

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

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**SHIRE OF DOWERIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
<b>Revenue</b>				
Rates	8	1,336,057	1,250,387	1,247,570
Operating grants, subsidies and contributions		1,535,380	1,989,394	1,151,749
Fees and charges	14	470,855	399,252	422,200
Fees and charges - Sewerage	10	160,100	155,716	137,807
Interest earnings	2(a)	63,111	45,512	57,740
Other revenue	2(a)	192,550	188,276	203,526
		<u>3,758,053</u>	<u>4,028,537</u>	<u>3,220,592</u>
<b>Expenses</b>				
Employee costs		(1,712,602)	(1,655,295)	(1,553,120)
Materials and contracts		(1,661,763)	(1,222,063)	(843,690)
Utility charges		(193,792)	(178,156)	(177,710)
Depreciation on non-current assets	2(a)	(1,331,346)	(1,240,452)	(1,138,280)
Interest expenses	2(a)	(44,684)	(39,026)	(39,455)
Insurance expenses		(159,868)	(141,841)	(162,650)
Other expenditure		(99,622)	(95,028)	(94,340)
		<u>(5,203,677)</u>	<u>(4,571,861)</u>	<u>(4,009,245)</u>
		(1,445,624)	(543,324)	(788,653)
Non-operating grants, subsidies and contributions		717,862	1,727,461	1,839,985
Profit on asset disposals	6	21,276	3,643	40,800
Loss on asset disposals	6	(66,903)	(955)	(7,200)
<b>NET RESULT</b>		<b>(773,389)</b>	<b>1,186,825</b>	<b>1,084,932</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>(773,389)</u></b>	<b><u>1,186,825</u></b>	<b><u>1,084,932</u></b>

**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 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.

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

**SHIRE OF DOWERIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
<b>Revenue (Refer Notes 1,2,8,10 to 14)</b>				
Governance		5,730	18,956	4,730
General purpose funding		2,068,319	2,702,012	2,034,417
Law, order, public safety		14,234	17,059	25,310
Health		237,241	288,408	267,152
Education and welfare		135,160	117,934	132,510
Housing		181,870	150,603	142,590
Community amenities		262,387	259,768	235,837
Recreation and culture		48,421	44,851	81,840
Transport		654,294	303,037	147,630
Economic services		137,652	116,153	137,866
Other property and services		12,745	9,756	10,710
		<u>3,758,053</u>	<u>4,028,537</u>	<u>3,220,592</u>
<b>Expenses Excluding Finance Costs (Refer Notes 1, 2 &amp; 15)</b>				
Governance		(503,348)	(510,147)	(479,770)
General purpose funding		(146,063)	(151,736)	(142,710)
Law, order, public safety		(54,449)	(60,821)	(68,680)
Health		(334,824)	(332,044)	(312,810)
Education and welfare		(174,454)	(146,730)	(166,000)
Housing		(233,614)	(242,202)	(196,250)
Community amenities		(302,336)	(283,083)	(295,770)
Recreation and culture		(816,313)	(802,649)	(748,960)
Transport		(2,257,582)	(1,576,855)	(1,226,750)
Economic services		(323,265)	(377,029)	(329,140)
Other property and services		(12,745)	(49,538)	(2,950)
		<u>(5,158,993)</u>	<u>(4,532,834)</u>	<u>(3,969,790)</u>
<b>Finance Costs (Refer Notes 2 &amp; 7)</b>				
Housing		(4,998)	0	0
Recreation and culture		(15,619)	(13,597)	(13,687)
Economic services		(24,067)	(25,429)	(25,768)
		<u>(44,684)</u>	<u>(39,026)</u>	<u>(39,455)</u>
<b>Non-operating Grants, Subsidies and Contributions</b>				
Law, order, public safety		0	265,333	241,000
Community amenities		0	0	170,000
Recreation and culture		0	10,727	12,000
Transport		717,862	851,400	816,985
Economic services		0	600,000	600,000
		<u>717,862</u>	<u>1,727,460</u>	<u>1,839,985</u>
<b>Profit/(Loss) On</b>				
<b>Disposal Of Assets (Refer Note 6)</b>				
Governance		0	0	2,700
Health		0	1,909	(7,100)
Housing		(58,233)	0	0
Transport		12,659	779	38,000
Other property and services		(53)	0	0
		<u>(45,627)</u>	<u>2,688</u>	<u>33,600</u>
<b>NET RESULT</b>		<u><b>(773,389)</b></u>	<u><b>1,186,825</b></u>	<u><b>1,084,932</b></u>
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>(773,389)</b></u>	<u><b>1,186,825</b></u>	<u><b>1,084,932</b></u>

**SHIRE OF DOWERIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
***BY PROGRAM***  
**FOR THE YEAR ENDED 30 JUNE 2019**

**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 the 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 upon 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 DOWERIN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,386,057	1,224,845	1,247,570
Operating grants, subsidies and contributions		1,601,317	1,989,392	1,388,406
Fees and charges		459,918	694,883	420,203
Service charges		160,100	155,716	137,807
Interest earnings		63,111	45,512	57,740
Goods and services tax		200,000	377,398	200,000
Other revenue		192,550	188,276	51,268
		<u>4,063,053</u>	<u>4,676,022</u>	<u>3,502,994</u>
<b>Payments</b>				
Employee costs		(1,762,602)	(1,667,054)	(1,553,120)
Materials and contracts		(1,812,132)	(1,547,911)	(1,037,393)
Utility charges		(193,792)	(178,156)	(171,872)
Interest expenses		(123,938)	(40,540)	(39,455)
Insurance expenses		(159,868)	(141,841)	(162,155)
Goods and services tax		(200,000)	(304,041)	(200,000)
Other expenditure		(99,622)	(95,028)	(94,340)
		<u>(4,351,954)</u>	<u>(3,974,571)</u>	<u>(3,258,335)</u>
<b>Net cash provided by (used in) operating activities</b>	3(b)	<u>(288,901)</u>	<u>701,451</u>	<u>244,659</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	5	(1,358,716)	(1,190,686)	(1,738,737)
Payments for construction of infrastructure	5	(1,380,333)	(656,451)	(1,484,927)
Non-operating grants, subsidies and contributions used for the development of assets		717,862	1,727,461	1,839,985
Proceeds from sale of plant & equipment	6	283,000	18,727	155,500
<b>Net cash provided by (used in) investing activities</b>		<u>(1,738,187)</u>	<u>(100,949)</u>	<u>(1,228,179)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures	7	(126,735)	(117,509)	(117,510)
Advances to community groups		0	0	0
Proceeds from self supporting loans		24,534	23,756	23,756
Proceeds from new debentures	7	480,000	0	0
<b>Net cash provided by (used in) financing activities</b>		<u>377,799</u>	<u>(93,754)</u>	<u>(93,754)</u>
<b>Net increase (decrease) in cash held</b>		(1,649,289)	506,748	(1,077,308)
Cash at beginning of year		<u>3,934,691</u>	<u>3,427,943</u>	<u>3,381,474</u>
<b>Cash and cash equivalents at the end of the year</b>	3(a)	<u><u>2,285,402</u></u>	<u><u>3,934,691</u></u>	<u><u>2,304,166</u></u>

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

**SHIRE OF DOWERIN**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	4	1,492,612	1,339,634	1,134,516
<b>Revenue from operating activities (excluding rates and non-operating grants, subsidies and contributions)</b>	1,2			
Governance		5,730	18,956	7,530
General purpose funding		758,336	1,476,696	807,647
Law, order, public safety		14,234	17,059	25,310
Health		237,241	290,317	267,152
Education and welfare		135,160	117,934	132,510
Housing		181,870	150,603	142,590
Community amenities		262,387	259,768	235,837
Recreation and culture		48,421	44,851	81,840
Transport		672,953	304,771	185,630
Economic services		137,652	116,153	137,866
Other property and services		15,362	9,756	10,710
		<u>2,469,346</u>	<u>2,806,864</u>	<u>2,034,622</u>
<b>Expenditure from operating activities</b>	1,2			
Governance		(503,348)	(510,147)	(479,870)
General purpose funding		(146,063)	(151,736)	(142,710)
Law, order, public safety		(54,449)	(60,821)	(68,680)
Health		(334,824)	(332,044)	(319,910)
Education and welfare		(174,454)	(146,730)	(166,000)
Housing		(296,845)	(242,202)	(196,250)
Community amenities		(302,336)	(283,083)	(295,770)
Recreation and culture		(831,932)	(816,246)	(762,647)
Transport		(2,263,582)	(1,577,810)	(1,226,750)
Economic services		(347,332)	(402,458)	(354,908)
Other property and services		(15,415)	(49,538)	(2,950)
		<u>(5,270,580)</u>	<u>(4,572,815)</u>	<u>(4,016,445)</u>
<b>Operating activities excluded from budget</b>				
(Profit)/Loss on asset disposals	6	45,627	(2,688)	(33,600)
Loss on revaluation of non current assets		0	0	0
Depreciation on assets	2(a)	1,331,346	1,240,452	1,138,280
Movement in employee benefit provisions (non-current)		1,109	20,515	0
<b>Amount attributable to operating activities</b>		<u>69,460</u>	<u>831,962</u>	<u>257,373</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		717,862	1,727,461	1,839,985
Purchase land held for resale		0	0	
Purchase property, plant and equipment	5	(1,358,716)	(1,190,682)	(1,738,737)
Purchase and construction of infrastructure	5	(1,380,333)	(656,451)	(1,484,927)
Proceeds from disposal of assets	6	283,000	18,727	155,500
<b>Amount attributable to investing activities</b>		<u>(1,738,187)</u>	<u>(100,945)</u>	<u>(1,228,179)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	7	(126,735)	(117,509)	(117,510)
Proceeds from new debentures	7	480,000	0	0
Proceeds from self supporting loans		24,534	23,756	23,756
Transfers to cash backed reserves (restricted assets)	9	(314,092)	(413,014)	(352,053)
Transfers from cash backed reserves (restricted assets)	9	299,520	43,047	195,844
<b>Amount attributable to financing activities</b>		<u>363,227</u>	<u>(463,721)</u>	<u>(249,963)</u>
<b>Budgeted deficiency before general rates</b>		<u>(1,305,500)</u>	<u>267,296</u>	<u>(1,220,769)</u>
<b>Estimated amount to be raised from general rates</b>		<u>1,309,983</u>	<u>1,225,316</u>	<u>1,226,770</u>
<b>Net current assets at end of financial year - surplus/(deficit)</b>	4	<u>4,483</u>	<u>1,492,612</u>	<u>6,001</u>

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

**SHIRE OF DOWERIN**  
**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.

**The Local Government Reporting Entity**

All funds through which the Shire 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 this budget document.

**(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) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the Shire 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.

**(e) 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.

**(f) Superannuation**

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

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Cash and Cash Equivalents**

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 - Net Current Assets.

**(h) 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.

**(i) 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.



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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) 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.

***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 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.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) 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	20 to 50 years
Furniture and Equipment	4 to 20 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
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage infrastructure	40 years
Drainage	20 to 75 years
Parks & Ovals	17 years
Street Lighting	20 years
Other Infrastructure	20 to 50 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.

**Capitalisation Threshold**

Expenditure on items of equipment under \$5,000 is not capitalised.

**(k) Fair Value of Assets and Liabilities**

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

Fair Value is the price that the Shire 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.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Fair Value of Assets and Liabilities (Continued)**

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 (i.e. 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 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 are consistent with one or more of the following valuation approaches:

**Market approach**

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Fair Value of Assets and Liabilities (Continued)**

**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 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.

**(l) Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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 DOWERIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(I) 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 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 DOWERIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(l) 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 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.

**(m) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire 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 DOWERIN**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) 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 2017.

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

**(n) 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 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.

**(o) 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.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) 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.

**(q) Provisions**

Provisions are recognised when the Shire 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.

**(r) 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, 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.

**(s) 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'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 19.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(t) 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'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 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's intentions to release for sale.

**(u) Comparative Figures**

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

**(v) Budget Comparative Figures**

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

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

	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
<b>2. REVENUES AND EXPENSES</b>			
(a) <b>Net Result</b>			
The net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
Audit services	25,500	10,500	16,700
Other services	0	900	0
<b>Depreciation By Program</b>			
Governance	1,375	1,955	10,800
Law, order, public safety	24,369	27,004	36,950
Health	6,900	6,034	5,280
Education and welfare	15,030	15,050	15,120
Housing	125,547	125,452	92,860
Community amenities	66,769	64,423	32,210
Recreation and culture	331,030	331,538	221,400
Transport	464,830	476,751	472,550
Economic services	64,960	67,098	70,450
Other property and services	230,536	125,147	180,660
	1,331,346	1,240,452	1,138,280
<b>Depreciation By Asset Class</b>			
Buildings	433,044	435,899	360,380
Furniture & Equipment	10,815	14,154	19,190
Vehicles & Plant	225,561	118,594	210,460
Tools & Equipment	1,542	1,486	4,100
Infrastructure - Roads	414,990	426,860	411,320
Infrastructure - Footpaths	20,940	20,964	11,160
Infrastructure - Drainage	22,090	22,116	15,570
Infrastructure - Sewerage	57,824	55,669	13,020
Infrastructure - Signs	0	0	15,630
Infrastructure - Parks & Ovals	78,290	78,395	71,300
Infrastructure - Street Lighting	0	0	6,150
Infrastructure - Other	66,250	66,316	0
	1,331,346	1,240,452	1,138,280
<b>Interest Expenses (Finance Costs)</b>			
- Debentures ( <i>refer note 7(a)</i> )	44,684	39,026	39,455
	44,684	39,026	39,455
(ii) Crediting as revenues:			
<b>Interest Earnings</b>			
Investments			
- Reserve funds	43,151	24,540	39,380
- Other funds	7,283	6,410	7,140
Loan Interest Received - Clubs/Institutions	1,008	1,478	0
Other interest revenue ( <i>refer note 12</i> )	11,669	13,084	11,220
	63,111	45,512	57,740
(iii) <b>Other Revenue</b>			
Reimbursements and recoveries	17,387	29,553	9,866
Other	15,738	15,430	19,000
	33,125	44,983	28,866

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

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**COMMUNITY VISION**

A thriving rural community which will be a lifestyle choice for generations, a preferred location for business development and a recognised leader in environmental management.

The Shire's Strategic Community plan provides the following Key Themes.

Community - A Strong, Healthy and Safe Community

Economic - A Strong and Diverse Local Economy

Environment - To have a Sustainable Natural and Built Environment that meets our community's needs, now and in the future

Local Government Leadership - A Vibrant and Progressive Community lead by an Innovative Council.  
This budget provides projects and programs to progress Community aspirations.

**GOVERNANCE**

**Activities:**

**GENERAL PURPOSE FUNDING**

**Activities:**

Rates including income and expenses relating to the imposition of rates.  
General purpose government grants and interest earnings.

**LAW, ORDER, PUBLIC SAFETY**

**Activities:**

Supervision and enactment of various Local Laws, fire prevention, animal control and community crime prevention.

**HEALTH**

**Activities:**

Environmental health services including food quality, pest control, inspection of buildings, and food premises. Home and community care services and meals on wheels services.

**EDUCATION AND WELFARE**

**Activities:**

Care for the aged, community nursing.  
Maintenance costs Community Resource Centre.

**HOUSING**

**Activities:**

Maintenance of staff and other rental housing including Community Housing Project units operated by joint venture with Homeswest.

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

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Activities:**

Rubbish collection & recycling services, operation of disposal sites, administration and operation of the Dowerin townsite sewerage scheme, administration of the town planning scheme, operation of Dowerin and Minnivale public cemeteries, maintenance to public toilets, Dowerin community bus.

**RECREATION AND CULTURE**

**Activities:**

Maintenance of various halls and sports pavilions, parks and gardens, sports playing surface areas and reserves (including football oval, hockey oval, grassed tennis courts, bowling greens and golf course). Contribution to the operation of the public library

**TRANSPORT**

**Activities:**

Construction and maintenance of streets, roads, footpaths, drainage, signs. Maintenance of street trees. Lighting of streets. Maintenance of works depot. Purchase of road plant.

**ECONOMIC SERVICES**

**Activities:**

Regulation of tourism, area promotion, building control, saleyards, noxious weeds, vermin. Assistance with administration and infrastructure of Dowerin Field Days.

**OTHER PROPERTY & SERVICES**

**Activities:**

Private Works. Plant repairs and operation. Engineering and Administration overheads. Material stocks.

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

**3. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2018/19 Budget \$</b>	<b>2017/18 Actual \$</b>	<b>2017/18 Budget \$</b>
Cash - unrestricted	113,467	1,777,328	360,561
Cash - restricted	<u>2,171,935</u>	<u>2,157,363</u>	<u>1,943,605</u>
	<u><u>2,285,402</u></u>	<u><u>3,934,691</u></u>	<u><u>2,304,166</u></u>

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

Leave Reserve	55,326	54,217	54,695
Plant Reserve	105,056	369,807	166,082
Sewerage Asset Preservation Reserve	1,292,368	1,161,589	1,137,786
Land & Building Reserve	304,611	148,579	191,887
Swimming Pool Reserve	0	32,895	(0)
Recreation Facilities Reserve	188,805	185,023	186,602
Community Housing Project Reserve	47,805	46,847	47,260
Community Bus Reserve	0	0	0
Economic Development Reserve	55,291	54,183	54,292
All hours Gym Reserve	0	0	(0)
Bowling Green Replacement Reserve	83,971	72,293	72,842
Tennis Court Replacement Reserve	<u>38,702</u>	<u>31,930</u>	<u>32,159</u>
	<u><u>2,171,935</u></u>	<u><u>2,157,363</u></u>	<u><u>1,943,605</u></u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net result	(773,389)	1,186,825	1,084,932
Depreciation	1,331,346	1,240,452	1,138,280
(Profit)/loss on sale of asset	45,627	(2,688)	(33,600)
Loss on revaluation of non current assets	0	0	0
(Increase)/decrease in receivables	104,631	336,865	187,735
(Increase)/decrease in inventories	0	(21,134)	0
Increase/(decrease) in payables	(229,254)	(299,650)	(292,703)
Increase/(decrease) in employee provisions	(50,000)	(11,759)	0
Grants/contributions for the development of assets	<u>(717,862)</u>	<u>(1,727,460)</u>	<u>(1,839,985)</u>
<b>Net Cash from Operating Activities</b>	<u><u>(288,901)</u></u>	<u><u>701,451</u></u>	<u><u>244,659</u></u>

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

**3. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)**

	2018/19 Budget \$	2017/18 Actual \$	2017/18 Budget \$
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	60,000	60,000	60,000
Bank overdraft at balance date	0	0	0
Credit card limit	15,000	15,000	15,000
Credit card balance at balance date	(2,500)	(5,967)	(2,500)
<b>Total Amount of Credit Unused</b>	<u>72,500</u>	<u>69,033</u>	<u>72,500</u>
<b>Loan Facilities</b>			
Loan facilities in use at balance date	<u>1,418,234</u>	<u>1,064,969</u>	<u>1,168,383</u>
Unused loan facilities at balance date	<u>0</u>	<u>0</u>	<u>0</u>

	Note	2018/19 Budget \$	2017/18 Actual \$
<b>4. NET CURRENT ASSETS</b>			

**Composition of estimated net current assets**

**CURRENT ASSETS**

Cash - unrestricted	3(a)	113,467	1,777,328
Cash - restricted reserves	3(a)	2,171,935	2,157,363
Receivables		104,823	209,454
Inventories		27,769	27,769
		<u>2,417,994</u>	<u>4,171,914</u>

**LESS: CURRENT LIABILITIES**

Trade and other payables		(193,344)	(422,598)
Long term borrowings		0	(121,879)
Provisions		(103,558)	(153,558)
		<u>(296,902)</u>	<u>(698,035)</u>

**Unadjusted net current assets**

Differences between the net current assets at the end of each financial year in the rate setting statement and net current assets detailed above arise from amounts which have been excluded when calculating the budget deficiency in accordance with FM Reg 32 as movements for these items have been funded within the budget estimates. These differences are disclosed as adjustments below.

**Adjustments**

Less: Cash - restricted reserves	3(a)	(2,171,935)	(2,157,363)
Less: Current loans - clubs / institutions		0	0
Add: Current portion of debentures		0	121,879
Add: Current liabilities not expected to be cleared at end of year		0	0
Add: Cash Backed Leave Reserve		55,326	54,217
<b>Adjusted net current assets - surplus/(deficit)</b>		<u>4,483</u>	<u>1,492,612</u>

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

**5. ACQUISITION OF ASSETS**

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

Asset Class	Reporting Program											2018/19 Budget Total \$	2017/18 Actual Total \$
	Governance \$	General purpose funding \$	Law, order, public safety \$	Health \$	Education and welfare \$	Housing \$	Community amenities \$	Recreation and culture \$	Transport \$	Economic services \$	Other Property and Services \$		
<b><u>Property, Plant and Equipment</u></b>													
Land Assets	0	0	0	0	0	0	0	0	0	0	0	0	11,049
Buildings	20,821	0	0	0	0	280,000	0	232,895	0	83,000	0	616,716	1,080,374
Furniture & Equipment	0	0	0	0	0	0	0	0	0	0	0	0	31,400
Vehicles & Plant	52,000	0	0	0	0	0	0	0	690,000	0	0	742,000	67,859
<b>PPE TOTAL</b>	<b>72,821</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>280,000</b>	<b>0</b>	<b>232,895</b>	<b>690,000</b>	<b>83,000</b>	<b>0</b>	<b>1,358,716</b>	<b>1,190,682</b>
<b><u>Infrastructure</u></b>													
Infrastructure - Roads	0	0	0	0	0	0	0	0	1,350,333	0	0	1,350,333	651,175
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	30,000	0	0	30,000	0
Infrastructure - Signs	0	0	0	0	0	0	0	0	0	0	0	0	5,275
<b>Infrastructure TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,380,333</b>	<b>0</b>	<b>0</b>	<b>1,380,333</b>	<b>656,451</b>
<b>Total Acquisitions</b>	<b>72,821</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>280,000</b>	<b>0</b>	<b>232,895</b>	<b>2,070,333</b>	<b>83,000</b>	<b>0</b>	<b>2,739,049</b>	<b>1,847,133</b>



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

**6. DISPOSALS OF ASSETS**

It is anticipated that the Shire will dispose of the following assets during 2018/2019.

<b><u>By Program</u></b>	<b>2018/19 Budget</b>			
	<b>Net Book Value</b> \$	<b>Sale Proceeds</b> \$	<b>Profit</b> \$	<b>Loss</b> \$
<b>Housing</b>				
Sale of Housing Stock	208,233	150,000	0	(58,233)
<b>Transport</b>				
D007 Grader	101,341	120,000	18,659	0
Skid Steer	11,000	5,000	0	(6,000)
<b>Other Property &amp; Services</b>				
D018 Toyota Hilux	278	2,000	1,722	0
D013 Toyota Hilux	2,409	2,000	0	(409)
D07 Ford courier	1,105	2,000	895	0
D008 Ford ranger	4,261	2,000	0	(2,261)
	<b>328,627</b>	<b>283,000</b>	<b>21,276</b>	<b>(66,903)</b>

<b><u>By Class</u></b>	<b>2018/19 Budget</b>			
	<b>Net Book Value</b> \$	<b>Sale Proceeds</b> \$	<b>Profit</b> \$	<b>Loss</b> \$
<b>Buildings</b>	208,233	150,000	0	(58,233)
<b>Plant and Equipment</b>	120,394	133,000	21,276	(8,670)
	<b>328,627</b>	<b>283,000</b>	<b>21,276</b>	<b>(66,903)</b>

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

**7. INFORMATION ON BORROWINGS**

**(a) Debenture Repayments**

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

Particulars	Principal 1-Jul-18	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments	
			2018/19 Budget \$	2017/18 Actual \$	2018/19 Budget \$	2017/18 Actual \$	2018/19 Budget \$	2017/18 Actual \$
<b>Recreation and Culture</b>								
Loan 97 - Community Club	286,063		67,233	64,565	218,830	286,063	11,019	13,597
<b>Economic Services</b>								
Loan 99 - Accommodation	741,805		30,112	29,189	711,693	741,805	23,058	23,746
Loan 100 - GROH		280,000	4,856	0	275,144	0	4,998	0
Loan 101 - Pool		200,000	0	0	200,000	0	4,600	0
	<b>1,027,868</b>	<b>480,000</b>	<b>102,201</b>	<b>93,754</b>	<b>1,405,667</b>	<b>1,027,868</b>	<b>43,676</b>	<b>37,343</b>
<b>Self Supporting Loans</b>								
Loan 98 - Dowerin Events	37,101		24,534	23,756	12,567	37,101	1,008	1,684
	<b>37,101</b>	<b>0</b>	<b>24,534</b>	<b>23,756</b>	<b>12,567</b>	<b>37,101</b>	<b>1,008</b>	<b>1,684</b>
	<b>1,064,969</b>	<b>480,000</b>	<b>126,735</b>	<b>117,509</b>	<b>1,418,234</b>	<b>1,064,969</b>	<b>44,684</b>	<b>39,026</b>

All debenture repayments will be financed by general purpose revenue.

**(b) New Debentures - 2018/19**

Particulars/Purpose	Amount Borrowed Budget	Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used Budget	Balance Unspent \$
GROH	280,000	WATC	Debenture	20	114,145	3.57%	280,000	0
Swimming Pool Refurbishment	200,000	WATC	Debenture	20	91,723	3.57%	200,000	0
	<b>480,000</b>				<b>205,868</b>		<b>480,000</b>	<b>0</b>

The Shire does not propose to raise any debt through the issue of debenture this financial year.

**(c) Unspent Debentures**

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

**(d) Overdraft**

Council has an overdraft facility of \$60,000 with the National Australia Bank to assist with short term liquidity requirements. It is not anticipated that this facility will be required to be utilised in 2018/19.

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

**RATING INFORMATION - 2018/19 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$ cents</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>2018/19 Budgeted Rate Revenue \$</b>	<b>2018/19 Budgeted Interim Rates \$</b>	<b>2018/19 Budgeted Back Rates \$</b>	<b>2018/19 Budgeted Total Revenue \$</b>	<b>2017/18 Actual \$</b>
<b>Differential general rate or general rate</b>								
GRV - Residential	9.6915	182	1,325,547	128,465	0	0	128,465	123,060
GRV - Commercial/Industrial	9.6915	33	256,474	24,856	0	0	24,856	23,673
GRV - Town Rural	9.6915	27	127,602	12,367	0	0	12,367	12,325
GRV - Other Towns	9.6915	0	0	0	0	0	0	0
UV - Rural Farmland	0.8306	292	122,317,000	1,015,965	0	0	1,015,965	950,178
<b>Sub-Totals</b>		534	124,026,623	1,181,653	0	0	1,181,653	1,109,236
<b>Minimum payment</b>	<b>Minimum \$</b>							
GRV - Residential	741	48	260,468	35,582	0	0	35,582	33,888
GRV - Commercial/Industrial	741	18	66,871	13,343	0	0	13,343	12,708
GRV - Town Rural	741	16	41,551	11,861	0	0	11,861	11,296
GRV - Other Towns	216	19	7,659	4,110	0	0	4,110	3,914
UV - Rural Farmland	741	64	3,587,300	57,596	0	0	57,596	48,714
UV - Commercial/Industrial	741	4	400	2,965	0	0	2,965	2,824
UV - Town Rural	741	3	64,000	2,224	0	0	2,224	2,118
UV - Mining Tenement	216	3	5,867	649	0	0	649	618
<b>Sub-Totals</b>		175	4,034,116	128,330	0	0	128,330	116,080
Discounts (Note 13)							0	0
<b>Total amount raised from general rates</b>							1,309,983	1,225,316
<b>Ex- Gratia Rates</b>							26,074	25,071
<b>Total Rates</b>							1,336,057	1,250,387

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

**8(a). RATING INFORMATION - 2018/19 FINANCIAL YEAR (CONTINUED)**

All land except 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 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 considering the extent of any increase in rating over the level adopted in the previous year.

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

**8(b). SPECIFIED AREA RATE - 2018/19 FINANCIAL YEAR**

The Shire of Dowerin does not impose a specified area rate as prescribed under the Local Government Act WA.

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

**1. CASH BACKED RESERVES**

	2018/19 Budget					2017/18 Actual					2017/18 Budget				
	Opening Balance \$	Transfer to \$	Interest	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Interest	Transfer (from) \$	Closing Balance \$	Opening Balance \$	Transfer to \$	Interest	Transfer (from) \$	Closing Balance \$
Leave Reserve	54,217	0	1,109	0	55,326	53,493	0	724	0	54,217	53,493	0	1,202	0	54,695
Plant Reserve	369,807	0	1,874	(266,625)	105,056	142,872	225,000	1,935	0	369,807	142,872	140,000	3,210	(120,000)	166,082
Sewerage Asset Preservation Reserve	1,161,589	104,941	25,838	0	1,292,368	1,043,357	103,769	14,463	0	1,161,589	1,043,357	71,000	23,429	0	1,137,786
Land & Building Reserve	148,579	150,000	6,032	0	304,611	146,594	0	1,985	0	148,579	146,594	42,000	3,293	0	191,887
Swimming Pool Reserve	32,895	0	0	(32,895)	0	32,456	0	439	0	32,895	32,456	0	0	(32,456)	(0)
Recreation Facilities Reserve	185,023	0	3,782	0	188,805	180,866	1,707	2,450	0	185,023	180,866	1,673	4,063	0	186,602
Community Housing Project Reserve	46,847	0	958	0	47,805	46,221	0	626	0	46,847	46,221	0	1,039	0	47,260
Community Bus Reserve	0	0	0	0	0	40,787	0	553	(41,340)	0	40,787	0	917	(41,704)	0
Economic Development Reserve	54,183	0	1,108	0	55,291	12,021	42,000	162	0	54,183	12,021	42,000	271	0	54,292
All hours Gym Reserve	0	0	0	0	0	1,684	0	23	(1,707)	0	1,684	0	0	(1,684)	(0)
Bowling Green Replacement Reserve	72,293	10,000	1,678	0	83,971	61,461	10,000	832	0	72,293	61,461	10,000	1,381	0	72,842
Tennis Court Replacement Reserve	31,930	6,000	772	0	38,702	25,584	6,000	346	0	31,930	25,584	6,000	575	0	32,159
	2,157,363	270,941	43,151	(299,520)	2,171,935	1,787,396	388,476	24,538	(43,047)	2,157,363	1,787,396	312,673	39,380	(195,844)	1,943,605

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

**Purpose of the reserve as per Council Policy**

- Leave Reserve - to be used to fund long service leave requirements, where the leave cannot be absorbed by the current budget. This should aid to maintain cash to the value of 80% of the liability
- Plant Reserve - to be used to fund the replacement of plant, and includes a 10% contingency.
- Sewerage Asset Preservation Reserve - to be used for the renewal and development of town sewerage infrastructure.
- Land & Building Reserve - to be used for the development, purchase and/or renewal of land and building assets.
- Swimming Pool Reserve - to be used for the maintenance and or renewal of the swimming pool. This reserve will be closed at the end of 2018-19
- Recreation Facilities Reserve - to be used for the renewal and/or upgrades and development of recreation facilities, including the swimming pool.
- Community Housing Project Reserve - to be used for Council's contribution to housing projects.
- Community Bus Reserve - to be transferred to Plant Reserve in FY17/18. This reserve will then become inactive as per Council policy.
- Economic Development Reserve - to provide Council with seed funding to leverage grant funding and other economic development opportunities and initiatives.
- All hours Gym Reserve - to be transferred to the Recreation Facilities Reserve in FY17/18. This reserve to become inactive as per Council policy.
- Bowling Green Replacement Reserve - to be used for the replacement of Bowling Greens.
- Tennis Court Replacement Reserve - to be used for the replacement of the Tennis Court playing surface.

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

**10. SEWERAGE CHARGES - 2018-19 FINANCIAL YEAR**

	Rate in \$	Number of Properties \$	Rateable Value \$	2018/19 Budgeted Revenue \$	Budget to be applied to costs \$	2017/18 Actual Revenue \$
<b>General Charge</b>						
Residential Sewerage	7.2924	163	1,564,383	114,438	114,438	111,204
Commercial/Industrial Sewerage	7.2924	12	227,263	18,044	18,044	17,528
Vacant Land Sewerage	7.2924	6	10,920	2,582	2,582	2,524
<b>Minimum</b>						
Residential	357.20	13	47,736	5,624	5,624	5,480
Commercial/Industrial	735.42	10	11,960	7,491	7,491	7,336
Vacant Land	357.20	0	0	0	0	0
Government	735.42	2	0	1,471	1,471	1,400
<b>Total Charges</b>		<b>206</b>	<b>1,862,262</b>	<b>149,650</b>	<b>149,650</b>	<b>145,471</b>
<b>Sewerage Fixtures</b>	<b>Rate</b>					
1st Fixture	239.70	14	n/a	3,356	3,356	3,290
Other Fixtures	109.14	65	n/a	7,094	7,094	6,955
<b>Total Fixtures Charges</b>		<b>79</b>	<b>0</b>	<b>10,450</b>	<b>10,450</b>	<b>10,245</b>
		<b>285</b>	<b>1,862,262</b>	<b>160,100</b>	<b>160,100</b>	<b>155,716</b>

**11. SERVICE CHARGES - 2018/19 FINANCIAL YEAR**

The Shire of Dowerin does not impose a service charge as prescribed under the Local Government Act WA.

**12. INTEREST CHARGES AND INSTALMENTS - RATES AND SERVICE CHARGES - 2018/19 FINANCIAL YEAR**

Payment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Payment in Full - Option 1				
	19/10/2018	0	0	0
Payment by Instalment - Option 2				
1st Instalment	19/10/2018	\$4.00	5.50%	11%
2nd Instalment	28/02/2019	\$4.00	5.50%	11%
Payment by Instalment - Option 3				
1st Instalment	19/10/2018	\$4.00	5.50%	11%
2nd Instalment	31/12/2018	\$4.00	5.50%	11%
3rd Instalment	31/03/2019	\$4.00	5.50%	11%
		<b>2018/19 Budget Revenue \$</b>	<b>2017/18 Actual \$</b>	<b>2017/18 Budget Revenue \$</b>
Interest on Unpaid Rates & Instalment		11,669	13,084	11,220
Charges on Instalment Plan		957	964	920
Interest on Unpaid Debtors		0	0	0
		<b>12,626</b>	<b>14,048</b>	<b>12,140</b>

**13. PAYMENT DISCOUNTS, WAIVERS AND CONCESSIONS  
- 2018/19 FINANCIAL YEAR**

No discounts are offered for early payment of rates.

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

<b>14. FEES &amp; CHARGES REVENUE</b>	<b>2018/19 Budget \$</b>	<b>2017/18 Actual \$</b>
Governance	30	2
General purpose funding	2,018	2,464
Law, order, public safety	5,405	5,244
Health	16,230	10,744
Education and welfare	1,836	1,440
Housing	180,830	150,415
Community amenities	100,974	102,764
Recreation and culture	28,421	30,820
Transport	632	415
Economic services	129,838	92,531
Other property and services	4,641	2,413
	<u>470,855</u>	<u>399,252</u>

<b>15. ELECTED MEMBERS REMUNERATION</b>	<b>2018/19 Budget \$</b>	<b>2017/18 Actual \$</b>
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.		
Meeting fees	25,000	24,905
Mayor/President's allowance	3,180	1,560
Deputy Mayor/President's allowance	800	390
Telecommunications expenses/allowance	2,000	0
	<u>30,980</u>	<u>26,855</u>



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

**16. TRUST FUNDS**

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

Detail	Balance 1-Jul-18 \$	Estimated Amounts Received \$	Estimated Amounts Paid (\$)	Estimated Balance 30-Jun-19 \$
Housing Bonds	3,228	200	(3,428)	0
Key Deposits	90	50	(50)	90
Tidy Towns	3,219	0	0	3,219
Hacc Funds	691	0	(691)	0
Building Deposits	0	1,000	(1,000)	0
Hacc Fundraising	2,522	0	0	2,522
Other Deposits	2,358	500	(500)	2,358
	<u>12,108</u>	<u>1,750</u>	<u>(5,669)</u>	<u>8,189</u>

**17. MAJOR LAND TRANSACTIONS**

It is not anticipated that any major land transactions undertakings will occur in 2018/2019

**18. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

It is not anticipated any trading undertakings or major trading undertakings will occur in 2018/2019.

**19. INTERESTS IN JOINT ARRANGEMENTS**

The Shire has no Interests in Joint Arrangements.