



ANNUAL ELECTORS MEETING

16 February 2023

Attachments provided under separate cover.

- 1. Item 2.02.23.02 – ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**
Attachment 2.02.23.02A – 2020/2021 Annual Report



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Shire of Brookton

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Acknowledgement of Country

The BROOKTON community would like to acknowledge the traditional custodians of this land, Nyoongar People and pay respect to all Elders, past, present, and emerging. The Shire wishes to acknowledge and respect local people's continuing culture and the contribution they make to Country and its life.

Shire Mission and Vision

Shire of Brookton Mission

**To Sustain the Balance of BROOKTON+
To Build a Bigger Better BROOKTON**

BROOKTON Vision by 2027

BROOKTON is

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

Shire President Message



It is my pleasure to present the Shire of Brookton's Annual Report for 2021-22 on behalf of my fellow Councillors. It has been an honour and privilege to be able to serve as the Shire President and continue the great work and achievements of the past financial year.

This year continues from where the previous year left off with unprecedented challenges caused by the COVID 19 pandemic. The pandemic impacted the Shire operations and ability at a local level with supply issues, worker shortages and access to plant and machinery however it highlighted the unity of the community as it came together to support each other.

The pandemic has made us reassess how we currently operate and to see if things can be done differently or better. This will ensure we are more resilient in the future to deal with unexpected business interruptions.

Significant achievements have also marked this year with capital investment in the following projects

- Completion of two, two-bedroom chalets (disability accessible)
- Completion of Nature Play Area
- Infrastructure Road Network & Bridges– Lefroy Street, Richardson Street, Brookton-Kweda Road, Collar Road and Bridge #3154A Davis Road
- Building Infrastructure – Administration Office and Works Depot
- Investment in Plant replacement

Council continued to be flexible and work together with the community through the progressing of Integrated Planning and Reporting (IPR) with community engagement commencing for the review of the Strategic Community and Corporate Business Plans. Council is continuing to progress the Design Development and Costing for the Brookton Memorial Hall along with the Brookton Railway Station project. Council is committed to identifying possible sources of funding both internal and external, to ensuring the best possible outcomes for Next Generation BROOKTON.

Council continued to support several programs and community organisations during the financial year through the Brookton Community Chest to the Aldersyde Agricultural Hall Inc (\$10,000), Brookton Country Club (\$7,091), Brookton Choral Society (\$1,397), Brookton Community Inc (\$2,530) and Brookton Cricket Club (\$1,000) this reinforces Council's ongoing commitment and valued partnerships with the community.

I wish to also extend Council's congratulations to the Australia Day Award recipients for the 2022 year.

- Citizen of the Year Award – Suzanne Turner
- Community Service Award – Len Simmons
- Community Event of the Year Award – Brookton Country Women's Association (CWA)

Thank you to my fellow Councillors for your support, and to the CEO and all the Staff who work hard to ensure that Brookton's vision becomes a reality.

Thank you to all who have contributed to the combined successes of 2021-22, I look forward to working with you to achieve Next Generation BROOKTON, ensuring Brookton is a community of choice for generations to come.

A handwritten signature in black ink, appearing to read "K. Crute". The signature is written in a cursive style with a large initial "K" and a period at the end.

Katrina Crute
Shire President

Chief Executive Officer Message



I am pleased to present an update on the statutory reporting requirements and key achievements for the organisation during the 2021/22 financial year which has again presented a number of challenges, not the least being the continuation of COVID 19 pandemic, which in itself was not a direct impact on the Shire, but the fallout with closure of borders (State and Australia) and the significant allocation of stimulus funding from the State and Federal Governments, whilst great for the economy, has resulted in some serious challenges in getting trades to undertake Shire projects and containing costs in an escalating market.

Financial Management and Governance

Nexia Australia under contract of The Office of the Auditor General (AOG) have taken on the direct role of completing the audit on the Shire's financial management and governance functions. The final annual Audit Report by the AOG has identified three findings that will require actions to be taken by staff to ensure that the Shire continues to implement effective and robust procedures going forward, overall, the Audit Report is satisfactory, which is a compliment to Shire staff.

The financial position of the Shire continues to remain strong with a \$873,427 surplus achieved at the 30 June 2022, with the prepayment of Federal Financial Assistance Grants contributing to this surplus. Council has maintained a very healthy Reserve funds balance of \$12,518,616 at the 30 June 2022 which will be beneficial going forward as it will allow the Shire to utilise these funds to lever external funding for a number of major projects planned in future years.

A copy of the Annual Financial Report together with the Auditor's comments and findings for the 2021-22 financial year is appended to this report.

Key Assets

Road Works

The importance of maintenance and upgrading of roads in the Shire for the safe movement of vehicles including farm machinery and carting of grain continues to be a priority for the Council with the following roadworks undertaken in the 2021-22 financial year:

- Brookton – Kweda Road - Reconstruct and 2 coat seal to 3 klms (\$559,429)
- Richardson Street – Reconstruct and 2 coat seal to 0.60 Klms (\$220,782)
- Lefroy Street - Gravel Resheet (\$10,439)
- Collard Street - Gravel Resheet (\$8,625)
- Bridge Maintenance (\$37,930)
- Continued road maintenance grading works across the Shire's unsealed road network (\$565,000)

Plant and Equipment

Council has continued its annual plant replacement program to ensure its plant and equipment is current, operational, and efficient, while attempting to minimise plant maintenance costs and down time which can impact on the ability to complete the road works programs each year. This has seen the acquisition of the following replacement (new for old) of major plant items:

- C27 Hansa Chipper.
- Small Light SUV Vehicle.
- Medium Light SUV Vehicle.

Other Works

The other works performed during the year includes:

- Parks and gardens maintenance
- Happy Valley Integrated Water – Secondary Tank
- Caravan Park Chalets 2 x 1 Bedroom
- Depot Improvements

With the continuation of the COVID-19 pandemic during the financial year and the loss of staff, I take the opportunity to thank all other staff for their continued support and efforts throughout this year especially the support of the Councillors during what has been a difficult year, however, the organisation has continued to provide a high standard of services to the community with an increased customer service focus.



Gary Sherry
Chief Executive Officer

Council



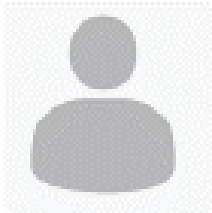
Cr Katrina Crute
Shire President
Term expires: 2025

Mobile: 0439 373 282
Shire.President@brookton.wa.gov.



Cr Neil Walker
Deputy Shire President
Term expires: 2023

Mobile: 0408 424 018
CrWalker@brookton.wa.gov.au



Cr Harold Bell
Councillor
Term expires: 2025

Mobile: 0415 498 371
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Cr Chris Hartl
Councillor
Term expires: 2023

Mobile: 0447 328 742
CrHartl@brookton.wa.gov.au



Cr Tamara Lilly
Councillor
Term expires: 2023

Mobile: 0419 111 300
CrLilly@brookton.wa.gov.au



Cr Gail Macnab
Councillor
Term expires: 2023

Mobile: 0456 226 674
CrMacnab@brookton.wa.gov.au



Cr Charlene Hayden
Councillor
Term expires: 2025

Mobile: 0428 868 528
CrHayden@brookton.wa.gov.au

Elected Member attendance at meetings

The below table outlines the number of Council and Committee meetings attended by each council member, during the 2021/2022 financial year.

Councillor	Council Meetings		Elector Meetings		Committee Meetings			
	Ordinary	Special	Annual	Special	Audit & Risk	BFAC	LEMC	Employment
Cr Katrina Crute Shire President	12	3	1	-	2	2	4	2
Cr Neil Walker Deputy Shire President	11	3	1	-	2	n/a	n/a	2
Cr Tamara Lilly	12	3	1	-	1	1	n/a	2
Cr Theresa Fancote	3	1	1	-	1	n/a	n/a	2
Cr Barry Watts	12	3	-	-	1	n/a	n/a	2
Cr Gail Macnab	12	2	1	-	2	n/a	3	2
Cr Chris Hartl	10	3	1	-	1	n/a	n/a	2
Cr Charlene Hayden	8	2	1	-	n/a	n/a	n/a	-

n/a refers to a Councillor who is not a member of that Committee, therefore did not attend any meetings.

Meeting Type	Number of meetings held in 2021/2022 year
Ordinary Meeting of Council	12
Special Meeting of Council	3
Annual Electors Meeting	1
Special Electors Meeting	0
Audit and Risk Committee	2
Bushfire Advisory Committee (BFAC)	2
Local Emergency Management Committee (LEMC)	4
Employment Committee	2

Meetings of Council: explained

Ordinary Meeting of Council

An ordinary meeting of the Council, held on a monthly basis, or otherwise as determined by the Council, is for the purpose of considering and dealing with ordinary business of the Council.

Special Meeting of Council

A special meeting of the Council is held for the purpose of considering and dealing with Council business that is urgent, complex in nature, for a particular purpose, or confidential.

Annual Electors Meeting

A general meeting of the electors of a district is to be held once every financial year. The purpose of the annual electors meeting is to discuss the contents of the annual report, and any other general business.

Special Electors Meeting

Special Meeting of Electors refers to a meeting held at the request of electors, or council members to discuss specific matters.

Audit and Risk Committee

This Committee is authorised to oversee and make recommendations to Council in respect to the organisation's fiscal and risk management, together with its governance and compliance through internal, and external auditing. The Committee's function is to also imbed a culture of continuous improvement across the operations of the Organisation.

Many of the key duties of this Committee are detailed in both the Local Government (Audit) Regulations, and the recently endorsed Terms of Reference by Council.

Bushfire Advisory Committee

This committee is to advise Council on all matters relating to: the prevention, controlling, and extinguishing of bushfires; prosecutions for breaches of the *Bush Fires Act 1954*; formation of bushfire brigades, the ensuring of co-operation and co-ordination in their efforts and activities of the bushfire brigades; and other matters relating to bushfire control.

Local Emergency Management Committee

This committee is to advise and assist the local government in ensuring that local emergency management arrangements are established for the Shire, and to liaise with public authorities and other persons in the development, review, and testing of local emergency management arrangements,

as well as carry out other emergency management activities as directed by the State Emergency Management Committee (SEMC), or as prescribed by legislation and regulations.

The Local Emergency Management Committee is established in accordance with Section 38, of the *Emergency Management Act 2005*, which obligates local government to establish this Committee. The operational requirements for the Local Emergency Management Committee, are prescribed within this legislation.

Employment Committee

The Role of the employment committee is to: recruit and review the performance and salary of the Chief Executive Officer.

Council also has a policy that nominates the Shire President to contribute to the annual performance review process for nominated senior employee positions.

Senior Staff

Council had three designated senior employee position in accordance with section 5.37 of the *Local Government Act 1995*.

- Chief Executive Officer
 - Acting Chief Executive Officer
 - Chief Executive Officer
 - Manager Corporate and Community
 - Manager Corporate and Community
 - Manager Infrastructure and Regulatory
- Mr Ian D’Arcy (left October 2021)
 Mr Paul Sheedy (September 2021 to January 2022)
 Mr Gary Sherry (commenced January 2022)
 Mrs Kellie Bartley (left January 2022)
 Mrs Deanne Sweeney (commenced March 2022)
 Mr Les Vidovich (commenced May 2022)



Mr Gary Sherry
Office of the CEO



Mrs Deanne Sweeney
Corporate & Community



Mr Les Vidovich
Infrastructure & Works

In total the Shire of Brookton employed 28.6 full time equivalent (FTE) employees during the 2021-22 financial year.

Regulation 19B(2)(b) 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 \$130,000 or more in bands of \$10,000, for each such band over \$130,000.

Salary Range	2021	2022
\$130,000 - \$139,999	0	0
\$140,000 - \$149,999	1	0
\$150,000 - \$159,000	1	1

Regulation 19B(2)(e), of the *Local Government (Administration) Regulations 1996*, requires the annual report to include the remuneration package provided to the CEO during the 2021/2022 financial year was \$187,004.

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.

Shire of Brookton Administration Centre

14 White Street
(P O Box 42)
BROOKTON WA 6306
Telephone: (08) 9642 1106
Email: mail@brookton.wa.gov.au

Shire of Brookton Works Depot

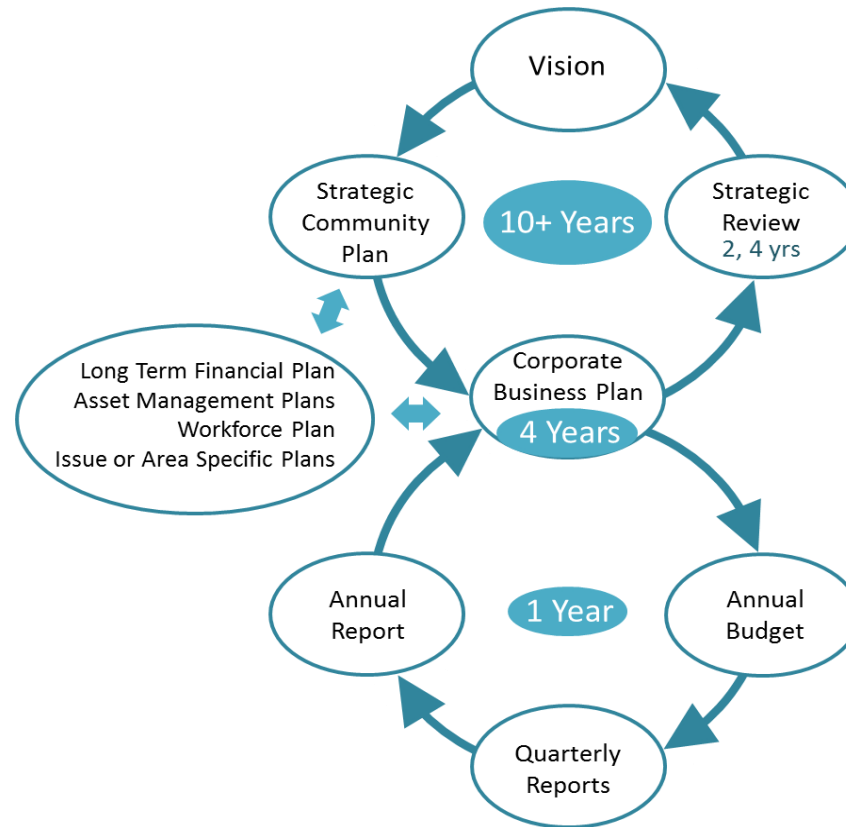
Richardson Street
(PO Box 42)
BROOKTON WA 6306
Telephone: (08) 9642 1144
Email: mail@brookton.wa.gov.au

Key Facts - Our Shire	
Area	1,626 square Kilometres
Population	929 (as at 2021 Census)
Median Age	50 (as at 2021 Census)
Number of Dwellings	476 (as at 2021 Census)
Number of Council Employees	28.6 full time equivalent (FTE)
Number of Elected Members	7
Distance from Perth	138 kilometres
Length of Roads - Sealed	205 kilometres
Length of Roads - Unsealed	438 kilometres



Integrated Planning and Reporting (IPR)

During 2022, the Council reviewed its IPR framework aligned to legislative requirements under Section 5.56(1) and (2) of the *Local Government Act, 1995*. This legislation requires each local government to prepare a 'plan for the future' of its district by developing an arrange of plans in accordance with the *Local Government (Administration) Amendment Regulation (No. 2) 2011*; Division 3 – Planning for the Future. Following is a diagram providing understanding of the IPR framework.



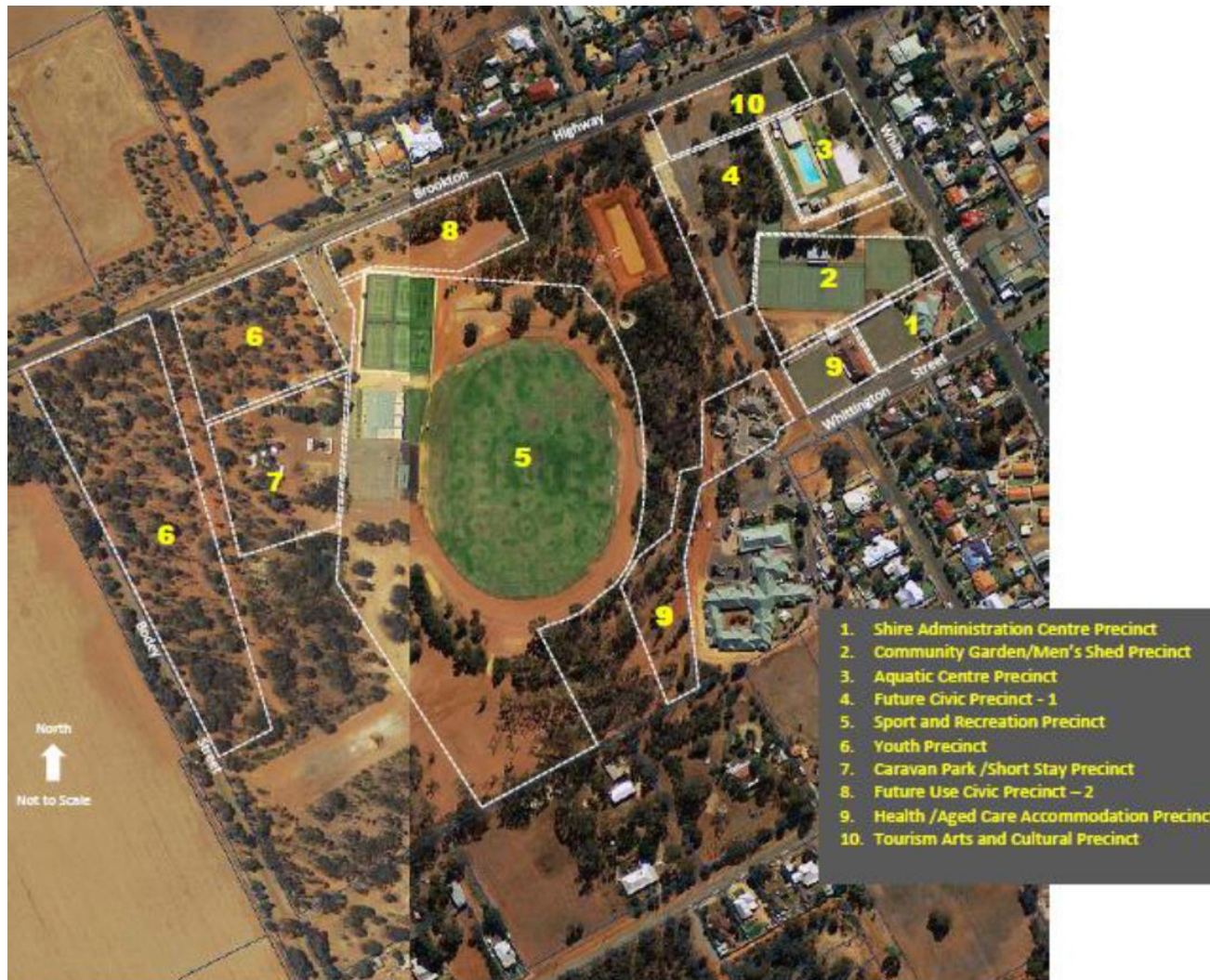
IPR Framework sourced from the Western Australian Department of Local Government IPR Guidelines 2016

Specifically, the following is a list of projects under the Council's Corporate Business Plan that affords an understanding of the progress achieved during the 2021-22 financial year.

Major Projects	Facilitator	Proponent	Progress
BROOKTON Regional Wellness Hub	✓		This proposal has nil progress during 2021/22, due to the Shire's resources redirected to completing projects funded by Commonwealth Grant funding.
Brookton Multipurpose Function Centre – Refurbished, Restored or New		✓	Stephen Carrick Architects (SCA) have completed the design development of the proposed refurbishment and additions of the Brookton Memorial Hall.
Brookton Short-stay Accommodation	✓	✓	The accommodation village is promoted as an extension to the Brookton Caravan Park for short stay / seasonal accommodation. During the 2021/22 financial year, the Shire purchased, and received delivery of 2 x 1-bedroom, self-contained Chalet units, which was made possible by the Shire receiving Commonwealth Grant funding.
Brookton Cultural Community and Recreation Precincts		✓	This proposal has indicatively been identified on Reserve 43158 Management Plan adjacent to the Brookton Aquatic Centre and fronting Brookton Highway - some upgrades have been undertaken within the Reserve, including upgrades to the Youth Precinct - Nature Play Area.
BROOKTON Innovative Farming	✓		This initiative has been stalled due to other governance priorities and the impact to achieve goals during the COVID-19 pandemic.
BROOKTON Rental Housing Program	✓		Little progress has been initiated on this proposal in 2021/22.
BROOKTON Sustainable Energy Generation	✓		Little progress has been initiated on this proposal due to the impact to achieve goals during the COVID-19 pandemic.
BROOKTON Commercial/Industrial Hub – includes new Shire Works Depot	✓	✓	Progress on this proposal included refurbishment of the toilet area and installation of a training room at the Depot.
Brookton Railway Station Development	✓	✓	Little progress has been initiated on this proposal due to the impact to achieve goals during the COVID-19 pandemic.

Minor Projects	Facilitator	Proponent	Progress
BROOKTON Lifestyle Land Release		✓	The Council has 'parked' this initiative in favour of a private developer.
Brookton Public Art	✓		Little progress has been initiated on this proposal other than preliminary discussion, with further consideration to be given to promoting artwork through the IPR Advisory Groups.
BROOKTON Gym Relocation to Aquatic Centre		✓	Little progress has been initiated on this proposal due to the impact to achieve goals during the COVID-19 pandemic.
BROOKTON Overarching Town Strategy		✓	Little progress has been initiated on this proposal due to the impact to achieve goals during the COVID-19 pandemic.
Brookton Astro Tourism	✓		Little progress has been initiated on this proposal, with further consideration to be given to promoting through the IPR Advisory Groups.
Brookton RV Access (on both sides of Railway Line)		✓	Little progress has been initiated on this proposal due to the impact to achieve goals during the COVID-19 pandemic.
Brookton Community Car		✓	Little progress has been initiated on this proposal due to the Shire's resources redirected during the pandemic and available funding sources.
Brookton Cultural Walk Trails		✓	Little progress has been initiated on this proposal due to the impact to achieve goals during the COVID-19 pandemic.
Brookton Town Entry Statement Town Signage		✓	Progress was made on this proposal, with signs purchased and installation to occur when resourcing allows.
Brookton Welcome Pack/New Resident and Caravan Park/Tourism		✓	The Brookton Welcome Pack, and New Resident pack as had little progress, due to movement of staff and COVID-19 pandemic. A Caravan Park welcome pack is being created for placement within the Chalet Units and for visiting caravaners.

Management Plan for Crown Reserve 43158, this Plan allocates designated precincts that will assist in guiding future development and use of the Reserve, including the accommodation of some of the ideas filtering through the Innovations Pathway process. An understanding of the designated precincts is presented in the following graphic extracted from the Reserve Management Plan.



Designated Precincts - Reserve 43158 Management Plan

Central to this Plan was the spatial allocation at a 'Precinct' level of various uses, including better definition of a Youth Precinct (No.6), the Caravan Park and Seasonal Workers' Accommodation Precinct (No.7), a new Community Garden and Men's Shed Precinct (No.2), a future Cultural Precinct (No.10), and future expansion of a Wellness Hub/Aged Accommodation Precinct (No.9).

The adoption of this Plan has aided the Shire to secure and allocate grant funding to assist in implementing or enhancing of some of these defined Precincts, such as the addition of 2 x two-bedroom self-contained short-stay accommodation and the completion of the Nature Play Area both delivered in the 2021-22 financial year.

Another area of focus, but has been lagging under the IPR framework, is the Shire's Asset Management Framework in 2021-22. The Shire is cognisant of this shortcoming and is continuing to attend to its asset management responsibilities across all classes, including the road network, and bridges, drainage, and footpaths, building and other structures, although this process is taking longer and is more resource intensive than expected. It is projected with the process conducted correctly that the asset management should be finalised in 2023, inclusive of review and update of the Council's Asset Management Policy, Asset Management Strategy, and specific Asset Management Plans across respective classes of assets. The following diagram illustrates the integrated framework applicable to the Asset Management processes.

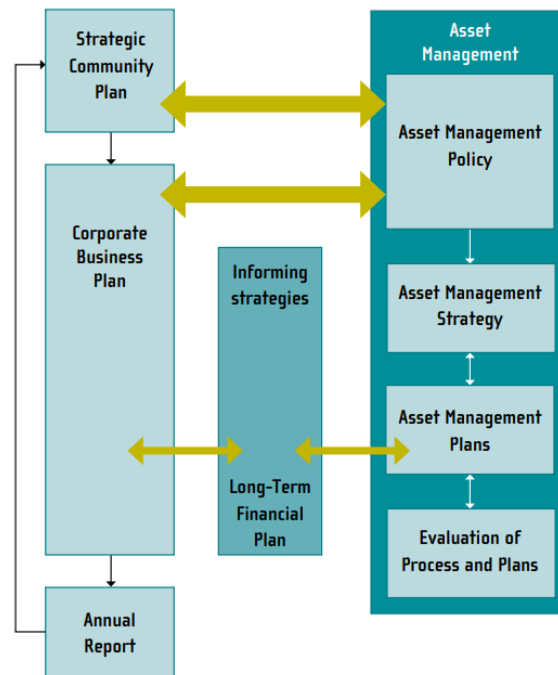


Figure 2-1 sourced from the Western Australian Department of Local Government's Asset Management Framework and Guidelines

The Long-Term Financial Plan that affords a 10 year fiscal projection for the Shire will then be informed by the Asset Management Plan and compiled to guide the compilation of future annual budgets, and Council is progressing towards the combined documents, to produce the Strategic Resource Plan.

Other Statements

State Records Act 2000

Recordkeeping Plan Section 19 of the State Records Act 2000 requires every government organisation to have a Recordkeeping Plan (RKP) that has been approved by the State Records Commission.

The RKP sets out the matters about which records are to be created by the organisation and how it is to be kept. This document provides as accurate reflection of the RKP program within the Shire of Brookton. The inclusion of such documentation will constitute evidence of compliance.

Staff members responsible for records management have been trained in the basic retention and disposal methods for Local Government and will include RKP training at the Office of State Records.

In house training sessions for staff are conducted on an as needs basis, for example, when an aspect of the recordkeeping systems changes, or if responsibilities change.

In accordance with Section 28 of the State Records Act 2000, the RKP for the Shire of Brookton was reviewed and approved by the State Records Commission in 2021 with the next review of the plan to be completed in 2025/26.

National Reform Agenda (Previously known as the National Competition Policy)

The *Competition Policy Reform Act 1995* was initially set up to detail the principles by which all levels of governments would ensure anti-competitive practices as part of their operations. Local Government falls under these principles.

The main aim of the National Reform Agenda (NRA) is to further boost competition, productivity and the efficient functioning of markets building on the works done previously by the National Competition Policy (NCP) principles.

The Shire, when developing its local laws and policies, needs to consider the principles of the NCP and NRA, particularly in relation to its procurement practices and 'buy local' approach. The Shire has no policies or local laws that contain anti-competitive provisions. No complaints were received by the Shire in the 2021-22 financial year for anti-competitive practices, rather it has adhered to a competitive approach to achieve value for money.

Official Conduct Report

Section 5.53 (2) (hb) of the *Local Government Act 1995* requires that a local government's Annual report is to contain details of entries made under Section 5.121 of the Act during the financial year, in the register of complaints. There were no complaints of this nature received and recorded in the register for the 2021-2022 reporting period.

Register of Certain Complaints and Minor Breaches

Section 5.121 of the *Local Government Act 1995*, requires a local government to maintain a register of complaints that result in an action, or a finding, under section 5.110(2)(a) of the *Local Government Act 1995*. During the 2021/22 financial year, there was no complaints where an action or finding was determined.

An up-to-date register is available on the Shire's website at:

<https://www.brookton.wa.gov.au/council/council/complaints-register-20212022.aspx>



Annual Financial Report 2021-22

SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The Shire of Brookton conducts the operations of a local government with the following community vision:

*a well recognised business and agricultural hub,
a flourishing stopover destination, and
a celebrated place to live.*

Principal place of business:
14 White Street (PO Box 42) Brookton WA 6306
Phone: (08) 9642 1106
E-mail: mail@brookton.wa.gov.au
Web: www.brookton.wa.gov.au

SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The attached financial report of the Shire of Brookton for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Brookton at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

9th day of December 2022



Chief Executive Officer

Gary Sherry

Name of Chief Executive Officer



SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
Revenue				
Rates	23(a),2(a)	2,412,055	2,410,607	2,329,557
Operating grants, subsidies and contributions	2(a)	1,733,722	1,192,180	1,168,354
Fees and charges	29(c),2(a)	848,124	690,673	656,393
Interest earnings	2(a)	44,427	135,249	143,477
Other revenue	2(a)	198,386	164,795	253,734
		<u>5,236,714</u>	<u>4,593,504</u>	<u>4,551,515</u>
Expenses				
Employee costs		(1,897,250)	(2,228,787)	(1,852,539)
Materials and contracts		(1,373,347)	(1,715,698)	(1,299,405)
Utility charges		(181,994)	(185,040)	(153,257)
Depreciation	10(a)	(2,916,899)	(3,098,790)	(3,066,960)
Finance costs	2(b)	(62,275)	(60,731)	(67,234)
Insurance		(193,514)	(230,993)	(174,637)
Other expenditure	2(b)	(3,167)	(7,462)	(118,842)
		<u>(6,628,446)</u>	<u>(7,527,501)</u>	<u>(6,732,874)</u>
		<u>(1,391,732)</u>	<u>(2,933,997)</u>	<u>(2,181,359)</u>
Capital grants, subsidies and contributions	2(a)	1,165,876	1,398,729	1,547,479
Profit(Loss) on asset disposals LHFR	7	15,972	0	0
Loss on asset disposals	10(c)	(105,315)	(47,511)	(125,995)
Fair value adjustments to financial assets at fair value through profit or loss		3,353	0	0
		<u>1,079,886</u>	<u>1,351,218</u>	<u>1,421,484</u>
Net result for the period	29(b)	(311,846)	(1,582,779)	(759,875)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	5,851,811	0	0
Total other comprehensive income for the period	12	5,851,811	0	0
Total comprehensive income for the period		5,539,965	(1,582,779)	(759,875)

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

Nexia Perth.Audit Services Pty Ltd



**SHIRE OF BROOKTON
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	13,981,031	12,759,448
Trade and other receivables	6	159,297	120,462
Other financial assets	4(a)	26,140	24,414
Inventories	7	71,379	239,610
TOTAL CURRENT ASSETS		<u>14,237,847</u>	<u>13,143,934</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	50,405	44,270
Other financial assets	4(b)	205,827	228,614
Property, plant and equipment	8	15,424,288	17,937,523
Infrastructure	9	74,480,773	67,261,760
Right-of-use assets	11(a)	22,022	24,114
TOTAL NON-CURRENT ASSETS		<u>90,183,315</u>	<u>85,496,281</u>
TOTAL ASSETS		<u>104,421,162</u>	<u>98,640,215</u>
CURRENT LIABILITIES			
Trade and other payables	13	266,112	123,977
Other liabilities	14	295,020	0
Lease liabilities	11(b)	1,467	1,419
Borrowings	16	142,462	133,671
Employee related provisions	17	199,079	250,466
TOTAL CURRENT LIABILITIES		<u>904,140</u>	<u>509,533</u>
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	20,552	22,019
Borrowings	16	668,983	811,445
Employee related provisions	17	49,537	59,233
TOTAL NON-CURRENT LIABILITIES		<u>739,072</u>	<u>892,697</u>
TOTAL LIABILITIES		<u>1,643,212</u>	<u>1,402,230</u>
NET ASSETS		<u>102,777,950</u>	<u>97,237,985</u>
EQUITY			
Retained surplus		12,431,121	13,634,841
Reserve accounts	5	12,518,616	11,626,742
Revaluation surplus	12	77,828,213	71,976,402
TOTAL EQUITY		<u>102,777,950</u>	<u>97,237,985</u>

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

Nexia Perth Audit Services Pty Ltd



SHIRE OF BROOKTON
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		13,888,208	12,133,250	71,976,402	97,997,860
Comprehensive income for the period					
Net result for the period		(759,875)	0	0	(759,875)
Total comprehensive income for the period		(759,875)	0	0	(759,875)
Transfers from reserves	5	3,773,514	(3,773,514)	0	0
Transfers to reserves	5	(3,267,006)	3,267,006	0	0
Balance as at 30 June 2021		13,634,841	11,626,742	71,976,402	97,237,985
Comprehensive income for the period					
Net result for the period		(311,846)	0	0	(311,846)
Other comprehensive income for the period	12	0	0	5,851,811	5,851,811
Total comprehensive income for the period		(311,846)	0	5,851,811	5,539,965
Transfers from reserves	5	158,795	(158,795)	0	0
Transfers to reserves	5	(1,050,669)	1,050,669	0	0
Balance as at 30 June 2022		12,431,121	12,518,616	77,828,213	102,777,950

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

Nexia Perth Audit Services Pty Ltd



SHIRE OF BROOKTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,376,841	2,473,795	2,333,089
Operating grants, subsidies and contributions		2,018,927	1,218,717	1,155,967
Fees and charges		848,124	690,673	656,393
Interest received		44,427	135,249	143,477
Goods and services tax received		240,704	48,813	282,813
Other revenue		198,386	164,795	198,734
		<u>5,727,409</u>	<u>4,732,042</u>	<u>4,770,473</u>
Payments				
Employee costs		(1,929,362)	(2,277,101)	(1,805,928)
Materials and contracts		(1,250,980)	(1,827,801)	(1,549,438)
Utility charges		(181,994)	(185,040)	(153,257)
Finance costs		(62,275)	(73,052)	(67,234)
Insurance paid		(193,514)	(230,993)	(174,637)
Goods and services tax paid		(240,645)	0	(270,580)
Other expenditure		(3,167)	(7,462)	(118,842)
		<u>(3,861,937)</u>	<u>(4,601,449)</u>	<u>(4,139,916)</u>
Net cash provided by (used in) operating activities	18(b)	<u>1,865,472</u>	<u>130,593</u>	<u>630,557</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost - self supporting loans		0	0	110,953
Payments for purchase of property, plant & equipment	8(a)	(1,016,040)	(1,930,000)	(1,477,659)
Payments for construction of infrastructure	9(a)	(956,890)	(1,840,926)	(1,025,054)
Non-operating grants, subsidies and contributions		1,165,876	1,398,729	1,547,479
Proceeds from financial assets at amortised cost - self supporting loans		24,414	24,414	22,801
Proceeds from sale of property, plant & equipment	10(c)	98,841	122,000	133,000
Proceeds from land held for resale		175,000	0	0
		<u>(508,799)</u>	<u>(2,225,783)</u>	<u>(688,480)</u>
Net cash provided by (used in) investing activities		<u>(508,799)</u>	<u>(2,225,783)</u>	<u>(688,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(a)	(133,671)	(133,673)	(125,429)
Payments for principal portion of lease liabilities	15(b)	(1,419)	(1,419)	(1,372)
Proceeds from new borrowings	15(a)	0	600,000	0
		<u>(135,090)</u>	<u>464,908</u>	<u>(126,801)</u>
Net cash provided by (used in) financing activities		<u>(135,090)</u>	<u>464,908</u>	<u>(126,801)</u>
Net increase (decrease) in cash held		<u>1,221,583</u>	<u>(1,630,282)</u>	<u>(184,724)</u>
Cash at beginning of year		<u>12,759,448</u>	<u>12,759,448</u>	<u>12,944,172</u>
Cash and cash equivalents at the end of the year	18(a)	<u><u>13,981,031</u></u>	<u><u>11,129,166</u></u>	<u><u>12,759,448</u></u>

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

Nexia Perth Audit Services Pty Ltd



SHIRE OF BROOKTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	24(b)	905,785	981,662	387,604
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	23(b)	34,793	34,110	37,520
Operating grants, subsidies and contributions		1,733,722	1,192,180	1,168,354
Fees and charges		848,124	690,673	656,393
Interest earnings		44,427	135,249	143,477
Other revenue		198,386	164,795	253,734
Profit on asset disposals LHFR	7	16,272	0	0
Fair value adjustments to financial assets at fair value through profit or loss		3,353	0	0
		2,879,077	2,217,007	2,259,478
Expenditure from operating activities				
Employee costs		(1,897,250)	(2,228,787)	(1,852,539)
Materials and contracts		(1,373,347)	(1,715,698)	(1,299,405)
Utility charges		(181,994)	(185,040)	(153,257)
Depreciation		(2,916,899)	(3,098,790)	(3,066,960)
Finance costs		(62,275)	(60,731)	(67,234)
Insurance		(193,514)	(230,993)	(174,637)
Other expenditure		(3,167)	(7,462)	(118,842)
Loss on asset disposals LHFR	7	(300)	0	0
Loss on asset disposals	10(c)	(105,315)	(47,511)	(125,995)
		(6,734,061)	(7,575,012)	(6,858,869)
Non-cash amounts excluded from operating activities	24(a)	2,981,127	3,146,301	3,134,308
Amount attributable to operating activities		(873,857)	(2,211,704)	(1,465,083)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,165,876	1,398,729	1,547,479
Proceeds from disposal of assets LHFR	7	175,000	0	0
Proceeds from disposal of assets	10(c)	98,841	122,000	133,000
Proceeds from financial assets at amortised cost - self supporting loans	15(a)	24,414	24,414	22,801
Payments for financial assets at amortised cost - self supporting loans		0	0	110,953
Purchase of property, plant and equipment	8(a)	(1,016,040)	(1,930,000)	(1,477,659)
Purchase and construction of infrastructure	9(a)	(956,890)	(1,840,926)	(1,025,054)
		(508,799)	(2,225,783)	(688,480)
Amount attributable to investing activities		(508,799)	(2,225,783)	(688,480)
FINANCING ACTIVITIES				
Repayment of borrowings	15(a)	(133,671)	(133,673)	(125,429)
Proceeds from borrowings	15(a)	0	600,000	0
Payments for principal portion of lease liabilities	15(b)	(1,419)	(1,419)	(1,372)
Transfers to reserves (restricted assets)	5	(1,050,669)	(1,791,777)	(3,267,006)
Transfers from reserves (restricted assets)	5	158,795	2,406,197	3,773,514
Amount attributable to financing activities		(1,026,964)	1,079,328	379,707
Surplus/(deficit) before imposition of general rates		(1,503,835)	(2,376,497)	(1,386,252)
Total amount raised from general rates	23(a)	2,377,262	2,376,497	2,292,037
Surplus/(deficit) after imposition of general rates	24(b)	873,427	0	905,785

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

Nexia Perth Audit Services Pty Ltd



SHIRE OF BROOKTON
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 City to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial 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.

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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 of the financial report.

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	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	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	When rates notice is issued
Grants 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	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	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	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	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	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	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	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	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	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	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	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	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Consideration from contracts with customers is included in the transaction price.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates	0	0	2,412,055	0	2,412,055
Operating grants, subsidies and contributions	1,733,722	0	0	0	1,733,722
Fees and charges	819,008	0	29,116	0	848,124
Interest earnings	0	0	16,840	27,587	44,427
Other revenue	198,386	0	0	0	198,386
Non-operating grants, subsidies and contributions	0	1,165,876	0	0	1,165,876
Total	2,751,116	1,165,876	2,458,011	27,587	6,402,590

For the year ended 30 June 2021

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates	0	0	2,329,557	0	2,329,557
Operating grants, subsidies and contributions	1,168,354	0	0	0	1,168,354
Fees and charges	648,031	0	8,362	0	656,393
Interest earnings	0	0	17,042	126,435	143,477
Other revenue	253,734	0	0	0	253,734
Non-operating grants, subsidies and contributions	0	1,547,479	0	0	1,547,479
Total	2,070,119	1,547,479	2,354,961	126,435	6,098,994

Note	2022 Actual	2022 Budget	2021 Actual
Interest earnings			
Financial assets at amortised cost - self supporting loans	12,998	12,999	14,408
Interest on reserve funds	13,170	104,250	111,824
Rates instalment and penalty interest (refer Note 23(d))	16,840	17,500	17,042
Other interest earnings	1,419	500	203
	44,427	135,249	143,477
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report (a)	73,410	51,000	49,500
	73,410	51,000	49,500
Finance costs			
Borrowings 15(a)	58,079	59,968	66,424
Borrowings guarantee fee	3,433	0	0
Lease liabilities 15(b)	763	763	810
	62,275	60,731	67,234
Other expenditure			
Sundry expenses	3,167	7,462	118,842
	3,167	7,462	118,842

(a) - this expense relates to the audit for the 2020/21 financial report audit. The indicative fee for the 2021/22 audit is \$47,400 (exc GST).

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Term deposits
Total cash and cash equivalents

Held as
- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	1,462,415	1,132,706
	12,518,616	11,626,742
18(a)	13,981,031	12,759,448
	1,462,415	1,132,706
18(a)	12,518,616	11,626,742
	13,981,031	12,759,448

SIGNIFICANT ACCOUNTING POLICIES

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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

Details of restrictions on financial assets can be found at Note 5.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans receivable

Held as

- Unrestricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans receivable

Bendigo Bank Shares

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2022	2021
	\$	\$
	26,140	24,414
	26,140	24,414
24(b)	26,140	24,414
	26,140	24,414
	26,140	24,414
	26,140	24,414
	26,140	24,414
	147,474	173,614
	58,353	55,000
	205,827	228,614
	142,474	168,614
	5,000	5,000
	147,474	173,614
	58,353	55,000
	58,353	55,000

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15 (a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in Trust balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other 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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 28 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. RESERVE ACCOUNTS

	2022 Actual		2022 Actual		2022 Budget		2021 Actual		2021 Actual		2021 Actual		
	Opening Balance	Transfer to	Actual	Transfer (from)	Opening Balance	Transfer to	Opening Balance	Transfer to	Opening Balance	Transfer (from)	Closing Balance		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Restricted by legislation/agreement													
(a) Leave Reserve	138,900	59	138,959	0	138,900	1,111	0	140,011	0	138,778	122	0	138,900
(b) Plant and Vehicle Reserve	337,435	195,144	458,416	(74,163)	337,435	547,699	(314,000)	571,134	(314,000)	751,938	484	(414,987)	337,435
(c) Land and Housing Development Reserve	1,392,425	248,095	1,640,520	0	1,392,425	11,139	(30,000)	1,373,564	(30,000)	1,391,205	1,220	0	1,392,425
(d) Furniture & Equipment Reserve	21,213	9	13,584	(7,638)	21,213	170	(10,000)	11,383	(10,000)	21,194	19	0	21,213
(e) Municipal Building & Facility Reserve	631,068	270	607,293	(24,045)	631,068	5,049	(180,000)	456,117	(180,000)	330,738	300,330	0	631,068
(f) Townscape & Footpath Reserve	125,177	54	125,231	0	125,177	1,001	(47,000)	79,178	(47,000)	125,067	110	0	125,177
(g) Sewerage Scheme Reserve	445,787	65,191	510,978	0	445,787	68,566	(50,000)	464,353	(50,000)	410,426	35,361	0	445,787
(h) Road & Bridges Infrastructure Reserve	115,816	200,050	296,802	(19,064)	115,816	759,691	(484,433)	391,074	(484,433)	327,786	280	(212,250)	115,816
(i) Health & Wellbeing Reserve	554,349	237	554,586	0	554,349	4,435	(558,764)	20	(558,764)	553,863	486	0	554,349
(j) Sport & Recreation Reserve	31,653	14	31,667	0	31,653	253	0	31,906	0	31,625	28	0	31,653
(k) Rehabilitation & Refuse Reserve	210,991	55,090	266,081	0	210,991	56,688	(50,000)	217,679	(50,000)	169,841	41,150	0	210,991
(l) Caravan Park Reserve	354,061	151	354,212	0	354,061	2,832	0	356,893	0	153,899	200,162	0	354,061
(m) Brookton Museum/Heritage Reserve	47,189	20	47,209	0	47,189	378	0	47,567	0	47,148	41	0	47,189
(n) Kweda Hall Reserve	18,042	8	18,050	0	18,042	144	0	18,186	0	18,026	16	0	18,042
(o) Alderslyde Hall Reserve	0	0	0	0	0	0	0	0	0	25,806	0	(25,806)	0
(p) Railway Station Reserve	330,082	200,141	530,223	0	330,082	202,641	(70,000)	462,723	(70,000)	129,941	200,141	0	330,082
(q) Madison Square Units Reserve	30,680	13	30,693	0	30,680	245	0	30,925	0	30,653	27	0	30,680
(r) Cemetery Reserve	30,735	50,013	80,748	0	30,735	50,246	(40,000)	40,981	(40,000)	43,863	38	(13,166)	30,735
(s) Water Reserve	109,633	47	75,795	(33,885)	109,633	877	(42,000)	68,510	(42,000)	48,116	80,052	(18,535)	109,633
(t) Developer Contribution Reserve	2,742	25,195	27,937	0	2,742	22	0	2,764	0	2,740	2	0	2,742
(u) Brookton Aquatic Reserve	456,307	56	456,363	0	456,307	1,054	0	132,743	0	156,129	300,178	0	456,307
(v) Cash Contingency Reserve	131,688	7,250	138,938	0	138,938	28,650	(30,000)	454,957	(30,000)	140,335	123	(8,770)	131,688
(w) Future Fund Reserve	4,097,368	3,562	4,100,930	0	4,097,367	32,779	0	4,130,146	0	7,084,133	93,235	(3,080,000)	4,097,368
(x) Innovations Fund Reserve	2,013,401	0	2,013,401	0	2,013,401	16,107	(500,000)	1,529,508	(500,000)	0	2,013,401	0	2,013,401
	11,626,742	1,050,669	12,518,616	(158,795)	11,626,742	1,791,777	(2,406,197)	11,012,322	(2,406,197)	12,133,250	3,267,006	(3,773,514)	11,626,742

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

5. RESERVE ACCOUNTS (Continued)

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	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 & Equipment Reserve		This reserve is for the replacement of major items of furniture and equipment.
(e) Municipal Building & Facility Reserve		This reserve is for the construction, demolition, acquisition, renewal or upgrade of Shire owned Public and Community 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) Sewerage Scheme Reserve		This reserve is to fund the expansion, ongoing renewal, maintenance and asset management needs of the Brookton Sewerage Scheme.
(h) Road & Bridges Infrastructure Reserve		This reserve is for the construction and upgrade of roads and bridges within the Shire.
(i) Health & Wellbeing Reserve		This reserve is for funding of initiatives in relation to Community Health & Wellbeing.
(j) Sport & Recreation Reserve		This reserve is to fund new, renewal, upgrades, or major maintenance of sporting and recreation infrastructure.
(k) Rehabilitation & Refuse Reserve		This reserve is to fund the rehabilitation or major upgrades of the Brookton Refuse Site and or to rehabilitate former Gravel Pits.
(l) Caravan Park Reserve		This reserve is to be used to fund any upgrades or major maintenance at the Brookton Caravan Park.
(m) Brookton Museum/Heritage Reserve		This reserve is to be used to fund any upgrades or major maintenance of the Brookton Historical Museum.
(n) Kweda Hall Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.
(o) Aldersyde Hall Reserve	30/08/2020	This reserve has been finalised in the 2020/2021 year.
(p) Railway Station Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Brookton Railway Station and/or Platform.
(q) Madison Square Units Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units.
(r) Cemetery Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Brookton Cemetery.
(s) Water Reserve		This reserve is to fund renewal, upgrades or major maintenance of the water scheme infrastructure under the control of the Shire.
(t) Developer Contribution Reserve		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.
(u) Brookton Aquatic Reserve		This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Aquatic Centre.
(v) Cash Contingency Reserve		This reserve is to cover unexpected shortfalls in operational funding should the need arise.
(w) Future Fund Reserve		This reserve is primarily set aside for investment. It is anticipated this fund will be preserved in perpetuity.
(x) Innovations Fund Reserve		This reserve is to support and complement the Integrated Planning and Reporting (IPR) framework

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. TRADE AND OTHER RECEIVABLES

Note	2022 \$	2021 \$
Current		
Rates receivable	85,088	56,009
Trade and other receivables	74,209	64,394
GST receivable	0	59
	<u>159,297</u>	<u>120,462</u>
Non-current		
Pensioner's rates and ESL deferred	50,405	44,270
	<u>50,405</u>	<u>44,270</u>

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the Shire of Brookton has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk remains with the Shire of Brookton, therefore the Shire continues to recognise the transferred assets in their entirety. The Shire considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

SIGNIFICANT ACCOUNTING POLICIES

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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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.

7. INVENTORIES

Note	2022 \$	2021 \$
Current		
Fuel and materials	11,925	27,060
Land held for resale		
Cost of acquisition	20,214	72,267
Development costs	39,240	140,283
	<u>71,379</u>	<u>239,610</u>

The following movements in inventories occurred during the year:

Balance at beginning of year	239,610	228,848
Written down value of land held for resale sold	(159,028)	0
Additions to inventory	(9,203)	10,762
Balance at end of year	<u>71,379</u>	<u>239,610</u>

Land Held for Resale

Economic services

Lot 105 - 10 Avonbank Close, Brookton
Lot 103 - 6 Avonbank Close, Brookton
Lot 102 - 4 Avonbank Close, Brookton

2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
\$	\$	\$	\$
38,728	55,000	16,272	0
60,150	60,000	0	(150)
60,150	60,000	0	(150)
<u>159,028</u>	<u>175,000</u>	<u>16,272</u>	<u>(300)</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

Land held for development and resale 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.

Land held for resale (Continued)

Borrowing 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 onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

Note	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment - Bushfire	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	571,209	1,609,410	12,057,035	14,237,654	94,414	2,023,890	0	17,107,049
Additions	0	0	844,796	844,796	28,973	603,890	0	1,477,659
Disposals	0	0	0	0	(12,241)	(246,754)	0	(258,995)
Depreciation	0	(25,698)	(155,670)	(181,368)	(14,836)	(157,798)	(34,188)	(388,190)
Transfers	0	325,389	(325,389)	0	0	0	0	0
Balance at 30 June 2021	571,209	1,909,101	12,420,772	14,901,082	96,310	2,223,228	0	17,937,523
Comprises:								
Gross balance amount at 30 June 2021	571,209	2,018,796	13,018,931	15,608,936	109,955	2,488,395	0	18,980,286
Accumulated depreciation at 30 June 2021	0	(109,695)	(598,159)	(707,854)	(13,645)	(265,167)	0	(1,042,763)
Balance at 30 June 2021	571,209	1,909,101	12,420,772	14,901,082	96,310	2,223,228	0	17,937,523
Additions	0	0	336,502	336,502	7,639	167,009	45,800	1,016,040
Disposals	0	0	0	0	0	(75,745)	0	(204,156)
Revaluation increments / (decrements) transferred to revaluation surplus	241,898	(209,957)	(829,067)	(797,126)	0	0	0	(797,126)
Depreciation	0	(28,000)	(137,549)	(165,549)	(14,915)	(167,834)	(42,882)	(391,180)
Transfers	0	(1,671,144)	(465,669)	(2,136,813)	0	0	0	(2,136,813)
Balance at 30 June 2022	813,107	0	11,324,989	12,138,096	89,034	2,146,658	45,800	15,424,288
Comprises:								
Gross balance amount at 30 June 2022	813,107	0	11,324,989	12,138,096	117,593	2,566,408	45,800	15,939,987
Accumulated depreciation at 30 June 2022	0	0	0	0	(28,559)	(419,750)	(67,390)	(515,699)
Balance at 30 June 2022	813,107	0	11,324,989	12,138,096	89,034	2,146,658	45,800	15,424,288

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
Land		2	Market Approach - asset assessed in terms of the factors relevant to a market participant and a value determined after adjusting for difference	Independent registered valuers	June 2022	Available market information
Buildings - non-specialised		3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2022	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, residual values and remaining useful life assessments.
Buildings - specialised		3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2022	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, residual values and remaining useful life assessments.
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.						
(ii) Cost						
Furniture and equipment		3	Cost approach using depreciated replacement cost	Management valuation	July 2019	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment		2	Cost approach using depreciated replacement cost	Management valuation	July 2019	Price per item

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE

(a) Movements in Balances

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

Note	Infrastructure - roads \$	Other infrastructure - footpaths \$	Other infrastructure - sewerage \$	Other infrastructure - parks & gardens \$	Work in progress \$	Total Infrastructure \$
Balance at 1 July 2020	66,626,290	460,788	1,205,665	622,421	0	68,915,164
Additions	946,723	45,361	32,970	0	0	1,025,054
Depreciation	(2,566,920)	(15,267)	(42,508)	(53,763)	0	(2,678,458)
Balance at 30 June 2021	65,006,093	490,882	1,196,127	568,658	0	67,261,760
Comprises:						
Gross balance at 30 June 2021	72,342,219	531,001	1,318,044	725,494	0	74,916,758
Accumulated depreciation at 30 June 2021	(7,336,126)	(40,119)	(121,917)	(156,836)	0	(7,654,998)
Balance at 30 June 2021	65,006,093	490,882	1,196,127	568,658	0	67,261,760
Additions	837,205	0	88,725	10,395	20,565	956,890
Revaluation increments / (decrements) transferred to revaluation surplus	5,790,345	117,341	364,635	376,616	0	6,648,937
Depreciation	(2,364,454)	(18,050)	(45,084)	(96,039)	0	(2,523,627)
Transfers	0	0	0	2,136,813	0	2,136,813
Balance at 30 June 2022	69,269,189	590,173	1,604,403	2,996,443	20,565	74,480,773
Comprises:						
Gross balance at 30 June 2022	89,050,320	889,614	2,239,388	5,014,780	20,565	97,214,667
Accumulated depreciation at 30 June 2022	(19,781,131)	(299,441)	(634,985)	(2,018,337)	0	(22,733,894)
Balance at 30 June 2022	69,269,189	590,173	1,604,403	2,996,443	20,565	74,480,773

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Other infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Other infrastructure - sewerage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Other infrastructure - parks & gardens	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and (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 30 JUNE 2022

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	28,000	26,426	25,698
Buildings - specialised	8(a)	137,549	147,800	155,670
Furniture and equipment	8(a)	14,915	11,187	14,836
Plant and equipment	8(a)	167,834	173,274	157,798
Plant and equipment - Bushfire	8(a)	42,882	33,684	34,188
Infrastructure - roads	9(a)	2,364,454	2,617,395	2,566,920
Other infrastructure - footpaths	9(a)	18,050	13,769	15,267
Other infrastructure - sewerage	9(a)	45,084	36,151	42,508
Other infrastructure - parks & gardens	9(a)	96,039	38,886	53,763
Right-of-use assets - Lease	11(a)	2,092	218	312
		2,916,899	3,098,790	3,066,960

Revision of useful lives of plant and equipment

At the financial year end the estimated useful lives of plant and equipment were revised, with no changes required.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings - non-specialised	50 to 80 years
Buildings - specialised	50 to 80 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Plant and equipment Bushfire	5 to 15 years
Infrastructure - roads	0 to 100 years
Infrastructure - footpaths	11 to 73 years
Infrastructure - sewerage	4 to 49 years
Infrastructure - parks and ovals	30 to 75 years
Right of use - Lease	based on the remaining lease

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2022 \$	2021 \$
Other infrastructure - parks & gardens	127,810	0
	127,810	0

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

(c) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	0	0	0	0	0	0	0	0	12,241	0	0	(12,241)
Plant and equipment	75,745	63,841	0	(11,904)	169,511	122,000	0	(47,511)	246,754	133,000	0	(113,754)
Plant and equipment - Bushfire	128,411	35,000	0	(93,411)	0	0	0	0	0	0	0	0
	204,156	98,841	0	(105,315)	169,511	122,000	0	(47,511)	258,995	133,000	0	(125,995)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
PAV4 - 2018 Holden Commodore	31,603	22,727	0	(8,876)
PAV116 - 2018 Ford Ranger	44,142	41,114	0	(3,028)
Law, order, public safety				
PF4 - 2004 Isuzu Fire Tender	128,411	35,000	0	(93,411)
	204,156	98,841	0	(105,315)

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between

mandatory revaluation dates for assets held at fair value

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.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the carrying amount for each asset class 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 land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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.

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.

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

SHIRE OF BROOKTON
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11. LEASES

(a) Right-of-Use Assets

	Note	Right-of-use assets	
		Right-of-use assets - Lease	Total
		\$	\$
Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.			
Balance at 1 July 2020		24,426	24,426
Depreciation		(312)	(312)
Balance at 30 June 2021		24,114	24,114
Depreciation	10(a)	(2,092)	(2,092)
Balance at 30 June 2022		22,022	22,022

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2022 Actual	2021 Actual
		\$	\$
Depreciation on right-of-use assets	10(a)	(2,092)	(312)
Interest expense on lease liabilities	15(b)	(763)	(810)
Total amount recognised in the statement of comprehensive income		(2,855)	(1,122)
(b) Lease Liabilities			
Current		1,467	1,419
Non-current	15(b)	20,552	22,019
		22,019	23,438

The Shire has a lease relating to land and vested improvement. The lease term is 25 years with no extension option.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is 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 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.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 15(b).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. LEASES (Continued)

The Shire leases houses to staff and aged persons with rentals payable fortnightly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The staff houses are not considered investment property as they are leased for use in the supply of services to the community. The aged persons housing are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 to allocate the consideration under the contract to each component.

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

12. REVALUATION SURPLUS

	2022		2022		2022		2021		2021		2021	
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on Revaluation	Closing Balance		
Revaluation surplus - Land - freehold land	565,236	241,898	0	241,898	807,134	565,236	0	0	0	565,236		
Revaluation surplus - Buildings - non-specialised	209,957	0	(209,957)	(209,957)	0	209,957	0	0	0	209,957		
Revaluation surplus - Buildings - specialised	8,685,782	0	(829,067)	(829,067)	7,856,715	8,685,782	0	0	0	8,685,782		
Revaluation surplus - Infrastructure - roads	61,860,200	5,790,345	0	5,790,345	67,650,545	61,860,200	0	0	0	61,860,200		
Revaluation surplus - Other infrastructure - footpaths	188,856	117,341	0	117,341	306,197	188,856	0	0	0	188,856		
Revaluation surplus - Other infrastructure - sewerage	0	364,635	0	364,635	364,635	0	0	0	0	0		
Revaluation surplus - Other infrastructure - parks & gardens	466,371	376,616	0	376,616	842,987	466,371	0	0	0	466,371		
	71,976,402	6,890,835	(1,039,024)	5,851,811	77,828,213	71,976,402	0	0	0	71,976,402		

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued payroll liabilities	
ATO liabilities	
Prepaid rates	
Accrued Expenses	
Other payables ESL Payments to FESA	

	2022	2021
	\$	\$
	96,163	89,569
	15,161	0
	13,810	0
	41,452	20,140
	94,117	12,321
	5,409	1,947
	266,112	123,977

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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.

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

14. OTHER LIABILITIES

Current

Contract liabilities
 Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Additions

	2022	2021
	\$	\$
Contract liabilities	8,114	0
Capital grant/contributions liabilities	286,906	0
	295,020	0
Additions	295,020	0
	295,020	0

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 28(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual				Budget					
		Principal		New Loans		Principal		New Loans			
		Repayments	During 2020-21	Principal at 30 June 2021	During 2021-22	Repayments	During 2021-22	Principal at 30 June 2022	Repayments	During 2021-22	Principal at 30 June 2022
Kaikami Residency		\$ 63,602	0	54,417	0	0	0	0	0	0	53,892
Staff Housing		104,943	0	89,787	0	0	0	0	0	0	88,922
Sewerage		44,522	0	38,052	0	0	0	0	0	0	37,725
Effluent Loan		0	0	0	0	0	0	0	0	0	0
Sport & Recreation		596,707	0	480,006	0	0	0	0	0	0	600,000
Grader		104,943	0	89,787	0	0	0	0	0	0	475,997
Total		854,717	0	752,059	0	0	0	0	0	0	1,345,458
Self Supporting Loans		215,828	0	193,027	0	0	0	0	0	0	191,414
Country Club		215,828	0	193,027	0	0	0	0	0	0	191,414
Total Self Supporting Loans		1,070,545	0	945,116	0	0	0	0	0	0	1,536,872

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022
Kaikami Residency		Education and welfare	Loan 80	WATC	5.63%	(2,702)	(2,829)
Staff Housing		Housing	Loan 80	WATC	5.63%	(4,459)	(4,833)
Sewerage		Community amenities	Loan 80	WATC	5.63%	(1,892)	(2,050)
Sport & Recreation		Recreation and culture	Loan 81	WATC	6.95%	(29,560)	(32,324)
Grader		Other property and services	Loan 80	WATC	5.63%	(4,459)	(4,833)
Total						(43,072)	(48,969)
Self Supporting Loans Interest Repayments		General purpose funding	Loan 82	WATC	6.95%	(15,007)	(12,999)
Country Club						(15,007)	(12,999)
Total Self Supporting Loans Interest Repayments						(66,424)	(66,424)

(b) Lease Liabilities

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual				Budget					
						Principal		New Leases		Principal		New Leases			
						Repayments	During 2020-21	Principal at 30 June 2021	During 2021-22	Repayments	During 2021-22	Principal at 30 June 2022	Repayments	During 2021-22	Principal at 30 June 2022
Re-Use Water Dam	11(b)		0		0	0	0	0	0	0	0	0	0	0	0
Total Lease Liabilities			0		0	0	0	0	0	0	0	0	0	0	0
Lease Interest Repayments						Actual for year ending 30 June 2022	Budget for year ending 30 June 2022				Actual for year ending 30 June 2021	Budget for year ending 30 June 2021			
Re-Use Water Dam	2(b)	Community amenities	LE-03	Seabrook Aboriginal Corporation	3.40%	(763)	(763)	(810)	(810)	300	(810)	(810)	300		
Total Interest Repayments						(763)	(763)	(810)	(810)	300	(810)	(810)	300		

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

16. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		142,462	668,983	811,445	133,671	811,445	945,116
Total secured borrowings	15(a)	142,462	668,983	811,445	133,671	811,445	945,116

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Brookton.

The Shire of Brookton has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 28(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 25.

Details of individual borrowings required by regulations are provided at Note 15(a).

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2022	2021
	\$	\$
Current provisions		
Employee benefit provisions		
Annual Leave	137,122	164,688
Long Service Leave	61,957	85,778
	199,079	250,466
Non-current provisions		
Long Service Leave	49,537	59,233
	49,537	59,233
	248,616	309,699

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
 More than 12 months from reporting date

Note	2022	2021
	\$	\$
	199,079	97,909
	49,537	211,790
	248,616	309,699

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

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.

Other long-term employee benefits

Long-term employee benefits provisions 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.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. 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:

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	13,981,031	11,129,166	12,759,448
Restrictions				
The following classes of financial 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	3	12,518,616	11,012,322	11,626,742
		<u>12,518,616</u>	<u>11,012,322</u>	<u>11,626,742</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	5	12,518,616	11,012,322	11,626,742
Total restricted financial assets		<u>12,518,616</u>	<u>11,012,322</u>	<u>11,626,742</u>

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

Net result		(311,846)	(1,582,779)	(759,875)
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(3,353)	0	0
Depreciation/amortisation		2,916,899	3,098,790	3,066,960
(Profit)/loss on sale of asset		105,315	47,511	125,995
(Profit)/loss on sale of inventories		(15,972)	0	0
Units in Local Government House Trust		0	0	(55,000)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(44,970)	138,538	3,380
(Increase)/decrease in inventories		9,203	0	(10,762)
Increase/(decrease) in trade and other payables		142,135	(172,738)	(239,273)
Increase/(decrease) in employee related provisions		(61,083)	0	46,611
Increase/(decrease) in other liabilities		295,020	0	0
Non-operating grants, subsidies and contributions		<u>(1,165,876)</u>	<u>(1,398,729)</u>	<u>(1,547,479)</u>
Net cash provided by/(used in) operating activities		<u>1,865,472</u>	<u>130,593</u>	<u>630,557</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Credit card limit		10,000		10,000
Credit card balance at balance date		<u>(1,997)</u>		<u>(387)</u>
Total amount of credit unused		<u>8,003</u>		<u>9,613</u>

Loan facilities

Loan facilities - current		142,462		133,671
Loan facilities - non-current		<u>668,983</u>		<u>811,445</u>
Total facilities in use at balance date		<u>811,445</u>		<u>945,116</u>

**SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022**

19. CONTINGENT LIABILITIES

In addition to the liabilities included in the financial statements, the Shire is aware of a potential contaminated site relating to the sewerage treatment plant. The potential cash outflows and the timing of these outflows cannot be estimated at this time.

20. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	2,285	180,000
- plant & equipment purchases	4,200	0
	6,485	180,000
Payable:		
- not later than one year	6,485	180,000

The capital expenditure projects outstanding at the end of the current reporting period represent oval lighting and design stage for Memorial Hall renewal.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Councillor K Crute			
President's annual allowance	1,500	1,500	1,500
Meeting attendance fees	11,300	6,375	9,000
Other expenses	0	0	1,800
Travel and accommodation expenses	212	515	621
	13,012	8,390	12,921
Councillor N Walker			
Deputy President's annual allowance	375	375	375
Meeting attendance fees	5,246	4,575	4,460
Travel and accommodation expenses	1,108	515	260
	6,729	5,465	5,095
Councillor T Fancote			
Meeting attendance fees	900	4,575	4,300
Travel and accommodation expenses	62	515	296
	962	5,090	4,596
Councillor C Hartl			
Meeting attendance fees	3,560	4,575	4,260
Travel and accommodation expenses	708	515	505
	4,268	5,090	4,765
Councillor C Hayden			
Meeting attendance fees	2,220	4,575	0
Travel and accommodation expenses	212	515	0
	2,432	5,090	0
Councillor T Lilly			
Meeting attendance fees	4,450	4,575	4,525
Travel and accommodation expenses	0	515	452
	4,450	5,090	4,977
Councillor G McNab			
Meeting attendance fees	5,155	4,575	5,970
Travel and accommodation expenses	320	515	321
	5,475	5,090	6,291
Councillor B Watts			
Meeting attendance fees	3,250	4,575	3,000
Travel and accommodation expenses	981	515	924
	4,231	5,090	3,924
	41,559	44,395	42,569

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance	1,500	1,500	1,500
Deputy President's annual allowance	375	375	375
Meeting attendance fees	36,081	38,400	35,515
Other expenses	0	0	1,800
Travel and accommodation expenses	3,603	4,120	3,379
21(b)	41,559	44,395	42,569

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Shire during the year are as follows:

	2022 Actual \$	2021 Actual \$
Short-term employee benefits	271,151	391,664
Post-employment benefits	31,609	49,583
Employee - other long-term benefits	35,913	17,035
Employee - termination benefits	12,331	0
Council member costs	41,559	42,569
21(a)	392,563	500,851

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. RELATED PARTY TRANSACTIONS (Continued)

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Sale of goods and services	5,842	0
Payment of Council member costs	134	0
Amounts outstanding from related parties:		
Trade and other receivables	25,067	0
Loans to associated entities	168,613	0

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties

An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. JOINT ARRANGEMENTS

Share of joint operations

The Shire of Brookton entered into a joint operations arrangement with the State Housing Commission for the construction of two x 2 bedroom units and two x 3 bedroom units. The provision of this housing aims to provide accommodation for singles and families. The Shire of Brookton has 13.40% interest the assets and liabilities of this joint operation under the agreement with the State Housing Commission. All revenue and expenses of the joint operation are recognised in the relevant financial statements of Shire.

The Shire is required to set aside 1% of the current replacement cost of the properties from the rental income each year for the long term maintenance of the properties. All profits derived from the operation are to be recognised as Restricted Assets to provide for future maintenance of the provision of future housing.

Statement of Financial Position

Land & Building
 Less: accumulated depreciation
Total assets

Land & Building
Total equity

Statement of Comprehensive Income

Other revenue
 Depreciation
 Other expenses
Profit/(loss) for the period
 Other comprehensive income
Total comprehensive income for the period

Statement of Cash Flows

Receipts
 Payments
Net cash provided by (used in) operating activities

	2022 Actual	2021 Actual
	\$	\$
Land & Building	91,464	112,566
Less: accumulated depreciation	0	(5,815)
Total assets	91,464	106,751
Land & Building	91,464	112,566
Total equity	91,464	112,566
Other revenue	31,433	29,811
Depreciation	(1,461)	(1,460)
Other expenses	(17,723)	(8,480)
Profit/(loss) for the period	12,249	19,871
Other comprehensive income		
Total comprehensive income for the period	12,249	19,871
Receipts	31,433	29,811
Payments	(19,184)	(9,940)
Net cash provided by (used in) operating activities	12,249	19,871

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with another party to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2021/22 Actual		2021/22 Actual		2021/22 Actual		2021/22 Actual		2021/22 Actual		2020/21 Actual		
				Rateable Value*	Revenue Rate	Interim Rates	Back Rates	Revenue Rate	Interim Rates	Back Rates	Revenue Rate	Interim Rates	Back Rates	Revenue Rate	Interim Rates	Back Rates
GRV Commercial	Gross rental valuation	0.093282	21	712,124	61,609	0	0	61,609	0	0	61,609	0	0	59,602		
GRV Residential	Gross rental valuation	0.093282	250	3,135,075	277,056	(38)	0	277,018	500	0	277,556	500	0	269,181		
GRV Industrial	Gross rental valuation	0.093282	5	86,150	7,357	809	840	9,006	0	0	7,357	0	0	7,213		
GRV Rural	Gross rental valuation	0.093282	2	309,500	28,218	985	0	29,203	0	0	28,218	0	0	27,665		
Exempt Property	Gross rental valuation	0	18	53,740	0	0	0	0	0	0	0	0	0	0		
Non-Rateable	Gross rental valuation	0	250	125,015	0	0	0	0	0	0	0	0	0	0		
UV Unimproved Value	Unimproved valuation	0.009466	226	197,486,043	1,742,066	2,573	119	1,744,758	1,000	0	1,743,066	1,000	0	1,681,363		
Sub-Total			772	201,917,647	2,116,306	4,329	959	2,121,594	1,500	0	2,117,806	1,500	0	2,045,024		
Minimum payment																
GRV Commercial	Gross rental valuation	809	10	0	8,090	0	0	8,090	0	0	8,090	0	0	8,899		
GRV Residential	Gross rental valuation	809	62	0	50,158	0	0	50,158	0	0	50,158	0	0	52,585		
GRV Industrial	Gross rental valuation	809	1	0	809	0	0	809	0	0	809	0	0	809		
GRV Rural	Gross rental valuation	809	1	0	809	0	0	809	0	0	809	0	0	809		
UV Unimproved Value	Unimproved valuation	1,385	145	0	200,825	0	0	200,825	0	0	200,825	0	0	185,590		
Sub-Total			219	0	260,691	0	0	260,691	0	0	260,691	0	0	248,692		
			991	201,917,647	2,376,997	4,329	959	2,382,285	1,500	0	2,378,497	1,500	0	2,293,716		
								(5,023)			(2,000)			(1,679)		
Discounts on general rates (Refer note 23(c))								2,377,262			2,376,497			2,292,037		
* Rateable value is based on the value of properties at the time the rate is raised.																
(b) Rates (excluding general rates)																
Ex-gratia Rates																
Ex-gratia Rates																
Sub-Total																
								34,793			34,110			34,110		
								34,793			34,110			34,110		
Total amount raised from rates (excluding general rates)								34,793			34,110			34,110		
Total Rates								34,793			34,110			34,110		
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Total amount raised from rates (excluding general rates)								34,793			34,110			34,110		
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Total Rates								34,793			34,110			34,110		
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								34,793			34,110			34,110		
								34,793			34,110			34,110		
Total amount raised from rates (excluding general rates)								34,793			34,110			34,110		
Total Rates						</										

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

23. RATING INFORMATION (Continued)

(c) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Type	Discount %	Discount	2022		2021		Circumstances in which Discount is Granted
				Actual	Budget	Actual	Budget	
			\$	\$	\$	\$		
Contiguous Rating discount	Rate	37.69%	522	2,000	1,679	CEO		
A309 - Gross rental value	Rate	100.00%	2,427	0	0	Rate Exemption Policy 2.44		
A309 - Gross rental value	Rate	100.00%	2,074	0	0	Rate Exemption Policy 2.28		
			5,023	2,000	1,679			

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/ Concession	Discount %	2022		2021	
				Actual	Budget	Actual	Budget
			\$	\$	\$	\$	
WB Eva Pavilion	Fee and charge	Waiver	100.00%	640	0	0	
Memorial Hall	Fee and charge	Waiver	100.00%	250	0	0	
Memorial Hall	Fee and charge	Waiver	100.00%	40	0	0	
				930	0	0	
				5,953	2,000	1,679	

Total discounts/concessions (Note 23)

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
WB Eva Pavilion	Regional School holiday program	Support Institute of Indigenous Wellbeing and Sport to host school holiday program	Council considers support of the event as benefiting our youth
Memorial Hall	Host Wheatbelt Ball	Support School to host ball for surrounding districts	Council considers support of the event as benefiting to the community and surrounding districts
Memorial Hall	Fund Raiser for Not for Profit	Support community groups	Council considers support of these community groups as benefiting to the community

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

23. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	1/09/2021	0	0.0%	7.0%
Option Two				
First instalment	1/09/2021	0	5.5%	7.0%
Second instalment	10/01/2022	10	5.5%	7.0%
Option Three				
First instalment	1/09/2021	0	5.5%	7.0%
Second instalment	4/11/2021	10	5.5%	7.0%
Third instalment	10/01/2022	10	5.5%	7.0%
Fourth instalment	16/03/2022	10	5.5%	7.0%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	7,053	7,500	7,317
Interest on instalment plan	9,787	10,000	9,725
Charges on instalment plan	3,740	4,000	3,590
	20,580	21,500	20,632

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2021/22	2020/21		
	2021/22 (30 June 2022 Carried Forward)	(30 June 2022 Carried Forward)	(1 July 2021 Brought Forward)	(30 June 2021 Carried Forward)		
Note	\$	\$	\$	\$		
(a) 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 <i>Financial Management Regulation 32</i> .						
Adjustments to operating activities						
	Less: Profit(Loss) on asset disposals LHFR	7	(15,972)	0	0	0
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,353)	0	(55,000)	(55,000)
	Add: Loss on disposal of assets	10(c)	105,315	47,511	125,995	125,995
	Add: Depreciation	10(a)	2,916,899	3,098,790	3,066,960	3,066,960
Non-cash movements in non-current assets and liabilities:						
	Movement in inventory LHFR		(5,931)	0	0	0
	Pensioner deferred rates		(6,135)	0	(3,647)	(3,647)
	Employee benefit provisions		(9,696)	0	24,201	0
Non-cash amounts excluded from operating activities						
			2,981,127	3,146,301	3,158,509	3,134,308
(b) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
	Less: Reserve accounts	5	(12,518,616)	(11,012,322)	(11,626,742)	(11,626,742)
	Less: Financial assets at amortised cost - self supporting loans	4(a)	(26,140)	0	(24,414)	(24,414)
	- Land held for resale	7	(59,453)	0	(212,550)	(212,550)
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	16	142,462	600,000	133,671	133,671
	- Current portion of lease liabilities	11(b)	1,467	1,419	1,419	1,419
	- Employee benefit provisions		0	0	0	24,201
	Net impact on surplus due to sale of Kalkarni in 19/20		0	0	0	503,386
Total adjustments to net current assets						
			(12,460,280)	(10,410,903)	(11,728,616)	(11,201,029)
Net current assets used in the Rate Setting Statement						
	Total current assets		14,237,847	11,194,422	13,143,934	13,143,934
	Less: Total current liabilities		(904,140)	(783,519)	(509,533)	(509,533)
	Less: Total adjustments to net current assets		(12,460,280)	(10,410,903)	(11,728,616)	(11,201,029)
Net current assets used in the Rate Setting Statement						
			873,427	0	905,785	1,433,372

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

25. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.01%	13,981,031	12,518,616	954,782	507,633
2021					
Cash and cash equivalents	0.19%	12,759,448	11,626,742	1,002,909	129,797

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	9,548	10,029

* Holding all other variables constant

Borrowings

Borrowings are 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(a).

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 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 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.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factor.

The loss allowance as at 30 June 2021 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2021 or 30 June 2022 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

The expected credit loss is immaterial and therefore a provision for expected credit losses has not been brought to account.

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	78,193	20,113	54,966	0	153,272	
Loss allowance	0	0	0	0	0	6
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.2228%	1.1181%	0.8243%		
Gross carrying amount	688	26,927	22,359	48,527	98,501	
Loss allowance	0	0	0	0	0	6

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.42%	0.42%	0.42%	0.42%		
Gross carrying amount	31,685	7,710	3,033	5,982	48,410	
Loss allowance	0	0	0	0	0	6
30 June 2021						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	0.0583%		
Gross carrying amount	63,040	120	0	1,234	64,394	
Loss allowance	0	0	0	0	0	6

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and 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 and disclosed in Note 18(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2022</u>					
Trade and other payables	180,763	0	0	180,763	266,112
Borrowings	193,638	774,551	195,668	1,163,857	811,445
Lease liabilities	1,467	6,381	14,171	22,019	22,019
	<u>375,868</u>	<u>780,932</u>	<u>209,839</u>	<u>1,366,639</u>	<u>1,099,576</u>
<u>2021</u>					
Trade and other payables	123,977	0	0	123,977	123,977
Borrowings	193,638	580,914	389,305	1,163,857	945,116
Lease liabilities	1,419	7,848	14,171	23,438	23,438
	<u>319,034</u>	<u>588,762</u>	<u>403,476</u>	<u>1,311,272</u>	<u>1,092,531</u>

**SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022**

26. TRUST FUNDS

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

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Public Open Space Contributions	13,820	0	0	13,820
	13,820	0	0	13,820

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Brookton did not have any events occurring after the reporting date that have a significant effect on the financial statements.

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Current and non-current classification

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 or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

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

d) 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 statements that has a material effect on the statement of financial position, 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.

e) 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.

f) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

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.

h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) 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.

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 the service capacity of an asset.

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.

j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have a significant impact on the financial report.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
<p>Governance To provide a decision making process for the efficient allocation of resources.</p>	<p>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</p>
<p>General purpose funding To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose grants and interest revenue.</p>
<p>Law, order, public safety To provide services to help ensure a safer community.</p>	<p>Supervision of various by-laws, fire prevention, emergency services and animal control.</p>
<p>Health To provide an operational framework for good community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p>Education and welfare The Shire of Brookton provides low cost housing and Seniors accommodation units.</p>	<p>Support and provide assistance to senior citizens and other voluntary services.</p>
<p>Housing Provision and maintenance of rental housing to staff and non-staff tenants.</p>	<p>Provision and maintenance of rental housing to staff and non-staff tenants.</p>
<p>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.</p>	<p>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</p>
<p>Recreation and culture To establish and manage efficiently infrastructure and resources which will help the social well being of the community</p>	<p>Maintenance of halls, aquatic centre, recreation centre and reserves, parks and gardens, library service, cultural and heritage services and facilities.</p>
<p>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.</p>	<p>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.</p>
<p>Economic services Tourism and promotion of Brookton, operation of Brookton Caravan Park, building control and land care development of the Brookton district</p>	<p>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.</p>
<p>Other property and services Private works and indirect cost allocation pools for plant operation and public works.</p>	<p>Private works operations, public works operation, plant operation costs, gross salaries and wages.</p>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2,021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	16,947	23,510	94,574
General purpose funding	2,479,649	2,555,410	2,482,835
Law, order, public safety	128,095	111,160	101,968
Health	127	300	205
Education and welfare	59,644	65,906	66,586
Housing	126,221	71,296	94,618
Community amenities	427,428	404,681	391,925
Recreation and culture	43,324	36,101	35,219
Transport	7,903	5,800	6,285
Economic services	191,260	100,160	58,381
Other property and services	42,019	27,000	50,565
	3,522,617	3,401,324	3,383,161
Grants, subsidies and contributions			
General purpose funding	1,684,347	1,707,603	1,825,865
Law, order, public safety	482,302	204,803	214,062
Community amenities	54,840	0	0
Recreation and culture	1,818	0	23,616
Transport	676,291	678,503	652,290
	2,899,598	2,590,909	2,715,833
Total Income	6,422,215	5,992,233	6,098,994
Expenses			
Governance	(464,638)	(250,387)	(487,883)
General purpose funding	(219,181)	(569,257)	(316,343)
Law, order, public safety	(430,081)	(470,954)	(387,176)
Health	(24,528)	(25,294)	(19,904)
Education and welfare	(126,535)	(163,573)	(141,279)
Housing	(188,529)	(241,917)	(157,594)
Community amenities	(463,687)	(573,400)	(425,656)
Recreation and culture	(893,434)	(1,044,540)	(917,785)
Transport	(3,312,965)	(3,571,833)	(3,365,136)
Economic services	(247,600)	(257,475)	(162,644)
Other property and services	(362,883)	(406,382)	(477,469)
Total expenses	(6,734,061)	(7,575,012)	(6,858,869)
Net result for the period	(311,846)	(1,582,779)	(759,875)

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

29. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2,021 Actual
(c) Fees and Charges	\$	\$	\$
Governance	10,141	10,010	11,765
General purpose funding	9,475	7,200	6,845
Law, order, public safety	9,483	4,720	4,935
Health	127	300	205
Education and welfare	59,644	64,906	65,686
Housing	117,335	67,296	88,514
Community amenities	427,428	404,681	391,925
Recreation and culture	37,510	32,400	31,569
Economic services	174,043	97,160	53,085
Other property and services	2,938	2,000	1,864
	848,124	690,673	656,393
	2022	2021	
(d) Total Assets	\$	\$	
Governance	2,481,618	2,379,248	
General purpose funding	322,778	307,981	
Law, order, public safety	1,011,828	722,360	
Education and welfare	3,011,650	2,396,240	
Housing	2,163,584	2,047,404	
Community amenities	2,859,554	2,303,670	
Recreation and culture	9,639,773	10,655,081	
Transport	70,311,860	65,769,198	
Economic services	1,315,201	1,195,218	
Other property and services	2,715,072	2,688,341	
Unallocated	8,588,244	8,175,474	
	104,421,162	98,640,215	



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Brookton

To the Councillors of the Shire of Brookton

Opinion

I have audited the financial report of the Shire of Brookton (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with *ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Brookton for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Jordan Langford-Smith
Senior Director General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
21 December 2022