



## **SPECIAL MEETING OF COUNCIL**

### **AGENDA**

**23 AUGUST 2018**



## **NOTICE OF MEETING**

**23 AUGUST 2018**

**14 White Street  
Brookton, WA 6306**

Dear Councillor, Resident or Ratepayer,

Notice is hereby given that the Special Meeting of the Brookton Shire Council will be held on Thursday 23 August 2018 in the Council Chambers at the Shire Administration Centre commencing at 6.30 pm.

The business to be transacted is shown in the Agenda.

**Ian D'Arcy**  
**CHIEF EXECUTIVE OFFICER**  
20/08/2018

## **DISCLAIMER**

*The recommendations contained in the Agenda are subject to confirmation by Council. The Shire of Brookton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Brookton for any act, omission or statement or intimation occurring during a Council meeting.*

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|         |   |
|---------|---|
| 1.08.18 | DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS |
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|---------|---|
| 2.08.18 | RECORD OF ATTENDANCE/APPOLOGIES/APPROVED LEAVE OF ABSENCE |
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|         |                      |
|---------|----------------------|
| 3.08.18 | PUBLIC QUESTION TIME |
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|         |                                     |
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| 4.08.18 | PETITIONS/DEPUTATIONS/PRESENTATIONS |
|---------|-------------------------------------|

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| 5.08.18 | CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS |
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| 6.08.18 | ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION |
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|         |                         |
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| 7.08.18 | DISCLOSURE OF INTERESTS |
|---------|-------------------------|

***Members and Officers to declare Financial, Proximity or Impartiality Interests & submit forms to the Chief Executive Officer at the commencement of the meeting and also prior to the item.***

### **Disclosure of Financial & Proximity Interests**

- a. Members must disclose the nature of their interest in matters to be considered at the meeting. (Sections 5.60B and 5.65 of the *Local Government Act 1995*).
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Sections 5.70 and 5.71 of the *Local Government Act 1995*).

### **Disclosure of Interest Affecting Impartiality**

- a. Members and staff must disclose their interest in matters to be considered at the meeting in respect of which the member or employee has given or will give advice.

**8.08.18 ADOPTON OF 2018-2019 BUDGET**

|                                 |  |
|---------------------------------|--|
| <b>File No:</b>                 | N/A  |
| <b>Date of Meeting:</b>         | 23/08/2018   |
| <b>Location/Address:</b>        | N/A  |
| <b>Name of Applicant:</b>       | Shire of Brookton  |
| <b>Name of Owner:</b>           | N/A  |
| <b>Author/s:</b>                | Kelly D'Arcy – Senior Corporate Business Officer<br>Deanne Sweeney -Senior Finance Officer |
| <b>Authorising Officer:</b>     | Ian D'Arcy - CEO   |
| <b>Declaration of Interest:</b> | None   |
| <b>Voting Requirements:</b>     | Absolute Majority  |
| <b>Previous Report:</b>         | 16/08/2018 – Item 12.08.18.03 (Withdrawn)  |

**Summary of Item:**

This report outlines the annual report budget process leading to Council's adoption and amendment to the rates and charges for the 2018-2019 financial year, and other consequential matters arising from the Budget.

**Description of Proposal:**

Council is required to prepare and adopt, in the manner and form prescribed, an annual budget no later than 31 August each year, in accordance with Section 6.2 of the *Local Government Act 1995*.

The 2018-2019 Annual budget has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

**Background:**

The budget for the 2018-2019 Year continues to support service delivery for the Shire but also allows the Shire to plan and consolidate a number of key issues. There is a need in the 2018-2019 Budget to deliver on a number of key strategic reviews pertaining to records management, asset management, community engagement and the development of a new Shire house and so on. At this stage the Shire has made budget allowances for these reviews to take place in this financial year. The reviews will also allow the Shire to plan for the future in a more systematic and fiscally responsible manner.

However, the 2018-2019 Annual Budget has also identified a number of key financial activities that require review. The Long Term Financial Plan (LTFP) requires review as the proposed rate increase has been set at 2.5% and not 7% as indicated in the LFP. The review of the general ledger accounts also needs to occur as some of these have now been deemed obsolete, but an overall review of the accounts and the accounting process used at the Shire of Brookton requires review in the 2018-2019 financial year.

The main features of the 2018-2019 budget are:

- An increase in the revenue raised from rates of 2.5%. The proposed increase still enables the Shire to carry out its direct services to the community while still enabling the Shire to transfer some funds to reserves.

- A 6% increase in Sewerage charges. This will enable a transfer of \$100,000 of sewerage income into the Sewerage Scheme Reserve, to allow for the upgrade and replacement of aging infrastructure in future budgets.
- The Capital Works program for the 2018-2019 year has been reduced noting that overall roads grants have reduced with the Roads to Recovery 4 year cycle ending in this financial year.
- The Reserves have also been reviewed, with the Housing Reserve and the Land Redevelopment Reserve being amalgamated to form one reserve "Land & Housing Development Reserve". It is anticipated that new Shire house project will commence and progress throughout 2018-2019 with the funds for this coming from the Land & Housing Development Reserve. Other reserve funds have been increased in line with the principles of the LTFP.
- Overall the budget for the 2018-2019 financial year is reasonable and still provides for the essential services as required by a LG.

Following the review of the Strategic Community Plan, Council has a better understanding of the community aspirations and views and will be able to plan for the next two to four years.

#### **Consultation:**

Consultation has taken place with all relevant staff members, and elected members have been part of budget discussions, a finance workshop session held 10 July 2018 and a final subsequent discussion on 16 August 2018.

#### **Statutory Environment:**

All local governments are required to adopt an annual budget in accordance with Part 6, Division 2, of the *Local Government Act 1995* (The Act), Part 3 of the *Local Government (Financial Management) Regulations 1996*, Australian Accounting Standards (AASB) and the Australian Accounting Standards Board Interpretations (AASBI). In relation to budgeting, section 6.2 (1) of the Act states:

*"During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt (absolute majority required), in the form and manner prescribed, a budget for its municipal fund for the financial years ending on the 30 June next following that 31 August."*

The Department of Local Government has prepared the WA Local Government Accounting Manual. Part 4 of the manual covers the Budget process.

#### **Relevant Plans and Policy:**

Council Policy 4.1: Significant Accounting Policies – "Where practical the Budget should be completed and adopted prior to 31 July and, if not practical, by 31 August in accordance with the provisions of the *Local Government Act 1995*".

#### **Financial Implications:**

Financial implications are detailed in the 2018-2019 Annual Budget, as a separate attachment to this report.

#### **Risk Assessment:**

The risk of not adopting the 2018-2019 Annual Budget will mean that the Shire is non-compliant with the *Local Government Act 1995* and the Australian Accounting Standards.

It is not recommended this item be added to the Shire's Risk Register, nor that a Risk Treatment Plan be required.

### **Community & Strategic Objectives:**

The Annual Budget process is contained within the "Corporate Compendium" that forms an appendix to the Shire of Brookton Corporate Business Plan >2021.

### **Comment**

The annual budget process is a requirement of the *Local Government Act 1995* and all local governments are required to prepare an annual budget.

It is recommended that Council, in accordance with the provisions of section 6.2 of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, adopt the 2018-2019 Budget as presented in separate attachments to this report.

### **OFFICER'S RECOMMENDATION**

#### ***That Council:***

**1. General Rate**

***In accordance with Section 6.33 of the Local Government Act 1995, imposes a rate in the dollar for the areas of the Shire valued on Gross Rental Values of 11.2726 cents in the dollar (\$1.00) and Unimproved Values of 1.0757 cents in the dollar (\$1.00).***

**2. General Minimum Rate**

***In accordance with Section 6.35(1) of the Local Government Act 1995 set a general minimum rates of \$809.00 for the 2018-2019 financial year for Gross Rental Value properties and a general minimum rate of \$1385.00 for the 2018-2019 financial year for Unimproved Value properties.***

**3. Due date for Payment of Rates**

***In accordance with section 6.45 of the Local Government Act 1995 and Regulations 64 (2) of the Local Government (Financial Management) Regulations 1996, set the following due dates for the payment of rates in full by instalments:***

|  |                                |
|--|--------------------------------|
| <b><i>Full payment or 1<sup>st</sup> instalment due date</i></b>       | <b><i>05 October 2018</i></b>  |
| <b><i>2<sup>nd</sup> half instalment due date</i></b>                  | <b><i>25 January 2019</i></b>  |
| <b><i>2<sup>nd</sup> quarterly instalment due date</i></b>             | <b><i>30 November 2018</i></b> |
| <b><i>3<sup>rd</sup> quarterly instalment due date</i></b>             | <b><i>25 January 2019</i></b>  |
| <b><i>4<sup>th</sup> &amp; FINAL quarterly instalment due date</i></b> | <b><i>22 March 2019</i></b>    |

**4. Interest on Rate Instalments**

***In accordance with section 6.45 of the Local Government Act 1995 and Regulation 68 of the Local Government (Financial Management) Regulations 1996, adopt an interest rate of 5.5% where the owner has elected to pay rates through an instalment option.***

**5. Administration Charge on Instalments**

***In accordance with section 6.45 of the Local Government Act 1995 and Regulation 67 of the Local Government (Financial Management) Regulations 1996, adopt an instalment administration charge where the owner has elected to pay rates through an instalment option of \$10.00 for each instalment after the initial instalment is paid.***

6. **Interest on Overdue Rates**  
*Adopt an interest rate of 11% for rates and costs of proceedings to recover such charges that remain unpaid after becoming due and payable.*
  
7. **Rate Concessions**  
*Provides the following concession in relation to the adopted 2018-2019 Annual budget for rates:*  
  
*That a rate concession be granted to property owners where a contiguous property crosses a shire boundary, resulting in a portion of that property being assessed at a calculated rate. The concession will be calculated by deducting the amount that would otherwise be payable on the relevant property if it were continuously rated by the relevant neighbouring shire from the amount that has been assessed and or paid in the current year with council.*
  
8. **Refuse Site Charges**  
*In accordance with sections 6.32, 6.34 and 6.35 of the Local Government Act 1995 impose the following General and Minimum rates in relation to refuse charges:*  
  
  - a. *Refuse Site Rate – Unimproved Values - 0.0001 cents in the dollar – Minimum rate = \$59.00*
  - b. *Refuse Site Rate – Gross Rental Values - 0.0002 cents in the dollar – Minimum rate = \$59.00*
  
9. **Rubbish Charges**  
*In accordance with section 6.16 and 6.17 of the Local Government Act 1995 impose the following fees and charges in relation to domestic and commercial rubbish collection:*  
  
  - a. *Residential – once per week single 240L bin pick up including recycling = \$336.00*
  - b. *Commercial – once per week single 240L bin pick up = \$336.00*
  - c. *Each additional bin pick up once per week = \$336.00*
  
10. **Councillor Remuneration**  
*Adopt the following payments and allowances to Elected Members:*  
  

|                                      |  |
|--------------------------------------|--|
| a. <i>Councillor Meeting Fees</i>    | <i>\$200.00 per meeting attendance</i>   |
| b. <i>Committee Meeting Fees</i>     | <i>\$100.00 per meeting attendance</i>   |
| c. <i>Presidents Meeting Fees</i>    | <i>\$400.00 per meeting attendance</i>   |
| d. <i>Presidents Allowance</i>       | <i>\$1,500.00 per annum</i>  |
| e. <i>Deputy President Allowance</i> | <i>\$375.00 per annum</i>  |
| f. <i>Working/Advisory Groups</i>    | <i>\$100.00 per meeting attendance</i>   |
| g. <i>Regional Road Group</i>        | <i>\$150.00 per meeting attendance</i>   |
| h. <i>WALGA Zone</i>                 | <i>\$150.00 per meeting attendance</i>   |
| i. <i>External Committees</i>        | <i>\$50 per meeting (Travel only from within the Shire boundary to the meeting at the rate determined by the Salaries and Allowances Tribunal) – 0.78 cents km</i> |

**11. Sewerage Charges**

*In accordance with the Public Health Act 2016 & Health (Miscellaneous Provisions) Act 1911 sections 40 and 41, adopt the following sewerage charges to be imposed on all properties in the Brookton Town Site that are capable of being connected to the sewerage scheme:*

- a. Sewerage residential – 6.4296 cents in the dollar, minimum \$504.00 per property*
- b. Sewerage Commercial – 11.9844 cents in the dollar, minimum \$1037.00 per property*
- c. Sewerage Vacant - \$333.00 per property*
- d. Sewerage Non-rateable (Category 2) = \$1604.00 (minimum) per property*
- e. Sewerage Non-rateable (Category 4) = \$551.00 (minimum) per property*
- f. Sewerage Non-rateable (Category 5) = \$816.00 (minimum) per property*
- g. Sewerage Non-rateable (Category 6) = \$1208.00 (minimum) per property*

**12. Adoption of Material Variance Level for Reporting**

*Adopt the value of +/- \$10,000 or 10% whichever is the greater as the minimum amount for reporting material variances for the 2018-2019 financial year.*

**13. Amendment to 2018-2019 Fees and Charges**

*Pursuit to the 2018-2019 Fees and Charges previously adopted by Council, the following amendments be adopted:*

- a. \*Independent Living Unit 1 bedroom with lock up garage is \$110.00 per week*
- b. \*Independent Living Unit 1 bedroom with open garage is \$105.00 per week*
- c. \*Independent Living Unit 3 bedroom \$245.00 per week*
- d. Gym Key Bond \$30*

*Note: \*Subject to Council review from time to time*

**14. Adoption of the Budget 2018-2019**

*In accordance with the provisions of section 6.2 of the Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996, adopt the 2018-2019 Budget as presented in the attachment.*

Absolute Majority Vote Required

**Attachments**

**Attachment 8.08.18 – 2018-2019 Budget**



|                |  |
|----------------|--|
| <b>9.08.18</b> | <b>ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN</b> |
|----------------|--|

|                 |   |
|-----------------|---|
| <b>10.08.18</b> | <b>NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING</b> |
|-----------------|---|

|                 |                           |
|-----------------|---------------------------|
| <b>11.08.18</b> | <b>CLOSURE OF MEETING</b> |
|-----------------|---------------------------|

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

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**BROOKTON Vision by 2027**

**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 2019**

**BY NATURE OR TYPE**

|   | NOTE  | 2018/19<br>Budget       | 2017/18<br>Actual       | 2017/18<br>Budget       |
|---|-------|-------------------------|-------------------------|-------------------------|
|   |       | \$                      | \$                      | \$                      |
| <b>Revenue</b>                                    |       |                         |                         |                         |
| Rates   | 1     | 2,244,064               | 2,060,528               | 2,037,402               |
| Operating grants, subsidies and contributions     | 9     | 3,770,450               | 3,529,337               | 3,571,354               |
| Fees and charges                                  | 8     | 1,685,956               | 1,835,405               | 1,543,835               |
| Interest earnings                                 | 10(a) | 194,748                 | 197,489                 | 195,746                 |
| Other revenue                                     | 10(a) | 68,231                  | 1,304,715               | 117,169                 |
|   |       | <u>7,963,449</u>        | <u>8,927,474</u>        | <u>7,465,506</u>        |
| <b>Expenses</b>                                   |       |                         |                         |                         |
| Employee costs                                    |       | (1,472,174)             | (1,382,775)             | (1,517,121)             |
| Materials and contracts                           |       | (5,172,361)             | (4,845,171)             | (4,929,976)             |
| Utility charges                                   |       | (164,163)               | (138,581)               | (149,894)               |
| Depreciation on non-current assets                | 5     | (2,109,941)             | (2,099,882)             | (1,936,295)             |
| Interest expenses                                 | 10(a) | (104,477)               | (111,956)               | (113,800)               |
| Insurance expenses                                |       | (185,489)               | (160,603)               | (180,180)               |
| Other expenditure                                 |       | (754)                   | (1,202)                 | (25,629)                |
|   |       | <u>(9,209,358)</u>      | <u>(8,740,170)</u>      | <u>(8,852,895)</u>      |
|   |       | <u>(1,245,909)</u>      | <u>187,304</u>          | <u>(1,387,389)</u>      |
| Non-operating grants, subsidies and contributions | 9     | 521,106                 | 622,578                 | 487,432                 |
| Profit on asset disposals                         | 4(b)  | 0                       | 3,975                   | 0                       |
| Loss on asset disposals                           | 4(b)  | (765)                   | (288,472)               | (12,817)                |
| Loss on revaluation of non current assets         |       | 0                       | (31,537)                | 0                       |
| <b>Net result</b>                                 |       | <u><b>(725,567)</b></u> | <u><b>493,848</b></u>   | <u><b>(912,774)</b></u> |
| <b>Other comprehensive income</b>                 |       |                         |                         |                         |
| Changes on revaluation of non-current assets      |       | 0                       | 2,072,525               | 0                       |
| <b>Total other comprehensive income</b>           |       | <u><b>0</b></u>         | <u><b>2,072,525</b></u> | <u><b>0</b></u>         |
| <b>Total comprehensive income</b>                 |       | <u><b>(725,567)</b></u> | <u><b>2,566,373</b></u> | <u><b>(912,774)</b></u> |

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

## BASIS OF PREPARATION

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

### MATERIALS AND CONTRACTS

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

### UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

### INSURANCE

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

### LOSS ON ASSET DISPOSAL

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

### DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

### INTEREST EXPENSES

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

### OTHER EXPENDITURE

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

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

**BY PROGRAM**

|   | NOTE               | 2018/19<br>Budget  | 2017/18<br>Actual  | 2017/18<br>Budget  |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>Revenue</b>                                    | 1, 8, 9, 10(a),(b) | \$                 | \$                 | \$                 |
| Governance  |                    | 11,550             | 36,075             | 18,190             |
| General purpose funding                           |                    | 2,844,790          | 2,658,378          | 2,652,676          |
| Law, order, public safety                         |                    | 20,000             | 39,820             | 37,730             |
| Health  |                    | 1,300              | 995                | 2,200              |
| Education and welfare                             |                    | 4,429,822          | 5,506,990          | 4,058,507          |
| Housing   |                    | 81,696             | 108,173            | 92,300             |
| Community amenities                               |                    | 391,933            | 361,170            | 349,954            |
| Recreation and culture                            |                    | 41,882             | 53,725             | 79,992             |
| Transport   |                    | 53,487             | 51,049             | 85,417             |
| Economic services                                 |                    | 50,430             | 51,889             | 54,440             |
| Other property and services                       |                    | 36,560             | 59,210             | 34,100             |
|   |                    | <b>7,963,450</b>   | <b>8,927,475</b>   | <b>7,465,506</b>   |
| <b>Expenses excluding finance costs</b>           | 5,10(c),(e),(f)    |                    |                    |                    |
| Governance  |                    | (501,528)          | (595,467)          | (766,365)          |
| General purpose funding                           |                    | (177,975)          | (192,625)          | (226,657)          |
| Law, order, public safety                         |                    | (172,329)          | (122,146)          | (117,754)          |
| Health  |                    | (80,802)           | (38,364)           | (54,452)           |
| Education and welfare                             |                    | (3,869,485)        | (3,941,638)        | (3,726,380)        |
| Housing   |                    | (233,810)          | (125,854)          | (166,788)          |
| Community amenities                               |                    | (478,152)          | (349,956)          | (434,248)          |
| Recreation and culture                            |                    | (964,148)          | (690,204)          | (835,240)          |
| Transport   |                    | (2,430,031)        | (2,164,098)        | (2,119,467)        |
| Economic services                                 |                    | (175,835)          | (101,358)          | (179,293)          |
| Other property and services                       |                    | (20,786)           | (306,503)          | (112,451)          |
|   |                    | <b>(9,104,881)</b> | <b>(8,628,215)</b> | <b>(8,739,095)</b> |
| <b>Finance costs</b>                              | 6, 10(d)           |                    |                    |                    |
| Governance  |                    | (3,618)            | (3,819)            | (3,938)            |
| General purpose funding                           |                    | (28,142)           | (30,725)           | (31,132)           |
| Education and welfare                             |                    | (4,960)            | (5,271)            | (5,453)            |
| Housing   |                    | (8,184)            | (8,697)            | (8,996)            |
| Community amenities                               |                    | (3,472)            | (3,690)            | (3,817)            |
| Recreation and culture                            |                    | (47,917)           | (51,058)           | (51,468)           |
| Other property and services                       |                    | (8,184)            | (8,697)            | (8,996)            |
|   |                    | <b>(104,477)</b>   | <b>(111,957)</b>   | <b>(113,800)</b>   |
|   |                    | <b>(1,245,908)</b> | <b>187,303</b>     | <b>(1,387,389)</b> |
| Non-operating grants, subsidies and contributions | 9                  | 521,106            | 622,578            | 487,432            |
| Profit on disposal of assets                      | 4(b)               | 0                  | 3,975              | 0                  |
| (Loss) on disposal of assets                      | 4(b)               | (765)              | (288,472)          | (12,817)           |
| Loss on revaluation of non current assets         |                    | 0                  | (31,537)           | 0                  |
| <b>Net result</b>                                 |                    | <b>(725,568)</b>   | <b>493,848</b>     | <b>(912,774)</b>   |
| <b>Other comprehensive income</b>                 |                    |                    |                    |                    |
| Changes on revaluation of non-current assets      |                    | 0                  | 2,072,525          | 0                  |
| <b>Total other comprehensive income</b>           |                    | <b>0</b>           | <b>2,072,525</b>   | <b>0</b>           |
| <b>Total comprehensive income</b>                 |                    | <b>(725,568)</b>   | <b>2,566,373</b>   | <b>(912,774)</b>   |

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

## FOR THE YEAR ENDED 30TH JUNE 2019

### KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

| PROGRAM NAME                       | OBJECTIVE   | ACTIVITIES   |
|------------------------------------|---|--|
| <b>GOVERNANCE</b>                  | To provide a decision making process for the efficient allocation of resources.   | 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                             |
| <b>GENERAL PURPOSE FUNDING</b>     | To collect revenue to allow for the provision of services.  | Rates, general purpose grants and interest revenue.  |
| <b>LAW, ORDER, PUBLIC SAFETY</b>   | To provide services to help ensure a safer community.   | Supervision of various by-laws, fire prevention, emergency services and animal control.  |
| <b>HEALTH</b>                      | 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.   |
| <b>EDUCATION AND WELFARE</b>       | 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  |
| <b>HOUSING</b>                     | Provision and maintenance of rental housing to staff and non-staff tenants.   | Provision and maintenance of rental housing to staff and non-staff tenants.  |
| <b>COMMUNITY AMENITIES</b>         | 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 |
| <b>RECREATION AND CULTURE</b>      | 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.   |
| <b>TRANSPORT</b>                   | Construction and maintenance of road 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, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.  |
| <b>ECONOMIC SERVICES</b>           | 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.  |
| <b>OTHER PROPERTY AND SERVICES</b> | 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 2019**

**BY NATURE OR TYPE**

|  | NOTE | 2018/19<br>Budget<br>\$ | 2017/18<br>Actual<br>\$ | 2017/18<br>Budget<br>\$ |
|--|------|-------------------------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |      |                         |                         |                         |
| <b>Receipts</b>  |      |                         |                         |                         |
| Rates  |      | 2,296,579               | 2,049,558               | 2,037,402               |
| Operating grants, subsidies and contributions  |      | 4,027,245               | 2,898,445               | 3,571,354               |
| Fees and charges   |      | 1,685,956               | 1,835,405               | 1,543,835               |
| Interest earnings  |      | 194,748                 | 197,489                 | 195,746                 |
| Goods and services tax   |      | 29,704                  | 544,658                 | 0                       |
| Other revenue  |      | 68,231                  | 1,304,715               | 117,169                 |
|  |      | <u>8,302,463</u>        | <u>8,830,270</u>        | <u>7,465,506</u>        |
| <b>Payments</b>  |      |                         |                         |                         |
| Employee costs   |      | (1,472,174)             | (1,331,880)             | (1,517,122)             |
| Materials and contracts  |      | (6,132,556)             | (3,786,186)             | (4,929,976)             |
| Utility charges  |      | (164,163)               | (138,581)               | (149,894)               |
| Interest expenses  |      | (124,073)               | (113,800)               | (113,800)               |
| Insurance expenses   |      | (185,489)               | (160,603)               | (180,181)               |
| Goods and services tax   |      | 0                       | (528,000)               | 0                       |
| Other expenditure  |      | (754)                   | (1,202)                 | (25,629)                |
|  |      | <u>(8,079,209)</u>      | <u>(6,060,252)</u>      | <u>(6,916,602)</u>      |
| <b>Net cash provided by (used in) operating activities</b>                           | 3    | <u>223,254</u>          | <u>2,770,017</u>        | <u>548,904</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |      |                         |                         |                         |
| Payments for purchase of property, plant & equipment                                 | 4(a) | (1,392,000)             | (1,417,487)             | (955,500)               |
| Payments for construction of infrastructure  | 4(a) | (932,685)               | (1,032,973)             | (1,043,414)             |
| Non-operating grants, subsidies and contributions used for the development of assets | 9    | 521,106                 | 622,578                 | 487,432                 |
| Proceeds from sale of plant & equipment  | 4(b) | 65,000                  | 40,227                  | 48,978                  |
| <b>Net cash provided by (used in) investing activities</b>                           |      | <u>(1,738,579)</u>      | <u>(1,787,655)</u>      | <u>(1,462,504)</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |      |                         |                         |                         |
| Repayment of borrowings  | 6    | (138,652)               | (130,130)               | (130,130)               |
| Proceeds from self supporting loans  | 6(a) | 28,754                  | 33,663                  | 40,605                  |
| <b>Net cash provided by (used in) financing activities</b>                           |      | <u>(109,898)</u>        | <u>(96,467)</u>         | <u>(89,525)</u>         |
| <b>Net increase (decrease) in cash held</b>  |      | <u>(1,625,222)</u>      | <u>885,895</u>          | <u>(1,003,125)</u>      |
| Cash at beginning of year  |      | 6,015,126               | 5,129,231               | 5,129,231               |
| <b>Cash and cash equivalents at the end of the year</b>                              | 3    | <u><b>4,389,904</b></u> | <u><b>6,015,126</b></u> | <u><b>4,126,106</b></u> |

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

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

**BY REPORTING PROGRAM**

|  | NOTE | 2018/19<br>Budget<br>\$ | 2017/18<br>Actual<br>\$ | 2017/18<br>Budget<br>\$ |
|--|------|-------------------------|-------------------------|-------------------------|
| <b>OPERATING ACTIVITIES</b>  |      |                         |                         |                         |
| Net current assets at start of financial year - surplus/(deficit)      | 2    | 914,150                 | 1,222,206               | 1,242,807               |
|  |      | 914,150                 | 1,222,206               | 1,242,807               |
| <b>Revenue from operating activities (excluding rates)</b>             |      |                         |                         |                         |
| Governance   |      | 11,550                  | 36,075                  | 18,190                  |
| General purpose funding  |      | 600,726                 | 597,850                 | 615,274                 |
| Law, order, public safety  |      | 20,000                  | 39,820                  | 37,730                  |
| Health   |      | 1,300                   | 995                     | 2,200                   |
| Education and welfare  |      | 4,429,822               | 5,506,990               | 4,058,507               |
| Housing  |      | 81,696                  | 108,173                 | 92,300                  |
| Community amenities  |      | 391,934                 | 361,170                 | 349,954                 |
| Recreation and culture   |      | 41,882                  | 53,725                  | 79,992                  |
| Transport  |      | 53,487                  | 51,049                  | 85,417                  |
| Economic services  |      | 50,430                  | 51,889                  | 54,440                  |
| Other property and services  |      | 36,560                  | 63,185                  | 34,100                  |
|  |      | 5,719,387               | 6,870,922               | 5,428,104               |
| <b>Expenditure from operating activities</b>                           |      |                         |                         |                         |
| Governance   |      | (505,146)               | (657,955)               | (771,620)               |
| General purpose funding  |      | (206,117)               | (223,350)               | (257,789)               |
| Law, order, public safety  |      | (172,330)               | (122,145)               | (117,754)               |
| Health   |      | (80,802)                | (38,364)                | (54,452)                |
| Education and welfare  |      | (3,874,445)             | (3,946,909)             | (3,731,833)             |
| Housing  |      | (241,994)               | (134,551)               | (175,784)               |
| Community amenities  |      | (481,624)               | (353,645)               | (438,065)               |
| Recreation and culture   |      | (1,012,065)             | (971,065)               | (886,708)               |
| Transport  |      | (2,430,795)             | (2,164,098)             | (2,119,467)             |
| Economic services  |      | (175,835)               | (101,358)               | (179,293)               |
| Other property and services  |      | (28,970)                | (315,200)               | (132,947)               |
|  |      | (9,210,123)             | (9,028,640)             | (8,865,712)             |
| <b>Operating activities excluded from budget</b>                       |      |                         |                         |                         |
| (Profit) on asset disposals  | 4(b) | 0                       | (3,975)                 | 0                       |
| Loss on disposal of assets   | 4(b) | 765                     | 288,472                 | 12,817                  |
| Depreciation on assets   | 5    | 2,109,941               | 2,099,882               | 1,936,295               |
| Movement in deferred pensioner rates (non-current)                     |      |                         | (2,001)                 | 0                       |
| Movement in employee benefit provisions (non-current)                  |      | 0                       | 60,711                  | 0                       |
| <b>Amount attributable to operating activities</b>                     |      | (465,880)               | 1,507,577               | (245,689)               |
| <b>INVESTING ACTIVITIES</b>  |      |                         |                         |                         |
| Non-operating grants, subsidies and contributions                      | 9    | 521,106                 | 622,578                 | 487,432                 |
| Purchase property, plant and equipment                                 | 4(a) | (1,392,000)             | (1,417,487)             | (955,500)               |
| Purchase and construction of infrastructure                            | 4(a) | (932,685)               | (1,032,973)             | (1,043,414)             |
| Proceeds from disposal of assets                                       | 4(a) | 65,000                  | 40,227                  | 48,978                  |
| <b>Amount attributable to investing activities</b>                     |      | (1,738,579)             | (1,787,656)             | (1,462,504)             |
| <b>FINANCING ACTIVITIES</b>  |      |                         |                         |                         |
| Repayment of borrowings  | 6(a) | (138,652)               | (130,130)               | (130,130)               |
| Proceeds from self supporting loans                                    | 6(a) | 28,754                  | 33,663                  | 0                       |
| Transfers to cash backed reserves (restricted assets)                  | 7(a) | (1,394,190)             | (1,056,422)             | (849,079)               |
| Transfers from cash backed reserves (restricted assets)                | 7(a) | 1,464,483               | 286,592                 | 650,000                 |
| <b>Amount attributable to financing activities</b>                     |      | (39,605)                | (866,299)               | (329,209)               |
| <b>Budgeted deficiency before general rates</b>                        |      | (2,244,064)             | (1,146,378)             | (2,037,402)             |
| <b>Estimated amount to be raised from general rates</b>                | 1    | 2,244,064               | 2,060,528               | 2,037,402               |
| <b>Net current assets at end of financial year - surplus/(deficit)</b> | 2    | <b>0</b>                | <b>914,150</b>          | <b>0</b>                |

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

(0)



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

1. RATES AND SERVICE CHARGES

(a) Rating Information

|   |                  |    |          |                            | 2018/19<br>Budgeted<br>rate<br>revenue | 2018/19<br>Budgeted<br>interim<br>rates | 2018/19<br>Budgeted<br>back<br>rates | 2018/19<br>Budgeted<br>total<br>revenue | 2017/18<br>Actual<br>Revenue |           |
|---|------------------|----|----------|----------------------------|--|---|--------------------------------------|---|------------------------------|-----------|
| RATE TYPE                                 |                  |    | Rate in  | Number<br>of<br>properties | Rateable<br>value                      |   |                                      |   |                              |           |
|   |                  |    | \$       |                            | \$                                     | \$                                      | \$                                   | \$                                      | \$                           |           |
| Differential general rate or general rate |                  |    |          |                            |  |   |                                      |   |                              |           |
| UV  | Unimproved Value | 01 | 0.010757 | 266                        | 161,354,600                            | 1,653,276                               | 0                                    | 0                                       | 1,653,276                    | 1,456,343 |
| GRV                                       | Commercial       | 02 | 0.112726 | 23                         | 635,273                                | 67,545                                  | 0                                    | 0                                       | 67,545                       | 53,431    |
| GRV                                       | Residential      | 03 | 0.112726 | 247                        | 2,750,979                              | 284,468                                 | 0                                    | 0                                       | 284,468                      | 260,626   |
| GRV                                       | Industrial       | 04 | 0.112726 | 5                          | 71,916                                 | 7,433                                   | 0                                    | 0                                       | 7,433                        | 7,251     |
| GRV                                       | Rural            | 07 | 0.112726 | 2                          | 365,000                                | 41,145                                  | 0                                    | 0                                       | 41,145                       | 44,259    |
| Exempt Propety                            |                  | 13 | 0.000000 | 22                         | 138,562                                | 0                                       | 0                                    | 0                                       | 0                            | 0         |
| Non-Rateable Property                     |                  | 0  | 0.000000 | 248                        | 48,748                                 | 0                                       | 0                                    | 0                                       | 0                            | 0         |
| Sub-Totals                                |                  |    |          | 813                        | 165,365,078                            | 2,053,867                               | 0                                    | 0                                       | 2,053,867                    | 1,821,911 |
|   |                  |    |          | Minimum                    |  |   |                                      |   |                              |           |
|   |                  |    |          | \$                         |  |   |                                      |   |                              |           |
| UV  | Unimproved Value | 01 | 1,385    | 90                         | 0                                      | 124,650                                 | 0                                    | 0                                       | 124,650                      | 152,663   |
| GRV                                       | Commercial       | 02 | 809      | 9                          | 0                                      | 7,281                                   | 0                                    | 0                                       | 7,281                        | 7,101     |
| GRV                                       | Residential      | 03 | 809      | 73                         | 0                                      | 59,057                                  | 0                                    | 0                                       | 59,057                       | 56,808    |
| GRV                                       | Industrial       | 04 | 809      | 1                          | 0                                      | 809                                     | 0                                    | 0                                       | 809                          | 789       |
| GRV                                       | Rural            | 07 | 809      | 0                          | 0                                      | 0                                       | 0                                    | 0                                       | 0                            | 0         |
| Sub-Totals                                |                  |    |          | 173                        | 0                                      | 191,797                                 | 0                                    | 0                                       | 191,797                      | 217,361   |
|   |                  |    |          | 986                        | 165,365,078                            | 2,245,664                               | 0                                    | 0                                       | 2,245,664                    | 2,039,272 |
| Discounts/concessions (Refer note 1(f))   |                  |    |          |                            |  |   |                                      |   | (1,600)                      | (2,163)   |
| Total amount raised from general rates    |                  |    |          |                            |  |   |                                      |   | 2,244,064                    | 2,037,108 |
| Specified area rates (Refer note 1(e))    |                  |    |          |                            |  |   |                                      |   | 0                            | 0         |
| ExGratia Rates (CBH)                      |                  |    |          |                            |  |   |                                      |   | 25,000                       | 23,419    |
| Total rates                               |                  |    |          |                            |  |   |                                      |   | 2,269,064                    | 2,060,529 |

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

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 rate(s) has/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<br>plan admin<br>charge | Instalment<br>plan<br>interest<br>rate | Unpaid<br>rates<br>interest<br>rates |
|-------------------------------------|------------|------------------------------------|--|--------------------------------------|
|                                     |            | \$                                 | %                                      | %                                    |
| <b>Option one</b>                   |            |                                    |  |                                      |
| One Payment                         | 5/10/2018  | 0                                  | 0.00%                                  | 11.00%                               |
| <b>Option two (2 Instalments)</b>   |            |                                    |  |                                      |
| 1st Instalment                      | 5/10/2018  | 0                                  | 5.50%                                  | 11.00%                               |
| 2nd Instalment                      | 25/01/2019 | 10                                 | 5.50%                                  | 11.00%                               |
| <b>Option three (4 Instalments)</b> |            |                                    |  |                                      |
| 1st Instalment                      | 5/10/2018  | 0                                  | 5.50%                                  | 11.00%                               |
| 2nd Instalment                      | 30/11/2018 | 10                                 | 5.50%                                  | 11.00%                               |
| 3rd Instalment                      | 25/01/2019 | 10                                 | 5.50%                                  | 11.00%                               |
| 4th Instalment                      | 22/03/2019 | 10                                 | 5.50%                                  | 11.00%                               |

|   | 2018/19<br>Budget<br>revenue | 2017/18<br>Actual |
|---|------------------------------|-------------------|
|   | \$                           | \$                |
| Instalment plan admin charge revenue            | 12,700                       | 4,080             |
| Instalment plan interest earned                 | 7,000                        | 6,280             |
| Unpaid rates and service charge interest earned | 6,200                        | 6,925             |
|   | 25,900                       | 17,286            |

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

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

**(e) Specified Area Rate**

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

**(f) Service Charges**

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

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

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

**(g) Rates discounts**

| Rate or fee to which discount is granted | Disc % or Amount (\$) | 2018/19 Budget | 2017/18 Actual | Circumstances in which discount is granted |
|--|-----------------------|----------------|----------------|--|
|  |                       | \$             | \$             |  |
| Contiguous Rating Discount               | 0%                    | 2,300          | 2,163          | Properties Contiguously Rated              |
|  |                       | 2,300          | 2,163          |  |

**(h) Waivers or concessions**

| Rate or fee and charge to which the waiver or concession is granted | Type  | Disc % or Amount (\$) | 2018/19 Budget | 2017/18 Actual | Circumstances in which the waiver or concession is granted | Objects and reasons of the waiver or concession |
|---|-------|-----------------------|----------------|----------------|--|---|
|   |       |                       | \$             | \$             |  |   |
| Small Balance Write-offs  | Rates | 0%                    | 700            | 106            | Rates Penalty Interest amounts between 0 and \$5           | Costs to collect out ways the writeoff          |
|   |       | 0%                    | 0              | 0              |  |   |
|   |       |                       | 700            | 106            |  |   |

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

**2. NET CURRENT ASSETS**

|  | Note | 2018/19<br>Budget  | 2017/18<br>Actual  |
|--|------|--------------------|--------------------|
|  |      | \$                 | \$                 |
| <b>Composition of estimated net current assets</b>     |      |                    |                    |
| <b>Current assets</b>                                  |      |                    |                    |
| Cash - unrestricted                                    | 3    | 185,603            | 1,740,530          |
| Cash - restricted reserves                             | 3    | 4,204,303          | 4,274,596          |
| Receivables  |      | 4,064,766          | 4,403,778          |
| Inventories  |      | 27,394             | 27,394             |
|  |      | <u>8,482,066</u>   | <u>10,446,298</u>  |
| <b>Less: current liabilities</b>                       |      |                    |                    |
| Trade and other payables                               |      | (4,075,184)        | (5,054,973)        |
| Long term borrowings                                   |      | (138,652)          | (130,130)          |
| Provisions   |      | <u>(173,825)</u>   | <u>(173,825)</u>   |
|  |      | <u>(4,387,661)</u> | <u>(5,358,928)</u> |
| <b>Unadjusted net current assets</b>                   |      | <b>4,094,405</b>   | <b>5,087,370</b>   |
| <b>Adjustments</b>                                     |      |                    |                    |
| Less: Cash - restricted reserves                       | 3    | (4,204,303)        | (4,274,596)        |
| Less: Current loans - clubs / institutions             |      | (28,754)           | (28,754)           |
| Add: Current portion of borrowings                     |      | 138,652            | 130,130            |
| <b>Adjusted net current assets - surplus/(deficit)</b> |      | <b>0</b>           | <b>914,150</b>     |

**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 Brookton's operational cycle. In the case of liabilities where the Shire of Brookton 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 Brookton'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 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.

**PROVISIONS**

Provisions are recognised when the Shire of Brookton 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.

**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 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<br/>Budget</b> | <b>2017/18<br/>Actual</b> | <b>2017/18<br/>Budget</b> |
|---------------------|---------------------------|---------------------------|---------------------------|
|                     | \$                        | \$                        | \$                        |
| Cash - unrestricted | 185,602                   | 1,740,530                 | 1,670,828                 |
| Cash - restricted   | 4,204,303                 | 4,274,596                 | 3,703,844                 |
|                     | 4,389,905                 | 6,015,126                 | 5,374,672                 |

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

|  |           |           |           |
|--|-----------|-----------|-----------|
| Reserves cash backed - Leave Reserve                           | 115,242   | 0         | 0         |
| Reserves cash backed - Plant and Vehicle Reserve               | 620,799   | 664,198   | 650,015   |
| Reserves cash backed - Land & Housing Development Reserve      | 771,968   | 1,024,906 | 554,764   |
| Reserves cash backed - Furniture & Equipment Reserve           | 80,694    | 78,538    | 76,855    |
| Reserves cash backed - Municipal Building & Facility Reserve   | 254,379   | 236,375   | 237,667   |
| Reserves cash backed - Townscape & Footpath Reserve            | 63,424    | 51,707    | 50,563    |
| Reserves cash backed - Land Redevelopment Reserve              | 0         | 136,389   | 133,369   |
| Reserves cash backed - Sewerage Scheme Reserve                 | 367,987   | 259,113   | 244,032   |
| Reserves cash backed - Road and Bridges Infrastructure Reserve | 397,769   | 432,174   | 311,447   |
| Reserves cash backed - Health & Aged Care Reserve              | 438,923   | 691,647   | 662,172   |
| Reserves cash backed - Community Bus Reserve                   | 81,025    | 72,166    | 70,596    |
| Reserves cash backed - Sport & Recreation Reserve              | 26,074    | 15,662    | 11,391    |
| Reserves cash backed - Rehabilitation & Refuse Reserve         | 117,530   | 53,610    | 52,448    |
| Reserves cash backed - Saddleback Building Reserve             | 55,576    | 52,782    | 51,613    |
| Reserves cash backed - Caravan Park Reserve                    | 141,602   | 128,429   | 125,582   |
| Reserves cash backed - Brookton Museum/Heritage Reserve        | 45,485    | 41,889    | 40,973    |
| Reserves cash backed - Kweda Hall Reserve                      | 32,795    | 29,497    | 28,857    |
| Reserves cash backed - Aldersyde Hall Reserve                  | 26,425    | 25,806    | 25,657    |
| Reserves cash backed - Railway Station Reserve                 | 116,651   | 29,497    | 28,857    |
| Reserves cash backed - Madison Square Units Reserve            | 25,170    | 18,703    | 18,289    |
| Reserves cash backed - Cemetery Reserve                        | 33,183    | 22,622    | 22,121    |
| Reserves cash backed - Water Harvesting Reserve                | 34,599    | 42,239    | 36,302    |
| Reserves cash backed - Developer Contribution Reserve          | 2,698     | 2,635     | 4,542     |
| Reserves cash backed - Cash Contingency Reserve                | 159,865   | 97,171    | 200,000   |
| Reserves cash backed - Brookton Aquatic Centre Reserve         | 128,807   | 66,841    | 65,729    |
| Reserves cash backed - Independent Living Units                | 65,633    | 0         | 0         |
|  | 4,204,303 | 4,274,596 | 3,703,844 |

**Reconciliation of net cash provided by  
operating activities to net result**

|   |           |           |           |
|---|-----------|-----------|-----------|
| <b>Net result</b>                                     | (725,569) | 493,848   | (912,774) |
| Depreciation  | 2,109,941 | 2,099,882 | 1,936,295 |
| (Profit)/loss on sale of asset                        | 765       | 284,497   | 12,817    |
| Loss on revaluation of non current assets             | 0         | 31,537    | 0         |
| (Increase)/decrease in receivables                    | 339,013   | (625,202) | 0         |
| (Increase)/decrease in inventories                    | 0         | (11,973)  | 0         |
| Increase/(decrease) in payables                       | (979,790) | 1,069,111 | 0         |
| Increase/(decrease) in employee provisions            | 0         | 50,895    | 0         |
| Grants/contributions for the development<br>of assets | (521,106) | (622,578) | (487,432) |
| <b>Net cash from operating activities</b>             | 223,254   | 2,770,017 | 548,904   |

**SIGNIFICANT ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

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

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

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

#### 4. FIXED ASSETS

##### (a) Acquisition of Assets

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

| Asset class                          | Reporting program |                       |         |                     |                        |           | 2018/19      | 2017/18      |
|--------------------------------------|-------------------|-----------------------|---------|---------------------|------------------------|-----------|--------------|--------------|
|                                      | Governance        | Education and welfare | Housing | Community amenities | Recreation and culture | Transport | Budget total | Actual total |
|                                      | \$                | \$                    | \$      | \$                  | \$                     | \$        | \$           | \$           |
| <u>Property, Plant and Equipment</u> |                   |                       |         |                     |                        |           |              |              |
| Land - freehold land                 | 0                 | 0                     | 0       | 0                   | 0                      | 0         | 0            | 144,800      |
| Buildings - non-specialised          | 0                 | 0                     | 420,000 | 0                   | 0                      | 0         | 420,000      | 0            |
| Buildings - specialised              | 28,000            | 400,000               | 0       | 23,000              | 89,000                 | 0         | 540,000      | 1,150,389    |
| Furniture and equipment              | 68,000            | 0                     | 0       | 0                   | 7,000                  | 0         | 75,000       | 61,318       |
| Plant and equipment                  | 0                 | 7,000                 | 0       | 0                   | 0                      | 350,000   | 357,000      | 60,980       |
|                                      | 96,000            | 407,000               | 420,000 | 23,000              | 96,000                 | 350,000   | 1,392,000    | 1,417,487    |
| <u>Infrastructure</u>                |                   |                       |         |                     |                        |           |              |              |
| Infrastructure - Roads & Bridges     | 0                 | 0                     | 0       | 0                   | 0                      | 883,685   | 883,685      | 994,772      |
| Infrastructure - Footpaths           | 0                 | 0                     | 0       | 0                   | 0                      | 39,000    | 39,000       | 0            |
| Infrastructure - Sewerage            | 0                 | 0                     | 0       | 10,000              | 0                      | 0         | 10,000       | 38,202       |
|                                      | 0                 | 0                     | 0       | 10,000              | 0                      | 922,685   | 932,685      | 1,032,973    |
| <b>Total acquisitions</b>            | 96,000            | 407,000               | 420,000 | 33,000              | 96,000                 | 1,272,685 | 2,324,685    | 2,450,460    |

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

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

|                                      | Net book<br>value | Sale<br>proceeds | 2018/19 Budget |       | 2017/18 Actual |           | 2017/18 Budget |          |
|--------------------------------------|-------------------|------------------|----------------|-------|----------------|-----------|----------------|----------|
|                                      | \$                | \$               | Profit         | Loss  | Profit         | Loss      | Profit         | Loss     |
|                                      | \$                | \$               | \$             | \$    | \$             | \$        | \$             | \$       |
| <b>By Program</b>                    |                   |                  |                |       |                |           |                |          |
| Governance                           | 0                 | 0                | 0              | 0     | 0              | (58,669)  | 0              | (1,317)  |
| Recreation and culture               | 0                 | 0                | 0              | 0     | 0              | (229,803) | 0              | 0        |
| Transport                            | 65,765            | 65,000           | 0              | (765) | 0              | 0         | 0              | 0        |
| Other property and services          | 0                 | 0                | 0              | 0     | 3,975          | 0         | 0              | (11,500) |
|                                      | 65,765            | 65,000           | 0              | (765) | 3,975          | (288,472) | 0              | (12,817) |
| <b>By Class</b>                      |                   |                  |                |       |                |           |                |          |
| <u>Property, Plant and Equipment</u> |                   |                  |                |       |                |           |                |          |
| Buildings - specialised              | 0                 | 0                | 0              | 0     | 0              | (256,705) | 0              | 0        |
| Furniture and equipment              | 0                 | 0                | 0              | 0     | 0              | (27,331)  | 0              | 0        |
| Plant and equipment                  | 65,765            | 65,000           | 0              | (765) | 3,975          | (4,435)   | 0              | (12,817) |
|                                      | 65,765            | 65,000           | 0              | (765) | 3,975          | (288,472) | 0              | (12,817) |



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

**5. ASSET DEPRECIATION**

**By Program**

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

| 2018/19<br>Budget | 2017/18<br>Actual | 2017/18<br>Budget |
|-------------------|-------------------|-------------------|
| \$                | \$                | \$                |
| 35,455            | 35,680            | 56,531            |
| 25,143            | 25,493            | 12,512            |
| 123,573           | 102,022           | 159,868           |
| 19,058            | 19,396            | 36,356            |
| 56,121            | 57,204            | 51,503            |
| 125,911           | 119,278           | 181,223           |
| 1,581,266         | 1,591,681         | 1,322,020         |
| 2,161             | 2,191             | 1,431             |
| 141,253           | 146,938           | 114,852           |
| 2,109,941         | 2,099,882         | 1,936,295         |

**By Class**

|                                    |
|------------------------------------|
| Buildings - non-specialised        |
| Buildings - specialised            |
| Furniture and equipment            |
| Plant and equipment                |
| Plant and equipment - Bush Fire    |
| Infrastructure - Roads & Bridges   |
| Infrastructure - Footpaths         |
| Infrastructure - Sewerage          |
| Infrastructure - Parks and Gardens |

|           |            |           |
|-----------|------------|-----------|
| 0         | 23,492     | 25,762    |
| 271,262   | 234,167    | 399,521   |
| 12,471    | 8,106      | 12,424    |
| 148,462   | 153,470.06 | 131,305   |
| 25,143    | 25,492.98  | 0         |
| 1,568,073 | 1,578,304  | 1,149,338 |
| 13,194    | 13,377     | 78,619    |
| 53,017    | 54,019     | 78,619    |
| 18,319    | 9,455      | 60,707    |
| 2,109,941 | 2,099,882  | 1,936,295 |

**SIGNIFICANT ACCOUNTING POLICIES**

**DEPRECIATION**

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

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

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

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

**DEPRECIATION (CONTINUED)**

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

|                                    |                 |
|------------------------------------|-----------------|
| Buildings - 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  |

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

## 6. INFORMATION ON BORROWINGS

### (a) Borrowing repayments

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

| Purpose                               | Principal<br>30-Jun-18 | New<br>loans | Principal<br>repayments |                   | Principal<br>outstanding |                   | Interest & Guarantee Fee<br>repayments |                   |
|---------------------------------------|------------------------|--------------|-------------------------|-------------------|--------------------------|-------------------|--|-------------------|
|                                       |                        |              | 2018/19<br>Budget       | 2017/18<br>Actual | 2018/19<br>Budget        | 2017/18<br>Actual | 2018/19<br>Budget                      | 2017/18<br>Actual |
|                                       |                        |              | \$                      | \$                | \$                       | \$                | \$                                     | \$                |
| <b>Governance</b>                     |                        |              |                         |                   |                          |                   |  |                   |
| Loan 75 Office Renovations            | 51,806                 | 0            | 4,745                   | 4,453             | 47,061                   | 51,806            | 3,618                                  | 3,819             |
| <b>Education and welfare</b>          |                        |              |                         |                   |                          |                   |  |                   |
| Part Loan 80 Kalkarni Residence       | 80,511                 | 0            | 8,220                   | 7,776             | 72,291                   | 80,511            | 4,960                                  | 5,271             |
| <b>Housing</b>                        |                        |              |                         |                   |                          |                   |  |                   |
| Part Loan 80 Staff Housing            | 132,843                | 0            | 13,563                  | 12,830            | 119,280                  | 132,843           | 8,184                                  | 8,697             |
| <b>Community amenities</b>            |                        |              |                         |                   |                          |                   |  |                   |
| Part Loan 80 Sewerage                 | 56,358                 | 0            | 5,754                   | 5,443             | 50,604                   | 56,358            | 3,472                                  | 3,690             |
| <b>Recreation and culture</b>         |                        |              |                         |                   |                          |                   |  |                   |
| Loan 81 Sport and Recreation          | 639,122                | 0            | 49,459                  | 46,193            | 589,663                  | 639,122           | 47,917                                 | 51,058            |
| <b>Other property and services</b>    |                        |              |                         |                   |                          |                   |  |                   |
| Part Loan 80 Grader                   | 132,843                | 0            | 13,563                  | 12,830            | 119,280                  | 132,843           | 8,184                                  | 8,697             |
|                                       | 1,093,483              | 0            | 95,303                  | 89,525            | 998,180                  | 1,093,483         | 76,335                                 | 81,231            |
| <b>Self Supporting Loans</b>          |                        |              |                         |                   |                          |                   |  |                   |
| Loan 78 Senior Citizen's Home         | 104,011                | 0            | 14,595                  | 13,659            | 89,416                   | 104,011           | 7,485                                  | 8,393             |
| Loan 79 Multifunctional Family Centre | 23,154                 | 0            | 8,865                   | 8,371             | 14,289                   | 23,154            | 1,386                                  | 1,904             |
| Loan 82 Country Club                  | 257,013                | 0            | 19,889                  | 18,576            | 237,124                  | 257,013           | 19,271                                 | 20,428            |
|                                       | 384,178                | 0            | 43,349                  | 40,605            | 340,829                  | 384,178           | 28,142                                 | 30,725            |
|                                       | 1,477,661              | 0            | 138,652                 | 130,130           | 1,339,009                | 1,477,661         | 104,477                                | 111,956           |

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, apart from Loan 78 as the loan and assets have been ceded to the Shire.

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

**6. INFORMATION ON BORROWINGS (CONTINUED)**

**(b) New borrowings - 2018/19**

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2019

**(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 30th June 2019.

**(d) Credit Facilities**

**Undrawn borrowing facilities  
credit standby arrangements**  
Bank overdraft limit  
Bank overdraft at balance date  
Credit card limit  
**Total amount of credit unused**

| <b>2018/19<br/>Budget</b>              | <b>2017/18<br/>Actual</b> | <b>2017/18<br/>Budget</b> |
|--|---------------------------|---------------------------|
| \$                                     | \$                        | \$                        |
| 0                                      | 0                         | 0                         |
| 0                                      | 0                         | 0                         |
| 10,000                                 | 3,894                     | 10,000                    |
| 10,000                                 | 3,894                     | 10,000                    |
| <b>Loan facilities</b>                 |                           |                           |
| Loan facilities in use at balance date | 1,339,009                 | 1,477,661                 |
|  |                           | 1,350,495                 |

**SIGNIFICANT ACCOUNTING POLICIES**

**BORROWING COSTS**

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

|  | 2018/19<br>Budget<br>Opening | 2018/19<br>Budget<br>Transfer to | 2018/19<br>Budget<br>Transfer | 2018/19<br>Budget<br>Closing | 2017/18<br>Actual<br>Opening | 2017/18<br>Actual<br>Transfer to<br>inc | 2017/18<br>Actual<br>Transfer | 2017/18<br>Actual<br>Closing | 2017/18<br>Budget<br>Opening | 2017/18<br>Budget<br>Transfer | 2017/18<br>Budget<br>Closing |
|--|------------------------------|----------------------------------|-------------------------------|------------------------------|------------------------------|---|-------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|
|  | Balance                      | Inc Interest                     | (from)                        | Balance                      | Balance                      | interest                                | (from)                        | Balance                      | Balance                      | to                            | (from)                       |
|  | \$                           | \$                               | \$                            | \$                           | \$                           | \$                                      | \$                            | \$                           | \$                           | \$                            | \$                           |
| Reserves cash backed - Leave Reserve                           | 0                            | 115,242                          | 0                             | 115,242                      | 0                            | 0                                       | 0                             | 0                            | 0                            | 0                             | 0                            |
| Reserves cash backed - Plant and Vehicle Reserve               | 664,198                      | 221,601                          | (265,000)                     | 620,799                      | 540,014.92                   | 124,183                                 | 0                             | 664,198                      | 540,014.92                   | 110,000                       | 650,015                      |
| Reserves cash backed - Land & Housing Development Reserve      | 1,024,906                    | 167,062                          | (420,000)                     | 771,968                      | 764,764.24                   | 260,142                                 | 0                             | 1,024,906                    | 764,764.24                   | 240,000                       | 554,764                      |
| Reserves cash backed - Furniture & Equipment Reserve           | 78,538                       | 2,156                            | 0                             | 80,694                       | 64,855.33                    | 13,683                                  | 0                             | 78,538                       | 64,855.33                    | 12,000                        | 76,855                       |
| Reserves cash backed - Municipal Building & Facility Reserve   | 236,375                      | 92,004                           | (74,000)                      | 254,379                      | 201,167.04                   | 41,636                                  | (6,428)                       | 236,375                      | 201,167.04                   | 36,500                        | 237,667                      |
| Reserves cash backed - Townscape & Footpath Reserve            | 51,707                       | 50,717                           | (39,000)                      | 63,424                       | 49,062.61                    | 2,645                                   | 0                             | 51,707                       | 49,062.61                    | 1,500                         | 50,563                       |
| Reserves cash backed - Land Redevelopment Reserve              | 136,389                      | 0                                | (136,389)                     | 0                            | 129,369.47                   | 7,020                                   | 0                             | 136,389                      | 129,369.47                   | 4,000                         | 133,369                      |
| Reserves cash backed - Sewerage Scheme Reserve                 | 259,113                      | 108,874                          | 0                             | 367,987                      | 194,031.58                   | 69,427                                  | (4,346)                       | 259,113                      | 194,031.58                   | 65,000                        | 244,032                      |
| Reserves cash backed - Road and Bridges Infrastructure Reserve | 432,174                      | 78,689                           | (113,094)                     | 397,769                      | 292,547.09                   | 139,626                                 | 0                             | 432,174                      | 292,547.09                   | 18,900                        | 311,447                      |
| Reserves cash backed - Health & Aged Care Reserve              | 691,647                      | 74,276                           | (327,000)                     | 438,923                      | 777,172.37                   | 82,620                                  | (168,146)                     | 691,647                      | 777,172.37                   | 65,000                        | 662,172                      |
| Reserves cash backed - Community Bus Reserve                   | 72,166                       | 8,859                            | 0                             | 81,025                       | 63,695.98                    | 8,470                                   | 0                             | 72,166                       | 63,695.98                    | 6,900                         | 70,596                       |
| Reserves cash backed - Sport & Recreation Reserve              | 15,662                       | 10,412                           | 0                             | 26,074                       | 10,391.33                    | 5,271                                   | 0                             | 15,662                       | 10,391.33                    | 1,000                         | 11,391                       |
| Reserves cash backed - Rehabilitation & Refuse Reserve         | 53,610                       | 63,920                           | 0                             | 117,530                      | 46,448.17                    | 7,161                                   | 0                             | 53,610                       | 46,448.17                    | 6,000                         | 52,448                       |
| Reserves cash backed - Saddleback Building Reserve             | 52,782                       | 2,794                            | 0                             | 55,576                       | 50,113.29                    | 2,669                                   | 0                             | 52,782                       | 50,113.29                    | 1,500                         | 51,613                       |
| Reserves cash backed - Caravan Park Reserve                    | 128,429                      | 13,173                           | 0                             | 141,602                      | 122,382.20                   | 6,047                                   | 0                             | 128,429                      | 122,382.20                   | 3,200                         | 125,582                      |
| Reserves cash backed - Brookton Museum/Heritage Reserve        | 41,889                       | 3,596                            | 0                             | 45,485                       | 37,773.01                    | 4,116                                   | 0                             | 41,889                       | 37,773.01                    | 3,200                         | 40,973                       |
| Reserves cash backed - Kweda Hall Reserve                      | 29,497                       | 3,298                            | 0                             | 32,795                       | 25,657.25                    | 3,840                                   | 0                             | 29,497                       | 25,657.25                    | 3,200                         | 28,857                       |
| Reserves cash backed - Aldersyde Hall Reserve                  | 25,806                       | 619                              | 0                             | 26,425                       | 25,657.39                    | 149                                     | 0                             | 25,806                       | 25,657.39                    | 0                             | 25,657                       |
| Reserves cash backed - Railway Station Reserve                 | 29,497                       | 87,154                           | 0                             | 116,651                      | 25,657.28                    | 3,840                                   | 0                             | 29,497                       | 25,657.28                    | 3,200                         | 28,857                       |
| Reserves cash backed - Madison Square Units Reserve            | 18,703                       | 6,467                            | 0                             | 25,170                       | 17,689.16                    | 1,014                                   | 0                             | 18,703                       | 17,689.16                    | 600                           | 18,289                       |
| Reserves cash backed - Cemetery Reserve                        | 22,622                       | 10,561                           | 0                             | 33,183                       | 21,471.24                    | 1,151                                   | 0                             | 22,622                       | 21,471.24                    | 650                           | 22,121                       |
| Reserves cash backed - Water Harvesting Reserve                | 42,239                       | 2,360                            | (10,000)                      | 34,599                       | 40,302.30                    | 1,937                                   | 0                             | 42,239                       | 40,302.30                    | 1,000                         | 36,302                       |
| Reserves cash backed - Developer Contribution Reserve          | 2,635                        | 63                               | 0                             | 2,698                        | 4,542.18                     | 92                                      | (2,000)                       | 2,635                        | 4,542.18                     | 0                             | 4,542                        |
| Reserves cash backed - Cash Contingency Reserve                | 97,171                       | 62,694                           | 0                             | 159,865                      | 0                            | 202,842                                 | (105,672)                     | 97,171                       | 0                            | 200,000                       | 200,000                      |
| Reserves cash backed - Brookton Aquatic Centre Reserve         | 66,841                       | 61,966                           | 0                             | 128,807                      | 0                            | 66,841                                  | 0                             | 66,841                       | 0                            | 65,729                        | 65,729                       |
| Reserves cash backed - Independent Living Units                | 0                            | 145,633                          | (80,000)                      | 65,633                       | 0                            | 0                                       | 0                             | 0                            | 0                            | 0                             | 0                            |
|  | 4,274,596                    | 1,394,190                        | (1,464,483)                   | 4,204,303                    | 3,504,765                    | 1,056,422                               | (286,592)                     | 4,274,596                    | 3,504,765                    | 849,079                       | 3,703,844                    |

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

**7. CASH BACKED RESERVES (CONTINUED)**

**(b) Cash Backed Reserves - Purposes**

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

| <b>Reserve name</b>  | <b>Anticipated date of use</b> | <b>Purpose of the reserve</b>   |
|--|--------------------------------|---|
| Reserves cash backed - Leave Reserve                           |                                | This reserve is for the funding of gratuity, annual and long service leave requirements   |
| Reserves cash backed - Plant and Vehicle Reserve               |                                | This reserve is for the purchase of major items in the Shire's plant and vehicle replacement program.   |
| Reserves cash backed - Land & Housing Development Reserve      |                                | This reserve is for the construction, acquisition, renewal or upgrading of housing and land development to meet present and future requirements.  |
| Reserves cash backed - Furniture & Equipment Reserve           |                                | This reserve is for the replacement of major items of furniture and equipment.  |
| Reserves cash backed - Municipal Building & Facility Reserve   |                                | This reserve is for the construction, demolition, acquisition, renewal or upgrade of Shire owned Public and Community buildings and facilities.   |
| Reserves cash backed - Townscape & Footpath Reserve            |                                | This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works  |
| Reserves cash backed - Land Redevelopment Reserve              |                                | This reserve has been merged with the Housing Reserve   |
| Reserves cash backed - Sewerage Scheme Reserve                 |                                | This reserve is to fund the expansion, ongoing renewal, maintenance and asset management needs of the Brookton Sewerage Scheme.   |
| Reserves cash backed - Road and Bridges Infrastructure Reserve |                                | This reserve is for the construction and upgrade of roads and bridges within the Shire.   |
| Reserves cash backed - Health & Aged Care Reserve              |                                | This reserve is for the development and/or refurbishment of the Kalkarni Residency building.  |
| Reserves cash backed - Community Bus Reserve                   |                                | This reserve is for the ongoing replacement and renewal of the Brookton Community Buses.  |
| Reserves cash backed - Sport & Recreation Reserve              |                                | This reserve is to fund new, renewal, upgrades, or major maintenance of sporting and recreation infrastructure.   |
| Reserves cash backed - 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.   |
| Reserves cash backed - Saddleback Building Reserve             |                                | This reserve is to be used for the Saddleback building to fund future upgrades and major maintenance of the building.   |
| Reserves cash backed - Caravan Park Reserve                    |                                | This reserve is to be used to fund any upgrades or major maintenance on the Brookton Caravan Park.  |
| Reserves cash backed - Brookton Museum/Heritage Reserve        |                                | This reserve is to be used to fund any upgrades or major maintenance of the Brookton Historical Museum.   |
| Reserves cash backed - Kweda Hall Reserve                      |                                | This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.   |
| Reserves cash backed - Aldersyde Hall Reserve                  |                                | This Reserve will be transferred to the Aldersyde Committee upon incorporation and the Committee sourcing other funding opportunities through grants.   |
| Reserves cash backed - Railway Station Reserve                 |                                | This reserve is to be used to fund any upgrades or major maintenance on the Brookton Railway Station and/or Platform.   |
| Reserves cash backed - Madison Square Units Reserve            |                                | This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units.   |
| Reserves cash backed - Cemetery Reserve                        |                                | This reserve is to be used to fund any upgrades or major maintenance on the Brookton Cemetery.  |
| Reserves cash backed - Water Harvesting Reserve                |                                | This reserve is to fund renewal, upgrades or major maintenance of the water harvesting scheme infrastructure.   |
| Reserves cash backed - 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. |
| Reserves cash backed - Cash Contingency Reserve                |                                | This reserve is to cover unexpected shortfalls in operational funding should the need arise.  |
| Reserves cash backed - Brookton Aquatic Centre Reserve         |                                | This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Aquatic Centre.   |
| Reserves cash backed - Independent Living Units                |                                | This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Independent Living Units (Previously the Senior Citizen Homes)                                  |

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

**7. CASH BACKED RESERVES (CONTINUED)**

**(c) Cash Backed Reserves - Change in Use**

Two Reserves "Land Redevelopment Reserve" and "Housing Reserve" have been amalgamated to form one Reserve "Land & Housing Development Reserve" which encompasses both Reserves purpose.

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

**8. FEES & CHARGES REVENUE**

|                             | <b>2018/19<br/>Budget</b> | <b>2017/18<br/>Actual</b> |
|-----------------------------|---------------------------|---------------------------|
|                             | \$                        | \$                        |
| Governance                  | 50                        | 48                        |
| General purpose funding     | 7,200                     | 5,571                     |
| Law, order, public safety   | 3,900                     | 6,111                     |
| Health                      | 500                       | 361                       |
| Education and welfare       | 1,098,677                 | 1,236,628                 |
| Housing                     | 80,696                    | 105,930                   |
| Community amenities         | 391,933                   | 361,010                   |
| Recreation and culture      | 37,010                    | 39,405                    |
| Economic services           | 44,430                    | 45,888                    |
| Other property and services | 21,560                    | 34,452                    |
|                             | <b>1,685,956</b>          | <b>1,835,405</b>          |

**9. GRANT REVENUE**

|  | <b>2018/19<br/>Budget</b> | <b>2017/18<br/>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>   |                           |                           |
| General purpose funding  | 449,368                   | 445,274                   |
| Law, order, public safety  | 16,100                    | 33,709                    |
| Education and welfare  | 3,257,080                 | 3,004,824                 |
| Transport  | 47,902                    | 45,530                    |
|  | <b>3,770,450</b>          | <b>3,529,337</b>          |
| <b>Non-operating grants, subsidies and contributions</b>   |                           |                           |
| Community amenities  | 0                         | 5,000                     |
| Transport  | 521,106                   | 617,578                   |
|  | <b>521,106</b>            | <b>622,578</b>            |

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

**10. OTHER INFORMATION**

**The net result includes as revenues**

**(a) Interest earnings**

|  |                |                |                |
|--|----------------|----------------|----------------|
| Investments                            |                |                |                |
| - Reserve funds                        | 70,000         | 90,232         | 80,000         |
| - Other funds                          | 111,549        | 94,051         | 67,000         |
| Late payment of fees and charges *     | 0              | 0              | 31,000         |
| Other interest revenue (refer note 1b) | 13,200         | 13,206         | 17,746         |
|  | <u>194,749</u> | <u>197,489</u> | <u>195,746</u> |

\* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5%.

**(b) Other revenue**

|                               |               |               |                |
|-------------------------------|---------------|---------------|----------------|
| Reimbursements and recoveries | 40,822        | 71,081        | 117,169        |
|                               | <u>40,822</u> | <u>71,081</u> | <u>117,169</u> |

**The net result includes as expenses**

**(c) Auditors remuneration**

|                |               |               |               |
|----------------|---------------|---------------|---------------|
| Audit services | 46,200        | 14,746        | 25,000        |
| Other services | 0             | 0             | 3,500         |
|                | <u>46,200</u> | <u>14,746</u> | <u>28,500</u> |

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

|                              |                |                |                |
|------------------------------|----------------|----------------|----------------|
| Borrowings (refer note 6(a)) | 104,477        | 111,956        | 113,800        |
|                              | <u>104,477</u> | <u>111,956</u> | <u>113,800</u> |

**(e) Elected members remuneration**

|                                    |               |               |               |
|------------------------------------|---------------|---------------|---------------|
| Meeting fees                       | 42,263        | 34,850        | 34,400        |
| Mayor/President's allowance        | 1,875         | 4,401         | 1,500         |
| Deputy Mayor/President's allowance | 938           | 281           | 375           |
| Travelling expenses                | 4,120         | 4,682         | 4,120         |
|                                    | <u>49,195</u> | <u>44,214</u> | <u>40,395</u> |

**(f) Write offs**

|              |          |          |            |
|--------------|----------|----------|------------|
| General rate | 0        | 0        | 103        |
|              | <u>0</u> | <u>0</u> | <u>103</u> |

**(g) Operating lease expenses**

|                  |              |              |              |
|------------------|--------------|--------------|--------------|
| Office equipment | 3,600        | 2,407        | 2,400        |
|                  | <u>3,600</u> | <u>2,407</u> | <u>2,400</u> |

**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 Brookton 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.

## 11. MAJOR LAND TRANSACTIONS

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

## 12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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



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

**13. INTERESTS IN JOINT ARRANGEMENTS**

The Shire together with the State Housing Commission have a joint venture arrangement with regard to the provision of low cost housing. The only assets are 4 residential units. The Council's equity share of the units is 13.40%.

|  | 2018    | 2017    |
|--|---------|---------|
|  | \$      | \$      |
| <b>Non-current assets</b>                                |         |         |
| Unit 1,2,3,4 - 28 Williams Street (Madison Square Units) | 86,067  | 112,566 |
| Less: accumulated depreciation                           | (1,110) | 0       |
|  | 84,957  | 112,566 |

**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.

**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<br>30-Jun-18 | Estimated<br>amounts<br>received | Estimated<br>amounts<br>paid | Estimated<br>balance<br>30-Jun-19 |
|---------------------------------|----------------------|----------------------------------|------------------------------|-----------------------------------|
|                                 | \$                   | \$                               | (\$)                         | \$                                |
| Housing Bond                    | (1,200.00)           | 0                                | 0                            | (1,200)                           |
| Other Bond                      | (13,270.00)          | 0                                | 0                            | (13,270)                          |
| Rates Incentive Prize           | (200.00)             | 0                                | 0                            | (200)                             |
| Unclaimed Money                 | (30.00)              | 0                                | 0                            | (30)                              |
| Gnulla Child Care Facility      | (3,073.00)           | 0                                | 0                            | (3,073)                           |
| Wildflower Show Funds           | (1,240.30)           | 0                                | 0                            | (1,240)                           |
| Public Open Space Contributions | (13,820.00)          | 0                                | 0                            | (13,820)                          |
| Developer Contribution          | 0.50                 | 0                                | 0                            | 1                                 |
|                                 | (32,832.80)          | 0                                | 0                            | (32,833)                          |

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

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

**GOODS AND SERVICES TAX (GST)**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**ROUNDING OFF FIGURES**

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

**COMPARATIVE FIGURES**

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

**BUDGET COMPARATIVE FIGURES**

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

**REVENUE RECOGNITION**

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Brookton 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.

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

**15. BUDGET RATIOS**

|                          | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | <b>Actual</b>  | <b>Actual</b>  | <b>Actual</b>  | <b>Budget</b>  |
| Operating Surplus        | (0.457)        | (0.097)        | (0.025)        | (0.274)        |
| Funds After Operations   | (0.286)        | (0.039)        | (0.053)        | (0.175)        |
| Asset Ratios             | 0.637          | 0.785          | 0.994          | 0.973          |
| Cash Reserves            | 0.629          | 0.563          | 0.658          | 0.703          |
| Borrowings               | 0.338          | 0.258          | 0.262          | 0.220          |
| Debt Servicing           | 0.048          | 0.039          | 0.043          | 0.040          |
| Average Rates (UV & GRV) | 1,986.340      | 2,159.410      | 2,321.370      | 2,642.490      |

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 & Infrastructure 
$$\frac{\text{Depreciated Replacement Cost of Asset (Closing WDV)}}{\text{Opening WDV value of Asset}}$$

**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 
$$\frac{\text{Rate revenue (excl minimum revenue)}}{\text{Number of properties (excl minimum properties)}}$$