

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

LOCAL GOVERNMENT ACT 1995

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SHIRE'S VISION

a well-recognised business and agricultural hub,
a flourishing stop-over destination, and
a celebrated place to live.

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
Revenue				
Rates	2(a)	2,555,172	2,412,055	2,410,607
Operating grants, subsidies and contributions	11	685,317	1,733,722	1,192,180
Fees and charges	16	852,164	848,124	690,673
Interest earnings	12(a)	41,797	44,427	135,249
Other revenue	12(b)	251,859	192,455	164,795
		4,386,309	5,230,783	4,593,504
Expenses				
Employee costs		(2,003,317)	(1,897,251)	(2,228,787)
Materials and contracts		(2,052,132)	(1,302,346)	(1,715,698)
Utility charges		(196,100)	(181,993)	(185,040)
Depreciation on non-current assets	6	(2,890,397)	(2,916,900)	(3,098,790)
Interest expenses	12(d)	(70,753)	(62,275)	(60,731)
Insurance expenses		(220,653)	(193,514)	(230,993)
Other expenditure		(1,044)	(3,167)	(7,462)
		(7,434,396)	(6,557,446)	(7,527,501)
		(3,048,087)	(1,326,663)	(2,933,997)
Non-operating grants, subsidies and contributions	11	3,204,793	1,165,876	1,398,729
Profit on asset disposals	5(b)	6,977	16,272	0
Loss on asset disposals	5(b)	(36,710)	(105,615)	(47,511)
Fair value adjustments to financial assets at fair value through profit or loss		0	3,353	0
		3,175,060	1,079,886	1,351,218
Net result for the period		126,973	(246,777)	(1,582,779)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		126,973	(246,777)	(1,582,779)

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

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,507,421	2,358,169	2,473,795
Operating grants, subsidies and contributions		701,301	2,037,598	1,218,717
Fees and charges		852,164	848,124	690,673
Interest received		41,797	44,427	135,249
Goods and services tax received		307,871	307,930	48,813
Other revenue		251,859	192,455	164,795
		4,662,413	5,788,703	4,732,042
Payments				
Employee costs		(2,003,317)	(1,958,334)	(2,277,101)
Materials and contracts		(2,036,997)	(1,226,865)	(1,827,801)
Utility charges		(196,100)	(181,993)	(185,040)
Interest expenses		(70,753)	(51,479)	(73,052)
Insurance paid		(220,653)	(193,514)	(230,993)
Goods and services tax paid		(307,871)	(307,871)	0
Other expenditure		(1,044)	(3,167)	(7,462)
		(4,836,735)	(3,923,223)	(4,601,449)
Net cash provided by (used in) operating activities	4	(174,322)	1,865,480	130,593
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(2,368,261)	(1,026,433)	(1,930,000)
Payments for construction of infrastructure	5(a)	(3,352,190)	(946,495)	(1,840,926)
Non-operating grants, subsidies and contributions		3,204,793	1,165,876	1,398,729
Proceeds from sale of land held for resale	5(b)	60,501	175,000	0
Proceeds from sale of property, plant and equipment	5(b)	120,000	98,840	122,000
Proceeds on financial assets at amortised cost - self supporting loans	7(a)	26,140	24,414	24,414
Net cash provided by (used in) investing activities		(2,309,017)	(508,798)	(2,225,783)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(167,267)	(133,671)	(133,672)
Principal elements of lease payments	8	(1,467)	(1,419)	(1,419)
Proceeds from new borrowings	7(a)	600,000	0	600,000
Net cash provided by (used in) financing activities		431,266	(135,090)	464,909
Net increase (decrease) in cash held		(2,052,073)	1,221,592	(1,630,281)
Cash at beginning of year		13,981,041	12,759,448	12,759,448
Cash and cash equivalents at the end of the year	4	11,928,968	13,981,040	11,129,167

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

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	3	944,428	905,785	981,661
		944,428	905,785	981,661
Revenue from operating activities (excluding rates)				
Specified area and ex gratia rates	2(a)(ii)	36,880	34,793	34,110
Operating grants, subsidies and contributions	11	685,317	1,733,722	1,192,180
Fees and charges	16	852,164	848,124	690,673
Interest earnings	12(a)	41,797	44,427	135,249
Other revenue	12(b)	251,859	192,455	164,795
Fair value adjustments to financial assets at fair value through profit or loss		0	3,353	0
Profit on asset disposals	5(b)	6,977	16,272	0
		1,874,994	2,873,146	2,217,007
Expenditure from operating activities				
Employee costs		(2,003,317)	(1,897,251)	(2,228,787)
Materials and contracts		(2,052,132)	(1,302,346)	(1,715,698)
Utility charges		(196,100)	(181,993)	(185,040)
Depreciation on non-current assets	6	(2,890,397)	(2,916,900)	(3,098,790)
Interest expenses	12(d)	(70,753)	(62,275)	(60,731)
Insurance expenses		(220,653)	(193,514)	(230,993)
Other expenditure		(1,044)	(3,167)	(7,462)
Loss on asset disposals	5(b)	(36,710)	(105,615)	(47,511)
		(7,471,106)	(6,663,061)	(7,575,012)
Non-cash amounts excluded from operating activities	3(b)	2,920,130	2,987,059	3,146,301
Amount attributable to operating activities		(1,731,554)	102,929	(1,230,043)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	11	3,204,793	1,165,876	1,398,729
Payments for property, plant and equipment	5(a)	(2,368,261)	(1,026,433)	(1,930,000)
Payments for construction of infrastructure	5(a)	(3,352,190)	(946,495)	(1,840,926)
Proceeds from disposal of assets	5(b)	180,501	273,840	122,000
Proceeds from financial assets at amortised cost - self supporting loans	7(a)	26,140	24,414	24,414
Amount attributable to investing activities		(2,309,017)	(508,798)	(2,225,783)
FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(167,267)	(133,671)	(133,672)
Principal elements of finance lease payments	8	(1,467)	(1,419)	(1,419)
Proceeds from new borrowings	7(b)	600,000	0	600,000
Transfers to cash backed reserves (restricted assets)	9(a)	(1,256,210)	(1,050,670)	(1,791,777)
Transfers from cash backed reserves (restricted assets)	9(a)	2,347,223	158,795	2,406,197
Amount attributable to financing activities		1,522,279	(1,026,965)	1,079,329
Budgeted deficiency before general rates		(2,518,292)	(1,432,834)	(2,376,497)
Estimated amount to be raised from general rates	2(a)	2,518,292	2,377,262	2,376,497
Net current assets at end of financial year - surplus/(deficit)	3	0	944,428	(0)

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

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

1 (a) BASIS OF PREPARATION

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

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

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

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

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

The local government reporting entity

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

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 15 to the annual budget.

2021/22 actual balances

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

Budget comparative figures

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

Comparative figures

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

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

Judgements, estimates and assumptions

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

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

Rounding off figures

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

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

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

REVENUES

RATES

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

1 (c) KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE

ACTIVITIES

Governance

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

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

General purpose funding

To collect revenue to allow for the provision of services.

Rates, general purpose grants and interest revenue.

Law, order, public safety

To provide services to help ensure a safer community.

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

Health

To provide an operational framework for good community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

Education and welfare

The Shire of Brookton provides low cost housing and Seniors accommodation units.

Support and provide assistance to senior citizens and other voluntary services.

Housing

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

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

Community amenities

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

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

Recreation and culture

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

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

Transport

Construction and maintenance of RAV 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.

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

Economic services

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

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

Other property and services

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

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

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

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in	Number of properties	Rateable value	2022/23 Budgeted rate revenue	2022/23 Budgeted interim rates	2022/23 Budgeted back rates	2022/23 Budgeted total revenue	2021/22 Actual total revenue	2021/22 Budget total revenue
		\$		\$	\$	\$	\$	\$	\$	\$
(i) Differential general rates or general rates										
GRV - Residential	Gross Rental Value	0.09620	249	2,960,210	284,772			284,772	277,056	277,556
GRV - Industrial	Gross Rental Value	0.09620	5	78,870	7,587			7,587	8,197	7,357
GRV - Commercial	Gross Rental Value	0.09620	21	660,464	63,537			63,537	61,609	61,609
GRV - GRV	Gross Rental Value	0.09620	2	303,500	29,197	500		29,697	28,218	28,218
UV - Unimproved	Unimproved Value	0.00850	205	215,291,000	1,829,974	500		1,830,474	1,742,066	1,743,066
Non Rateable			246	118,755	0			0	0	0
Exempt Property			18	64,040	0			0	0	0
Sub-Total			746	219,476,839	2,215,067	1,000	0	2,216,067	2,117,146	2,117,806
	Minimum	\$								
Minimum payment										
GRV - Residential	Gross Rental Value	835	66	170,415	55,110			55,110	50,120	50,158
GRV - Industrial	Gross Rental Value	835	2	9,280	1,670			1,670	1,618	809
GRV - Commercial	Gross Rental Value	835	10	51,660	8,350			8,350	8,090	8,090
GRV - GRV	Gross Rental Value	835	1	7,000	835			835	1,793	809
UV - Unimproved	Unimproved Value	1,420	168	16,258,463	238,560			238,560	203,518	200,825
Non Rateable		0	0	0	0			0	0	0
Exempt Property		0	0	0	0			0	0	0
Sub-Total			247	16,496,818	304,525	0	0	304,525	265,139	260,691
			993	235,973,657	2,519,592	1,000	0	2,520,592	2,382,285	2,378,497
Discounts on general rates (Refer note 2(e))								(2,300)	(5,023)	(2,000)
Total amount raised from general rates								2,518,292	2,377,262	2,376,497
(ii) Specified area and ex gratia rates										
Ex-gratia rates										
Ex Gratia Rates					36,880			36,880	34,793	34,110
Total specified area and ex gratia rates								36,880	34,793	34,110
Total rates								2,555,172	2,412,055	2,410,607

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

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

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

2. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	30/09/2022	0	0.0%	7.0%
Option two				
First instalment	30/09/2022	0	5.5%	7.0%
Second instalment	9/02/2023	10	5.5%	7.0%
Option three				
First instalment	30/09/2022	0	5.5%	7.0%
Second instalment	5/12/2022	10	5.5%	7.0%
Third instalment	9/02/2023	10	5.5%	7.0%
Fourth instalment	14/04/2023	10	5.5%	7.0%

	2022/23 Budget revenue	2021/22 Actual revenue	2021/22 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	4,000	3,740	4,000
Instalment plan interest earned	10,000	9,787	10,000
Unpaid rates and service charge interest earned	7,025	7,053	7,500
	21,025	20,580	21,500

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

2. RATES AND SERVICE CHARGES (CONTINUED)

(e) Early payment discounts

Rate, fee or charge to which discount is granted	Type	Discount %	Discount (\$)	2022/23 Budget	2021/22 Actual	2021/22 Budget	Circumstances in which discount is granted
Contiguous Rating Discount				\$ 2,300	\$ 5,023	\$ 2,000	Properties adjoining and owned by same ratepayer
				2,300	5,023	2,000	

(f) Waivers or concessions

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

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

3. NET CURRENT ASSETS

		2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022	
Note		\$	\$	\$	
(a) Composition of estimated net current assets					
Current assets					
	Cash and cash equivalents - unrestricted	4	206,345	1,167,405	116,846
	Cash and cash equivalents - restricted	4	11,722,623	12,813,636	11,012,322
	Financial assets - unrestricted		26,140	26,140	0
	Receivables		191,065	159,298	38,193
	Inventories		(3,210)	65,449	27,061
			12,142,963	14,231,928	11,194,422
Less: current liabilities					
	Trade and other payables		(195,121)	(195,121)	(3,226)
	Contract liabilities		(295,020)	(295,020)	0
	Lease liabilities	8	0	(1,467)	(1,419)
	Long term borrowings	7	(575,195)	(142,462)	(600,000)
	Employee provisions		(199,079)	(199,079)	(178,874)
			(1,264,415)	(833,149)	(783,519)
	Net current assets		10,878,548	13,398,779	10,410,903
	Less: Total adjustments to net current assets	3.(c)	(10,878,548)	(12,454,351)	(10,410,903)
	Net current assets used in the Rate Setting Statement		0	944,428	0

3. NET CURRENT ASSETS (CONTINUED)

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

Items excluded from calculation of budgeted deficiency

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

(b) Non-cash amounts excluded from operating activities

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

Adjustments to operating activities

		2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022	
Note		\$	\$	\$	
	Less: Profit on asset disposals	5(b)	(6,977)	(16,272)	0
	Less: Fair value adjustments to financial assets at fair value through profit and loss		0	(3,353)	0
	Add: Loss on disposal of assets	5(b)	36,710	105,615	47,511
	Add: Depreciation on assets	6	2,890,397	2,916,900	3,098,790
	Movement in non-current pensioner deferred rates		0	(6,135)	0
	Movement in non-current employee provisions		0	(9,696)	0
	Non cash amounts excluded from operating activities		2,920,130	2,987,059	3,146,301

(c) Current assets and liabilities excluded from budgeted deficiency

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

Adjustments to net current assets

		2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022	
Note		\$	\$	\$	
	Less: Cash - restricted reserves	9	(11,427,603)	(12,518,616)	(11,012,322)
	Less: Financial assets - restricted	4	(26,140)	(26,140)	0
	Less: Current assets not expected to be received at end of year				
	- Land held for resale		0	(53,524)	0
	Add: Current liabilities not expected to be cleared at end of year				
	- Current portion of borrowings		575,195	142,462	600,000
	- Current portion of lease liabilities		0	1,467	1,419
	Total adjustments to net current assets		(10,878,548)	(12,454,351)	(10,410,903)

3 (d) NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire of Brookton becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

PREPAID RATES

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

INVENTORIES

General

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

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

Superannuation

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

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

LAND HELD FOR RESALE

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

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

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

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

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

PROVISIONS

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

CONTRACT LIABILITIES

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

4. RECONCILIATION OF CASH

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

	Note	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
Cash at bank and on hand		501,455	1,462,425	686,846
Term deposits		11,427,513	12,518,616	10,442,322
Total cash and cash equivalents		11,928,968	13,981,041	11,129,168
Held as				
- Unrestricted cash and cash equivalents	3(a)	206,345	1,167,405	116,846
- Restricted cash and cash equivalents	3(a)	11,722,623	12,813,636	11,012,322
		11,928,968	13,981,041	11,129,168
Restrictions				
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents		11,722,623	12,813,636	11,012,322
		11,722,623	12,813,636	11,012,322
The restricted assets are a result of the following specific purposes to which the assets may be used:				
Financially backed reserves	9	11,427,603	12,518,616	11,012,322
Contract liabilities		295,020	295,020	0
		11,722,623	12,813,636	11,012,322
Reconciliation of net cash provided by operating activities to net result				
Net result		126,973	(246,777)	(1,582,781)
Depreciation	6	2,890,397	2,916,900	3,098,790
(Profit)/loss on sale of asset	5(b)	29,733	89,343	47,511
Adjustments to fair value of financial assets at fair value through profit and loss		0	(3,353)	0
(Increase)/decrease in receivables		(31,767)	(44,971)	138,538
(Increase)/decrease in inventories		15,135	15,133	0
Increase/(decrease) in payables		0	71,144	(172,738)
Increase/(decrease) in contract liabilities		0	295,020	0
Increase/(decrease) in employee provisions		0	(61,083)	0
Non-operating grants, subsidies and contributions		(3,204,793)	(1,165,876)	(1,398,729)
Net cash from operating activities		(174,322)	1,865,480	130,591

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL ASSETS AT AMORTISED COST

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

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

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

5. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2022/23 Budget total	2021/22 Actual total	2021/22 Budget total	
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<u>Property, Plant and Equipment</u>															
Buildings - specialised			573,811				137,000	760,209		17,000	9,000	1,497,020	346,897	1,484,000	
Furniture and equipment								28,900				28,900	7,638	10,000	
Plant and equipment	90,000		85,000					46,000			621,341	842,341	167,008	436,000	
Other property, plant and equipment [Plant and equipment Bushfire]												0	459,090	0	
Work in progress property plant and equipment												0	45,800	0	
	90,000	0	658,811	0	0	0	137,000	835,109	0	17,000	630,341	2,368,261	1,026,433	1,930,000	
<u>Infrastructure</u>															
Infrastructure - roads											2,685,905	2,685,905	837,205	1,068,926	
Infrastructure - sewerage							650,000					650,000	88,725	742,000	
Infrastructure - water supply							14,000					14,000			
Infrastructure - parks and gardens								2,285				2,285	0	30,000	
Work in progress infrastructure												0	20,565	0	
	0	0	0	0	0	0	664,000	2,285	0	0	2,685,905	3,352,190	946,495	1,840,926	
Total acquisitions	90,000	0	658,811	0	0	0	801,000	837,394	0	17,000	3,316,246	5,720,451	1,972,928	3,770,926	

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

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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

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

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

5. FIXED ASSETS

(b) Disposals of Assets

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

	2022/23 Budget Net Book Value	2022/23 Budget Sale Proceeds	2022/23 Budget Profit	2022/23 Budget Loss	2021/22 Actual Net Book Value	2021/22 Actual Sale Proceeds	2021/22 Actual Profit	2021/22 Actual Loss	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	44,300	40,000	0	(4,300)	75,744	63,840	0	(11,904)	76,677	62,000	0	(14,677)
Law, order, public safety		0	0	0	128,411	35,000	0	(93,411)		0	0	0
Transport	112,410	80,000	0	(32,410)		0	0	0		0	0	0
Economic services	53,524	60,500	6,976	0	159,028	175,000	16,272	(300)		0	0	0
Other property and services		0	0	0		0	0	0	92,834	60,000	0	(32,834)
	210,234	180,500	6,976	(36,710)	363,183	273,840	16,272	(105,615)	169,511	122,000	0	(47,511)
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment	156,710	120,000	0	(36,710)	75,744	63,840	0	(11,904)	169,511	122,000	0	(47,511)
Other property, plant and equipment [Plant and equipment Bushfire]	0	0	0	0	128,411	35,000	0	(93,411)	0	0	0	0
<u>Land Held for Resale</u>												
Land held for resale	53,524	60,501	6,977	0	159,028	175,000	16,272	(300)	0	0	0	0
	210,234	180,501	6,977	(36,710)	363,183	273,840	16,272	(105,615)	169,511	122,000	0	(47,511)

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

- Staff housing program
- Plant replacement program

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

6. ASSET DEPRECIATION

By Program

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

By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Other property, plant and equipment [Plant and equipment Bushfire]
Infrastructure - roads
Infrastructure - footpaths
Infrastructure - sewerage
Infrastructure - water supply
Right of use - land

2022/23 Budget	2021/22 Actual	2021/22 Budget
\$	\$	\$
34,717	39,230	31,733
36,746	42,882	33,684
23,507	23,478	21,822
29,497	29,461	27,812
49,598	51,036	39,699
179,093	178,941	141,558
2,388,413	2,382,507	2,631,164
12,257	12,632	3,316
136,569	156,733	168,002
2,890,397	2,916,900	3,098,790
27,855	28,000	26,426
178,440	179,368	147,800
14,625	14,915	11,187
143,242	167,834	173,274
36,746	42,882	33,684
2,370,293	2,364,456	2,617,395
18,096	18,051	13,769
45,195	45,083	36,151
54,353	54,219	38,886
1,552	2,092	218
2,890,397	2,916,900	3,098,790

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

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

Buildings - non-specialised	10 to 125 years
Buildings - specialised	30 to 125 years
Furniture and equipment	4 to 50 years
Plant and equipment	0 to 25 years
Other property, plant and equipment [Plant and equipment Bushfire]	0 to 25 years
Infrastructure - roads	0 to 100 years
Infrastructure - footpaths	80 years
Infrastructure - sewerage	80 years
Infrastructure - water supply	30 to 75 years
Infrastructure - parks and gardens	10 to 100 Years
Infrastructure - water supply	30 to 75 years
Right of use - land	Based on the remaining lease
Right of use - plant and equipment	Based on the remaining lease
Intangible assets - rehabilitation costs	40 years

AMORTISATION

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

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

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

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

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2022/23	2022/23	Budget	2022/23	Actual	2021/22	2021/22	Actual	2021/22	Budget	2021/22	2021/22	Budget	2021/22	
				Principal	Budget	Budget	Principal	Budget		Actual	Actual	Principal	Actual		Budget	Budget	Budget	Principal	Actual
				1 July 2022	New Loans	Repayments	Principal outstanding 30 June 2023	Repayments	1 July 2021	New Loans	Repayments	Principal outstanding 30 June 2022	Repayments	1 July 2021	New Loans	Repayments	Principal outstanding 30 June 2022	Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Education and welfare																			
Kalkarni Residency	Loan 80	WATC	5.63%	44,707	0	(10,264)	34,443	(2,375)	54,417	0	(9,710)	44,707	(2,702)	54,417	0	(9,710)	44,707	(2,929)	
Housing																			
Staff Housing	Loan 80	WATC	5.63%	73,766	0	(16,935)	56,831	(3,918)	89,787	0	(16,021)	73,766	(4,459)	89,787	0	(16,021)	73,766	(4,833)	
Community amenities																			
Sewerage	Loan 80	WATC	5.63%	31,295	0	(7,185)	24,110	(1,662)	38,092	0	(6,797)	31,295	(1,892)	38,092	0	(6,797)	31,295	(2,050)	
Effluent Loan				0	600,000	(24,805)	575,195	(11,730)	0	0	0	0	0	0	600,000	0	600,000	0	
Recreation and culture																			
Sport & Recreation	Loan 81	WATC	6.95%	419,296	0	(65,003)	354,293	(28,031)	480,006	0	(60,710)	419,296	(29,560)	480,006	0	(60,710)	419,296	(32,324)	
Other property and services																			
Grader	Loan 80	WATC	5.63%	73,766	0	(16,935)	56,831	(3,918)	89,787	0	(16,021)	73,766	(4,459)	89,787	0	(16,021)	73,766	(4,833)	
				642,831	600,000	(141,127)	1,101,704	(51,634)	752,089	0	(109,258)	642,831	(43,071)	752,089	600,000	(109,258)	1,242,831	(46,969)	
Self Supporting Loans																			
General Purpose funding																			
Country Club	Loan 82	WATC	6.95%	168,613	0	(26,140)	142,473	(11,272)	193,027	0	(24,414)	168,613	(15,007)	193,027	0	(24,414)	168,613	(12,999)	
				168,613	0	(26,140)	142,473	(11,272)	193,027	0	(24,414)	168,613	(15,007)	193,027	0	(24,414)	168,613	(12,999)	
				811,445	600,000	(167,267)	1,244,178	(62,906)	945,116	0	(133,671)	811,445	(58,078)	945,116	600,000	(133,672)	1,411,444	(59,968)	

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.
The self supporting loan(s) repayment will be fully reimbursed.

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

7. INFORMATION ON BORROWINGS

(b) New borrowings - 2022/23

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Upgrade Effluent Network	WATC	P&I	20	1.96%	\$ 600,000	\$ 130,698	\$ 600	\$ 599,400
					600,000	130,698	600	599,400

(c) Unspent borrowings

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

(d) Credit Facilities

	2022/23 Budget	2021/22 Actual	2021/22 Budget
Undrawn borrowing facilities credit standby arrangements	\$	\$	\$
Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit	10,000	10,000	10,000
Credit card balance at balance date	0	1,997	0
Total amount of credit unused	10,000	11,997	10,000
Loan facilities			
Loan facilities in use at balance date	1,244,178	811,445	1,411,444

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

8. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease	2022/23 Budget	Budget Lease	2022/23 Budget	Actual Principal	2021/22 Actual	Actual Lease	2021/22 Actual	Budget Principal	2021/22 Budget	Budget Lease	Budget Lease	2021/22 Budget	2021/22 Budget	
					Principal 1 July 2022	New Leases	Principal outstanding 30 June 2023	Interest Repayments		Principal 1 July 2021	New Leases	Principal repayments	outstanding 30 June 2022	Interest repayments	Principal 1 July 2021	New Leases	Principal repayments	outstanding 30 June 2022	Interest repayments
Governance					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Re-Use Water Dam	LE-03	Seabrook Aboriginal Corporation	3.40%	300	22,018	0	(1,467)	20,551	(715)	23,437	0	(1,419)	22,018	(763)	23,437	0	(1,419)	22,018	(763)
					22,018	0	(1,467)	20,551	(715)	23,437	0	(1,419)	22,018	(763)	23,437	0	(1,419)	22,018	(763)

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At the inception of a contract, the Shire assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and a lease liability, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

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

9. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2022/23 Budget Opening Balance	2022/23 Budget Transfer to	2022/23 Budget Transfer (from)	2022/23 Budget Closing Balance	2021/22 Actual Opening Balance	2021/22 Actual Transfer to	2021/22 Actual Transfer (from)	2021/22 Actual Closing Balance	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	138,959	2,950	0	141,909	138,900	59		138,959	138,900	1,111	0	140,011
(b) Plant and vehicle reserve	458,416	400,689	(617,341)	241,764	337,435	195,144	(74,163)	458,416	337,435	547,699	(314,000)	571,134
(c) Land and housing development reserve	1,640,520	89,740	0	1,730,260	1,392,425	248,095		1,640,520	1,392,425	11,139	(30,000)	1,373,564
(d) Furniture and equipment reserve	13,584	30,015	(17,000)	26,599	21,213	9	(7,638)	13,584	21,213	170	(10,000)	11,383
(e) Municipal building and facility reserve	607,292	9,777	(314,209)	302,860	631,067	270	(24,045)	607,292	631,068	5,049	(180,000)	456,117
(f) Town and footpath reserve	125,231	1,719	0	126,950	125,177	54		125,231	125,177	1,001	(47,000)	79,178
(g) Sewerage scheme reserve	510,977	25,986	(50,000)	486,963	445,786	65,191		510,977	445,787	68,566	(50,000)	464,353
(h) Road and bridges infrastructure reserve	296,802	331,258	(301,489)	326,571	115,816	200,050	(19,064)	296,802	115,816	759,691	(484,433)	391,074
(i) Health and wellbeing reserve	554,586	598	(555,184)	0	554,349	237		554,586	554,349	4,435	(558,764)	20
(j) Sport and recreation reserve	31,667	34	0	31,701	31,653	14		31,667	31,653	253	0	31,906
(k) Rehabilitation and refuse reserve	266,081	4,641	0	270,722	210,991	55,090		266,081	210,991	56,688	(50,000)	217,679
(l) Caravan park reserve	354,213	7,520	0	361,733	354,062	151		354,213	354,061	2,832	0	356,893
(m) Brookton museum/heritage reserve	47,209	51	0	47,260	47,189	20		47,209	47,189	378	0	47,567
(n) Kweda hall reserve	18,050	383	0	18,433	18,042	8		18,050	18,042	144	0	18,186
(o) Railway station reserve	530,223	572	(252,000)	278,795	330,082	200,141		530,223	330,082	202,641	(70,000)	462,723
(p) Madison square units reserve	30,693	652	0	31,345	30,680	13		30,693	30,680	245	0	30,925
(q) Cemetery reserve	80,748	907	0	81,655	30,735	50,013		80,748	30,735	50,246	(40,000)	40,981
(r) Water reserve	75,795	1,452	(14,000)	63,247	109,633	47	(33,885)	75,795	109,633	877	(42,000)	68,510
(s) Developer contribution reserve	2,743	58	0	2,801	2,742	1		2,743	2,742	22	0	2,764
(t) Brookton aquatic reserve	481,502	9,618	(226,000)	265,120	456,307	25,195		481,502	456,307	28,650	(30,000)	454,957
(u) Cash contingency reserve	131,745	2,797	0	134,542	131,689	56		131,745	131,689	1,054	0	132,743
(v) Future fund reserve	4,104,617	87,029	0	4,191,646	4,097,367	7,250		4,104,617	4,097,367	32,779	0	4,130,146
(w) Innovations fund reserve	2,016,963	32,764	0	2,049,727	2,013,401	3,562		2,016,963	2,013,401	16,107	(500,000)	1,529,508
(x) Brookton community resource centre	0	215,000	0	215,000	0	0		0	0	0	0	0
	12,518,616	1,256,210	(2,347,223)	11,427,603	11,626,741	1,050,670	(158,795)	12,518,616	11,626,742	1,791,777	(2,406,197)	11,012,322

(b) Financially Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Leave reserve		This reserve is for the funding of annual and long service leave requirements.
(b) Plant and vehicle reserve		This reserve is for the purchase of major items in the Shire's plant and vehicle replacement program. Inclusive of the Community Bus.
(c) Land and housing development reserve		This reserve is for the construction, acquisition, renewal or upgrading of housing and land development to meet present and future requirements.
(d) Furniture and equipment reserve		This reserve is for the replacement of major items of furniture and equipment.
(e) Municipal building and facility reserve		This reserve is for the construction, demolition, acquisition, renewal or upgrade of Shire owned Public and Community buildings and facilities.
(f) Town and footpath reserve		This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works.
(g) Sewerage scheme reserve		This reserve is to fund the expansion, ongoing renewal, maintenance and asset management needs of the Brookton Sewerage Scheme.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023
9. RESERVE ACCOUNTS

<p>(h) Road and bridges infrastructure reserve</p> <p>(i) Health and wellbeing reserve 30/06/2023</p> <p>(j) Sport and recreation reserve</p> <p>(k) Rehabilitation and refuse reserve</p> <p>(l) Caravan park reserve</p> <p>(m) Brookton museum/heritage reserve</p> <p>(n) Kweda hall reserve</p> <p>(o) Railway station reserve</p> <p>(p) Madison square units reserve</p> <p>(q) Cemetery reserve</p> <p>(r) Water reserve</p> <p>(s) Developer contribution reserve</p> <p>(t) Brookton aquatic reserve</p> <p>(u) Cash contingency reserve</p> <p>(v) Future fund reserve</p> <p>(w) Innovations fund reserve</p> <p>(x) Brookton community resource centre</p>	<p>This reserve is for the construction and upgrade of roads and bridges within the Shire.</p> <p>This reserve is for funding of initiatives in relation to Community Health & Wellbeing. This reserve is to fund new, renewal, upgrades, or major maintenance of sporting and recreation infrastructure.</p> <p>This reserve is to fund the rehabilitation or major upgrades of the Brookton Refuse Site and or to rehabilitate former Gravel Pits.</p> <p>This reserve is to be used to fund any upgrades or major maintenance at the Brookton Caravan Park.</p> <p>This reserve is to be used to fund any upgrades or major maintenance of the Brookton Historical Museum.</p> <p>This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.</p> <p>This reserve is to be used to fund any upgrades or major maintenance on the Brookton Railway Station and/or Platform.</p> <p>This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units.</p> <p>This reserve is to be used to fund any upgrades or major maintenance on the Brookton Cemetery.</p> <p>This reserve is to fund renewal, upgrades or major maintenance of the water scheme infrastructure under the control of the Shire.</p> <p>This reserve is to hold contributions applied to a development via a Development Application or Subdivision Approval pending determination by council of its application to the specific works.</p> <p>This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Aquatic Centre.</p> <p>This reserve is to cover unexpected shortfalls in operational funding should the need arise.</p> <p>This reserve is primarily set aside for investment. It is anticipated this fund will be preserved in perpetuity.</p> <p>This reserve is to support and complement the Intregrated Planning and Reporting (IPR) framework.</p> <p>This reserve is to be used to fund any upgrades and services for the Brookton Community Resource Centre.</p>
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(c) Cash Backed Reserves - Change in Use

The Shire has resolved to make the following changes in the use of part of the money in a reserve account. This money is to be used or set aside for a purpose other than the purpose for which the account was established.

Cash Backed Reserve	Proposed new purpose of the reserve	Objects of changing of the reserve	Reasons for changing the use of the reserve	2022/23 Budget amount to be used	2022/23 Budget amount change of purpose
Health and Wellbeing Reserve			The reserve has been finalised and moved to the Plant and Vehicle Reserve	\$ 232,067	\$
Health and Wellbeing Reserve			The reserve has been finalised and moved to the Road and bridges Infrastructure Reserve	323,117	
				555,184	0

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

10. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

11. PROGRAM INFORMATION

Income and expenses	2022/23 Budget	2021/22 Actual	2021/22 Budget
Income excluding grants, subsidies and contributions	\$	\$	\$
Governance	21,510	16,947	23,510
General purpose funding	2,611,073	2,476,296	2,555,410
Law, order, public safety	117,727	128,095	111,160
Health	300	127	300
Education and welfare	79,165	59,644	65,906
Housing	133,397	126,221	71,296
Community amenities	418,023	427,428	404,681
Recreation and culture	34,228	43,324	36,101
Transport	(1,176)	7,903	5,800
Economic services	275,022	191,260	100,160
Other property and services	18,700	39,441	27,000
	3,707,969	3,516,686	3,401,324
Operating grants, subsidies and contributions			
General purpose funding	166,073	1,583,392	1,050,670
Law, order, public safety	55,745	58,212	56,600
Recreation and culture	12,114	1,818	0
Transport	98,163	90,300	84,910
Economic services	353,222	0	0
	685,317	1,733,722	1,192,180
Non-operating grants, subsidies and contributions			
General purpose funding	595,978	100,955	656,933
Law, order, public safety	573,811	424,090	148,203
Community amenities	0	54,840	0
Transport	2,035,004	585,991	593,593
	3,204,793	1,165,876	1,398,729
Total Income	7,598,079	6,416,284	5,992,233
Expenses			
Governance	(580,714)	(393,638)	(250,387)
General purpose funding	(254,060)	(219,181)	(569,257)
Law, order, public safety	(343,249)	(430,081)	(470,954)
Health	(41,545)	(24,528)	(25,294)
Education and welfare	(179,000)	(126,535)	(163,573)
Housing	(262,781)	(188,529)	(241,917)
Community amenities	(617,820)	(463,687)	(573,400)
Recreation and culture	(1,097,996)	(893,434)	(1,044,541)
Transport	(3,563,077)	(3,312,965)	(3,571,833)
Economic services	(522,546)	(247,600)	(257,475)
Other property and services	(8,318)	(362,883)	(406,383)
Total expenses	(7,471,106)	(6,663,061)	(7,575,014)
Net result for the period	126,973	(246,777)	(1,582,781)

12. OTHER INFORMATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	13,000	13,170	104,250
- Other funds	11,772	14,417	13,499
Other interest revenue (refer to Note 2(b))	17,025	16,840	17,500
	41,797	44,427	135,249
* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 7%.			
(b) Other revenue			
Reimbursements and recoveries	251,859	192,455	164,795
	251,859	192,455	164,795
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	114,830	0	51,000
	114,830	0	51,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 7(a))	62,906	58,078	59,968
Interest expense on lease liabilities	715	763	763
Other	7,132	3,433	0
	70,753	62,274	60,731
(e) Write offs			
General rate	800	123	800
	800	123	800

13. ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Elected member Cr Crute			
President's allowance	1,500	1,500	1,500
Meeting attendance fees	5,329	11,300	6,375
Travel and accommodation expenses	588	212	515
	7,417	13,012	8,390
Elected member Cr Walker			
Deputy President's allowance	375	375	375
Meeting attendance fees	5,229	5,246	4,575
Travel and accommodation expenses	588	1,108	515
	6,192	6,729	5,465
Elected member Cr Fancote			
Meeting attendance fees	0	900	4,575
Travel and accommodation expenses	0	62	515
	0	962	5,090
Elected member Cr Hartl			
Meeting attendance fees	5,229	3,560	4,575
Travel and accommodation expenses	588	708	515
	5,817	4,268	5,090
Elected member Cr Hayden			
Meeting attendance fees	5,229	2,220	4,575
Travel and accommodation expenses	589	212	515
	5,818	2,432	5,090
Elected member Cr Lilly			
Meeting attendance fees	5,228	4,450	4,575
Travel and accommodation expenses	589	0	515
	5,817	4,450	5,090
Elected member Cr Macnab			
Meeting attendance fees	5,228	5,155	4,575
Travel and accommodation expenses	589	320	515
	5,817	5,475	5,090
Elected member Cr Watts			
Meeting attendance fees	0	3,250	4,575
Travel and accommodation expenses	0	981	515
	0	4,231	5,090
Elected member Vacant			
Meeting attendance fees	5,228	0	0
Travel and accommodation expenses	589		
	5,817	0	0
Total Elected Member Remuneration	42,695	41,559	44,395
President's allowance	1,500	1,500	1,500
Deputy President's allowance	375	375	375
Meeting attendance fees	36,700	36,081	38,400
Travel and accommodation expenses	4,120	3,603	4,120
	42,695	41,559	44,395

14. INVESTMENT IN ASSOCIATES

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 (4) residential units. The Shire's equity of the units is 13.40%.

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Interest income			
Other revenue	29,557	35,853	26,356
Total revenue	29,557	35,853	26,356
Depreciation	1,461	1,461	1,452
Interest expense			
Other expenses	24,108	14,002	23,754
Total operating expenses	25,569	15,463	25,206
Net result for the period	55,126	51,316	51,562
Other comprehensive income			
Changes in asset revaluation surplus	0	0	0
Total comprehensive income for the period	55,126	51,316	51,562

SIGNIFICANT ACCOUNTING POLICIES

Investments 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, recognised.

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.

Investments in associates (continued)

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.

15. TRUST FUNDS

Funds held at balance date which are required by legislation to be credited to the trust fund and which are not included in the financial statements are as follows:

Detail	Balance 30 June 2022	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2023
	\$	\$	\$	\$
Public Open Space Contributions	13,820	0	0	13,820
	13,820	0	0	13,820

16. FEES AND CHARGES

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
By Program:			
Governance	10,010	10,141	10,010
General purpose funding	7,900	9,475	7,200
Law, order, public safety	4,719	9,483	4,720
Health	300	127	300
Education and welfare	71,385	59,644	64,906
Housing	129,397	117,335	67,296
Community amenities	418,023	427,428	404,681
Recreation and culture	30,170	37,510	32,400
Economic services	178,160	174,043	97,160
Other property and services	2,100	2,938	2,000
	852,164	848,124	690,673

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