



AUDIT & RISK COMMITTEE MEETING

7 FEBRUARY 2024

ATTACHMENT PROVIDED UNDER SEPARATE COVER

ATTACHMENT 10.02.24.04A – Annual Financial Report 2022-23



PO Box 42, 14 White Street, Borookton WA 6306



9642 1106 Fax 9642 1173



mail@brookton.wa.gov.au



www.brookton.wa.gov.au



Annual Report

2022/2023



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Acknowledgement of Country

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



Shire Mission and Vision

Vision

BROOKTON is

a *Well-recognised* business and agricultural hub,

a *flourishing* stop-over destination, and

a celebrated place to live.

MISSION

Shire of Brookton Mission

To Sustain the Balance of BROOKTON +

To Build a Bigger Better BROOKTON

Shire President Message



It is my pleasure to present the Shire of Brookton's Annual Report for 2022/23 on behalf of my fellow Councillors. It has been an honour and privilege to be able to serve as the Shire President and continue the great work and achievements of the past financial year.

This year we drafted and adopted a new 10 year Strategic Community Plan. The plan establishes the community's vision for the future, including aspirations and service expectations. The four major findings from the community engagement phase included:

- Community members were very proud of BROOKTON – Our volunteering, sporting facilities, main street and our historical and heritage sites.
- Community diverse in their desires for the future, this was dependent on age, their working needs and their lifestyle.
- Community wants a more robust, more transparent (in particular financially transparent) and high performance Council to deliver the community's plan.
- Work together as one connected and spirited community. Our community wants Aboriginal reconciliation, population growth, diversity and inclusion and contribution to climate change.

The community formed the BROOKTON-15 for the period 2022/2026 which is both aspirational and executable. Council and I look forward to delivering the best outcomes for all community members and achieving the BROOKTON-15.

I would like to thank those community members that participated in the Strategic Community Plan workshops and their contribution into the future planning of our community.

Through State and Federal grant funding along with Council's rate revenue we have significant achievements this year with capital investments in the following projects

- Investment in Electronic Equipment replacement
- Investment in Plant replacement
- Building Infrastructure – Works Depot
- Infrastructure and Road network and Bridges – Brookton-Kweda Road, Dangin-Mears Road, Bridge 3154A Davis Road, Bridge 3143 Yeo Road and Bridge 3146A Boyagarra Road
- Installations of Closed Circuit Television (CCTV)
- Design Stage 1 Brookton Memorial Hall and Railway Station

Council continued to support several programs and community organisations during the financial year through the Brookton Community Chest Fund to the Kweda Golf Club (\$4,000), Brookton Cricket Club (\$325), Brookton Historical Society (\$5,360), Brookton Amateur Swimming Club (\$1,000) and Parent and Child Association Brookton District High School (\$4,113) this reinforces Council's ongoing commitment and valued partnerships with the community.

I wish to also extend Council's congratulations to the Australia Day Award recipient for the 2023 year.

- Voluntary Act of the Year Award – Georgina Beecroft

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 2022/23, I look forward to working with you to achieve BROOKTON 15, ensuring Brookton is a community of choice for generations to come.

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

Katrina Crute
Shire President

Chief Executive Officer Message



I am pleased to present an update on the statutory reporting requirements and the Shire administration and infrastructure teams continued focus on the delivery of services to the community and capital projects delivered in 2022/23.

Management and Governance

Nexia Australia under contract of The Office of the Auditor General (AOG) have taken on the direct role of completing the audit on the Shire's financial management and governance functions. No findings were raised in the final annual Audit Report issued by the AOG. The Shire continues to implement effective and robust procedures to improve efficiencies within the organisation.

The financial position of the Shire continues to remain positive with a \$1,604,205 surplus achieved at the 30 June 2023, with the total prepayment of the Federal Financial Assistance Grants contributing to this surplus. Council has maintained a very healthy Reserve fund balance of \$12,754,602 at the 30 June 2023 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 2022/23 financial year is appended to this report.

Key Assets

Road Works

The importance of maintenance and upgrading of roads in the Shire for the safe movement of vehicles including farm machinery and carting of grain continues to be a priority for the Council with the following roadworks undertaken in the 2022/23 financial year:

- Brookton – Kweda Road - Reconstruct a 7 metre wide 2 coat seal (\$757,470)
- Glenester Road - Culvert replacement & gravel overlay (\$35,856)
- Severin Road - Culvert replacement & gravel overlay (\$23,820)
- Woods Loop Road - Culvert replacement & gravel overlay (\$45,872)
- Reseals - Richardson Street (\$17,512), Copping Road (\$31,916), Lennard Street (\$33,699), Strange Road (\$105,126)
- Dangin-Mears Road – Pavement reconstruction and overlay (\$1,125,077)
- Bridge Maintenance – 3154A David Road (\$43,250), 3143 Yeo Road (\$26,420) and 3146A Boyagarra Road (\$10,500)
- Continued road maintenance works across the Shire's unsealed road network (\$549,170)

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:

- Tip Truck Single Axle.
- 2 x Light Vehicle Utilities.

Other Works

The other works performed during the year includes:

- Parks and gardens maintenance
- Electronic Equipment Replacement
- Closed Circuit Television (CCTV) cameras - WB Eva Pavilion, Caravan Park Camp Kitchen and Robinson Road
- Sewer Network - CCTV Condition Inspection, Reports & Urgent Relining
- Upgrades in the pump shed and installation of a drinking fountain – Brookton Aquatic Centre

I take the opportunity to thank all staff for their continued support and efforts throughout this year especially the support of the Councillors. I look forward to progressing and enhancing the future social, economic and projects and services that Council delivers on the communities behalf. The organisation continues to provide a high standard of services to the community with an increased customer service focus.

A handwritten signature in black ink, appearing to read 'GSR', written in a cursive style.

Gary Sherry
Chief Executive Officer

Elected Members



Cr Katrina Crute
Shire President
Term expires: 2025

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



Cr Neil Walker
Deputy Shire President
Term expires: 2023

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



Cr Chris Hartl
Councillor
Term expires: 2023

Mobile: 0497 421 000
CrHartl@brookton.wa.gov.au



Cr Tamara Lilly
Councillor
Term expires: 2023

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



Cr Charlene Hayden
Councillor
Term expires: 2025

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



Cr Harold Bell
Councillor
Term expires: 2025

Mobile: 0415 498 371
CrBell@brookton.wa.gov.au



Cr Gail Macnab

Resigned from term 30/06/2023

Elected Member Attendance at Meetings

Council convenes an Ordinary Council Meeting on the third Thursday of the month excluding January. The number of Council and Committee meetings attended by each elected member during 2022/2023 is outlined below.

Councillor	Council Meetings		Elector Meetings		Committee Meetings			
	Ordinary	Special	Annual	Special	Audit & Risk	BFAC	LEMC	Employment
Cr Katrina Crute Shire President	9	1	1	0	3	3	2	2
Cr Neil Walker Deputy Shire President	10	1	1	0	3	n/a	n/a	2
Cr Tamara Lilly	10	1	1	0	1	2	1	1
Cr Harold Bell	9	1	1	0	n/a	n/a	n/a	1
Cr Gail Macnab Resigned from term 30-06-2023	10	1	1	0	2	n/a	1	1
Cr Chris Hartl	7	0	0	0	n/a	n/a	n/a	1
Cr Charlene Hayden	7	0	1	0	n/a	n/a	n/a	0

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

Meeting Type	Number of meetings held in 2022/2023 year
Ordinary Meeting of Council	11
Special Meeting of Council	1
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	2

Meetings of Council

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 Shire of Brookton.

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

Bushfire Advisory Committee

This Committee advises Council on all matters relating to the prevention, controlling and extinguishing of bushfires, 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 advises and assists the Council 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 carrying out other emergency management activities as directed by the State Emergency Management Committee (SEMC), or as prescribed by legislation and regulations.

Employment Committee

The role of the Employment Committee is to recruit and review the performance and salary of the Chief Executive Officer.

Senior Staff

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

- Chief Executive Officer Mr Gary Sherry
- Manager Corporate and Community Mrs Deanne Sweeney
- Manager Infrastructure and Works Mr Les Vidovich
- Manager Projects Mr Kevin D'Alton

In total the Shire of Brookton employed 29.7 full time equivalent (FTE) employees during the 2022/23 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	2022	2023
\$130,000 - \$139,999	0	0
\$140,000 - \$149,999	0	1
\$150,000 - \$159,000	1	0

Regulation 19B(2)(e), of the *Local Government (Administration) Regulations 1996*, requires the annual report to include the remuneration package provided to the CEO. The total remuneration provided to the CEO during the 2022/23 financial year, including all benefits such as housing, superannuation and vehicle provision was \$206,729.

Shire Profile

The Shire of Brookton is located in the Wheatbelt region of Western Australia, 138km southeast of Perth. The town was established in 1899 with the key industries include cereal cropping, cattle and sheep production and agricultural innovation.

Brookton is a vibrant community offering high-quality infrastructure, fantastic services and endless opportunities. The community has a strong vision of “a well-recognised business and agricultural hub, a flourishing stop-over destination and a celebrated place to live”.

The Shire of Brookton borders the local government authorities of Pingelly, Beverley and Corrigin with the Shire's main localities being Brookton, Kweda and Aldersyde.

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
(PO Box 42)
BROOKTON WA 6306
Telephone: (08) 9642 1106
Email: mail@brookton.wa.gov.au

Brookton Community Resource Centre

89 Robinson Road
BROOKTON WA 6306
Telephone: (08) 9642 1377
Email: crcmail@brookton.wa.gov.au

Key Facts - Our Shire	
Area	1,601 square Kilometres
Population	929 (as at 2021 Census)
Median Age	50 (as at 2021 Census)
Number of Dwellings	476 (as at 2021 Census)
Number of Council Employees	29.7
Number of Elected Members	7
Distance from Perth	138 kilometres
Length of Roads - Sealed	122 kilometres
Length of Roads - Unsealed	425 kilometres



Disability Access and Inclusion Plan

The Disability Access Inclusion Plan 2018/2023 (DAIP) is a strategic document prepared by the Shire of Brookton and registered with the State Government's Department of Communities. This DAIP is reported on annually to improve accessibility and inclusiveness for people with disabilities through the strategies outlined in the plan.

This year the Shire has achieved the following progress:

- Installation of a water drinking fountain at the Brookton Aquatic Centre. It will allow for providing convenient accessible hydration to patrons.
- Completion of installation of an all-inclusive swing and flying fox, including the installation of softfall and kerbing.
- Provide all-inclusive weekly games session at the Brookton Community Resource Centre.



BROOKTON - 15

The new Corporate Business Plan includes the BROOKTON 15 – a series of 15 outcomes we wish to achieve over the next four years.



The following section outlines the achievements of the Shire of Brookton's Strategic Community Plan during the 2022/23 financial year.

Growth Pillar – A well-recognised business and agricultural hub

The final stage of the Depot improvements were completed with the installation of a safety shower. The shower will mitigate the effects of exposure to pollution substances.



GROWTH PILLAR – A FLOURISHING STOP-OVER DESTINATION

The 2022/23 year saw the Shire of Brookton and the Brookton Community Resource Centre host several events and activities. Some of these included:

August	Services Australia and MyGov Workshop
September	Pilot Refresher Course
October	Avoid the Scam Workshop
December	Community Christmas Party
January	Australia Day Breakfast, Avenue of Trees, Forklift Course - Roadsafe Training
February	Forklift Course - Roadsafe Training
March	Opening of Library, Mental Health First Aid Training
April	ANZAC Day Service, Silverchain - Stay on Your Feet
May	Royal Flying Doctor Service - Fundraising Morning Tea



To provide visitors with a greater experience of our area an updated information bay sign was installed on Great Southern Highway. The sign provides the areas attractions for all visitors to enjoy.

The internal signs to the caravan park have been updated to include the new Shire of Brookton branding. An upgrade to the Caravan Park camp kitchen was completed with the installation of a new hot water system, fridge, oven and microwave.



Growth Pillar – A connected and spirited community

The Shire successfully obtained funding from the Department of Fire and Emergency Services in 2021/22 for the construction of a purpose built Fire Station for the West Brookton Bush Fire Brigade. Council awarded the tender for the construction to Stallion Building Co Pty Ltd, with the station to be located on York-Williams Road. Site works commenced in January 2023. The Fire Station will provide a space to operate and train as well as provide facilities for volunteers to support the local community in the management of bushfires.



The Shire completed fire mitigation works as part of funding received from Department of Fire and Emergency Services Mitigation Activity Fund (MAF). The program supports building the fire management capacity and overall resilience of our community. The works have reduced bushfire hazards that present a high risk on state owned land managed by the Shire of Brookton.

Growth Pillar – A celebrated place to live. Celebrated life.

The Shire has been successful in obtaining funding through the Local Roads and Community Infrastructure (LRCI) Program. Through this funding council have installed 17 fully operational Closed Circuit Television (CCTV) cameras located at WB Eva Pavilion, Caravan Park Camp Kitchen and Robinson Road.

The cameras will enhance public safety by monitoring public spaces and identifying potential criminal offences against person or property within the Shire of Brookton.



Along with the usual infrastructure maintenance carried out in 2022/23, the Shire has completed a number of capital projects within the Shire including:

- Engagement of Cleanflow to complete a Closed Circuit Television (CCTV) inspection, reports and urgent relining works for Council's sewer network.
- Connecting the Brookton District High School's oval reticulation to the Happy Valley Water source.
- Brookton Aquatic Centre installation of a new pumping system.
- Robinson Road Bin Surrounds - Council worked with the Brookton Historical Society to design surrounds that were historic and unique to Brookton whilst rejuvenating the look of the main street.
- Flying Fox - Installation of softfall mulch and kerbing.
- Bridge Maintenance Projects - Bridge 3154A Davis Road, Bridge 3143 Yeo Road and Bridge 3146A Boyagarra Road.

- Road Projects

Upgrade works Brookton-Kweda Road

Stage 1 of the widening of the Dangin-Mearns Road – Wheatbelt Secondary Freight Network Program

Installation of new culverts on Glenester Road, Severin Road and Woods Loop Road



Strategic Resource Plan

The Shire of Brookton Strategic Resource Plan 2022 – 2037 was adopted by Council in July 2022. The plan incorporates both the long term financial plan and asset management plan for all classes.

The Strategic Resource Plan is an important planning tool along with the Corporate Business Plan to achieve our goals and drive the Shire in achieving its vision of “Brookton” is

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

This Plan is part of the Shire’s ongoing commitment to an integrated approach to planning for the district’s future.

The following diagram illustrates the integrated framework applicable to the Asset Management processes.

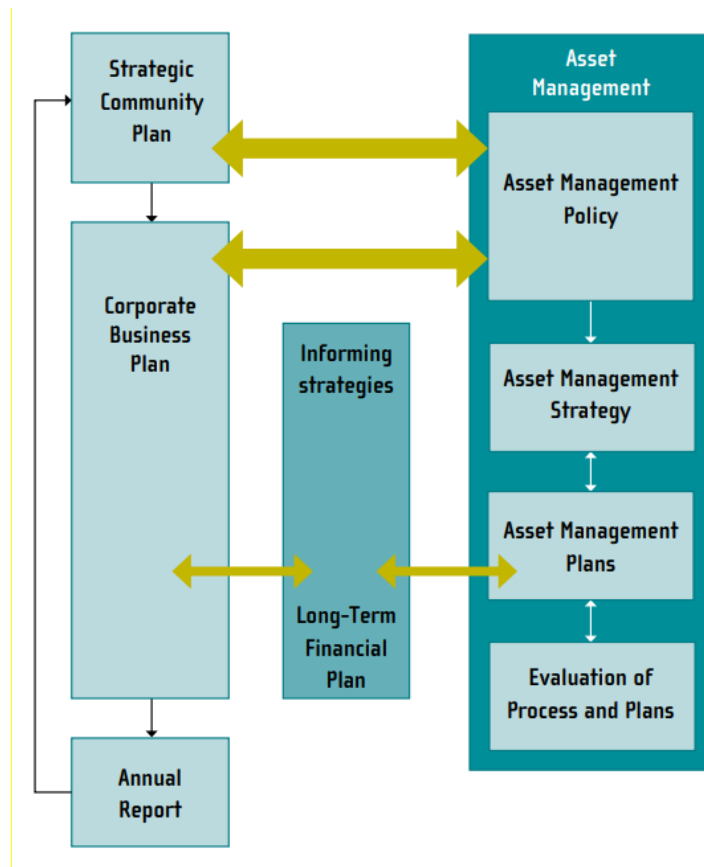


Figure 2-1 sourced from the Western Australian Department of Local Government’s Asset Management Framework and Guidelines

Freedom of Information Statement

The Shire of Brookton has prepared a Freedom of Information (FOI) 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 the Shire of Brookton to prepare an information statement which conveys the maximum possible details to the public about the shire'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 <https://www.brookton.wa.gov.au/council/public-documents/freedom-of-information-documents.aspx>.

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 2022/2023 financial year the Shire did not receive a request under the *Freedom of Information Act 1992*.

Other Statements

State Records Act 2000

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

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

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

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

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

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

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

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

The Shire, when developing its local laws and policies, needs to consider the principles of the NCP and NRA, particularly in relation to its procurement practices and 'buy local' approach. The Shire has no policies or local laws that contain anti-competitive provisions.

No complaints were received by the Shire in the 2022/23 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 were no complaints of this nature received and recorded in the register for the 2022/2023 reporting period.

Register of Certain Complaints and Minor Breaches

Section 5.121 of the *Local Government Act 1995* requires a local government to maintain a register of complaints that result in an action, or a finding, under section 5.110(2)(a) of the *Local Government Act 1995*.

During the 2022/23 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 2022/2023

SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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

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

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

**SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Brookton has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 15 day of December 2023



Chief Executive Officer

Gary Sherry

Name of Chief Executive Officer



Nexia Perth Audit Services Pty Ltd

**SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),24	2,571,698	2,555,172	2,412,055
Grants, subsidies and contributions	2(a)	2,305,083	685,317	1,733,722
Fees and charges	2(a)	916,742	852,164	848,124
Interest revenue	2(a)	300,686	41,797	44,427
Other revenue	2(a)	318,179	251,859	198,386
		6,412,388	4,386,309	5,236,714
Expenses				
Employee costs	2(b)	(2,215,496)	(2,003,317)	(1,897,250)
Materials and contracts		(1,491,197)	(2,052,132)	(1,373,347)
Utility charges		(217,021)	(196,100)	(181,994)
Depreciation		(2,221,914)	(2,890,397)	(2,916,899)
Finance costs	2(b)	(58,832)	(70,753)	(62,275)
Insurance		(222,323)	(220,653)	(193,514)
Other expenditure	2(b)	(99,821)	(1,044)	(3,167)
		(6,526,604)	(7,434,396)	(6,628,446)
		(114,216)	(3,048,087)	(1,391,732)
Capital grants, subsidies and contributions	2(a)	1,886,624	3,204,793	1,165,876
Profit(Loss) on asset disposals LHFR		1,046	6,977	15,972
Profit on asset disposals		8,734	0	0
Loss on asset disposals		0	(36,710)	(105,315)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,764	0	3,353
		1,899,168	3,175,060	1,079,886
Net result for the period		1,784,952	126,973	(311,846)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	15	25,260	0	5,851,811
Total other comprehensive income for the period	15	25,260	0	5,851,811
Total comprehensive income for the period		1,810,212	126,973	5,539,965

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



**SHIRE OF BROOKTON
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	15,228,052	13,981,031
Trade and other receivables	5	278,231	190,710
Other financial assets	4(a)	27,988	26,140
Inventories	6	32,367	71,379
TOTAL CURRENT ASSETS		15,566,638	14,269,260
NON-CURRENT ASSETS			
Trade and other receivables	5	60,953	108,000
Other financial assets	4(b)	185,603	205,827
Property, plant and equipment	7	15,540,965	15,424,288
Infrastructure	8	75,126,385	74,480,773
Right-of-use assets	10(a)	19,930	22,022
TOTAL NON-CURRENT ASSETS		90,933,836	90,240,910
TOTAL ASSETS		106,500,474	104,510,170
CURRENT LIABILITIES			
Trade and other payables	11	358,511	266,112
Other liabilities	12	477,426	295,020
Lease liabilities	10(b)	1,515	1,467
Borrowings	13	151,836	142,462
Employee related provisions	14	343,906	230,492
TOTAL CURRENT LIABILITIES		1,333,194	935,553
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	19,037	20,552
Borrowings	13	517,147	668,983
Employee related provisions	14	42,934	107,132
TOTAL NON-CURRENT LIABILITIES		579,118	796,667
TOTAL LIABILITIES		1,912,312	1,732,220
NET ASSETS		104,588,162	102,777,950
EQUITY			
Retained surplus		13,980,087	12,431,121
Reserve accounts	27	12,754,602	12,518,616
Revaluation surplus	15	77,853,473	77,828,213
TOTAL EQUITY		104,588,162	102,777,950

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 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		13,634,841	11,626,742	71,976,402	97,237,985
Comprehensive income for the period					
Net result for the period		(311,846)	0	0	(311,846)
Other comprehensive income for the period	15	0	0	5,851,811	5,851,811
Total comprehensive income for the period		(311,846)	0	5,851,811	5,539,965
Transfers from reserve accounts	27	158,795	(158,795)	0	0
Transfers to reserve accounts	27	(1,050,669)	1,050,669	0	0
Balance as at 30 June 2022		12,431,121	12,518,616	77,828,213	102,777,950
Comprehensive income for the period					
Net result for the period		1,784,952	0	0	1,784,952
Other comprehensive income for the period	15	0	0	25,260	25,260
Total comprehensive income for the period		1,784,952	0	25,260	1,810,212
Transfers from reserve accounts	27	1,283,302	(1,283,302)	0	0
Transfers to reserve accounts	27	(1,519,288)	1,519,288	0	0
Balance as at 30 June 2023		13,980,087	12,754,602	77,853,473	104,588,162

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

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

NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	2,539,841	2,376,841
Grants, subsidies and contributions	2,469,635	2,018,927
Fees and charges	916,742	848,124
Interest revenue	300,686	44,427
Goods and services tax received	308,033	240,704
Other revenue	318,179	198,386
	6,853,116	5,727,409
Payments		
Employee costs	(2,171,474)	(1,929,362)
Materials and contracts	(1,402,474)	(1,250,980)
Utility charges	(217,021)	(181,994)
Finance costs	(58,832)	(62,275)
Insurance paid	(222,323)	(193,514)
Goods and services tax paid	(310,368)	(240,645)
Other expenditure	(99,821)	(3,167)
	(4,482,313)	(3,861,937)
Net cash provided by (used in) operating activities	2,370,803	1,865,472
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	7(a) (694,490)	(1,016,040)
Payments for construction of infrastructure	8(a) (2,309,081)	(956,890)
Capital grants, subsidies and contributions	1,886,624	1,165,876
Proceeds for financial assets at amortised cost	(5,000)	0
Proceeds from financial assets at amortised cost - self supporting loans	26,140	24,414
Proceeds from sale of property, plant & equipment	55,454	98,841
Proceeds from sale of land held for resale	60,500	175,000
Net cash provided by (used in) investing activities	(979,853)	(508,799)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	26(a) (142,462)	(133,671)
Payments for principal portion of lease liabilities	26(b) (1,467)	(1,419)
Net cash provided by (used in) financing activities	(143,929)	(135,090)
Net increase (decrease) in cash held	1,247,021	1,221,583
Cash at beginning of year	13,981,031	12,759,448
Cash and cash equivalents at the end of the year	15,228,052	13,981,031

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



**SHIRE OF BROOKTON
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24	2,531,131	2,518,292	2,377,262
Rates excluding general rates	24	40,567	36,880	34,793
Grants, subsidies and contributions		2,305,083	685,317	1,733,722
Fees and charges		916,742	852,164	848,124
Interest revenue		300,686	41,797	44,427
Other revenue		318,179	251,859	198,386
Profit on asset disposals		8,734	0	0
Profit on asset disposals LHFR	6	1,046	6,977	16,272
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,764	0	3,353
		<u>6,424,932</u>	<u>4,393,286</u>	<u>5,256,339</u>
Expenditure from operating activities				
Employee costs		(2,215,496)	(2,003,317)	(1,897,250)
Materials and contracts		(1,491,197)	(2,052,132)	(1,373,347)
Utility charges		(217,021)	(196,100)	(181,994)
Depreciation		(2,221,914)	(2,890,397)	(2,916,899)
Finance costs		(58,832)	(70,753)	(62,275)
Insurance		(222,323)	(220,653)	(193,514)
Other expenditure		(99,821)	(1,044)	(3,167)
Loss on asset disposals LHFR		0	0	(300)
Loss on asset disposals		0	(36,710)	(105,315)
		<u>(6,526,604)</u>	<u>(7,471,106)</u>	<u>(6,734,061)</u>
Non-cash amounts excluded from operating activities	25(a)	2,187,218	2,920,130	2,981,127
Amount attributable to operating activities		<u>2,085,546</u>	<u>(157,690)</u>	<u>1,503,405</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,886,624	3,204,793	1,165,876
Proceeds from disposal of assets LHFR	6	60,500	60,501	175,000
Proceeds from disposal of assets		55,454	120,000	98,841
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	26,140	26,140	24,414
		<u>2,028,718</u>	<u>3,411,434</u>	<u>1,464,131</u>
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(694,490)	(2,368,261)	(1,016,040)
Purchase and construction of infrastructure	8(a)	(2,309,081)	(3,352,190)	(956,890)
		<u>(3,003,571)</u>	<u>(5,720,451)</u>	<u>(1,972,930)</u>
Amount attributable to investing activities		<u>(974,853)</u>	<u>(2,309,017)</u>	<u>(508,799)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	0	600,000	0
Transfers from reserve accounts	27	1,283,302	2,347,223	158,795
		<u>1,283,302</u>	<u>2,947,223</u>	<u>158,795</u>
Outflows from financing activities				
Repayment of borrowings	26(a)	(142,462)	(167,267)	(133,671)
Payments for principal portion of lease liabilities	26(b)	(1,467)	(1,467)	(1,419)
Transfers to reserve accounts	27	(1,519,288)	(1,256,210)	(1,050,669)
		<u>(1,663,217)</u>	<u>(1,424,944)</u>	<u>(1,185,759)</u>
Amount attributable to financing activities		<u>(379,915)</u>	<u>1,522,279</u>	<u>(1,026,964)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	873,427	944,428	905,785
Amount attributable to operating activities		2,085,546	(157,690)	1,503,405
Amount attributable to investing activities		(974,853)	(2,309,017)	(508,799)
Amount attributable to financing activities		(379,915)	1,522,279	(1,026,964)
Surplus or deficit after imposition of general rates	25(b)	<u>1,604,205</u>	<u>0</u>	<u>873,427</u>

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



**SHIRE OF BROOKTON
FOR THE YEAR ENDED 30 JUNE 2023
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SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The financial report of the Shire of Brookton, which is a Band 4 local government, comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual 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 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	When rates notice is issued
Grants contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

2. REVENUE AND EXPENSES (Continued)

Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,571,698	0	2,571,698
Grants, subsidies and contributions	2,305,083	0	0	0	2,305,083
Fees and charges	894,343	0	22,399	0	916,742
Interest revenue	0	0	15,811	284,875	300,686
Other revenue	318,179	0	0	0	318,179
Capital grants, subsidies and contributions	0	1,886,624	0	0	1,886,624
Total	3,517,605	1,886,624	2,609,908	284,875	8,299,012

For the year ended 30 June 2022

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

(a) Revenue (Continued)

Note	2023 Actual	2022 Actual
	\$	\$
Interest revenue		
Financial assets at amortised cost - self supporting loans	11,272	12,998
Interest on reserve account funds	251,765	13,170
Trade and other receivables overdue interest	15,811	16,840
Other interest revenue	21,838	1,419
	300,686	44,427
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$17,025.		
Fees and charges relating to rates receivable		
Charges on instalment plan	3,000	3,740
The 2023 original budget estimate in relation to: Charges on instalment plan was \$4,000.		

(b) Expenses

Auditors remuneration		
- Audit of the Annual Financial Report	45,000	73,410
- Other services – grant acquittals	2,400	0
	47,400	73,410
Employee Costs		
Employee benefit costs	2,173,595	1,865,331
Other employee costs	41,901	31,919
	2,215,496	1,897,250
Finance costs		
Borrowings	49,170	58,079
Borrowings guarantee fee	8,947	3,433
Lease liabilities	715	763
	58,832	62,275
Councillor fees	28,928	0
Community Resource Centre operating expenditure	31,955	0
Sundry expenses	38,938	3,167
	99,821	3,167

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

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	2,473,451	1,462,415
Term deposits	12,754,601	12,518,616
Total cash and cash equivalents	15,228,052	13,981,031
Held as		
- Unrestricted cash and cash equivalents	1,983,454	1,462,415
- Restricted cash and cash equivalents	16 13,244,598	12,518,616
	15,228,052	13,981,031

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, 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 and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans receivable

Held as

- Unrestricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit or loss

Financial assets at amortised cost

Self supporting loans receivable

Term deposits

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance

Movement attributable to fair value increment

Units in Local Government House Trust - closing balance

	2023	2022
	\$	\$
Financial assets at amortised cost	27,988	26,140
	27,988	26,140
Other financial assets at amortised cost		
Self supporting loans receivable	25(b) 27,988	26,140
	27,988	26,140
Held as		
- Unrestricted other financial assets at amortised cost	27,988	26,140
	27,988	26,140
(b) Non-current assets		
Financial assets at amortised cost	124,486	147,474
Financial assets at fair value through profit or loss	61,117	58,353
	185,603	205,827
Financial assets at amortised cost		
Self supporting loans receivable	114,485	142,473
Term deposits	10,001	5,001
	124,486	147,474
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	58,353	55,000
Movement attributable to fair value increment	2,764	3,353
Units in Local Government House Trust - closing balance	61,117	58,353

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 26(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

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

5. TRADE AND OTHER RECEIVABLES

	Note	2023 \$	2022 \$
Current			
Rates and statutory receivables		105,844	85,088
Trade receivables		90,622	74,209
GST receivable		2,335	0
Receivables for employee related provisions	14	79,430	31,413
		278,231	190,710
Non-current			
Rates and statutory receivables		49,934	50,405
Receivables for employee related provisions	14	11,019	57,595
		60,953	108,000

Disclosure of opening and closing balances related to contracts with customers

Information about receivables 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:

Note	30 June 2023 Actual \$	30 June 2022 Actual \$	1 July 2021 Actual \$
Trade and other receivables from contracts with customers	477,426	295,020	0
Total trade and other receivables from contracts with customers	477,426	295,020	0

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

Note	2023	2022
	\$	\$
Current		
Fuel and materials	32,367	11,925
Land held for resale		
Cost of acquisition	0	20,214
Development costs	0	39,240
	32,367	71,379
The following movements in inventories occurred during the year:		
Balance at beginning of year	71,379	239,610
Written down value of land held for resale sold	(59,454)	(159,028)
Additions to inventory	20,442	(9,203)
Balance at end of year	32,367	71,379

	2023 Actual Net Book Value	2023 Actual Sale Proceeds	2023 Actual Profit	2023 Actual Loss
	\$	\$	\$	\$
Land Held for Resale				
Economic services				
Lot 104 - 8 Avonbank Close, Brookton	59,454	60,500	1,046	0

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 2023**

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non-specialised	Buildings - specialised	Buildings - specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Other property, plant and equipment	PPE - work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	571,209	1,909,101	12,420,772	14,901,082	14,901,082	96,310	2,223,228	716,903	0	17,937,523	
Additions	0	0	336,502	336,502	336,502	7,639	167,009	459,090	45,800	1,016,040	
Disposals	0	0	0	0	0	0	(75,745)	(128,411)	0	(204,156)	
Revaluation increments / (decrements) transferred to revaluation surplus	241,898	(209,957)	(829,067)	(797,126)	(797,126)	0	0	0	0	(797,126)	
Depreciation	0	(28,000)	(137,549)	(165,549)	(165,549)	(14,915)	(167,834)	(42,882)	0	(391,180)	
Transfers	0	(1,671,144)	(465,669)	(2,136,813)	(2,136,813)	0	0	0	0	(2,136,813)	
Balance at 30 June 2022	813,107	0	11,324,989	12,138,096	12,138,096	89,034	2,146,658	1,004,700	45,800	15,424,288	
Comprises:											
Gross balance amount at 30 June 2022	813,107	0	11,324,989	12,138,096	12,138,096	117,593	2,566,408	1,072,090	45,800	15,939,987	
Accumulated depreciation at 30 June 2022	0	0	0	0	0	(28,559)	(419,750)	(67,390)	0	(515,699)	
Balance at 30 June 2022	813,107	0	11,324,989	12,138,096	12,138,096	89,034	2,146,658	1,004,700	45,800	15,424,288	
Additions	0	0	55,264	55,264	55,264	13,225	348,690	0	277,311	694,490	
Disposals	0	0	0	0	0	0	(46,720)	0	0	(46,720)	
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	25,260	25,260	25,260	0	0	0	0	25,260	
Depreciation	0	0	(250,359)	(250,359)	(250,359)	(16,389)	(177,693)	(111,912)	0	(556,353)	
Balance at 30 June 2023	813,107	0	11,155,154	11,968,261	11,968,261	85,870	2,270,935	892,788	323,111	15,540,965	
Comprises:											
Gross balance amount at 30 June 2023	813,107	0	11,405,513	12,218,620	12,218,620	130,818	2,856,389	1,072,090	323,111	16,601,028	
Accumulated depreciation at 30 June 2023	0	0	(250,359)	(250,359)	(250,359)	(44,948)	(585,454)	(179,302)	0	(1,060,063)	
Balance at 30 June 2023	813,107	0	11,155,154	11,968,261	11,968,261	85,870	2,270,935	892,788	323,111	15,540,965	

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

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

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

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

(ii) Cost

Furniture and equipment	Cost	Not applicable	Not applicable	Not applicable	Not applicable
Plant and equipment	Cost	Not applicable	Not applicable	Not applicable	Not applicable

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Other footpaths	Infrastructure - sewerage	Other parks & gardens	Other infrastructure - water	Infrastructure - work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	65,006,093	490,882	1,196,127	568,658	0	0	67,261,760
Additions	837,205	0	88,725	10,395	0	20,565	956,890
Revaluation increments / (decrements) transferred to revaluation surplus	5,790,345	117,341	364,635	376,616	0	0	6,648,937
Depreciation	(2,364,454)	(18,050)	(45,084)	(96,039)	0	0	(2,523,627)
Transfers	0	0	0	2,136,813	0	0	2,136,813
Balance at 30 June 2022	69,269,189	590,173	1,604,403	2,996,443	0	20,565	74,480,773
Comprises:							
Gross balance at 30 June 2022	89,050,320	889,614	2,239,388	5,014,780	0	20,565	97,214,667
Accumulated depreciation at 30 June 2022	(19,781,131)	(299,441)	(634,985)	(2,018,337)	0	0	(22,733,894)
Balance at 30 June 2022	69,269,189	590,173	1,604,403	2,996,443	0	20,565	74,480,773
Additions	2,256,517	0	0	22,850	20,336	9,378	2,309,081
Depreciation	(1,434,152)	(32,802)	(29,073)	(167,442)	0	0	(1,663,469)
Balance at 30 June 2023	70,091,554	557,371	1,575,330	2,851,851	20,336	29,943	75,126,385
Comprises:							
Gross balance at 30 June 2023	91,306,837	889,614	2,239,388	5,037,630	20,336	29,943	99,523,748
Accumulated depreciation at 30 June 2023	(21,215,283)	(332,243)	(664,058)	(2,185,779)	0	0	(24,397,363)
Balance at 30 June 2023	70,091,554	557,371	1,575,330	2,851,851	20,336	29,943	75,126,385

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
	Other infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
	Other infrastructure - sewerage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
	Other infrastructure - parks & gardens	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
	Other infrastructure - water	3	Cost	Cost	Not applicable	Not applicable
	Infrastructure - work in progress		Not applicable	Cost	June 2023	Not applicable

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 2023**

9. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Land - freehold land	
Buildings - non-specialised	1 to 100 years
Buildings - specialised	50 to 80 years
Furniture and equipment	3 to 50 years
Plant and equipment	2 to 100 years
Other property, plant and equipment - Bushfire	2 to 100 years
Infrastructure - roads	0 to 100 years
Other infrastructure - footpaths	10 to 60 years
Other infrastructure - sewerage	6 to 100 years
Other infrastructure - parks & gardens	4 to 100 years
Other infrastructure - water	10 to 75 years
Right of use land	based on the remaining lease
Right of use plant and equipment	based on the remaining lease

Revision of useful lives of plant and equipment

During the year the estimated total useful lives of certain items of plant and equipment used in the maintenance of road infrastructure were revised, with no changes required.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

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

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

Impairment

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

Gains or losses on disposal

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

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - Infrastructure	Right-of-use assets Total
		\$	\$
Balance at 1 July 2021		24,114	24,114
Depreciation		(2,092)	(2,092)
Balance at 30 June 2022		22,022	22,022
Gross balance amount at 30 June 2022		26,134	26,134
Accumulated depreciation at 30 June 2022		(4,112)	(4,112)
Balance at 30 June 2022		22,022	22,022
Depreciation		(2,092)	(2,092)
Balance at 30 June 2023		19,930	19,930
Gross balance amount at 30 June 2023		22,022	22,022
Accumulated depreciation at 30 June 2023		(2,092)	(2,092)
Balance at 30 June 2023		19,930	19,930

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

	2023 Actual	2022 Actual
	\$	\$
Depreciation on right-of-use assets	(2,092)	(2,092)
Finance charge on lease liabilities	(715)	(763)
Total amount recognised in the statement of comprehensive income	(2,807)	(2,855)
Total cash outflow from leases	(2,182)	(2,182)
(b) Lease Liabilities		
Current	1,515	1,467
Non-current	19,037	20,552
	26(b) 20,552	22,019

The Shire has a lease relating to land and vested improvement. The lease term is 25 years with no extension option. Land is not depreciated.

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 26(b).

Right-of-use assets - measurement

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

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10. LEASES (Continued)

(c) Lessor - Property, Plant and Equipment Subject to Lease

The Shire leases houses to staff and aged persons with rentals payable fortnightly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The staff houses are not considered investment property as they are leased for use in the supply of services to the community. The aged persons housing are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

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

Expectations about the future residual values are reflected in the fair value of the properties.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
ATO liabilities	
Bonds and deposits held	
Accrued Expenses	
Other payables ESL Payments to FESA	

2023	2022
\$	\$
282,983	96,163
29,880	41,452
23,777	15,161
0	13,810
12,570	0
9,301	94,117
0	5,409
358,511	266,112

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. OTHER LIABILITIES

Current

Contract liabilities
Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

Opening balance
Additions
Revenue from contracts with customers included as a contract liability at the start of the period

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$0 (2022: \$8,114)

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance
Additions

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

	2023	2022
	\$	\$
	0	8,114
	477,426	286,906
	477,426	295,020
	8,114	0
	0	8,114
	(8,114)	0
	0	8,114
	286,906	286,906
	190,520	0
	477,426	286,906

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		151,836	517,147	668,983	142,462	668,983	811,445
Total secured borrowings	26(a)	151,836	517,147	668,983	142,462	668,983	811,445

Secured liabilities and assets pledged as security

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

The Shire of Brookton has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 26(a).

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	143,729	121,347
Long service leave	160,683	88,534
Employment on-costs annual leave	21,209	15,775
	<u>325,621</u>	<u>225,656</u>
Employee related other provisions		
Employment on-costs long service leave	18,285	4,836
	<u>18,285</u>	<u>4,836</u>
Total current employee related provisions	<u>343,906</u>	<u>230,492</u>
Non-current provisions		
Employee benefit provisions		
Long service leave	40,526	95,804
	<u>40,526</u>	<u>95,804</u>
Employee related other provisions		
Employment on-costs long service leave	2,408	11,328
	<u>2,408</u>	<u>11,328</u>
Total non-current employee related provisions	<u>42,934</u>	<u>107,132</u>
Total employee related provisions	<u>386,840</u>	<u>337,624</u>

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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

15. REVALUATION SURPLUS

	2023	Total	2023	2022	Total	2022
	Opening	Movement on	Closing	Opening	Movement on	Closing
	Balance	Revaluation	Balance	Balance	Revaluation	Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	807,134	0	807,134	565,236	241,898	807,134
Revaluation surplus - Buildings - non-specialised	0	0	0	209,957	(209,957)	0
Revaluation surplus - Buildings - specialised	7,856,715	25,260	7,881,975	8,685,782	(829,067)	7,856,715
Revaluation surplus - Infrastructure - roads	67,650,545	0	67,650,545	61,860,200	5,790,345	67,650,545
Revaluation surplus - Other infrastructure - footpaths	306,197	0	306,197	188,856	117,341	306,197
Revaluation surplus - Other infrastructure - sewerage	364,635	0	364,635	0	364,635	364,635
Revaluation surplus - Other infrastructure - parks & gardens	842,987	0	842,987	466,371	376,616	842,987
	77,828,213	25,260	77,853,473	71,976,402	5,851,811	77,828,213

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

16. RESTRICTIONS OVER FINANCIAL ASSETS

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents

Note	2023 Actual \$	2022 Actual \$
3	13,244,598	12,813,636
	13,244,598	12,813,636
The restricted financial assets are a result of the following specific purposes to which the assets may be used:		
27	12,754,602	12,518,616
12	0	8,114
12	477,426	286,906
11	12,570	0
	13,244,598	12,813,636

Total restricted financial assets

**17. UNDRAWN BORROWING FACILITIES AND CREDIT
STANDBY ARRANGEMENTS**

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

Total amount of credit unused

Loan facilities

Loan facilities - current

Loan facilities - non-current

Total facilities in use at balance date

Unused loan facilities at balance date

0	0
0	0
10,000	10,000
(1,375)	(1,997)
8,625	8,003
151,836	142,462
517,147	668,983
668,983	811,445
0	0

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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18. CONTINGENT LIABILITIES

In compliance with the *Contaminated Sites Act 2003*, the Shire has listed a site to be a possible sources of contamination. Details of those sites are:

- Sewerage Treatment Plant

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of this site. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

19. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	341,173	2,285
- plant & equipment purchases	11,880	4,200
	353,053	6,485
Payable:		
- not later than one year	353,053	6,485

The capital expenditure projects outstanding at the end of the current reporting period represent West Brookton Fire Shed, Memorial Hall, Railway Station, Brookton Aquatic Centre renewal, replacement bins Robinson Road, IT infrastructure, lighting Railway Reserve and effluent line renewal.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
President's annual allowance	1,500	1,500	1,500
President's meeting attendance fees	8,100	5,329	11,300
President's travel and accommodation expenses	178	588	212
	9,778	7,417	13,012
Deputy President's annual allowance	375	375	375
Deputy President's meeting attendance fees	3,200	5,229	5,246
Deputy President's travel and accommodation expenses	749	588	1,108
	4,324	6,192	6,729
All other council member's meeting attendance fees	13,587	26,142	19,535
All other council member's travel and accommodation expenses	1,239	2,944	2,283
	14,826	29,086	21,818
20(b)	28,928	42,695	41,559

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	499,957	271,151
Post-employment benefits	69,361	31,609
Employee - other long-term benefits	60,910	35,913
Employee - termination benefits	0	12,331
Council member costs	28,928	41,559
20(a)	659,156	392,563

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

20. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Sale of goods and services	616	5,842
Payment of council member costs	0	134
Amounts outstanding from related parties:		
Trade and other receivables	616	25,067
Amounts payable to related parties:		
Loans from associated entities	142,474	168,613

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 20(a) and 20(b)

ii. Other Related Parties

Outside of normal citizen type transactions with the Shire, there was one other related party transaction involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities(details below).

A loan to an associated entity with council members on the management committee.
The loan \$142,474 in the current year (\$168,613 in the prior year).

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

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

21. JOINT ARRANGEMENTS

Share of joint operations

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

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

The Shire manages the property and tenancy of the joint operation and the effects of its interest in the joint operations are as follows:

	2023	2022
	Actual	Actual
	\$	\$
Statement of Financial Position		
Land & Building	91,464	91,464
Less: accumulated depreciation	(1,876)	0
Total assets	89,588	91,464
Land & Building	91,464	91,464
Total equity	91,464	91,464
Statement of Comprehensive Income		
Other revenue	41,072	31,433
Depreciation	(1,876)	(1,461)
Other expense	(12,253)	(17,723)
Profit/(loss) for the period	26,943	12,249
Total comprehensive income for the period	26,943	12,249
Statement of Cash Flows		
Other revenue	41,072	31,433
Other expense	(12,429)	(19,184)
Net cash provided by (used in) operating activities	28,643	12,249

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

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

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

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

23. 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 report is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Interest revenue

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

i) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

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

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's 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.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. DETERMINATION OF SURPLUS OR DEFICIT

Note	2022/23	2022/23	2022/23	2021/22	
	(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(1 July 2022 Brought Forward)	(30 June 2022 Carried Forward)	
	\$	\$	\$	\$	
(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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
	Less: Profit (Loss) on asset disposals LHFR	(1,046)	(6,977)	(15,972)	(15,972)
	Less: Profit on asset disposals	(8,734)	0	0	0
	Less: Fair value adjustments to financial assets at fair value through profit or loss	(2,764)	0	(3,353)	(3,353)
	Add: Loss on disposal of assets	0	36,710	105,315	105,315
9(a)	Add: Depreciation	2,221,914	2,890,397	2,916,899	2,916,899
Non-cash movements in non-current assets and liabilities:					
	Financial assets at amortised cost	(5,000)	0	0	0
	Movement in Inventories LHFR	0	0	(5,931)	(5,931)
	Pensioner deferred rates	471	0	(6,135)	(6,135)
	Employee benefit provisions	(55,279)	0	(9,696)	(9,696)
	Movement in Receivable - employee related provision non-current	46,576	0	0	0
	Movement in non-current long service leave oncost provision	(8,920)	0	0	0
	Non-cash amounts excluded from operating activities	2,187,218	2,920,130	2,981,127	2,981,127
(b) Surplus or deficit after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity 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					
27	Less: Reserve accounts	(12,754,602)	(11,427,603)	(12,518,616)	(12,518,616)
4(a)	Less: Financial assets at amortised cost - self supporting loans	(27,988)	(26,140)	(26,140)	(26,140)
6	Less: Current assets not expected to be received at end of year - Land held for resale	0	0	(59,453)	(59,453)
13	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	151,836	575,195	142,462	142,462
10(b)	- Current portion of lease liabilities	1,515	0	1,467	1,467
	Total adjustments to net current assets	(12,629,239)	(10,878,548)	(12,460,280)	(12,460,280)
Net current assets used in the Statement of Financial Activity					
	Total current assets	15,566,638	12,142,963	14,269,260	14,269,260
	Less: Total current liabilities	(1,333,194)	(1,264,415)	(935,553)	(935,553)
	Less: Total adjustments to net current assets	(12,629,239)	(10,878,548)	(12,460,280)	(12,460,280)
	Surplus or deficit after imposition of general rates	1,604,205	0	873,427	873,427

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Actual					Budget		
	Principal at 30 June 2022		Principal at 30 June 2023		Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
	Principal at 1 July 2021	New Loans During 2021-22	Principal at 30 June 2022	Principal at 30 June 2023				
Kalkarni Residency	\$ 54,417	0	\$ 44,707	\$ 34,443	\$ 44,707	0	\$ (10,264)	\$ 34,443
Staff Housing	89,787	0	73,768	56,833	73,766	0	(16,935)	56,831
Sewerage	38,092	0	31,295	24,110	31,295	0	(7,185)	24,110
Effluent Loan	0	0	0	0	0	600,000	(24,805)	575,195
Sport & Recreation	480,006	0	419,296	354,293	419,296	0	(65,003)	354,293
Grader	89,787	0	73,766	56,831	73,766	0	(16,935)	56,831
Total	752,089	0	642,832	526,510	642,830	600,000	(141,127)	1,101,703
Self Supporting Loans								
Country Club	193,027	0	168,613	142,473	168,613	0	(26,140)	142,473
Total Self Supporting Loans	193,027	0	168,613	142,473	168,613	0	(26,140)	142,473
Total Borrowings	945,116	0	811,445	668,983	811,443	600,000	(167,267)	1,244,176

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

Borrowing Finance Cost Payments

Purpose	Loan Number	Note	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023
Kalkarni Residency	Loan 80		WATC*	5.63%	2/02/2026	(2,618)	(2,693)
Staff Housing	Loan 80		WATC*	5.63%	2/02/2026	(4,346)	(4,443)
Sewerage	Loan 80		WATC*	5.63%	2/02/2026	(1,844)	(1,885)
Effluent Loan						0	(12,978)
Sport & Recreation	Loan 81		WATC*	6.95%	15/11/2027	(32,411)	(31,020)
Grader	Loan 80		WATC*	5.63%	2/02/2026	(4,346)	(4,543)
Total						(45,565)	(57,562)
Self Supporting Loans Finance Cost Payments							
Country Club	Loan 82		WATC*	6.95%	15/11/2027	(12,552)	(12,476)
Total Self Supporting Loans Finance Cost Payments						(12,552)	(12,476)
Total Finance Cost Payments						(58,117)	(70,038)

* WA Treasury Corporation

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual				Budget			
		Principal at 1 July 2021	New Leases During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal at 1 July 2022	New Leases During 2022-23	Principal at 30 June 2023	Principal at 30 June 2023
Re-Use Water Dam	10(b)	23,438	0	22,019	0	22,018	0	20,551	
Total Lease Liabilities		23,438	0	22,019	0	22,018	0	20,551	
Lease Finance Cost Payments									
Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2022	Lease Term	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023
Re-Use Water Dam		LE-03	Seabrook Aboriginal Corporation	3.40%	1/11/2035	(763)	25 years	(715)	(715)
Total Finance Cost Payments						\$ (763)		\$ (715)	\$ (715)

**SHIRE OF BROOKTON
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FOR THE YEAR ENDED 30 JUNE 2023**

27. RESERVE ACCOUNTS

	2023 Actual		2023 Actual		2023 Budget		2023 Budget		2023 Budget		2022 Actual		2022 Actual		
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council															
(a) Leave Reserve	138,959	7,504	0	146,463	138,959	2,950	0	141,909	138,900	59	0	138,959	0	0	138,959
(b) Plant and Vehicle Reserve	458,416	422,875	(106,497)	774,794	458,416	400,689	(617,341)	241,764	337,435	195,144	(74,163)	458,416	(74,163)	0	458,416
(c) Land and Housing Development Reserve	1,640,520	145,227	0	1,785,747	1,640,520	89,740	0	1,730,260	1,392,425	248,095	0	1,640,520	0	0	1,640,520
(d) Furniture and Equipment Reserve	13,584	30,944	(14,272)	30,256	13,584	30,015	(17,000)	26,599	21,213	9	(7,638)	13,584	(7,638)	0	13,584
(e) Municipal Building and Facility Reserve	607,293	29,297	(128,238)	508,352	607,292	9,777	(314,209)	302,860	631,068	270	(24,045)	607,293	(24,045)	0	607,293
(f) Townscape and Footpath Reserve	125,231	5,794	0	131,025	125,231	1,719	0	126,950	125,177	54	0	125,231	0	0	125,231
(g) Sewerage Scheme Reserve	510,978	42,410	(104,371)	449,017	510,977	25,986	(50,000)	486,963	445,787	65,191	0	510,978	0	0	510,978
(h) Road and Bridges Infrastructure Reserve	296,802	351,172	(195,593)	452,381	296,802	331,258	(301,489)	326,571	115,816	200,050	(19,064)	296,802	(19,064)	0	296,802
(i) Health and Wellbeing Reserve	554,586	0	(554,586)	0	554,586	598	(555,184)	0	554,349	237	0	554,586	0	0	554,586
(j) Sport and Recreation Reserve	31,667	1,052	0	32,719	31,667	34	0	31,701	31,653	14	0	31,667	0	0	31,667
(k) Rehabilitation and Refuse Reserve	266,081	13,330	0	279,411	266,081	4,641	0	270,722	210,991	55,090	0	266,081	0	0	266,081
(l) Caravan Park Reserve	354,212	19,129	0	373,341	354,213	7,520	0	361,733	354,061	151	0	354,212	0	0	354,212
(m) Brookton Museum/Heritage Reserve	47,209	1,568	0	48,777	47,209	51	0	47,260	47,189	20	0	47,209	0	0	47,209
(n) Kweda Hall Reserve	18,050	975	0	19,025	18,050	383	0	18,433	18,042	8	0	18,050	0	0	18,050
(o) Railway Station Reserve	530,223	17,614	(21,550)	526,287	530,223	572	(252,000)	278,795	330,082	200,141	0	530,223	0	0	530,223
(p) Madison Square Units Reserve	30,693	1,658	0	32,351	30,693	652	0	31,345	30,680	13	0	30,693	0	0	30,693
(q) Cemetery Reserve	80,748	3,528	0	84,276	80,748	907	0	81,655	30,735	50,013	0	80,748	0	0	80,748
(r) Water Reserve	75,795	3,888	(14,000)	65,683	75,795	1,452	(14,000)	63,247	109,633	47	(33,885)	75,795	(33,885)	0	75,795
(s) Developer Contribution Reserve	27,937	148	(25,195)	2,890	2,743	58	-	2,801	2,742	25,195	0	27,937	0	0	27,937
(t) Brookton Aquatic Reserve	456,363	50,236	(119,000)	387,599	481,502	9,618	(226,000)	265,120	456,307	56	0	456,363	0	0	456,363
(u) Cash Contingency Reserve	138,938	(81)	0	138,857	131,745	2,797	0	134,542	131,688	7,250	0	138,938	0	0	138,938
(v) Future Fund Reserve	4,100,930	105,510	0	4,206,440	4,104,617	87,029	0	4,191,646	4,097,368	3,562	0	4,100,930	0	0	4,100,930
(w) Innovations Fund Reserve	2,013,401	43,556	0	2,056,957	2,016,963	32,764	0	2,049,727	2,013,401	0	0	2,013,401	0	0	2,013,401
(x) Brookton Community Resource Centre Reserve	0	221,954	0	221,954	0	215,000	0	215,000	0	0	0	0	0	0	0
	12,518,616	1,519,288	(1,283,302)	12,754,602	12,518,616	1,256,210	(2,347,223)	11,427,603	11,626,742	1,050,669	(158,795)	11,626,742	(158,795)	0	12,518,616
	12,518,616	1,519,288	(1,283,302)	12,754,602	12,518,616	1,256,210	(2,347,223)	11,427,603	11,626,742	1,050,669	(158,795)	11,626,742	(158,795)	0	12,518,616

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

27. RESERVE ACCOUNTS

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 account Restricted by council	Anticipated date of use	Purpose of the reserve account
(a) Leave Reserve		This reserve is for the funding of annual and long service leave requirements.
(b) Plant and Vehicle Reserve		This reserve is for the purchase of major items in the Shire's plant and vehicle replacement program. Inclusive of the Community Bus.
(c) Land and Housing Development Reserve		This reserve is for the construction, acquisition, renewal or upgrading of housing and land development to meet present and future requirements.
(d) Furniture and Equipment Reserve		This reserve is for the replacement of major items of furniture and equipment.
(e) Municipal Building and Facility Reserve		This reserve is for the construction, demolition, acquisition, renewal or upgrade of Shire owned Public and Community buildings and facilities.
(f) Townscape and Footpath Reserve		This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works.
(g) Sewerage Scheme Reserve		This reserve is to fund the expansion, ongoing renewal, maintenance and asset management needs of the Brookton Sewerage Scheme.
(h) Road and Bridges Infrastructure Reserve	30/06/2023	This reserve is for the construction and upgrade of roads and bridges within the Shire.
(i) Health and Wellbeing Reserve		This reserve is for funding of initiatives in relation to Community Health & Wellbeing.
(j) Sport and Recreation Reserve		This reserve is to fund new, renewal, upgrades, or major maintenance of sporting and recreation infrastructure.
(k) Rehabilitation and Refuse Reserve		This reserve is to fund the rehabilitation or major upgrades of the Brookton Refuse Site and or to rehabilitate former Gravel Pits.
(l) Caravan Park Reserve		This reserve is to be used to fund any upgrades or major maintenance at the Brookton Caravan Park.
(m) Brookton Museum/Heritage Reserve		This reserve is to be used to fund any upgrades or major maintenance of the Brookton Historical Museum.
(n) Kweda Hall Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.
(o) Railway Station Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Brookton Railway Station and/or Platform.
(p) Madison Square Units Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units.
(q) Cemetery Reserve		This reserve is to be used to fund any upgrades or major maintenance on the Brookton Cemetery.
(r) Water Reserve		This reserve is to fund renewal, upgrades or major maintenance of the water scheme infrastructure under the control of the Shire.
(s) Developer Contribution Reserve		This reserve is to hold contributions applied to a development via a Development Application or Subdivision Approval pending determination by council of its application to the specific works.
(t) Brookton Aquatic Reserve		This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Aquatic Centre.
(u) Cash Contingency Reserve		This reserve is to cover unexpected shortfalls in operational funding should the need arise.

**SHIRE OF BROOKTON
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023**

28. 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 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Public Open Space Contributions	13,820	0	0	13,820
	13,820	0	0	13,820



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Brookton

To the Council of the Shire of Brookton

Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 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, the Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Brookton for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 December 2023