

SHIRE OF BROOKTON
BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

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SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Revenue				
Rates	8	2,037,402	1,919,143	1,917,236
Operating grants, subsidies and contributions	15	3,571,354	4,306,754	3,812,834
Fees and charges	14	1,543,835	1,797,137	1,499,148
Service charges	11	0	0	0
Interest earnings	2(a)	195,746	176,018	199,619
Other revenue	2(a)	117,169	160,066	309,101
		<u>7,465,506</u>	<u>8,359,118</u>	<u>7,737,938</u>
Expenses				
Employee costs		(1,517,122)	(1,190,912)	(1,184,512)
Materials and contracts		(4,929,976)	(4,682,563)	(4,968,683)
Utility charges		(149,894)	(131,810)	(158,895)
Depreciation on non-current assets	2(a)	(1,936,295)	(2,262,893)	(4,023,244)
Interest expenses	2(a)	(113,800)	(120,798)	(122,249)
Insurance expenses		(180,181)	(198,062)	(213,229)
Other expenditure		(25,629)	(136,326)	(14,202)
		<u>(8,852,897)</u>	<u>(8,723,364)</u>	<u>(10,685,014)</u>
		(1,387,391)	(364,246)	(2,947,076)
Non-operating grants, subsidies and contributions	15	487,432	941,683	1,071,854
Profit on asset disposals	6	0	21,598	30,534
Loss on asset disposals	6	(12,817)	(54,073)	(21,285)
Loss on revaluation of non current assets		0	0	0
Net result		<u>(912,776)</u>	<u>544,962</u>	<u>(1,865,973)</u>
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>(912,776)</u>	<u>544,962</u>	<u>(1,865,973)</u>

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

SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 Budget	2016/17 Actual	2016/17 Budget
Revenue (refer notes 1,2,8,10 to 15)		\$	\$	\$
Governance		18,190	17,531	36,661
General purpose funding		2,652,676	3,497,006	3,035,572
Law, order, public safety		37,730	29,296	34,763
Health		2,200	1,074	2,509
Education and welfare		4,058,507	4,069,702	3,719,654
Housing		92,300	107,238	82,562
Community amenities		349,954	365,505	426,922
Recreation and culture		79,992	78,661	96,790
Transport		85,417	87,715	92,614
Economic services		54,440	68,218	57,550
Other property and services		34,100	58,769	165,475
		<u>7,465,506</u>	<u>8,380,715</u>	<u>7,751,072</u>
Expenses excluding finance costs (refer notes 1, 2 & 16)				
Governance		(766,366)	(631,163)	(676,884)
General purpose funding		(226,657)	(195,941)	(199,250)
Law, order, public safety		(117,754)	(161,571)	(218,386)
Health		(54,452)	(47,470)	(51,035)
Education and welfare		(3,726,380)	(4,004,449)	(3,850,981)
Housing		(166,788)	(114,488)	(116,769)
Community amenities		(434,249)	(371,564)	(613,362)
Recreation and culture		(835,240)	(736,559)	(755,744)
Transport		(2,119,467)	(2,167,930)	(3,870,659)
Economic services		(179,293)	(126,297)	(158,894)
Other property and services		(112,451)	(66,731)	(72,341)
		<u>(8,739,097)</u>	<u>(8,624,163)</u>	<u>(10,584,305)</u>
Finance costs (refer notes 2 & 7)				
Governance		(3,938)	(4,125)	(3,838)
General purpose funding		(31,132)	(33,552)	(30,823)
Law, order, public safety		0	0	0
Health		0	0	0
Education and welfare		(5,452)	(5,744)	(5,858)
Housing		(8,996)	(9,477)	(9,666)
Community amenities		(3,817)	(4,021)	(4,101)
Recreation and culture		(51,468)	(54,401)	(49,891)
Transport		0	0	0
Economic services		0	0	0
Other property and services		(8,996)	(9,477)	(9,666)
		<u>(113,799)</u>	<u>(120,797)</u>	<u>(113,843)</u>
		<u>(1,387,390)</u>	<u>(364,245)</u>	<u>(2,947,076)</u>
Non-operating grants, subsidies and contributions	15	487,432	941,683	1,071,854
Profit on disposal of assets	6	0	21,598	30,534
(Loss) on disposal of assets	6	(12,817)	(54,073)	(21,285)
Loss on revaluation of non current assets		0	0	0
		<u>474,615</u>	<u>909,208</u>	<u>1,081,103</u>
Net result		(912,775)	544,963	(1,865,973)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(912,775)	544,963	(1,865,973)

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

**SHIRE OF BROOKTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,037,402	1,889,578	1,917,236
Operating grants, subsidies and contributions		3,571,354	4,157,289	3,812,835
Fees and charges		1,543,835	1,797,137	1,499,148
Service charges		0	0	
Interest earnings		195,746	176,018	199,619
Goods and services tax		0	0	
Other revenue		117,169	160,066	309,101
		<u>7,465,506</u>	<u>8,180,088</u>	<u>7,737,939</u>
Payments				
Employee costs		(1,517,122)	(1,219,443)	(1,184,512)
Materials and contracts		(4,929,976)	(2,467,260)	(4,823,687)
Utility charges		(149,894)	(131,810)	(158,895)
Interest expenses		(113,800)	(122,549)	(122,249)
Insurance expenses		(180,181)	(198,062)	(213,229)
Goods and services tax		0	0	
Other expenditure		(25,629)	(136,326)	(14,202)
		<u>(6,916,602)</u>	<u>(4,275,450)</u>	<u>(6,516,774)</u>
Net cash provided by (used in) operating activities	3(b)	<u>548,904</u>	<u>3,904,638</u>	<u>1,221,165</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land held for resale	5	0	0	0
Payments for purchase of property, plant & equipment	5	(955,500)	(676,676)	(2,045,343)
Payments for construction of infrastructure	5	(1,043,414)	(1,337,202)	(1,344,280)
Non-operating grants, subsidies and contributions used for the development of assets		487,432	941,683	1,071,854
Proceeds from sale of plant & equipment	6	48,978	210,436	264,000
Net cash provided by (used in) investing activities		<u>(1,462,504)</u>	<u>(861,759)</u>	<u>(2,053,769)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7	(130,130)	(122,136)	(122,136)
Advances to community groups		0		0
Proceeds from self supporting loans		0	38,036	38,036
Proceeds from new borrowings	7	0	(0)	0
Net cash provided by (used in) financing activities		<u>(130,130)</u>	<u>(84,101)</u>	<u>(84,100)</u>
Net increase (decrease) in cash held		(1,043,730)	2,958,778	(916,704)
Cash at beginning of year		<u>5,175,593</u>	<u>3,994,827</u>	<u>3,994,828</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>4,131,863</u></u>	<u><u>6,953,605</u></u>	<u><u>3,078,124</u></u>

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

**SHIRE OF BROOKTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net current assets at start of financial year - surplus/(deficit)	4	1,242,807	572,848	549,058
		<u>1,242,807</u>	<u>572,848</u>	<u>549,058</u>
Revenue from operating activities (excluding rates)				
Governance		18,190	17,801	37,079
General purpose funding		615,274	1,577,863	1,118,336
Law, order, public safety		37,730	29,296	34,763
Health		2,200	1,074	2,509
Education and welfare		4,058,507	4,069,702	3,719,654
Housing		92,300	107,238	82,562
Community amenities		349,954	365,505	426,922
Recreation and culture		79,992	78,661	96,790
Transport		85,417	87,715	92,614
Economic services		54,440	88,143	82,475
Other property and services		34,100	60,172	170,666
		<u>5,428,104</u>	<u>6,483,170</u>	<u>5,864,370</u>
Expenditure from operating activities				
Governance		(771,621)	(645,620)	(681,747)
General purpose funding		(257,789)	(229,494)	(230,073)
Law, order, public safety		(117,754)	(161,571)	(218,386)
Health		(54,452)	(47,470)	(51,035)
Education and welfare		(3,731,832)	(4,010,193)	(3,856,839)
Housing		(175,784)	(123,966)	(126,435)
Community amenities		(438,065)	(382,006)	(624,381)
Recreation and culture		(886,708)	(790,960)	(805,635)
Transport		(2,119,467)	(2,167,930)	(3,870,659)
Economic services		(179,293)	(126,297)	(158,894)
Other property and services		(132,947)	(113,528)	(95,348)
		<u>(8,865,712)</u>	<u>(8,799,034)</u>	<u>(10,719,433)</u>
Operating activities excluded from budget				
(Profit) on asset disposals	6	0	(21,598)	(30,534)
Loss on disposal of assets	6	12,817	54,073	21,285
Depreciation on assets	2(a)	1,936,295	2,262,893	4,023,244
Movement in employee benefit provisions (non-current)				0
Amount attributable to operating activities		<u>(245,690)</u>	<u>552,353</u>	<u>(292,010)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	15	487,432	941,683	1,071,854
Purchase land held for resale	5	0	0	
Purchase property, plant and equipment	5	(955,500)	(676,676)	(2,045,343)
Purchase and construction of infrastructure	5	(1,043,414)	(1,337,202)	(1,344,280)
Proceeds from disposal of assets	6	48,978	210,436	264,000
Amount attributable to investing activities		<u>(1,462,504)</u>	<u>(861,759)</u>	<u>(2,053,769)</u>
FINANCING ACTIVITIES				
Repayment of borrowings	7	(130,130)	(122,136)	(122,136)
Proceeds from new borrowings	7	0	(0)	0
Proceeds from self supporting loans		0	38,036	38,036
Transfers to cash backed reserves (restricted assets)	9	(849,079)	(611,289)	(586,658)
Transfers from cash backed reserves (restricted assets)	9	650,000	328,460	1,099,300
Amount attributable to financing activities		<u>(329,209)</u>	<u>(366,929)</u>	<u>428,542</u>
Budgeted deficiency before general rates		<u>(2,037,403)</u>	<u>(676,336)</u>	<u>(1,917,236)</u>
Estimated amount to be raised from general rates	8	<u>2,037,402</u>	<u>1,919,143</u>	<u>1,917,236</u>
Net current assets at end of financial year - surplus/(deficit)		<u>0</u>	<u>1,242,807</u>	<u>(1)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

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.

The local government reporting eEntity

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 17 to the budget.

(b) 2016/17 actual balances

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding off figures

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

(d) Comparative figures

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

(e) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Forecast fair value adjustments

All fair value adjustments relating to remeasurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

(g) 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.

(h) 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.

(i) 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.

(j) 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 4 - Net Current Assets.

(k) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

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.

(m) Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations* were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the SHIRE OF BROOKTON commenced the process of adopting fair value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at fair value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the SHIRE OF BROOKTON revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the SHIRE OF BROOKTON includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the SHIRE

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fixed assets (continued)

Depreciation

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

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

Buildings	5 to 138 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	2 to 60 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	50 to 100 years
Sewerage piping	1 to 100 years
Water supply piping & drainage systems	75 years

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities

When performing a revaluation, the SHIRE OF BROOKTON uses a mix of both independent and management valuations using the following as a guide:

Fair value is the price that the SHIRE OF BROOKTON would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The SHIRE OF BROOKTON selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the SHIRE OF BROOKTON are consistent with one or more of the following valuation approaches:

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities (continued)

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the SHIRE OF BROOKTON gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the SHIRE OF BROOKTON becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the SHIRE OF BROOKTON commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) 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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the SHIRE OF BROOKTON management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the SHIRE OF BROOKTON no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(p) Impairment of assets

In accordance with Australian Accounting Standards the SHIRE OF BROOKTON assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revaluation decrease in accordance with that other standard.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of assets (continued)

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

(q) 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.

(r) 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.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The SHIRE OF BROOKTON's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the SHIRE OF BROOKTON does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) 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.

(u) 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.

(v) Investment in associates

An associate is an entity over which the SHIRE OF BROOKTON has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the SHIRE OF BROOKTON's share of net assets of the associate. In addition, the SHIRE OF BROOKTON's share of the profit or loss of the associate is included in the

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the SHIRE OF BROOKTON's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investment in associates (continued)

Profits and losses resulting from transactions between the SHIRE OF BROOKTON and the associate are eliminated to the extent of the SHIRE OF BROOKTON's interest in the associate.

When the SHIRE OF BROOKTON's share of losses in an associate equals or exceeds its interest in the associate, the SHIRE OF BROOKTON discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the SHIRE OF BROOKTON will resume recognising its share of these profits once its share of the profits equals the share of the losses not recognised.

(x) 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. Refer to note 1(o) for a description of the equity method of accounting.

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. Information about the joint ventures is set out in Note 20.

(y) 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

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

REVENUES AND EXPENSES	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Net result			
The net result includes:			
Charging as an expense:			
Auditors remuneration			
Audit services	25,000	20,275	19,250
Other services	3,500	2,850	9,600
Depreciation by program			
Governance	56,531.03	60,203	61,599
General purpose funding	0.00	0	0
Law, order, public safety	12,512.00	25,493	65,408
Health	0.00	0	0
Education and welfare	159,867.66	186,547	188,016
Housing	36,356.00	17,495	23,593
Community amenities	51,503.00	62,315	102,975
Recreation and culture	181,222.96	190,999	176,463
Transport	1,322,020.00	1,587,855	3,152,714
Economic services	1,431.00	1,637	1,252
Other property and services	114,851.53	130,348	251,225
	<u>1,936,295</u>	<u>2,262,893</u>	<u>4,023,244</u>
Depreciation by asset class			
Land and buildings	425,283	450,663	661,486
Furniture and equipment	12,424	8,925	123,073
Plant and equipment	118,793	159,716	965,557
Bushfire Equipment	12512		
Roads	1,149,338	1,381,601	2,142,368
Footpaths	78,619	94,506	47,182
Drainage	78,619	94,506	47,182
Parks and ovals	60,707	72,975	36,395
Other			
	<u>1,936,295</u>	<u>2,262,893</u>	<u>4,023,244</u>
Interest expenses (finance costs)			
- Borrowings (refer note 7(a))	113,800	120,798	122,249
Other			
	<u>113,800</u>	<u>120,798</u>	<u>122,249</u>
Crediting as revenues:			
Interest earnings			
Investments			
- Reserve funds	80,000	86,059	96,658
- Other funds	67,000	46,500	30,049
Self Supporting Loan	31,000	30,823	36,571
Other interest revenue (refer note 12)	17,746	12,636	15,500
	<u>195,746</u>	<u>176,018</u>	<u>178,778</u>
Other revenue			
Reimbursements and recoveries			
Other	117,169	160,066	309,101
	<u>117,169</u>	<u>160,066</u>	<u>309,101</u>

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

REVENUES AND EXPENSES (Continued)

(b) Statement of objective

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.

COMMUNITY VISION

Brookton – A thriving, accessible and diversified economy with a friendly and welcoming community

GOVERNANCE

Objective:

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

Activities:

Administration and operations of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for good community health..

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

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

Activities:

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

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

REVENUES AND EXPENSES (Continued)

(b) Statement of objective (Continued)

COMMUNITY AMENITIES

Objective:

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.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Construction and maintenance of 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.

Activities:

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.

ECONOMIC SERVICES

Objective:

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

Activities:

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

OTHER PROPERTY & SERVICES

Objective:

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

Activities:

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

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

NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Cash - unrestricted	1,670,828	1,670,828	368,827
Cash - restricted	3,504,765	3,504,765	2,709,295
	<u>5,175,593</u>	<u>5,175,593</u>	<u>3,078,122</u>

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

Housing Reserve	554,764	764,764	737
Plant and Vehicle Reserve	650,015	540,015	609,349
Furniture and Equipment Reserve	76,855	64,855	64,702
Municipal Buildings Reserve	237,667	201,167	219,095
Land Redevelopment Reserve	133,369	129,369	129,830
Townscape and Footpath Reserve	50,563	49,063	46,343
Road and Bridges Infrastructure Reserve	311,447	292,547	292,629
Community Bus Reserve	70,596	63,696	63,875
Sewerage and Drainage Infrastructure Reserve	244,032	194,032	194,098
Health & Aged Care Reserve	662,172	777,172	686,331
Sport and Recreation Reserve	11,391	10,391	10,428
Rehabilitation Refuse & Gravel Reserve	52,448	46,448	46,566
Saddleback Building Reserve	51,613	50,113	50,292
Caravan Park Reserve	125,582	122,382	116,474
Brookton Museum/Heritage Reserve	40,973	37,773	37,884
Kweda Hall Reserve	28,857	25,657	25,725
Aldersyde Hall Reserve - (Not Shire Vested Property)	25,657	25,657	25,725
Railway Station Reserve	28,857	25,657	7,725
Madison Square Units Reserve	22,121	21,471	21,548
Cemetery Reserve	36,302	40,302	31,184
Water Harvesting Reserve	36,302	40,302	31,184
	<u>3,451,586</u>	<u>3,522,836</u>	<u>2,711,727</u>

Reconciliation of net cash provided by operating activities to net result

Net result	(912,775)	544,963	(1,865,973)
Depreciation	1,936,295	2,262,893	4,023,244
(Profit)/loss on sale of asset	12,817	32,475	(9,249)
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	0	(1,998,657)	
(Increase)/decrease in inventories	0	(16,423)	
Increase/(decrease) in payables	0	2,223,856	144,996
Increase/(decrease) in employee provisions	0	(22,412)	
Grants/contributions for the development of assets	(487,432)	(941,683)	(1,071,854)
Net cash from operating activities	<u>548,905</u>	<u>2,085,012</u>	<u>1,221,164</u>

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

NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2017/18 Budget \$	2016/17 Actual \$	2016/17 Budget \$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit	10,000		10,000
Credit card balance at balance date			
Total amount of credit unused	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Loan facilities			
Loan facilities in use at balance date	<u>1,350,495</u>	<u>1,458,595</u>	<u>0</u>
	Note	2017/18 Budget \$	2016/17 Actual \$
NET CURRENT ASSETS			
Composition of estimated net current assets			
Current assets			
Cash - unrestricted	3(a)	1,670,828	599,037
Cash - restricted reserves	3(a)	3,504,765	3,395,790
Receivables		3,746,065	1,744,839
Inventories		<u>275,422</u>	<u>258,999</u>
		9,197,080	5,998,665
Less: current liabilities			
Trade and other payables		(3,965,261)	(1,741,405)
Short term borrowings		0	0
Long term borrowings		(89,525)	(122,136)
Provisions		<u>(183,641)</u>	<u>(181,813)</u>
		(4,238,427)	(2,045,354)
Unadjusted net current assets		4,958,653	3,953,311
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 <i>Local Government (Financial Management) Regulation 32</i> as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.			
Adjustments			
Less: Cash - restricted reserves	3(a)	(3,504,765)	(3,221,937)
Less: Land held for resale		(260,001)	(242,626)
Less: Current loans - clubs / institutions		(40,605)	(38,036)
Add: Current portion of borrowings		89,525	122,136
Add: Current liabilities not expected to be cleared at end of year		0	0
Adjusted net current assets - surplus/(deficit)		<u>1,242,807</u>	<u>572,848</u>

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

5. ACQUISITION OF ASSETS

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

Asset class	Reporting program										2017/18 Budget total \$	2016/17 Actual total \$	
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$			Other property and services \$
<i>Property, Plant and Equipment</i>													
Land and buildings					259,000	450,000	50,000					759,000	250,281
Furniture and equipment					99,500							99,500	13,575
Plant and equipment	39,000									58,000		97,000	412,820
	39,000	0	0	0	358,500	450,000	50,000	0	0	58,000	0	955,500	676,676
<i>Infrastructure</i>													
Roads								1,028,414				1,028,414	1,112,374
Footpaths													98,435
Drainage								15,000				15,000	121,144
Parks and ovals													5,250
	0	0	0	0	0	0	0	1,043,414	0	0	0	1,043,414	1,337,202
<i>Land Held for Resale</i>													
Land held for resale													
Total acquisitions	39,000	0	0	0	358,500	450,000	50,000	0	1,043,414	58,000	0	1,998,914	2,013,878

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

- plant replacement programme
- other property, plant and equipment
- road replacement programme
- other parks and ovals
- Capital Funding 17/18

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

6. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
			Profit	Loss	Profit	Loss	Profit	Loss
Governance	\$ 23,317	\$ 22,000	\$ 0	\$ (1,317)	\$ 270	\$ (10,332)	\$ 418	\$ (1,025)
Community amenities	0	0	0	0	0	(6,421)	0	(6,918)
Economic services	0	0	0	0	19,925	0	24,925	0
Other property and services	38,478	26,978	0	(11,500)	1,403	(37,320)	5,191	(13,342)
	38,478	48,978	0	(12,817)	21,598	(54,073)	30,534	(21,285)

<u>By Class</u>	Net book value	Sale proceeds	2017/18 Budget		2016/17 Actual		2016/17 Budget	
			Profit	Loss	Profit	Loss	Profit	Loss
Land and buildings								
Plant and equipment	38,478	48,978	0	(12,817)			24,925	(15,677)
	38,478	48,978	0	(12,817)	0	0	24,925	(15,677)

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

- Staff housing programme
- plant replacement programme

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

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Principal 1-Jul-17	New loans		Principal repayments		Principal outstanding		Interest repayments	
		2017/18 Budget	2016/17 Actual	2017/18 Budget	2016/17 Actual	2017/18 Budget	2016/17 Actual	2017/18 Budget	2016/17 Actual
		\$	\$	\$	\$	\$	\$	\$	\$
Governance									
Loan 75 Office Renovations	56,258	4,453	4,178	51,806	56,258	3,938	4,125		
Education and welfare									
Loan 80 Kalkarni Residence	88,287	7,776	7,356	80,511	88,287	5,452	5,744		
Housing									
Loan 80 Staff Housing	145,673	12,830	12,137	132,843	145,673	8,996	9,477		
Community amenities									
Loan 80 Sewerage	61,801	5,443	5,149	56,358	61,801	3,817	4,021		
Recreation and culture									
Loan 81 Sport and Recreation	685,315	46,193	43,143	639,122	685,315	51,468	54,401		
Other property and services									
Loan 80 Grader	145,673	12,830	12,137	132,843	145,673	8,996	9,477		
	1,183,006	89,525	84,100	1,093,481	1,183,006	82,668	87,246		
Self Supporting Loans									
Housing									
Loan 78 Senior Citizen's Home	117,669	13,659	12,783	104,011	117,669	8,504	9,163		
Loan 79 Multifunctional Family Cen	31,525	8,371	7,904	23,154	31,525	1,929	2,080		
Loan 82 Country Club	275,589	18,576	17,349	257,013	275,589	20,699	22,309		
	275,589	40,605	38,036	257,013	275,589	31,132	33,552		
	1,458,595	130,130	122,136	1,350,495	1,458,595	113,800	120,798		

All borrowing repayments will be financed by general purpose revenue.

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

7. INFORMATION ON BORROWINGS (Continued)

(b) New borrowings - 2017/18

The Shire of Brookton will have no new borrowings for the 2017/2018 financial year

(c) Unspent borrowings

The Shire of Brookton had no unspent borrowing funds as at 30th June 2017 nor is it expected to have unspent borrowing funds as at 30th June 2018.

(d) Overdraft

The Shire of Brookton has not utilised an overdraft facility during the financial year although an overdraft facility of \$100,000 with the Bendigo Bank does exist. It is not anticipated that this facility will be required to be utilised during 2017/18.

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

8. RATING INFORMATION (entered as 7% Rates Modelling)

RATE TYPE	Rate in \$	Number of properties	Rateable value \$	2017/18 Budgeted rate revenue \$	2017/18 Budgeted interim rates \$	2017/18 Budgeted back rates \$	2017/18 Budgeted total revenue \$	2016/17 Actual \$
Differential general rate or general rate								
Unimproved Value (UV)	0.010695	247	148,677,497	1,455,646.61			1,455,647	1,369,935
GRV - Commercial	0.112072	22	521,913	53,430.76			53,431	73,190
GRV - Residential	0.112072	241	2,588,981	260,626.20			260,626	250,938
GRV - Industrial	0.112072	5	71,916	7,251.44			7,251	6,906
GRV - Rural	0.112072	3	402,440	44,259.15			44,259	34,826
Sub-Totals		518	152,262,747	1,821,214	0	0	1,821,214	1,735,796
Minimum payment								
Unimproved Value (UV)	1377	113		152,663			152,663	123,552
GRV - Commercial	804	9		7,101			7,101	6,759
GRV - Residential	804	72		56,808			56,808	54,072
GRV - Industrial	804	1		789			789	751
GRV - Rural		0						
Sub-Totals		195	0	217,361	0	0	217,361	185,134
Discounts/concessions (Refer note 13)								
Total amount raised from general rates		713	152,262,747	2,038,575	0	0	2,038,575	1,920,930
Specified area rates (Refer note 10)							(1,173)	(1,788)
Total rates							2,037,402	1,919,143
							0	0
							2,037,402	1,919,143

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

8(a). RATING INFORMATION

All land except 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 above for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

Objectives and reasons for differential rating

To provide equity in the rating of properties across the SHIRE the following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects	Reasons
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8(a). RATING INFORMATION

Differential minimum payment

Description	Characteristics	Objects	Reasons
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SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

9. CASH BACKED RESERVES

	2017/18	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17
	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Budget
	Opening	Transfer	Closing	Opening	Transfer	Transfer	Transfer	Opening	Transfer	Transfer	Transfer	Opening	Closing
	balance	to	balance	balance	to	(from)	(from)	balance	to	(from)	(from)	balance	balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing Reserve	764,764	240,000	554,764	754,114	34,810	(24,160.00)	764,764	754,114	37,623	(791,000)	737	754,114	737
Plant and Vehicle Reserve	540,015	110,000	650,015	494,514	45,501	0.00	540,015	494,514	114,835	0	609,349	494,514	609,349
Furniture and Equipment Reserve	64,855	12,000	76,855	23,983	40,873	0.00	64,855	23,982	40,719	0	64,702	23,982	64,702
Municipal Buildings Reserve	201,167	36,500	237,667	115,627	103,540	(18,000.00)	201,167	115,626	103,469	0	219,095	115,626	219,095
Land Redevelopment Reserve	129,369	4,000	133,369	126,049	3,320	0.00	129,369	126,049	3,781	0	129,830	126,049	129,830
Townscape and Footpath Reserve	49,063	1,500	50,563	142,081	101,599	(194,617.00)	49,063	142,081	4,262	(100,000)	46,343	142,081	46,343
Road and Bridges Infrastructure Reserve	292,547	18,900	311,447	187,018	105,529	0.00	292,547	187,018	105,611	0	292,629	187,018	292,629
Community Bus Reserve	63,696	6,900	70,596	57,160	6,536	0.00	63,696	57,160	6,715	0	63,875	57,160	63,875
Sewerage and Drainage Infrastructure Reserve	194,032	65,000	244,032	125,338	68,693	0.00	194,032	125,338	68,760	0	194,098	125,338	194,098
Health & Aged Care Reserve	777,172	65,000	662,172	777,991	70,367	(71,185.00)	777,172	777,991	73,340	(165,000)	686,331	777,991	686,331
Sport and Recreation Reserve	10,391	1,000	11,391	10,125	267	0.00	10,391	10,125	304	0	10,428	10,125	10,428
Rehabilitation Refuse & Gravel Reserve	46,448	6,000	52,448	40,355	6,093	0.00	46,448	40,355	6,211	0	46,566	40,355	46,566
Saddleback Building Reserve	50,113	1,500	51,613	48,827	1,286	0	50,113	48,828	1,465	-	50,292	48,828	50,292
Caravan Park Reserve	122,382	3,200	125,582	127,936	3,317	(8,871)	122,382	127,936	3,838	(15,300)	116,474	127,936	116,474
Brookton Museum/Heritage Reserve	37,773	3,200	40,973	34,353	3,420	0	37,773	34,353	3,531	0	37,884	34,353	37,884
Kweda Hall Reserve	25,657	3,200	28,857	22,548	3,109	0	25,657	22,548	3,176	0	25,725	22,548	25,725
Aldersyde Hall Reserve - (Not Shire Vested Property)	25,657	3,200	28,857	22,548	3,109	0	25,657	22,548	3,176	0	25,725	22,548	25,725
Railway Station Reserve	25,657	3,200	28,857	22,548	3,109	0	25,657	22,548	3,176	(18,000)	7,725	22,548	7,725
Madison Square Units Reserve	17,689	600	18,289	17,235	454	0	17,689	17,235	517	0	17,752	17,235	17,752
Cemetery Reserve	21,471	650	22,121	20,920	551	0	21,471	20,920	628	0	21,548	20,920	21,548
Water Harvesting Reserve	40,302	1,000	36,302	50,665	1,265	(11,627)	40,302	50,665	1,520	(21,000)	31,184	50,665	31,184
Brookton Aquatic Centre	0	65,729	65,729	0	0	0	0	0	0	0	0	0	0
Cash Contingency Reserve	0	200,000	200,000	0	0	0	0	0	0	0	0	0	0
Developer Contribution	4,542	0	4,542	0	4,542	0	4,542	0	0	0	0	0	0
	3,504,765	849,079	3,703,844	3,221,937	611,289	(328,460)	3,504,765	3,221,937	586,658	(1,110,300)	2,698,295	3,221,937	2,698,295

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

9. CASH BACKED RESERVES (Continued)

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

Reserve name	Anticipated date of use	Purpose of the reserve
Housing Reserve		This reserve is for the construction, acquisition, renewal or upgrading of housing to meet present and future housing requirements.
Plant and Vehicle Reserve		This reserve is for the purchase of major items in the Shire's plant and vehicle replacement program.
Furniture and Equipment Reserve		This reserve is for the replacement of major items of furniture and equipment.
Municipal Buildings Reserve		This reserve is for the upgrading of Shire owned Public and Community buildings and facilities.
Land Redevelopment Reserve		This reserve is to be used for the cost of land development.
Townscape and Footpath Reserve		This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works
Road and Bridges Infrastructure Reserve		This reserve is for the construction and upgrade of roads and bridges within the Shire.
Community Bus Reserve		This reserve is for the ongoing replacement and renewal of the Brookton Community Buses.
Sewerage and Drainage Infrastructure Reserve		This reserve is to fund the expansion, ongoing renewal, maintenance and asset management needs of the Brookton Sewerage Scheme.
Health & Aged Care Reserve		This reserve is for the development and/or refurbishment of the Kalkarni Residency building.
Sport and Recreation Reserve		This reserve is to fund new, renewal, upgrades, or major maintenance of sporting and recreation infrastructure.
Rehabilitation Refuse & Gravel Reserve		This reserve is to fund the rehabilitation or major upgrades of the Brookton Refuse Site and or to rehabilitate former Gravel Pits.
Saddleback Building Reserve		This reserve is to be used for the Saddleback building to fund future upgrades and major maintenance of the building.
Caravan Park Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Brookton Caravan Park.
Brookton Museum/Heritage Reserve		This reserve is to be used to fund any upgrades or major maintenance of the Brookton Historical Museum.
Kweda Hall Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.

Aldersyde Hall Reserve - (Not Shire Vested Property)

Railway Station Reserve

This Reserve is will be transferred to a the Aldersyde Committee upon incorporation and the Committee sourcing other funding opportunities through grants.

Madison Square Units Reserve

This reserve is to be used to fund any upgrades or major maintenance on the Brookton Railway Station and/or Platform.

Cemetery Reserve

This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units.

Water Harvesting Reserve

This reserve is to be used to fund any upgrades or major maintenance on the Brookton Cemetery.

Brookton Aquatic Centre

This reserve is to fund renewal, upgrades or major maintenance of the water harvesting scheme infrastructure.

Cash Contingency Reserve

This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Aquatic Centre.

This reserve is to cover unexpected shortfalls in operational funding should the need arise.

Developer Contribution

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.

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

10. SPECIFIED AREA RATE

Council will not be levying a specified area rate in the 2017/18 Financial Year

11. SERVICE CHARGES

Council will not be levying prescribed service charges in the 2017/18 financial year.

12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%

Option one

Full amount of rates and charges including arrears to be paid on or before 19th September 2016 or 35 days after the date of service appearing on the rate notice, whichever is the later.

Option two (2 Instalments)

First instalment is to be received on or before 19th September 2016 or 35 days after the date of service appearing on the rate notice, whichever is later and including all arrears and half of the current rates and service charges. The second instalment will be due 30th January 2017.

Option three (4 Instalments)

First instalment to be received on or before the 19th September 2016 or 35 days after the date of service appearing on the rate notice, whichever is the later and including all arrears and quarter of the current rates and service charges. Second, third and fourth instalments to be made at two monthly intervals thereafter.

	2017/18	2016/17
	Budget	Actual
	revenue	Actual
	\$	\$
Instalment plan admin charge revenue	4,500	4,090
Instalment plan interest earned	11,449	7,726
Unpaid rates interest earned	6,297	4,910
	<u>22,246</u>	<u>16,726</u>

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

13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS

Rates discounts					
Rate or fee to which discount is granted	Disc % or Amount (\$)	2017/18 Budget \$	2016/17 Actual \$	Circumstances in which discount is granted	
Contiguous Rating Discount	1,070	1,070	1,204	1,204 Properties Contiguously Rated	
		<u>1,070</u>	<u>1,204</u>		
Waivers or concessions					
Rate or fee and charge to which the waiver or concession is granted	Type	2017/18 Budget \$	2016/17 Actual \$	Circumstances in which the waiver or concession is granted	Objects of the waiver or concession
It is a Shire of Brookton policy to write off rates penalty interest amounts between \$0 and \$5 that remain outstanding after all other rates and service charges have been paid in full.		103	583.99		
		<u>103</u>	<u>584</u>		

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

	2017/18	2016/17
	Budget	Actual
14. FEES & CHARGES REVENUE	\$	\$
04 Governance	130	127
03 General purpose funding	7,082	6,454
05 Law, order, public safety	4,150	3,893
07 Health	1,400	464
08 Education and welfare	991,158	1,234,033
09 Housing	90,300	104,295
10 Community amenities	349,954	340,325
11 Recreation and culture	35,081	43,742
12 Transport	-	-
13 Economic services	48,080	42,903
14 Other property and services	16,500	20,900
	<u>1,543,835</u>	<u>1,797,137</u>
15. GRANT REVENUE		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
By Program:		
Operating grants, subsidies and contributions		
Governance		
General purpose funding	449,368	1,425,928
Law, order, public safety	33,580	25,403
Health		
Education and welfare	3,009,349	2,777,809
Housing		
Community amenities		
Recreation and culture		
Transport	79,057	77,614
Economic services		
Other property and services		
	<u>3,571,354</u>	<u>4,306,754</u>
Non-operating grants, subsidies and contributions		
Governance	0	0
General purpose funding	0	0
Law, order, public safety	0	0
Health	0	0
Education and welfare	0	0
Housing	0	0
Community amenities	0	95,000
Recreation and culture	0	5,000
Transport	487,432	841,683
Economic services	0	0
Other property and services	0	0
	<u>487,432</u>	<u>941,683</u>

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

	2017/18 Budget \$	2016/17 Actual \$
16. ELECTED MEMBERS REMUNERATION		
The following fees, expenses and allowances were paid to council members and/or the President.		
Meeting fees	34,400	20,314
Mayor/President's allowance	1,500	1,151
Deputy Mayor/President's allowance	375	255
Travelling expenses	4,120	769
Telecommunications allowance		
	40,395	22,490

17. TRUST FUNDS

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

Detail	Balance 1-Jul-17 \$	Estimated amounts received \$	Estimated amounts paid (\$)	Estimated balance 30-Jun-18 \$
Housing Bond	180			180
Other Bonds	10,120			10,120
Election Nomination Bonds				0
Rates Incentive Prize	200			200
Les McMullen Sporting Grants	6,760			6,760
Gnulla Child Care Facility	3,073			3,073
Wildflower Show Funds	1,240			1,240
Public Open Space Contributions	13,820			13,820
Developer Road Contributions	4,915			4,915
	40,308	0	0	40,308

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

18. MAJOR LAND TRANSACTIONS

Council currently holds 7 lots of land that are available for sale.

It is not anticipated any Major Land Transaction will occur in the 2017/18 year

19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2017/18.

20. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire of Brookton will be party to any joint venture arrangements during 2017/18.