



Shire of Brookton



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ANNUAL REPORT 2014-2015

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Shire President's Report



It gives me great pleasure to provide a summary of the Shire of Brookton's activities and achievements for the 2014/2015 Financial Year.

The area of health and well-being seemed to be at the forefront of several projects that came to fruition in the last twelve months with the opening of the Brookton Pharmacy, a new and valued business to the district and the refurbishment of the Saddleback Medical Centre in partnership with Silver Chain.

Council continues to lobby vigorously on behalf of its community to ensure that you have access to adequate medical services and the improvements to the Medical Centre will assist in this work.

The community is also fortunate to enjoy several pubs and clubs in the area and the year in review saw the refurbished Bedford Arms Hotel opened in conjunction with the annual Brookton Christmas Street Party in December 2014. The work put into the Hotel by proprietors Keith and Elizabeth Brice is a credit to them and a community asset that can be enjoyed by locals and visitors alike.

Australia Day 2015 saw the following people, clubs and organisations recognised for their community-minded efforts in Brookton and the surrounding area:

Ross Evans;	Citizen of the Year
Jessie Fancote;	Community Service
Jim White;	Community Service
Brad Mills;	Community Service
Brookton Pingelly Football Club;	Community Event
Brookton Choral Society;	Community Event

Some of the highlights that come to mind during the year in review are:

- Thanks to Council's lobbying, a new Truck Bay was constructed on the highway to the east of Brookton.
- Shire study tour in March 2015, visiting the Shires of Goomalling, Wongan-Ballidu, Dalwallinu and Perenjori to look at economic development opportunities, child care centres and emergency services co-ordination.
- A Thankyou function for our Emergency Services volunteers held in May as part of National Volunteers Week.
- The Townscape Committee and Staff commenced the development of upgrade plans for Robinson Road thanks to a successful grant application to the Wheatbelt Development Commission which secured \$140,000 in funding towards the \$500,000 project which is due to commence in January 2016.
- The resource sharing discussions that commenced with Beverley & Pingelly last year progressed further with the BBP Aged Care Planning, Services and Support partnership producing a Verso Report into Aged Care Services and a Regional Facilities Audit.
- Early Years Network commenced in Brookton facilitated by the shire. The project is aimed at ensuring young children acquire some fundamental learning prior to commencing their primary school education.
- The second annual Presidents' Dinner was held in early 2015, which brought this group together to informally discuss community improvement initiatives within the Shire.

Council's workforce continued its usual high standard of road works, road maintenance and associated community projects as we work towards Brookton's long term plans. Major achievements for 2014/2015 include:

- Corberding Road Widening (2/3 funded by Regional Roads Group).
- Dangin-Mears Road (2/3 funded by Regional Roads Group).
- Moorumbine Road (2/3 funded by Regional Roads Group).
- Buckingham Road Council's own resources.
- Roses Road Council's own resources
- Jaench Road (funded by Roads To Recovery).
- Jelcobine Road (funded by Roads To Recovery).
- Jose Road (funded by Roads To Recovery).

CEO Kevin O'Connor advised Council that he would not be seeking a renewal of his contract beyond 2015 and Council undertook the recruitment process in the latter part of the 2014/2015 financial year which will see Darren Friend take up the position towards the end of 2015. On behalf of Council, I would like to thank and acknowledge the work that Kevin has achieved over the last three years with the Shire of Brookton. It would also be remiss of me not to mention the notice period that Kevin provided which allowed the recruitment, appointment and handover to the incoming CEO in a seamless manner to provide as little interruption as possible within Council's operations. I wish Kevin well with his move to the Shire of Kalamunda and any subsequent future endeavours.

In closing I must congratulate my fellow Councillors for their leadership as well as our staff for the significant progress we continue to make together.

Kym Wilkinson
SHIRE PRESIDENT

Chief Executive Officer's Report



I am pleased to report on the activities of the Shire of Brookton for the 2014/2015 year, a year that has seen Local Government across Western Australia draw breath from the State Government's Structural Reform initiative.

It was pleasing to see the democratic process in action which saw the Metropolitan Review overturned via several Councils' polls voting down the boundary changes proposed by the Barnett government.

Rural Councils like the Shire of Brookton have dealt with this issue since it was thrust upon them in 2009 creating an industry-wide atmosphere of uncertainty. The subsequent years have resulted in Local Governments not doing the job that their residents expect at the required level of capacity as Councils spread their ever-diminishing resources thinner than before as the industry coped with an ill-managed concept from the State Liberal Government.

Councils can now concentrate their efforts in meeting the demands of their communities with all of their available resources whilst continuing to investigate ways of doing things more efficiently through regional initiatives and resource sharing, areas that Brookton is well placed to comment on and take advantage of.

This is my last report as CEO, having chosen not to renew my contract with Council. I have thoroughly enjoyed the last three years working with the Brookton community on initiatives which will continue to see the shire grow and continue to be a great place to live, work and play.

Future Planning

Council continues to develop its suite of Integrated Plans which will see it provide for its community needs into the future.

Additionally, the Shire of Brookton has also developed several policies which will work hand-in-hand with these Plans. These policies relate to:-

- White Street Precinct
- Economic Development
- Waste Management
- Aged Care

The Shire of Brookton facilitated an Early Years Learning Network program in the local area and is taking the lead in a regional initiative involving Early Childhood Education in the Wheatbelt.

The Shires of Beverley, Brookton and Pingelly continued their discussions as part of the development of the Wheatbelt Aged Support and Care Solutions Project. The three shires, having previously formalised their commitment to collaborating on this issue, hope to maximize resource sharing opportunities in Aged Care planning, services and infrastructure in the region.

A funding application for a new non-potable water supply piped from the Happy Valley Bore Field for ovals, parks and gardens was submitted to the Dept. of Water. This project is expected to come on-line in the coming year and will allow Council to be more sustainable in its upkeep of these reticulated areas in the years to come.

Staff

Council and staff welcomed Tim Jurmann on board in October 2014 as the Environmental Health Officer/Building Surveyor. Tim is extremely experienced in these two fields and services several other Councils in the region in a similar capacity.

A more familiar face to local residents is Michael Sweeney who re-joined the Works crew in September 2014 in the role of Grader Driver/Plant Operator.

Major Projects – 2014/2015

Major capital works undertaken in 2014/2015 included:

- \$165,000 WB Eva Pavilion Development
- \$313,000 Saddleback Medical Centre Upgrade
- \$322,000 Housing Development – Regional Accommodation
- \$855,000 Road Construction/Improvement Program

Plant purchases and minor capital works included:

- \$34,000 Cherry Picker
- \$29,000 Cemetery Redevelopment
- \$10,000 Waste Water Pump Station Upgrade Works
- \$28,000 Shire Office – Computer Server Upgrade

In conclusion I offer my sincere thanks to all Councillors and Staff for their hard work and efforts in ensuring Brookton continues *“To be a leading community within the region that delivers core services, builds capacity and focuses on delivery”*.

I would also like to acknowledge the community members who play a vital role in continuing to progress and enhance the liveability of the Shire of Brookton, by making it a vibrant, friendly and welcoming place. I would strongly encourage all community members to continue to play an active part in reviewing the strategies and actions that Council has adopted, as these will drive the future social, economic and environmental projects and services that Council delivers on your behalf.

Kevin O'Connor
Chief Executive Officer

Shire Profile

The following information is general information about the Shire of Brookton. All specific enquiries should be directed to the shire office during normal business hours.

(a) Address

Shire of Brookton Administration Centre

14 White Street
(P O Box 42)
BROOKTON WA 6306

Telephone: (08) 9642 1106
Facsimile: (08) 9642 1173
Email: mail@brookton.wa.gov.au

Shire of Brookton Works Depot

Richardson Street
(P O Box 42)
BROOKTON WA 6306

Telephone: (08) 9642 1144
Facsimile: (08) 9642 1144
Email: mail@brookton.wa.gov.au

Brookton Public Swimming Pool

Brookton Highway
(P O Box 42)
BROOKTON WA 6306

Telephone: (08) 9642 1112
Facsimile: (08) 9642 1173
Email: mail@brookton.wa.gov.au

(b) Location

The town of Brookton is situated 138km east/south-east of Perth on the Brookton Highway. The Shire of Brookton covers an area of 1,626km², and also includes the localities of Jelcobine, Aldersyde and Kweda. The population of the Shire is estimated to be 935 (*Census 2011*).

Being less than 100km from the Perth metropolitan area, Brookton is a comfortable one hour drive from Karragullen and enjoys many lifestyle benefits of outer metropolitan country living. The Shire of Brookton borders the Shires of Wandering, Beverley, Quairading, Corrigin and Pingelly.

The Brookton district is considered the Gateway to the Central South and is renowned for local events such as the Old Time Motor Show which is held biennially. Tourist attractions include the Old Railway Station and Police Museum located on Robinson Road, the Jack Hansen Ruins at Nine Acre Rock, a Look Out situated west of Brookton overlooking the town, Heritage Trail, Boyagin Rock reserve and the Yenyenning Lakes.

(c) History

One of Brookton's first European Settlers, John Seabrook settled in this area c.1846. The name of his property, Brookton House, inspired the name for the town and subsequently the Shire. The first Brookton Road Board meeting was conducted on the 10 September 1906, after Mr Samuel Williams esq. broke away from the Beverley Road Board.

In 1999, the town site of Brookton celebrated the Centenary of gazettal. To commemorate the occasion, a written history of Brookton, titled "Kalkarni – The Brookton Story", has been released which details the past 100 years of the town. Copies of this book are available (\$10 + postage) by contacting the Shire of Brookton Administration Centre on (08) 9642 1106.

(d) Council

Council meetings commence at 12.30pm on the third Thursday of each month (except January) and all members of the public are welcome to attend. Council meetings are held in the Shire of Brookton Council Chambers, located within the Administration Centre, and a provision for 'public question time' is allocated at the beginning of the meeting.

Elected Members (as at 30 June 2015)

President

Cr Kym Wilkinson (2017)

PO Box 155
BROOKTON WA 6306
Phone: (08) 9642 7027
Fax: (08) 9642 7037

Deputy President

Cr Katrina Crute (2017)

PO Box 193
BROOKTON WA 6306
Phone: (08) 9642 1049
Fax: (08) 9642 1049

Cr Travis Eva (2015)

PO Box 148
BROOKTON WA 6306
Phone: (08) 9642 6076
Fax: (08) 9642 6072

Cr Neil Walker (2015)

PO Box 55
BROOKTON WA 6306
Phone: (08) 9647 4018
Fax: (08) 9647 4064

Cr Kim Mills (2015)

16 Montgomery St
BROOKTON WA 6306
Phone: (08) 9642 6013
Fax: (08) 9642 6034

Elected Members (continued)

Cr Louise Allington (2015)

45 Groser St
BROOKTON WA 6306
Phone: (08) 9642 1431
Fax: (08) 9642 1431

Cr Theresa Fancote (2017)

PO Box 154
BROOKTON WA 6306
Phone: (08) 9642 1269
Fax: Nil

Senior Staff

Council has three designated senior employee positions in accordance with section 5.37 of the *Local Government Act 1995*. For the year ended 30 June 2015 they were as follows:

Chief Executive Officer	Mr Kevin O'Connor
Deputy Chief Executive Officer	Mrs Evelyn Arnold
Principal Works Supervisor	Mr Geoff Forward

The Shire of Brookton employs approximately 21 full time equivalent (FTE) staff. These include the senior staff listed above, as well as multi-skilled staff for road maintenance and construction, maintenance town parks and gardens, finance, statutory planning, statutory health and building services, administration and cleaning of public buildings.

Regulation 19B of the *Local Government (Administration) Regulations 1996* requires the annual report to contain the details of the number of employees of the local government entitled to an annual salary of \$100,000 or more in bands of \$10,000 for each such band over \$100,000.

Salary Range	2014	2015
\$120,000 - \$129,999	0	0
\$130,000 - \$139,999	1	1

Strategic Plan Update

Strategic Community Plan 2013-2023

Progress Update Against Measures 2014-15

Strategic Focus	Measure	Target	Progress/Comments
Community	Participation rates in local sports and community clubs	Year 1-2 build capacity, year 3+ increased participation rates	2014-15 gather baseline data for analysis
Community	Number of volunteers in the community	Year 1-2 build capacity, year 3+ increased participation rates where most needed	<p>Baseline: Aged 15+ spent time doing unpaid voluntary work through an organisation or group, in the twelve months prior to Census Night – Brookton LGA 2006 - 50% 2011 – 31% <i>Compared to WA (all) which was around 17% for both census.</i></p> <p>Completed activity:</p> <ul style="list-style-type: none"> • Grant writing and sponsorship workshop • Finding volunteers, keeping volunteers workshop • Assistance to local community groups as required
Natural Environment	Dollars spent on local environmental projects	Year 1 raise community awareness, year 2 identify local initiatives, year 3+ seek external funding to implement projects	<p>Council decided to withdraw from SEAVROC NRM Services in October 2013</p> <ul style="list-style-type: none"> • Avon River Flood Study Completed
Natural Environment	Compliance with Waste Management regulations	Maintain our landfill facility in accordance with the Rural landfill Regulations	<p>The following waste minimisation initiatives were undertaken in 2014-15:</p> <ul style="list-style-type: none"> • drumMuster • Kerbside recycling bins • Refuse Facility Waste Management plan adopted April 2014. • New Cardboard Recycling bins commenced Jan 2014.

Strategic Focus	Measure	Target	Progress/Comments
Built Environment & Infrastructure	Asset Consumption Ratio	Year 1 financial data to be identified, year 2+ meet the Basic Standard ratio of 50% or greater	0.64 where the bench mark is greater than or equal 0.75 and is therefore within acceptable guidelines
Built Environment & Infrastructure	Asset Sustainability Ratio	Year 1 financial data to be identified, year 2+ meet the Basic Standard ratio of 90% or greater	0.98 where the bench mark is greater than or equal 1.1 and is therefore within acceptable guidelines
Built Environment & Infrastructure	Asset Renewal Funding Ratio	Year 1 financial data to be identified, year 2+ meet the Basic Standard ratio of 75% or greater	0.66 where the bench mark is greater than or equal 1.05. This is <u>not</u> within acceptable guidelines
Local Economy & Business	Number of businesses active in the Shire	Year 1 gather baseline data, year 2 identify local economic development initiatives, year 3+ seek external funding if required and implement projects.	Data not available at present
Local Economy & Business	Dollars spent on Tourism initiatives	Year 1 raise community awareness, year 2 identify local initiatives, year 3+ seek external funding to implement projects.	Council continued to contribute funds to: <ul style="list-style-type: none"> • Railway station maintenance costs • Museum maintenance and Historical Society • Old Time Motor Show & Caravan Park
Local Economy & Business	Local employment rates	Workforce participation rate % to equal or exceed the Statewide %	Unemployment rates <ul style="list-style-type: none"> • 5.9% in Dec 2013, down from 6.4% in Dec 2012 (WA increased over that time. Median Weekly Household Income <ul style="list-style-type: none"> • \$867 in 2011, up from \$749 in 2006. Wheatbelt in 2011 was \$973, Labour force participation rate <ul style="list-style-type: none"> • 56% in 2011 Census (4.25% unemployed)

Strategic Focus	Measure	Target	Progress/Comments
Governance & Organisation	Community satisfaction rates with Shire customer service	Achieve and maintain an average overall ranking of "High" satisfaction	Survey completed in 2014. Next survey due in 2016.
Governance & Organisation	Staff retention rate	Achieve and maintain a staff turnover rate % that is equal to or less than the Statewide industry average.	Shire staff turnover rate in 2014/15 was 28%, Industry wide average is 20% according to LGMA (WA).
Governance & Organisation	Training / development attended by Councillors		Councillors have attended the following professional development activities to enhance their governance capacity: <ul style="list-style-type: none"> Local Government Week
Governance & Organisation	IPR compliance		Plans completed towards IPR. All informing strategies have been completed and presented to Council (where appropriate).
Governance & Organisation	Collaborative initiatives for resource sharing		The following collaborative arrangements across Local Governments were undertaken in 2014-15: <ul style="list-style-type: none"> Town Planning services – Shire of Beverley


Corporate Business Plan 2014/2015 – Progress Report






Our Strategic Community Plan (2013-2023) has five Key Focus Areas:






1. Community
2. Natural Environment
3. Built Environment and Infrastructure
4. Local Economy and Business
5. Governance and Organisation





Under each of these focus areas there are Five Goals with identified Outcomes that have been allocated individual Strategic Objectives which Council and Staff have prioritized over a four year period. This four year plan called the Corporate Business Plan includes the Activities & Services that need to be delivered in order to achieve these identified Strategic Objectives. The Corporate Business Plan is reviewed and updated annually to reflect changes in priorities over the life of the Strategic Community Plan (2013-2023).






This progress report highlights what has actually been achieved against what we said we would achieve in the 2014-15 financial year.





Strategic Objective	Activities & Services	HAVE WE DELIVERED	COMMENTS
5.1.2 Promote collaboration with other Councils on structural reform opportunities at a regional level.	Participate in Local Government reform discussions, if required.		The CEO was appointed to the WALGA Country Reform Policy Forum.
	Explore resource sharing arrangements with neighbouring Shires.		Regular discussions held with Beverley and Pingelly CEOs to consider business case opportunities. Ranger Services now shared with adjoining Shires. Look at joint CESM position for Emergency Services, subject to funding.

Strategic Objective	Activities & Services	HAVE WE DELIVERED	COMMENTS
5.1.5 Implement a community engagement and communication strategy.	Consult with the community on the review of the Town Planning Scheme.		Consultation with Community will commence once new Draft Scheme is adopted by Council and the WA Planning Commission (WAPC) approves release for public advertising.
5.2.1 Implement an appropriate staff performance appraisal and development system linked to strategic and business plans.	Develop an annual training plan and budget, sourced from annual staff performance reviews.		To be developed as part of implementing the Workforce Plan.
5.3.3 Implement continuous improvement initiatives in consultation with community on service delivery.	Conduct community consultation regarding the current delivery of services.		Completed. Summary results advertised.
5.3.4 Develop, implement and review the Integrated Planning Framework documents to achieve the intermediate planning standards.	Implement and review the Corporate Business Plan.		Corporate Business Plan implemented and reviewed monthly. Annual review undertaken in May 2015.
	Implement the Workforce Plan		Workforce Plan implemented, resource gaps identified and included in 2014/15 Budget. The Collective Workplace Agreement reviewed. Staff now back on LGIA

Strategic Objective	Activities & Services	HAVE WE DELIVERED	COMMENTS
1.6.1 Provide ongoing support for aged care planning, facilities and services to meet the needs of the aged and disabled.	Participate in Regional Integrated Aged Care Plan.		Ongoing discussions with Beverley & Pingelly regarding impacts & opportunities from the Wheatbelt Integrated Aged Care plan.
	Implement the Disability Access and Inclusion Plan.		Plan approved by Disability Services Commission.
3.1.1 Develop and implement long-term Asset Management Plans for all Council assets.	Implement the Housing Development Plan.		Two new housing units under construction with funding from Royalties for Regions. Construction to be finalised late 2015.
2.3.1 Collaborate with government agencies in management of the Avon River.	Complete the Flood Plain Mapping project.		Detailed field surveying and catchment hydrology completed. Draft Hydrology Report received by Council.
2.4.1 Review and update the Shire's Waste Management Plan.	Develop a Waste Management Plan for the refuse facility.		The Refuse Facility Waste Management Plan was adopted by Council in April 2014.

Strategic Objective	Activities & Services	HAVE WE DELIVERED	COMMENTS
2.4.3 Develop and manage a Waste Transfer Station while transitioning to the closure of the Brookton Landfill site.	Ensure the Shire of Brookton Waste Management Site is compliant.		No non-compliance issues raised in 2014/15. Implementation of cardboard recycling bin pickups in 2014.
3.4.1 Review the Local Planning Scheme and adopt the Local Planning Strategy	Ensure the Council's Town Planning Scheme encourages industry, business and residential development.		Local Planning Strategy endorsed by WAPC in October 2013.
3.4.3 Review and update the Municipal Heritage Inventory.	Review the Municipal Heritage Inventory (MHI).		Revised MHI adopted by Council in 2014/2015.
3.4.4 Support the conservation and maintenance of heritage buildings, heritage items and places of interest.	Maintain historical sites and structures that are under Shire Management (prepare a Hall Development and Conservation Plan).		Draft plan released to the community and stakeholders for comment.

Strategic Objective	Activities & Services	HAVE WE DELIVERED	COMMENTS
1.1.1 Update and Implement local Sports & Recreation Plan.	Complete WB Eva redevelopment project.		Building officially opened in January 2014, commenced defects period monitoring. Outstanding works list compiled for 2014/15 Budget review after user group meeting.
2.2.1 Manage and maintain the Council's parks, cemetery, gardens and open spaces at appropriate standards.	Implement the Public Open Spaces Asset Management Plan.		POS AMP now part of organisational AMP for review by staff for budget prioritisation and adoption.
	Develop and implement a Cemetery Management Plan.		Draft Cemetery Development Plan has been considered by Council and priorities developed for future budget consideration.
2.3.3 Implement the Brookton town site water harvesting initiative.	Finalise design and project costing for Water Harvesting Project.		Funding from DoW for Happy Valley. Bore Field to be sourced. Project included in 2015/16 budget.
3.1.4 Collaborate with State Government and regional bodies to ensure coordinated provision of regional infrastructure.	Work with key stakeholders to ensure coordinated provision of regional infrastructure.		Council to identify future infrastructure requirements and potential locations.

Strategic Objective	Activities & Services	HAVE WE DELIVERED	COMMENTS
4.1.1 Develop and implement an Economic Development Strategy.	Engage consultants to prepare an Economic Development Strategy.		Included in 2015/16 Budget.
4.1.2 Support the development of a Regional Economic Development Plan.	Investigate the design and costing feasibility for Stage 1 of the White Street Precinct.		This item was deferred pending the preparation of a Strategic Policy to guide this development.
4.4.1 Promote and facilitate the release of land for industrial purposes.	Partner with Landcorp for the development of industrial land.		Landcorp have released two lots adjacent to the Shire Depot for private purchase.
4.4.2 Review incentives to encourage land usage for industrial purposes.	Identify incentives for new or expanding businesses which use land for industrial purposes.		Develop incentive package for potential business attraction. This item has been deferred pending the preparation of a Strategic Policy.

Disability Access & Inclusion Plan

The *Disability Services Act 1993 (amended 2004)* requires local governments to report on their Disability Access & Inclusion Plan (DAIP) achievements annually. The achievements for the year ended 30 June 2015 are listed below and grouped into the outcome areas addressed in the Shire of Brookton Disability Access and Inclusion Plan 2013-2018.

OUTCOME 1: People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Brookton.

- Event planning template developed to include accessibility considerations.

OUTCOME 2: People with disability have the same opportunities as other people to access Shire of Brookton buildings and other facilities.

- New car park at WB Eva Pavilion has included 3 additional ACROD bays. All ACROD bays have been resprayed.
- New technologies have been made available for the reporting of maintenance issues (Localeye app)
- Works crew maintained footpaths free of obstruction to allow access.

OUTCOME 3: People with disability receive information from the Shire of Brookton in a format that will enable them to access the information as readily as other people are able to access it.

- Information about the functions, facilities and services provided by the Shire is prepared using clear and concise language. This information is made available in alternative formats on request. One request was received during the year.
- Telegraph notes have been updated to include appropriate font size.

OUTCOME 4: People with disability receive the same level and quality of service from the employees of the Shire of Brookton as other people receive from the employees of the Shire of Brookton.

- Information on alternative provision is made available to staff.
- Staff are aware of their obligations in service provision.

OUTCOME 5: People with disability have the same opportunities as other people to make complaints to the Shire of Brookton.

- Information about grievance mechanisms is prepared using clear and concise language. This information is made available in alternative formats on request. During the year no such requests were received.
- Venues that are utilised for community participation in Council processes are selected with the objective of ensuring access for all members of the community.

OUTCOME 6: People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Brookton.

- Information about the opportunities for participation in public consultations, grievance mechanisms and decision making processes is prepared using clear and concise language. This information is made available in alternative formats on request. During the year no such requests were received.
- Venues that are utilised for community participation in Council processes are selected with the objective of ensuring access for all members of the community.

OUTCOME 7: People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Brookton.

- Recruitment documents are available in variety of formats. Facilities used in selection process have universal access.
- People with disability have been engaged in both volunteer and paid roles during the year.

Freedom of Information Statement

This information statement is published in accordance with section 96 of the *Freedom of Information Act 1992*.

1. Structure and Functions of Council

Establishment

The Shire of Brookton is established under the *Local Government Act 1995*, and has the responsibility for the administration of this Act within the municipality. Other major legislation which creates a duty or an authority for Council to act includes but is not limited to:

- *Health Act 1911*
- *Planning and Development Act 2005*
- *Bush Fires Act 1954*
- *Dog Act 1976*
- *Cemeteries Act 1986*
- *Litter Act 1979*
- *Freedom of Information Act 1992*

Council

Council's affairs are managed by seven Councillors elected from and by the community. The Council acts as a community board, establishing policies and making decisions within the requirements of the Local Government Act on a wide range of issues affecting the community, and in keeping with the legislative requirements to:

- Determine policies to be applied by Council in exercising its discretionary powers.
- Determine the type, range and scope of projects to be undertaken by Council.
- Develop comprehensive management plans, budgets, financial controls and performance objectives and indicators for the operations of Council.

Council makes decisions which direct and/or determine its activities and functions. Such decisions include the approval of works and services to be undertaken, and the allocation of resources to works and services.

Decisions are also made to determine whether or not approvals are to be granted for applications for residential and commercial development.

Ordinary meetings of Council are held on the third Thursday of each month (except January) commencing at 12.30 pm. All members of the public are welcome to attend.

Personal Involvement

Elected members are involved with many organisations within the community, and are also active in representing Brookton at a regional or state level. Council's nominations to other organisations include:

- WALGA Central Country Zone (Regional)
- Main Roads WA Wheatbelt South Regional Road Group Hotham/Dale Sub Group
- Yenyenning Lakes Committee (Regional)

Personal Involvement (continued)

- School Bus Run Committees (Local)
- Brookton School Council (Local)
- Brookton Old Time Motor Show (Local)
- Worsley Community Liaison (Regional)
- Small Business Centre Eastern Wheat belt (Regional)
- Central AgCare (Regional)
- Local Emergency Management Committee (Local)
- Tourism (Regional)

Standing Committees

At present there are seven standing Committees of Council:

- Employment Committee
- Kalkarni Consultative Committee
- Community Housing Committee
- Les McMullen Sporting Grants Committee
- Audit Committee
- Bush Fire Advisory Committee
- Plant and Works Committee

Occasional Committees

Council utilises occasional Committees as and when required.

Agendas

Agendas are prepared for members and are distributed one week prior to the meeting. Copies of the Agenda are available prior to the meeting in accordance with the *Local Government Act 1995*. Please note that all Minutes are subject to confirmation by Council.

Delegated Authority

Under the *Local Government Act 1995*, Council is able to delegate many powers to either Committees or to the Chief Executive Officer. A Committee or the CEO may then further delegate the duty or responsibility to perform a task. Delegations are recorded in a Register, and are reviewed by Council annually.

2. Services to the Community

Council provides an extensive variety of services for the community under a wide range of legislation. Services provided include:

Building control	Library services	Recycling
Bush fire control	Litter bins	Roads, footpaths & kerbs
Cemeteries	Media releases	Rubbish collection
Citizenship ceremonies	Parks and reserves	Sewerage

Crossovers
Dog control
Drainage

Planning Controls
Playground equipment
Public buildings for hire

Street lighting
Street sweeping
Street tree planting

Services to the Community (continued)

Environmental health
Fire prevention

Public toilets
Recreation/sporting facilities

Swimming Pool
Traffic control works

3. Access to Council Documents

The following documents are available for inspection at the Council Offices free of charge. Copies of the documents can be made available, although some will incur a charge to cover the cost of photocopying. The *Local Government Act 1995* does stipulate minimum requirements for documents to be made available for public inspection, and these include:

- Minutes and Agendas of Council and Committee meetings
- General Policy Manual
- Annual Budget
- Annual Report
- Annual Financial Statements
- Monthly Financial Statements
- Council Local Laws
- Town Planning Scheme
- Electoral Roll
- Financial Interest Register - Primary and Annual Returns and Declarations

Requests for other information will be considered in accordance with the requirements of the Freedom of Information Act and the Local Government Act. Under the Freedom of Information Act, an application fee and search fee must be submitted with the completed request form, unless the information is of a personal nature, or an exemption is granted.

Please contact the Shire of Brookton Administration Centre at the following address if you have a query regarding any of the above Freedom of Information Statement or if you would simply like more information:

Shire of Brookton Administration Centre
14 White Street
(PO Box 42)
Brookton WA 6306

Telephone: (08) 9642 1106
Facsimile: (08) 9642 1173
Email: mail@brookton.wa.gov.au

Most documents can also be accessed through the Shire of Brookton website at www.brookton.wa.gov.au.

National Competition Policy Statement

The competitive advantages of the various levels of government have received a great deal of attention over the past few years. The Federal and all State governments have a Competition Principles Agreement in place, which is binding on local government.

The agreement requires Council to carry out a number of procedures and include a report on the matter in each year's Annual Report. The three areas that affect Local Government are:

- 1) **Competitive Neutrality** - To remove benefits (and costs) which accrue to Government business as a result of their public ownership.
- 2) **Structural Reform** - Local government is required to reform the structure of publicly owned monopoly businesses where it is proposed to introduce competition.
- 3) **Legislation Review** - To review legislation that restricts competition.

The full requirements of the package are contained in a statement issued by the Department of Local Government.

Competitive Neutrality

There are several tests to apply that assist in determining if there is a "significant business enterprise":

- 1) Does the activity receive revenue from external sources that exceeds \$200,000 per annum? (In coming to this amount, Council has been advised to disregard grant income, internal charges, and statutory fees.)
- 2) Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the revenue statement for the Shire of Brookton for the preceding period, there is no activity that satisfies this first part of the test, and accordingly, the principles of competitive neutrality do not apply to any Council activities.

Structural Reform

In this area, the Council has no monopoly activities. What is basic to the function of restructuring public monopolies is the splitting or division of the regulatory role from the service provision role.

To address the question of monopoly, the following test has been applied to each activity:

- 1) *Definition:* In regards to this service, does the Council have "exclusive or near exclusive control of the market supply of this service?"
- 2) *Dual Function:* Does the Council have both a regulatory and supply function in this area of activity?
- 3) *Willing competitors:* If the Council tendered for the supply of this service in the open market, is it likely that there would be a supplier willing to perform this service?

Structural Reform (continued)

The Council does not have a dual function role in any of the following services:

- Aged person residency
- Swimming pool
- Parks and gardens
- Roads
- Recreation services
- Cemetery

When reviewed, these functions appeared to have substance to the sole provider argument however, it is considered that only in parks and gardens maintenance, is it likely that there would be willing local competitors. On balance, therefore, it was concluded that a monopoly does not exist.

Legislation Review

The Council has a portfolio of local laws (previously known as by-laws), which may or may not conflict with the Competition Principles Agreement. These local laws have been reviewed to ensure compliance with the reporting requirements.

As a result of the review, a report was produced which provides the following information regarding existing local laws:

- Statement of objective to be specified for each local law
- Statement of possible restrictions that may result as a consequence of the application of the local law
- Statement of likely affects on the restriction of competition
- Statement of costs and benefits of the restrictions
- Statement of proposals for alternatives.

In conducting the review, in particular concerning provision of services, Council considered the effect of local laws with regard to how they:

- Regulate the entry and exit of participants in various markets
- Control pricing or production levels
- Regulate the price of goods or services used in various production processes
- Regulate the quality, amount or location of goods and service delivery
- Regulate advertising and promotional activities
- Confer benefits on particular classes of competitors
- Allow only one entity to supply a good or service
- Require producers of goods or services to sell to a single entity
- Limit the number of actual or potential producers of goods or services in a market
- Limit the output of an entity
- Limit the number of people that can be engaged in an occupation or activity

The findings of the review will be implemented, on a staged basis over time, by the repeal of inappropriate provisions and the adoption of new local laws where necessary.

State Records Act 2000

The *State Records Act 2000* (the Act) is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires each government organisation to have a Recordkeeping Plan approved by the State Records Commission.

State Records Commission (SRC) Standard 1 – *Government Recordkeeping* requires that government organisations ensure that records are created, managed and maintained over time and disposed of in accordance with principles and standards issued by the SRC. SRC Standard 2 – *Recordkeeping Plans* comprises six Recordkeeping principles each of which contains minimum compliance requirements. SRC Standard 6 – *Outsourcing* comprises seven principles each of which contains minimum compliance requirements.

The purpose of the shire's Recordkeeping Plan (RKP) is to set out the minimum requirements as to which records are to be created by the Shire of Brookton and how it is to keep its records. Recordkeeping Plans are to provide an accurate reflection of the recordkeeping program within the organisation, including information regarding the organisation's recordkeeping system(s), disposal arrangements, policies, practices and processes. The RKP is the primary means of providing evidence of compliance with the Act.

The objectives of the Shire of Brookton RKP are to ensure:

- Compliance with Section 19 of the *State Records Act 2000*;
- Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;
- Processes are in place to facilitate the complete and accurate record of business transactions and decisions;
- Recorded information can be retrieved quickly, accurately and cheaply when required; and the
- Protection and preservation of the Local Government's records.

In accordance with Section 17 of the Act, the Shire of Brookton and all its employees are required to comply with the contents of this Plan.

This RKP applies to all of the Shire of Brookton's:

- employees;
- contractors;
- organisations performing outsourced services on behalf of the Shire of Brookton; and
- Elected Members.

Appendix : Annual Financial Report 2014/15

SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business: 14 White Street BROOKTON, WA 6306	

**SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

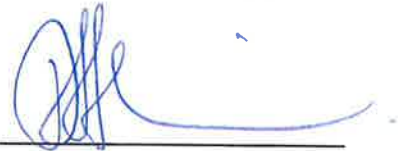
The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

6th

day of

November 2015



Darren Friend
Chief Executive Officer

SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	23	1,672,383	1,674,514	1,563,672
Operating grants, subsidies and contributions	29	4,264,161	4,259,571	3,840,971
Fees and charges	28	1,494,540	1,384,102	1,468,858
Interest earnings	2(a)	172,483	178,400	189,900
Other revenue	2(a)	398,311	200,984	358,130
		<u>8,001,878</u>	<u>7,697,571</u>	<u>7,421,531</u>
Expenses				
Employee costs		(1,079,159)	(1,269,906)	(1,073,666)
Materials and contracts		(4,870,857)	(5,006,236)	(4,889,913)
Utility charges		(142,607)	(150,007)	(156,365)
Depreciation on non-current assets	2(a)	(1,305,440)	(1,226,781)	(1,181,948)
Interest expenses	2(a)	(126,330)	(127,055)	(130,243)
Insurance expenses		(148,361)	(162,738)	(159,058)
Other expenditure		(2,220)	(13,600)	(11,301)
		<u>(7,674,974)</u>	<u>(7,956,323)</u>	<u>(7,602,494)</u>
		326,904	(258,752)	(180,963)
Non-operating grants, subsidies and contributions	29	1,115,962	1,148,324	1,877,420
Profit on asset disposals	21	2,651	30,270	44,428
Loss on asset disposals	21	(43,017)	(8,642)	(168,182)
Net result		1,402,500	911,200	1,572,703
Other comprehensive income				
Changes on revaluation of non-current assets	13	60,252,100	0	6,539,731
Total other comprehensive income		60,252,100	0	6,539,731
Total comprehensive income		61,654,600	911,200	8,112,434

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

SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		33,079	25,069	46,327
General purpose funding		3,241,614	2,760,190	2,202,872
Law, order, public safety		39,600	31,863	64,391
Health		133,026	2,807	24,839
Education and welfare		3,760,090	4,120,375	3,963,724
Housing		95,395	83,812	98,215
Community amenities		382,823	364,020	405,965
Recreation and culture		60,872	62,994	44,242
Transport		80,516	75,960	363,782
Economic services		54,626	56,604	44,917
Other property and services		120,237	113,877	162,257
		<u>8,001,878</u>	<u>7,697,571</u>	<u>7,421,531</u>
Expenses	2(a)			
Governance		(596,255)	(598,028)	(431,684)
General purpose funding		(175,062)	(169,175)	(202,861)
Law, order, public safety		(260,316)	(251,337)	(231,256)
Health		(48,475)	(54,746)	(66,431)
Education and welfare		(3,916,633)	(4,052,402)	(4,017,257)
Housing		(114,677)	(143,590)	(104,341)
Community amenities		(479,542)	(480,393)	(534,813)
Recreation and culture		(747,843)	(673,347)	(656,655)
Transport		(1,040,575)	(1,205,679)	(1,097,365)
Economic services		(103,957)	(143,936)	(103,830)
Other property and services		(65,309)	(56,635)	(25,758)
		<u>(7,548,644)</u>	<u>(7,829,268)</u>	<u>(7,472,251)</u>
Finance costs	2(a)			
Governance		(4,332)	(4,391)	(4,470)
General purpose funding		(35,777)	(35,911)	(37,070)
Education and welfare		(6,053)	(6,146)	(6,283)
Housing		(9,988)	(10,142)	(10,324)
Community amenities		(4,237)	(4,303)	(4,486)
Recreation and culture		(55,955)	(56,020)	(57,286)
Other property and services		(9,988)	(10,142)	(10,324)
		<u>(126,330)</u>	<u>(127,055)</u>	<u>(130,243)</u>
Non-operating grants, subsidies and contributions				
General purpose funding		0	0	302,533
Law, order, public safety		0	0	282,516
Housing		624,063	624,063	0
Recreation and culture		30,000	99,000	435,500
Transport		461,899	425,261	856,871
	29	<u>1,115,962</u>	<u>1,148,324</u>	<u>1,877,420</u>
Profit/(Loss) on disposal of assets				
Governance		(3,906)	(2)	(135,886)
Law, order, public safety		0	0	(17,496)
Health		(2,534)	0	0
Education and welfare		(4,030)	0	(2,688)
Housing		(4,005)	0	0
Community amenities		(2,733)	(2,411)	(9,398)
Recreation and culture		(15,832)	0	0
Transport		0	0	6,334
Economic services		0	0	35,380
Other property and services		(7,326)	24,041	0
	21	<u>(40,366)</u>	<u>21,628</u>	<u>(123,754)</u>
Net result		<u>1,402,500</u>	<u>911,200</u>	<u>1,572,703</u>
Other comprehensive income				
Changes on revaluation of non-current assets	13	60,252,100	0	6,539,731
Total other comprehensive income		<u>60,252,100</u>	<u>0</u>	<u>6,539,731</u>
Total comprehensive income		<u>61,654,600</u>	<u>911,200</u>	<u>8,112,434</u>

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

**SHIRE OF BROOKTON
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,953,817	2,984,800
Trade and other receivables	5	1,106,352	1,015,578
Inventories	6	10,485	15,870
TOTAL CURRENT ASSETS		<u>5,070,654</u>	<u>4,016,248</u>
NON-CURRENT ASSETS			
Other receivables	5	488,808	516,711
Investments	4	5,000	5,000
Inventories	6	242,626	242,626
Property, plant and equipment	7	19,551,171	19,894,698
Infrastructure	8	71,233,961	10,332,800
TOTAL NON-CURRENT ASSETS		<u>91,521,566</u>	<u>30,991,835</u>
TOTAL ASSETS		<u>96,592,220</u>	<u>35,008,083</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,166,122	1,155,207
Current portion of long term borrowings	10	114,637	107,602
Provisions	11	193,938	165,558
TOTAL CURRENT LIABILITIES		<u>1,474,697</u>	<u>1,428,367</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10	1,729,926	1,844,563
Provisions	11	41,150	43,306
TOTAL NON-CURRENT LIABILITIES		<u>1,771,076</u>	<u>1,887,869</u>
TOTAL LIABILITIES		<u>3,245,773</u>	<u>3,316,236</u>
NET ASSETS		<u>93,346,447</u>	<u>31,691,847</u>
EQUITY			
Retained surplus		23,325,892	22,041,453
Reserves - cash backed	12	2,559,953	2,441,892
Revaluation surplus	13	67,460,602	7,208,502
TOTAL EQUITY		<u>93,346,447</u>	<u>31,691,847</u>

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

SHIRE OF BROOKTON
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	RETAINED SURPLUS \$	CASH/INVESTMENT BACKED \$	RESERVES	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		20,096,569	2,814,073		668,771	23,579,413
Comprehensive income						
Net result		1,572,703	0	0	0	1,572,703
Changes on revaluation of non-current assets	13	0	0	0	6,539,731	6,539,731
Total comprehensive income		<u>1,572,703</u>	<u>0</u>	<u>0</u>	<u>6,539,731</u>	<u>8,112,434</u>
Transfers from/(to) reserves		372,181	(372,181)		0	0
Balance as at 30 June 2014		22,041,453	2,441,892		7,208,502	31,691,847
Comprehensive income						
Net result		1,402,500	0	0	0	1,402,500
Changes on revaluation of non-current assets	13	0	0	0	60,252,100	60,252,100
Total comprehensive income		<u>1,402,500</u>	<u>0</u>	<u>0</u>	<u>60,252,100</u>	<u>61,654,600</u>
Transfers from/(to) reserves		(118,061)	118,061		0	0
Balance as at 30 June 2015		23,325,892	2,559,953		67,460,602	93,346,447

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

**SHIRE OF BROOKTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,658,078	1,712,514	1,561,191
Operating grants, subsidies and contributions		4,119,679	4,281,292	3,866,134
Fees and charges		1,539,824	1,398,822	1,468,858
Interest earnings		172,483	178,400	189,900
Goods and services tax		507,991	0	509,254
Other revenue		398,311	200,984	358,130
		<u>8,396,366</u>	<u>7,772,012</u>	<u>7,953,467</u>
Payments				
Employee costs		(1,036,346)	(1,269,906)	(1,144,677)
Materials and contracts		(4,870,071)	(4,967,602)	(5,265,167)
Utility charges		(142,607)	(150,007)	(156,365)
Interest expenses		(127,403)	(127,055)	(132,098)
Insurance expenses		(148,361)	(162,738)	(159,058)
Goods and services tax		(490,739)	0	(533,472)
Other expenditure		(2,220)	(13,600)	(11,301)
		<u>(6,817,747)</u>	<u>(6,690,908)</u>	<u>(7,402,138)</u>
Net cash provided by (used in) operating activities	14(b)	<u>1,578,619</u>	<u>1,081,104</u>	<u>551,329</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,041,191)	(1,744,879)	(1,917,786)
Payments for construction of infrastructure		(751,330)	(863,986)	(1,240,767)
Non-operating grants, Subsidies and contributions		1,115,962	1,148,324	1,877,420
Proceeds from sale of fixed assets		141,182	209,800	198,060
Net cash provided by (used in) investment activities		<u>(535,377)</u>	<u>(1,250,741)</u>	<u>(1,083,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(107,602)	(107,602)	(101,003)
Proceeds from self supporting loans		33,377	33,377	36,611
Net cash provided by (used in) financing activities		<u>(74,225)</u>	<u>(74,225)</u>	<u>(64,392)</u>
Net increase (decrease) in cash held		969,017	(243,862)	(596,136)
Cash at beginning of year		2,984,800	2,984,800	3,580,936
Cash and cash equivalents at the end of the year	14(a)	<u>3,953,817</u>	<u>2,740,938</u>	<u>2,984,800</u>

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

**SHIRE OF BROOKTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		35,151	31,298	46,327
General purpose funding		1,569,231	1,085,677	941,733
Law, order, public safety		39,600	31,863	346,907
Health		133,026	2,807	24,839
Education and welfare		3,760,090	4,120,375	3,963,724
Housing		719,458	707,875	98,215
Community amenities		383,402	364,020	405,965
Recreation and culture		90,872	161,994	479,742
Transport		542,415	501,221	1,229,701
Economic services		54,626	56,604	80,297
Other property and services		120,237	137,917	162,257
		<u>7,448,108</u>	<u>7,201,651</u>	<u>7,779,707</u>
Expenses				
Governance		(606,565)	(608,650)	(572,040)
General purpose funding		(210,839)	(205,086)	(239,931)
Law, order, public safety		(260,316)	(251,337)	(248,752)
Health		(51,009)	(54,746)	(66,431)
Education and welfare		(3,926,716)	(4,058,548)	(4,026,228)
Housing		(128,670)	(153,732)	(114,665)
Community amenities		(487,091)	(487,107)	(548,697)
Recreation and culture		(819,630)	(729,367)	(713,941)
Transport		(1,040,575)	(1,205,679)	(1,100,079)
Economic services		(103,957)	(143,936)	(103,830)
Other property and services		(82,623)	(66,777)	(36,082)
		<u>(7,717,991)</u>	<u>(7,964,965)</u>	<u>(7,770,676)</u>
Net result excluding rates		(269,883)	(763,314)	9,031
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	21	40,366	(21,628)	123,754
Movement in deferred pensioner rates (non-current)		(7,725)	0	2,500
Movement in employee benefit provisions (non-current)		(2,156)	0	13,474
Depreciation and amortisation on assets	2(a)	1,305,440	1,226,781	1,181,948
Capital Expenditure and Revenue				
Purchase of land and buildings	7(b)	(765,199)	(1,263,679)	(1,380,136)
Purchase furniture and equipment	7(b)	(65,245)	(40,200)	(75,074)
Purchase plant and equipment	7(b)	(210,747)	(441,000)	(462,576)
Purchase roads and bridges	8(b)	(736,870)	(854,986)	(1,233,646)
Purchase sewerage	8(b)	(14,460)	0	(7,121)
Purchase parks & ovals		0	(9,000)	0
Proceeds from disposal of fixed assets	21	141,182	209,800	198,060
Repayment of debentures	22(a)	(107,602)	(107,602)	(101,003)
Proceeds from self supporting loans		33,377	33,377	36,611
Transfers to reserves (restricted assets)	12	(527,729)	(438,326)	(401,958)
Transfers from reserves (restricted assets)	12	409,668	548,349	774,139
ADD Estimated surplus/(deficit) July 1 b/fwd	23(b)	220,213	246,914	(21,462)
LESS Estimated surplus/(deficit) June 30 c/fwd	23(b)	1,115,013	0	220,213
Total amount raised from general rate	23(a)	<u>(1,672,383)</u>	<u>(1,674,514)</u>	<u>(1,563,672)</u>

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

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments 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 financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report 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.

Critical accounting estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The local government reporting entity

All Funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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 20 to these financial statements.

(b) 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.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and 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 reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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.

(e) 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 sale

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 the Council's intentions to release for sale.

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

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 at 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 BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Capitalisation threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

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 or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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 BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 are 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) 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 (i.e. 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 at 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.

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.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(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. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(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 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 non-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 (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 will have 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 to 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.

(i) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's 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 revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

(j) 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.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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 of 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.

(l) 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.

(m) 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.

(n) 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.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) 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 17.

(q) Rates, Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(r) 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 BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(v) Budget Comparative Figures

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

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(x) Adoption of New and Revised Accounting Standards

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These new and revised Standards were:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense		
Education & Welfare (<i>Refer Note 35</i>)	<u>3,907,647</u>	<u>4,011,627</u>
This significant expense in both years relates to the management of the Kalkarni Aged Care Facility.		
Auditors remuneration		
- Audit of the financial report and Acquittal Audit Fees	27,722	32,355
- Other services	2,500	3,150
Depreciation		
Non-specialised buildings	24,500	32,286
Specialised buildings	404,834	286,269
Furniture and Equipment	38,503	58,466
Plant and Equipment	388,127	376,161
Roads and Bridges	427,244	405,168
Footpaths	3,809	3,809
Sewerage	14,974	16,340
Parks & Ovals	3,449	3,449
	<u>1,305,440</u>	<u>1,181,948</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	126,330	130,243
	<u>126,330</u>	<u>130,243</u>
(ii) Crediting as revenue:		
Significant revenue		
Education & Welfare (<i>Refer Note 35</i>)	<u>3,617,843</u>	<u>3,963,724</u>
Other revenue		
Reimbursements and recoveries	375,883	294,760
Other	22,428	63,370
	<u>398,311</u>	<u>358,130</u>
	2015	2015
	Actual	Budget
	\$	\$
Interest earnings		2014
		Actual
		\$
- Self Supporting Loans	35,541	0
- Reserve Funds	79,551	92,792
- Other Funds	45,064	70,108
Other Interest Revenue (<i>refer note 27</i>)	12,327	15,500
	<u>172,483</u>	<u>178,400</u>
		<u>189,900</u>

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The SHIRE OF BROOKTON is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

Elected member's expenses, maintenance of the Shire's administration centre, audit and forward planning expenses and provision of information to the public.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of 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

Objective:

Levy and collection of property rates, general purpose grants and the acquisition of funds via loans and investments.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

Fire prevention, animal control and supervision and development of local laws.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

Food hygiene control, maintenance of Saddleback Medical Centre and the provision of a part-time doctor.

Activities:

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

EDUCATION AND WELFARE

Objective:

The Shire of Brookton incorporates the operation of Kalkarni Residency, which is an Aged Care facility. Annual contributions are also made to pre-school education through the Smart Start program.

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

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

Activities:

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

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

Provision and maintenance of a sewerage overflow system; street, household and commercial refuse collection; provision and maintenance of the Brookton refuse disposal site; administration of a town planning scheme; provision and maintenance of public conveniences, and Brookton Cemetery operations.

Activities:

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

RECREATION AND CULTURE

Objective:

Provision and maintenance of Brookton Memorial Hall, other public halls, the WB Eva Pavilion, recreation ground, Brookton swimming pool and community parks and gardens. Operation of the Brookton library and the community bus.

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

Construction and maintenance of road network including traffic signs, footpaths, bridges, culverts and other drains, street cleaning and lighting of streets. Townscape projects and the maintenance of a works depot.

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

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

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

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

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Grant/Contribution	Function/ Activity							
WALGGC - Bridge Funding	Transport	14,734	287,201	(287,201)	14,734	0	(14,734)	0
Roads to Recovery	Transport	9,331	189,665	(198,996)	0			0
Roads to Recovery - Bridge Funding	Transport	52,543	0	(50,275)	2,268	0	(2,268)	0
CSRFF - WB Eva Pavilion Redelopment	Recreation	466,500	155,500	(622,000)	0	0	0	0
Department of Local Government - Workforce Plan	Governance	25,000	0	(25,000)	0	0	0	0
FESA - Operational Funding	Law, Order & Public Safety	0	40,257	(34,410)	5,847	32,150	(29,810)	8,187
SEMC Secretariat	Law, Order & Public Safety	0	18,181	0	18,181	0	(18,181)	0
CLGF - Regional Grant	Housing	0	0	0	0	624,063	(319,795)	304,268
Main Roads - Grain Freight Network	Transport	0	439,521	(372,000)	67,521	55,800	(123,321)	0
Total		568,108	1,130,325	(1,589,882)	108,551	712,013	(508,109)	312,455

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,081,409	434,357
Restricted		2,872,408	2,550,443
		<u>3,953,817</u>	<u>2,984,800</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant and Vehicle Reserve	12	354,662	131,468
Staff Housing Reserve	12	310,210	300,522
Furniture & Equipment Reserve	12	13,597	40,352
Drainage Infrastructure Reserve	12	0	50,511
Municipal Building & Facility Reserve	12	83,312	51,589
Townscape & Footpath Reserve	12	235,807	238,830
Land Redevelopment Reserve	12	122,707	118,875
Sewerage and Drainage Reserve	12	199,455	156,791
Road and Bridges Infrastructure Reserve	12	45,568	34,438
Health & Aged Care Reserve	12	708,616	788,595
Community Bus Reserve	12	50,770	44,331
Bridge Construction Equipment Reserve	12	0	65,850
Staff Vehicle Changeover Reserve	12	0	17,241
Sport & Recreation Reserve	12	9,856	9,548
Rehabilitation Refuse & Gravel Reserve	12	34,410	28,482
Saddleback Building Reserve	12	47,533	66,614
Saddleback Vehicle & Equipment Reserve	12	0	4,576
Caravan Park Reserve	12	124,544	54,805
Brookton Museum/Heritage Reserve	12	31,005	35,861
Kweda Hall Reserve	12	19,513	16,477
Aldersyde Hall Reserve	12	19,513	16,477
Railway Station Reserve	12	19,513	16,477
Madison Square Units Reserve	12	16,778	16,254
Cemetery Reserve	12	63,263	89,147
Water Harvesting Reserve	12	49,321	47,781
Unspent grants	2(c)	<u>312,455</u>	<u>108,551</u>
		<u>2,872,408</u>	<u>2,550,443</u>
4. INVESTMENTS			
Available for Sale Financial Asset - Unlisted Investment		<u>5,000</u>	<u>5,000</u>

This investment represents 5000 shares in Pingelly Brookton Community Financial Service Limited (local Bendigo Bank entity).

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	48,285	41,705
Sundry debtors	52,268	193,748
GST receivable	26,923	44,178
Loans - clubs/institutions	35,629	33,378
Aged Care Facility Bonds	819,663	533,701
Prepayments & Accrued Income	123,584	168,868
	<u>1,106,352</u>	<u>1,015,578</u>
Non-current		
Rates outstanding - pensioners	25,989	18,264
Loans - clubs/institutions	462,819	498,447
	<u>488,808</u>	<u>516,711</u>
6. INVENTORIES		
Current		
Fuel and materials	10,485	15,870
	<u>10,485</u>	<u>15,870</u>
Non-current		
Land held for resale - cost		
Cost of acquisition	82,818	82,818
Development costs	159,808	159,808
	<u>242,626</u>	<u>242,626</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	805,000	805,000
	<u>805,000</u>	<u>805,000</u>
Land vested in and under the control of Council at:		
- Management valuation 2014 - level 3	117,193	117,193
	<u>117,193</u>	<u>117,193</u>
Total land	<u>922,193</u>	<u>922,193</u>
Non-specialised buildings at:		
- Independent valuation 2014 - level 2	987,000	987,000
- Additions after valuation - cost	321,895	0
Less: accumulated depreciation	(24,500)	0
	<u>1,284,395</u>	<u>987,000</u>
Specialised buildings at:		
-Independent valuation 2014 - level 3	15,687,746	16,062,960
- Additions after valuation - cost	443,304	0
Less: accumulated depreciation	(397,990)	0
	<u>15,733,060</u>	<u>16,062,960</u>
Total buildings	<u>17,017,455</u>	<u>17,049,960</u>
Total land and buildings	<u>17,939,648</u>	<u>17,972,153</u>
Furniture and Equipment at:		
- Management valuation 2014 - level 3	113,800	176,649
- Additions after valuation - cost	140,319	75,074
Less accumulated depreciation	(46,269)	(58,466)
	<u>207,850</u>	<u>193,257</u>
Plant and Equipment at:		
- Management valuation 2013 - level 2	1,248,543	1,448,296
- Additions after valuation - cost	673,322	462,575
Less accumulated depreciation	(518,192)	(181,583)
	<u>1,403,673</u>	<u>1,729,288</u>
	<u>19,551,171</u>	<u>19,894,698</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	805,000	0	0	0	0	0	0	805,000
Land vested in and under the control of Council	117,193	0	0	0	0	0	0	117,193
Total land	922,193	0	0	0	0	0	0	922,193
Non-specialised buildings	987,000	321,895	0	0	0	(24,500)	0	1,284,395
Specialised buildings	16,062,960	443,304	(21,163)	(134,868)	0	(404,834)	(212,339)	15,733,060
Total buildings	17,049,960	765,199	(21,163)	(134,868)	0	(429,334)	(212,339)	17,017,455
Total land and buildings	17,972,153	765,199	(21,163)	(134,868)	0	(429,334)	(212,339)	17,939,648
Furniture and Equipment	193,257	65,245	(12,149)	0	0	(38,503)	0	207,850
Plant and Equipment	1,729,288	210,747	(148,235)	0	0	(388,127)	0	1,403,673
Total property, plant and equipment	19,894,698	1,041,191	(181,547)	(134,868)	0	(855,964)	(212,339)	19,551,171

The revaluation decrement of \$134,868 relates to the prior year revaluation increment for specialised buildings which was overstated due to the duplication of assets in specialised buildings and parks and ovals. This figure was debited to the revaluation surplus in the Shire's equity (refer to Note 13) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent registered valuers	June 2014	Available market information
Land vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Non-specialised buildings	2	Observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent registered valuers	June 2014	Available market information
Specialised buildings	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).
Furniture and Equipment					
	3	Cost approach using depreciated replacement cost.	Management valuation	June 2014	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Plant and Equipment	2	Observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Management valuation	June 2013	Available market information

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
8 (a). INFRASTRUCTURE		
Roads and Bridges		
- Management valuation 2015 - level 3	103,437,769	0
- Cost	0	22,016,066
Less accumulated depreciation	<u>(34,359,858)</u>	<u>(13,084,131)</u>
	69,077,911	8,931,935
 Footpaths		
- Management valuation 2015 - level 3	715,715	0
- Cost	0	190,485
Less accumulated depreciation	<u>(348,679)</u>	<u>(66,869)</u>
	367,036	123,616
 Sewerage		
- Management valuation 2015 - level 3	2,716,855	0
- Cost	0	1,502,596
Less accumulated depreciation	<u>(1,286,079)</u>	<u>(363,664)</u>
	1,430,776	1,138,932
 Parks & Ovals		
- Management valuation 2014- level 3	366,564	0
- Cost	0	172,454
Less accumulated depreciation	<u>(8,326)</u>	<u>(34,137)</u>
	358,238	138,317
	<u>71,233,961</u>	<u>10,332,800</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads and Bridges	8,931,935	736,870	0	59,836,350	0	(427,244)	0	69,077,911
Footpaths	123,616	0	0	247,229	0	(3,809)	0	367,036
Sewerage	1,138,932	14,460	0	303,389	0	(14,974)	(11,031)	1,430,776
Parks & Ovals	138,317	0	0	0	0	(3,449)	223,370	358,238
Total infrastructure	10,332,800	751,330	0	60,386,968	0	(449,476)	212,339	71,233,961

The revaluation of infrastructure assets resulted in an increase on revaluation of \$60,386,968 in the net value of infrastructure.

All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 13) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads and Bridges	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Footpaths	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Sewerage	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Parks & Ovals	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied , they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	284,078	519,620
Accrued Interest on Debentures	24,809	25,882
Accrued Salaries and Wages	28,651	12,062
Aged Care Accommodation Bonds	819,663	533,701
Accrued Expenses	8,921	63,942
	<u>1,166,122</u>	<u>1,155,207</u>

10. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	114,637	107,602
	<u>114,637</u>	<u>107,602</u>
Non-current		
Secured by floating charge		
Debentures	1,729,926	1,844,563
	<u>1,729,926</u>	<u>1,844,563</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	73,985	91,573	165,558
Non-current provisions	0	43,306	43,306
	<u>73,985</u>	<u>134,879</u>	<u>208,864</u>
Additional provision	110,963	36,732	147,695
Amounts used	(90,984)	(39,324)	(130,308)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	8,837	8,837
Balance at 30 June 2015	<u>93,964</u>	<u>141,124</u>	<u>235,088</u>
Comprises			
Current	93,964	99,974	193,938
Non-current	0	41,150	41,150
	<u>93,964</u>	<u>141,124</u>	<u>235,088</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
12. RESERVES - CASH BACKED			
(a) Plant and Vehicle Reserve			
Opening balance	131,468	131,468	15,942
Amount set aside / transfer to reserve	223,194	114,996	146,357
Amount used / transfer from reserve	0	0	(30,831)
	<u>354,662</u>	<u>246,464</u>	<u>131,468</u>
(b) Staff Housing Reserve			
Opening balance	300,522	300,522	288,849
Amount set aside / transfer to reserve	9,688	11,420	11,673
Amount used / transfer from reserve	0	(63,431)	0
	<u>310,210</u>	<u>248,511</u>	<u>300,522</u>
(c) Furniture & Equipment Reserve			
Opening balance	40,352	40,352	38,785
Amount set aside / transfer to reserve	1,245	1,534	1,567
Amount used / transfer from reserve	(28,000)	(35,000)	0
	<u>13,597</u>	<u>6,886</u>	<u>40,352</u>
(d) Drainage Infrastructure Reserve			
Opening balance	50,511	50,511	48,549
Amount set aside / transfer to reserve	0	1,919	1,962
Amount used / transfer from reserve	(50,511)	(52,430)	0
	<u>0</u>	<u>0</u>	<u>50,511</u>
(e) Municipal Building & Facility Reserve			
Opening balance	51,589	51,589	32,575
Amount set aside / transfer to reserve	31,723	31,960	31,292
Amount used / transfer from reserve	0	0	(12,278)
	<u>83,312</u>	<u>83,549</u>	<u>51,589</u>
(f) Townscape & Footpath Reserve			
Opening balance	238,830	238,830	229,554
Amount set aside / transfer to reserve	7,677	9,076	9,276
Amount used / transfer from reserve	(10,700)	0	0
	<u>235,807</u>	<u>247,906</u>	<u>238,830</u>
(g) Land Redevelopment Reserve			
Opening balance	118,875	118,875	197,706
Amount set aside / transfer to reserve	3,832	4,517	71,169
Amount used / transfer from reserve	0	0	(150,000)
	<u>122,707</u>	<u>123,392</u>	<u>118,875</u>
(h) Sewerage and Drainage Reserve			
Opening balance	156,791	156,791	157,642
Amount set aside / transfer to reserve	57,164	58,388	6,269
Amount used / transfer from reserve	(14,500)	(14,500)	(7,120)
	<u>199,455</u>	<u>200,679</u>	<u>156,791</u>
(i) Road and Bridges Infrastructure Reserve			
Opening balance	34,438	34,438	28,270
Amount set aside / transfer to reserve	11,130	11,309	6,168
Amount used / transfer from reserve	0	(5,000)	0
	<u>45,568</u>	<u>40,747</u>	<u>34,438</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2015 \$	2015 Budget \$	2014 \$
12. RESERVES - CASH BACKED (CONTINUED)			
(j) Health & Aged Care Reserve			
Opening balance	788,595	788,595	719,322
Amount set aside / transfer to reserve	75,211	79,967	69,273
Amount used / transfer from reserve	(155,190)	(196,340)	0
	<u>708,616</u>	<u>672,222</u>	<u>788,595</u>
(k) Community Bus Reserve			
Opening balance	44,331	44,331	37,778
Amount set aside / transfer to reserve	6,439	6,685	6,553
Amount used / transfer from reserve	0	0	0
	<u>50,770</u>	<u>51,016</u>	<u>44,331</u>
(l) Bridge Construction Equipment Reserve			
Opening balance	65,850	65,850	63,292
Amount set aside / transfer to reserve	0	2,502	2,558
Amount used / transfer from reserve	(65,850)	(68,352)	0
	<u>0</u>	<u>0</u>	<u>65,850</u>
(m) Staff Vehicle Changeover Reserve			
Opening balance	17,241	17,241	19,674
Amount set aside / transfer to reserve	0	655	749
Amount used / transfer from reserve	(17,241)	(17,896)	(3,182)
	<u>0</u>	<u>0</u>	<u>17,241</u>
(n) Sport & Recreation Reserve			
Opening balance	9,548	9,548	0
Amount set aside / transfer to reserve	308	363	9,548
Amount used / transfer from reserve	0	0	0
	<u>9,856</u>	<u>9,911</u>	<u>9,548</u>
(o) Rehabilitation Refuse & Gravel Reserve			
Opening balance	28,482	28,482	27,376
Amount set aside / transfer to reserve	5,928	6,082	1,106
Amount used / transfer from reserve	0	0	0
	<u>34,410</u>	<u>34,564</u>	<u>28,482</u>
(p) Unspent Grants & Contributions Reserve			
Opening balance	0	0	568,108
Amount set aside / transfer to reserve	0	0	2,620
Amount used / transfer from reserve	0	0	(570,728)
	<u>0</u>	<u>0</u>	<u>0</u>
(q) Saddleback Building Reserve			
Opening balance	66,614	66,614	64,027
Amount set aside / transfer to reserve	6,819	7,281	2,587
Amount used / transfer from reserve	(25,900)	(25,900)	0
	<u>47,533</u>	<u>47,995</u>	<u>66,614</u>
(r) Saddleback Vehicle & Equipment Reserve			
Opening balance	4,576	4,576	4,397
Amount set aside / transfer to reserve	0	174	179
Amount used / transfer from reserve	(4,576)	(4,750)	0
	<u>0</u>	<u>0</u>	<u>4,576</u>

SHIRE OF BROOKTON
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	2015 \$	2015 Budget \$	2014 \$
12. RESERVES - CASH BACKED (CONTINUED)			
(s) Caravan Park Reserve			
Opening balance	54,805	54,805	52,676
Amount set aside / transfer to reserve	69,739	70,435	2,129
Amount used / transfer from reserve	0	0	0
	<u>124,544</u>	<u>125,240</u>	<u>54,805</u>
(t) Brookton Museum/Heritage Reserve			
Opening balance	35,861	35,861	32,053
Amount set aside / transfer to reserve	3,644	3,863	3,808
Amount used / transfer from reserve	(8,500)	0	0
	<u>31,005</u>	<u>39,724</u>	<u>35,861</u>
(u) Kweda Hall Reserve			
Opening balance	16,477	16,477	13,422
Amount set aside / transfer to reserve	3,036	3,126	3,055
Amount used / transfer from reserve	0	0	0
	<u>19,513</u>	<u>19,603</u>	<u>16,477</u>
(v) Aldersyde Hall Reserve			
Opening balance	16,477	16,477	13,422
Amount set aside / transfer to reserve	3,036	3,126	3,055
Amount used / transfer from reserve	0	0	0
	<u>19,513</u>	<u>19,603</u>	<u>16,477</u>
(w) Railway Station Reserve			
Opening balance	16,477	16,477	13,422
Amount set aside / transfer to reserve	3,036	3,126	3,055
Amount used / transfer from reserve	0	(12,000)	0
	<u>19,513</u>	<u>7,603</u>	<u>16,477</u>
(x) Madison Square Units Reserve			
Opening balance	16,254	16,254	15,623
Amount set aside / transfer to reserve	524	618	631
Amount used / transfer from reserve	0	0	0
	<u>16,778</u>	<u>16,872</u>	<u>16,254</u>
(y) Cemetery Reserve			
Opening balance	89,147	89,147	85,684
Amount set aside / transfer to reserve	2,816	3,388	3,463
Amount used / transfer from reserve	(28,700)	(42,750)	0
	<u>63,263</u>	<u>49,785</u>	<u>89,147</u>
(z) Water Harvesting Reserve			
Opening balance	47,781	47,781	45,925
Amount set aside / transfer to reserve	1,540	1,816	1,856
Amount used / transfer from reserve	0	(10,000)	0
	<u>49,321</u>	<u>39,597</u>	<u>47,781</u>
TOTAL RESERVES	<u>2,559,953</u>	<u>2,331,869</u>	<u>2,441,892</u>
Total Opening balance	2,441,892	2,441,892	2,814,073
Total Amount set aside / transfer to reserve	527,729	438,326	401,958
Total Amount used / transfer from reserve	(409,668)	(548,349)	(774,139)
TOTAL RESERVES	<u>2,559,953</u>	<u>2,331,869</u>	<u>2,441,892</u>

SHIRE OF BROOKTON
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FOR THE YEAR ENDED 30TH JUNE 2015

12. RESERVES - CASH BACKED (CONTINUED)

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

- (a) Plant and Vehicle Reserve**
This reserve is for the purchase of major items in the Shire's plant and vehicle replacement program.
- (b) Staff Housing Reserve**
This reserve is for the construction of housing to meet future housing requirements.
- (c) Furniture & Equipment Reserve**
This reserve is for the replacement of major items of furniture and equipment.
- (d) Drainage Infrastructure Reserve**
This reserve is for administration of grants received to fund town site salinity and drainage programs
- (e) Municipal Building & Facility Reserve**
This reserve is for the upgrading of Shire owned buildings and facilities.
- (f) Townscape & Footpath Reserve**
This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works.
- (g) Land Redevelopment Reserve**
This reserve is to be used for the costs of land development.
- (h) Sewerage and Drainage Reserve**
This reserve is for major upgrades to the Brookton town sewerage and drainage infrastructure as required.
- (i) Road and Bridges Infrastructure Reserve**
This reserve is for the construction of roads and bridges within the Shire.
- (j) Health & Aged Care Reserve**
This reserve is for the refurbishment of Saddleback Medical Centre and Kalkarni Residency.
- (k) Community Bus Reserve**
This reserve is for the changeover of the Brookton Community Bus.
- (l) Bridge Construction Equipment Reserve**
This reserve is for the purchase of equipment for bridge construction.
- (m) Staff Vehicle Changeover Reserve**
This reserve is to be used for the cost of changeover of staff vehicles.
- (n) Sport & Recreation Reserve**
This reserve is to be used to fund future sporting and recreation infrastructure.
- (o) Rehabilitation Refuse & Gravel Reserve**
This reserve is to be used to fund the rehabilitation of the refuse site.
- (p) Unspent Grants & Contributions Reserve**
This reserve is to be used to set aside any unspent grant funds at the end of each financial year.
- (q) Saddleback Building Reserve**
This reserve is to be used for the Saddleback building to fund future upgrades and major maintenance of the building.
- (r) Saddleback Vehicle & Equipment Reserve**
This reserve is to be used to fund vehicle and equipment purchases used in the operation of Saddleback Medical facilities.
- (s) Caravan Park Reserve**
This reserve is to be used to fund any upgrades or major maintenance on the caravan park.
- (t) Brookton Museum/Heritage Reserve**
This reserve is to be used to fund any upgrades or major maintenance of the museum.
- (u) Kweda Hall Reserve**
This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

12. RESERVES - CASH BACKED (CONTINUED)

(v) Aldersyde Hall Reserve

This reserve is to be used to fund any upgrades or major maintenance on the Aldersyde Hall.

(w) Railway Station Reserve

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

(x) Madison Square Units Reserve

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

(y) Cemetery Reserve

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

(z) Water Harvesting Reserve

This reserve is to be used to fund any upgrades or major maintenance on the Water Harvesting scheme infrastructure.

All Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

13. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) Land

Opening balance	712,236	0
Revaluation increment	0	712,236
Revaluation decrement	0	0
	<u>712,236</u>	<u>712,236</u>

(b) Building

Opening balance	5,964,495	0
Revaluation increment	0	5,964,495
Revaluation decrement	(134,868)	0
Transfer to Parks and Ovals	(55,934)	0
	<u>5,773,693</u>	<u>5,964,495</u>

(c) Plant & Equipment

Opening balance	530,244	530,244
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>530,244</u>	<u>530,244</u>

(d) Furniture & Equipment

Opening balance	1,527	138,527
Revaluation increment	0	0
Revaluation decrement	0	(137,000)
	<u>1,527</u>	<u>1,527</u>

(e) Roads and Bridges

Opening balance	0	0
Revaluation increment	59,836,350	0
Revaluation decrement	0	0
	<u>59,836,350</u>	<u>0</u>

(f) Footpaths

Opening balance	0	0
Revaluation increment	247,229	0
Revaluation decrement	0	0
	<u>247,229</u>	<u>0</u>

(g) Sewerage

Opening balance	0	0
Revaluation increment	303,389	0
Revaluation decrement	0	0
	<u>303,389</u>	<u>0</u>

(h) Parks & Ovals

Opening balance	0	0
Revaluation increment	0	0
Revaluation decrement	0	0
Transfer From Buildings	55,934	0
	<u>55,934</u>	<u>0</u>

TOTAL ASSET REVALUATION SURPLUS

67,460,602

7,208,502

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

14. 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. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>3,953,817</u>	<u>2,740,938</u>	<u>2,984,800</u>

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

Net result	1,402,500	911,200	1,572,703
Non-cash flows in Net result:			
Depreciation	1,305,440	1,226,781	1,181,948
(Profit)/Loss on sale of asset	40,366	(21,628)	123,754
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(96,248)	89,526	(1,536)
(Increase)/Decrease in inventories	5,385	0	(2,133)
Increase/(Decrease) in payables	10,914	23,549	(367,434)
Increase/(Decrease) in provisions	26,224		(78,553)
Grants contributions for the development of assets	<u>(1,115,962)</u>	<u>(1,148,324)</u>	<u>(1,877,420)</u>
Net cash from operating activities	<u>1,578,619</u>	<u>1,081,104</u>	<u>551,329</u>

	2015 \$	2014 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	10,000	10,000
Credit card balance at balance date	766	780
Total amount of credit unused	<u>10,766</u>	<u>10,780</u>
Loan facilities		
Loan facilities - current	114,637	107,602
Loan facilities - non-current	1,729,926	1,844,563
Total facilities in use at balance date	<u>1,844,563</u>	<u>1,952,165</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

15. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2015.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

17. JOINT VENTURE ARRANGEMENTS

The Shire together with the Shire of Beverley has a joint venture arrangement with regard to the provision of Planning Services. The only assets are a motor vehicle and miscellaneous equipment. The Shire of Brookton has 100% control of these assets, which are included in the Plant and Equipment as per Note 7.

The Shire together with the State Housing Commission have a joint venture arrangement with regard to the provision of low cost housing. The only assets are four residential units. The Council's equity share of the units is 13.40%.

	2015	2014
	\$	\$
Non-current assets		
Units 1,2,3,4 - 28 Williams Street	92,460	92,460
Less: accumulated depreciation	(2,311)	0
	<u>90,149</u>	<u>92,460</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	2,078,960	2,071,881
General purpose funding	74,274	59,969
Law, order, public safety	219,920	336,636
Health	0	4,057
Education and welfare	8,087,164	7,665,407
Housing	1,687,962	1,405,224
Community amenities	1,690,187	1,398,825
Recreation and culture	7,801,532	8,104,448
Transport	69,462,948	9,079,551
Economic services	302,766	305,086
Other property and services	1,153,501	1,354,273
Unallocated	4,033,006	3,222,726
	<u>96,592,220</u>	<u>35,008,083</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014	2013
19. FINANCIAL RATIOS			
Current ratio	1.49	1.03	0.94
Asset sustainability ratio	0.98	2.53	2.27
Debt service cover ratio	7.35	4.36	3.49
Operating surplus ratio	0.08	(0.09)	(0.17)
Own source revenue coverage ratio	0.48	0.46	0.45

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

Two of the 2013 ratios disclosed above are distorted by items of significant revenue totalling \$237,193, relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f), and 2(a)(ii) for further details).

These items form part of operating revenue and have been included in the calculations above.

These items of significant revenue are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	2.48
Operating Surplus Ratio	(0.23)

In addition, the Own Source Revenue Coverage Ratio is distorted by the revenue of the Kalkarni Residential Aged Care Facility not being treated as Own Source Operating Revenue in accordance with the Department of Local Government ratio guidelines. The ratio below reflects the recalculation if the revenue from the Kalkarni Aged Care Facility was treated as Own Source Operating Revenue:

	2015	2014	2013
Own Source Revenue Coverage Ratio	0.84	0.83	0.77

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

20. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Housing Bonds	1,200	3,994	(4,114)	1,080
Other Bonds	4,790	13,670	(7,030)	11,430
Rates Incentive Prize	200	0	(200)	0
Staff AFL Tipping	0	200	0	200
Les McMullen Sporting Grants	7,744	337	(650)	7,431
Gnulla Child Care Facility	3,073	0	0	3,073
Wildflower Show Funds	1,240	0	0	1,240
Kalkarni Resident's Accounts	5,411	0	0	5,411
Public Open Space Contributions	13,820	0	0	13,820
Developer Road Contributions	4,915	0	0	4,915
Unclaimed Money	310	120	0	430
	<u>42,703</u>			<u>49,030</u>

21. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
CEO Vehicle	41,564	40,771	43,636	47,000	2,072	6,229
DCEO Vehicle	28,943	30,231	24,546	24,000	(4,397)	(6,231)
Health						
Dental Equipment	2,534	0	0	0	(2,534)	0
Santizer	1,287	0	0	0	(1,287)	0
Education and welfare						
Xeon 2.4 Server	1,581	0	0	0	(1,581)	0
Dish Washer	2,743	0	0	0	(2,743)	0
Housing						
Roller Blind	4,005	0	0	0	(4,005)	0
Community amenities						
Shire Planner Vehicle	23,312	24,411	20,000	22,000	(3,312)	(2,411)
Recreation and Culture						
Shade Sale Brookton Oval	15,832	0	0	0	(15,832)	0
Transport						
Tandem Truck	0	34,403	0	40,000	0	5,597
Works supervisors Ute	23,153	22,618	20,000	25,000	(3,153)	2,382
Singel Cab Utility	0	4,292	0	10,000	0	5,708
Singel Cab Utility	0	4,292	0	10,000	0	5,708
Dual Cab Utility	22,852	19,154	19,091	23,000	(3,762)	3,846
Cherry Picker	8,411	8,000	8,000	8,800	(411)	800
Economic services						
Water Tanks	5,330	0	5,909	0	579	0
	<u>181,547</u>	<u>188,172</u>	<u>141,182</u>	<u>209,800</u>	<u>(40,366)</u>	<u>21,628</u>

Profit	2,651	30,270
Loss	(43,017)	(8,642)
	<u>(40,366)</u>	<u>21,628</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 75 Office Renovations	68,037	0	3,679	3,679	64,358	64,357	4,332	4,391
General purpose funding								
* Loan 78 Senior Citizen's Home	153,613	0	11,196	11,196	142,417	142,415	10,305	10,285
* Loan 79 Multifunctional Family Centre	53,940	0	7,047	7,047	46,893	46,892	3,290	3,097
* Loan 82 Country Club	324,275	0	15,133	15,133	309,142	309,142	22,182	22,529
Education and welfare								
Loan 80 Kalkami Residence	109,183	0	6,583	6,583	102,600	102,601	6,053	6,146
Housing								
Loan 80 Staff Housing	182,593	0	10,862	10,862	171,731	169,292	9,988	10,142
Community amenities								
Loan 80 Sewerage	71,552	0	4,608	4,608	66,944	71,821	4,237	4,303
Recreation and culture								
Loan 81 Sport & Recreation	806,380	0	37,632	37,632	768,748	768,751	55,955	56,020
Transport								
Loan 80 Grader	182,592	0	10,862	10,862	171,730	169,292	9,988	10,142
	1,952,165	0	107,602	107,602	1,844,563	1,844,563	126,330	127,055

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Shire of Brookton did not have an overdraft facility in 2014/15.

SHIRE OF BROOKTON

23. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates											
RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV - Commercial	0.0915	22	470,875	43,078	0	0	43,078	45,294	0	0	45,294
GRV - Residential	0.0915	237	2,337,959	213,888	60	0	213,948	216,328	0	0	216,328
GRV - Industrial	0.0915	5	65,936	6,032	0	0	6,032	6,032	0	0	6,032
GRV - Rural	0.0915	2	332,500	30,419	0	0	30,419	30,419	0	0	30,419
Unimproved value valuations											
Unimproved Value (UV)	0.0091	290	134,891,906	1,227,786	0	0	1,227,786	1,227,523	0	0	1,227,523
Sub-Totals		556	138,099,176	1,521,203	60	0	1,521,263	1,525,596	0	0	1,525,596
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - Commercial	656	9	51,038	5,904	0	0	5,904	5,904	0	0	5,904
GRV - Residential	656	72	203,484	47,232	0	0	47,232	42,640	0	0	42,640
GRV - Industrial	656	1	5,980	656	0	0	656	656	0	0	656
GRV - Rural	656	0	0	0	0	0	0	0	0	0	0
Unimproved value valuations											
Unimproved Value (UV)	1,124	71	5,651,831	79,804	0	0	79,804	79,804	0	0	79,804
Sub-Totals		153	5,912,333	133,596	0	0	133,596	129,004	0	0	129,004
Ex-gratia rates							1,654,859				1,654,600
Discounts/concessions (refer note 26)							19,360				20,914
Total amount raised from general rate							(1,836)				(1,000)
Specified Area Rate (refer note 24)							1,672,383				1,674,514
Totals							0				0
							1,672,383				1,674,514

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

23. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>1,115,013</u>	<u>220,213</u>	<u>220,213</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	1,081,409	434,357	434,357
Restricted	2,872,408	2,550,443	2,550,443
Receivables			
Rates outstanding	48,285	41,705	41,705
Sundry debtors	52,268	193,748	193,748
GST receivable	26,923	44,178	44,178
Loans - clubs/institutions	35,629	33,378	33,378
Aged Care Facility Bonds	819,663	533,701	533,701
Prepayments & Accrued Income	123,584	168,868	168,868
Inventories			
Fuel and materials	10,485	15,870	15,870
<u>Less:</u>			
Trade and other payables			
Sundry Creditors	(284,077)	(519,620)	(519,620)
Accrued Interest on Debentures	(24,809)	(25,882)	(25,882)
Accrued Salaries and Wages	(28,651)	(12,062)	(12,062)
Aged Care Accommodation Bonds	(819,663)	(533,701)	(533,701)
Accrued Expenses	(8,921)	(63,942)	(63,942)
Current portion of long term borrowings			
Secured by floating charge	(114,637)	(107,602)	(107,602)
Provisions			
Provision for annual leave	(93,964)	(73,985)	(73,985)
Provision for long service leave	(99,974)	(91,573)	(91,573)
Net current assets	<u>3,595,958</u>	<u>2,587,881</u>	<u>2,587,881</u>
<u>Less:</u>			
Reserves - restricted cash	(2,559,953)	(2,441,892)	(2,441,892)
Loans - Clubs/Institutions	(35,629)	(33,378)	(33,378)
<u>Add:</u>			
Current portion of long term borrowings			
Secured by floating charge	114,637	107,602	107,602
Surplus/(deficit)	<u>1,115,013</u>	<u>220,213</u>	<u>220,213</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

24. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire of Brookton did not charge any specified area rates in 2014/15.

25. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire of Brookton did not charge any service charges in 2014/15.

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Contiguous Rating	Concession	0.00%	1,836	1,000
Rate Assessment	Write-Off	0.00%	0	0
			1,836	1,000

The Shire of Brookton did not offer any rates discounts in 2014/15.

The Shire of Brookton offered a rates concession to property owners whose contiguous property crosses a shire boundary, resulting in a portion of that property being assessed at the minimum rate. The concession granted is the equivalent of the difference between the minimum rate and the amount resulting from the calculation of the valuation multiplied by the rate in the dollar.

27. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted \$
Interest on Unpaid Rates	11	N/A	4,915	0
Interest on Instalments Plan	5.50	N/A	7,412	15,500
Charges on Instalment Plan	N/A	10	4,220	4,000
			16,547	19,500

Ratepayers had the option of paying rates in four equal instalments, due on 22nd September 2014, 24th November 2014, 2nd February 2015 and 13th April 2015. Administration charges and interest applied for the final three instalments.

28. FEES & CHARGES	2015 \$	2014 \$
Governance	95	415
General purpose funding	6,064	5,260
Law, order, public safety	7,450	5,953
Health	56	47
Education and welfare	983,179	1,011,568
Housing	94,448	94,247
Community amenities	286,239	266,984
Recreation and culture	40,136	36,800
Economic services	54,626	39,817
Other Property and Services	22,247	7,767
	<u>1,494,540</u>	<u>1,468,858</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

29. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	4,264,161	3,840,971
Non-operating grants, subsidies and contributions	1,115,962	1,877,420
	<u>5,380,123</u>	<u>5,718,391</u>
By Program:		
General purpose funding	1,400,020	754,973
Law, order, public safety	32,150	340,954
Education and welfare	2,754,491	2,916,147
Housing	624,063	0
Community amenities	0	66,511
Recreation and culture	42,000	435,500
Transport	527,399	1,204,306
	<u>5,380,123</u>	<u>5,718,391</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23</u>	<u>23</u>
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31. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	28,000	28,000	28,000
President's allowance	1,500	1,500	1,500
Deputy President's allowance	375	375	375
Travelling expenses	4,104	4,000	1,860
	<u>33,979</u>	<u>33,875</u>	<u>31,735</u>

32. MAJOR LAND TRANSACTIONS

The Shire of Brookton did not participate in any major land transactions during the 2014/15.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

34. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,953,817	2,984,800	3,953,817	2,984,800
Investments	5,000	5,000	5,000	5,000
Receivables	1,595,160	1,532,289	1,595,160	1,532,289
	<u>5,553,977</u>	<u>4,522,089</u>	<u>5,553,977</u>	<u>4,522,089</u>
Financial liabilities				
Payables	1,166,122	1,155,207	1,166,122	1,155,207
Borrowings	1,844,563	1,952,165	2,029,127	1,794,998
	<u>3,010,685</u>	<u>3,107,372</u>	<u>3,195,249</u>	<u>2,950,205</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	39,538	29,848
- Statement of Comprehensive Income	39,538	29,848

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

34. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	71%	93%
- Overdue	29%	7%

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

2015

Payables	1,166,122	0	0	1,166,122	1,166,122
Borrowings	234,361	938,025	1,510,214	2,682,600	1,844,563
	<u>1,400,483</u>	<u>938,025</u>	<u>1,510,214</u>	<u>3,848,722</u>	<u>3,010,685</u>

2014

Payables	1,155,207	0	0	1,155,207	1,155,207
Borrowings	234,657	1,172,368	1,510,197	2,917,222	1,952,165
	<u>1,389,864</u>	<u>1,172,368</u>	<u>1,510,197</u>	<u>4,072,429</u>	<u>3,107,372</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	1,844,563	1,844,563	6.51%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	6.51%		
Year ended 30 June 2014								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	1,952,165	1,952,165	6.51%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	6.51%		

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

35. AGED CARE REPORTING NOTE

This note discloses the revenue, expenditure, assets and liabilities of the Kalkarni Aged Care Facility in accordance with subparagraph 21.26F(3)(e) of the Residential Care Subsidy Principals 1997.

	Kalkarni Residential Aged Care	
	2015	2014
	\$	\$
Revenue		
Operating Grants, Subsidies		
and Contributions	2,754,491	2,916,147
Fees and Charges	840,933	1,011,568
Interest Earnings	22,419	35,500
Other Revenue	0	509
Total Revenue	<u>3,617,843</u>	<u>3,963,724</u>
Expenditure		
Materials and Contracts	(3,647,094)	(3,705,302)
Borrowing Costs	(6,053)	(6,374)
Depreciation of assets	(196,179)	(171,041)
Other Expenditure	(58,321)	(128,910)
Total Expenditure	<u>(3,907,647)</u>	<u>(4,011,627)</u>
Operating Result	<u>(289,804)</u>	<u>(47,903)</u>
Assets		
Current assets	943,247	702,569
Non-current assets	7,143,917	6,962,838
Total assets	<u>8,087,164</u>	<u>7,665,407</u>
Liabilities		
Current liabilities	844,472	569,810
Non-current liabilities	0	0
Total liabilities	<u>844,472</u>	<u>569,810</u>

Accounting Policies

Revenues and expenses are those directly attributable to the Kalkarni Aged Care Facility and include any joint revenue and expenses where a reasonable basis of allocation exists. Assets include all assets used by the Kalkarni Aged Care Facility and consist principally of cash, receivables, inventories and property, plant and equipment net of any allowances and accumulated depreciation and amortisation. Kalkarni Aged Care Facility liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF BROOKTON

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Brookton, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report of the Shire of Brookton is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF BROOKTON (CONTINUED)**

Report On Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 61 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Signed at Perth this 9th day of November 2015.

**SHIRE OF BROOKTON
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2015	2014	2013
Asset consumption ratio	0.64	0.68	0.57
Asset renewal funding ratio	0.66	1.11	0.88

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

The reduction in the Asset renewal ratio reflects a review of the Asset Management Plan which indicates a possible funding gap. This review process is on going and the formal report has yet to be adopted by Council.

