



SPECIAL MEETING OF COUNCIL

AGENDA

30 APRIL 2020



NOTICE OF MEETING

30 APRIL 2020

**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 30th April 2020 in the Council Chambers at the Shire Administration Centre commencing at 6.00 pm.

The order of business includes;

1. Statutory Budget Review of 2019/2020

Ian D’Arcy
CHIEF EXECUTIVE OFFICER
24th April 2020

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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1.04.20	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
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On behalf of Council I would like to acknowledge that this meeting is being held on the traditional lands of the Nyoongar People and pay respect to all Elders, past, present and emerging. I wish to acknowledge and respect local people's continuing culture and the contribution they make to Country and it's life.

4.04.20	RECORD OF ATTENDANCE/APPOLOGIES/APPROVED LEAVE OF ABSENCE
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5.04.20	PUBLIC QUESTION TIME
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6.04.20	ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION
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7.04.20	DISCLOSURE OF INTERESTS
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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.

8.04.20 CORPORATE SERVICES REPORT

8.04.20.01 STATUTORY BUDGET REVIEW 2019/2019

File No:	ADM 0175
Date of Meeting:	30/04/2020
Location/Address:	Shire of Brookton
Name of Applicant:	N/A
Name of Owner:	N/A
Author/s:	Kelly D'Arcy – Senior Finance Officer
Authorising Officer:	Amy Eva – Manger Corporate and Community
Declaration of Interest:	Nil
Voting Requirements:	Absolute Majority
Previous Report:	N/A

Summary of Item:

This item is to consider and adopt the Budget Review as presented in the Statement of Financial Activity for the period 1 July 2019 to 31 March 2020.

Description of Proposal:

As above.

Background:

A Statement of Financial Activity incorporating year to date budget variations and forecasts to 30 June 2020 for the period ending 31 March 2020 is presented for Council to consider. The Local Government (Financial Management) Regulations 1996, regulation 33A, requires that local governments conduct a budget review between 1 January and 31 March in each financial year. A copy of the review and determination is to be provided to the Department of Local Government within 30 days of the adoption of the review.

The budget review has been prepared to include information required by the *Local Government Act 1995*, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards. Council adopted a 10% and a \$10,000 minimum for the reporting of material variances to be used in the statements of financial activity and the annual budget review.

With the sale of Kalkarni Age Care Facility and the Saddleback Medical Centre on the 17 January 2020, there is a need to adjust the adopted budget to reflect the reduced expenditure and income. Furthermore, with the COVID-19 pandemic the additional works that would be part of the considerations for the draft 2020-21 budget, has been identified to be progressed this financial year to assist in stimulating the economy.

Features of the budget review include variations adopted by Council at the ordinary meetings of October 2019, December 2019 and January 2020 as listed below:

Comments/Reason for Variance	Variance \$
Operating Revenue (Excludes Rates)	Adopted
Community Amenity	
Town Planning Fees & Charges Budget Addition - Large development applications not included in adopted budget	(\$10,000)
Recreation and Culture	
Other Culture Grants & Subsidies Budget Addition - Stronger Communities Grant – Shade-sails over WB Eva Playground	(\$4,730)
Operating Expenses	
Governance	
Admin General Operating Expenses Budget Addition – New Laptops throughout office.	\$5,000
Community Amenity	
SEW General Operating Expenses Budget Addition – Further CCTV investigation of pipe works	\$20,000
Recreation and Culture	
Other Culture – Railway station Budget Addition – Additional inspections and rectification works	\$2,500
Halls – Memorial Hall Budget Addition – Additional inspections and rectification works	\$10,400
Halls – WB Eva Pavilion Playground Budget Addition - Stronger Communities Grant – Shade-sails over WB Eva Playground	\$4,730
Capital Revenue	
Transfer from Reserves (Restricted Assets)	
Cash Contingency - Transfer from Reserves	(\$50,000)
Municipal Buildings – Transfer from Reserves	(\$12,900)
Furniture and Equipment – Transfer from reserves	(\$15,000)
Sewerage Scheme – Transfer from Reserves	(\$20,000)
Capital Expenses	
Governance	
Server upgrade and new cabling throughout office	\$10,000
Community Amenity	
Happy Valley - Additional line and fire service tank	\$50,000
Recreation and Culture	
Halls – WB Eva Pavilion Budget Addition – Replacement of Chairs at pavilion	\$10,000
Surplus/Deficiency	
Correction of Surplus after Audit of the Annual Financial Report 2018/2019	(\$2,525)
Total Predicted Variances as per Annual Budget Review	(\$2,525)

The following table is a summarised list of further budget variations requiring additional consideration and adoption that forms part of a stimulus package for the remained of this financial year. These budget variations are presented below and in **Attachment 8.04.20.01B**.

GL Code	Description	Variation \$
E113510	Budget Increase - Old Tennis Clubhouse – Gut building including removal of asbestos	10,000.00
E111511	Budget Increase - Memorial Hall – Urgent Roof and gutter replacement	20,000.00
E042510	Budget Increase - Chambers - external front entry (disable ramp, pergola, courtyard fencing, seating, lighting and signage	12,000.00
E132020	Budget Increase - Area Promotion - Tourist information bay upgrade and A3 tear off tourist maps	4,000.00
E142510	Budget Increase - Depot - Refurbishment of Transportable building as an office, upgrade lighting throughout workshop to LED, purchase and install 40ft sea container as extension to workshop for storage	36,000.00
E142480	Budget Increase - Installation of eye wash facility, removal of several trees, service roller doors, repairs to roof including damaged frames, safety and security signage throughout depot and improvement of ITC connectivity	47,434.00
E142530	Budget Increase - Automated fuel system - self bunded tank with monitoring system.	55,000.00
E116020	Budget Increase - Pump Track Stage 1 earthworks for loop track performed in-house.	5,000.00
E112530	Budget Increase - Swimming Pool - improvements including replacement media filter sand, back flushing and tank refurbishment	16,000.00
E106540	Budget Increase - Happy Valley installation of new standpipe and automated water dispensing system	9,000.00
E042534	Budget Increase - Purchase of dual cab ute Purchase price \$35,000 less trade \$15,000 net cost \$20,000	35,000.00
E053530	Budget Increase - Purchase of new vehicle per Bushfire Risk Management Planning Program \$35,000 no trade	35,000.00
E143530	Budget Increase - Purchase of Grader, MIE vehicle, WCO vehicle & Leading Hand vehicle	475,000.00
OL01621	Transfer from Reserves to cover increase in budget requirements	(445,000.00)
OL01661	Transfer from Reserves to cover increase in budget requirements	(72,289.50)
E031020	Budget Decrease - Reduced number of revaluations required this year, health check of rates system done inhouse	(9,000.00)
E084480	Budget Decrease - Property sold 17/1/2020 no further maintenance required	(37,918.00)
E084520	Budget Decrease - Property sold 17/1/2020 Curtains for Passageway not purchased	(10,000.00)
E084510	Budget Decrease - Property sold 17/1/2020 upgrade of air conditioners included in settlement of property	(70,000.00)
E114020	Budget Decrease - Unlikely to expend full budget	(12,140.00)
E136010	Budget Increase - Increase usage of standpipe water due to prolonged drought and construction usage	23,000.00
E142020	Budget Increase - Purchase of Restricted Padlocks with 20 keys and 15 master keys to stop unauthorised access through unrecorded key cutting and possession	5,000.00
I136010	Budget Increase – Increase usage of standpipe water recoup due to prolonged drought and construction usage	(10,700.00)
I042040	Budget Increase – LGIS Rebate not expected to be received	(23,500.00)
I054010	Budget Increase – additional funds received due to overspend on previous year	(6,722.00)
I115030	Budget Increase – additional funds received from windup of Brookton Telegraph Committee	(15,000.00)
I148030	Budget Increase – Insurance claim paid	(2,700.00)

I041020	Budget Increase - Funds received from the Shire of York after the windup of SEAVROC group	(17,408.50)
I055010	Budget Increase - Income for Bushfire Risk Management Planning Officer. Shire hosting DFES position	(17,056.00)
	Effect on Surplus/Deficiency	\$0.00

The Shire commenced the financial year with a balanced budget showing a surplus/deficiency (closing fund) of \$0. The previously adopted budget variations have had a nil effect on the closing surplus/deficiency. The requested budget variations as provided in **Attachment 8.04.20.01B** will have a nil effect on the closing fund.

Consultation:

Consultation was undertaken with the Chief Executive Office, Responsible Officers and Manager Corporate and Community.

Statutory Environment:

Regulation 33A of the Local Government (Financial Management) Regulations 1996 requires:

- (1) *Between 1 January and 31 March in each year a local government is to carry out a review of its annual budget for that year.*
- (2A) *The review of an annual budget for a financial year must*
 - a) *Consideration the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - b) *Consider the local government's financial position as at the date of the review; and*
 - c) *Review the outcomes for the end of that financial year that are forecast in the budget.*
- (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*
- (3) *A Council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

***Absolute majority required.**

- (4) *Within 30 days after a Council has made a determination, a copy of the review and determination is to be provided to the Department.*

Relevant Plans and Policy:

Nil.

Financial Implications:

Specific financial implications are as outlined in the detail section of this report.

Risk Assessment:

There is a risk of breaching legislation if the budget review is not carried out and adopted by Council.

Consequence	Insignificant	Minor	Moderate	Major	Extreme
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe

Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

Community & Strategic Objectives:

This proposal relates to delivery of core business and services detailed in the Shire of Brookton Corporate Compendium – May 2018, duly appended to the Next Generation BROOKTON Corporate Business Plan <2021.

Specifically, this funding payment aligns to:

Function 18 – Financial Management

Action 18.1 – Prepare annual budget/conduct statutory budget review

Comment

A budget review has been undertaken by staff as per the requirements of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

Any savings realised or over expenditure incurred as at 31 March 2020 have been included in forward projections.

In summary, it is forecast that a budget surplus of \$756,570 at this period of review may be realised as at 30 June 2020. This is due to under expenditure for the year to date and the sale of the Kalkarni Age Care facility and Saddleback Medical Centre.

OFFICER'S RECOMMENDATION

That Council:

- 1. Pursuant to Regulation 33A of the Local Government (Financial Management) Regulations, 1996:***
 - a) Adopt the 2019/2020 Budget Review as presented in Attachment 8.04.20.01A.***
 - b) Forward a copy of the 2019/2020 Budget Review to the Department of Local Government***
- 2. Pursuant to Section 6.8 of the Local Government Act 1995, authorise the schedule of variations to the 2019/2020 Budget, as presented in Attachment 8.04.20.01B.***

Attachments:

8.04.20.01A - 2019/2020 Budget Review

8.04.20.01B – Schedule of Variations to 2019/2020 Budget

**SHIRE OF BROOKTON
BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31ST MARCH 2020**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

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SHIRE OF BROOKTON
STATEMENT OF BUDGET REVIEW
(NATURE OR TYPE)
FOR THE PERIOD ENDED 31ST MARCH 2020

	Note	Budget v Actual		Predicted		Year End (a)+(c)+(d)	
		Adopted Annual Budget (a)	YTD Actual (b)	Variance Permanen t (c)	Timing (Carryover) (d)		
		\$	\$	\$	\$	\$	
OPERATING ACTIVITIES							
Net current assets at start of financial year surplus/(deficit)		1,135,542	1,133,017	(2,525)		1,133,017	▼
Revenue from operating activities (excluding rates)							
Operating grants, subsidies and contributions	4.1.3	4,474,690	2,030,563	(1,923,801)		2,550,889	▼
Profit on asset disposals	4.1.1	0	48,911	45,000		45,000	▲
Fees and charges	4.1.2	1,648,336	1,136,804	(432,003)		1,216,333	▼
Service charges						0	
Interest earnings	4.1.7	220,264	78,502	(42,000)		178,264	▼
Other revenue	4.1.8	86,323	109,118	51,000		137,323	▲
		6,429,613	3,403,898	(2,301,804)	0	4,127,809	
Expenditure from operating activities							
Employee costs	4.2.1	(1,649,585)	(1,149,720)			(1,649,585)	
Materials and contracts		(6,006,029)	(3,170,763)	2,215,054		(3,790,975)	▼
Utility charges	4.2.3	(174,264)	(134,246)			(174,264)	
Depreciation on non-current assets		(2,910,437)	(1,953,270)			(2,910,437)	
Insurance expenses		(189,977)	(180,085)			(189,977)	
Loss on asset disposals	4.2.6	(1,100)	(7,121)	(6,100)		(7,200)	▲
Other expenditure	4.2.7	(9,084)	(5,666)			(9,084)	
		(11,035,005)	(6,639,341)	2,208,954	0	(8,826,051)	
Non-cash amounts excluded from operating activities		2,911,537	1,912,522			2,911,537	
Amount attributable to operating activities		(558,313)	(189,904)	(95,375)	0	(653,688)	
INVESTING ACTIVITIES							
Non-operating grants, subsidies and contributions	4.3.1	520,880	525,600			520,880	
Purchase land held for resale						0	
Purchase land and buildings		(201,000)	(66,795)			(201,000)	
Purchase property, plant and equipment		(521,440)	(502,992)			(521,440)	
Purchase furniture and equipment		(100,000)	(68,437)			(100,000)	
Purchase and construction of infrastructure-roads		(1,043,471)	(842,525)			(1,043,471)	
Purchase and construction of infrastructure-other		(62,000)	(109,202)			(62,000)	
Proceeds from disposal of assets		93,000	7,204,703	7,206,030	0	7,299,030	▲
Amount attributable to investing activities		(1,314,031)	6,140,352	7,206,030	0	5,891,999	
FINANCING ACTIVITIES							
Proceeds from new borrowings		0	0			0	
Proceeds from advances		0	0			0	
Proceeds from self supporting loans		21,296	8,240			21,296	
assets)	9	1,000,479	770,196	97,900	0	1,098,379	▲
Repayment of debentures	10	(254,174)	(238,637)			(254,174)	
Advances to community groups						0	
Transfers to cash backed reserves (restricted assets)	9	(1,205,975)	(8,026,979)	(7,206,030)	0	(8,412,005)	▲
Amount attributable to financing activities		(438,374)	(7,487,180)	(7,108,130)	0	(7,546,504)	
Budget deficiency before general rates		(2,310,718)	(1,536,732)	2,525	0	(2,308,193)	
Estimated amount to be raised from general rates		2,310,718	2,293,302	0	0	2,310,718	
Closing funding surplus(deficit)	2	0	756,570	2,525	0	2,525	▲

SHIRE OF BROOKTON
STATEMENT OF BUDGET REVIEW
(STATUTORY REPORTING PROGRAM)
FOR THE PERIOD ENDED 31ST MARCH 2020

	Budget v Actual		Predicted			
	Adopted Annual Budget	YTD Actual	Variance Permanent	Variance Timing (Carryover)	Year End	Material
Note	(a)	(b)	(c)	(d)	(a)+(c)+(d)	Variance
	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Net current assets at start of financial year surplus/(deficit)	1,135,542	1,133,017	(2,525)	0	1,133,017	▼
Revenue from operating activities (excluding rates)						
Governance	13,250	50,871	36,000	0	49,250	▲
General purpose funding	1,203,944	470,843		0	1,203,944	
Law , order, public safety	29,743	34,389		0	29,743	
Health	1,100	928		0	1,100	
Education and w elfare	4,466,911	2,129,234	(2,397,804)	0	2,069,107	▼
Housing	87,209	74,738		0	87,209	
Community amenities	414,478	398,214		0	414,478	
Recreation and culture	39,682	47,538	15,000	0	54,682	▲
Transport	88,786	83,291		0	88,786	
Economic services	47,950	40,785		0	47,950	
Other property and services	36,560	77,786	45,000	0	81,560	▲
	6,429,613	3,408,617	(2,301,804)	0	4,127,809	
Expenditure from operating activities						
Governance	(577,418)	(400,458)		0	(577,418)	
General purpose funding	(218,145)	(135,803)		0	(218,145)	
Law , order, public safety	(225,507)	(130,766)		0	(225,507)	
Health	(74,104)	(37,418)		0	(74,104)	
Education and w elfare	(4,559,007)	(2,306,951)	2,215,054	0	(2,343,953)	▼
Housing	(207,569)	(125,252)		0	(207,569)	
Community amenities	(513,463)	(334,782)		0	(513,463)	
Recreation and culture	(998,080)	(680,232)		0	(998,080)	
Transport	(3,450,541)	(2,199,525)		0	(3,450,541)	
Economic services	(188,442)	(144,725)		0	(188,442)	
Other property and services	(22,729)	(143,428)	(6,100)	0	(28,829)	▲
	(11,035,005)	(6,639,340)	2,208,954	0	(8,826,051)	
Non-cash amounts excluded from operating activities	2,911,537	1,912,522		0	2,911,537	
Amount attributable to operating activities	(558,313)	(185,184)	(95,375)	0	(653,688)	
INVESTING ACTIVITIES						
Non-operating grants, subsidies and contributions	520,880	520,880			520,880	
Purchase of investments					0	
Purchase land held for resale					0	
Purchase land and buildings	(201,000)	(66,795)			(201,000)	
Purchase plant and equipment	(521,440)	(502,992)			(521,440)	
Purchase furniture and equipment	(100,000)	(68,437)			(100,000)	
Purchase and construction of infrastructure - roads	(1,043,471)	(842,525)			(1,043,471)	
Purchase and construction of infrastructure - other	(62,000)	(109,202)			(62,000)	
Proceeds from disposal of assets	93,000	7,204,703	7,206,030	0	7,299,030	▲
Proceeds from sale of investments	0	0			0	
Proceeds from advances	0	0			0	
Amount attributable to investing activities	(1,314,031)	6,135,632	7,206,030	0	5,891,999	
FINANCING ACTIVITIES						
Repayment of borrow ings	10 (254,174)	(238,637)			(254,174)	
Proceeds from new borrow ings	0	0			0	
Advances to community groups	0	0			0	▼
Proceeds from self supporting loans	21,296	8,240			21,296	
Transfers to cash backed reserves (restricted assets)	9 (1,205,975)	(8,026,979)	(7,206,030)	0	(8,412,005)	▲
Transfers from cash backed reserves (restricted assets)	9 1,000,479	770,196	97,900	0	1,098,379	▲
Amount attributable to financing activities	(438,374)	(7,487,180)	(7,108,130)	0	(7,546,504)	
Budget deficiency before general rates	(2,310,718)	(1,536,732)	2,525	0	(2,308,193)	
Estimated amount to be raised from general rates	2,310,718	2,293,302	0	0	2,310,718	
Closing Funding Surplus(Deficit)	2 0	756,570	2,525	0	2,525	▲

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31ST MARCH 2020

1. BASIS OF PREPARATION

The budget review report 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 review report are presented below and have been consistently applied unless stated otherwise.

The report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report 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.

2019-20 ACTUAL BALANCES

Balances shown in this budget review report as 2019-20 Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

ROUNDING OFF FIGURES

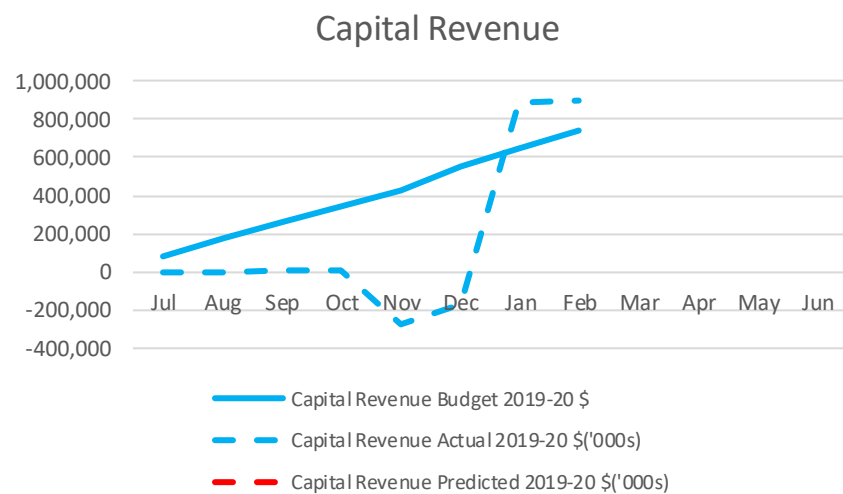
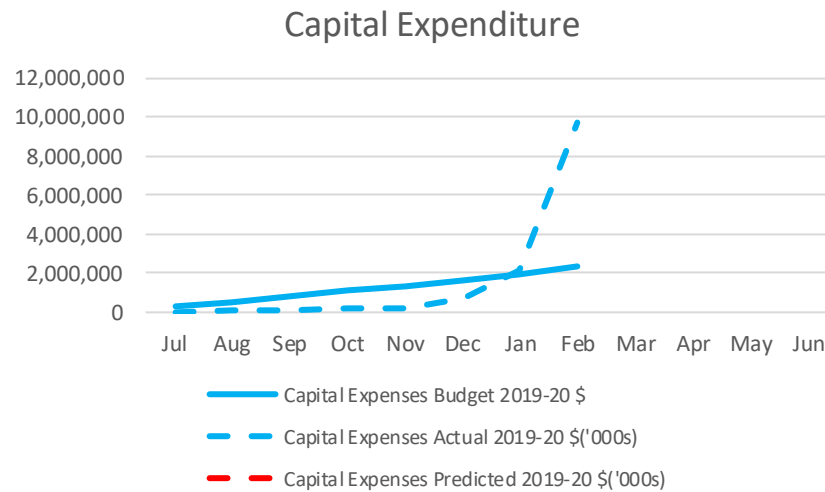
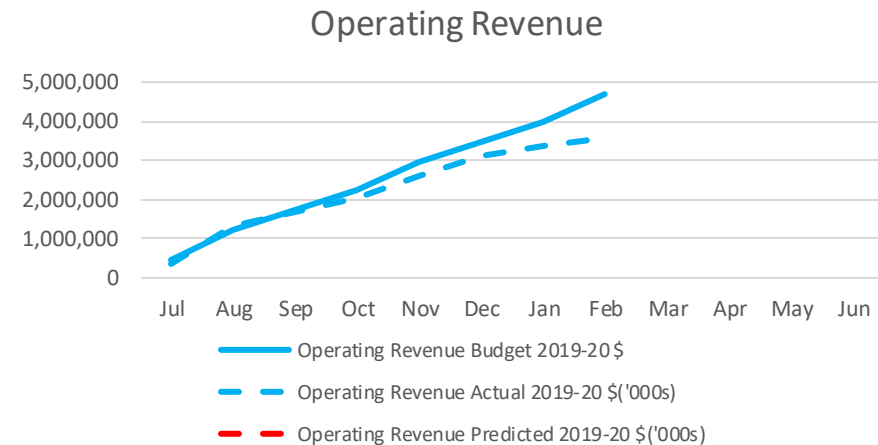
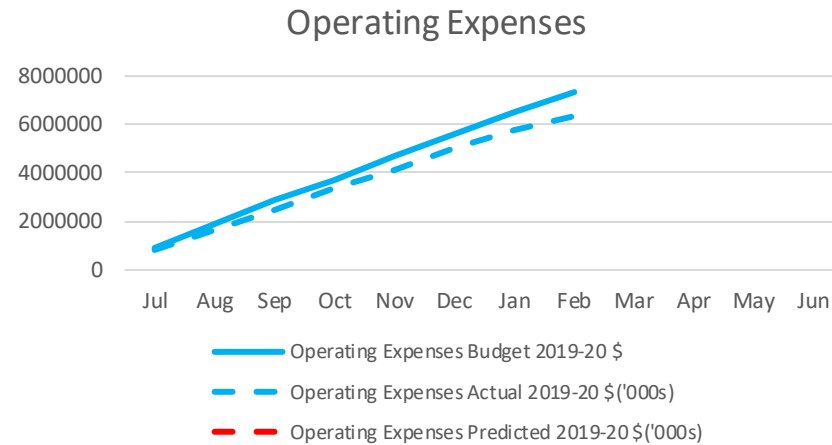
All figures shown in this budget review report are rounded to the nearest dollar.

BUDGET COMPARATIVE FIGURES

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

SHIRE OF BROOKTON
SUMMARY GRAPHS - BUDGET REVIEW
FOR THE PERIOD ENDED 31ST MARCH 2020

2. SUMMARY GRAPHS - BUDGET REVIEW



This information is to be read in conjunction with the accompanying financial statements and notes.

SHIRE OF BROOKTON
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31ST MARCH 2020

3. NET CURRENT FUNDING POSTION

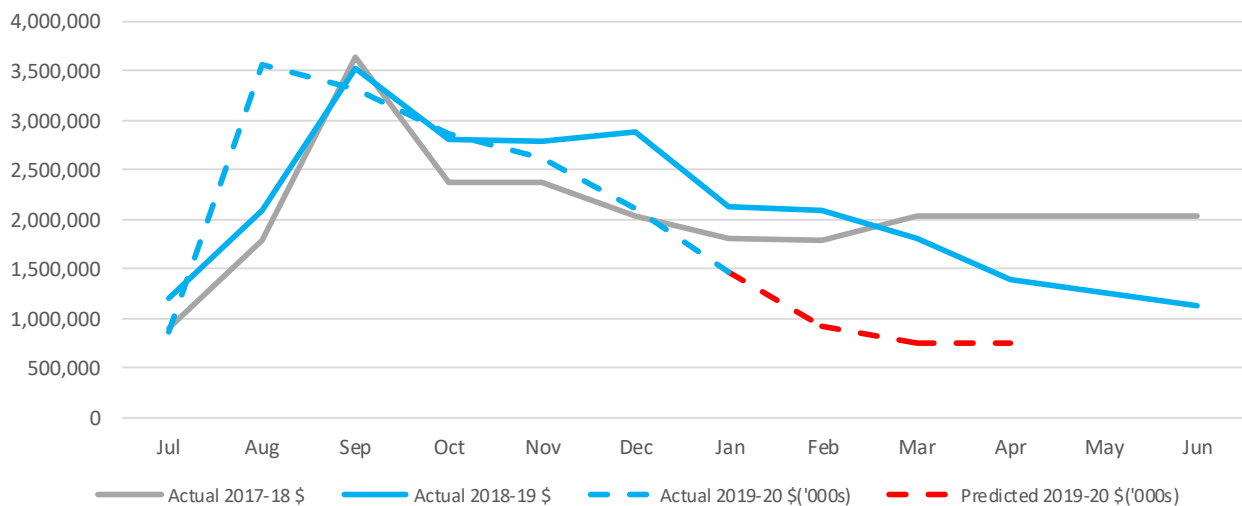
Positive=Surplus (Negative=Deficit)
2019-20

Note	This Period	Last Period	Same Period Last Year
	\$	\$	\$
Current assets			
Cash unrestricted	534,025	666,713	1,909,191
Cash restricted	12,510,259	12,509,880	5,025,777
Receivables - rates and rubbish	298,112	357,542	108,342
Receivables - other	754,986	84,208	3,587,793
Inventories	27,930	25,811	25,673
	<u>14,125,312</u>	<u>13,644,154</u>	<u>10,656,776</u>
Less: current liabilities			
Payables	(858,483)	(207,741)	(3,820,559)
Provisions	0		
	<u>(858,483)</u>	<u>(207,741)</u>	<u>(3,820,559)</u>
Less: cash restricted	<u>(12,510,259)</u>	<u>(12,509,880)</u>	<u>(5,025,777)</u>
Net current funding position	<u>756,570</u>	<u>926,533</u>	<u>1,810,440</u>

3A. NET CURRENT FUNDING POSTION -EXPLANATION OF AMOUNTS EXCLUDED FROM OPERATING ACTIVITIES

	Annual Budget (a)	YTD Actual (b)
	\$	\$
Depreciation on non-current assets	2,910,437	1,953,270
Loss on asset disposals	1,100	7,121
Profit on asset disposals	0	(48,911)
Non-cash amounts excluded from operating activities	<u>2,911,537</u>	<u>1,911,480</u>

Liquidity Over the Year



**SHIRE OF BROOKTON
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31ST MARCH 2020**

3. COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

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 of the budget.

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.

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.

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.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss. Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire of Brookton 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.

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

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.

RATES, GRANTS, DONATIONS AND OTHER CONTRIBUTIONS

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.

SHIRE OF BROOKTON
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31ST MARCH 2020

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
4.1 OPERATING REVENUE (EXCLUDING RATES)		
4.1.1 PROFIT ON ASSET DISPOSAL		
Trade of PL6 Loader expected \$65,000 received \$102,500 thus increasing the profit	45,000	
4.1.2 FEES AND CHARGES		
Sold Kalkarni Age care Facility 17 January 2020 therefore need to adjust budget to reflect reduced income. Budget was set for entire year.	(432,003)	
4.1.3 GRANTS, SUBSIDIES AND CONTRIBUTIONS		
Sold Kalkarni Age care Facility 17 January 2020 therefore need to adjust budget to reflect reduced income. Budget was set for entire year.	(1,923,801)	
4.1.7 INTEREST EARNINGS		
Less interest earned due to the sale of Kalkarni Age Care Facility at 17 January 2020	(42,000)	
4.1.8 OTHER REVENUE		
Various items including - donation from Brookton Telegraph, prize from secondary freight, insurance claims, LGIS member rebate and Trust terminations per Auditors instructions	51,000	
Predicted Variances Carried Forward	(2,301,804)	0
Predicted Variances Brought Forward	(2,301,804)	0
4.2 OPERATING EXPENSES		
4.2.1 EMPLOYEE COSTS		
No Material Variance	0	
4.2.2 MATERIAL AND CONTRACTS		
Sold Kalkarni Age care Facility 17 January 2020 therefore need to adjust budget to reflect reduced expenditure. Budget was set for entire year.	2,215,054	
4.2.3 UTILITY CHARGES		
No Material Variance	0	
4.2.4 DEPRECIATION (NON CURRENT ASSETS)		
No Material Variance	0	
4.2.4 INTEREST EXPENSES		
No Material Variance		
4.2.5 INSURANCE EXPENSES		
No Material Variance	0	
4.2.6 LOSS ON ASSET DISPOSAL		
Trade for PM8 Mower expected \$10,000 received \$5,700 thus increasing the loss. Expected loss on single axle truck trade but received small profit.	(6,100)	
4.2.7 OTHER EXPENDITURE		
	0	
Predicted Variances Carried Forward	(92,850)	0

	Predicted Variances Brought Forw ard	(92,850)	0
4.3 CAPITAL REVENUE			
4.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS			
No Material Variance			
4.3.2 PROCEEDS FROM DISPOSAL OF ASSETS			
Proceeds from Sale of Kalkarni Age Care and Saddleback Medical facilities		7,206,030	
4.3.3 PROCEEDS FROM NEW DEBENTURES			
No Material Variance			
4.3.4 PROCEEDS FROM SALE OF INVESTMENT			
No Material Variance			
4.3.5 PROCEEDS FROM ADVANCES			
No Material Variance			
4.3.6 SELF-SUPPORTING LOAN PRINCIPAL			
No Material Variance			
4.3.7 TRANSFER FROM RESERVES (RESTRICTED ASSETS)			
Budget Amendments per Note 9		97,900	
	Predicted Variances Carried Forw ard	7,211,080	0
	Predicted Variances Brought Forw ard	7,211,080	0
4.4 CAPITAL EXPENSES			
4.4.1 LAND HELD FOR RESALE			
No Material Variance			
4.4.2 LAND AND BUILDINGS			
No Material Variance			
4.4.3 PLANT AND EQUIPMENT			
No Material Variance			
4.4.4 FURNITURE AND EQUIPMENT			
No Material Variance			
4.4.5 INFRASTRUCTURE ASSETS - ROADS			
No Material Variance			
4.4.6 INFRASTRUCTURE ASSETS - OTHER			
No Material Variance			
4.4.7 PURCHASES OF INVESTMENT			
No Material Variance			
4.4.8 REPAYMENT OF DEBENTURES			
No Material Variance			
4.4.9 ADVANCES TO COMMUNITY GROUPS			
No Material Variance			
	Predicted Variances Carried Forw ard	7,211,080	0
	Predicted Variances Brought Forw ard	7,211,080	0

4.5 OTHER ITEMS

4.5.10 TRANSFER TO RESERVES (RESTRICTED ASSETS)

Proceeds from Sale of Kalkarni Age Care and Saddleback Medical facilities	(7,206,030)
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4.5.11 TRANSFER FROM RESERVES (RESTRICTED ASSETS)

No Material Variance

4.5.1 RATE REVENUE

No Material Variance

4.5.2 OPENING FUNDING SURPLUS(DEFICIT)

Correction of Surplus after Audit of AFR 2018/2019	(2,525)
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4.5.3 NON-CASH WRITE BACK OF PROFIT (LOSS)

Please see 4.1.1 and 4.2.6 above for explanation of the change in net Profit (Loss)

Total Predicted Variances as per Annual Budget Review

2,525	0
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**SHIRE OF BROOKTON
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31ST MARCH 2020**

5. BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

[illegible]

Classifications Pick List

Operating Revenue
Operating Expenses
Capital Revenue
Capital Expenses
Opening Surplus(Deficit)
Non Cash Item

Budget Variations

GL Codes	Job Codes	IE Code		Original 19/20 Budget	Amended 19/20 Budget	Changes in Net Assets	
E113510	TENNCAP	500	Old Tennis Pavilion - Refurbishment	\$0.00	\$10,000.00	\$10,000.00	Budget Increase - Old Tennis Clubhouse – Gut building including removal of asbestos
E111511	MHALLCAP	500	Memorial Hall	\$0.00	\$20,000.00	\$20,000.00	Budget Increase - Memorial Hall – Urgent Roof and gutter replacement
E042510	ADMINCAP	500	Administration Office - Chambers Entry/Courtyard	\$0.00	\$12,000.00	\$12,000.00	Budget Increase - Chambers - external front entry (disable ramp, pergola, courtyard fencing, seating, lighting and signage)
E132020	MARKOP	379	Area Marketing and Promotion	\$4,000.00	\$8,000.00	\$4,000.00	Budget Increase - Area Promotion - Tourist information bay upgrade and A3 tear off tourist maps
E142510		500	Purchase Land & Buildings - Depot Refurbishment	\$0.00	\$36,000.00	\$36,000.00	Budget Increase - Depot - Refurbishment of Transportable building as an office, upgrade lighting throughout workshop to LED, purchase and install 40ft sea container as extension to workshop for storage
E142480	DEPOOP	379	Shire Depot Maintenance	\$13,566.00	\$61,000.00	\$47,434.00	Budget Increase - Installation of eye wash facility, removal of several trees, service roller doors, repairs to roof including damaged frames, safety and security signage throughout depot and improvement of ITC connectivity
E142530		502	Purchase Plant and Equipment	\$0.00	\$55,000.00	\$55,000.00	Budget Increase - Automated fuel system - self bunded tank with monitoring system.
E116020	PUMTRAC	379	Pump Track - Loop Track	\$0.00	\$5,000.00	\$5,000.00	Budget Increase - Pump Track Stage 1 earthworks for loop track performed in-house.
E112530		502	Purchase Plant and Equipment	\$0.00	\$16,000.00	\$16,000.00	Budget Increase - Swimming Pool - improvements including replacement media filter sand, back flushing and tank refurbishment
E106540	HAPPY01	504	Happy Valley Bore Field	\$82,000.00	\$91,000.00	\$9,000.00	Budget Increase - Happy Valley installation of new standpipe and automated water dispensing system
E042534		502	Capital Plant & Equipment - PAV3 Mazda - BO7	\$0.00	\$35,000.00	\$35,000.00	Budget Increase - Purchase of dual cab ute Purchase price \$35,000 less trade \$15,000 net cost \$20,000
E053530		502	Purchase Plant & Equipment - New	\$0.00	\$35,000.00	\$35,000.00	Budget Increase - Purchase of new vehicle per Bushfire Risk Management Planning Program \$35,000 no trade
E143530		502	Capital Plant & Equipment - Volvo Grader PG7	\$0.00	\$410,000.00	\$410,000.00	Budget Increase - Purchase of New Grader to replace Volvo grader, purchase price \$410,000 less trade \$100,000 net cost \$310,000
E143530		502	Capital Plant & Equipment - PU1 Triton Ute - 19B	\$0.00	\$35,000.00	\$35,000.00	Budget Increase - Purchase of dual cab ute Purchase price \$35,000 less trade \$18,000 net cost \$17,000
E143530		502	Capital Plant & Equipment - PU31 Triton Ute - 33	\$0.00	\$30,000.00	\$30,000.00	Budget Increase - Purchase of Single cab ute Purchase price \$30,000 less trade \$12,000 net cost \$18,000
OL01621		230	Plant & Vehicle Reserve - Transfer From		(\$445,000.00)	(\$445,000.00)	Transfer from Reserve to cover increase in budget requirements
OL01661		230	Municipal Building Reserve - Transfer from		(\$72,289.50)	(\$72,289.50)	
E031020		344	Rate General Operations	\$10,000.00	\$6,000.00	(\$4,000.00)	Budget Decrease - Reduced number of revaluations required this year
E031020		379	Rate General Operations	\$5,000.00	\$0.00	(\$5,000.00)	Budget Decrease - No longer required, have corrected rates module inhouse
E083020		379	KALK General Operating Expenses - Administrative	\$38,000.00	\$0.00	(\$38,000.00)	Budget Decrease - Rates dealt with as part of the settlement of Kalkarni
E084480	KAL1	340	KALC Building Maintenance	\$55,000.00	\$19,000.00	(\$36,000.00)	Budget Decrease - Property sold 17/1/2020 no further maintenance required
E084480	KAL1	342	KALC Building Maintenance	\$1,200.00	\$0.00	(\$1,200.00)	
E084480	KAL1	379	KALC Building Maintenance	\$6,200.00	\$5,500.00	(\$700.00)	
E084480	KAL1	382	KALC Building Maintenance	\$90.00	\$72.00	(\$18.00)	
E084520		501	KALC Purchase Furniture & Equipment	\$10,000.00	\$0.00	(\$10,000.00)	Budget Decrease - Property sold 17/1/2020 Curtains for Passageway not purchased
E084510	KALKCAP	500	KALC Purchase Land and Buildings	\$90,000.00	\$20,000.00	(\$70,000.00)	Budget Decrease - Property sold 17/1/2020 upgrade of air conditioners included in settlement of property
E114020		379	LIBR General Operating Expenses	\$14,640.00	\$2,500.00	(\$12,140.00)	Budget Decrease - Unlikely to expend full budget
E136010		381	ECON Water Supply - Standpipe	\$2,000.00	\$25,000.00	\$23,000.00	Budget Increase - Increase usage due to prolonged drought and construction usage
E142020		379	PW-OH General Operating Expenses	\$1,500.00	\$6,500.00	\$5,000.00	Budget Increase - Purchase of Restricted Padlocks with 20 keys and 15 master keys to stop unauthorised access through unrecorded key cutting and possession
I136010		127	ECON Fees & Charges	(\$1,300.00)	(\$12,000.00)	(\$10,700.00)	Budget Increase - Increase usage due to prolonged drought and construction usage
I042040		191	ADMIN Other Revenue	(\$2,500.00)	(\$26,000.00)	(\$23,500.00)	Budget Increase - LGIS Rebate not expected to be received
I054010		150	ESL Grant Emergency Services Grant	(\$24,793.00)	(\$31,515.00)	(\$6,722.00)	Budget Increase - Additional funds received due to overspend on previous year
I115030		169	OTH-CULT Reimbursement & Donations	\$0.00	(\$15,000.00)	(\$15,000.00)	Budget Increase - Additional funds received from windup of Brookton Telegraph Committee
I148030		161	UNCLAS Reimbursements	\$0.00	(\$2,700.00)	(\$2,700.00)	Budget Increase - Insurance claims paid
I041020		160	MEMB Reimbursements & Donations	(\$1,700.00)	(\$19,108.50)	(\$17,408.50)	Budget Increase - Funds received from the Shire of York after the windup of SEAROC group
I055010		191	Emergency Management Funding	\$0.00	(\$17,056.00)	(\$17,056.00)	Budget Increase - Income for Bushfire Risk Management Planning Officer. Shire hosting DFES position
						\$0.00	
						\$0.00	

