

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

**TABLE OF CONTENTS**

Statement of Comprehensive Income by Nature or Type	2
Basis of Preparation	3
Statement of Comprehensive Income by Program	4
Statement of Cash Flows	6
Rate Setting Statement by Program	7
Rates and Service Charges	8
Net Current Assets	11
Reconciliation of Cash	13
Fixed Assets	14
Asset Depreciation	16
Borrowings	17
Cash Backed Reserves	19
Fees and Charges	21
Grant Revenue	21
Other Information	22
Major Land Transactions	23
Trust	24
Significant Accounting Policies - Other	25

**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 Budget	2017/18 Actual	2017/18 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>
		(1,245,909)	187,304	(1,387,389)
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>(725,567)</u>	<u>493,848</u>	<u>(912,774)</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>0</u>	<u>2,072,525</u>	<u>0</u>
<b>Total comprehensive income</b>		<u>(725,567)</u>	<u>2,566,373</u>	<u>(912,774)</u>

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

## FOR THE YEAR ENDED 30TH JUNE 2019

### BASIS OF PREPARATION

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of 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 Budget	2017/18 Actual	2017/18 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
		<u>7,963,450</u>	<u>8,927,475</u>	<u>7,465,506</u>
<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)
		<u>(9,104,881)</u>	<u>(8,628,215)</u>	<u>(8,739,095)</u>
<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)
		<u>(104,477)</u>	<u>(111,957)</u>	<u>(113,800)</u>
		<u>(1,245,908)</u>	<u>187,303</u>	<u>(1,387,389)</u>
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>		<u>(725,568)</u>	<u>493,848</u>	<u>(912,774)</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>0</u>	<u>2,072,525</u>	<u>0</u>
<b>Total comprehensive income</b>		<u>(725,568)</u>	<u>2,566,373</u>	<u>(912,774)</u>

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.

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<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 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<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 Budget	2017/18 Actual	2017/18 Budget
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	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

RATE TYPE		Rate in	Number of properties	Rateable value	2018/19 Budgeted rate revenue	2018/19 Budgeted interim rates	2018/19 Budgeted back rates	2018/19 Budgeted total revenue	2017/18 Actual Revenue	
		\$		\$	\$	\$	\$	\$	\$	
<b>Differential general rate or general rate</b>										
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
	<b>Sub-Totals</b>			813	165,365,078	2,053,867	0	0	2,053,867	1,821,911
	<b>Minimum</b>									
	<b>Minimum payment</b>									
		\$								
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
	<b>Sub-Totals</b>			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)	
	<b>Total amount raised from general rates</b>							2,244,064	2,037,108	
	Specified area rates (Refer note 1(e))							0	0	
	ExGratia Rates (CBH)							25,000	23,419	
	<b>Total rates</b>							2,269,064	2,060,528	

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.

<b>Instalment options</b>	<b>Date due</b>	<b>Instalment plan admin charge</b>	<b>Instalment plan interest rate</b>	<b>Unpaid rates interest rates</b>
		\$	%	%
<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%

	<b>2018/19 Budget revenue</b>	<b>2017/18 Actual</b>
	\$	\$
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 Budget	2017/18 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		(173,825)	(173,825)
		<u>(4,387,661)</u>	<u>(5,358,928)</u>
<b>Unadjusted net current assets</b>		4,094,405	5,087,370
<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>		<u>0</u>	<u>914,150</u>

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

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
	<u>4,204,303</u>	<u>4,274,596</u>	<u>3,703,844</u>

**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 of assets	(521,106)	(622,578)	(487,432)
<b>Net cash from operating activities</b>	<u>223,254</u>	<u>2,770,017</u>	<u>548,904</u>

**SIGNIFICANT ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

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

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

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

4. FIXED ASSETS

(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 value	Sale 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>								
<i>Property, Plant and Equipment</i>								
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 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
35,455	35,455	35,680	56,531
25,143	25,143	25,493	12,512
123,573	123,573	102,022	159,868
19,058	19,058	19,396	36,356
56,121	56,121	57,204	51,503
125,911	125,911	119,278	181,223
1,581,266	1,581,266	1,591,681	1,322,020
2,161	2,161	2,191	1,431
141,253	141,253	146,938	114,852
2,109,941	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	0	23,492	25,762
271,262	271,262	234,167	399,521
12,471	12,471	8,106	12,424
148,462	148,462	153,470.06	131,305
25,143	25,143	25,492.98	0
1,568,073	1,568,073	1,578,304	1,149,338
13,194	13,194	13,377	78,619
53,017	53,017	54,019	78,619
18,319	18,319	9,455	60,707
2,109,941	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
<b>Sealed Roads and Streets</b>	
Formation/Subgrade	not depreciated
Pavement	15 to 100 Years
Surface	4 to 125 Years
Surface Water Channel	5 to 100 Years
<b>Gravel Roads</b>	
Formation/Subgrade	not depreciated
Pavement	10 to 100 Years
<b>Formed Roads (unsealed)</b>	
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 30-Jun-18	New loans	Principal repayments		Principal outstanding		Interest & Guarantee Fee repayments	
			2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 Actual	2018/19 Budget	2017/18 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 Budget</b>	<b>2017/18 Actual</b>	<b>2017/18 Budget</b>
	\$	\$	\$
	0	0	0
	0	0	0
	10,000	3,894	10,000
	<u>10,000</u>	<u>3,894</u>	<u>10,000</u>
<b>Loan facilities</b>			
Loan facilities in use at balance date	<u>1,339,009</u>	<u>1,477,661</u>	<u>1,350,495</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**BORROWING COSTS**

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

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

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2018/19 Budget Opening Balance	2018/19 Budget Transfer to Inc Interest	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance	2017/18 Actual Opening Balance	2017/18 Actual Transfer to inc interest (from)	2017/18 Actual Transfer (from)	2017/18 Actual Closing Balance	2017/18 Budget Opening Balance	2017/18 Budget Transfer to (from)	2017/18 Budget Closing Balance
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 Budget</b>	<b>2017/18 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
	<u>1,685,956</u>	<u>1,835,405</u>

**9. GRANT REVENUE**

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>
	\$	\$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
<b>By Program:</b>		
<b>Operating grants, subsidies and contributions</b>		
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
	<u>3,770,450</u>	<u>3,529,337</u>
<b>Non-operating grants, subsidies and contributions</b>		
Community amenities	0	5,000
Transport	521,106	617,578
	<u>521,106</u>	<u>622,578</u>

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

**10. OTHER INFORMATION**

	<b>2018/19 Budget</b>	<b>2017/18 Actual</b>	<b>2017/18 Budget</b>
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
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>(b) Other revenue</b>			
Reimbursements and recoveries	40,822	71,081	117,169
	<u>40,822</u>	<u>71,081</u>	<u>117,169</u>
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
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>
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer note 6(a))	104,477	111,956	113,800
	<u>104,477</u>	<u>111,956</u>	<u>113,800</u>
<b>(e) Elected members remuneration</b>			
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>
<b>(f) Write offs</b>			
General rate	0	0	103
	<u>0</u>	<u>0</u>	<u>103</u>
<b>(g) Operating lease expenses</b>			
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.

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

**11. MAJOR LAND TRANSACTIONS**

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

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

**12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

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

**13. INTERESTS IN JOINT ARRANGEMENTS**

The Shire 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%.

	<b>2018</b>	<b>2017</b>
	\$	\$
<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
	<u>84,957</u>	<u>112,566</u>

**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:

<b>Detail</b>	<b>Balance 30-Jun-18</b>	<b>Estimated amounts received</b>	<b>Estimated amounts paid</b>	<b>Estimated balance 30-Jun-19</b>
	\$	\$	(\$)	\$
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
	<u>(32,832.80)</u>	<u>0</u>	<u>0</u>	<u>(32,833)</u>

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