

Shire of Donnybrook/Balingup

**2018/2019
BUDGET**

Adopted 30 August 2018

**SHIRE OF DONNYBROOK/BALINGUP
BUDGET FOR THE YEAR ENDING 30 JUNE 2019**

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SHIRE OF DONNYBROOK / BALINGUP

COUNCILLORS:

President

Cr B (Brian) Piesse

Deputy President

Cr L (Leanne) Wringe

Councillors

Cr S (Shane) Atherton

Cr M (Mike) King

Cr A (Anita) Lindemann

Cr M (Mike) King

Cr F (Fred) Mills

Cr A (Anne) Mitchell

Cr R (Ryan) Van Der Heide

SENIOR STAFF:

Chief Executive Officer

Benjamin (Ben) Rose

Manager, Finance and Administration

Greg Harris

Manager, Works and Services

Damien Morgan

Manager, Development & Environmental Services

Leigh Guthridge

Principal Planner

Robert (Bob) Wallin

**SHIRE OF DONNYBROOK / BALINGUP
BUDGET FOR THE YEAR ENDING 30 JUNE 2019**

BUDGET CERTIFICATION

SECTION 6.2 OF THE LOCAL GOVERNMENT ACT 1995

I hereby certify that the budgets for -

- (a) Municipal Fund
- (b) Reserve Accounts
 - Waste Management Reserve
 - Bushfire Control and Management Reserve
 - Aged Housing Reserve
 - Employee Leave and Gratuity Reserve
 - Arbuthnott Scholarship Reserve
 - Town Planning Reserve
 - Land Development Reserve
 - Plant Replacement Reserve
 - Roadworks Reserve
 - Valuation Reserve
 - Central Business District Development Reserve
 - Buildings Reserve
 - Building Maintenance Reserve
 - Apple Funpark Reserve
 - Electronic Equipment Replacement Reserve

for the Shire of Donnybrook / Balingup for the 2018/2019 year were adopted by Council at a meeting held on Thursday 30st August 2018.

**Brian Piesse
Shire President**

**Benjamin Rose
Chief Executive Officer**

SHIRE OF DONNYBROOK/BALINGUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
Revenues				
Rates	8	4,898,169	4,562,806	4,555,822
Operating Grants, Subsidies and Contributions		3,776,221	4,619,792	3,463,343
Service Charges	10	0	0	0
Fees and Charges	11	2,966,558	2,763,549	3,288,132
Interest Earnings	2(a)	268,872	304,497	189,541
Other Revenue		369,227	448,851	354,235
		<u>12,279,047</u>	<u>12,699,494</u>	<u>11,851,073</u>
Expenses				
Employee Costs		(7,080,035)	(6,047,510)	(5,965,309)
Materials and Contracts		(4,375,923)	(3,644,200)	(4,209,104)
Utility Charges		(363,858)	(409,070)	(383,907)
Depreciation on Non-current Assets	2(a)	(5,788,427)	(5,666,965)	(5,603,659)
Interest Expenses	2(a)	(11,443)	(13,504)	(15,176)
Insurance Expenses		(312,590)	(316,992)	(307,596)
Other Expenditure		(960,400)	(734,621)	(1,012,376)
		<u>(18,892,676)</u>	<u>(16,832,862)</u>	<u>(17,497,128)</u>
		<u>(6,613,629)</u>	<u>(4,133,369)</u>	<u>(5,646,055)</u>
Non Operating Grants, Subsidies and Contributions		6,231,625	2,549,313	5,988,330
Profit on Asset Disposals	4	281,362	121,274	420,480
Loss on Asset Disposals	4	(112,324)	(192,503)	(42,000)
NET RESULT		(212,966)	(1,655,285)	720,755
Other Comprehensive Income				
Changes on Revaluation of non-current assets		0	0	0
Total Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		<u>(212,966)</u>	<u>(1,655,285)</u>	<u>720,755</u>

Notes:

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 time of budget adoption.

Fair value adjustments relating to the remeasurement 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 in revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF DONNYBROOK/BALINGUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
Revenue (Refer Notes 1,2,8 to 13)				
General Purpose Funding		6,194,348	6,678,505	5,659,218
Governance		15,466	47,504	22,927
Law, Order, Public Safety		458,488	404,811	191,888
Health		149,066	141,716	168,673
Education and Welfare		3,450,648	3,506,457	3,872,323
Community Amenities		1,221,297	1,141,847	1,115,780
Recreation and Culture		323,426	250,072	314,321
Transport		188,581	222,450	241,533
Economic Services		166,227	174,103	163,910
Other Property and Services		111,500	136,987	102,500
		<u>12,279,047</u>	<u>12,704,451</u>	<u>11,853,073</u>
Expenses Excluding Finance Costs (Refer Notes 1,2 & 14)				
General Purpose Funding		(245,653)	(186,102)	(165,899)
Governance		(1,128,885)	(858,448)	(1,157,534)
Law, Order, Public Safety		(1,370,553)	(1,413,529)	(1,031,036)
Health		(233,673)	(226,133)	(241,409)
Education and Welfare		(4,426,299)	(4,008,817)	(4,002,758)
Community Amenities		(1,793,469)	(1,529,419)	(1,639,651)
Recreation & Culture		(3,446,903)	(2,989,140)	(3,176,867)
Transport		(5,151,655)	(5,074,179)	(5,071,231)
Economic Services		(952,354)	(401,653)	(895,067)
Other Property and Services		(131,789)	(136,987)	(102,500)
		<u>(18,881,233)</u>	<u>(16,824,407)</u>	<u>(17,483,952)</u>
Finance Costs (Refer Notes 2 & 5)				
General Purpose Funding		0	0	0
Health		(4,938)	(5,465)	(5,520)
Education and Welfare		0	0	0
Recreation and Culture		(2,180)	(2,369)	(2,412)
Economic Services		(4,325)	(5,670)	(7,244)
		<u>(11,443)</u>	<u>(13,504)</u>	<u>(15,176)</u>
Non Operating Grants, Subsidies and Contributions				
General Purpose Funding		0	0	0
Law, Order, Public Safety		436,175	782,701	1,606,592
Health		0	0	0
Education and Welfare		1,555,000	0	895,000
Community Amenities		0	0	0
Recreation & Culture		206,000	200,091	257,010
Transport		4,034,450	1,566,611	3,229,728
		<u>6,231,625</u>	<u>2,549,404</u>	<u>5,988,330</u>

SHIRE OF DONNYBROOK/BALINGUP
STATEMENT OF COMPREHENSIVE INCOME (continued)
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
Profit/(Loss) on Disposal of Assets (Refer Note 4)				
Governance		(7,524)	0	0
Law, Order, Public Safety		(8,690)	(143,655)	0
Health		(8,472)	(2,886)	0
Education & Welfare		0	8,000	8,000
Community Amenities		(11,650)	0	0
Recreation and Culture		0	(18,155)	0
Transport		(62,300)	(16,390)	(33,000)
Economic Services		267,674	101,857	403,480
		<u>169,038</u>	<u>(71,229)</u>	<u>378,480</u>
NET RESULT		(212,966)	(1,655,285)	720,755
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><u>(212,966)</u></u>	<u><u>(1,655,285)</u></u>	<u><u>720,755</u></u>

Notes:

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 time of budget adoption.

Fair value adjustments relating to the remeasurement 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 in revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

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

SHIRE OF DONNYBROOK/BALINGUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		4,950,814	4,510,011	4,555,822
Grants and Subsidies - operating		3,692,189	4,496,171	3,410,363
Contributions, Reimbursements & Donations		85,779	111,874	52,980
Fees and Charges		2,960,777	2,759,562	3,298,364
Interest Earnings		268,872	309,800	194,844
Goods and Services Tax		1,302,178	1,323,083	1,300,000
Other		472,306	368,748	357,212
		<u>13,732,915</u>	<u>13,879,249</u>	<u>13,169,585</u>
Payments				
Employee Costs		(7,089,804)	(5,890,884)	(5,967,607)
Materials and Contracts		(4,588,773)	(3,305,001)	(4,397,755)
Utilities (gas, electricity, water, etc)		(363,858)	(434,189)	(388,026)
Insurance Expenses		(312,590)	(316,992)	(307,596)
Interest Expenses		(11,316)	(15,176)	(15,176)
Goods and Services Tax		(1,300,000)	(1,282,350)	(1,300,000)
Other		(959,718)	(755,600)	(1,027,861)
		<u>(14,626,060)</u>	<u>(12,000,192)</u>	<u>(13,404,022)</u>
Net Cash Provided By Operating Activities	15(b)	<u>(893,145)</u>	<u>1,879,057</u>	<u>(234,436)</u>
Cash Flows from Investing Activities				
Payments for Purchase of Land and Buildings	3	(4,406,500)	(808,315)	(2,318,012)
Payments for Purchase of Property, Plant & Equipment	3	(684,752)	(1,436,801)	(2,269,838)
Payments for Construction of Infrastructure	3	(5,294,041)	(2,118,888)	(4,232,614)
Payments for repayment of fixed loans for Preston Retirement Village		(930,000)	(310,000)	(620,000)
Advances to Community Groups		0	0	0
Grants/Contributions for the Development of Assets		6,231,625	2,618,925	6,057,942
Proceeds from Sale of Land and Buildings	4	420,000	109,091	612,390
Proceeds from Sale of Long-term lease of Buildings (Preston Village)		930,000	310,000	620,000
Proceeds from Sale of Plant & Equipment	4	177,190	389,773	122,000
Proceeds from Advances				
Net Cash Used in Investing Activities		<u>(3,556,478)</u>	<u>(1,246,215)</u>	<u>(2,028,132)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	5	(30,795)	(71,645)	(71,645)
Advances to Community Groups		0	0	0
Proceeds from Self Supporting Loans		8,660	8,427	8,427
Proceeds from New Debentures	5	1,400,000	0	900,000
Net Cash Provided By (Used In) Financing Activities		<u>1,377,865</u>	<u>(63,218)</u>	<u>836,782</u>
Net Increase (Decrease) in Cash Held		(3,071,758)	569,624	(1,425,788)
Cash at Beginning of Year		<u>8,481,907</u>	<u>7,912,282</u>	<u>7,912,282</u>
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>5,410,148.92</u></u>	<u><u>8,481,906.85</u></u>	<u><u>6,486,496</u></u>

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

SHIRE OF DONNYBROOK/BALINGUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
Net current assets at start of financial year				
Surplus/(deficit)	4	1,522,166	2,060,451	2,130,534
Revenue from operating activities (excluding rates and non-operating grants subsidies and contributions)	1,2			
General Purpose Funding (Excl. Rates)		1,296,179	2,115,700	1,103,396
Governance		20,904	47,504	22,927
Law, Order, Public Safety		458,488	404,811	191,888
Health		149,066	141,716	168,673
Education and Welfare		3,450,648	3,514,457	3,880,323
Community Amenities		1,221,297	1,141,847	1,115,780
Recreation and Culture		323,426	250,072	314,321
Transport		196,831	233,867	250,533
Economic Services		433,901	275,960	567,390
Other Property and Services		111,500	136,987	102,500
		<u>7,662,240</u>	<u>8,262,919</u>	<u>7,717,731</u>
Expenditure from operating activities	1,2			
General Purpose Funding		(245,653)	(186,102)	(165,899)
Governance		(1,141,847)	(858,448)	(1,157,534)
Law, Order, Public Safety		(1,379,243)	(1,557,184)	(1,031,036)
Health		(247,083)	(234,484)	(246,929)
Education and Welfare		(4,426,299)	(4,008,817)	(4,002,758)
Community Amenities		(1,805,119)	(1,529,419)	(1,639,651)
Recreation & Culture		(3,449,083)	(3,009,664)	(3,179,279)
Transport		(5,222,205)	(5,101,986)	(5,113,231)
Economic Services		(956,679)	(407,323)	(902,311)
Other Property and Services		(131,789)	(136,987)	(102,500)
		<u>(19,005,000)</u>	<u>(17,030,414)</u>	<u>(17,541,128)</u>
Operating activities excluded from budget				
(Profit)/Loss on Asset Disposals	4	(169,038)	71,229	(378,480)
Depreciation on Assets	2(a)	5,788,427	5,666,965	5,603,659
Adjust Non Current Liabilities & Employee Prov.		0	(111,245)	0
Adjust Current Asset - Land held for Resale		0	(7,234)	(158,910)
Amount attributable to operating activities		<u>5,619,389</u>	<u>5,619,715</u>	<u>5,066,269</u>
INVESTING ACTIVITIES				
Non operating grants, subsidies and contributions		6,231,625	2,549,404	5,988,330
Purchase Land and Buildings	3	(4,406,500)	(804,589)	(2,276,547)
Purchase Infrastructure Assets - Roads	3	(1,994,841)	(1,934,277)	(2,257,119)
Purchase Infrastructure Assets - Other	3	(3,299,200)	(198,927.08)	(1,975,495)
Purchase Plant and Equipment	3	(620,352)	(1,364,434)	(2,191,800)
Purchase Furniture and Equipment	3	(64,400)	(3,073)	(60,800)
Proceeds from Disposal of Assets	4	597,190	498,864	734,390
Amount attributable to investing activities		<u>(3,556,478)</u>	<u>(1,257,033)</u>	<u>(2,039,041)</u>
FINANCING ACTIVITIES				
Repayment of Debentures	5	(30,795)	(71,645)	(71,645)
Proceeds from New Debentures	5	1,400,000	0	900,000
Advances to Community Groups (Self Supporting Loans)		0	0	0
Proceeds from self supporting loans		8,660	8,427	8,427
Repayment of Preston Village Fixed Loans		(930,000)	(310,000)	(620,000)
Proceeds from Lease Preston Village		930,000	310,000	620,000
Transfers to cash backed reserves (Restricted Assets)	6	(643,251.00)	(1,543,714)	(2,114,968)
Transfers from cash backed reserves (Restricted Assets)	6	2,124,900.00	910,653	1,409,803
Amount attributable to financing activities		<u>2,859,514</u>	<u>(696,279)</u>	<u>131,617</u>
Budgeted deficiency before general rates		(4,898,169)	(3,040,640)	(4,534,018)
Estimated amount to be raised from general rates	8	<u>4,898,169</u>	<u>4,562,806</u>	<u>4,555,822</u>
Net current assets at end of financial year				
Surplus / (deficit)	4	<u><u>0</u></u>	<u><u>1,522,165.53</u></u>	<u><u>21,804</u></u>

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

SHIRE OF DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 entity

All funds through which the Shire of Donnybrook - Balingup 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 16 to the budget.

(b) 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.

(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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 Donnybrook - Balingup 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 Donnybrook - Balingup contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Donnybrook - Balingup 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 7 - 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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 Donnybrook - Balingup 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 Donnybrook - Balingup 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 Donnybrook - Balingup 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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 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	20 years
Sewerage piping	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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Fair value of assets and liabilities

When performing a revaluation, the Shire of Donnybrook - Balingup uses a mix of both independent and management valuations using the following as a guide:

Fair value is the price that the Shire of Donnybrook - Balingup 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 Donnybrook - Balingup 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 Donnybrook - Balingup are consistent with one or more of the following valuation approaches:

SHIRE OF DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 Donnybrook - Balingup 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 Donnybrook - Balingup becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire of Donnybrook - Balingup 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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 Donnybrook - Balingup 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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 Donnybrook - Balingup 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 Donnybrook - Balingup 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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 2019.

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 Donnybrook - Balingup 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 Donnybrook - Balingup'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 Donnybrook - Balingup'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 Donnybrook - Balingup'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 Donnybrook - Balingup's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire of Donnybrook - Balingup 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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

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 Donnybrook - Balingup 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 Donnybrook - Balingup, 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 Donnybrook - Balingup 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 Donnybrook - Balingup's share of net assets of the associate. In addition, the Shire of Donnybrook - Balingup'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 Donnybrook - Balingup'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 DONNYBROOK - BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investment in associates (continued)

Profits and losses resulting from transactions between the Shire of Donnybrook - Balingup and the associate are eliminated to the extent of the Shire of Donnybrook - Balingup's interest in the associate.

When the Shire of Donnybrook - Balingup's share of losses in an associate equals or exceeds its interest in the associate, the Shire of Donnybrook - Balingup 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 Donnybrook - Balingup 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 Donnybrook - Balingup'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 Donnybrook - Balingup's operational cycle. In the case of liabilities where the Shire of Donnybrook - Balingup 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 Donnybrook - Balingup's intentions to release for sale.

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
2. REVENUES AND EXPENSES			
(a) Result from Ordinary Activities			
The result from ordinary activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
Financial Audit	15,900	15,400	17,400
Other Audit Services	11,100	4,910	24,600
	<u>27,000</u>	<u>20,310</u>	<u>42,000</u>
Depreciation			
<u>By Program</u>			
General Purpose Funding			
Governance	80,871	64,808	63,189
Law, Order, Public Safety	443,097	438,282	428,873
Health	43,058	41,466	41,324
Education and Welfare	369,418	363,412	362,823
Housing	0	0	0
Community Amenities	79,100	79,098	79,100
Recreation and Culture	1,021,737	958,860	947,063
Transport	3,415,973	3,385,319	3,392,351
Economic Services	35,173	35,181	35,136
Other Property and Services	300,000	300,539	253,800
	<u>5,788,427</u>	<u>5,666,965</u>	<u>5,603,659</u>
<u>By Class</u>			
Land and Buildings	1,142,337	1,105,795	1,100,278
Plant and Equipment	807,214	806,062	750,215
Infrastructure Assets	3,838,876	3,755,107	3,753,166
	<u>5,788,427</u>	<u>5,666,965</u>	<u>5,603,659</u>
Interest Expenses (Finance Costs)			
- Overdraft	0	0	0
- Debentures (refer note 5(a))	11,443	13,504	15,176
	<u>11,443</u>	<u>13,504</u>	<u>15,176</u>
(ii) Crediting as Revenue:			
Interest Earnings			
Investments			
- Reserve Funds	80,000	116,244	75,141
- Other Funds	138,672	128,750	65,000
Other Interest Revenue (refer note 13)	50,200	59,504	49,400
	<u>268,872</u>	<u>304,497</u>	<u>189,541</u>
Other Revenue			
Reimbursements and Recoveries	242,332	324,809	236,354
Other	126,895	124,041	117,881
	<u>369,227</u>	<u>448,851</u>	<u>354,235</u>

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

SHIRE VISION STATEMENT

A proud community enjoying our rural lifestyle, cultural heritage and natural environment.

SHIRE MISSION STATEMENT

The Shire of Donnybrook / Balingup is community driven and responsible for the ongoing management and care of our resources. We are committed to guiding, serving and working with the community to fulfil their needs and aspirations with fairness and courage.

The Shire operations as disclosed in this budget encompass the following service orientated activities/programs:

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: General rate revenue, general purpose grants and interest revenue.

GOVERNANCE

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

Activities: Administration and operation 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.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help insure a safer community.

Activities: Supervision of various local laws, fire prevention, animal control and State Emergency Service.

HEALTH

Objective: To provide an operational framework for good community health.

Activities: Health Inspection and administration, preventative services and medical centre buildings.

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas.

Activities: Operation of Frail Aged Hostel, Well Aged Housing, Community Development Child Care Centre & Youth Welfare

HOUSING

Objective: To help ensure adequate housing.

Activities: Council does not currently provide services in this area

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

2. REVENUES AND EXPENSES (Continued)

(d) Statement of Objective (continued)

COMMUNITY AMENITIES

Objective: Provide services required by the community.

Activities: Refuse and recycling collection services, operation of refuse disposal sites, town planning & regional development, cemeteries, public conveniences and protection of the environment

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 public halls, parks and reserves, sporting facilities, libraries and museum.

TRANSPORT

Objective: To provide effective and efficient transport services to the community.

Activities: Construction and maintenance of roads, drainage works, footpaths, parking facilities, traffic signs, street cleaning, street trees, private works and traffic management.

ECONOMIC SERVICES

Objective: To help promote the Shire and improve its economic well being.

Activities: Promotion of tourism, maintenance of a caravan park, building control, noxious weed control, receipt of royalties and agency commissions for Department of Transport.

OTHER PROPERTY & SERVICES

Activities: Plant repairs, public works overheads and other operational costs.

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

3. ACQUISITION OF ASSETS	2018/19 Budget
The following assets are budgeted to be acquired during the year:	
<u>By Program</u>	\$
Governance	
Buildings	133,000
Furniture and Equipment	37,000
Law, Order, Public Safety	
Buildings	524,175
Plant and Equipment	44,000
Infrastructure	0
Health	
Buildings	0
Education and Welfare	
Land	250,000
Buildings	3,167,850
Plant and Equipment	0
Furniture and Equipment	25,000
Community Amenities	
Infrastructure Other	10,000
Recreation and Culture	
Buildings	331,475
Furniture and Equipment	0
Infrastructure Other	294,200
Transport	
Plant and Equipment	419,413
Infrastructure Roads	1,994,841
Infrastructure Other	2,965,000
Economic Services	
Infrastructure Other	30,000
	<u>10,385,293</u>
<u>By Class</u>	
Land and Buildings	4,406,500
Infrastructure Assets - Roads	1,994,841
Infrastructure Assets - Other	3,299,200
Plant and Machinery	620,352
Furniture and Equipment	64,400
	<u>10,385,293</u>

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 (refer Appendix 2)
- other assets (refer Appendix 1)

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

4. DISPOSALS OF ASSETS

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

<u>By Program</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2018/19 BUDGET \$	2018/19 BUDGET \$	2018/19 BUDGET \$
GOVERNANCE			
<u>General Administration</u>			
Toyota Prado Wagon (DB5)	30,000	35,438	5,438
Hyundai Santa Fe (DB007)	36,250	23,288	(12,962)
	66,250	58,726	(7,524)
LAW, ORDER AND PUBLIC SAFETY			
<u>Animal Control</u>			
Mitsubishi Triton Utility (DB92)	23,878	15,188	(8,690)
	23,878	15,188	(8,690)
HEALTH			
<u>Health Administration and Inspection</u>			
Toyota Corolla Sedan DB252	15,560	7,088	(8,472)
	15,560	7,088	(8,472)
COMMUNITY AMENITIES			
<u>Town Planning & Regional Development</u>			
Hyundai IX35 Wagon (DB463)	19,750	8,100	(11,650)
	19,750	8,100	(11,650)
TRANSPORT			
<u>Road Plant Purchases</u>			
Hino 700 Series Tip Truck (DB4170)	77,500	34,425	(43,075)
Kubota M7040 4WD Tractor	12,000	20,250	8,250
Mitsubishi Pajero Sport DB2222	34,888	23,288	(11,600)
Steel Flatbed Trailer DB6232	26,000	10,125	(15,875)
	150,388	88,088	(62,300)
ECONOMIC SERVICES			
<u>Other Economic Services</u>			
Mead Street Subdivision	152,326	420,000	267,674
	152,326	420,000	267,674
	428,152	597,190	169,038

<u>By Class</u>	Net Book Value	Sale Proceeds	Profit(Loss)
	2018/19 BUDGET \$	2018/19 BUDGET \$	2018/19 BUDGET \$
Land and Buildings	152,326	420,000	267,674
Plant and Equipment	275,826	177,190	(98,636)
	428,152	597,190	169,038

Summary

	2018/19 BUDGET \$
Profit on Asset Disposals	281,362
Loss on Asset Disposals	(112,324)
	<u>169,038</u>

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

5. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1/7/2018	Loan Number	Rate of Interest	Maturity Date	New Loans 2018/19	Principal		Principal		Interest	
						Repayments		Outstanding		Repayments	
						2018/19 Budget \$	2017/18 Actual \$	2018/19 Budget \$	2017/18 Actual \$	2018/19 Budget \$	2017/18 Actual \$
Health											
Dental Surgery Extensions	87,265	74	5.83%	May 25		10,423	9,841	76,842	87,265	4,938	5,465
Education and Welfare											
Retirement Village Dbk	0	91	3.00%	Jan 25	900,000	0	0	900,000	0	0	0
Tuia Lodge Fire Suppression	0	93	3.35%	Jan 29	500,000	0	0	500,000	0	0	0
Other Recreation & Sport											
** Donnybrook Country Club	81,695	90	2.74%	Oct 26		8,660	8,427	73,035	81,695	2,180	2,369
Economic Services											
Transit Park Dbk	0	77	6.78%	Jan 18		0	42,415	0	0	0	916
Lot 605 Collins Street	67,141	80	6.73%	Jan 23		11,712	10,962	55,429	67,141	4,325	4,754
	236,101				1,400,000	30,795	71,645	1,605,306	236,101	11,443	13,504

** All debenture repayments will be financed by general purpose income with the exception the self supporting loan for Donnybrook Country Club

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

5. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2018/19

<u>Particulars/Purpose</u>	Estimated Amount to be Borrowed	Institution	Loan	Term (Yrs)	Total Interest & Charges	Interest Rate	Amount Used	Balance Unspent \$
							Budget	
Retirement Village - Donnybrook	\$900,000	WATC	91	5	\$166,500	3.00%	\$900,000	0
Tuia Lodge Fire Suppression System	\$500,000	WATC	93	10	\$111,895	3.35%	\$500,000	0

(c) Unspent Debentures

The Shire has no unspent debenture funds as at 30th June 2018 nor is it expected to have unspent debenture funds as at 30th June 2019.

(d) Overdraft

The Shire has an established Overdraft facility with Bendigo Bank to provide short term working capital when required. An overdraft limit of \$100,000 applies to the Municipal fund and a limit of \$10,000 applies to the Trust Fund Account.

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
6. RESERVES			
Cash Backed Reserves			
Council has established the following Reserve Funds which are recognised as Restricted Assets of the Shire and are utilised only for the purposes for which they are established.			
(a) Waste Management Reserve			
Opening Balance	1,372,381	1,220,685	1,220,685
Amount Set Aside / Transfer to Reserve	58,324	151,696	87,110
Amount Used / Transfer from Reserve	0	0	0
	<u>1,430,705</u>	<u>1,372,381</u>	<u>1,307,795</u>
(b) Bushfire Control & Management Reserve			
Opening Balance	2,282	12,719	12,719
Amount Set Aside / Transfer to Reserve	0	267	191
Amount Used / Transfer from Reserve	0	(10,704)	(7,200)
	<u>2,282</u>	<u>2,282</u>	<u>5,710</u>
(c) Aged Housing Reserve			
Opening Balance	1,319,602	1,235,144	1,235,144
Amount Set Aside / Transfer to Reserve	69,807	201,613	296,612
Amount Used / Transfer from Reserve	(472,850)	(117,155)	(103,000)
	<u>916,559</u>	<u>1,319,602</u>	<u>1,428,756</u>
(d) Employee Leave & Gratuity Reserve			
Opening Balance	265,917	201,660	201,660
Amount Set Aside / Transfer to Reserve	4,654	64,257	63,025
Amount Used / Transfer from Reserve	(37,344)	0	(8,750)
	<u>233,227</u>	<u>265,917</u>	<u>255,935</u>
(f) Arbuthnott Memorial Scholarship			
Opening Balance	3,685	3,805	3,805
Amount Set Aside / Transfer to Reserve	0	80	57
Amount Used / Transfer from Reserve	(200)	(200)	(200)
	<u>3,485</u>	<u>3,685</u>	<u>3,662</u>
(g) Town Planning Reserve			
Opening Balance	40,051	39,229	39,229
Amount Set Aside / Transfer to Reserve	0	823	588
Amount Used / Transfer from Reserve	0	0	0
	<u>40,051</u>	<u>40,051</u>	<u>39,817</u>
(h) Land Development Reserve			
Opening Balance	223,548	39,538	39,538
Amount Set Aside / Transfer to Reserve	49,786	184,010	234,629
Amount Used / Transfer from Reserve	(266,500)	0	(270,000)
	<u>6,834</u>	<u>223,548</u>	<u>4,167</u>
(i) Plant Replacement Reserve			
Opening Balance	395,296	503,575	503,575
Amount Set Aside / Transfer to Reserve	350,000	276,565	271,984
Amount Used / Transfer from Reserve	(423,662)	(384,845)	(399,352)
	<u>321,634</u>	<u>395,296</u>	<u>376,207</u>

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
6. RESERVES (continued)			
(j) Roadworks Reserve			
Opening Balance	1,297,007	1,071,944	1,012,431
Amount Set Aside / Transfer to Reserve	0	272,182	12,737
Amount Used / Transfer from Reserve	<u>(250,841)</u>	<u>(47,119)</u>	<u>(47,119)</u>
	<u>1,046,166</u>	<u>1,297,007</u>	<u>978,049</u>
(k) Valuation Reserve			
Opening Balance	60,950	59,697	59,697
Amount Set Aside / Transfer to Reserve	0	1,253	895
Amount Used / Transfer from Reserve	<u>(60,000)</u>	<u>0</u>	<u>0</u>
	<u>950</u>	<u>60,950</u>	<u>60,592</u>
(l) Central Business District Reserve			
Opening Balance	3,054	42,169	42,169
Amount Set Aside / Transfer to Reserve	0	5,884	5,633
Amount Used / Transfer from Reserve	<u>0</u>	<u>(45,000)</u>	<u>(45,000)</u>
	<u>3,054</u>	<u>3,054</u>	<u>2,802</u>
(m) Buildings Reserve			
Opening Balance	890,446	883,705	883,705
Amount Set Aside / Transfer to Reserve	0	304,615	1,015,618
Amount Used / Transfer from Reserve	<u>(436,000)</u>	<u>(297,875)</u>	<u>(383,242)</u>
	<u>454,446</u>	<u>890,446</u>	<u>1,516,081</u>
(n) Building Maintenance Reserve			
Opening Balance	237,121	183,271	183,272
Amount Set Aside / Transfer to Reserve	110,680	53,850	102,749
Amount Used / Transfer from Reserve	<u>(115,503)</u>	<u>0</u>	<u>(93,440)</u>
	<u>232,298</u>	<u>237,121</u>	<u>192,581</u>
(o) Apple Funpark Reserve			
Opening Balance	101,506	97,242	97,242
Amount Set Aside / Transfer to Reserve	0	4,264	1,459
Amount Used / Transfer from Reserve	<u>(20,000)</u>	<u>0</u>	<u>0</u>
	<u>81,506</u>	<u>101,506</u>	<u>98,701</u>
(p) Electronic Equipment Reserve			
Opening Balance	126,698	112,098	112,098
Amount Set Aside / Transfer to Reserve	0	22,355	21,681
Amount Used / Transfer from Reserve	<u>(42,000)</u>	<u>(7,755)</u>	<u>(52,500)</u>
	<u>84,698</u>	<u>126,698</u>	<u>81,279</u>
Total Cash Backed Reserves	<u>4,857,894</u>	<u>6,339,543</u>	<u>6,352,134</u>

All of the above reserve accounts are to be supported by money held in financial institutions.

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. RESERVES (Continued)	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
Summary of Transfers To Cash Backed Reserves			
Transfers to Reserves			
Waste Management Reserve	58,324	151,696	87,110
Bushfire Control & Management Reserve	0	267	191
Aged Housing Reserve	69,807	201,613	296,612
Employee Leave & Gratuity Reserve	4,654	64,257	63,025
Arbuthnott Memorial Scholarship	0	80	57
Town Planning Reserve	0	823	588
Land Development Reserve	49,786	184,010	234,629
Plant Replacement Reserve	350,000	276,565	271,984
Roadworks Reserve	0	272,182	12,737
Valuation Reserve	0	1,253	895
Central Business District Reserve	0	5,884	5,633
Buildings Reserve	0	304,615	1,015,618
Building Maintenance Reserve	110,680	53,850	102,749
Apple Funpark Reserve	0	4,264	1,459
Electronic Equipment Reserve	0	22,355	21,681
	<u>643,251</u>	<u>1,543,714</u>	<u>2,114,968</u>
Transfers from Reserves			
Waste Management Reserve	0	0	0
Bushfire Control & Management Reserve	0	(10,704)	(7,200)
Aged Housing Reserve	(472,850)	(117,155)	(103,000)
Employee Leave & Gratuity Reserve	(37,344)	0	(8,750)
Arbuthnott Memorial Scholarship	(200)	(200)	(200)
Town Planning Reserve	0	0	0
Land Development Reserve	(266,500)	0	(270,000)
Plant Replacement Reserve	(423,662)	(384,845)	(399,352)
Roadworks Reserve	(250,841)	(47,119)	(47,119)
Valuation Reserve	(60,000)	0	0
Central Business District Reserve	0	(45,000)	(45,000)
Buildings Reserve	(436,000)	(297,875)	(383,242)
Building Maintenance Reserve	(115,503)	0	(93,440)
Apple Funpark Reserve	(20,000)	0	0
Electronic Equipment Reserve	(42,000)	(7,755)	(52,500)
	<u>(2,124,900)</u>	<u>(910,653)</u>	<u>(1,409,803)</u>
Total Transfer to/(from) Reserves	<u>(1,481,649)</u>	<u>633,061</u>	<u>705,165</u>

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. 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:

Waste Management Reserve

To receive funds collected from Council's Waste Management levy for the purpose of providing waste management facilities.

Bushfire Control & Management Reserve

To receive funds previously collected from Council's Fire Protection Levy for the purpose of providing fire fighting equipment to meet the needs of the district.

Aged Housing Reserve

To receive any surplus funds from aged housing operations to provide future funding for the upgrade of aged housing facilities.

Employee Leave & Gratuity Reserve

To fund the payment of annual leave, long service leave and gratuity payments to employees.

Arbuthnott Memorial Scholarship

To fund the payment of the Arbuthnott Scholarship.

Town Planning Reserve

To fund future Town Planning projects including Town Planning Scheme Reviews, Rural Strategy, Municipal Inventory and Environmental plan.

Land Development Reserve

To fund the purchase of land for future community purposes.

Plant Replacement Reserve

To fund the Shire's plant replacement program.

Roadworks Reserve

To contribute to the funding of the Shire's Roadworks programme.

Valuation Reserve

To assist in funding the cost of periodic revaluations of Unimproved and Gross Rental Valuations for rating purposes.

Central Business District Reserve

To fund future Centre Business District projects.

Buildings Reserve

To fund the purchase and upgrade of Shire buildings.

Building Maintenance Reserve

To set aside funds for the future maintenance of Shire owned buildings in accordance with Council's Asset Management Programs.

Electronic Equipment Reserve

To provide future funding for the purchase and upgrade of electronic equipment.

AppleFunPark Reserve

To receive donations and to provide for the future capital upgrade and maintenance of equipment and facilities at the AppleFunpark in Collins Street, Donnybrook.

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

		2018/19 Budget \$	2017/18 Actual \$ Projected Results
7. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	15 (a)	552,255	2,074,070
Cash - Restricted	15 (a)	0	68,294
Cash - Reserves / Restricted	15 (a)	4,857,894	6,339,543
Accrued Income		50,000	151,127
Tax Assets - GST		40,000	42,178
Receivables - Rates		349,722	403,361
Receivables - Other		90,000	87,919
Prepayments		5,000	5,778
Self Supporting Loan Debtors		8,899	8,660
Land held for Resale		151,676	151,676
Inventories (Stock on Hand)		210,000	14,587
		6,315,445	9,347,192
LESS: CURRENT LIABILITIES			
Tax Liabilities - PAYG		(100,000)	(99,337)
Payables - Sundry Creditors		(450,000)	(466,644)
Accrued Salaries / Wages		(150,000)	(160,432)
Accrued Loan Interest		(3,000)	(2,873)
Accrued Expenses		(115,000)	(115,890)
Prepaid Rates		(100,000)	(100,995)
Prepayments		0	0
Loan Liability (Current Portion)		(75,313)	(30,795)
Employee Provisions - Annual Leave		(448,308)	(448,308)
Employee Provisions - LSL Current		(348,262)	(348,262)
		(1,789,883)	(1,773,536)
NET CURRENT ASSET POSITION		4,525,562	7,573,657
Add: Interest Bearing Liabilities		75,313	30,795
Add: Leave Provisions (Cash backed)		265,917	265,917
Less: Self Supporting Loan Income 17/18		(8,899)	(8,660)
Less: Cash - Reserves / Restricted	15 (a)	(4,857,894)	(6,339,543)
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD		(0)	1,522,166

The estimated surplus/(deficiency) c/fwd in the 2017/18 actual column represents the surplus (deficit) brought forward as at 1 July 2018.

The estimated surplus/(deficiency) c/fwd in the 2018/19 budget column represents the surplus (deficit) to be carried forward as at 30 June 2019.

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

8. RATING INFORMATION - 2018/19 FINANCIAL YEAR

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 \$
General Rate								
Gross Rental Value - GRV	8.0170	1,138	21,007,469	1,684,169	11,000	1,500	1,696,669	1,592,181
Unimproved Value - UV	0.5274	786	325,523,000	1,716,808	11,000	1,500	1,729,308	1,624,067
Sub-Totals		1,924	346,530,469	3,400,977	22,000	3,000	3,425,977	3,216,248

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

8. RATING INFORMATION - 2018/19 FINANCIAL YEAR

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 \$
Minimum Rates	Minimum \$							
Gross Rental Value - GRV	1031.00	827	7,270,709	852,637	0	0	852,637	756,653
Unimproved Value - UV	1115.00	557	78,837,508	621,055	0	0	621,055	575,444
Sub-Totals		1,384	86,108,217	1,473,692	0	0	1,473,692	1,332,097
Back Rates Levied							4,874,669	4,548,345
Discounts / Concessions							3,000	1,000
Interim Rates levied							0	(11,523)
Rates Written Off							22,000	20,000
Totals							(1,500)	(2,000)
							4,898,169	4,555,822

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

8. RATING INFORMATION - 2018/19 FINANCIAL YEAR

All land except exempt land in the Shire of Donnybrook / Balingup is rated according to its Gross Rental Value (GRV) in townsites or Unimproved (UV) value in the remainder of the Shire.

The general rates detailed above 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 bearing in mind 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.

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

9. SPECIFIED AREA RATE - 2018/19 FINANCIAL YEAR

Rate in \$	Basis of Rate	Rateable Value	2016/17 Budgeted Revenue \$	Budget Applied to Costs \$	2016/17 Actual \$
0.0000		0	0	0	0
No Specified Area Rate will be imposed during the 2018/2019 year			0	0	0

10. SERVICE CHARGES - 2018/19 FINANCIAL YEAR

Amount of Charge \$	2016/17 Budgeted Revenue \$	Budget Applied to Costs \$	2016/17 Actual \$
0	0	0	0
	0	0	0

No Service Charges will be imposed during the 2018/2019 year

11. FEES & CHARGES REVENUE

	2018/19 Budget \$	2017/18 Actual \$
General Purpose Funding	47,150	40,027
Law, Order, Public Safety	33,500	35,023
Health	146,666	135,166
Education and Welfare	1,188,663	1,135,759
Community Amenities	1,206,947	1,108,612
Recreation & Culture	212,200	173,560
Transport	6,500	2,585
Economic Services	124,932	132,817
	<u>2,966,558</u>	<u>2,763,549</u>

Note: Full details of fees and charges are shown in Appendix 3 to these notes.

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

Refuse Collection Charges

Refuse collection charges as set out below will apply for the 2018/2019 financial year and will generate \$428,365 in income.

Mobile Garbage Bins

Standard Service

1 service per week to all Residential properties within the service area	\$156.00 per 240 litre MGB.
1 service per week to all Commercial properties	\$156.00 per 240 litre MGB.
Combined fortnightly standard bin service and weekly organics bin service	\$200.00 per 240 litre MGB's
Commercial Organic bin only service (weekly)	\$119.00 per annum

Recycling Service Charges

Recycling service charges as set out below will apply for the 2018/2019 financial year and will generate \$100,032 in income.

1 fortnightly 240L MGB service for Residential properties and Rural properties within the service area	\$48.00 per annum
Commercial Recycling Bin Charge 1 x fortnightly 240l MGB service	\$62.00 per annum

Waste Management Levy

A waste management levy will be imposed on all rate assessments under section 66 of the Waste Avoidance and Recovery Act 2007 for the following purposes.

- (i) Provision of suitable places, buildings and appliances for the disposal of refuse.
- (ii) Construction and installation of plant for the disposal of refuse.

The object of this rate is to ensure that costs in relation to the maintenance and servicing of all refuse disposal sites within the Shire is equally distributed.

A concession will be granted to ratepayers owning contiguous (as defined by council policy) vacant assessments.

A minimum rate of \$170.00 will be imposed.

Description	Total Props.	Rateable Value	Rate in Dollar	Rate Yield	Minimum		Budget 2016/17
					No.	Yield	
Waste Avoidance & Resource Recovery Act 2007							
Unimproved Valuations	1,343	404,360,508	0.0012336	4,988	1,343	228,310	228,310
Gross Rental Valuations (less concessions)	1,965 (68)	28,278,178	0.0502959	14,223	1,965 (68)	334,050 (11,560)	334,050 (11,560)
Total Levied	3,240	432,638,686			3,240	550,800	550,800

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

**12. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2018/19 FINANCIAL YEAR**

Rates Write Offs

Minor outstanding rate balances under \$5.00 may be written off. The total estimated value of these write offs for the 2018/19 year is \$1,500.00.

Photocopying charges are waived for certain non profit community groups such as the Lions Club, BPW, Church Groups, Bush Fire Brigades, Scouts, Guides. School projects, Masonic Lodge and CWA.

Early Rates Payment Incentive Scheme

The Shire will offer three early rate payment incentive schemes to encourage payment of rates by the due date.

All three incentive prizes have been sponsored by the Donnybrook Capel Districts Financial Services Ltd (Bendigo Bank)

The prizes consist of a Bendigo Bank Savings account to the following value.

- a) The first drawn ratepayer satisfying conditions of entry will receive a \$500 Bendigo Bank savings account.
- b) The second drawn ratepayer satisfying conditions of entry will receive a \$300 Bendigo Bank savings account.
- c) The third drawn ratepayer satisfying conditions of entry will receive a \$200 Bendigo Bank savings account.

All three prizes are donated to the Shire enabling the incentives to be provided to ratepayers at no cost.

The following terms and conditions apply to the 2018/2019 year early rate payment incentive prize.

- to be eligible for the draw all outstanding rates must be received on or before the due date on the single payment option.
- entry is open to each individual assessment.
- Councillors and Shire staff are ineligible for entry.

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

13. INTEREST CHARGES AND INSTALMENTS - 2018/19 FINANCIAL YEAR

An interest rate of 11% will be charged on all rate payments which are late. It is estimated this will generate income of \$30,000. Three separate option plans will be available to ratepayers for payment of their rates.

Option 1 (Full Payment)

Full payment of rates and charges including arrears to be paid on or before 19th October 2018 or 35 days after the date of service appearing on the rate notice, whichever is the later.

Option 2 (Two Instalments)

First instalment to be received on or before 19th October 2018 or 35 days after the date of service appearing on the rate notice, whichever is the latest, and including all arrears and one half of the current rates and service charges. The second instalment is due on 22nd February 2019.

Option 3 (Four Instalments)

First instalment to be received on or before 19th October 2018 or 35 days after the date of service appearing on the rate notice, whichever is the latest, and including all arrears and one half of the current rates and service charges. Second, third and fourth instalments to be made at two monthly intervals thereafter:

1st Instalment due:	19th October 2018
2nd Instalment due:	21st December 2018
3rd Instalment due:	22nd February 2019
4th Instalment due:	26th April 2019

The cost of the instalment plans will comprise of simple interest of 5.5% calculated from the date the first instalment is due. An administration charge of \$10.00 per instalment will be applied to all assessments where payment is made by instalments.

The total revenue from the imposition of the interest and administration charge under option 2 & 3 is estimated as follows;

	2018/19 Budget \$
Instalment Plan Admin Charge Revenue	20,000
Adhoc Instalment Charges (Direct Debit Special Arrangement Plan)	6,250
	<u>26,250</u>
Instalment Plan Interest Earned	15,500
Unpaid Rates Interest Earned	30,000
	<u>45,500</u>

14. ELECTED MEMBERS' REMUNERATION

The following Fees, expenses and allowances are expected to be paid to Council members and/or the President.

	2018/19 Budget \$	2017/18 Actual \$
Presidential Allowance	10,000	10,000
Deputy President's Allowance	2,500	2,500
Councillors - Annual Allowance \$7,612 (x 8) - meeting attendance	60,896	60,896
President - Annual Allowance \$12,000 - meeting attendance	12,000	12,000
Travelling Expenses (95.54 cents per kilometre)	7,500	9,539
Telephone / ICT Allowance (\$1,000 per annum per member)	9,000	9,000
Provision of a Uniform	900	0
Child Care	0	0
	<u>102,796</u>	<u>103,935</u>

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Cash - Unrestricted	552,255	2,074,070	134,361
Cash - Restricted Reserves	4,857,894	6,339,543	6,352,134
Cash - Restricted Assets Other	0	68,294	0
	<u>5,410,149</u>	<u>8,481,907</u>	<u>6,486,495</u>

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

Reserves

Waste Management Reserve	1,430,705	1,372,381	1,307,795
Bush Fire Control & Management Reserve	2,282	2,282	5,710
Aged Housing Reserve	916,559	1,319,602	1,428,756
Employee Leave & Gratuity Reserve	233,227	265,917	255,935
Arbuthnott Memorial Scholarship Reserve	3,485	3,685	3,662
Town Planning Reserve	40,051	40,051	39,817
Land Development Reserve	6,834	223,548	4,167
Plant Replacement Reserve	321,634	395,296	376,207
Roadworks Reserve	1,046,166	1,297,007	978,049
Valuation Reserve	950	60,950	60,592
Central Business District Reserve	3,054	3,054	2,802
Building Reserve	454,446	890,446	1,516,081
Building Maintenance Reserve	232,298	237,121	192,581
Apple Funpark Reserve	81,506	101,506	98,701
Electronic Equipment Replacement Reserve	84,698	126,698	81,279
Total Reserves	<u>4,857,894</u>	<u>6,339,543</u>	<u>6,352,134</u>

Restricted Assets held in Municipal

Preston Village Surplus Maintenance Fees	0	10,000	0
DFES Local Govt. Grants Scheme (1st Qtr 17/18)	0	51,794	0
Dept. of Agriculture LCDC Funds	0	6,500	0
Total Other Restricted Assets	<u>0</u>	<u>68,294</u>	<u>0</u>

Total Restricted Assets	<u>4,857,894</u>	<u>6,407,837</u>	<u>6,352,134</u>
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(b) Reconciliation of Net Cash Provided By Operating Activities to Net Profit or Loss/Result

	2018/19 Budget	2017/18 Actual	2017/18 Budget
	\$	\$	\$
Net Profit or Loss/Result	(212,966)	(1,655,285)	720,755
Depreciation	5,788,427	5,666,965	5,603,659
(Profit)/Loss on Sale of Asset	(169,038)	71,229	(378,480)
(Increase)/Decrease in Receivables	54,399	0	81,121
(Increase)/Decrease in Accrued Income	101,127	0	7,004
(Increase)/Decrease in Prepayments	778	0	0
(Increase)/Decrease in Inventories	(195,413)	0	(187,734)
(Increase)/Decrease in Land held for Resale		(7,234)	
Increase/(Decrease) in Payables	(16,644)	0	(9,864)
Increase/(Decrease) in Accrued Expenses	(11,195)	0	(12,955)
Increase/(Decrease) in Inc. recd. In Advance	(995)	0	0
Increase/(Decrease) in Prepayments		0	0
Increase/(Decrease) in Employee Provisions		(111,245)	0
Grants/Contributions for the Development of Assets	(6,231,625)	(2,618,925)	(6,057,942)
Plant & Equipment Assets recognised at Fair Value due to change in Regulations			
Net Cash from Operating Activities	<u>(893,145)</u>	<u>1,345,504</u>	<u>(234,436)</u>

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

15. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(c) Credit Standby Arrangements	2018/19 Budget	2017/18 Actual	2017/18 Budget
<u>Municipal Fund</u>			
Bank Overdraft limit	100,000	100,000	100,000
Bank Overdraft at Balance Date	0	0	0
Total Amount of Credit Unused	100,000	100,000	100,000
<u>Corporate Credit Card (Municipal Fund)</u>			
Credit Card Limit	9,000	9,000	9,000
Credit Card Balance at Balance Date	0	(1,842)	0
Total Amount of Credit Unused	9,000	7,158	9,000
<u>Licensing Trust Fund</u>			
Bank Overdraft limit	10,000	10,000	10,000
Bank Overdraft at Balance Date	0	0	0
Total Amount of Credit Unused	10,000	10,000	10,000

SHIRE OF DONNYBROOK/BALINGUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

16. TRUST FUNDS

Estimated movement in funds held over which the municipality has no control and which are not included in the financial statements are as follows:

Detail	Balance 01-Jul-18 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-19 \$
Aged Housing Bonds	4,775,016	2,500,000	(2,500,000)	4,775,016
Tenancy Bonds	0	600	(600)	0
Hall / Liquor Deposits	4,800	9,000	(10,300)	3,500
Public Open Space	97,789	1,000	0	98,789
Redden Tree Planting Fund	1,499	0	0	1,499
General Deposits	18,513	1,000	(1,000)	18,513
Extractive Industry Bonds	0	0	0	0
Transport Licensing	0	750,000	(750,000)	0
BCITF Levy	388	15,000	(15,388)	0
Roadworks/Subdivisional Bonds	70,621	11,000	(10,000)	71,621
Chemical Steering Committee	2,764	50	0	2,814
Key Deposits	200	0	0	200
Builders Reg. Board Levy	1,028	25,000	(26,028)	(0)
Donnybrook Marathon Surplus Funds	361	0	0	361
Community Bus Deposit	200	500	(700)	0
Upper Preston Cemetery Board	3,374	150	0	3,524
Youth Advisory Council	1,500	0	0	1,500
Balingup Skateboard Park	2,000	0	0	2,000
AppleFunPark Donations	0	2,000	(2,000)	0
Retirement Village Bonds	200	0	0	200
Shire Staff Social Club	212	0	0	212
Transportable House Bond	30,000	0	0	30,000
Donnybrook Waste Performance Bond	43,311	1,000	0	44,311
Extractive Industry Performance Bond	99,324	1,000	0	100,324
Lions Club Number Plate Surrounds	0	300	(300)	0
Tuia Lodge Resident Funds	3,144	10,000	(10,000)	3,144
Donnybrook Balingup Aged Homes	260,795	5,000	(80,000)	185,795
	<u>5,417,037</u>	<u>3,332,600</u>	<u>(3,406,316)</u>	<u>5,343,321</u>

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

17. MAJOR LAND TRANSACTIONS

The Shire will not be involved in any Major Land Transactions during the 2018/2019 year.

18. TRADING AND MAJOR TRADING UNDERTAKINGS

The Shire will not be involved in any Trading or Major Trading Undertakings during the 2018/2019 year.

19. JOINT VENTURES

The Shire of Donnybrook / Balingup is involved with the Education Department of Western Australia and Homeswest in the following Joint Venture Projects.

- (a) Council has a 50% Equity in the Donnybrook Resource Centre situated on Education Department Land (Reserve 24032) in Bentley Street, Donnybrook. Operational and maintenance costs of the Centre are apportioned between Council and the Education Department based on estimated usage patterns.
- (b) Arrangements with Homeswest relate to four Well Aged housing complexes located on South Western Highway, Donnybrook. Council is required to recognise any trading surplus from the operation of these units as Restricted Assets and is further required to maintain a Contingency Reserve future major maintenance.

Minninup Cottages, Units 5-8 (lot 486) built in 1982/83
Council Equity - 34.48%
Homeswest Equity - 65.52%

Minninup Cottages, Units 9-12 (lot 479) built in 1992/93
Council Equity - 15.2%
Homeswest Equity - 84.8%

Langley Villas, Units 1-6 (lot 100) built in 1994/95
Council Equity - 20.8%
Homeswest Equity - 79.2%

Langley Villas, Units 7-9 (lot 100) built in 2001/2002
Council Equity - 35.98%
Homeswest Equity - 64.02%

SHIRE OF DONNYBROOK / BALINGUP

APPENDIX 1

Details of Capital Works Program - Budget 2018/2019

	Ledger Account	Proposed Works	Total Cost	Land	Buildings	Plant & Equipment	Furniture & Equipment	Infrastructure Roads	Infrastructure Other
GOVERNANCE									
Other Governance									
	105640	Shire Administration Centre, Design, Costing etc.	100,000		100,000				
	105640	Replace Air Conditioners in Shire Office	8,000		8,000				
	105640	Install Air Conditioning in Council Chamber	15,000		15,000				
	105640	Establish Wireless Access Points in Shire Office	5,000		5,000				
	105640	Additional Records Storage Solution	5,000		5,000				
	105540	Replace DB5 Toyota Prado Wagon (CEO)	55,688			55,688			
	105540	Replace DB007 Hyundai Santa Fe Wagon (MFA)	45,563			45,563			
	105840	Miscellaneous IT Hardware incl. new Switches & WIFI	7,000				7,000		
	105840	Replacement of Shire Office Telephone system	30,000				30,000		
			271,251	0	133,000	101,251	37,000	0	0
LAW, ORDER AND PUBLIC SAFETY									
Fire Control									
	103840	Beelerup Fire Station 1 x Appliance Bay Facility & Amenities	389,636		389,636				
	103840	Lowden BFB Modifications - Training/Meeting Room	19,635		19,635				
	103840	Mumballup BFB - 4500l water tank	6,904		6,904				
	103840	Kirup / Brazier BFB - Abultions, Meeting Room & Kitchen	108,000		108,000				
Animal Control									
	108840	Replace Mitsubishi Triton Utility DB92 (Ranger)	40,000			40,000			
	108840	Dog Lifter for Senior Ranger's Vehicle	4,000			4,000			
			568,175	0	524,175	44,000	0	0	0
HEALTH									
Health Administration and Inspection									
	114540	Replace Toyota Corolla DB252 (PEHO)	22,275			22,275			
			22,275	0	0	22,275	0	0	0

SHIRE OF DONNYBROOK / BALINGUP

APPENDIX 1

Details of Capital Works Program - Budget 2018/2019

Ledger Account	Proposed Works	Total Cost	Land	Buildings	Plant & Equipment	Furniture & Equipment	Infrastructure Roads	Infrastructure Other
EDUCATION AND WELFARE								
Other Welfare								
116840	Tuia Lodge Furniture & Equipment	25,000				25,000		
173840	Tuia Lodge Fire Suppression System	500,000		500,000				
173840	Tuia Lodge Various Building Upgrades	105,000		105,000				
180940	Minninup Cottages Unit 1 - Replace Kitchen	20,000		20,000				
180940	Minninup Cottages Unit 2 - Total Renovation	45,000		45,000				
180940	Minninup Cottages Unit 3 - Renovate Bathroom	15,000		15,000				
180940	Minninup Cottages Unit 5 - Replace Kitchen	20,000		20,000				
180940	Minninup Cottages Unit 6 - Replace Kitchen	20,000		20,000				
180940	Minninup Cottages Unit 6 - Replace Bathroom	15,000		15,000				
180940	Minninup Cottages Unit 7 - Replace Stove	2,000		2,000				
180940	Minninup Cottages Unit 8 - Replace Kitchen	20,000		20,000				
180940	Minninup Cottages Unit 10 - Replace Oven	2,000		2,000				
180940	Minninup Cottages Unit 11 - Replace Oven	2,000		2,000				
180940	Minninup Cottages Unit 12 - Replace Oven & O/Head Cupbr	4,000		4,000				
180940	Langley Villas Units 1,2 & 6 - Replace Stoves	5,100		5,100				
180940	Langley Villas Unit 5 - Concrete Entrance	1,500		1,500				
147140	Preston Village - Completion of Roofing Works	5,000		5,000				
147140	Preston Village - Address Efflorescence in Units	5,000		5,000				
147140	Preston Village - Exterior Painting of Units	6,000		6,000				
147140	Preston Village - Repair Water Damaged eaves	250		250				
147140	Construction of Units 14 to 17	900,000		900,000				
181040	Affordable Housing Project - Siteworks / Land Remediation	250,000	250,000					
181040	Affordable Housing Project - Building Construction	1,475,000		1,475,000				
		3,442,850	250,000	3,167,850	0	25,000	0	0
COMMUNITY AMENITIES								
Town Planning & Regional Development								
122740	Replace Hyundai IX35 DB463 (Principal Planner)	33,413			33,413			
Other Community Amenities								
109640	Donnybrook Cemetery Internal Roads	10,000						10,000
		43,413	0	0	33,413	0	0	10,000

SHIRE OF DONNYBROOK / BALINGUP

APPENDIX 1

Details of Capital Works Program - Budget 2018/2019

	Ledger Account	Proposed Works	Total Cost	Land	Buildings	Plant & Equipment	Furniture & Equipment	Infrastructure Roads	Infrastructure Other
RECREATION AND CULTURE									
Public Halls									
	125840	Balingup Hall - Asset Preservation Works	200,000		200,000				
	125840	Balingup Hall - Install Air Conditioner in Physio Room	2,500		2,500				
Other Recreation and Sport									
	172940	Dbk Rec Centre - Install Safety Railing in Pool	3,920		3,920				
	172940	Dbk Rec Centre - Install New Pool Blanket	36,063		36,063				
	172940	Dbk Rec Centre - Replace 2 x Domestic Heat Pumps	8,352		8,352				
	172940	Dbk Rec Centre - Resurface Stadium Floor	44,440		44,440				
	172940	Dbk Rec Centre - Pool Filter Upgrades	7,500		7,500				
	172940	Dbk Rec Centre - Upgrade Plant Room Electrical Controls	15,500		15,500				
	172940	Dbk Rec Centre - Install Smoke Alarms in Gym	1,000		1,000				
	172940	Dbk Rec Centre - Foyer Lounge Suite & Coffee table	1,200		1,200				
	172940	Dbk Rec Centre - Indoor Pool, Replace Aluminium Flashing	1,000		1,000				
	172940	Dbk Rec Centre - Upgrade Pool Changerooms	3,000		3,000				
	172940	Dbk Rec Centre - Repair Damaged Pool Concourse	3,500		3,500				
	107140	Balingup Skatepark Equipment - Asset Renewal	5,000						5,000
	126820	Playground Equipment at various locations	16,700						16,700
	106940	Apple Funpark - Ongoing replacement of equipment	20,000						20,000
	106940	Apple Funpark - Renewal Planning	30,000						30,000
	180540	Indigenous Sculpture Park - Lighting & Interpretative	10,000						10,000
	111840	Replace Shire Owned Streetlights in Dbk CBD	7,500						7,500
	182140	Parks & Gardens Infrastructure Donnybrook	5,000						5,000
Libraries									
	130440	Donnybrook Community Library - planning for upgrades	2,000		2,000				
	110840	Balingup Library - Computer w/station	1,500		1,500				
Other Culture									
	110940	Donnybrook Town Centre Revitalisation	200,000						200,000
			625,675	0	331,475	0	0	0	294,200
TRANSPORT									
Construction, Streets, Roads Bridges, Depots									
	132000	Bridgeworks (Special Grants)	2,870,000						2,870,000
	132100	Roadworks Construction - General	530,000					530,000	
	132600	Regional Road Group Projects	630,000					630,000	
	133000	Roads to Recovery Program	685,000					685,000	
	133300	Blackspot Projects	149,841					149,841	
	133400	Commodity Route Projects	0					0	
	132400	Footpath Construction Program	95,000						95,000

SHIRE OF DONNYBROOK / BALINGUP

APPENDIX 1

Details of Capital Works Program - Budget 2018/2019

	Ledger Account	Proposed Works	Total Cost	Land	Buildings	Plant & Equipment	Furniture & Equipment	Infrastructure Roads	Infrastructure Other
Road Plant Purchases									
	135540	Replace DB4170 Hin 700 Series Tip Truck	202,500			202,500			
	135540	Replace DB4806 Kubota M7040 4WD Tractor	70,875			70,875			
	135540	Replace DB2222 Mitsubishi Pajero Sport Wagon	45,563			45,563			
	135540	Replace DB606 Kubota F3680 4WD Mower	32,400			32,400			
	135540	Replace DB6232 Steel Flatbed Trailer	6,000			6,000			
	135540	New Vehicle - Executive Manager Operations	46,575			46,575			
	135540	Sundry Small Plant (to be determined by MWS)	15,500			15,500			
			5,379,254	0	0	419,413	0	1,994,841	2,965,000
ECONOMIC SERVICES									
Tourism and Area Promotion									
	102940	Transit Park Donnybrook - install additional powered sites	10,000						10,000
	173120	Develop Visitor and Tourism Infrastructure	20,000						20,000
Building Control									
	141940	Purchase Multi Function Printer	2,400				2,400		
			32,400	0	0	0	2,400	0	30,000
TOTAL CAPITAL EXPENDITURE			10,385,293	250,000	4,156,500	620,352	64,400	1,994,841	3,299,200