)	254,379
Townscape & Footpath Reserve	103,203	20,989		124,192	51,707	51,496		103,203	51,707	50,717	(39,000)	63,424	51,707	50,717	(39,000)	63,424
Land Redevelopment Reserve	0			0	136,389	(136,389)		0	136,389	0	(136,389)	0	136,389	0	(136,389)	0
Sewerage Scheme Reserve	368,937	61,895		430,832	259,113	109,824		368,937	259,113	108,874		367,987	259,113	108,874		367,987
Road and Bridges Infrastructure Res	399,046	228,267		627,313	432,175	79,965		399,046	432,174	78,689	(113,094)	397,769	432,174	78,689	(113,094)	397,769
Health & Wellbeing Reserve	588,020	69,823	(100,000)	557,843	691,647	80,671	(184,298)	588,020	691,647	74,276	(327,000)	438,923	691,647	74,276	(327,000)	438,923
Community Bus Reserve	80,992	11,514	(92,506)	0	72,166	8,826		80,992	72,166	8,859		81,025	72,166	8,859		81,025
Sport & Recreation Reserve	26,206	5,490		31,696	15,662	10,544		26,206	15,662	10,412		26,074	15,662	10,412		26,074
Rehabilitation & Refuse Reserve	117,955	52,204		170,159	53,610	64,345		117,955	53,610	63,920		117,530	53,610	63,920		117,530
Saddleback Building Reserve	55,554	1,038	(56,592)	0	52,782	2,772		55,554	52,782	2,794		55,576	52,782	2,794		55,576
Caravan Park Reserve	141,635	12,647		154,282	128,429	13,206		141,635	128,429	13,173		141,602	128,429	13,173		141,602
Brookton Museum/Heritage Reserve	45,421	1,850		47,271	41,889	3,532		45,421	41,889	3,596		45,485	41,889	3,596		45,485
Kweda Hall Reserve	16,758	1,613		18,371	29,497	3,152	(15,891)	16,758	29,497	3,298	(17,500)	15,295	29,497	3,298	(17,500)	15,295
Aldersyde Hall Reserve	25,806			25,806	25,806			25,806	25,806	619		26,425	25,806	619		26,425
Railway station Reserve	118,053	12,206	(35,000)	95,259	29,497	88,556		118,053	29,497	87,154		116,651	29,497	87,154		116,651
Madison Square Units Reserve	25,249	5,472		30,721	18,703	6,546		25,249	18,703	6,467		25,170	18,703	6,467		25,170
Cemetery Reserve	33,330	10,623		43,953	22,622	10,708		33,330	22,622	10,561		33,183	22,622	10,561		33,183
Water Reserve	44,744	35,808	(32,000)	48,552	42,239	2,505		44,744	42,239	2,360	(34,000)	10,599	42,239	2,360	(34,000)	10,599
Developer Contribution Reserve	2,697	50		2,747	2,635	62		2,697	2,635	63		2,698	2,635	63		2,698
Brookton Aquatic Centre Reserve	129,464	12,420		141,884	66,841	62,623		129,464	66,841	61,966		128,807	66,841	61,966		128,807
Cash Contingency Reserve	177,498	27,913		205,411	97,171	80,327		177,498	97,171	79,492	(39,000)	137,663	97,171	79,492	(39,000)	137,663
Independent Living Units Reserve	146,640	27,741	(174,381)	0	0	146,640		146,640	0	145,633	(80,000)	65,633	0	145,633	(80,000)	65,633
	5,253,474	1,205,975	(1,000,479)	5,458,970	4,274,596	1,428,550	(449,672)	5,253,474	4,274,596	1,410,988	(1,551,983)	4,133,601	4,274,596	1,410,988	(1,551,983)	4,133,601

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Anticipated date of use	Purpose of the reserve
Leave Reserve		This reserve is for the funding of annual and long service leave requirements
Plant and Vehicle Reserve		This reserve is for the purchase of major items in the Shire's plant and vehicle replacement program.
Land and Housing Development Reserve		This reserve is for the construction, acquisition, renewal or upgrading of housing and land development to meet
Furniture & Equipment Reserve		This reserve is for the replacement of major items of furniture and equipment.
Municipal Building & Facility Reserve		This reserve is for the construction, demolition, acquisition, renewal or upgrade of Shire owned Public and Community buildings and facilities.
Townscape & Footpath Reserve		This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works
Land Redevelopment Reserve		This reserve has been merged with the Housing Reserve
Sewerage Scheme Reserve		This reserve is to fund the expansion, ongoing renewal, maintenance and asset management needs of the Brookton Sewerage Scheme.
Road and Bridges Infrastructure Reserve		This reserve is for the construction and upgrade of roads and bridges within the Shire.
Health & Wellbeing Reserve		This reserve is for funding of initiatives in relation to Community Health & Wellbeing.
Community Bus Reserve		This reserve has been merged with the Plant and Vehicle Reserve
Sport & Recreation Reserve		This reserve is to fund new, renewal, upgrades, or major maintenance of sporting and recreation infrastructure.
Rehabilitation & Refuse Reserve		This reserve is to fund the rehabilitation or major upgrades of the Brookton Refuse Site and or to rehabilitate former Gravel Pits.
Saddleback Building Reserve		This reserve has been merged with the Health & Wellbeing reserve
Caravan Park Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Brookton Caravan Park.
Brookton Museum/Heritage Reserve		This reserve is to be used to fund any upgrades or major maintenance of the Brookton Historical Museum.
Kweda Hall Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.
Aldersyde Hall Reserve		This reserve will be transferred to the Aldersyde Committee upon incorporation and the Committee sourcing other funding opportunities through grants.
Railway station Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Brookton Railway Station and/or Platform.
Madison Square Units Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units.
Cemetery Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Brookton Cemetery.
Water Reserve		This reserve is to fund renewal, upgrades or major maintenance of the water scheme infrastructure under the control of the Shire.
Developer Contribution Reserve		This reserve is to hold contributions applied to a development via a Development Application or Subdivision Approval pending determination by Council of its application to the specific works.
Brookton Aquatic Centre Reserve		This reserve is to cover unexpected shortfalls in operational funding should the need arise.
Cash Contingency Reserve		This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Aquatic
Independent Living Units Reserve		This reserve has been merged with the Land & Housing Reserve

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

7. CASH BACKED RESERVES (CONTINUED)

(c) Cash Backed Reserves - Change in Use

The Shire has resolved to make the following changes in the use of part of the money in a reserve account. This money is to be used or set aside for a purpose other than the purpose for which the account was established.

Cash Backed Reserve	Proposed new purpose of the reserve	Objects of changing of the reserve	Reasons for changing the use of the reserve	2019/20 Budget amount to be used	2019/20 Budget amount to change of purpose
Health & Wellbeing (previously Health & Aged Care Reserve) Saddleback Building Reserve	This reserve is for funding of initiatives in relation to Community Health & Wellbeing has been merged with the Health and Wellbeing Reserve	being more inclusive	Proposed sale of Kalkarni Residential Age Care Facility	\$ 0	\$ 501,251
			Proposed sale of building with the Kalkarni Residential Age Care Facility	56,592	56,592
				56,592	557,843

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

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	50	3	50
General purpose funding	8,400	8,780	7,200
Law, order, public safety	4,950	4,186	3,900
Health	300	245	500
Education and welfare	1,035,429	1,329,992	1,098,677
Housing	86,209	102,005	80,696
Community amenities	414,478	392,248	391,933
Recreation and culture	35,010	36,505	37,010
Economic services	41,950	44,299	44,430
Other property and services	21,560	28,590	21,560
	1,648,336	1,946,853	1,685,956

9. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Program:

Operating grants, subsidies and contributions

General purpose funding	1,050,670	1,514,426	449,368
Law, order, public safety	24,793	19,177	16,100
Education and welfare	3,316,026	3,134,292	3,257,080
Transport	83,201	77,855	47,902
	4,474,690	4,745,750	3,770,450

Non-operating grants, subsidies and contributions

Transport	520,880	363,199	521,106
	520,880	363,199	521,106

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

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments

- Reserve funds

- Other funds

Other interest revenue (refer note 1b)

(b) Other revenue

Reimbursements and recoveries

The net result includes as expenses

(c) Auditors remuneration

Audit services

(d) Interest expenses (finance costs)

Borrowings (refer note 6(a))

Interest expense on lease liabilities

(e) Elected members remuneration

Meeting fees

Mayor/President's allowance

Deputy Mayor/President's allowance

Travelling expenses

(f) Write offs

Fees and charges

(g) Low Value lease expenses

Office equipment - Photocopier

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
	95,000	112,377	70,000
	112,064	28,578	155,326
	13,200	15,227	13,200
	220,264	156,182	238,526
	86,323	95,256	92,689
	86,323	95,256	92,689
	45,500	43,600	46,200
	45,500	43,600	46,200
	94,529	102,150	104,477
	94,529	102,150	104,477
	43,250	30,969	42,263
	1,500	1,125	1,875
	375	281	938
	4,120	2,015	4,120
	49,245	34,390	49,196
	150	0	0
	150	0	0
	3,600	3,600	3,600
	3,600	3,600	3,600

SIGNIFICANT ACCOUNTING POLICIES

LEASES

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

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

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

LEASES (CONTINUED)

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

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

11. MAJOR LAND TRANSACTIONS

Kalkarni Age Care Facility and Saddleback Medical Centre

(a) Details

The Council owns land and buildings freehold at Lot 511 Whittington Street. The Council proposes to dispose of the land, buildings (that serve as the Saddleback Medical Centre and Kalkarni Aged Care Residential Facility) and the aged care provider (bed) licence. A business plan was prepared in accordance with Section 3.59 of the *Local Government Act (1995)*. A copy is available from the administration office.

(b) Current year transactions

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Capital revenue			
Sales Proceeds	7,950,000	0	0
Capital expenditure			
Purchase of Land	(151,294)	0	0
Book Value - Land, Building and other	(8,343,391)	0	0
	(544,685)	0	0

In regard to the allocation of funds received by Council should the Lot 511 be sold, it is the Council's intention to prepare a financial strategy. It is envisaged that this strategy will be structured to create a number of distinct holding funds, with a percentage of the monies received from selling Lot 511 allocated to each fund, as listed below:

Preservation and Replacement Fund - purpose of maintaining, repairing and replacing Shire assets in accordance with the Council's Asset Management Framework. * Asset

support and complement the Shire's Integrated Planning and Report Framework. * Innovations Fund - to
administered by a Trustee appointed by Council and be held in perpetuity. * Future Fund - this fund will be

(c) Expected future cash flows

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	\$	\$	\$	\$	\$	\$
Cash outflows						
Payments for land held for sale	(151,294)	0	0	0	0	(151,294)
Payments for Sale of Property	(90,000)	0	0	0	0	(90,000)
	(241,294)	0	0	0	0	(241,294)
Cash Inflows						
Proceeds on sale of land	7,950,000	0	0	0	0	7,950,000
	7,950,000	0	0	0	0	7,950,000
Net cash flows	7,708,706	0	0	0	0	7,708,706

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

12. INTERESTS IN JOINT ARRANGEMENTS

The Shire together with the State Housing Commission have a joint venture arrangement with regard to the provision of allow cost housing.

The only assets are 4 residential units. The Council's equity share of the units is 13.40%.

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Non-current assets			
Unit 1,2,3,4 - 28 Williams St (Madison Square Units)	109,905	112,566	86,067
Less: accumulated depreciation	(2,661)	(1,452)	(1,110)
	107,244	111,114	84,957

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 Brookton's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

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

13. TRUST FUNDS

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

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Housing Bond	(1,200)		1,200	0
Other Bond	(12,960)		250	(12,710)
Rates Incentive Prize	(200)		200	0
Unclaimed Money	(30)			(30)
Gnulla Child Care Facility	(3,073)		3,073	0
Wildflower Show Funds	(1,240)		1,240	0
Public Open Space Contributions	(13,820)			(13,820)
Developer Contribution	1			1
	(32,522)	0	5,963	(26,559)

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

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

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

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

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

**15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES**

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

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Shire of Brookton adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Brookton has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract assets	0		0
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0		0
Developer contributions	0		0
Contract liabilities non-current			
Developer contributions	0		0
Cash in lieu of parking	0		0
Adjustment to retained surplus from adoption of AASB 15		0	

LEASES

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire of Brookton is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

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

**15. SIGNIFICANT ACCOUNTING POLICIES - CHANGE
IN ACCOUNTING POLICIES (Continued)**

INCOME FOR NOT-FOR-PROFIT ENTITIES

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount 30 June 19	Reclassification	AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Trade and other payables			
Adjustment to retained surplus from adoption of AASB 1058			0

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised by the Shire of Brookton. When the taxable event occurs the financial liability is extinguished and the Shire of Brookton recognises income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration that was significantly less than fair value principally to enable the Shire of Brookton to further its objectives may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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

The impact on the Shire of Brookton of the changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	
Adjustment to retained surplus from adoption of AASB 15	0
Adjustment to retained surplus from adoption of AASB 1058	0
Retained surplus - 01/07/2019	0

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

16. BUDGET RATIOS

	2019/20 Budget	2018/19 Actual	2017/18 Actual	2016/17 Actual
Operating Surplus	(0.2732)	(0.0115)	(0.0250)	(0.0970)
Funds After Operations	(0.2574)	(0.0524)	(0.0530)	(0.039)
PPE	0.0096	0.0181	0.0193	0.189
Infrastructure	0.0532	0.0235	0.3452	0.3484
Cash Reserves	1.5576	1.3534	0.6580	0.5630
Borrowings	0.3066	0.3413	0.2620	0.2580
Debt Servicing	0.0999	0.0606	0.0430	0.0390
Average Rates (UV)	5,062.615	5,001.483	4,469.461	4,148.575
Average Rates (GRV)	1,301.005	1,373.136	1,218.881	1,217.783

The ratios are calculated as follows:

OPERATIONS

Operating Surplus $\frac{\text{Adjusted underlying surplus (or deficit)}}{\text{Adjusted underlying revenue}}$

Funds After Operations $\frac{\text{Funds remaining after operations}}{\text{General funds}}$

ASSET RATIOS

PPE $\frac{\text{Closing WDV value of PPE less Opening WDV value of PPE}}{\text{Opening WDV value of PPE}}$

Infrastructure $\frac{\text{Closing WDV Infrastructure less Opening WDV infrastructure}}{\text{Opening WDV Infrastructure}}$

FINANCING RATIOS

Cash Reserves $\frac{\text{Discretionary Reserve Balance}}{\text{General Funds}}$

Borrowings $\frac{\text{Principal outstanding}}{\text{General funds}}$

Debt Servicing $\frac{\text{Principal and interest due}}{\text{General funds}}$

RATES RATIOS

Average Rates $\frac{\text{Rate revenue per category}}{\text{Number of properties per category}}$

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

BY NATURE OR TYPE

	NOTE	2018/19 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	1,135,543	914,150	914,150
		1,135,543	914,150	914,150
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	8	4,474,690	4,799,775	3,885,553
Fees and charges	7	1,648,336	1,946,853	1,685,956
Interest earnings	9(a)	220,264	156,182	238,526
Other revenue	9(a)	86,323	95,256	92,689
Profit on asset disposals	4(a)	0	3,946	3,149
		6,429,613	7,002,012	5,905,873
Expenditure from operating activities				
Employee costs		(1,649,585)	(1,431,996)	(1,475,184)
Materials and contracts		(6,006,031)	(5,156,036)	(5,778,239)
Utility charges		(174,264)	(162,249)	(164,519)
Depreciation on non-current assets	4	(2,910,436)	(2,953,797)	(2,109,942)
Interest expenses	9(b)	(94,529)	(102,150)	(104,476)
Insurance expenses		(189,977)	(179,651)	(183,686)
Other expenditure		(9,084)	(197)	(754)
Loss on asset disposals	4(a)	(1,100)	(19,545)	(765)
		(11,035,006)	(10,005,621)	(9,817,565)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	2,911,537	2,969,395	2,107,558
Amount attributable to operating activities		(558,313)	879,936	(889,984)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	8	520,880	363,199	521,106
Purchase investment property	4(a)	0	0	0
Purchase property, plant and equipment	4(a)	(822,440)	(578,468)	(1,434,485)
Purchase and construction of infrastructure	4(a)	(1,105,471)	(801,350)	(1,044,664)
Proceeds from disposal of assets	4(a)	93,000	90,910	106,818
Amount attributable to investing activities		(1,314,031)	(925,709)	(1,851,225)
FINANCING ACTIVITIES				
Repayment of borrowings	5(a)	(254,174)	(152,941)	(138,653)
Proceeds from self supporting loans	5(a)	21,296	43,043	28,754
Transfers to cash backed reserves (restricted assets)	6(a)	(1,205,975)	(1,428,550)	(1,410,988)
Transfers from cash backed reserves (restricted assets)	6(a)	1,000,479	449,672	1,551,983
Amount attributable to financing activities		(438,374)	(1,088,776)	31,096
Budgeted deficiency before general rates		(2,310,718)	(1,134,549)	(2,710,113)
Estimated amount to be raised from general rates	1	2,310,718	2,270,091	2,269,064
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	1,135,542	(441,049)

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