



AUDIT AND RISK COMMITTEE

05 April 2022

Attachments provided under separate cover.

- 1. Item 8.04.22 – ANNUAL REPORT FOR 2020-2021 FINANCIAL YEAR**
Attachment 8.04.22A – 2020/2021 Annual Financial Report
Attachment 8.04.22B – 2020/2021 Management Letter



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www.brookton.wa.gov.au



Shire of
Brookton
Growing the Future



Annual Report
2020/2021

Shire of Brookton

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CONTENTS

| | |
|---|----|
| Acknowledgement of Country | 3 |
| Shire President Message | 4 |
| Chief Executive Officer Message | 6 |
| Council | 8 |
| Elected Member attendance at meetings | 9 |
| Meetings of Council: explained | 10 |
| Senior Staff | 11 |
| Shire Profile | 12 |
| Disability Access and Inclusion Plan | 13 |
| Integrated Planning and Reporting (IPR) | 14 |
| Freedom of Information Statement | 20 |
| Other Statements | 21 |
| Annual Financial Report 2020-21 | 22 |

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 2020-21 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.

The entire financial year saw a continuation of the COVID 19 pandemic and whilst the Shire was not directly impacted by Covid outbreaks, it felt the ripple effects of what was occurring in the metropolitan area, the rest of Australia, and the world. Worker shortages, access to plant, machinery, and materials, and an increase in the cost of construction, was some of the negatives, whilst a positive has been a significant increase in tourists and travellers into the regions, providing a much-needed boost to businesses. The response by the Shire community was again outstanding and the positive response to the vaccination program has seen the Shire achieving one of the highest double dose rates in regional Western Australia. I was again this year so incredibly proud of our community, we came together, to do the right thing to get vaccinated, take care of our seniors and elderly and generally support each other.

In this financial year, like many other local governments throughout Australia, the Shire was very fortunate to receive further COVID 19 stimulus funds from the Federal Government. The Shire received a total of \$451,000, as part of the Local Roads and Community Infrastructure Phase 1 and 2 programs, which together with the \$500,000 Commonwealth Governments Drought Communities Fund, saw the Shire undertake major works and improvements to community facilities. Projects included two one-bedroom chalets and two, two-bedroom chalets (disability accessible), and upgrading the Campers kitchen, and Ablution facilities at the Caravan Park. Construction of the Youth and Men's Shed/Community Garden buildings, playground, and landscaping at the Caravan Park and footpath improvements in Lennard and Richardson Streets.

Council continued to be flexible and work together with the community through the progressing of the Integrated Planning and Reporting (IPR) process and the Innovations Pathway and the Next Generation BROOKTON Strategic Community Plan. Corporate Business Plan and the innovative Book of Ideas. The importance of the Brookton Memorial Hall and Brookton Railway Station building received a boost during the financial year with the Council appointing Architect Stephen Carrick to prepare concept designs and options for both buildings to allow the Council undertake community consultation and received feedback. Council has committed to a Refurbishment & Repurpose of the Brookton Memorial Town Hall, with the Railway Station still to have the community consultation period a final decision to be made. Council is committed to identifying possible sources of funding both internal and external, to ensuring the best possible outcomes for Next Generation BROOKTON. This is expected to be completed in the next financial year.

Council continued to support a number of programs and community organisations during the financial year through the Brookton Community Chest to the Brookton High School Chaplaincy (\$5,000), Brookton CWA (\$10,000), Brookton Historical Society (\$4,000) and Brookton Old Time Motor Show (\$10,000) as well as supporting the Brookton Country Club CSRFF funding application and the Brookton Business Advisory Group to help small businesses work together to deliver outcomes that benefit all, including how we can collaborate to achieve Brookton outcomes.

I wish to also extend Council's congratulations to the Australia Day Award recipients for the 2021 year.

- Citizen of the Year Award – Carol Bond
- Community Event of the Year Award – Brookton Choral Society: Kids Fun & Magic Afternoon

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 2020-21, 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 cursive script, appearing to read "K. Crute".

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 2020/21 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

The Office of the Auditor General (AOG) have again taken on the direct role of completing the audit on the Shire's financial management and governance functions, unlike many other local governments in the region where it's undertaken under contract for the AOG by private auditing firms. The final annual Audit Report by the AOG has identified several matters that will require actions to be taken by staff to ensure that the Shire continues to implement effective and robust procedures going forward, but 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 \$1,443,371 surplus achieved at the 30 June 2021, with the prepayment of \$542,161 Federal Financial Assistance Grants, representing 50% of the expected 2021/22 allocation contributing to this surplus. Council has maintained a very healthy Reserve funds balance of \$11,626,742 at the 30 June 2021 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 2020-21 financial year is appended to this report.

Key Statutory and Strategic Matters

Amendments to Local Government Act legislation in 2020 saw a requirement for the Shire to adopt Model Standards for CEO Recruitment, Performance and Termination and a new Code of Conduct for Council Members, Committee Members and Candidates, that will result in some complaints being dealt with the Council. There has also been a requirement for an increased level of documentation to be placed on the Shire website, including Councillor Compulsory Training, Gifts Register and Financial Interest Declaration Reports.

The endorsement by Council of the Brookton Recreation Precinct Plan and the provision of COVID 19 Stimulus funds from the Federal Government has allowed the Council to progress some of the projects identified in the Precinct Plan (projects outlined in Shire President's Message).

Council also endorsed the Draft Precinct Concept Layout Plan for the Brookton Nature Playground and Skatepark in February 2021 with some works already commenced on this project.

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 2020-21 financial year:

- Brookton – Kweda Road - reconstruction and seal, three (3) klms (\$432,500)
- York- Williams Road – second coat seal, three (3) klms (\$96,000)
- Brookton-Kweda – temporary seal (\$219,000)
- Bartram and Dale Kokeby Roads - gravel resheeting, two (2) klms (\$297,000)
- Headwall upgrades (\$25,000)
- Bridge Maintenance (\$75,000)
- Continued road maintenance grading works across the Shire’s unsealed road network (\$409,000)

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:

- Purchase of John Deere 670GP Grader.
- Side Winder Reel Mower.
- Single cab utility

Other Works

The other works performed during the year includes:

- Parks and gardens maintenance.
- Memorial Park Upgrade
- Installation of disability ramp into Council chambers area

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 and especially the support of the Councillors during what has been a difficult year that we all hope will be on the improve going forward



Gary Sherry
Chief Executive Officer

Council



Cr Katrina Crute
Shire President
Term expires: 2021

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



Cr Neil Walker
Deputy Shire President
Term expires: 2023

Mobile: 0408 424 018
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Cr Theresa Fancote
Councillor
Term expires: 2021

Mobile: 0418 914 705
CrFancote@brookton.wa.gov.au



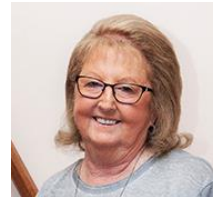
Cr Chris Hartl
Councillor
Term expires: 2023

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Cr Tamara Lilly
Councillor
Term expires: 2023

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Cr Gail Macnab
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Term expires: 2023

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Cr Barry Watts
Councillor
Term expires: 2021

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CrWatts@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 2020/2021 financial year.

| Councillor | Council Meetings | | Elector Meetings | | Committee Meetings | | | |
|---|------------------|---------|------------------|---------|--------------------|------|------|------------|
| | Ordinary | Special | Annual | Special | Audit & Risk | BFAC | LEMC | Employment |
| Cr Katrina Crute Shire President | 11 | 4 | 1 | - | 3 | 3 | 3 | - |
| Cr Neil Walker Deputy Shire President | 11 | 4 | 1 | - | 3 | n/a | n/a | - |
| Cr Tamara Lilly | 11 | 4 | 1 | - | n/a | 2 | n/a | - |
| Cr Theresa Fancote | 10 | 4 | 1 | - | n/a | n/a | n/a | - |
| Cr Barry Watts | 11 | 3 | | - | n/a | n/a | n/a | - |
| Cr Gail Macnab | 10 | 3 | 1 | - | 3 | n/a | 3 | - |
| Cr Chris Hartl | 11 | 4 | 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 2020/2021 year |
|---|---|
| Ordinary Meeting of Council | 11 |
| Special Meeting of Council | 4 |
| Annual Electors Meeting | 1 |
| Special Electors Meeting | 0 |
| Audit and Risk Committee | 3 |
| Bushfire Advisory Committee (BFAC) | 3 |
| Local Emergency Management Committee (LEMC) | 3 |
| Employment Committee | 0 |

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 Mr Ian D'Arcy
- Manager Corporate and Community Mrs. Amy Eva (left September 2020)
- Manager Corporate and Community Mrs. Kellie Bartley (commenced December 2020)
- Manager Infrastructure & Regulatory Mr Mikel Haramboure (left June 2021)

In total the Shire of Brookton employed 23 full time equivalent (FTE) employees during the 2020-21 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 | 2020 | 2021 |
|-----------------------|------|------|
| \$130,000 - \$139,999 | 0 | 0 |
| \$140,000 - \$149,999 | 1 | 1 |
| \$150,000 - \$159,000 | 0 | 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 2020/2021 financial year was \$197,288.



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 | 975 (as at 2016 Census) |
| Median Age | 48 (as at 2016 Census) |
| Number of Dwellings | 506 (as at 2016 Census) |
| Number of Council Employees | 23 |
| Number of Elected Members | 7 |
| Distance from Perth | 138 kilometres |
| Length of Roads - Sealed | 205 kilometres |
| Length of Roads - Unsealed | 438 kilometres |



Disability Access and Inclusion Plan

The Shire reviewed its Disability Access and Inclusion Plan (DAIP) in 2020/2021, with minor progress having been made.

This included:

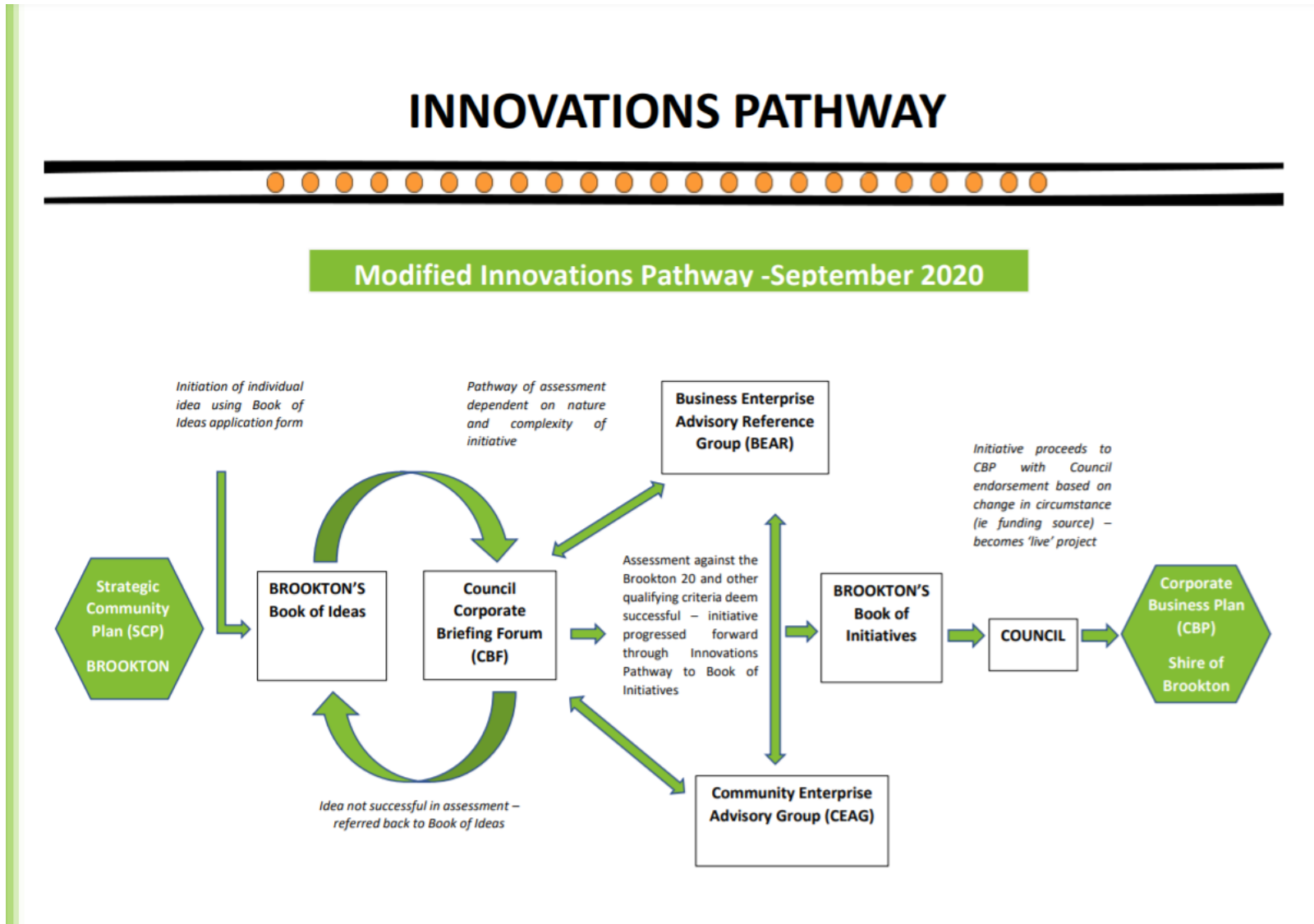
- Upgrade of the Shire Administration Office front counter, that now provides two (2) counter heights, to provide access and inclusion for all who enter the building.
- Disability access to the Council Chambers, with compliant ramp, and side rail, providing ease of access for all members of the community.
- Upgrade to the Caravan Park, with two (2) new disability access chalets, that accords to the regulated building standards for persons with a significant disability.
- Inclusion of disability ablution amenities within the Community Garden/ Men's Shed, and new Youth Buildings, with external public access.
- Footpath upgrades along Richardson Street, and Lennard Street, to improve accessibility.
- Installation of an all-inclusive swing, and flying fox, that supports children with a disability.



| Major Projects | Facilitator | Proponent | Progress |
|--|-------------|-----------|---|
| BROOKTON Regional Wellness Hub | ✓ | | This proposal has been parked during 2020/21, due to the unplanned Commonwealth Grant funding received by the Shire of Brookton. |
| Brookton Multipurpose Function Centre – Refurbished, Restored or New | | ✓ | Architectural design options were prepared, and the BROOKTON community was consulted, reaching a decision on refurbishment and additions to the existing 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 2020/21 financial year, the Shire purchased, and received delivery of 2 x 2-bedroom disability access, 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, with the delivery of 2 x community sheds (Youth: Youth Group/Girl Guides & Men's Shed/Community Garden shared space) |
| BROOKTON Innovative Farming | ✓ | | This initiative has been stalled due to other governance priorities and the onset of the COVID-19 pandemic. |
| BROOKTON Rental Housing Program | ✓ | | Little progress has been initiated on this proposal. Due to the unexpected grant funding received due to the COVID-19 stimulus funding from the Commonwealth. |
| BROOKTON Sustainable Energy Generation | ✓ | | Little progress has been initiated on this proposal. Due to the unexpected grant funding received due to the COVID-19 stimulus funding from the Commonwealth. |
| BROOKTON Commercial/Industrial Hub – includes new Shire Works Depot | ✓ | ✓ | Little progress has been initiated on this proposal. Due to the unexpected grant funding received due to the COVID-19 stimulus funding from the Commonwealth. |
| Brookton Railway Station Development | ✓ | ✓ | This initiative is pending assessment of the Brookton Railway Station, and a discussion with the BROOKTON community on the future direction. Architectural design options are to be prepared, and community consultation to be progressed in 2021/2022. |

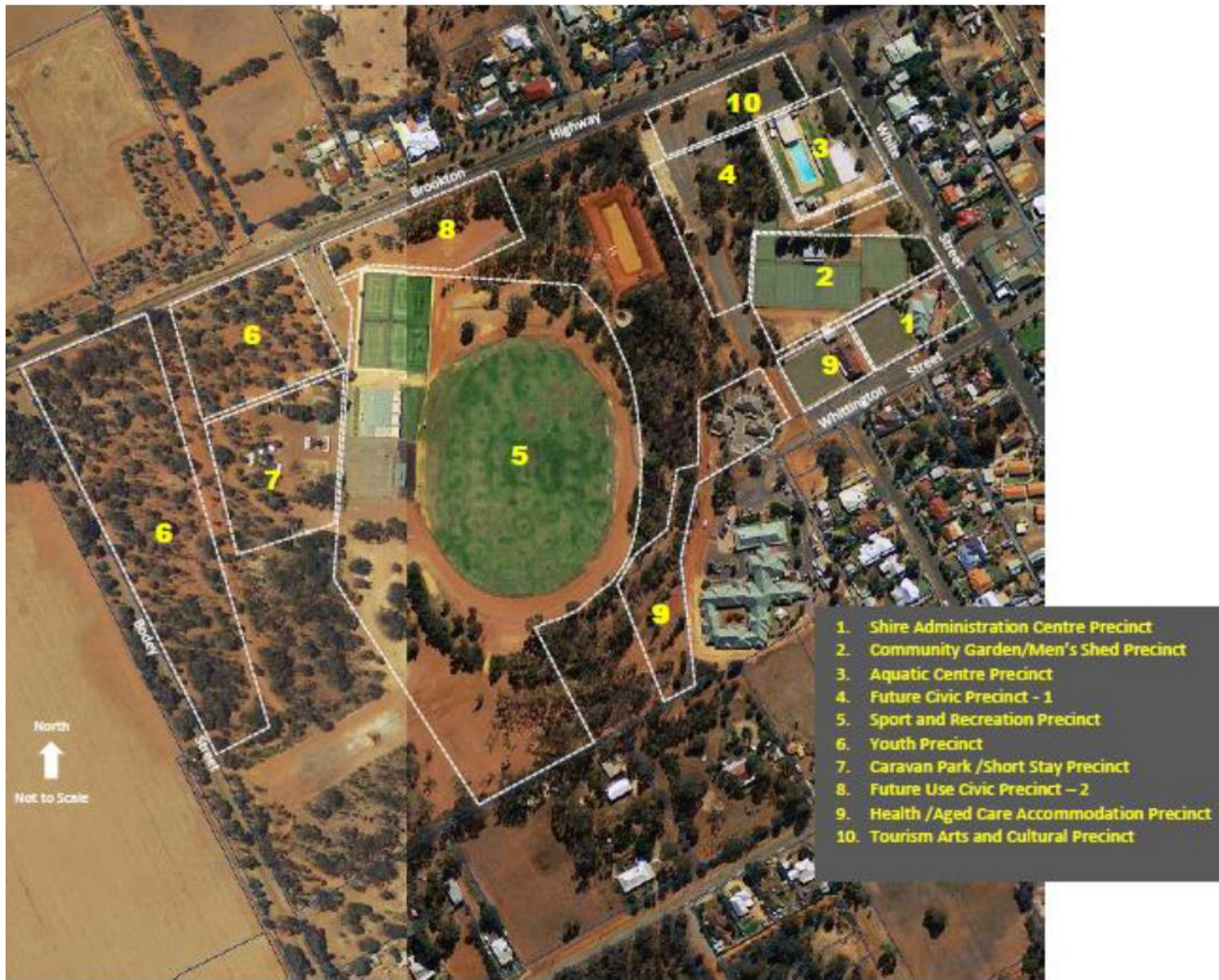
| Minor Projects | Facilitator | Proponent | Progress |
|---|--------------------|------------------|---|
| BROOKTON Lifestyle Land Release | | ✓ | The Council has 'parked' this initiative in favour of a private developer. |
| Brookton Public Art | ✓ | | Little progress has been initiated on this proposal 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 unexpected grant funding received due to the COVID-19 stimulus funding from the Commonwealth. |
| BROOKTON Overarching Town Strategy | | ✓ | Little progress has been initiated on this proposal. Due to the unexpected grant funding received due to the COVID-19 stimulus funding from the Commonwealth. |
| 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 unexpected grant funding received due to the COVID-19 stimulus funding from the Commonwealth. |
| Brookton Community Car | | ✓ | Little progress has been initiated on this proposal. Due to the unexpected grant funding received due to the COVID-19 stimulus funding from the Commonwealth. |
| Brookton Cultural Walk Trails | | ✓ | Little progress has been initiated on this proposal. Due to the unexpected grant funding received due to the COVID-19 stimulus funding from the Commonwealth. |
| Brookton Town Entry Statement Town Signage | | ✓ | Minor progress was made on this proposal, with design options drafted and preliminary quotes received. Due to the unexpected grant funding received due to the COVID-19 stimulus funding, Council agreed to part this proposal at this stage. |
| Brookton Welcome Pack/New Resident and Caravan Park/Tourism | | ✓ | The Brookton Welcome Pack, and New Resident pack as had little progress, due to change in staff and COVID-19 stimulus funding. A Caravan Park welcome pack is being created for placement within the Chalet Units and for visiting caravanners. |

Additionally, the “Innovation Pathway’ process (as illustrated in the flow diagram below) continued to build capacity through review of suggested projects, presented to the “Book of Ideas”.



Shire of Brookton Corporate Business Plan – Revised Innovations Pathway Flow Diagram

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).

To date, 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 development of a BMX track, improvements to the Brookton Caravan Park with the addition of self-contained short-stay accommodation, a new Men's Shed and Community Garden building, and a co-located Youth and Girl Guides building, that were delivered in the 2020-21 financial year.

Another area of focus, but has been lagging under the IPR framework, is the Shire’s Asset Management Framework in 2020-21. 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 2022, 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.

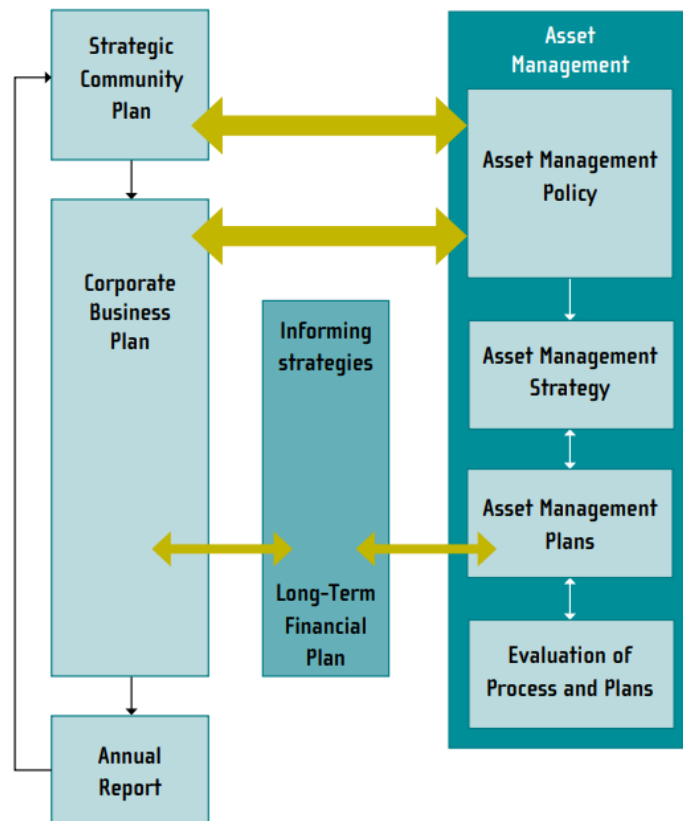


Figure 2-1 sourced from the Western Australian Department of Local Government’s Asset Management Framework and Guidelines

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.

Freedom of Information Statement

The Shire of Brookton is required to provide an Information Statement in accordance with the *Freedom of Information Act 1992*.

Part 5, Section 94 of the *Freedom of Information Act, 1992* requires each agency (including Local Government) to prepare an information statement which conveys the maximum possible details to the public about the agency's operation, and which makes available to the public documents which have previously been unavailable in many cases. Agencies are required to make this publication available ensuring that the public has access to the information it needs to effectively use FOI.

Information held by the Shire, unless deemed by Council, or another Act, to be confidential, is generally available to members of the public for viewing

A full information statement in this regard is available on the Shire's website and can be provided in alternative formats upon request. The Shire website information is www.brookton.wa.gov.au.

Statements can also be provided during the Shire business hours, by contacting: the FOI Officer, Shire of Brookton, 14 White Street, Brookton, 6306, WA. The telephone number is (08) 9642 1106.

It should be noted, in the 2020/2021 financial year the Shire did not receive a request under the *Freedom of Information Act 1992*.



Other Statements

State Records Act 2000

The Shire received an extension from the State Records Office (SRO), to review its Recordkeeping Plan, until February 2020, with this being further extended to December 2020. In the 2018-19 financial year, the Shire commenced the process of investing in an Electronic Document and Records Management System (EDRMS) platform to capture electronic records, and information that is compatible with the existing Synergy software used for the Shire's financial management. As a result of this major change to the capture and storage of information, and records, the recordkeeping plan required total review that is scheduled to be completed in line with the extension granted by the SRO board.

The Shire had subsequently acquired the new Altus IT Records module, towards the end of the 2019/2020 financial year, and has been working on the framework to transfer all of the records data, as well as update its records plan.

The Shire adopted the Shire of Brookton Records Keeping Plan 2020-2025, and now has a formal document which staff are utilising, along with the final endorsement from the State Records Office. The Shire is now compliant with the requirements under legislation.

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 2020-21 financial year for anti-competitive practices, rather it has adhered to a competitive approach to achieve value for money.

Official Conduct Report

Under Section 5.121 of the *Local Government Act, 1995* the Shire is required to disclose if any complaints were made regarding elected members conduct. There was two (2) minor misconduct allegations made to the Public Sector Commission, these were against two (2) Elected Members, and involved the non-lodgement of the Primary Financial Return documents, within the required timeframe. The decision was that no sanction be imposed upon the Elected Members.

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 2020/21 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-20202021.aspx>



Annual Financial Report 2020-21

SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

TABLE OF CONTENTS

| | |
|---|----|
| Statement by Chief Executive Officer | 2 |
| Statement of Comprehensive Income by Nature or Type | 3 |
| Statement of Comprehensive Income by Program | 4 |
| Statement of Financial Position | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Cash Flows | 7 |
| Rate Setting Statement | 8 |
| Index of Notes to the Financial Report | 9 |
| Independent Auditor's Report | 58 |

SHIRE'S VISION

BROOKTON is
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 2021**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Brookton for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Brookton at 30 June 2021 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 25th day of March 2022



Chief Executive Officer



Name of Chief Executive Officer

SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 24(a) | 2,329,557 | 2,323,565 | 2,279,697 |
| Operating grants, subsidies and contributions | 2(a) | 1,168,354 | 1,167,520 | 1,192,147 |
| Fees and charges | 2(a) | 656,393 | 682,778 | 655,250 |
| Interest earnings | 2(a) | 143,477 | 130,111 | 121,464 |
| Other revenue | 2(a) | 253,734 | 197,836 | 143,556 |
| | | 4,551,515 | 4,501,810 | 4,392,114 |
| Expenses | | | | |
| Employee costs | | (1,852,539) | (1,911,012) | (1,574,632) |
| Materials and contracts | | (1,299,405) | (1,531,907) | (1,668,495) |
| Utility charges | | (153,257) | (177,631) | (167,962) |
| Depreciation on non-current assets | 10(b) | (3,066,960) | (2,781,490) | (2,825,015) |
| Interest expenses | 2(b) | (67,234) | (76,411) | (107,067) |
| Insurance expenses | | (174,637) | (193,031) | (180,085) |
| Other expenditure | | (118,842) | (112,453) | (8,576) |
| | | (6,732,874) | (6,783,935) | (6,531,832) |
| | | (2,181,359) | (2,282,125) | (2,139,718) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,547,479 | 740,579 | 542,656 |
| Profit on asset disposals | 10(a) | 0 | 12,000 | 47,868 |
| (Loss) on asset disposals | 10(a) | (125,995) | (103,789) | (53,638) |
| | | 1,421,484 | 648,790 | 536,886 |
| Discontinued Operations | | | | |
| Profit/(Loss) on discontinued Operations | 28 | 0 | 0 | 367,523 |
| Net result for the period | | (759,875) | (1,633,335) | (1,235,309) |
| Total comprehensive income for the period | | (759,875) | (1,633,335) | (1,235,309) |

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

SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Governance | 2(a) | 94,574 | 43,050 | 65,328 |
| General purpose funding | | 3,503,958 | 3,519,741 | 3,485,408 |
| Law, order, public safety | | 162,471 | 141,930 | 44,361 |
| Health | | 205 | 300 | 928 |
| Education and welfare | | 66,586 | 68,982 | 89,206 |
| Housing | | 94,618 | 87,278 | 100,046 |
| Community amenities | | 391,925 | 423,838 | 382,586 |
| Recreation and culture | | 37,037 | 39,131 | 47,298 |
| Transport | | 91,195 | 90,710 | 88,944 |
| Economic services | | 58,381 | 53,150 | 48,301 |
| Other property and services | | 50,565 | 33,700 | 39,708 |
| | | 4,551,515 | 4,501,810 | 4,392,114 |
| Expenses | | | | |
| Governance | 2(b) | (487,883) | (520,520) | (528,710) |
| General purpose funding | | (301,935) | (331,264) | (185,315) |
| Law, order, public safety | | (387,176) | (508,549) | (183,481) |
| Health | | (19,904) | (22,031) | (47,701) |
| Education and welfare | | (138,042) | (165,257) | (292,651) |
| Housing | | (152,252) | (192,037) | (160,140) |
| Community amenities | | (422,580) | (555,032) | (466,341) |
| Recreation and culture | | (881,957) | (873,954) | (926,852) |
| Transport | | (3,365,136) | (2,975,508) | (3,233,528) |
| Economic services | | (162,644) | (183,296) | (193,640) |
| Other property and services | | (346,132) | (380,074) | (206,406) |
| | | (6,665,640) | (6,707,522) | (6,424,765) |
| Finance Costs | | | | |
| Governance | 2(b) | 0 | 0 | (9,461) |
| General purpose funding | | (14,408) | (16,106) | (31,893) |
| Education and welfare | | (3,237) | (3,889) | (4,240) |
| Housing | | (5,342) | (6,418) | (6,996) |
| Community amenities | | (3,076) | (3,533) | (3,825) |
| Recreation and culture | | (35,829) | (40,047) | (43,656) |
| Other property and services | | (5,342) | (6,418) | (6,996) |
| | | (67,234) | (76,411) | (107,067) |
| | | (2,181,359) | (2,282,123) | (2,139,718) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,547,479 | 740,579 | 542,656 |
| Profit on disposal of assets | 10(a) | 0 | 12,000 | 47,868 |
| (Loss) on disposal of assets | 10(a) | (125,995) | (103,789) | (53,638) |
| | | 1,421,484 | 648,790 | 536,886 |
| Discontinued Operations | | | | |
| Profit/(Loss) on discontinued Operations | 28 | 0 | 0 | 367,523 |
| Net result for the period | | (759,875) | (1,633,333) | (1,235,309) |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Total comprehensive income for the period | | (759,875) | (1,633,333) | (1,235,309) |

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



SHIRE OF BROOKTON
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | NOTE | 2021 \$ | 2020 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 12,759,448 | 12,944,172 |
| Trade and other receivables | 6 | 120,462 | 127,487 |
| Other financial assets | 5(a) | 24,414 | 22,801 |
| Inventories | 7 | 239,610 | 228,848 |
| TOTAL CURRENT ASSETS | | 13,143,934 | 13,323,308 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 6 | 44,270 | 40,623 |
| Other financial assets | 5(b) | 228,614 | 308,980 |
| Property, plant and equipment | 8 | 17,937,523 | 17,107,049 |
| Infrastructure | 9 | 67,261,760 | 68,915,164 |
| Right of use assets | 11(a) | 24,114 | 24,426 |
| TOTAL NON-CURRENT ASSETS | | 85,496,281 | 86,396,243 |
| TOTAL ASSETS | | 98,640,215 | 99,719,551 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 123,977 | 363,250 |
| Lease liabilities | 14(a) | 1,419 | 1,372 |
| Borrowings | 15(a) | 133,671 | 254,174 |
| Employee related provisions | 16 | 250,466 | 179,654 |
| TOTAL CURRENT LIABILITIES | | 509,533 | 798,450 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 14(a) | 22,019 | 23,437 |
| Borrowings | 15(a) | 811,445 | 816,371 |
| Employee related provisions | 16 | 59,233 | 83,434 |
| TOTAL NON-CURRENT LIABILITIES | | 892,697 | 923,242 |
| TOTAL LIABILITIES | | 1,402,230 | 1,721,692 |
| NET ASSETS | | 97,237,985 | 97,997,859 |
| EQUITY | | | |
| Retained surplus | | 13,634,841 | 13,888,208 |
| Reserves - cash backed | 4 | 11,626,742 | 12,133,250 |
| Revaluation surplus | 12 | 71,976,402 | 71,976,402 |
| TOTAL EQUITY | | 97,237,985 | 97,997,860 |

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

SHIRE OF BROOKTON
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|--------------------------------------|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2019 | | 22,003,293 | 5,253,474 | 71,976,402 | 99,233,169 |
| Comprehensive income | | | | | |
| Net result for the period (restated) | | (1,235,309) | 0 | 0 | (1,235,309) |
| Total comprehensive income | | (1,235,309) | 0 | 0 | (1,235,309) |
| Transfers from reserves | 4 | 1,344,695 | (1,344,695) | 0 | 0 |
| Transfers to reserves | 4 | (8,224,471) | 8,224,471 | 0 | 0 |
| Balance as at 30 June 2020 | | 13,888,208 | 12,133,250 | 71,976,402 | 97,997,860 |
| Comprehensive income | | | | | |
| Net result for the period | | (759,875) | 0 | 0 | (759,875) |
| Total comprehensive income | | (759,875) | 0 | 0 | (759,875) |
| Transfers from reserves | 4 | 3,773,514 | (3,773,514) | 0 | 0 |
| Transfers to reserves | 4 | (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 |

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

SHIRE OF BROOKTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 2,333,089 | 2,379,674 | 2,291,345 |
| Operating grants, subsidies and contributions | | 1,155,967 | 1,217,374 | 3,481,392 |
| Fees and charges | | 656,393 | 682,778 | 655,250 |
| Interest received | | 143,477 | 130,111 | 121,464 |
| Goods and services tax received | | 282,813 | 12,293 | 504,501 |
| Other revenue | | 198,734 | 197,836 | 143,555 |
| | | 4,770,473 | 4,620,066 | 7,197,507 |
| Payments | | | | |
| Employee costs | | (1,805,928) | (1,911,012) | (1,595,130) |
| Materials and contracts | | (1,549,438) | (1,878,967) | (3,808,509) |
| Utility charges | | (153,257) | (177,631) | (167,962) |
| Interest expenses | | (67,234) | (90,518) | (107,067) |
| Insurance paid | | (174,637) | (193,031) | (180,085) |
| Goods and services tax paid | | (270,580) | 0 | (516,793) |
| Other expenditure | | (118,842) | (112,453) | (8,576) |
| | | (4,139,916) | (4,363,612) | (6,384,122) |
| Net cash provided by (used in) operating activities | 17 | 630,557 | 256,454 | 813,385 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 8(a) | (1,477,659) | (797,500) | (819,270) |
| Payments for construction of infrastructure | 9(a) | (1,025,054) | (1,496,247) | (1,132,292) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,547,479 | 740,579 | 542,656 |
| Payments for financial assets at amortised cost - self supporting loans | | 110,953 | | |
| Proceeds from financial assets at amortised cost - self supporting loans | | 22,801 | 22,801 | 21,296 |
| Proceeds from sale of property, plant & equipment | 10(a) | 133,000 | 145,000 | 7,256,521 |
| Net cash provided by (used in) investment activities | | (688,480) | (1,385,367) | 5,868,911 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 15(b) | (125,429) | (125,428) | (254,174) |
| Payments for principal portion of lease liabilities | 14(b) | (1,371) | (1,372) | (1,324) |
| Net cash provided by (used in) financing activities | | (126,800) | (126,800) | (255,498) |
| Net increase (decrease) in cash held | | (184,723) | (1,255,713) | 6,426,798 |
| Cash at beginning of year | | 12,944,172 | 12,944,172 | 6,517,374 |
| Cash and cash equivalents at the end of the year | 17 | 12,759,448 | 11,688,459 | 12,944,172 |

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

SHIRE OF BROOKTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 25(b) | 915,189 | 412,583 | 1,133,017 |
| | | 915,189 | 412,583 | 1,133,017 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 94,574 | 43,050 | 66,064 |
| General purpose funding | | 1,211,921 | 1,196,176 | 1,205,711 |
| Law, order, public safety | | 162,471 | 141,930 | 44,361 |
| Health | | 205 | 300 | 928 |
| Education and welfare | | 66,586 | 68,982 | 89,206 |
| Housing | | 94,618 | 87,278 | 100,046 |
| Community amenities | | 391,925 | 423,838 | 382,586 |
| Recreation and culture | | 37,037 | 39,131 | 47,298 |
| Transport | | 91,195 | 90,710 | 88,944 |
| Economic services | | 58,381 | 53,150 | 48,301 |
| Other property and services | | 50,565 | 45,700 | 86,840 |
| | | 2,259,478 | 2,190,245 | 2,160,285 |
| Expenditure from operating activities | | | | |
| Governance | | (487,883) | (534,766) | (555,535) |
| General purpose funding | | (316,343) | (347,370) | (217,208) |
| Law, order, public safety | | (387,176) | (508,549) | (183,481) |
| Health | | (19,904) | (22,031) | (47,701) |
| Education and welfare | | (141,279) | (169,146) | (313,173) |
| Housing | | (157,594) | (198,455) | (167,136) |
| Community amenities | | (425,656) | (558,565) | (470,166) |
| Recreation and culture | | (917,786) | (914,001) | (970,509) |
| Transport | | (3,365,136) | (2,975,508) | (3,233,528) |
| Economic services | | (162,644) | (183,296) | (193,640) |
| Other property and services | | (477,469) | (476,035) | (233,394) |
| | | (6,858,869) | (6,887,722) | (6,585,471) |
| Non-cash amounts excluded from operating activities | 25(a) | 3,134,308 | 2,873,279 | 2,826,501 |
| Amount attributable to operating activities | | (549,894) | (1,411,615) | (465,668) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 1,547,479 | 740,579 | 542,656 |
| Proceeds from disposal of assets | 10(a) | 133,000 | 145,000 | 7,256,521 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 22,801 | 22,801 | 21,296 |
| Payments for financial assets at amortised cost - self supporting loans | | 110,953 | 0 | 0 |
| Purchase of property, plant and equipment | 8(a) | (1,477,659) | (797,500) | (819,270) |
| Purchase and construction of infrastructure | 9(a) | (1,025,054) | (1,496,247) | (1,132,292) |
| Amount attributable to investing activities | | (688,480) | (1,385,367) | 5,868,911 |
| Discontinued Operations | | | | |
| Profit/(Loss) on discontinued Operations | 28 | 0 | 0 | 367,523 |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 15(b) | (125,429) | (125,428) | (254,174) |
| Payments for principal portion of lease liabilities | 14(b) | (1,371) | (1,372) | (1,324) |
| Transfers to reserves (restricted assets) | 4 | (3,267,006) | (3,287,089) | (8,224,471) |
| Transfers from reserves (restricted assets) | 4 | 3,773,514 | 3,887,306 | 1,344,695 |
| Amount attributable to financing activities | | 379,708 | 473,417 | (7,135,274) |
| Surplus/(deficit) before imposition of general rates | | (858,666) | (2,323,565) | (1,364,508) |
| Total amount raised from general rates | 24(a) | 2,292,037 | 2,323,565 | 2,279,697 |
| Surplus/(deficit) after imposition of general rates | 25(b) | 1,433,371 | 0 | 915,189 |

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

SHIRE OF BROOKTON
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

| | | |
|---------|--|----|
| Note 1 | Basis of Preparation | 10 |
| Note 2 | Revenue and Expenses | 11 |
| Note 3 | Cash and Cash Equivalents | 15 |
| Note 4 | Reserves - Cash backed | 16 |
| Note 5 | Other Financial Assets | 18 |
| Note 6 | Trade and Other Receivables | 19 |
| Note 7 | Inventories | 20 |
| Note 8 | Property, Plant and Equipment | 21 |
| Note 9 | Infrastructure | 23 |
| Note 10 | Fixed Assets | 25 |
| Note 11 | Leases | 29 |
| Note 12 | Revaluation Surplus | 30 |
| Note 13 | Trade and Other Payables | 31 |
| Note 14 | Lease Liabilities | 32 |
| Note 15 | Information on Borrowings | 33 |
| Note 16 | Employee Related Provisions | 35 |
| Note 17 | Notes to the Statement of Cash Flows | 36 |
| Note 18 | Total Assets Classified by Function and Activity | 37 |
| Note 19 | Contingent Liabilities | 38 |
| Note 20 | Capital and Leasing Commitments | 39 |
| Note 21 | Related Party Transactions | 40 |
| Note 22 | Investment in Associate and Joint Arrangements | 43 |
| Note 23 | Major Land Transactions | 44 |
| Note 24 | Rating Information | 45 |
| Note 25 | Rate Setting Statement Information | 48 |
| Note 26 | Financial Risk Management | 49 |
| Note 27 | Initial Application of Australian Accounting Standards | 52 |
| Note 28 | Discontinued Operations | 53 |
| Note 29 | Trust Funds | 54 |
| Note 30 | Other Significant Accounting Policies | 55 |
| Note 31 | Activites/Programs | 56 |
| Note 32 | Financial Ratios | 57 |

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

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

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

Accounting policies which have been adopted in the preparation of this 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.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of these monies appears in Note 29 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

- 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*

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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 | Timing of revenue recognition until 30 June 2021 | Timing of revenue recognition from 1 July 2020 |
|---|---|---|--|
| Rates | General rates & rates charged for specific defined purposes. | When rates notice is issued. | When rates notice is issued. |
| Operating Grants, Subsidies and Contributions | Community events, minor facilities, research, design, planning evaluation and services. | | Income from grants that are enforceable and with sufficiently specific performance obligations is recognised when the Shire satisfies its obligations in the grant agreement. |
| | General appropriations and contributions with no reciprocal commitment. | On receipt of funds. | Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Shire has an unconditional right to receive cash which usually coincides with receipt of cash. |
| Non-Operating Grants, Subsidies and Contributions | Construction or acquisition of recognisable non-financial assets to be controlled by the local government. | On receipt of funds. | Capital grants are recognised as income when the Shire satisfies its obligations in the grant agreement. |
| Fees and Charges | Building, planning, development and animal management, having the same nature as a licence regardless of naming. Compliance safety check. Regulatory food, health and safety. Kerbside collection service. Waste treatment, recycling and disposal service at disposal sites. Gym and pool membership. Cemetery services, library fees, reinstatements and private works. Fines issued for breaches of local laws. | When fee or charge is raised in relation an event or service occurring, or upon receipt of funds. | At a point in time (or over a relatively short period of time) when the services have been provided and payments are received. |
| | Miscellaneous Refunds and Reimbursements | When the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably, or upon receipt of funds. | At a point in time when the goods have been transferred and payments are received, or upon receipt of funds. |

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Operating grants, subsidies and contributions | | | |
| General purpose funding | 1,021,123 | 1,050,670 | 1,067,651 |
| Law, order, public safety | 60,503 | 31,940 | 41,295 |
| Recreation and culture | 1,818 | 0 | 0 |
| Transport | 84,910 | 84,910 | 83,201 |
| | 1,168,354 | 1,167,520 | 1,192,147 |
| Non-operating grants, subsidies and contributions | | | |
| General purpose funding | 804,742 | 0 | 0 |
| Law, order, public safety | 153,559 | 146,946 | 17,056 |
| Recreation and culture | 21,798 | 0 | 4,730 |
| Transport | 567,380 | 593,633 | 520,870 |
| | 1,547,479 | 740,579 | 542,656 |
| Total grants, subsidies and contributions | 2,715,833 | 1,908,099 | 1,734,803 |
| Fees and charges | | | |
| Governance | 11,765 | 3,050 | 9,740 |
| General purpose funding | 6,845 | 7,200 | 7,695 |
| Law, order, public safety | 4,935 | 3,550 | 3,066 |
| Health | 205 | 300 | 236 |
| Education and welfare | 65,686 | 68,382 | 68,653 |
| Housing | 88,514 | 81,278 | 94,435 |
| Community amenities | 391,925 | 423,838 | 382,586 |
| Recreation and culture | 31,569 | 34,330 | 27,511 |
| Economic services | 53,085 | 50,150 | 48,300 |
| Other property and services | 1,864 | 10,700 | 13,028 |
| | 656,393 | 682,778 | 655,250 |

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Fees and charges | 656,392 | 682,778 | 655,250 |
| Non-operating grants, subsidies and contributions | 1,547,479 | 740,579 | 542,656 |
| | <u>2,203,871</u> | <u>1,423,357</u> | <u>1,197,906</u> |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of: | | | |
| Other revenue from contracts with customers recognised during the year | 656,392 | 682,778 | 655,250 |
| Other revenue from performance obligations satisfied during the year | 1,547,479 | 740,579 | 542,656 |
| | <u>2,203,871</u> | <u>1,423,357</u> | <u>1,197,906</u> |
| Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is: | | | |
| Trade and other receivables from contracts with customers | 64,394 | 0 | 0 |

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021.

Assets associated with contracts with customers were not subject to an impairment charge.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--------------------------------|----------------------|----------------------|----------------------|
| General rates | 2,292,037 | 2,285,965 | 2,255,968 |
| Statutory permits and licences | 7,812 | 0 | 0 |
| Fines | 550 | 0 | 0 |
| | <u>2,300,399</u> | <u>2,285,965</u> | <u>2,255,968</u> |

Other revenue

| | | | |
|--|----------------|----------------|----------------|
| Reimbursements and recoveries | 177,200 | 197,836 | 0 |
| First-time recognition of investment in Local Government House Trust | 55,000 | 0 | 0 |
| Other | 21,534 | 0 | 143,556 |
| | <u>253,734</u> | <u>197,836</u> | <u>143,556</u> |

Interest earnings

| | | | |
|--|----------------|----------------|----------------|
| Financial assets at amortised cost - self supporting loans | 14,408 | 18,611 | 16,117 |
| Interest on reserve funds | 111,824 | 95,000 | 87,987 |
| Rates instalment and penalty interest (refer Note 24(c)) | 17,042 | 16,500 | 17,360 |
| Other interest earnings | 203 | 0 | 0 |
| | <u>143,477</u> | <u>130,111</u> | <u>121,464</u> |

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset 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).

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(b) Expenses

Auditors remuneration

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--------------|----------------------|----------------------|----------------------|
| - Audit fees | 49,500 | 48,000 | 49,500 |
| | <u>49,500</u> | <u>48,000</u> | <u>49,500</u> |

The audit fee for the 2020/21 Annual Financial Report is \$51,000

Interest expenses (finance costs)

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|-------------------|----------------------|----------------------|----------------------|
| Borrowings | 66,424 | 75,601 | 106,210 |
| Lease liabilities | 810 | 810 | 857 |
| | <u>67,234</u> | <u>76,411</u> | <u>107,067</u> |

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

| | NOTE | 2021 \$ | 2020 \$ |
|---|------|-------------------|-------------------|
| Cash at bank and on hand | | 1,132,706 | 810,922 |
| Term deposits | | 11,626,742 | 12,133,250 |
| Total cash and cash equivalents | | 12,759,448 | 12,944,172 |
| Restrictions | | | |
| requirements which limit or direct the purpose for which the resources may be used: | | | |
| - Cash and cash equivalents | | 11,626,742 | 12,133,250 |
| | | 11,626,742 | 12,133,250 |

The restricted assets are a result of the following specific purposes to which the assets may be used:

| | | | |
|--------------------------------|---|-------------------|-------------------|
| Reserves - cash backed | 4 | 11,626,742 | 12,133,250 |
| Total restricted assets | | 11,626,742 | 12,133,250 |

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

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed 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.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

4. RESERVES - CASH BACKED

| | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual Closing Balance | 2021 Budget Opening Balance | 2021 Budget Transfer to | 2021 Budget Closing Balance | 2020 Actual Opening Balance | 2020 Actual Transfer to | 2020 Actual Closing Balance |
|---|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| (a) Reserves cash backed - Leave Reserve | 138,778 | 122 | 138,900 | 138,778 | 31,407 | 170,185 | 116,898 | 22,080 | 138,778 |
| (b) Plant and Vehicle Reserve | 751,938 | 484 | 337,435 | 751,938 | 8,033 | 345,471 | 891,033 | 305,905 | 751,938 |
| (c) Land and Housing Development Reserve | 1,391,205 | 1,220 | 1,392,425 | 1,391,205 | 14,201 | 1,405,406 | 1,188,709 | 202,496 | 1,391,205 |
| (d) Furniture & Equipment Reserve | 21,194 | 19 | 21,213 | 21,194 | 369 | 21,563 | 80,392 | 802 | 21,194 |
| (e) Municipal Building & Facility Reserve | 330,737 | 300,330 | 631,067 | 330,737 | 272,800 | 566,537 | 329,434 | 55,803 | 330,737 |
| (f) Townscape & Footpath Reserve | 125,068 | 110 | 125,178 | 125,068 | 1,277 | 126,345 | 103,203 | 21,865 | 125,068 |
| (g) Sewerage Scheme Reserve | 410,425 | 35,361 | 445,786 | 410,425 | 39,394 | 434,819 | 368,936 | 61,489 | 410,425 |
| (h) Road & Bridges Infrastructure Reserve | 327,787 | 280 | 115,817 | 327,787 | 6,408 | 134,195 | 399,046 | 228,741 | 327,787 |
| (i) Health & Wellbeing Reserve | 553,863 | 486 | 554,349 | 553,863 | 6,675 | 560,538 | 588,019 | 65,844 | 553,863 |
| (j) Sport & Recreation Reserve | 31,625 | 28 | 31,653 | 31,625 | 323 | 31,948 | 26,206 | 5,419 | 31,625 |
| (k) Rehabilitation & Refuse Reserve | 169,841 | 41,150 | 210,991 | 169,841 | 42,733 | 212,574 | 117,955 | 51,886 | 169,841 |
| (l) Caravan Park Reserve | 153,899 | 200,162 | 354,061 | 153,899 | 201,571 | 355,470 | 141,635 | 12,264 | 153,899 |
| (m) Brookton Museum/Heritage Reserve | 47,148 | 41 | 47,189 | 47,148 | 481 | 47,629 | 45,422 | 1,726 | 47,148 |
| (n) Kweda Hall Reserve | 18,026 | 16 | 18,042 | 18,026 | 184 | 18,210 | 16,758 | 1,268 | 18,026 |
| (o) Aldersyde Hall Reserve | 25,806 | | 0 | 25,806 | | 0 | 25,806 | 0 | 25,806 |
| (p) Railway Station Reserve | 129,940 | 200,141 | 330,081 | 129,940 | 201,326 | 296,266 | 118,054 | 11,886 | 129,940 |
| (q) Madison Square Units Reserve | 30,653 | 27 | 30,680 | 30,653 | 313 | 30,966 | 25,249 | 5,404 | 30,653 |
| (r) Cemetery Reserve | 43,863 | 38 | 30,735 | 43,863 | 448 | 19,311 | 33,330 | 10,533 | 43,863 |
| (s) Water Reserve | 48,116 | 80,052 | 109,633 | 48,116 | 80,491 | 73,607 | 44,744 | 35,372 | 48,116 |
| (t) Developer Contribution Reserve | 2,740 | 2 | 2,742 | 2,740 | 28 | 2,768 | 2,697 | 43 | 2,740 |
| (u) Brookton Aquatic Reserve | 156,130 | 300,178 | 456,308 | 156,130 | 301,594 | 457,724 | 129,464 | 26,666 | 156,130 |
| (v) Cash Contingency Reserve | 140,336 | 123 | 131,689 | 140,336 | 1,433 | 141,769 | 177,498 | 12,838 | 140,336 |
| (w) Future Fund Reserve | 7,084,132 | 93,235 | 4,097,367 | 7,084,132 | 75,600 | (3,080,000) | 0 | 7,084,132 | 7,084,132 |
| (x) Innovations Fund Reserve | 0 | 2,013,401 | 2,013,401 | 0 | 2,000,000 | 2,000,000 | 0 | 0 | 0 |
| (y) Community Bus Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 80,992 | 9 | 0 |
| (z) Saddleback Building Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 55,554 | 0 | 0 |
| (i) Independent Living Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 146,640 | 0 | 0 |
| | 12,133,250 | 3,267,006 | (3,773,514) | 12,133,250 | 3,287,089 | (3,887,306) | 5,253,474 | 8,224,471 | (1,344,695) |
| | | | 11,626,742 | | | 11,533,033 | | | 12,133,250 |

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 2021**

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) Reserves cash backed - Leave Reserve | Ongoing | This reserve is for the funding of annual and long service leave requirements |
| (b) Plant and Vehicle Reserve | Ongoing | 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 | Ongoing | 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 | Ongoing | This reserve is for the replacement of major items of furniture and equipment. |
| (e) Municipal Building & Facility Reserve | Ongoing | This reserve is for the construction, demolition, acquisition, renewal or upgrade of Shire owned Public and Community buildings and facilities. |
| (f) Townscape & Footpath Reserve | Ongoing | This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works |
| (g) Sewerage Scheme Reserve | Ongoing | This reserve is to fund the expansion, ongoing renewal, maintenance and asset management needs of the Brookton Sewerage Scheme. |
| (h) Road & Bridges Infrastructure Reserve | Ongoing | This reserve is for the construction and upgrade of roads and bridges within the Shire. |
| (i) Health & Wellbeing Reserve | Ongoing | This reserve is for funding of initiatives in relation to Community Health & Wellbeing. |
| (j) Sport & Recreation Reserve | Ongoing | This reserve is to fund new, renewal, upgrades, or major maintenance of sporting and recreation infrastructure. |
| (k) Rehabilitation & Refuse Reserve | Ongoing | 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 | Ongoing | This reserve has been merged with the Health & Wellbeing reserve |
| (m) Brookton Museum/Heritage Reserve | Ongoing | This reserve is to be used to fund any upgrades or major maintenance of the Brookton Historical Museum. |
| (n) Kweda Hall Reserve | Ongoing | This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall. |
| (o) Aldersyde Hall Reserve | 31/08/2020 | This reserve was transferred to the Aldersyde Committee upon their incorporation to refurbish the kitchen and ablutions. |
| (p) Railway Station Reserve | Ongoing | 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 | Ongoing | This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units. |
| (r) Cemetery Reserve | Ongoing | This reserve is to be used to fund any upgrades or major maintenance on the Brookton Cemetery. |
| (s) Water Reserve | Ongoing | 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 | Ongoing | 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 | Ongoing | This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Aquatic Centre. |
| (v) Cash Contingency Reserve | Ongoing | This reserve is to cover unexpected shortfalls in operational funding should the need arise. |
| (w) Future Fund Reserve | Ongoing | This reserve is primarily set aside for investment. It is anticipated this fund will be preserved in perpetuity. |
| (x) Innovations Fund Reserve | Ongoing | 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 2021

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

| | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| | \$ | \$ |
| Financial assets at amortised cost | 24,414 | 22,801 |
| | <u>24,414</u> | <u>22,801</u> |

Other financial assets at amortised cost

Self supporting loans

| | | |
|-----------------------|---------------|---------------|
| Self supporting loans | 24,414 | 22,801 |
| | <u>24,414</u> | <u>22,801</u> |

(b) Non-current assets

Financial assets at amortised cost

| | | |
|--|----------------|----------------|
| Financial assets at amortised cost | 173,614 | 308,980 |
| Financial assets at fair value through profit and loss | 55,000 | 0 |
| | <u>228,614</u> | <u>308,980</u> |

Financial assets at amortised cost

Self supporting loans

Bendigo Bank Shares

| | | |
|-----------------------|----------------|----------------|
| Self supporting loans | 168,614 | 303,980 |
| Bendigo Bank Shares | 5,000 | 5,000 |
| | <u>173,614</u> | <u>308,980</u> |

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | | |
|---------------------------------------|---------------|----------|
| Units in Local Government House Trust | 55,000 | 0 |
| | <u>55,000</u> | <u>0</u> |

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15(b) as self supporting loans.

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | | |
|---------------------------------------|---------------|----------|
| Units in Local Government House Trust | 55,000 | 0 |
| | <u>55,000</u> | <u>0</u> |

Units in the Local Government House Trust represent the equity local governments hold in the Trust as a consequence of a contribution made to the cost of purchasing Local Government House.

There are 620 units in the Local Government Trust, 3 of which are held by the Shire of Brookton. Although these units were originally acquired on the establishment of the trust in 1979/80, this is the first year their value has been recognised by the Shire.

Also refer to note 2(a).

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.

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 26.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

6. TRADE AND OTHER RECEIVABLES

Current

| | |
|-----------------------------|--|
| Rates receivable | |
| Trade and other receivables | |
| GST receivable | |
| Prepayments | |
| ESL Payments | |

Non-current

| | |
|------------------------------------|--|
| Pensioner's rates and ESL deferred | |
|------------------------------------|--|

| 2021 | 2020 |
|---------|---------|
| \$ | \$ |
| 56,009 | 63,188 |
| 64,394 | 26,537 |
| 59 | 12,292 |
| 0 | 23,567 |
| 0 | 1,903 |
| 120,462 | 127,487 |
| 44,270 | 40,623 |
| 44,270 | 40,623 |

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 goods sold and services performed in the ordinary course of business.

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

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 26.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

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

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

7. INVENTORIES

Current

Fuel and materials
 Land held for resale - cost
 Cost of acquisition
 Development costs

| | 2021 | 2020 |
|--|----------------|----------------|
| | \$ | \$ |
| | 27,060 | 16,298 |
| | 72,267 | 72,267 |
| | 140,283 | 140,283 |
| | <u>239,610</u> | <u>228,848</u> |
| | 228,848 | 229,037 |
| | 0 | (107,425) |
| | 10,762 | 107,236 |
| | <u>239,610</u> | <u>228,848</u> |

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

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 2021

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

| | Land - freehold land | Total land | Buildings - non- specialised | Buildings - specialised | Total buildings | Total land and buildings | Furniture and equipment | Plant and equipment | Plant and equipment - Bushfire | Total property, plant and equipment |
|--|----------------------------|------------|------------------------------------|----------------------------|--------------------|--------------------------------|-------------------------------|------------------------|--------------------------------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 682,800 | 682,800 | 1,632,902 | 18,347,336 | 19,980,238 | 20,663,038 | 272,203 | 1,674,575 | 773,000 | 23,382,816 |
| Additions | 33,209 | 33,209 | 0 | 47,499 | 47,499 | 80,708 | 80,982 | 657,580 | 0 | 819,270 |
| (Disposals) | (144,800) | (144,800) | 0 | (6,179,400) | (6,179,400) | (6,324,200) | (255,344) | (179,359) | 0 | (6,758,903) |
| Depreciation (expense) | 0 | 0 | (23,492) | (158,400) | (181,892) | (181,892) | (3,427) | (128,906) | (21,909) | (336,134) |
| Carrying amount at 30 June 2020 | 571,209 | 571,209 | 1,609,410 | 12,057,035 | 13,666,445 | 14,237,654 | 94,414 | 2,023,890 | 751,091 | 17,107,049 |
| Comprises: | | | | | | | | | | |
| Gross carrying amount at 30 June 2020 | 571,209 | 571,209 | 1,679,885 | 12,513,046 | 14,192,931 | 14,764,140 | 105,067 | 2,146,705 | 773,000 | 17,788,912 |
| Accumulated depreciation at 30 June 2020 | 0 | 0 | (70,475) | (456,011) | (526,486) | (526,486) | (10,653) | (122,815) | (21,909) | (681,863) |
| Carrying amount at 30 June 2020 | 571,209 | 571,209 | 1,609,410 | 12,057,035 | 13,666,445 | 14,237,654 | 94,414 | 2,023,890 | 751,091 | 17,107,049 |
| Additions | 0 | 0 | 0 | 844,796 | 844,796 | 844,796 | 28,973 | 603,890 | 0 | 1,477,659 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 | (12,241) | (246,754) | 0 | (258,995) |
| Depreciation (expense) | 0 | 0 | (25,698) | (155,670) | (181,368) | (181,368) | (14,836) | (157,798) | (34,188) | (388,190) |
| Transfers | 0 | 0 | 325,389 | (325,389) | 0 | 0 | 0 | 0 | 0 | 0 |
| Carrying amount at 30 June 2021 | 571,209 | 571,209 | 1,909,101 | 12,420,772 | 14,329,873 | 14,901,082 | 96,310 | 2,223,228 | 716,903 | 17,937,523 |
| Comprises: | | | | | | | | | | |
| Gross carrying amount at 30 June 2021 | 571,209 | 571,209 | 2,018,796 | 13,018,931 | 15,037,727 | 15,608,936 | 109,955 | 2,488,395 | 773,000 | 18,980,286 |
| Accumulated depreciation at 30 June 2021 | 0 | 0 | (109,695) | (598,159) | (707,854) | (707,854) | (13,645) | (265,167) | (56,097) | (1,042,763) |
| Carrying amount at 30 June 2021 | 571,209 | 571,209 | 1,909,101 | 12,420,772 | 14,329,873 | 14,901,082 | 96,310 | 2,223,228 | 716,903 | 17,937,523 |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------|----------------------|---|--------------------------------|------------------------|--|
| Land and buildings | | | | | |
| Land - freehold 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 2017 | Available market information |
| Buildings - non-specialised | 3 | Cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | 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 2017 | 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.

Following a change to Local Government (Financial Management) Regulation 17A, Plant and equipment (including furniture and equipment) type assets are to be measured using the cost model, rather than fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Previous revaluations were not reversed as the Shire has determined that fair value approximated cost at the date of change.

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

| | Infrastructure - Roads | Other infrastructure - Footpaths | Other infrastructure - Sewerage | Other infrastructure - Parks & Gardens | Total Infrastructure |
|--|---------------------------|--|---------------------------------------|--|-------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 67,997,105 | 420,958 | 1,153,799 | 698,184 | 70,270,046 |
| Additions | 1,011,913 | 28,535 | 91,844 | 0 | 1,132,292 |
| Depreciation (expense) | (2,382,728) | (12,932) | (39,978) | (51,536) | (2,487,174) |
| Transfers | | 24,227 | | (24,227) | 0 |
| Carrying amount at 30 June 2020 | 66,626,290 | 460,788 | 1,205,665 | 622,421 | 68,915,164 |
| Comprises: | | | | | |
| Gross carrying amount at 30 June 2020 | 71,395,496 | 485,641 | 1,285,074 | 725,494 | 73,891,705 |
| Accumulated depreciation at 30 June 2020 | (4,769,206) | (24,853) | (79,409) | (103,073) | (4,976,541) |
| Carrying amount at 30 June 2020 | 66,626,290 | 460,788 | 1,205,665 | 622,421 | 68,915,164 |
| Additions | 946,723 | 45,361 | 32,970 | | 1,025,054 |
| Depreciation (expense) | (2,566,920) | (15,267) | (42,508) | (53,763) | (2,678,458) |
| Carrying amount at 30 June 2021 | 65,006,093 | 490,882 | 1,196,127 | 568,658 | 67,261,760 |
| Comprises: | | | | | |
| Gross carrying amount at 30 June 2021 | 72,342,219 | 531,001 | 1,318,044 | 725,494 | 74,916,758 |
| Accumulated depreciation at 30 June 2021 | (7,336,126) | (40,119) | (121,917) | (156,836) | (7,654,998) |
| Carrying amount at 30 June 2021 | 65,006,093 | 490,882 | 1,196,127 | 568,658 | 67,261,760 |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

| 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 2018 | 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 2018 | Construction costs and current condition (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 2018 | Construction costs and current condition (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 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

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

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

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Recognition and Measurement

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, building and infrastructure acquired between initial recognition and the next revaluation 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 anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings and infrastructure is determined at least once 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 valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land including land under roads, are treated as ROU assets measured at zero costs. Therefore, the previous inconsistency with AASB 1051 in respect on non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the balance sheet.

Vested Improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related ROU assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including ROU assets).

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

(a) Disposals of Assets

| | 2021 | | | 2021 | | | 2021 | | | 2020 | | | 2020 | | |
|-----------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|------------------------|
| | Actual Net Book Value | Actual Sale Proceeds | 2021 Actual Profit | Budget Net Book Value | Budget Sale Proceeds | 2021 Budget Profit | Budget Net Book Value | Budget Sale Proceeds | 2021 Budget Profit | Actual Net Book Value | Actual Sale Proceeds | 2020 Actual Profit | Actual Net Book Value | Actual Sale Proceeds | 2020 Actual Loss |
| Land - freehold land | 0 | 0 | 0 | 0 | 0 | 0 | 144,800 | 123,168 | 0 | 144,800 | 123,168 | 0 | 144,800 | 123,168 | (21,632) |
| Buildings - non-specialised | 0 | 0 | 0 | 0 | 0 | 0 | 6,179,400 | 6,742,564 | 0 | 6,179,400 | 6,742,564 | 563,164 | 6,179,400 | 6,742,564 | 0 |
| Furniture and equipment | 12,241 | 0 | 0 | 14,246 | 0 | 0 | 255,344 | 217,198 | (14,246) | 255,344 | 217,198 | 0 | 255,344 | 217,198 | (38,146) |
| Plant and equipment | 246,754 | 133,000 | 0 | 222,543 | 145,000 | 12,000 | 179,359 | 173,591 | (89,543) | 179,359 | 173,591 | 47,869 | 179,359 | 173,591 | (53,638) |
| | 258,995 | 133,000 | 0 | 236,789 | 145,000 | 12,000 | 6,758,903 | 7,256,521 | (103,789) | 6,758,903 | 7,256,521 | 611,033 | 6,758,903 | 7,256,521 | (113,416) |

The following assets were disposed of during the year.

| | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|-----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Other property and services | 246,754 | 133,000 | 0 | (113,754) |
| Volvo Grader PG7 | 246,754 | 133,000 | 0 | (113,754) |
| Other Asset class | | | | |
| Program | 12,241 | 0 | 0 | (12,241) |
| Acer Server 2007 | 12,241 | 0 | 0 | (12,241) |
| | 258,995 | 133,000 | 0 | (125,995) |

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

(b) Depreciation

| | 2021 | 2021 | 2020 |
|--|------------------|------------------|------------------|
| | Actual | Budget | Actual |
| | \$ | \$ | \$ |
| Buildings - non-specialised | 25,698 | 23,331 | 23,492 |
| Buildings - specialised | 155,670 | 160,950 | 158,400 |
| Furniture and equipment | 14,836 | 2,408 | 3,427 |
| Plant and equipment | 157,798 | 265,931 | 128,906 |
| Plant and equipment - Bushfire | 34,188 | 70,111 | 21,909 |
| Infrastructure - Roads | 2,566,920 | 2,145,693 | 2,382,728 |
| Other infrastructure - Footpaths | 15,267 | 18,296 | 12,932 |
| Other infrastructure - Sewerage | 42,508 | 41,652 | 39,978 |
| Other infrastructure - Parks & Gardens | 53,763 | 51,416 | 51,536 |
| Right of use assets - Land & Vested improvements | 312 | 1,702 | 1,707 |
| | 3,066,960 | 2,781,490 | 2,825,015 |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

| Asset Class | Useful life |
|--------------------------------|------------------------------|
| Buildings - non-specialised | 30 to 50 years |
| Buildings - specialised | 50 to 80 years |
| Furniture and equipment | 4 to 10 years |
| Plant and equipment | 5 to 15 years |
| Infrastructure - Roads | 10 to 100 years |
| Infrastructure - Footpaths | 20 Years |
| Infrastructure - Sewerage | 80 Years |
| Infrastructure - Parks & Ovals | 30 to 75 years |
| Other infrastructure | 10 to 60 years |
| Right of use - Land | Based on the remaining Lease |

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

11. RIGHT OF USE ASSETS

(a) Right of Use Assets

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

| | Right of use assets - Land & Vested improvements | Right of use assets Total |
|---------------------------------------|--|------------------------------|
| | \$ | |
| Carrying amount at 30 June 2020 | 24,426 | 24,426 |
| Depreciation (expense) | (312) | (312) |
| Carrying amount at 30 June 2021 | 24,114 | 24,114 |
| (b) Cash outflow from leases | | |
| Interest expense on lease liabilities | 810 | 810 |
| Lease principal expense | 1,419 | 1,419 |
| Total cash outflow from leases | 2,229 | 2,229 |

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

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 the 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 incremental borrowing rate.

Right of use assets are measured at cost. This means all ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet). 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 that details the significant accounting policies applying to vested improvements.

Leases (continued)

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. 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.

All contracts that are classified as short-term leases (i.e. a lease with a remaining 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.

Leases for right of use assets are secured over the asset being leased.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

12. REVALUATION SURPLUS

| | 2021 Opening Balance | 2021 Revaluation Increment | 2021 Revaluation (Decrement) | Total Revaluation Movement on | 2021 Closing Balance | 2020 Opening Balance | 2020 Other Adjustments | 2020 Revaluation Increment | 2020 Revaluation (Decrement) | Total Movement on Revaluation | 2020 Closing Balance |
|---|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|------------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| Revaluation surplus - Land - freehold land | \$ 565,236 | 0 | 0 | \$ 0 | \$ 565,236 | \$ 565,236 | 0 | 0 | 0 | \$ 0 | \$ 565,236 |
| Revaluation surplus - Land - vested in and under the control of Council | 0 | 0 | 0 | 0 | 0 | 237,807 | (237,807) | 0 | 0 | 0 | 0 |
| Revaluation surplus - Buildings - non-specialised | 209,957 | 0 | 0 | 0 | 209,957 | 209,957 | 0 | 0 | 0 | 0 | 209,957 |
| Revaluation surplus - Buildings - specialised | 8,685,782 | 0 | 0 | 0 | 8,685,782 | 8,685,782 | 0 | 0 | 0 | 0 | 8,685,782 |
| Revaluation surplus - Furniture and equipment | 0 | 0 | 0 | 0 | 0 | 1,527 | (1,527) | 0 | 0 | 0 | 0 |
| Revaluation surplus - Plant and equipment | 0 | 0 | 0 | 0 | 0 | 1,368,802 | (1,368,802) | 0 | 0 | 0 | 0 |
| Revaluation surplus - Plant and equipment - Bushfire | 0 | 0 | 0 | 0 | 0 | 47,903 | (47,903) | 0 | 0 | 0 | 0 |
| Revaluation surplus - Infrastructure - Roads | 61,860,200 | 0 | 0 | 0 | 61,860,200 | 61,860,200 | 0 | 0 | 0 | 0 | 61,860,200 |
| Revaluation surplus - Other infrastructure - Footpaths | 188,856 | 0 | 0 | 0 | 188,856 | 188,856 | 0 | 0 | 0 | 0 | 188,856 |
| Revaluation surplus - Other infrastructure - Parks & Gardens | 466,371 | 0 | 0 | 0 | 466,371 | 466,371 | 0 | 0 | 0 | 0 | 466,371 |
| | 71,976,402 | 0 | 0 | 0 | 71,976,402 | 73,632,441 | (1,656,039) | 0 | 0 | 0 | 71,976,402 |

(a) Due to a revision in the Local Government (Financial Management) Regulations 1997, the requirement to revalue plant and equipment has been removed and vested land is now recognised at Nil value.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

13. TRADE AND OTHER PAYABLES

Current

| |
|-------------------------------|
| Sundry creditors |
| Building Services Levy |
| Income in Advance |
| Accrued Expenses |
| Other payables - ESL Payments |

| 2021 | 2020 |
|---------|---------|
| \$ | \$ |
| 89,569 | 318,893 |
| 0 | 182 |
| 20,140 | 30,068 |
| 12,321 | 14,107 |
| 1,947 | 0 |
| 123,977 | 363,250 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

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 2021**

14. LEASE LIABILITIES

| | 2021 | 2020 |
|-----------------------|---------------|---------------|
| (a) Lease Liabilities | | |
| Current | 1,419 | 1,372 |
| Non-current | 22,019 | 23,437 |
| | <u>23,438</u> | <u>24,809</u> |

(b) Movements in Carrying Amounts

| Purpose | Lease Number | Lease Institution | Lease Interest Rate | Lease Term | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | | | | |
|---------------------|--------------|---------------------------------|---------------------|------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|------------|---------------|---------------|--------------|--------------|---------------|---------------|------------|------------|
| | | | | | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | | |
| Community amenities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reuse Water Dam | LE-03 | Seabrook Aboriginal Corporation | 3.40% | 300 | 24,809 | 24,809 | 23,437 | 23,437 | 1,372 | 1,372 | 1,372 | 1,372 | 24,809 | 24,809 | 23,437 | 23,437 | 810 | 810 | 26,133 | 26,133 | 1,324 | 1,324 | 24,809 | 24,809 | 857 | 857 |
| | | | | | <u>24,809</u> | <u>24,809</u> | <u>23,437</u> | <u>23,437</u> | <u>1,372</u> | <u>1,372</u> | <u>1,372</u> | <u>1,372</u> | <u>24,809</u> | <u>24,809</u> | <u>23,437</u> | <u>23,437</u> | <u>810</u> | <u>810</u> | <u>26,133</u> | <u>26,133</u> | <u>1,324</u> | <u>1,324</u> | <u>24,809</u> | <u>24,809</u> | <u>857</u> | <u>857</u> |

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

15. INFORMATION ON BORROWINGS

| | 2021 | 2020 |
|----------------|---------|-----------|
| (a) Borrowings | \$ | \$ |
| Current | 133,671 | 254,174 |
| Non-current | 811,445 | 816,371 |
| | 945,116 | 1,070,545 |

(b) Repayments - Borrowings

| Particulars | Loan Number | Institution | Interest Rate | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | |
|--------------------------------------|-------------|-------------|---------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| | | | | Actual Principal 1 July 2020 | Actual Interest repayments | Budget Principal 1 July 2020 | Budget Interest repayments | Actual Principal 1 July 2020 | Actual Interest repayments | Budget Principal 1 July 2020 | Budget Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Budget Principal 1 July 2019 | Budget Interest repayments | Actual Principal outstanding | Actual Interest repayments |
| Government | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Shire office Renovations | 75 | WATC | 6.46% | 0 | 0 | 0 | 0 | 0 | 0 | 47,060 | 47,060 | 47,060 | 9,461 | 0 | 0 | 0 | 0 |
| General purpose funding | | | | | | | | | | | | | | | | | |
| Senior Citizen Homes - Mokinie Cotta | 78 | WATC | 6.74% | 0 | 0 | 0 | 0 | 0 | 0 | 89,416 | 89,416 | 89,416 | 15,776 | 0 | 0 | 0 | 0 |
| Education and welfare | | | | | | | | | | | | | | | | | |
| Kalkami Residence | 80A | WATC | 5.63% | 63,602 | 3,237 | 54,417 | 3,889 | 9,185 | 3,889 | 72,291 | 8,689 | 8,689 | 4,240 | 63,602 | 63,602 | 63,602 | 63,602 |
| Housing | | | | | | | | | | | | | | | | | |
| Slarf Housing | 80B | WATC | 5.63% | 104,943 | 5,342 | 89,787 | 6,419 | 15,156 | 6,419 | 119,280 | 14,337 | 14,337 | 6,996 | 104,943 | 104,943 | 104,943 | 104,943 |
| Community amenities | | | | | | | | | | | | | | | | | |
| Sewerage Extension | C | WATC | 5.63% | 44,522 | 2,266 | 38,092 | 2,724 | 6,430 | 2,724 | 50,605 | 6,083 | 6,083 | 2,968 | 44,522 | 44,522 | 44,522 | 44,522 |
| Recreation and culture | | | | | | | | | | | | | | | | | |
| Recreation Plan | 81 | WATC | 6.95% | 536,707 | 35,829 | 480,006 | 40,046 | 56,701 | 40,046 | 589,663 | 52,956 | 52,956 | 43,656 | 536,707 | 536,707 | 536,707 | 536,707 |
| Other property and services | | | | | | | | | | | | | | | | | |
| New Grader | 80 | WATC | 5.63% | 104,943 | 5,342 | 89,787 | 6,417 | 15,155 | 6,417 | 119,280 | 14,337 | 14,337 | 6,996 | 104,943 | 104,943 | 104,943 | 104,943 |
| | | | | 884,717 | 52,016 | 752,089 | 59,495 | 102,627 | 59,495 | 1,087,595 | 232,878 | 232,878 | 90,093 | 854,717 | 854,717 | 854,717 | 854,717 |
| Self Supporting Loans | | | | | | | | | | | | | | | | | |
| General purpose funding | | | | | | | | | | | | | | | | | |
| Country Club - Extend & Refurb Club | 82 | WATC | 0.00% | 215,828 | 14,408 | 193,027 | 16,106 | 22,801 | 16,106 | 237,124 | 21,296 | 21,296 | 16,117 | 215,828 | 215,828 | 215,828 | 215,828 |
| | | | | 215,828 | 14,408 | 193,027 | 16,106 | 22,801 | 16,106 | 237,124 | 21,296 | 21,296 | 16,117 | 215,828 | 215,828 | 215,828 | 215,828 |
| | | | | 1,070,545 | 66,424 | 945,116 | 75,601 | 125,428 | 75,601 | 1,324,719 | 254,174 | 254,174 | 106,210 | 1,070,545 | 1,070,545 | 1,070,545 | 1,070,545 |

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

15. INFORMATION ON BORROWINGS (Continued)

| | 2021 | 2020 |
|--|----------------|------------------|
| | \$ | \$ |
| (c) Undrawn Borrowing Facilities | | |
| Credit Standby Arrangements | | |
| Bank overdraft limit | 0 | 0 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 10,000 | 10,000 |
| Credit card balance at balance date | (387) | (70) |
| Total amount of credit unused | 9,613 | 9,930 |
| Loan facilities | | |
| Loan facilities - current | 133,671 | 254,174 |
| Loan facilities - non-current | 811,445 | 816,371 |
| Lease liabilities - current | 1,419 | 1,372 |
| Lease liabilities - non-current | 22,019 | 23,437 |
| Total facilities in use at balance date | 968,554 | 1,095,354 |
| Unused loan facilities at balance date | 0 | 0 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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.

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.

Risk

Information regarding exposure to risk can be found at Note 26.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|---------------------------------------|--|--|-------------|
| Opening balance at 1 July 2020 | | | |
| Current provisions | 107,851 | 71,803 | 179,654 |
| Non-current provisions | | 83,434 | 83,434 |
| | 107,851 | 155,237 | 263,088 |
| Additional provision | 167,630 | (7,565) | 160,065 |
| Amounts used | (110,793) | (2,661) | (113,454) |
| Balance at 30 June 2021 | 164,688 | 145,011 | 309,699 |
| Comprises | | | |
| Current | 164,688 | 85,778 | 250,466 |
| Non-current | 0 | 59,233 | 59,233 |
| | 164,688 | 145,011 | 309,699 |

Amounts are expected to be settled on the following basis:

| | 2021 \$ | 2020 \$ |
|---|------------|------------|
| Less than 12 months after the reporting date | 97,909 | 92,797 |
| More than 12 months from reporting date | 211,790 | 170,291 |
| Expected reimbursements from other WA local governments | 0 | 0 |
| | 309,699 | 263,088 |

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of

Other long-term employee benefits (Continued)

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.

Provisions

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

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

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

17. NOTES TO THE STATEMENT OF CASH FLOWS

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:

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 12,759,448 | 11,688,459 | 12,944,172 |
| Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | (759,875) | (1,633,335) | (1,235,309) |
| Non-cash flows in Net result: | | | |
| Assets Donated | 0 | 0 | (2,086) |
| Depreciation on non-current assets | 3,066,960 | 2,781,490 | 2,825,015 |
| (Profit)/loss on sale of asset | 125,995 | 91,789 | 5,770 |
| Initial recognition of shares in LG House Trust | (55,000) | 0 | 0 |
| (Gain) on sale of asset - Kalkarni adjustment | 0 | 0 | (503,385) |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | 3,380 | 118,255 | 70,223 |
| (Increase)/decrease in inventories | (10,762) | 0 | 189 |
| Increase/(decrease) in payables | (239,273) | (361,166) | 164,481 |
| Increase/(decrease) in provisions | 46,611 | 0 | 31,143 |
| Non-operating grants, subsidies and contributions | (1,547,479) | (740,579) | (542,656) |
| Net cash from operating activities | 630,557 | 256,454 | 813,385 |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2021 | 2020 |
|-----------------------------|------------|------------|
| | \$ | \$ |
| Governance | 7,578,388 | 8,562,767 |
| General purpose funding | 976,786 | 713,283 |
| Law, order, public safety | 716,903 | 751,092 |
| Education and welfare | 1,558,164 | 1,497,726 |
| Housing | 3,408,277 | 3,434,215 |
| Community amenities | 2,078,330 | 1,608,192 |
| Recreation and culture | 10,853,680 | 10,298,183 |
| Transport | 65,737,970 | 67,632,703 |
| Economic services | 1,150,082 | 365,143 |
| Other property and services | 3,350,638 | 3,289,776 |
| Unallocated | 1,230,997 | 1,566,471 |
| | 98,640,215 | 99,719,551 |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

24. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|-----------------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 1/10/2020 | 0.00 | 0.00% | 11.00% |
| Option Two | | | | |
| First instalment | 1/10/2020 | 0.00 | 5.50% | 11.00% |
| Second instalment | 8/02/2021 | 10.00 | 5.50% | 11.00% |
| Option Three | | | | |
| First instalment | 1/10/2020 | 0.00 | 5.50% | 11.00% |
| Second instalment | 4/12/2020 | 10.00 | 5.50% | 11.00% |
| Third instalment | 8/02/2021 | 10.00 | 5.50% | 11.00% |
| Fourth instalment | 14/04/2021 | 10.00 | 5.50% | 11.00% |
| | | 2021 Actual | 2021 Budget | 2020 Actual |
| | | \$ | \$ | \$ |
| Interest on unpaid rates | | 7,317 | 7,500 | 7,883 |
| Interest on instalment plan | | 9,725 | 9,000 | 9,477 |
| Charges on instalment plan | | 3,590 | 4,000 | 3,830 |
| | | 20,632 | 20,500 | 21,190 |

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.

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

20. COMMITMENTS

| | 2021 | 2020 |
|--|---------|------|
| | \$ | \$ |
| Capital Expenditure Commitments | | |
| Contracted for: | | |
| - capital expenditure projects | 180,000 | 0 |
| | 180,000 | 0 |
| Payable: | | |
| - not later than one year | 180,000 | 0 |

The capital expenditure project outstanding at the end of the current reporting period represented 2 x 1 bedroom chalet units being constructed.

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

21. RELATED PARTY TRANSACTIONS

Elected Member Remuneration

| | Actual 2021 | Budget 2021 | Actual 2020 |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Elected member Cr K Crute | | | |
| President's annual allowance | 1,500 | 1,500 | 1,500 |
| Meeting attendance fees | 9,000 | 9,000 | 10,800 |
| Other expenses - Wheatbelt RRG Chairperson Honorarium | 1,800 | 1,800 | 1,800 |
| Travel and accommodation expenses | 621 | 700 | 410 |
| | <u>12,921</u> | <u>13,000</u> | <u>14,510</u> |
| Elected member Cr N Walker | | | |
| Deputy President's annual allowance | 375 | 375 | 375 |
| Meeting attendance fees | 4,460 | 4,500 | 3,850 |
| Travel and accommodation expenses | 260 | 570 | 0 |
| | <u>5,095</u> | <u>5,445</u> | <u>4,225</u> |
| Elected member Cr T Fancote | | | |
| Meeting attendance fees | 4,300 | 4,420 | 3,553 |
| Travel and accommodation expenses | 296 | 570 | 0 |
| | <u>4,596</u> | <u>4,990</u> | <u>3,553</u> |
| Elected member Cr C Hartl | | | |
| Meeting attendance fees | 4,260 | 4,420 | 3,810 |
| Travel and accommodation expenses | 505 | 570 | 0 |
| | <u>4,765</u> | <u>4,990</u> | <u>3,810</u> |
| Elected member Cr T Lilly | | | |
| Meeting attendance fees | 4,525 | 4,620 | 2,610 |
| Travel and accommodation expenses | 452 | 570 | 0 |
| | <u>4,977</u> | <u>5,190</u> | <u>2,610</u> |
| Elected member Cr G McNab | | | |
| Meeting attendance fees | 5,970 | 5,220 | 2,270 |
| Travel and accommodation expenses | 321 | 570 | 486 |
| | <u>6,291</u> | <u>5,790</u> | <u>2,756</u> |
| Elected member Cr B Watts | | | |
| Meeting attendance fees | 3,000 | 4,420 | 2,650 |
| Travel and accommodation expenses | 924 | 570 | 693 |
| | <u>3,924</u> | <u>4,990</u> | <u>3,343</u> |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

21. RELATED PARTY TRANSACTIONS (Cont)

| Elected Member Remuneration | Actual 2021 | Budget 2021 | Actual 2020 |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Elected member Cr K Mills | | | |
| Meeting attendance fees | 0 | 0 | 1,350 |
| Travel and accommodation expenses | 0 | 0 | 423 |
| | 0 | 0 | 1,773 |
| Elected member Cr L Eyre | | | |
| Meeting attendance fees | 0 | 0 | 1,350 |
| Travel and accommodation expenses | 0 | 0 | 0 |
| | 0 | 0 | 1,350 |
| | Actual | Budget | Actual |
| | 2021 | 2021 | 2020 |
| Fees, expenses and allowances to be paid or reimbursed to elected council members | \$ | \$ | \$ |
| President's allowance | 1,500 | 36600 | 1,500 |
| Deputy President's allowance | 375 | 1500 | 375 |
| Meeting attendance fees | 35,515 | 375 | 32,243 |
| Travel and accommodation expenses | 3,379 | 4120 | 3,812 |
| Other expenses | 1,800 | 1800 | 1,800 |
| | 42,569 | 44,395 | 39,730 |
| Key Management Personnel (KMP) Compensation Disclosure | | | |
| | 2021 | | 2020 |
| The total remuneration paid to KMP of the Shire during the year was as follows: | Actual | | Actual |
| | \$ | | \$ |
| Short-term employee benefits | 391,664 | | 500,182 |
| Post-employment benefits | 49,583 | | 52,510 |
| Other long-term benefits | 17,035 | | 29,389 |
| | 458,282 | | 582,081 |

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to each KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year

21. RELATED PARTY TRANSACTIONS (Cont)

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.

The following transactions occurred with related parties:

| 2021 Actual | | 2020 Actual | |
|----------------|-----|----------------|-----|
| \$ | Nil | \$ | Nil |

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 elected member, are considered key management personnel.

ii. Other Related Parties

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

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 2021

22. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

Share of joint operations

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

Non-Current Assets

| | 2021 | 2020 |
|--------------------------------|---------|---------|
| Land & Buildings | 112,566 | 112,566 |
| Less: accumulated depreciation | (5,815) | (4,722) |
| Total assets | 106,751 | 107,844 |
| Total liabilities | 0 | 0 |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

23. MAJOR LAND TRANSACTIONS

The Shire did not enter into a Major Land Transaction in the 2020/2021 year

(a) Details

The Shire disposed of the Kalkarni Agecare Facility and Saddleback Medical Centre in the 2019/2020 year.

(b) Current year transactions

Other revenue

- Sale proceeds

Other expenditure

- Cost of goods sold

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| | 0 | 0 | 7,084,133 |
| | 0 | 0 | (6,548,949) |
| | 0 | 0 | 535,184 |

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. RATING INFORMATION

(a) Rates

| RATE TYPE | Rate in \$ | Number of Properties | 2020/21 Actual | | 2020/21 Actual | | 2020/21 Actual | | 2020/21 Budget | | 2020/21 Budget | | 2020/21 Budget | | 2019/20 Actual | |
|--|------------|----------------------|----------------|-----------|----------------|--------------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|---------------|----------------|----|
| | | | Rateable Value | Revenue | Interim Rates | Actual Rates | Back Rates | Rate | Interim Rate | Back Rate | Rate | Rate | Total Revenue | Total Revenue | Total Revenue | |
| Differential general rate / general rate | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Gross rental valuations | | | | | | | | | | | | | | | | |
| GRV Commercial | 0.0915 | 20 | 712,124 | 59,602 | 0 | 0 | 0 | 59,602 | 0 | 0 | 0 | 59,602 | 0 | 0 | 61,474 | |
| GRV Residential | 0.0915 | 247 | 3,110,170 | 268,376 | 805 | 0 | 269,181 | 268,376 | 0 | 0 | 0 | 268,376 | 0 | 0 | 299,185 | |
| GRV Industrial | 0.0915 | 5 | 86,150 | 7,213 | 0 | 0 | 7,213 | 6,252 | 0 | 0 | 0 | 6,252 | 0 | 0 | 6,935 | |
| GRV Rural | 0.0915 | 2 | 309,500 | 27,665 | 0 | 0 | 27,665 | 27,665 | 0 | 0 | 0 | 27,665 | 0 | 0 | 30,690 | |
| Exempt Property | 0.0915 | 18 | 53,740 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Non-Rateable Property | | 249 | 202,263 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Unimproved valuations | | | | | | | | | | | | | | | | |
| UV Unimproved Value | 0.0101 | 228 | 179,102,276 | 1,680,248 | 1,115 | 0 | 1,681,363 | 1,680,248 | 0 | 0 | 0 | 1,680,248 | 0 | 0 | 1,630,136 | |
| Sub-Total | | 769 | 183,576,223 | 2,043,104 | 1,920 | 0 | 2,045,024 | 2,042,143 | 0 | 0 | 0 | 2,042,143 | 0 | 0 | 2,028,420 | |
| Minimum payment | | | | | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | | | | | |
| GRV Commercial | 809 | 11 | 0 | 8,899 | 0 | 0 | 8,899 | 8,899 | 0 | 0 | 0 | 8,899 | 0 | 0 | 8,090 | |
| GRV Residential | 809 | 65 | 0 | 52,585 | 0 | 0 | 52,585 | 52,585 | 0 | 0 | 0 | 52,585 | 0 | 0 | 45,304 | |
| GRV Industrial | 809 | 1 | 0 | 809 | 0 | 0 | 809 | 1,618 | 0 | 0 | 0 | 1,618 | 0 | 0 | 1,618 | |
| GRV Rural | 809 | 1 | 0 | 809 | 0 | 0 | 809 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Unimproved valuations | | | | | | | | | | | | | | | | |
| UV Unimproved Value | 1,385 | 134 | 0 | 185,590 | 0 | 0 | 185,590 | 182,820 | 0 | 0 | 0 | 182,820 | 0 | 0 | 174,510 | |
| Sub-Total | | 212 | 0 | 248,692 | 0 | 0 | 248,692 | 245,922 | 0 | 0 | 0 | 245,922 | 0 | 0 | 229,522 | |
| Totals | | 981 | 183,576,223 | 2,291,796 | 1,920 | 0 | 2,293,716 | 2,288,065 | 0 | 0 | 0 | 2,288,065 | 0 | 0 | 2,257,942 | |
| Discounts (Note 24(b)) | | | | | | | | | | | | | | | (1,974) | |
| Total amount raised from general rate | | | | | | | | | | | | | | | 2,255,968 | |
| Ex-gratia rates | | | | | | | | | | | | | | | 37,729 | |
| Totals | | | | | | | | | | | | | | | 2,279,697 | |

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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 2021

24. RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee | Discount | 2021 Actual | 2021 Budget | 2020 Actual | Circumstances in which Discount is Granted |
|---|----------|-------------|-------------|-------------|---|
| Contiguous Rating Discount | % | \$ 1,679 | \$ 2,100 | \$ 1,974 | If rural land is held in the same ownership, used & occupied as one property & which would reasonably be expected to sell as one holding, can be rated as a single entity as per Council Policy 2.28 & subject to final approval by CEO |
| Waivers or Concessions | | \$ 1,679 | \$ 2,100 | \$ 1,974 | |
| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | 2021 Actual | 2021 Budget | 2020 Actual | |
| WB Eva Pavilion Hire Fee | Waiver | \$ 0 | \$ 320 | \$ 0 | |
| | % | | 100.00% | | |
| Total discounts/concessions (Note 24(a)) | | \$ 1,679 | \$ 2,420 | \$ 1,974 | |

| 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 Hire Fee | Fund Raiser for Not for Profit | Assist community group fund | Assist community group fund |

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

25. RATE SETTING STATEMENT INFORMATION

| | 2020/21 Actual \$ | 2020/21 Budget \$ | 2019/20 Actual \$ |
|--|-------------------------|-------------------------|-------------------------|
| (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 on asset disposals | 10(a) 0 | (12,000) | (47,868) |
| Movement in pensioner deferred rates (non-current) | (3,647) | 0 | (2,805) |
| Movement in employee benefit provisions (non-current) | 0 | 0 | (1,479) |
| Less: Recognition of Local Government House Trust Shares | (55,000) | 0 | 0 |
| Add: Loss on disposal of assets | 10(a) 125,995 | 103,789 | 53,638 |
| Add: Depreciation on non-current assets | 10(b) 3,066,960 | 2,781,490 | 2,825,015 |
| Non cash amounts excluded from operating activities | 3,134,308 | 2,873,279 | 2,826,501 |
| (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: Reserves - cash backed | 4 (11,626,742) | (11,533,033) | (12,133,250) |
| Less: Financial assets at amortised cost - self supporting loans | 5(a) (24,414) | 0 | (22,801) |
| Less: Current assets not expected to be received at end of year | | | |
| - Land held for resale | 7 (212,550) | 0 | (212,551) |
| - Rates receivable | 0 | (6,829) | 0 |
| Add: Current liabilities not expected to be cleared at end of year | | | |
| - Current portion of borrowings | 15(a) 133,671 | 125,428 | 254,174 |
| - Current portion of lease liabilities | 1,419 | 1,372 | 1,372 |
| - Employee benefit provisions | 24,201 | 0 | 0 |
| - Bonds and deposits held | 0 | 6,830 | 0 |
| Net impact on surplus due to sale of Kalkarni in 19/20 | 503,386 | 0 | 503,386 |
| Total adjustments to net current assets | (11,201,029) | (11,406,232) | (11,609,670) |
| Net current assets used in the Rate Setting Statement | | | |
| Total current assets | 13,143,934 | 11,712,087 | 13,323,308 |
| Less: Total current liabilities | (509,533) | (305,855) | (798,450) |
| Less: Total adjustments to net current assets | (11,201,029) | (11,406,232) | (11,609,670) |
| Net current assets used in the Rate Setting Statement | 1,433,371 | 0 | 915,188 |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

26. 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 rate | Long term borrowings at variable rates | Sensitivity analysis | Utilise fixed interest rate borrowings |
| Credit risk | Cash and cash equivalents, trade receivables, financial assets and | 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 and term deposits 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 |
|---------------------------|--------------------------------|------------------|---------------------|------------------------|----------------------|
| | % | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| Cash and cash equivalents | 0.19% | 12,759,448 | 11,626,742 | 1,002,909 | 129,797 |
| 2020 | | | | | |
| Cash and cash equivalents | 1.40% | 12,944,172 | 12,133,250 | 810,922 | |

Sensitivity

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

| | 2021 | 2020 |
|--|--------|-------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 10,029 | 8,109 |

* 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(b).

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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 Shire has not recognised an allowance for impaired receivable because any expected loss is immaterial.

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|--------|
| 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 | 60 | 250 | 400 | 710 |

| | | | | | |
|-----------------------|--------|--------|--------|--------|--------|
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.356% | 5.364% | 0.969% | |
| Gross carrying amount | 33,377 | 14,043 | 5,593 | 36,137 | 89,150 |
| Loss allowance | 0 | 50 | 300 | 350 | 700 |

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|--------|
| 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 | 1 | 1 |

| | | | | | |
|-----------------------------|-------|-------|-------|---------|-------|
| 30 June 2020 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 100.00% | |
| Gross carrying amount | 7,571 | 803 | 262 | 354 | 8,990 |
| Loss allowance | 0 | 0 | 0 | 125 | 125 |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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 |
|-------------------|-------------------|-------------------------|-------------------|------------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| 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> |
| 2020 | | | | | |
| Payables | 363,252 | 0 | 0 | 363,252 | 363,250 |
| Borrowings | 193,638 | 580,914 | 582,943 | 1,357,495 | 1,070,545 |
| Lease liabilities | 1,372 | 7,590 | 15,847 | 24,809 | 24,809 |
| | <u>558,262</u> | <u>588,504</u> | <u>598,790</u> | <u>1,745,556</u> | <u>1,458,604</u> |

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations. The adoption of the standards did not have a material impact on the Shire.

28. DISCONTINUED OPERATIONS

The Shire sold the Kalkarni Nursing Home Facility in January 2020

Analysis of the financial impact of discontinued operations and the Nursing Home asset is as follows

Changes to Statement of Comprehensive Income by Nature or Type

| | 2021 | 2020 |
|---|----------|------------------|
| Revenue | | |
| Fees & Charges | - | 522,079 |
| Grants & Subsidies | - | 1,691,588 |
| | <u>-</u> | <u>2,213,667</u> |
| Expenses | | |
| Contract Expenses | - | (2,349,529) |
| | | |
| Gain from sale of assets from discontinued operations less cost to sell | - | 503,385 |
| Profit/(Loss) from discontinued operations | <u>-</u> | <u>367,523</u> |

Revenues and expenses from the operations of Kalkarni were previously reported under the 'Education and Welfare' Program

Changes to Statement of Comprehensive Income by Program

| | 2021 | 2020 |
|---|----------|----------------|
| Revenue | | |
| Education and Welfare | - | 2,213,667 |
| Expenses | | |
| Education and Welfare | - | (2,349,529) |
| | | |
| Gain from sale of assets from discontinued operations less cost to sell | - | 503,385 |
| Profit/(loss) from discontinued operations | <u>-</u> | <u>367,523</u> |

Cashflows from discontinued operations

| | 2021 | 2020 |
|--|----------|----------------|
| Net cash flows from operating activities | <u>-</u> | <u>367,523</u> |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

29. 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 2020 | Amounts Received | Amounts Paid | 30 June 2021 |
|---------------------------------|-------------|------------------|--------------|--------------|
| | \$ | \$ | \$ | \$ |
| Other Bond | (6,140) | 0 | 6,140 | 0 |
| Unclaimed Money | (830) | 0 | 830 | 0 |
| Public Open Space Contributions | (13,820) | 0 | 0 | (13,820) |
| | (20,790) | 0 | 6,970 | (13,820) |

SHIRE OF BROOKTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

30. 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) 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.

i) 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 regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

31. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME AND OBJECTIVES | ACTIVITIES |
|--|--|
| <p>GOVERNANCE To provide a decision making process for the efficient allocation of resources.</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>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p> | Rates, general purpose grants and interest revenue. |
| <p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer community.</p> | Supervision of various by-laws, fire prevention, emergency services and animal control. |
| <p>HEALTH To provide an operational framework for good community health.</p> | Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance. |
| <p>EDUCATION AND WELFARE The Shire of Brookton provides low cost housing and Seniors accommodation units.</p> | Support and provide assistance to senior citizens and other voluntary services. |
| <p>HOUSING Provision and maintenance of rental housing to staff and non-staff tenants.</p> | Provision and maintenance of rental housing to staff and non-staff tenants. |
| <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> | 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>RECREATION AND CULTURE To establish and manage efficiently infrastructure and resources which will help the social well being of the community</p> | Maintenance of halls, aquatic centre, recreation centre and reserves, parks and gardens, library service, cultural and heritage services and facilities. |
| <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> | 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>ECONOMIC SERVICES Tourism and promotion of Brookton, operation of Brookton Caravan Park, building control and land care development of the Brookton district</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>OTHER PROPERTY AND SERVICES Private works and indirect cost allocation pools for plant operation and public works.</p> | Private works operations, public works operation, plant operation costs, gross salaries and wages. |

SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

32. FINANCIAL RATIOS

| | 2021 Actual | 2020 Actual | 2019 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio | 4.20 | 1.48 | 1.26 |
| Asset consumption ratio | 0.91 | 0.94 | 0.97 |
| Asset sustainability ratio | 0.77 | 0.51 | 0.24 |
| Debt service cover ratio | 4.31 | 3.20 | 7.13 |
| Operating surplus ratio | (0.70) | (0.57) | (0.40) |
| Own source revenue coverage ratio | 0.48 | 0.47 | 0.50 |

The above ratios are calculated as follows:

| | |
|-----------------------------------|--|
| Current ratio | $\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| Asset consumption ratio | $\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$ |
| Asset sustainability ratio | $\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$ |
| Debt service cover ratio | $\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$ |
| Operating surplus ratio | $\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$ |
| Own source revenue coverage ratio | $\frac{\text{own source operating revenue}}{\text{operating expense}}$ |



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Brookton

To the Councillors of the Shire of Brookton

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, 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
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Brookton:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for 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 and 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 responsibility 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.

Report on other legal and regulatory requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years.
 - b) The Asset Sustainability Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) For 29% of the purchasing transactions we sampled, there was no evidence that the Shire obtained a sufficient number of quotations to test the market in line with its procurement policy. These practices increase the likelihood of not receiving value for money in procurement or favouritism of suppliers.
 - b) The Shire has not reported the Asset Renewal Funding Ratio for 2020-21, as planned capital renewals and required expenditure were not estimated in the long term financial plan and asset management plan respectively, as required by the Local Government (Financial Management) Regulations 1996.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the financial report was supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

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 2021 included 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 described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 March 2022

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

| INDEX OF FINDINGS | RATING | | |
|--|-------------|----------|-------|
| | Significant | Moderate | Minor |
| 1. Asset Renewal Funding Ratio | ✓ | | |
| 2. Maintenance of the Vendor Masterfile | | ✓ | |
| 3. Capitalisation of Non-financial Assets | | ✓ | |
| Matters Outstanding from Prior Audits | | | |
| 4. Purchasing Policies and Procedures | ✓ | | |
| 5. Review of Depreciation Policy | | ✓ | |
| 6. Management of Issued Infringements | | ✓ | |

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Asset Renewal Funding Ratio**Finding**

We note that the Shire has not reported the 'asset renewal funding ratio' in its annual financial reports for the 2019/20 and 2020/21 financial years as required by section 50(1)(c) of the *Local Government (Financial Management) Regulations 1996*.

To be able to report the asset renewal funding ratio, the Shire requires at least a 10 year future plan for planned capital renewals and required capital expenditure.

The Shire's Asset Management Plan and Long-term Financial Plan currently cover the period from 2016 - 2027 (six future periods of planned renewal expenditure and required capital expenditure).

Rating: Significant Implication

The Shire will be unable to report an 'asset renewal funding ratio' as required by s50(1)(c) of the *Local Government (Financial Management) Regulations 1996* without 10 years of future data for planned capital renewals and required capital expenditure.

In addition to this, if the plans are not reviewed and updated periodically, the Shire will be unable to accurately report its asset renewal funding ratio in its financial statements.

Recommendation

We recommend the Shire review and update its Asset Management Plan(s) and Long-term Financial Plan to ensure that they contain 10 future reporting periods of estimates at a minimum.

As the Long-term Financial Plan informs the Corporate Business Plan, which in turn is used to drive development of the Shire's annual budget, the long-term plan should be reviewed annually as part of the process for preparing the Shire's annual budget. This is consistent with s19DA(4) of the *Local Government (Administration) Regulations 1996* which requires a local government review its current corporate business plan every year.

As anticipated capacity of the Shire's future resources is a required consideration of the Shire's Strategic Community plan, the asset management plan should be updated at a minimum every four years together with the Shire's Strategic Community Plan per s19C of the *Local Government (Administration) Regulations 1996* or ideally every 2-3 years as recommended by the Department of Local Government, Sport and Cultural Industries' 'Asset Management Framework and Guidelines'.

Note that the coverage period of the asset management plan will have to be adjusted as necessary to ensure a minimum of 10 years of future estimates are available for the calculation of the asset renewal funding ratio. e.g. if the plan is reviewed every 3 years, the plan should cover an initial 13 year period to ensure that there is still 10 years of estimates in the final year before the plan is re-reviewed.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management Comment

Non-compliance is noted and accepted. The Shire of Brookton engaged Moore Australia in February 2021 to review & update our existing Long Term Financial Plan and the Asset Management Plan. These Plans will produce a 15-year Plan to ensure that the organisation is always ahead a minimum of two years. It is anticipated that the first draft will be presented to Council on 20 January 2022 with endorsement to occur prior to 30 June 2022. The Management Team will update the Plans and add additional years as the IPR process continues to ensure it is in line with the annual budget when presented to Council as part of their annual budget deliberations.

Responsible Person: Chief Executive Officer
Completion Date: June 2022

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Maintenance of the Vendor Masterfile**Finding**

We reviewed the Shire's vendor masterfile and noted:

- 125 creditors (19.78%) that have not been used for over two years
- 17 creditors (3%) that have not yet been used.

The Shire does not currently have a process in which the creditor masterfile is reviewed for currency or for unauthorised changes to vendor details.

Rating: Moderate**Implication**

Having inactive or inaccurate supplier details in its vendor masterfile increases the risk of incorrect or duplicate payments being made by the Shire. In addition, the lack of review of the vendor masterfile, increases the risk of inappropriate changes to vendor details being made without detection.

Recommendation

We recommend the Shire perform a periodic review of its vendor masterfile to ensure vendor data is up to date and vendors no longer in are inactivated or removed. This review should also ensure that any changes to vendor details are valid and appropriately approved.

Management Comment

Non-compliance is noted and accepted. With recent changes in staff within the organisation, this process was not completed as at 30 June 2021. Management has reviewed the listing and identified the 17 creditors not yet used.

To allow a Purchase Order to be raised for a creditor not within the system, requires the creation of a new creditor. In some instances, POs raised in 2020/2021 were actioned & processed in 2021/2022, some POs were cancelled, and further follow up shows that some of the 'unused' creditors were paid but for unknown reasons, the date of usage had not fed through to the appropriate field.

A support request has been lodged with IT Vision to determine why the data did not reflect the date against the creditor.

Responsible Person: Manager Corporate & Community
Completion Date: June 2022

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Capitalisation of Non-financial Assets**Finding**

We noted instances where purchases of non-financial assets were incorrectly expensed. We also identified assets which have been capitalised and recorded in the asset register, despite still being under construction.

Rating: Moderate**Implication**

Without an effective process to ensure non-financial assets are correctly recorded, the value of the Shire's assets may be misstated. This may result in non-compliance with the requirements of s.17A of the *Local Government (Financial Management) Regulations 1996*.

Recommendation

We recommend the Shire review its processes for paying invoices and implement a process by which payments for invoices that are potentially capital in nature are reviewed to ensure all purchases of non-financial assets are captured and recorded in the Shire's asset register.

Management Comment

Non-compliance is noted and accepted. An AMCC has been appointed in the interim period until the new MCC commences their role. The AMCC is experienced in this area & has commenced a review of the asset register to ensure alignment of capital expenditure and sale/disposal of assets. It is the intent of the AMCC to work with current staff who will be responsible for these tasks.

Regarding assets under construction (WIP), prior recent experience has been to capitalise the portion of asset/s completed as at 30 June 2021 with the remaining budgeted expenditure & revenue to carry over to the next year.

It is also noted that funds received for projects not yet finalised, are required to be transferred to a contract liability.

Responsible Person: Acting Manager Corporate & Community
Completion Date: 30 June 2022

SHIRE OF BROOKTON**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****Matters Outstanding from Prior Audits****4. Purchasing Policies and Procedures****Finding 2021**

The prior year issue has not been resolved.

From our testing of 35 expenditure transactions, we noted the following:

- 10 purchases where insufficient quotes were obtained as required by the Shire's procurement policy
- 1 purchase order, totaling \$249,293, was approved by an officer who was exceeding their delegated limit
- 1 sample where we were unable to obtain evidence of the tax invoice approval

We are of the understanding that a shortage of available suppliers due to the current COVID-19 environment may have contributed to a difficulty in obtaining the required quotes. However the Shire was unable to provide evidence of quotes being requested.

Finding 2018-2020

The Shire has not yet developed documented procedures over the authorisation and payment of accounts. From a sample purchases selected for testing, seven instances were noted where evidence that appropriate quotes were obtained could not be provided and verified by audit. In addition, one sample was noted where the PO was not authorised before the purchase was made.

Rating: Significant (2020: Significant)**Implication**

Without documented procedures relating to the authorisation and processing of payments, staff may be unclear as to how purchases and payments should be made. This could lead to inappropriate purchases being made, or good practice not being followed.

Recommendation

The Shire should review its purchasing policies and procedures with a view to providing greater guidance over the authorisation of payments and the payment of accounts. This guidance should include the items mentioned in regulation 11 of the *Local Government (Financial Management) Regulations 1996*.

When updating its policies, consideration should also be given to the possibility of extenuating circumstances resulting in the Shire requesting but being unable to obtain quotes for urgent and essential expenditures within a reasonable timeframe. If a supplier must be chosen without appropriate quotes, the Shire's policies and procedures should clearly specify the criteria for when exceptions to the standard procurement process can apply with a view to ensuring exceptions are used only when necessary.

The Shire should ensure that there is adequate management review of these purchases and appropriate documentation is kept by the Shire (e.g. evidence of the quotes requested, rationale for how the supplier was chosen, and evidence of appropriate management review and approval regarding the choice of supplier).

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management Comment

Non-compliance is noted and accepted. The Acting CEO had issued to all staff a formal process for the requirements for purchasing after the final audit identified lack of regard with the purchasing guidelines against the policy.

A report is being presented to the Ordinary Meeting of Council in December 2021, outlining the clarity around purchasing exemptions, anti-avoidance purchases & emergency purchases that were identified during the audit.

The updating of the Purchasing Policy, together with the introduction of documented procedures, in relation to purchasing, authorisation and processing of payments & accounts will result in a reduction of the number of instances of non-compliance in areas such as: obtaining quotations, issuing of purchase orders, appropriate record keeping, file-notes with CEO sign off in instances where the Procurement Policy is not followed.

A non-compliant Procurement Register has been set up based on a prior council template which will be presented to the CEO on a monthly basis to track instances of non-compliance, why the instance occurred, action taken to ensure the non-compliance does not reoccur and the responsible officer.

Responsible Person: Acting Chief Executive Officer
Completion Date: March 2022

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

5. Review of Depreciation Policy**Finding 2021**

We noted that the issue has not yet been addressed as a revised asset management plan has not yet been finalised.

Finding 2019-2020

We noted that the useful lives of assets in the Shire's depreciation policy appear excessive and may not reflect the actual useful lives allocated in the asset register.

Rating: Moderate (2020: Moderate)**Implication**

If the useful lives of assets in the Shire's depreciation policy are incorrect, there is a greater risk of errors in the annual financial report.

Recommendation

The Shire should review the depreciation policy to ensure that the useful lives are consistent with the actual useful lives of assets in the asset register.

Management Comment

Non-compliance is noted and accepted. Current value and condition assessments have not been reviewed, updated or amended for several years. The Shire are in the process of having our Asset Management Plan updated to accurately reflect the value and condition of each asset.

Once the above has occurred, the Depreciation Policy will be aligned to the Asset Management Plan and Asset Depreciation rates/groups will be amended accordingly.

Responsible Person: Manager Corporate & Community

Completion Date: March 2022

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

6. Management of Issued Infringements**Finding 2021**

We noted that the Shire has implemented a register to record issued infringements. However, this register has not yet been extended to bushfire infringements.

As issued infringements are unpaid, the Shire needs to implement a process to follow up issued infringements to ensure they are paid.

Finding 2018-2020

We noted that there is no register of infringements issued by the Shire and there are no processes to track or follow up on infringements issued. In addition, we observed that the mail is only opened by one person and if cash and cheques are received for infringements, there is a greater risk of misappropriation.

We acknowledge that the monetary value of infringements issued is not likely to be material.

Rating: Minor (2020: Moderate)**Implication**

Without a process to review and follow up on infringements issued, there is a risk of infringements being unenforced and uncollected or funds from fines being fraudulently misappropriated.

This will also diminish the effectiveness of infringements as a deterrent for non-compliance with the Shire's laws and regulations.

Recommendation

We recommend the Shire include bushfire infringements as part of its register of issued infringements.

Management Comment

Non-compliance is noted and accepted. The Shire does not issue many infringement notices but advises that an Infringement Register has been in use since January 2021.

The Bush Fire inspections are outsourced and only activate an infringement if the resident does not comply with the intention letter sent to the property owner. At commencement of 2021/2022, intention letters have been sent to property owners who are not compliant.

The relevant properties have been re-inspected and infringements have been sent to all non-compliant ratepayers with notification that if the properties are not made compliant within 14 days of the date of infringement, contractors will be engaged to undertake the work and the cost forwarded on to the property owner.

Responsible Person: Manager Corporate & Community

Completion Date: March 2022