


5.2 Adoption of 2022/23 Budget

<h1>Corporate & Community Services</h1>		 SHIRE OF DOWERIN TIN DOG TERRITORY
Date:	25 July 2022	
Location:	Not Applicable	
Responsible Officer:	Aaron Wooldridge, Deputy Chief Executive Officer	
Author:	As above	
Legislation:	<i>Local Government Act 1995; Local Government (Financial Management) Regulations 1996; Local Government (Administration) Regulations 1996; Waste Avoidance and Resources Recovery Act 2001; Local Government (COVID-19 Response) Ministerial Order 2020</i>	
Sharepoint Reference:	Organisation/Financial Management/Budgeting/2022-2023 Budget	
Disclosure of Interest:	Nil	
Attachments:	Attachment 5.2A - Draft 2022/23 Statutory Budget	

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents the draft 2022/23 Budget to Council for consideration and, if satisfactory, adoption.

Background

The draft 2022/23 Budget has been compiled based on the principles contained in the Strategic Community Plan, with consideration for the *Local Government (COVID-19 Response) Ministerial Order 2020* as gazetted on 8 May 2020, and in accordance with presentations made to Council at budget workshops held in May and July 2022.

Further information provided to Council and considered at the budget workshops included proposed Programs for Plant Replacement, Capital Expenditure, Road Program, Building Maintenance and Asset Acquisitions.

Comment

The main features of the draft 2022/23 Budget include:

1. A breakdown of rate charges;
2. Schedule of Fees and Charges;
3. Refuse collection charges; and
4. Sewerage rates and charges.

Management has budgeted \$721,889 towards its Road Maintenance Program.

Proposed capital expenditure of \$4,000,142 includes the following:

1. A Capital Roads Program totalling \$3,710,766 are partially offset by Federal and State Road funding. The net impact of these works on Council funds is \$372,277.

2. A total of \$217,376 on other infrastructure includes Stewart Street Lighting Upgrade Stage 2, Park Lighting Upgrade, Townsite Greening Water Scheme Upgrade Stage 1, DCC Playground Surface Renewal, Tin Dog Walk - Stage 2; and
3. The following Plant and Equipment have been considered by Council for adoption in the 2022/23 Budget:

Shoring Box	\$10,000
Diesel Fuel Bowser - Shire Depot	\$10,000
Dual Cab 4x2 Team Leader	\$42,000
TOTAL	\$62,000

4. The following Capital improvements is a carry forward from the 2021/22 budgeted year and is fully grant funded:

Administration Toilet Refurbishment	\$10,000
TOTAL	\$10,000

The 2022/23 Budget will include a transfer from the Plant Reserve of \$62,000 towards the purchase of the Dual Cab 4x2, Diesel Fuel Bowser upgrade and the part Council contribution towards the Townsite Greening Water Scheme Project of \$30,000 will be funded from the Recreation Reserve. Transfers into Reserves of \$482,238 (inclusive interest of \$30,000) also forms part of the budget.

The estimated brought forward balance is \$1,251,657 however, it must be noted that this figure is unaudited and may change once the annual accounts are finalised. The major influence on the brought forward figure is a payment of \$1.2m made in June 2022 of Federal Financial Assistance Grants, an allowance for outstanding creditors relating to 2021/22 and a carried forward amount from uncompleted Local Road & Community Infrastructure Program (LRCIP) Grant projects.

In accordance with Clause 14 of the Ministerial Order, the following consideration apply to the preparation of the 2022/23 Budget as a result of the consequences of the COVID-19 pandemic:

1. Reduced interest rate from 11% to 7% being charged on penalty interest on outstanding amounts, however Council has adopted a 5% penalty interest on rates.

The Fees and Charges were adopted on 21 June 2022 (CMREF 0607) as part of the annual budget process. The OAG has determined that the sewer charges will not be identified as a separate line item in the operating statement of the budget and should form part of the fees and charges, therefore the following amendments are required:

Sewerage Rate in the Dollar	As per adopted rate in the dollar % increase		0.81241
Residential and Vacant Land Minimum Charge	As per adopted rate in the dollar % increase		398.00
Government Sewerage Fixed Charge	As per adopted rate in the dollar % increase		820.00
Commercial Sewerage Minimum Charge	As per adopted rate in the dollar % increase		820.00
First major fixture	As per adopted rate in the dollar % increase		260.00
Each additional fixture	As per adopted rate in the dollar % increase		119.00

The refuse collection fees that were adopted in 2022/23 Schedule of Fees and Charges at the 21 June 2022 Ordinary Council Meeting, as shown in table A, were incorrect due to the rate modelling of 4% not being ratified at the time and did not reflect in the refuse collection fees. Table B shows the rate modelling reflection of 4% in the refuse collection fees and charges.

Table A

First Weekly Service & Recycling	Per Annum	344.00	344.00
Additional Weekly Service	Per Annum	172.00	172.00

Minnivale Residential Collection (Excluding Recycling)	Per Annum	172.00	172.00
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Table B

First Weekly Service & Recycling	Per Annum	344.00	358.00
Additional Weekly Service	Per Annum	172.00	179.00
Minnivale Residential Collection (Excluding Recycling)	Per Annum	172.00	179.00

Consultation

Council Budget Workshop 17 May 2022
 Council Budget Workshop 18 July 2022
 Rebecca McCall, Chief Executive Officer
 Aaron Wooldridge, Deputy Chief Executive Officer
 Doug Davey, Acting Manager Works & Assets

Policy Implications

If this Item is adopted as presented, it will result in the creation of one new Reserve account namely Roads and Infrastructure which will result in a review of Policy 4.1 – Financial Reserves Policy.

Strategic Implications

Strategic Community Plan

Community Priority: Our Organisation
 Objective: We are recognised as a transparent, well governed, and effectively managed Local Government
 Outcome: 5.3
 Reference: 5.3.2
 Community Priority: Our Infrastructure
 Objective: We have functional assets and infrastructure that supports the community
 Outcome: 3.2
 Reference: 3.2.1

Asset Management Plan

The AMP will be reviewed to capture the 2022/23 Budget allocations.

Long Term Financial Plan

The LTFP will be reviewed to capture the 2022/23 Budget allocations.

Statutory Implications

Part 6 ‘Financial Management’ Section 6.2 of the *Local Government Act 1995* requires that no later than 31 August in each financial year, the local government is to prepare and adopt a budget for its municipal fund for the financial year ending on the following 30 June.

Division 5 and 6 of Part 6 of the *Local Government Act 1995* refers to the setting of budgets and raising of rates and charges. The *Local Government (Financial Management) Regulations 1996* details the form and content of the budget. The draft 2022/23 Budget as presented is considered to meet the statutory requirements.

Risk Implications

Risk Profiling Theme	Failure to fulfil statutory regulations or compliance requirements
Risk Category	Compliance
Risk Description	Short term non-compliance but with significant regulatory requirements imposed
Consequence Rating	Insignificant (1)
Likelihood Rating	Rare (1)
Risk Matrix Rating	Low (1)
Key Controls (in place)	Governance Calendar, Financial Management Framework & Legislation
Action (Treatment)	Nil
Risk Rating (after treatment)	Adequate

Financial Implications

Specific financial implications are as noted within this report with full details itemised in the attached draft 2022/23 Budget presented for adoption.

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation/Resolution - 5.2

Moved: Cr Hudson

Seconded: Cr Allsopp

0638

1. That, in accordance with Division 5 and 6 of Part 6 'Financial Management' of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, Council adopts the Shire of Dowerin 2022/23 Budget, as presented in Attachment 5.2A, for the 2022/23 financial year which includes the following:
 - a. Statement of Comprehensive Income by nature and type on Page 2 showing a net result for the 2022/23 financial year of \$1,012,490;
 - b. Statement of Comprehensive Income by Program on Page 24 showing a net result for the 2022/23 financial year of \$1,012,490;
 - c. Statement of Cash Flows on Page 3 showing a net result for the 2022/23 financial year of \$236,344;
 - d. Rate Setting Statement on Pages 4 showing the required amount of \$1,458,570 to be raised from rates for the 2022/23 financial year;
 - e. Rate Modelling Attachment with a Council 4% Rate Revenue increase;
 - f. Notes to and forming part of the Annual Budget on Pages 5 to 27; and
 - g. Transfers to/from Reserve Accounts as detailed in Page 21.
2. That, in accordance with Part 5 'Administration' Section 5.56 and Part 6 'Financial Management' Sections 6.2, 6.3 and all of Division 6 'Rates and Service Charges of the Local Government Act 1995', Council for the purpose of planning for the future, disclosed by the 2022/23 Budget adopted at Part 1 above, imposes the following general rates and minimum payments on Gross Rental and Unimproved Values (as

shown at Note 1 on Page 9 of the 2022/23 Budget). Some rates may be affected due to Unimproved Valuations received from Landgate effective 1 July 2022:

Unimproved Value	Cents in \$	Minimum Rate
Residential (GRV)	0.10450	\$824
Commercial/Industrial GRV	0.10450	\$824
Town Rural (GRV)	0.10450	\$824
Other Towns (GRV)	0.10450	\$241
Rural Farmland (UV)	0.00676	\$824
Commercial/Industrial (UV)	0.00676	\$824
Town Rural (UV)	0.00676	\$824
Mining (UV)	0.00676	\$241

3. That, in accordance with Section 41 of the *Health Act 1911* and Part 6 Subdivision 2 'Fees and Charges' Section 6.16(3), Council imposes the following sewerage rates and minimum payments on Gross Rental Values and include in the Fees and Charges Schedule:

Gross Rental Value	Cents in \$	Minimum Rate/Charge
Sewerage Rates:		
Residential	0.081241	\$398
Commercial	0.081241	\$820
Vacant	0.081241	\$398
Government	N/A	\$820
Sewerage Fixtures:		
First Fixture	N/A	\$260
Additional Fixtures	N/A	\$119

4. That, in accordance with Division 6 'Rates and Service Charges Section 6.45 of the *Local Government Act 1995* and Regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, Council nominates the following due dates for the payment in full by instalments:

One Installment Option:

Full payment	15 September 2022
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Two Installment Option:

1 st Instalment due date	15 September 2022
2 nd Instalment due date	16 January 2023

Four Installment Option:

1 st Instalment due date	15 September 2022
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2nd Instalment due date	17 November 2022
3rd Instalment due date	16 January 2023
4th Instalment due date	23 March 2023

5. That, in accordance with Division 6 'Rates and Service Charges Section 6.45(3) of the *Local Government Act 1995* and Regulation 68 of the *Local Government (Financial Management) Regulations 1996*, Council adopts an interest rate of 5% where the owner has elected to pay rates and service charges through an instalment option.
6. That, in accordance with Division 6 'Rates and Service Charges Section 6.51(1) of the *Local Government Act 1995* and Regulation 70 of the *Local Government (Financial Management) Regulations 1996*, Council adopts an interest rate of 5% for rates (and service charges) and costs of proceedings to recover such charges that remain unpaid after becoming due and payable.
7. That, in accordance with Section 67 of the *Waste Avoidance and Resources Recovery Act 2007*, Council adopts the following charges for the removal and deposit of domestic and commercial waste:

Residential Premises (Including Recycling)	
a. 240ltr Waste Bin Weekly Collection; and	\$358
b. 240ltr Recycle Bin Fortnightly Collection	\$358
Additional Refuse Service	
a. 240ltr Waste Bin Weekly Collection	\$179
Minnivale Residential Collection (excluding Recycling)	\$179

8. That, in accordance with Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996* and AASB 1031 Materiality, Council adopts the level to be used in the Statement of Financial Activity in 2022/23 for the reporting of material variance as 10% or \$10,000, whichever is the greater.
9. That, in accordance with Part 6 Subdivision 2 'Fees and Charges' Section 6.16(3), Council rescinds the adopted 2022/23 Schedule of Fees and Charges that was adopted at the 21 June 2022 Ordinary Council Meeting, as shown in table A, and move a motion to adopt the 2022/23 Schedule of Fees and Charges, as in Table B, as part of the adoption of the 2022/23 Annual Budget in accordance with Section 6.16(3):

Table A

First Weekly Service & Recycling	Per Annum	344.00	344.00
Additional Weekly Service	Per Annum	172.00	172.00
Minnivale Residential Collection (Excluding Recycling)	Per Annum	172.00	172.00

Table B

First Weekly Service & Recycling	Per Annum	344.00	358.00
Additional Weekly Service	Per Annum	172.00	179.00
Minnivale Residential Collection (Excluding Recycling)	Per Annum	172.00	179.00

10. That, in accordance with Part 6 Subdivision 2 'Fees and Charges' Section 6.16(3), Council rescinds the \$5.00 administration fee for rate instalment notices, as adopted in the 2022/23 Schedule of Fees and Charges at the 21 June 2022 Ordinary Council Meeting.

CARRIED BY ABSOLUTE MAJORITY 7/0

6. Closure

There being no further business the President thanked those in attendance and declared the meeting closed at 3.51pm.

SHIRE OF DOWERIN
ANNUAL BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

LOCAL GOVERNMENT ACT 1995

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SHIRE'S VISION

Dowerin will be a thriving and growing rural community which offers lifestyle choice for all generations, is progressive in environmental management and is a preferred location for business development.

SHIRE OF DOWERIN
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
Revenue				
Rates	2(a)	1,514,214	1,452,238	1,447,970
Operating grants, subsidies and contributions	10	1,252,739	6,881,655	6,078,134
Fees and charges	14	669,810	632,065	653,628
Interest earnings	11(a)	47,000	17,183	36,078
Other revenue	11(a)	84,500	105,738	99,000
		3,568,263	9,088,879	8,314,810
Expenses				
Employee costs		(1,796,711)	(1,667,866)	(1,586,612)
Materials and contracts		(1,651,443)	(5,738,144)	(7,219,361)
Utility charges		(179,674)	(262,199)	(152,050)
Depreciation on non-current assets	6	(2,135,767)	(2,098,681)	(1,516,549)
Interest expenses	11(c)	(32,281)	(35,334)	(39,613)
Insurance expenses		(164,857)	(151,255)	(129,540)
Other expenditure		(107,925)	(91,602)	(299,150)
		(6,068,658)	(10,045,081)	(10,942,875)
		(2,500,395)	(956,202)	(2,628,065)
Non-operating grants, subsidies and contributions	10	3,470,765	1,720,355	1,815,757
Profit on asset disposals	5(b)	42,120	27,442	12,381
Loss on asset disposals	5(b)	0	0	(19,746)
		3,512,885	1,747,797	1,808,392
Net result for the period		1,012,490	791,595	(819,673)
Total comprehensive income for the period		1,012,490	791,595	(819,673)

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

SHIRE OF DOWERIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,514,214	1,463,443	1,447,970
Operating grants, subsidies and contributions		1,516,345	6,009,642	6,178,134
Fees and charges		669,810	632,065	653,628
Interest received		47,000	17,183	36,078
Goods and services tax received		500,000	803,670	500,000
Other revenue		84,500	105,738	99,000
		4,331,869	9,031,741	8,914,810
Payments				
Employee costs		(1,796,711)	(1,690,482)	(1,586,612)
Materials and contracts		(1,551,443)	(5,784,353)	(7,119,361)
Utility charges		(179,674)	(262,199)	(152,050)
Interest expenses		(32,281)	(36,501)	(39,613)
Insurance paid		(164,857)	(151,255)	(129,540)
Goods and services tax paid		(500,000)	(650,000)	(500,000)
Other expenditure		(107,925)	(91,602)	(299,150)
		(4,332,891)	(8,666,392)	(9,826,326)
Net cash provided by (used in) operating activities	4	(1,022)	365,349	(911,516)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(72,000)	(260,087)	(663,500)
Payments for construction of infrastructure	5(a)	(3,928,142)	(2,395,781)	(2,345,412)
Non-operating grants, subsidies and contributions		3,470,765	1,720,355	1,815,757
Proceeds from sale of property, plant and equipment	5(b)	121,000	60,909	161,000
Net cash provided by (used in) investing activities		(408,377)	(874,604)	(1,032,155)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(113,975)	(178,201)	(187,187)
Proceeds on disposal of financial assets at amortised cost - term deposits		(379,677)	(133,551)	0
Net cash provided by (used in) financing activities		(493,652)	(311,752)	(187,187)
Net increase (decrease) in cash held		(903,051)	(821,006)	(2,130,858)
Cash at beginning of year		1,139,395	1,960,401	4,229,066
Cash and cash equivalents at the end of the year	4	236,344	1,139,395	2,098,208

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

SHIRE OF DOWERIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

		2022/23	2021/22	2021/22
	NOTE	Budget	Actual	Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	3	1,251,657	1,275,417	2,063,716
		1,251,657	1,275,417	2,063,716
Revenue from operating activities (excluding rates)				
Specified area and ex gratia rates	2(a)(ii)	55,644	47,623	45,000
Operating grants, subsidies and contributions	10	1,252,739	6,881,655	6,078,134
Fees and charges	14	669,810	632,065	653,628
Interest earnings	11(a)	47,000	17,183	36,078
Other revenue	11(a)	84,500	105,738	99,000
Profit on asset disposals	5(b)	42,120	27,442	12,381
		2,151,813	7,711,706	6,924,221
Expenditure from operating activities				
Employee costs		(1,796,711)	(1,667,866)	(1,586,612)
Materials and contracts		(1,651,443)	(5,738,144)	(7,219,361)
Utility charges		(179,674)	(262,199)	(152,050)
Depreciation on non-current assets	6	(2,135,767)	(2,098,681)	(1,516,549)
Interest expenses	11(c)	(32,281)	(35,334)	(39,613)
Insurance expenses		(164,857)	(151,255)	(129,540)
Other expenditure		(107,925)	(91,602)	(299,150)
Loss on asset disposals	5(b)	0	0	(19,746)
		(6,068,658)	(10,045,081)	(10,962,621)
Non-cash amounts excluded from operating activities	3(b)	2,108,647	2,091,355	1,544,497
Amount attributable to operating activities		(556,541)	1,033,397	(430,187)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	10	3,470,765	1,720,355	1,815,757
Payments for property, plant and equipment	5(a)	(72,000)	(260,087)	(663,500)
Payments for construction of infrastructure	5(a)	(3,928,142)	(2,395,781)	(2,345,412)
Proceeds from disposal of assets	5(b)	121,000	60,909	161,000
Amount attributable to investing activities		(408,377)	(874,604)	(1,032,155)
FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(113,975)	(178,201)	(187,187)
Transfers to cash backed reserves (restricted assets)	8(a)	(482,238)	(449,429)	(212,962)
Transfers from cash backed reserves (restricted assets)	8(a)	102,561	315,878	459,521
Amount attributable to financing activities		(493,652)	(311,752)	59,372
Budgeted deficiency before general rates		(1,458,570)	(152,958)	(1,402,970)
Estimated amount to be raised from general rates	2(a)	1,458,570	1,404,615	1,402,970
Net current assets at end of financial year - surplus/(deficit)	3	0	1,251,657	0

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

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SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

1 (a) BASIS OF PREPARATION

The annual budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Financial reporting disclosures in relation to assets and liabilities required by the Australian Accounting Standards have not been made unless considered important for the understanding of the budget or required by legislation.

The local government reporting entity

All funds through which the Shire of Dowerin controls resources to carry on its functions have been included in the financial statements forming part of this annual 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 13 to the annual budget.

2021/22 actual balances

Balances shown in this budget as 2021/22 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

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.

Comparative figures

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

Initial application of accounting standards

During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.

- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*

It is not expected these standards will have an impact on the annual budget.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*
- *AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*

It is not expected these standards will have an impact on the annual budget.

Judgements, estimates and assumptions

The preparation of the annual 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- estimation of fair values of land and buildings and investment property
- impairment of financial assets
- estimation uncertainties and judgements made in relation to lease accounting
- estimated useful life of assets

Rounding off figures

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

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

1 (b) KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

1 (c) KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE

ACTIVITIES

Governance

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

Includes the activities of members of council and the administrative support available to the council for the provision of governance to the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

General purpose funding

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

Law, order, public safety

To provide services to help ensure a safer and environmentally conscious community.

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

Health

To provide an operational framework for environmental and community health.

Food quality and pest control, operation of child health clinic, dental surgery and medical centre.

Housing

The provision of housing to staff.

Maintenance of staff and rental housing.

Community amenities

The provision of services required by the community.

Rubbish collection services, operation of tip, noise control, administration of town planning scheme, maintenance of cemetery, conveniences, storm water drainage, protection of the environment and Community Resource Centre operations.

Recreation and culture

To establish and effectively manage infrastructure and resources that help to maintain the social well being of the community.

Maintenance of public halls, aquatic centre and various sporting facilities. Provision and maintenance of parks, gardens, reserves and playgrounds. Operation of library and maintenance of museums and other cultural facilities

Transport

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, depot maintenance and airfield maintenance

Economic services

To help promote the Shire and its economic wellbeing.

The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control, plant nursery and standpipes

Other property and services

To monitor and control Council's overheads operating account.

Private Works operations, plant repairs and operation costs. Maintenance of commercial buildings

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in	Number of properties	Rateable value	2022/23 Budgeted rate revenue	2022/23 Budgeted interim rates	2022/23 Budgeted back rates	2022/23 Budgeted total revenue	2021/22 Actual total revenue	2021/22 Budget total revenue		
		\$		\$	\$	\$	\$	\$	\$	\$		
(i) Differential general rates or general rates												
Residential	GRV	0.10450	131	1,269,347	132,647	0	0	132,647	134,036	133,153		
Commercial	GRV	0.10450	15	256,474	26,802	0	0	26,802	26,417	26,417		
Town Rural	GRV	0.10450	12	138,892	14,514	0	0	14,514	14,305	14,305		
Other Town	GRV	0.10450	8	33,384	3,489	0	0	3,489	3,439	3,439		
Rural Farmland	UV	0.00676	223	169,617,000	1,146,611	0	0	1,146,611	1,100,740	1,099,969		
Sub-Total			389	171,315,097	1,324,063	0	0	1,324,063	1,278,937	1,277,283		
Minimum payment												
		\$										
Residential	GRV	824	48	292,295	39,552	0	0	39,552	34,892	34,896		
Commercial	GRV	824	17	65,470	14,008	0	0	14,008	13,481	13,483		
Town Rural	GRV	824	16	38,685	13,184	0	0	13,184	11,895	11,897		
Other Town	GRV	241	20	7,974	4,820	0	0	4,820	4,408	4,404		
Rural Farmland	UV	824	64	4,190,300	52,736	0	0	52,736	52,338	52,345		
Commercial	UV	824	4	400	3,296	0	0	3,296	3,172	3,172		
Town Rural	UV	824	4	109,500	3,296	0	0	3,296	3,172	3,172		
Mining	UV	241	15	99,452	3,615	0	0	3,615	2,320	2,318		
Sub-Total			188	4,804,076	134,507	0	0	134,507	125,678	125,687		
					577	176,119,173	1,458,570	0	0	1,458,570	1,404,615	1,402,970
Total amount raised from general rates								1,458,570	1,404,615	1,402,970		
(ii) Specified area and ex gratia rates												
Ex-gratia rates												
CBH					55,644	0	0	55,644	47,623	45,000		
Total specified area and ex gratia rates								55,644	47,623	45,000		
Total rates								1,514,214	1,452,238	1,447,970		

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

The general rates detailed for the 2022/23 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

2. RATES AND SERVICE CHARGES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Service Charges

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	15/09/2022	0	n/a	5.0%
Option two				
First instalment	15/09/2022	0	5.0%	5.0%
Second instalment	16/01/2023	0	5.0%	5.0%
Option three				
First instalment	15/09/2022	0	5.0%	5.0%
Second instalment	17/11/2022	0	5.0%	5.0%
Third instalment	16/01/2023	0	5.0%	5.0%
Fourth instalment	23/03/2023	0	5.0%	5.0%

	2022/23 Budget revenue	2021/22 Actual revenue	2021/22 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	0	1,005	1,500
Instalment plan interest earned	4,000	3,538	4,000
Unpaid rates and service charge interest earned	10,000	9,252	10,000
Pensioner Deferred Interest Received	500	242	0
	14,500	14,036	15,500

2. RATES AND SERVICE CHARGES (CONTINUED)

(c) Specified Area Rate

The Shire did not raise a specified area rate for the year ended 30th June 2023.

(d) Service Charges

The Shire did not raise a Service Charges for the year ended 30th June 2023.

(e) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2023.

SHIRE OF DOWERIN
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2023

3. NET CURRENT ASSETS

		2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022
Note		\$	\$	\$
(a) Composition of estimated net current assets				
Current assets				
	Cash and cash equivalents - unrestricted	236,344	703,001	64,627
4	Cash and cash equivalents - restricted	0	436,394	2,033,581
4	Financial assets - restricted	2,793,368	2,413,691	0
	Receivables	268,610	968,610	201,915
	Inventories	37,337	37,337	11,455
		3,335,659	4,559,033	2,311,578
Less: current liabilities				
	Trade and other payables	(484,546)	(383,329)	(184,245)
	Contract liabilities	0	(436,394)	0
7	Long term borrowings	0	(113,975)	0
	Employee provisions	(171,845)	(171,845)	(192,102)
		(656,391)	(1,105,543)	(376,347)
	Net current assets	2,679,268	3,453,490	1,935,231
	Less: Total adjustments to net current assets	(2,679,268)	(2,201,833)	(1,935,231)
	Net current assets used in the Rate Setting Statement	0	1,251,657	0

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023
3. NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the Local Government Act 1995 the following amounts have been excluded as provided by Local Government (Financial Management) Regulation 32 which will not fund the budgeted expenditure.

(b) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

	Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022
		\$	\$	\$
Adjustments to operating activities				
Less: Profit on asset disposals	5(b)	(42,120)	(27,442)	(12,381)
Add: Loss on disposal of assets	5(b)	0	0	19,746
Add: Depreciation on assets	6	2,135,767	2,098,681	1,516,549
Movement in current employee provisions associated with restricted cash		15,000	20,116	20,583
Non cash amounts excluded from operating activities		2,108,647	2,091,355	1,544,497

(c) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Cash - restricted reserves	8	(2,793,368)	(2,413,691)	(2,033,581)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		0	113,975	0
- Current portion of employee benefit provisions held in reserve		114,100	97,883	98,350
Total adjustments to net current assets		(2,679,268)	(2,201,833)	(1,935,231)

3 (d) NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire 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 or non-current based on the Shire's intentions to release for sale.

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 Dowerin 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.

PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

INVENTORIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Superannuation

The Shire of Dowerin contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Dowerin contributes are defined contribution plans.

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.

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.

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

PROVISIONS

Provisions are recognised when the Shire has a present 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.

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire'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'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's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

4. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

Note	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Cash at bank and on hand	236,344	1,139,395	2,098,208
Total cash and cash equivalents	236,344	1,139,395	2,098,208
Held as			
- Unrestricted cash and cash equivalents	3(a) 236,344	703,001	64,627
- Restricted cash and cash equivalents	3(a) 0	436,394	2,033,581
	236,344	1,139,395	2,098,208
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	0	436,394	2,033,581
- Restricted financial assets at amortised cost - term deposits	3(a) 2,793,368	2,413,691	0
	2,793,368	2,850,085	2,033,581
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Financially backed reserves	8 2,793,368	2,413,691	2,033,581
Contract liabilities	0	436,394	
	2,793,368	2,850,085	2,033,581
Reconciliation of net cash provided by operating activities to net result			
Net result	1,012,490	791,595	(819,673)
Depreciation	6 2,135,767	2,098,681	1,516,549
(Profit)/loss on sale of asset	5(b) (42,120)	(27,442)	7,365
Share of profit or (loss) of associates accounted for using the equity method	0	0	0
(Increase)/decrease in receivables	700,000	(439,519)	290,000
(Increase)/decrease in inventories	0	(22,732)	
Increase/(decrease) in payables	100,000	(47,260)	0
Increase/(decrease) in contract liabilities	(436,394)	(267,619)	(90,000)
Non-operating grants, subsidies and contributions	(3,470,765)	(1,720,355)	(1,815,757)
Net cash from operating activities	(1,022)	365,349	(911,516)

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 3 - Net Current Assets.

FINANCIAL ASSETS AT AMORTISED COST

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

5. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	2022/23 Budget total	2021/22 Actual total	2021/22 Budget total
	\$	\$	\$
<i>Property, Plant and Equipment</i>			
Buildings - non-specialised	10,000	186,150	267,000
Plant and equipment	62,000	73,937	396,500
	72,000	260,087	663,500
<i>Infrastructure</i>			
Infrastructure - roads	3,710,766	1,896,158	1,978,412
Other infrastructure - other	217,376	499,623	367,000
	3,928,142	2,395,781	2,345,412
Total acquisitions	4,000,142	2,655,868	3,008,912

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

SHIRE OF DOWERIN
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2023

5. FIXED ASSETS

(b) Disposals of Assets

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

	2022/23 Budget Net Book Value	2022/23 Budget Sale Proceeds	2022/23 Budget Profit	2022/23 Budget Loss	2021/22 Actual Net Book Value	2021/22 Actual Sale Proceeds	2021/22 Actual Profit	2021/22 Actual Loss	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Asset												
Ride On Mower - Cox 9008E (P042)	0	0	0	0	0	0	0	0	0	1,000	1,000	0
Dual Cab 4x2; D002; Team Leader	20,000	20,000	0	0	0	0	0	0	23,000	18,000	0	(5,000)
Single Cab - Light Utility - 1GIL668	650	1,000	350	0	0	0	0	0	951	12,000	11,049	0
Toyota Hilux SR5 4WD Turbo Diesel	36,500	50,000	13,500	0	0	0	0	0	41,100	40,000	0	(1,100)
Passenger Vehicle; CEO	0	0	0	0	33,467	60,909	27,442	0	50,955	50,000	0	(955)
Passenger Vehicle; MCCA	21,730	50,000	28,270	0	0	0	0	0	39,668	40,000	332	0
	78,880	121,000	42,120	0	33,467	60,909	27,442	0	155,674	161,000	12,381	(7,055)
By Program												
Transport	650	1,000	350	0	0	0	0	0	23,951	31,000	12,049	(17,691)
Other property and services	78,230	120,000	41,770	0	33,467	60,909	27,442	0	131,723	130,000	332	(2,055)
	78,880	121,000	42,120	0	33,467	60,909	27,442	0	155,674	161,000	12,381	(19,746)
By Class												
<i>Property, Plant and Equipment</i>												
Plant and equipment	78,880	121,000	42,120	0	33,467	60,909	27,442	0	155,674	161,000	12,381	(19,746)
	78,880	121,000	42,120	0	33,467	60,909	27,442	0	155,674	161,000	12,381	(19,746)

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

- Plant replacement program

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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.

6. ASSET DEPRECIATION

By Program

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

By Class

Buildings - Non Specialised
Plant & Equipment
Infrastructure Roads
Infrastructure Drainage
Other Infrastructure - Bridges
Infrastructure Footpaths
Infrastructure Parks & Ovals
Other Infrastructure - Sewerage
Infrastructure Other

2022/23 Budget	2021/22 Actual	2021/22 Budget
\$	\$	\$
65,826	65,745	60,520
20,797	20,771	15,732
125,091	124,936	117,334
82,593	82,490	74,968
410,983	410,535	305,284
1,106,648	1,065,321	715,972
74,274	74,181	61,836
249,555	254,702	164,903
2,135,767	2,098,681	1,516,549
501,960	501,360	483,660
318,137	323,239	227,495
980,621	939,451	629,475
80,547	80,447	47,417
0	0	10,000
108,422	108,287	66,678
75,048	74,954	10,977
55,738	55,669	38,047
15,294	15,275	2,800
2,135,767	2,098,681	1,516,549

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

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

Asset Class	Useful life
Buildings	15 to 61 years
Furniture and equipment	4 to 10 years
Tools	10 to 20 years
Plant and equipment	10 to 27 years
Roads and streets	
- Formation	not depreciated
- Pavement	17 years
- Bridges	50 years
- Kerbing	25 years
Footpaths	25 years
Other Infrastructure	8 - 40 years
Parks & Ovals Infrastructure	17 years
Drainage Infrastructure	50 years
Wastewater infrastructure	20 years

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2022/23	2022/23	Budget	2022/23	Actual	2021/22	Actual	2021/22	Budget	2021/22	Budget	2021/22
				Principal 1 July 2022	Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2023	Interest Repayments	Principal 1 July 2021	Principal Repayments	Principal outstanding 30 June 2022	Interest Repayments	Principal 1 July 2021	Principal Repayments	Principal outstanding 30 June 2022	Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing																
Loan 100 - GROH	100	WATC*	3.57%	244,135	0	(11,090)	233,045	(8,618)	254,839	(10,704)	244,135	(9,003)	254,839	(10,704)	244,135	(9,003)
Recreation and culture																
Loan 97 - Community Club	97	WATC*	4.09%	0	0	0	0	0	75,905	(75,905)	0	(2,331)	75,905	(75,905)	0	(2,337)
Loan 101 - Swimming Pool	101	WATC*	1.80%	153,293	0	(19,444)	133,849	(2,500)	162,815	(9,522)	153,293	(1,465)	162,815	(18,508)	144,307	(4,801)
DEM Loan - Swimming Pool	LP000	DEM**	0.0%	35,000	0	(10,000)	25,000	0	45,000	(10,000)	35,000	0	45,000	(10,000)	35,000	0
Transport																
Multi Tyre Roller	103	WATC*	0.8%	129,895	0	(20,895)	109,000	(1,117)	150,618	(20,723)	129,895	(1,488)	150,618	(20,723)	129,895	(2,426)
Smooth Drum Tyre Roller	102	WATC*	0.8%	131,716	0	(18,437)	113,279	(984)	150,000	(18,284)	131,716	(938)	150,000	(18,284)	131,716	(938)
Economic services																
Loan 99 - Accommodation	99	WATC*	3.1%	615,517	0	(34,109)	581,408	(19,062)	648,580	(33,063)	615,517	(20,108)	648,580	(33,063)	615,517	(20,108)
				1,309,556	0	(113,975)	1,195,581	(32,281)	1,487,757	(178,201)	1,309,556	(35,334)	1,487,757	(187,187)	1,300,570	(39,613)

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

7. INFORMATION ON BORROWINGS

(b) New borrowings - 2022/23

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2023

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2022 nor is it expected to have unspent borrowing funds as at 30th June 2023.

(d) Credit Facilities

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	60,000	60,000	60,000
Bank overdraft at balance date	0	0	0
Credit card limit	18,000	18,000	18,000
Credit card balance at balance date	(5,000)	(2,242)	(5,000)
Total amount of credit unused	73,000	75,758	73,000
Loan facilities			
Loan facilities in use at balance date	1,195,581	1,309,556	1,300,570

Overdraft details	Purpose overdraft was established	Year overdraft established	Amount b/fwd 1 July 2022	2022/23 Budgeted Increase/ (Decrease)	Amount as at 30th June 2023
			\$	\$	\$
NAB	Cashflow	1980	60,000	0	60,000
			60,000	0	60,000

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

8. FINANCIALLY BACKED RESERVES

(a) Financially Backed Reserves - Movement

	2022/23 Budget Opening Balance	2022/23 Budget Interest Transfer to	2022/23 Budget Transfer to	2022/23 Budget Transfer (from)	2022/23 Budget Closing Balance	2021/22 Actual Opening Balance	2021/22 Actual Transfer to	2021/22 Actual Transfer (from)	2021/22 Actual Closing Balance	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council													
(a) Employee Entitlement Reserve	97,883	1,217	15,000	0	114,100	77,767	20,116	0	97,883	77,767	20,583	0	98,350
(b) Plant Replacement Reserve	487,477	6,059	132,558	(32,000)	594,094	195,176	292,301	0	487,477	195,176	51,206	(120,000)	126,382
(c) Sewerage Asset Preservation Reserve	912,075	11,336	34,000	0	957,411	1,069,074	86,606	(243,605)	912,075	1,069,074	88,235	(47,000)	1,110,309
(d) Information Technology Reserve	39,651	493	20,000	0	60,144	39,307	344	0	39,651	39,307	295	0	39,602
(e) Land & Building Reserve	287,543	3,574	10,000	0	301,117	346,803	3,013	(62,273)	287,543	346,803	2,578	(150,000)	199,381
(f) Emergency Reserve	0	0	0	0	0	10,000	0	(10,000)	0	10,000	0	(10,000)	0
(g) Swimming Pool Reserve	40,561	0	0	(40,561)	0	30,294	10,267	0	40,561	30,294	10,227	(40,521)	0
(h) Recreation Reserve	206,122	3,066	50,000	(30,000)	229,188	205,800	322	0	206,122	205,800	1,544	(92,000)	115,344
(i) Community Housing Reserve	60,005	746	0	0	60,751	59,915	90	0	60,005	59,915	449	0	60,364
(j) Economic Reserve	66,971	832	0	0	67,803	66,870	101	0	66,971	66,870	502	0	67,372
(k) Bowling Green Reserve	117,245	1,457	10,000	0	128,702	107,084	10,161	0	117,245	107,084	10,803	0	117,887
(l) Tennis Court Reserve	58,128	722	6,000	0	64,850	52,050	6,078	0	58,128	52,050	6,390	0	58,440
(m) Depot Reserve	20,015	249	50,000	0	70,264	10,000	10,015	0	20,015	10,000	10,075	0	20,075
(n) Waste Reserve	20,015	249	20,000	0	40,264	10,000	10,015	0	20,015	10,000	10,075	0	20,075
(o) Roads and Infrastructure	0	0	104,680	0	104,680	0	0	0	0	0	0	0	0
	2,413,691	30,000	452,238	(102,561)	2,793,368	2,280,140	449,429	(315,878)	2,413,691	2,280,140	212,962	(459,521)	2,033,581
	2,413,691	30,000	452,238	(102,561)	2,793,368	2,280,140	449,429	(315,878)	2,413,691	2,280,140	212,962	(459,521)	2,033,581

(b) Financially Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Employee Entitlement Reserve	Ongoing	-To cash back the cost of Long Service, Annual and Sick Leave where the leave cannot be absorbed within the annual budget.
(b) Plant Replacement Reserve	Ongoing	-To ensure the cost of additional new plant and refurbishment or replacement can be met as per the Plant Replacement Program
(c) Sewerage Asset Preservation Reserve	Ongoing	-To provide for the replacement and development of sewerage and stormwater infrastructure throughout the Shire.
(d) Information Technology Reserve	Ongoing	-To be used for the renewal & upgrade of Shire of Dowerin Information Technology
(e) Land & Building Reserve	Ongoing	-To assist with funding the development and purchase of land and building assets.
(f) Emergency Reserve	30/06/2022	-To be closed in 2021/2022
(g) Swimming Pool Reserve	30/06/2023	-To be closed and transferred to the Recreation reserve
(h) Recreation Reserve	Ongoing	-To fund future maintenance, upgrades and developments of recreation facilities, including the swimming pool.
(i) Community Housing Reserve	Ongoing	-To enable participation in community housing projects such as independent living units for seniors
(j) Economic Reserve	Ongoing	-To maintain a reserve to fund economic development initiatives
(k) Bowling Green Reserve	Ongoing	-To be used for the replacement of the bowling greens.
(l) Tennis Court Reserve	Ongoing	-To be used for the replacement of the Tennis Courts
(m) Depot Reserve	Ongoing	-To be used for the purpose of construction of a new Shire of Dowerin Works Depot facility
(n) Waste Reserve	Ongoing	-To be used for the renewal & development of the Shire of Dowerin Waste Facility
(o) Roads and Infrastructure	Ongoing	- To be used for the new construction, maintenance, renewal or upgrade of drainage, footpaths, streets and roads

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

9. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Sewerage Rates & Charges	Charge for Town Sewerage service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Operating Grants with commitments	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Operating Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Non- Operating Grants	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Fees & Charges	Sale of general goods & services	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Other Revenue	Reimbursements, Donations, Insurance claims and Other revenue	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled

11. OTHER INFORMATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	30,000	3,427	17,078
- Other funds	2,500	725	5,000
Other interest revenue (refer note 1b)	14,500	13,031	14,000
	47,000	17,183	36,078
(a) Other revenue			
Reimbursements and recoveries	84,500	105,738	99,000
	84,500	105,738	99,000
The net result includes as expenses			
(b) Auditors remuneration			
Audit services	33,000	29,741	36,000
	33,000	29,741	36,000
(c) Interest expenses (finance costs)			
Borrowings (refer Note 7(a))	32,281	35,334	39,613
	32,281	35,334	39,613
(d) Write offs			
General rate	5,000	15,767	20,000
	5,000	15,767	20,000

10. PROGRAM INFORMATION

Income and expenses

Income excluding grants, subsidies and contributions

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
General purpose funding	1,596,014	1,506,513	1,519,248
Law, order, public safety	3,356	3,056	5,500
Health	3,300	3,594	1,600
Education and welfare	18,000	12,190	9,876
Housing	131,081	111,124	145,000
Community amenities	270,973	267,108	287,152
Recreation and culture	24,200	29,418	22,500
Transport	17,850	20,240	26,049
Economic services	213,100	216,919	177,300
Other property and services	79,770	64,503	54,832

2,357,644 2,234,665 2,249,057

Operating grants, subsidies and contributions

Governance	3,000	427	8,000
General purpose funding	0	1,950,981	884,978
Law, order, public safety	34,000	28,883	35,200
Education and welfare	779,481	481,997	536,782
Housing	0	32,877	5,000
Community amenities	0	1,500	0
Recreation and culture	23,450	13,115	28,450
Transport	401,808	4,327,959	4,574,724
Economic services	0	6,141	5,000
Other property and services	11,000	37,776	0

1,252,739 6,881,656 6,078,134

Non-operating grants, subsidies and contributions

General purpose funding	764,276	0	0
Recreation and culture	70,000	70,000	70,000
Transport	2,636,489	1,650,355	1,745,757

3,470,765 1,720,355 1,815,757

Total Income

7,081,148 10,836,676 10,142,948

Expenses

Governance	(594,780)	(390,025)	(436,496)
General purpose funding	(207,328)	(196,899)	(221,485)
Law, order, public safety	(151,556)	(137,135)	(131,300)
Health	(60,504)	(24,033)	(49,572)
Education and welfare	(585,233)	(442,979)	(602,795)
Housing	(307,140)	(269,407)	(265,816)
Community amenities	(394,647)	(406,031)	(471,723)
Recreation and culture	(983,900)	(935,922)	(948,054)
Transport	(2,174,714)	(6,067,059)	(7,312,861)
Economic services	(536,244)	(503,226)	(514,251)
Other property and services	(72,612)	(672,365)	(8,268)

Total expenses

(6,068,658) (10,045,081) (10,962,621)

Net result for the period

1,012,490 791,595 (819,673)

12. ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Elected member Cr Trepp			
President's allowance	7,500	7,500	7,500
Meeting attendance fees	6,200	4,900	5,253
	13,700	12,400	12,753
Elected member Cr Ward			
Deputy President's allowance	1,875	1,875	1,650
Meeting attendance fees	3,050	2,900	2,900
	4,925	4,775	4,550
Elected member Cr Allsopp			
Meeting attendance fees	2,625	2,275	2,275
	2,625	2,275	2,275
Elected member Cr Hagboom			
Meeting attendance fees	2,625	2,075	2,075
	2,625	2,075	2,075
Elected member Cr Hudson			
Meeting attendance fees	2,625	3,625	3,625
	2,625	3,625	3,625
Elected member Cr McMorran			
Meeting attendance fees	2,625	2,150	2,150
	2,625	2,150	2,150
Elected member Cr Metcalf			
Meeting attendance fees	2,625	2,350	2,350
	2,625	2,350	2,350
Elected member Cr Sewell			
Meeting attendance fees	2,625	2,600	2,600
	2,625	2,600	2,600
Elected member Cr Holberton			
Meeting attendance fees	0	475	0
	0	475	0
Total Elected Member Remuneration	34,375	32,725	32,378
President's allowance	7,500	7,500	7,500
Deputy President's allowance	1,875	1,875	1,650
Meeting attendance fees	25,000	23,350	23,228
	34,375	32,725	32,378

12. INVESTMENT IN JOINT ARRANGEMENTS

The Shire of Dowerin entered into joint arrangements with the State Housing Commission - Homeswest for construction of:

4 x 2 Bedroom Units for small families (Memorial Street Units) in 1996

The Shire has a 19% interest in the joint arrangement.

4 x Independent Living Units for Seniors (Lot 27 Goldfields Road - Hilda Street Units) in 2006

The Shire has a 21% interest in the joint arrangement.

Assets associated with the joint venture agreements are included in Council's Property, Plant & Equipment Register.

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Property, plant and equipment	1,115,947	1,115,947	1,115,947
Less:accumulated depreciation	(141,594)	(111,594)	(112,213)
Total assets	974,353	1,004,353	1,003,734

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

14. FEES AND CHARGES

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
By Program:			
General purpose funding	4,800	3,721	2,200
Law, order, public safety	3,356	2,913	5,500
Health	3,300	3,594	1,600
Education and welfare	15,000	9,708	8,876
Housing	131,081	110,064	145,000
Community amenities	270,973	257,609	287,152
Recreation and culture	18,200	19,098	22,500
Transport	500	409	0
Economic services	211,100	215,416	175,300
Other property and services	11,500	9,533	5,500
	669,810	632,065	653,628

The subsequent pages detail the fees and charges proposed to be imposed by the local government.