



## Shire of Brookton

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## Acknowledgement of Country

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

## Shire Mission and Vision

### *Shire of Brookton Mission*

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

### *BROOKTON Vision by 2027*

BROOKTON is

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

# Shire President Message

It is my pleasure to present the Shire of Brookton's Annual Report for 2019-20 on behalf of my fellow Councillors. It has been an honour and privilege to be able to serve as the Shire President and continue the great work and achievements of the past financial year.

The second half of this year has tested our resilience and whilst there were many challenges, I thank you all for taking care of yourselves and your neighbours during lock-down of the COVID-19 pandemic. I was so incredibly proud of our Community, we came together, whilst still staying apart to look after our most vulnerable and at risk. As an organisation we worked hard to keep our doors open and continue to provide a service to you, we had several businesses close or change how they operated, many of our sporting and not for profit organisations also had to close. This placed immense pressure on our community, but I am so proud of the way we as a community handle the pandemic. It is not over, and we all need to maintain our vigilance in keeping ourselves and our neighbours safe.

In October, we welcomed three new Councillors, and said farewell to three, Kim Mills was recognised by WALGA for his contribution to Brookton over the past 12 years, and I would like to take this opportunity to thank former Cr Mills, Cr Eyre and Cr Eva for their contribution to our Community and welcome Cr Lilly, Cr Macnab and Cr Watts.

We have continued our planning and have seen the Next Generation BROOKTON become more firmly entrenched in our everyday business. Thank you to everyone who is actively participating in our Advisory groups. This has once again seen many of the ideas that the community came up with in 2019-20 progress to more detailed research, enacted by others within the community or in some cases referred to Council for a decision. The development of a community garden, BMX track, the formal adoption of the Brookton Recreation Reserve Management Plan, are all examples of ideas that have come through your Book Ideas and progressed to projects that are now being delivered. Additionally, the money committed by the Shire to the Entry Statement Competition and subsequent erection of entry signage to our town came to fruition, and the positive impact these signs make.

In this financial year, a major focus was on the Recreation Precinct Plan and the opportunity to utilise funding that became available as a result of COVID-19 pandemic, such as the \$500,000 Commonwealth Governments Drought Communities Fund and the \$255,000 from the Commonwealth Governments Local Road and Community Infrastructure Program Funding. The Recreation Precinct Plan will enable the Council to initiate significant investment by Council in several projects and capital works that have been identified.

We know, that while we have all the innovative and collaborative ideas for future projects, we recognise that Local Government is the closest tier of government to the community and it's our job to deliver the essential services and infrastructure the community needs and wants. To do this, we need to be flexible and work together with the community - which is something we have been working to improve through the Integrated Planning and Reporting (IPR) process

and the Innovations Pathway. Council looks forward to working with the Community to deliver on these initiatives and no doubt many others as our Community, State and Nation progress recovery from the COVID-19 pandemic.

Council continued to support a number of programs in conjunction with the community, such as the Brookton Business Advisory Group, to help small businesses work together to deliver outcomes that benefit all, including how we can collaborate to achieve Brookton outcomes. We also finished renovating some of our facilities such as the kitchen and floor at the WB Eva Pavilion and the installation of the gazebo and new niche wall at the cemetery.

Council will continue to be innovative, collaborative and accountable and I thank all members of the community for their time and especially those many volunteers who contribute to advance a Bigger, Better Brookton.

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 2019-20, I look forward to working with you to achieve Next Generation BROOKTON, ensuring Brookton is a community of choice for generations to come.



Katrina Crute  
Shire President

# Chief Executive Officer Message

I am pleased present an update on the statutory reporting requirements and key achievements for what has proven to be a busy and challenging financial year:

## Financial Management and Governance

With the Office of the Auditor General (AOG) having recently completed its third audit on the Shire's financial management and governance functions, the need for continued improvement to implementing effective and robust procedures is acknowledged, notwithstanding the Shire's fiscal position remains strong.

What has differed from previous financial years has primarily been the disposal (sale) of Lot 511 Whittington Street (Kalkarni Residential Aged Care Facility and Saddleback Medical Centre) to Baptistcare (WA) Inc. for \$7.08m, and the onset of the COVID-19 pandemic globally. These two matters had presented some challenges, with receipt of sale proceeds from Lot 511 proving more complex and demanding than usual from an accounting perspective, and Council bringing forward a number of capital works to assist in stimulating the broader regional economy at the end of the financial year applying additional work to administration staff.

As to the funds received from the property sale, the Council has allocated the full \$7.08m across a number of cashed back reserves as part of the 2020-21 financial budget.

A copy of the Annual Financial Report together with the Auditor's comments and findings for the 2019-20 financial year is appended to this report.

## Key Statutory and Strategic Matters

During the 2019-20 financial year some of the key statutory and strategic actions performed includes:

- The October 2019 Local Government elections;
- Mandatory Elected Member training for newly elected Councillors;
- Review of Local Planning Scheme No. 4 (gazetted December 2019);
- Review of the Shire's Disability Inclusion and Action Plan;
- Deliver on the Shire Integrated Planning and Reporting (IPR) framework;
- Preparation of Reserve 43158 Management Plan;
- Review of Council's Local Emergency Management Arrangements;
- Reset of Council's Audit and Risk Committee framework;
- Finalisation of Council's Business Continuity Plan;
- Upgrade of the Shire's ICT framework; and
- Response to the 'COVID-19 State of Emergency' including:
  - facilitation of the Local Emergency Management Committee (LEMC) meetings.
  - participation in the Local Incident Support Group (ISG).

- adherence to community lock down restrictions.
- implementation of social distancing measures.
- increased communication and information flow to the local community.
- continuation of works and administration functions to serve the community.
- conduct of Council meetings through digital communication means.

## **Key Assets**

### Road Works

The road works for the 2019-20 financial year involved:

- Continued road maintenance grading works across the Shire's unsealed road network.
- Continued sealing of the York-Williams Road with a further 3 kilometres being sealed.
- Second coat sealing works on Brookton Kweda Road.
- Repair works on Yeo Road.
- Gravel Sheeting of Boyagarra, South Dale and Davis Roads.

The roadworks program has continued to be Council's most significant area of expenditure and allocation of Shire resources - refer to the 2019-20 Annual Financial Report for qualified expenditure.

### Plant and Equipment

Council has maintained the need to ensure its plant and equipment is current, operational and efficient, while attempting to minimise plant maintenance costs. This has seen the acquisition of the following replacement (new for old) of major plant items:

- Purchase of John Deer Front End Loader.
- Purchase of a Hino Truck.
- Purchase of Mitsubishi Dual Cab Ute x 3.
- Water tank for road works.
- 10,000 litre electronic diesel fuel tank.

### Other Works

The other works performed during the year includes:

- Continued parks and gardens maintenance.
- Continued housing maintenance.
- Construction of youth BMX track.
- Second water pipeline crossing of the Railway Reserve.
- Installation of 200,000 litre storage tank for Happy Valley Water.
- Upgrade of lighting at the Works Depot.



- Installation of back up diesel generators at the Administration Office and WB Eva Pavilion.
- Replacement of flooring and upgrade of the kitchen at the WB Eva Pavilion.
- Upgrade of Shire Administration Centre and Council Chambers (carrying over to 2020-21 financial year).

#### Elected Members and Staff

During the financial year the organisation experienced a number of personnel movements.

Specifically, I wish to acknowledge the departure of Mr. Steve Thomson (Manager Infrastructure and Emergency), Ms. Vicki Morris (Manager Corporate and Community), and Ms. Courtney Fulwood (Executive Officer). All of their positive contributions during their tenure with the Shire is greatly appreciated.

I also take this opportunity to sincerely thank all other staff and Councillors (past and present) for their continued support and efforts over what has been an extraordinary year, particularly with the advent of the COVID-19 pandemic.



Ian D'Arcy  
Chief Executive Officer



# Council and Executive



**Cr Katrina Crute**  
Shire President  
Term expires: 2021

Mobile: 0439 373 282  
[sp@brookton.wa.gov.au](mailto:sp@brookton.wa.gov.au)



**Cr Neil Walker**  
Deputy Shire President  
Term expires: 2023

Mobile: 0408 424 018  
[CrWalker@brookton.wa.gov.au](mailto:CrWalker@brookton.wa.gov.au)



**Cr Theresa Fancote**  
Councillor  
Term expires: 2021

Mobile: 0418 914 705  
[CrFancote@brookton.wa.gov.au](mailto:CrFancote@brookton.wa.gov.au)



**Cr Chris Hartl**  
Councillor  
Term expires: 2023

Mobile: 0429 182 109  
[CrHartl@brookton.wa.gov.au](mailto:CrHartl@brookton.wa.gov.au)



**Cr Tamara Lilly**  
Councillor  
Term expires: 2023

Mobile: 0419 111 300  
[CrLilly@brookton.wa.gov.au](mailto:CrLilly@brookton.wa.gov.au)



**Cr Gail Macnab**  
Councillor  
Term expires: 2023

Mobile: 0456 226 674  
[CrMacnab@brookton.wa.gov.au](mailto:CrMacnab@brookton.wa.gov.au)



**Cr Barry Watts**  
Councillor  
Term expires: 2021

Mobile: 0435 751 713  
[CrWatts@brookton.wa.gov.au](mailto:CrWatts@brookton.wa.gov.au)



**Cr Travis Eva**  
Councillor  
Resigned January 2019



**Cr Leslie Eyre**  
Councillor  
Retired October 2019



**Cr Kim Mills**  
Councillor  
Retired October 2019

# Senior Staff

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

- Chief Executive Officer Mr Ian D'Arcy
- Deputy Chief Executive Officer Ms Vicki Morris (left March 2020)
- Manager Infrastructure & Regulatory Mr Steve Thomson (left March 2020)

Following a restructure of the organisation in November 2019 this was amended to the Chief Executive Officer, with the following positions and employees no longer designated senior employees:

- Manger Corporate & Community Mrs Amy Eva (started March 2020)
- Manager Infrastructure & Emergency Mr Mikel Haramboure (started May 2020)

In total the Shire of Brookton employed 23 full time equivalent (FTE) employees during the 2019-20 financial year.

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

<i>Salary Range</i>	<i>2020</i>	<i>2019</i>
<i>\$100,000 - \$109,999</i>	<i>1</i>	<i>1</i>
<i>\$110,000 - \$119,999</i>	<i>1</i>	<i>1</i>
<i>\$120,000 - \$129,999</i>	<i>0</i>	<i>0</i>
<i>\$130,000 - \$139,999</i>	<i>0</i>	<i>0</i>
<i>\$140,000 - \$149,999</i>	<i>1</i>	<i>1</i>



# Shire Profile

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

## Shire of Brookton Administration Centre

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

## Shire of Brookton Works Depot

Richardson Street  
(P O Box 42)  
BROOKTON WA 6306  
Telephone: (08) 9642 1144  
Email: [mail@brookton.wa.gov.au](mailto:mail@brookton.wa.gov.au)

### Key Facts - Our Shire

Area	1,626 square Kilometres
Population	975 (as at 2016 Census)
Median Age	48 (as at 2016 Census)
Number of Dwellings	506 (as at 2016 Census)
Number of Council Employees	23
Number of Elected Members	7
Distance from Perth	138 kilometres
Length of Roads - Sealed	205 kilometres
Length of Roads - Unsealed	438 kilometres



# Disability Access and Inclusion Plan

The Shire reviewed its Disability Access and Inclusion Plan (DAIP) in 2019-20, with minor progress having been made.

This included:

- A refresh of the Shire's website to improve the viewability and availability of public information in alternative formats and font sizes; and
- modification to the Shire's Administration building with a new reception counter suited to wheelchair access and similarly a disabled ramp to the Council Chambers.



# Elected Member Training and Gifts

With recent amendments to the *Local Government Act 1995* all elected members are required to undertake training within 12 months of being elected commencing from the October 2019 Local Government elections, unless an exemption applies. This training is valid for a period of 5 years with each Councillor compelled to undertake the training at every second election.

The core units that make up the training content, includes:

- Understanding Local Government
- Serving on Council
- Meeting procedures
- Conflicts of Interest
- Understanding of financial reports and budgets.

The following table illustrates the performance of Elected Member training for Councillors over the 2019-20 period:

Elected Member	Elected to Council	Training Course	Status	Mandatory (Yes/No)	Completion Date(s)
<b>Shire President Katrina Crute</b>	October 2017	Participate in Local Government Emergency Management Preparation	Completed	No	5 <sup>th</sup> March 2020
<b>Deputy Shire President Neil Walker</b>	October 2019	Understanding Local Government	Not Commenced	Yes	
		Serving on Council	Not commenced	Yes	
		Understanding Financial Reports & Budgets	Not Commenced	Yes	
		Meeting Procedures	Not Commenced	Yes	
		Conflicts of Interest	Not Commenced	Yes	
<b>Councillor Tamara Lilly</b>	October 2019	Understanding Local Government	Commenced	Yes	
		Serving on Council – Commenced	Commenced	Yes	
		Understanding Financial Reports & Budgets	Commenced	Yes	
		Meeting Procedures	Commenced	Yes	

		Conflicts of Interest	Not Commenced	Yes	
<b>Councillor Theresa Fancote</b>	October 2017	No training completed			
<b>Councillor Barry Watts</b>	October 2019	Understanding Local Government	Completed	Yes	9 <sup>th</sup> June 2020
		Serving on Council	Completed	Yes	9 <sup>th</sup> June 2020
		Understanding Financial Reports & Budgets	Completed	Yes	17 <sup>th</sup> June 2020
		Meeting Procedures	Completed	Yes	23 <sup>rd</sup> June 2020
		Conflicts of Interest	Completed	Yes	9 <sup>th</sup> June 2020
<b>Councillor Gail Macnab</b>	October 2019	Understanding Local Government	Completed	Yes	24 <sup>th</sup> November 2019
		Meeting Procedures	Completed	Yes	20 <sup>th</sup> January 2020
		Conflicts of Interest	Completed	Yes	21 <sup>st</sup> December 2019
		Serving on Council	Commenced	Yes	
		Understanding Financial Reports & Budgets	Commenced	Yes	
<b>Councillor Chris Hartl</b>	October 2019	Understanding Local Government	Commenced	Yes	
		Conflicts of Interest	Not Commenced	Yes	
		Understanding Financial Reports & Budgets	Not Commenced	Yes	

In accordance with Sections 5.87A and 5.87B of the *Local Government Act 1995* all Elected Members and the CEO are required to disclose gifts received during the financial year when performing their respective roles.

The threshold for declaration of a gift is where it is valued over \$300 or where the cumulative value exceeds \$300 received from the same party in a 12-month period.

Of note, the following situations are specifically excluded from having to be declared a gift(s):

- the gift does not exceed \$300 in value.
- the gift is a ticket to event approved by Council in accordance with its policy for attendance at events.
- the gift is received from the Western Australia Local Government Association (WALGA), Local Government Professionals Australia (WA), Australian Local Government Association, a department of the public service, government department of another State, Territory or Commonwealth, or another local government or regional local government.

Notwithstanding the above requirements the following table details all gifts received by all members of the Shire during the 2019-20 financial year.



## Form 4

Local Government Act 1995

Local Government (Administration) Regulations 1996

## REGISTER OF GIFTS AND CONTRIBUTIONS TO TRAVEL – SHIRE OF BROOKTON



## 1. Gifts

Section 5.82 of the *Local Government Act 1995*

Name of relevant person making disclosure	Description of gift	Name of person who made gift	Address of person who made gift	Date gift was received	Estimated value of gift at time it was made	Nature of relationship between relevant person and person who made gift
Rick Gill <i>Maintenance Officer</i>	1 bottle of Scotch Whisky	Andrew Mackie	Welshpool WA 6986	17/12/2019	Total = \$52.00	Contractor
Cr Katrina Crute	1 bottle of Wine	The Vines Medical Practice	Brookton WA 6306	07/01/2020	Total = \$26.00	Professional
Cr Barry Watts	2 Jars Marmalade	Carol Bond	Brookton WA 6306	03/05/2020	Total = \$7.50	Friend

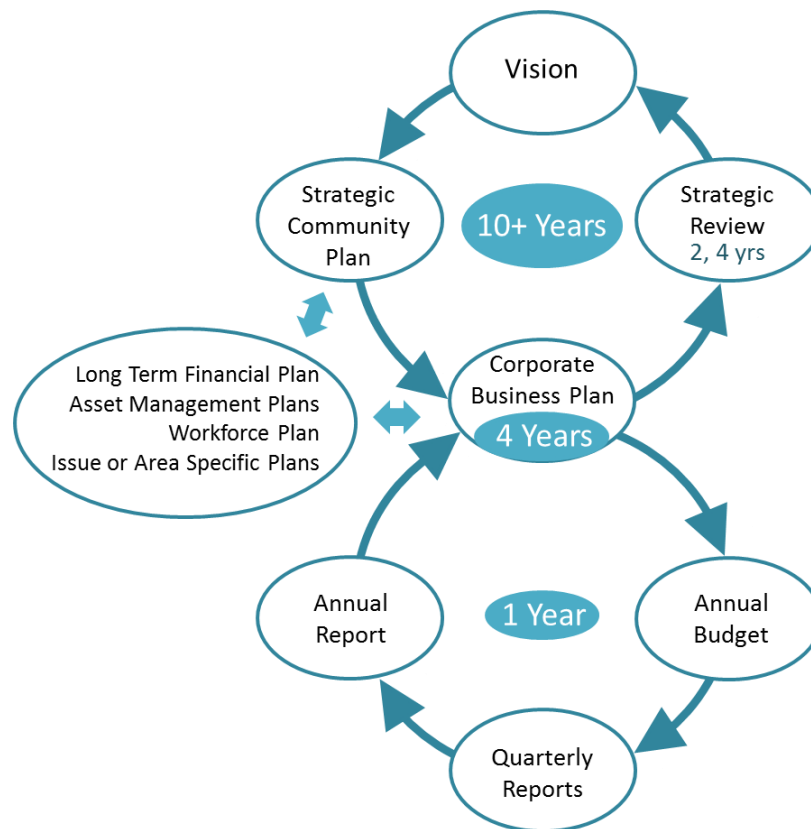
## 2. Contributions to travel

Section 5.83 of the *Local Government Act 1995*

Name of relevant person making disclosure	Description of contribution	Name of person who made contribution	Address of person who made contribution	Date contribution was received	Estimated value of contribution at time it was made	Nature of relationship between relevant person and person who made contribution	Description of travel	Date of travel
Cr Theresa Fancote	Portion of travel costs	Conquest Crop Protection	Osborne Park WA 6916	05/10/2019	\$2,000	Business	China	05/10/2019

# Integrated Planning and Reporting (IPR)

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



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

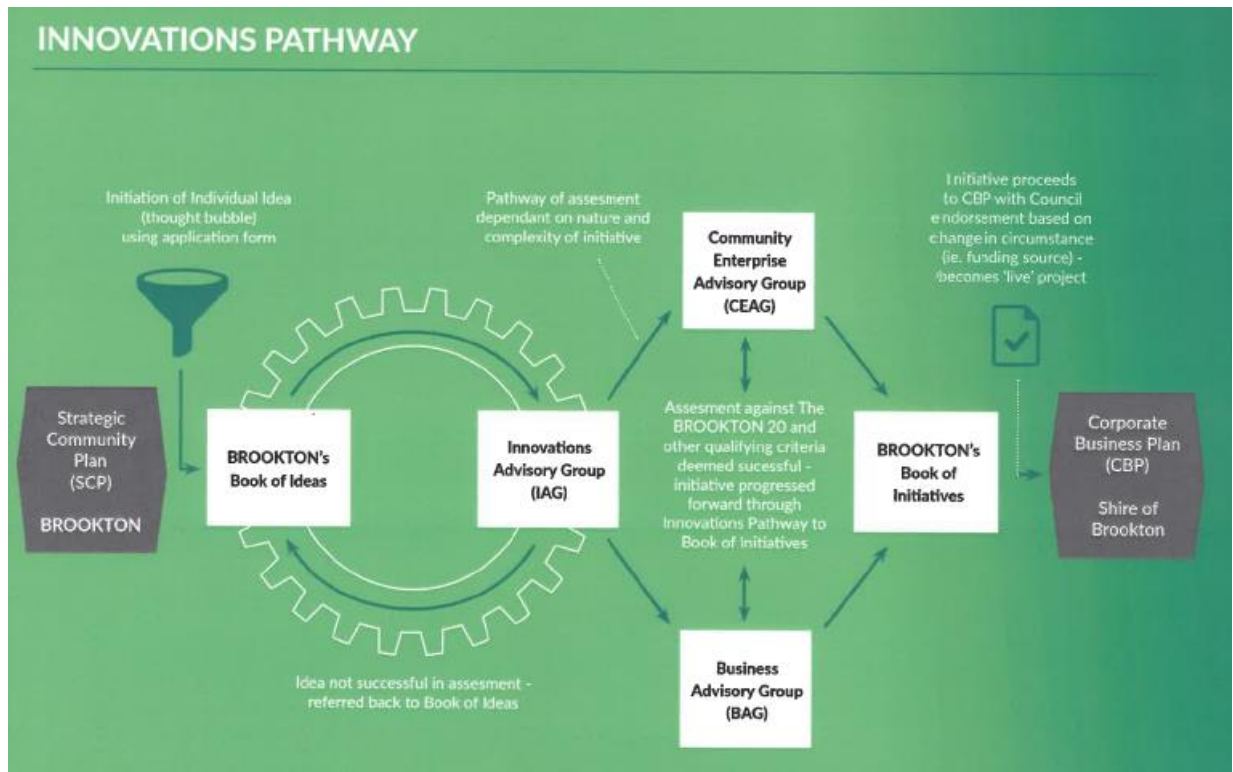
Specifically, the following is a list of projects under the Council’s Corporate Business Plan that affords an understanding of the progress achieved during the 2019-20 financial year.

Major Projects	Facilitator	Proponent	Progress
BROOKTON Regional Wellness Hub	✓		This proposal is pending sale of Lot 511 and delayed due to COVID-19. Scheduled to be progressed in 2020-21.
BROOKTON Multipurpose Function Centre		✓	This initiative is pending assessment of Brookton Memorial Hall and a discussion

			with BROOKTON Community on future direction. Architectural design options are to be prepared and community consultation be progressed in 2020-21.
BROOKTON Temp. Accommodation Village	✓	✓	The accommodation village is promoted as an extension to the Brookton Caravan Park for short stay / seasonal accommodation. It is pending construction of chalet units by the Shire (and possibly other stakeholders) commencing 2020-21 in a staged format and subject to grant funding availability.
BROOKTON Community Hub		✓	This proposal has indicatively been identified on Reserve 43158 Management Plan adjacent to the Brookton Aquatic Centre and fronting Brookton Highway – further consideration needed pending available funding.
BROOKTON Alternative Farming	✓		This initiative has been stalled due to other governance priorities and the onset of the COVID-19 pandemic.

Minor Projects	Facilitator	Proponent	Progress
BROOKTON Lifestyle Land Release		✓	The Council has 'parked' this initiative in favour of a private developer.
BROOKTON Business Advisory Group	✓		The facilitation of the BBAG was conducted over a 14 month period and now rests with local businesses to co-ordinate with the Brookton Community resource Centre.
BROOKTON Picture Plaques, Murals	✓		Little progress has been initiated on this proposal other than preliminary discussion, with further consideration to be given to promoting artwork through the IPR Advisory Groups.
BROOKTON Community Chest Fund		✓	This initiative was successfully implemented in 2019-20 with applications for community funding approved by Council.

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



**Shire of Brookton Corporate Business Plan - Innovations Pathway Flow Diagram**

Through the implementation of this process, the various Advisory Groups informed the Council in the early part of 2019-20 of the need for a Management Plan for Crown Reserve 43158 that presently encompasses Brookton's recreational facilities, caravan park and the Shire Administration Centre. This was subsequently prepared in the latter part of the year.



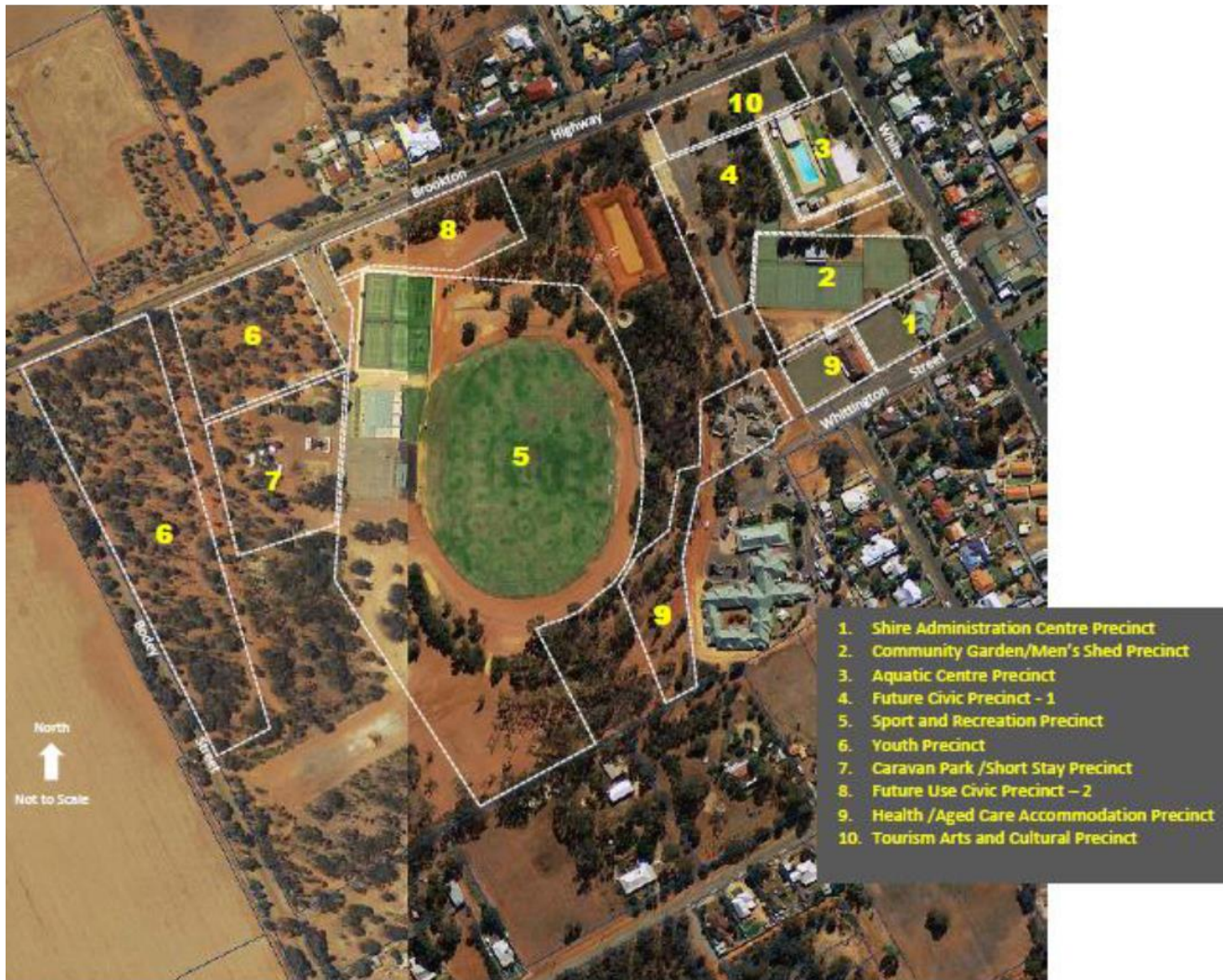
#### BROOKTON RESERVE 43158 MANAGEMENT PLAN 2020 – 2030



Shire of Brookton



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



**Designated Precincts - Reserve 43158 Management Plan**

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

To date, the adoption of this Plan has aided the Shire to secure and allocate grant funding to assist in implementing or enhancing of some of these defined Precincts, such as development of a BMX track, improvements to the Brookton Caravan Park with the addition of self-contained short-stay accommodation, a new Men's Shed and Community Garden building, and a co-located Youth and Girl Guides building, all to be delivered in the 2020-21 financial year.

The 2019-20 financial year has also presented an opportunity to evaluate the effectiveness of the Innovations Pathway process. While this process has proven to be effective, it is subject to further review in the 2020-21 financial year together with realisation of the need to better promote the merits of the Innovations Pathway to the broader community.

Another area of focus, but has been lagging under the IPR framework, is the Shire's Asset Management Framework in 2019-20. Much attention and criticism has been directed at the Shire Council and Administration during the financial year on a lack of attentiveness to its asset management responsibilities, mainly due to the erection of a temporary fence around the old Brookton Railway Station building, and the Memorial Hall in dire need of structural repair and improvement as identified through a structural engineering assessments.

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

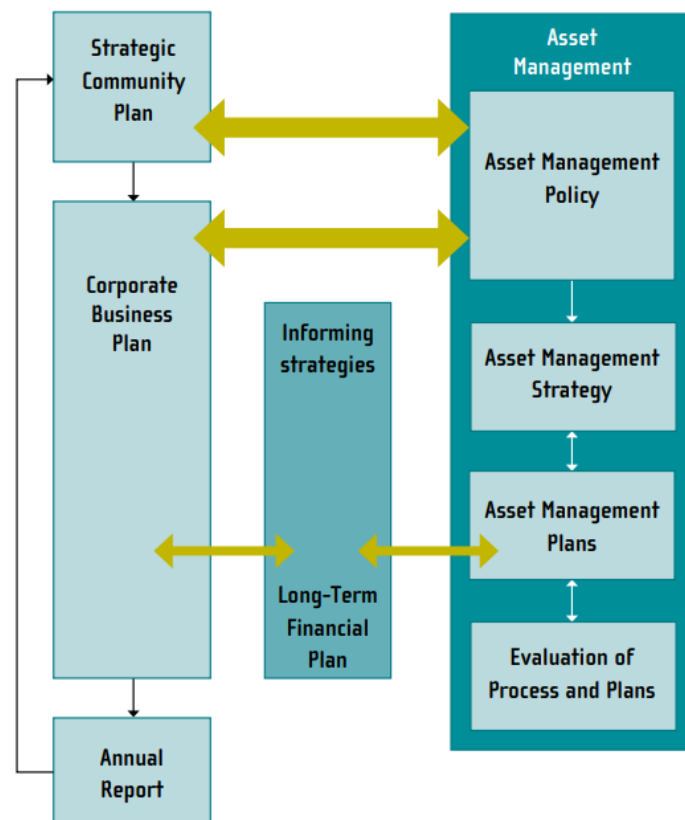


Figure 2-1 sourced from the Western Australian Department of Local Government's Asset Management Framework and Guidelines



The Long-Term Financial Plan that affords a 10 year fiscal projection for the Shire will then be informed by the Asset Management Plan and compiled to guide the compilation of future annual budgets.





# Freedom of Information Statement

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

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

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

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

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

It should be noted, in the 2019/2020 financial year the Shire did not receive a request under the *Freedom of Information Act 1992*.





# Annual Financial Report 2019-20

**SHIRE OF BROOKTON**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**COMMUNITY VISION**

**BROOKTON** Vision by 2027

**BROOKTON** is

a well-recognised business and agricultural hub,  
a flourishing stopo-over 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](mailto:mail@brookton.wa.gov.au)

Web: [www.brookton.wa.gov.au](http://www.brookton.wa.gov.au)

**SHIRE OF BROOKTON  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Brookton for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Brookton at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the EIGHTEENTH day of FEBRUARY 2020



Chief Executive Officer

Ian D'Arcy

Name of Chief Executive Officer



**SHIRE OF BROOKTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Adjusted \$
<b>Revenue</b>				
Rates	24(a)	2,279,697	2,310,718	2,270,091
Operating grants, subsidies and contributions	2(a)	1,192,147	4,474,690	1,160,885
Fees and charges	2(a)	655,250	1,648,336	682,075
Interest earnings	2(a)	121,464	220,264	157,337
Other revenue	2(a)	143,555	86,323	94,101
		4,392,113	8,740,331	4,364,489
<b>Expenses</b>				
Employee costs		(1,574,632)	(1,649,585)	(1,431,996)
Materials and contracts		(1,668,496)	(6,006,031)	(1,332,930)
Utility charges		(167,962)	(174,264)	(162,249)
Depreciation on non-current assets	10(b)	(2,825,014)	(2,910,437)	(2,953,796)
Interest expenses	2(b)	(107,067)	(94,529)	(102,149)
Insurance expenses		(180,085)	(189,977)	(179,652)
Other expenditure		(8,576)	(9,084)	(197)
		(6,531,832)	(11,033,907)	(6,162,969)
		(2,139,719)	(2,293,576)	(1,798,480)
Non-operating grants, subsidies and contributions	2(a)	542,656	520,880	363,199
Profit on asset disposals	10(a)	47,869	0	3,947
(Loss) on asset disposals	10(a)	(53,638)	(1,100)	(19,546)
		536,887	519,780	347,600
<b>Discontinued Operations</b>				
Profit/(Loss) on discontinued Operations	28	367,523		575,964
<b>Net result for the period</b>		<b>(1,235,309)</b>	<b>(1,773,796)</b>	<b>(874,916)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12		0	(2,033,392)
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>(2,033,392)</b>
<b>Total comprehensive income for the period</b>		<b>(1,235,309)</b>	<b>(1,773,796)</b>	<b>(2,908,308)</b>

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

The Shire sold the Kalkarni Aged Care facility in January 2020. Analysis of the financial impact of discontinued operations are stated in Note 28



**SHIRE OF BROOKTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Adjusted \$
<b>Revenue</b>	2(a)			
Governance		65,328	13,250	22,872
General purpose funding		3,485,408	3,514,662	3,513,906
Law, order, public safety		44,361	29,743	23,363
Health		928	1,100	917
Education and welfare		89,206	4,466,911	92,247
Housing		100,046	87,209	102,609
Community amenities		382,586	414,478	392,247
Recreation and culture		47,298	39,682	42,321
Transport		88,944	88,786	83,744
Economic services		48,301	47,950	46,288
Other property and services		39,707	36,560	43,975
		<b>4,392,113</b>	<b>8,740,331</b>	<b>4,364,489</b>
<b>Expenses</b>	2(b)			
Governance		(528,710)	(574,111)	(462,384)
General purpose funding		(185,315)	(193,796)	(165,263)
Law, order, public safety		(183,481)	(225,507)	(161,115)
Health		(47,700)	(74,104)	(65,980)
Education and welfare		(292,651)	(4,554,518)	(407,038)
Housing		(160,140)	(200,160)	(153,090)
Community amenities		(466,341)	(510,319)	(380,207)
Recreation and culture		(926,852)	(953,660)	(802,703)
Transport		(3,233,529)	(3,450,541)	(3,064,978)
Economic services		(193,640)	(188,442)	(142,404)
Other property and services		(206,406)	(14,220)	(255,658)
		<b>(6,424,765)</b>	<b>(10,939,378)</b>	<b>(6,060,820)</b>
<b>Finance Costs</b>	2(b)			
Governance		(9,461)	(3,307)	(3,491)
General purpose funding		(31,893)	(24,349)	(27,340)
Education and welfare		(4,240)	(4,491)	(4,768)
Housing		(6,996)	(7,409)	(7,867)
Community amenities		(3,825)	(3,144)	(3,338)
Recreation and culture		(43,656)	(44,420)	(47,478)
Other property and services		(6,996)	(7,409)	(7,867)
		<b>(107,067)</b>	<b>(94,529)</b>	<b>(102,149)</b>
		<b>(2,139,719)</b>	<b>(2,293,576)</b>	<b>(1,798,480)</b>
Non-operating grants, subsidies and contributions	2(a)	542,656	520,880	363,199
Profit on disposal of assets	10(a)	47,869	0	3,947
(Loss) on disposal of assets	10(a)	(53,638)	(1,100)	(19,546)
		<b>536,887</b>	<b>519,780</b>	<b>347,600</b>
<b>Discontinued Operations</b>				
Profit/(Loss) on discontinued Operations	28	367,523	0	575,964
<b>Net result for the period</b>		<b>(1,235,309)</b>	<b>(1,773,796)</b>	<b>(874,916)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(2,033,392)
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>(2,033,392)</b>
<b>Total comprehensive income for the period</b>		<b>(1,235,309)</b>	<b>(1,773,796)</b>	<b>(2,908,308)</b>

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

The Shire sold the Kalkarni Aged Care facility in January 2020. Analysis of the financial impact of discontinued operations are stated in Note 28

**OAG**  
**AUDITED**



**SHIRE OF BROOKTON**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020 \$	2019 Restated \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	12,944,172	6,517,375
Trade and other receivables	6	127,487	4,153,483
Other financial assets	5(a)	22,801	21,296
Inventories	7	16,298	16,487
<b>TOTAL CURRENT ASSETS</b>		<b>13,110,758</b>	<b>10,708,641</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	40,623	37,819
Other financial assets	5(b)	308,980	331,781
Inventories	7	212,551	212,551
Property, plant and equipment	8	17,107,049	23,737,816
Infrastructure	9	68,915,164	70,270,047
Right of use assets	11(a)	24,426	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>86,608,794</b>	<b>94,590,014</b>
<b>TOTAL ASSETS</b>		<b>99,719,552</b>	<b>105,298,655</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	363,250	4,153,822
Lease liabilities	14(a)	1,372	0
Borrowings	15(a)	254,174	136,477
Employee related provisions	16	179,654	147,032
<b>TOTAL CURRENT LIABILITIES</b>		<b>798,450</b>	<b>4,437,331</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14(a)	23,437	0
Borrowings	15(a)	816,371	1,188,242
Employee related provisions	16	83,434	84,913
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>923,242</b>	<b>1,273,155</b>
<b>TOTAL LIABILITIES</b>		<b>1,721,692</b>	<b>5,710,486</b>
<b>NET ASSETS</b>		<b>97,997,860</b>	<b>99,588,169</b>
<b>EQUITY</b>			
Retained surplus		13,888,208	20,702,254
Reserves - cash backed	4	12,133,250	5,253,474
Revaluation surplus	12	71,976,402	73,632,441
<b>TOTAL EQUITY</b>		<b>97,997,860</b>	<b>99,588,169</b>

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

The Shire has restated Property, Plant and Equipment balances for 2019 to reflect the valuation of Kalkarni obtained in the 18/19 financial year. Refer note 33.



**SHIRE OF BROOKTON**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>22,556,048</b>	<b>4,274,596</b>	<b>75,665,833</b>	<b>100,734,930</b>
Comprehensive income					
Net result for the period		(874,916)			(874,916)
Other comprehensive income	12			(271,845)	(271,845)
Total comprehensive income		(874,916)		(271,845)	(1,146,761)
Transfers from reserves	4	449,672	(449,672)		0
Transfers to reserves	4	(1,428,550)	1,428,550		0
Correction of error	33			(1,761,547)	(1,761,547)
<b>Restated Balance as at 30 June 2019</b>		<b>20,702,254</b>	<b>5,253,474</b>	<b>73,632,441</b>	<b>99,588,169</b>
Change in accounting policy	27(b)	(355,000)			(355,000)
Transfer from asset Reval Surplus		1,656,039		(1,656,039)	0
<b>Restated total equity at 1 July 2019</b>		<b>22,003,293</b>	<b>5,253,474</b>	<b>71,976,402</b>	<b>99,233,169</b>
Comprehensive income					
Net result for the period		(1,235,309)			(1,235,309)
Total comprehensive income		(1,235,309)			(1,235,309)
Transfers from reserves	4	1,344,695	(1,344,695)		0
Transfers to reserves	4	(8,224,471)	8,224,471		0
<b>Balance as at 30 June 2020</b>		<b>13,888,208</b>	<b>12,133,250</b>	<b>71,976,402</b>	<b>97,997,860</b>

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

The Shire has restated Property, Plant and Equipment balances for 2019 to reflect the valuation of Kalkarni obtained in the 18/19 financial year. Refer note 33.

**SHIRE OF BROOKTON**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,291,345	2,380,298	2,248,639
Operating grants, subsidies and contributions		3,481,392	4,603,801	4,504,079
Fees and charges		655,250	1,648,336	1,946,853
Service charges		0		
Interest received		121,464	220,264	157,337
Goods and services tax received		504,501	0	(598,947)
Other revenue		143,555	86,323	94,101
		7,197,507	8,939,022	8,352,062
<b>Payments</b>				
Employee costs		(1,595,129)	(1,656,184)	(1,444,461)
Materials and contracts		(3,808,510)	(6,077,974)	(5,561,693)
Utility charges		(167,962)	(174,264)	(162,249)
Interest expenses		(107,067)	(111,823)	(94,603)
Insurance paid		(180,085)	(189,977)	(179,652)
Goods and services tax paid		(516,793)	0	628,651
Other expenditure		(8,576)	(9,084)	(197)
		(6,384,122)	(8,219,306)	(6,814,204)
<b>Net cash provided by (used in) operating activities</b>	17	813,385	719,716	1,537,858
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost		0	0	0
Payments for financial assets at amortised cost - self supporting loans		0	0	0
Payments for financial assets at fair values through other comprehensive income		0	0	0
Payments for financial assets at fair values through profit and loss		0	0	0
Payments for purchase of property, plant & equipment	8(a)	(819,270)	(822,440)	(578,468)
Payments for construction of infrastructure	9(a)	(1,132,292)	(1,105,471)	(801,349)
Payments for investment property	12	0	0	0
Payments for intangible assets	11(a)	0	0	0
Non-operating grants, subsidies and contributions	2(a)	542,656	520,880	363,199
Proceeds from financial assets at amortised cost - term deposits		0	0	0
Proceeds from financial assets at amortised cost - self supporting loans		21,296	21,296	43,042
Proceeds from financial assets at fair values through other comprehensive income		0	0	0
Proceeds from financial assets at fair values through profit and loss		0	0	0
Proceeds from sale of property, plant & equipment	10(a)	7,256,521	93,000	90,909
Proceeds from sale of infrastructure		0	0	0
<b>Net cash provided by (used in) investment activities</b>		5,868,911	(1,292,735)	(882,667)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(254,174)	(254,174)	(152,941)
Payments for principal portion of lease liabilities	14(b)	(1,324)	0	
Proceeds from new borrowings	15(b)	0	0	0
<b>Net cash provided by (used in) financing activities</b>		(255,498)	(254,174)	(152,941)
<b>Net increase (decrease) in cash held</b>		6,426,798	(827,193)	502,250
Cash at beginning of year		6,517,375	6,517,374	6,015,126
<b>Cash and cash equivalents at the end of the year</b>	17	12,944,173	5,690,181	6,517,375

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

**SHIRE OF BROOKTON**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Adjusted \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	25 (b)	1,133,017	1,135,543	1,418,750
		1,133,017	1,135,543	1,418,750
<b>Revenue from operating activities (excluding rates)</b>				
Governance		66,064	13,250	26,021
General purpose funding		1,205,711	1,203,944	1,243,815
Law, order, public safety		44,361	29,743	23,363
Health		928	1,100	917
Education and welfare		89,206	4,466,911	92,247
Housing		100,046	87,209	102,609
Community amenities		382,586	414,478	392,247
Recreation and culture		47,298	39,682	42,321
Transport		88,944	88,786	83,744
Economic services		48,301	47,950	46,288
Other property and services		86,840	36,560	44,773
		2,160,285	6,429,613	2,098,345
<b>Expenditure from operating activities</b>				
Governance		(555,535)	(577,418)	(465,875)
General purpose funding		(217,208)	(218,145)	(192,603)
Law, order, public safety		(183,481)	(225,507)	(161,115)
Health		(47,701)	(74,104)	(65,980)
Education and welfare		(313,173)	(4,559,008)	(411,806)
Housing		(167,136)	(207,569)	(160,957)
Community amenities		(470,166)	(513,463)	(383,545)
Recreation and culture		(970,508)	(998,080)	(850,181)
Transport		(3,233,529)	(3,450,541)	(3,064,978)
Economic services		(193,640)	(188,442)	(142,404)
Other property and services		(233,394)	(22,729)	(283,071)
		(6,585,471)	(11,035,006)	(6,182,515)
Non-cash amounts excluded from operating activities	25(a)	2,826,501	2,911,537	2,966,868
Amount attributable to operating activities		(465,668)	(558,313)	301,448
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	542,656	520,880	363,199
Proceeds from disposal of assets	10(a)	7,256,521	93,000	90,909
Proceeds from financial assets at amortised cost - self supporting loans	15(b)	21,296	21,296	43,042
Purchase of property, plant and equipment	8(a)	(819,270)	(822,440)	(578,468)
Purchase and construction of infrastructure	9(a)	(1,132,292)	(1,105,471)	(801,349)
Amount attributable to investing activities		5,868,911	(1,292,735)	(882,667)
<b>Discontinued Operations</b>				
Profit/(Loss) on discontinued Operations		367,523		575,964
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(254,174)	(254,174)	(152,941)
Payments for principal portion of lease liabilities	14(b)	(1,324)	0	0
Transfers to reserves (restricted assets)	4	(8,224,471)	(1,205,975)	(1,428,550)
Transfers from reserves (restricted assets)	4	1,344,695	1,000,479	449,672
Amount attributable to financing activities		(7,135,274)	(459,670)	(1,131,819)
Surplus/(deficit) before imposition of general rates		(1,364,508)	(2,310,718)	(1,137,074)
Total amount raised from general rates	24(a)	2,279,697	2,310,718	2,270,091
Surplus/(deficit) after imposition of general rates	25(b)	915,189	0	1,133,017

This statement is to be read in conjunction with the accompanying notes.  
The Shire sold the Kalkarni Aged Care facility in January 2020. Analysis of the financial impact of discontinued operations are stated in Note 28

**SHIRE OF BROOKTON**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

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## **1. BASIS OF PREPARATION**

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

Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with the golf course by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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 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.

### **NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

On 1 July 2020 the following new accounting standards are to be adopted:

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

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of AASB 2018-7 Amendments to Australian Accounting Standards - Materiality, have not been identified.

### **CRITICAL ACCOUNTING ESTIMATES**

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

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

### **THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

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

**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

Revenue Category	Nature of goods and services	Timing of revenue recognition until 30 June 2019	Timing of revenue recognition from 1 July 2019
Rates	General rates & rates charged for specific defined purposes.	When rates notice is issued.	When rates notice is issued.
Operating Grants, Subsidies and Contributions	Community events, minor facilities, research, design, planning evaluation and services.	On receipt of funds.	Income from grants that are enforceable and with sufficiently specific performance obligations is recognised when the Shire satisfies its obligations in the grant agreement.
	General appropriations and contributions with no reciprocal commitment.		Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Shire has an unconditional right to receive cash which usually coincides with receipt of cash.
Non-Operating Grants, Subsidies and Contributions	Construction or acquisition of recognisable non-financial assets to be controlled by the local government.	On receipt of funds.	Capital grants are recognised as income when the Shire satisfies its obligations in the grant agreement.
Fees and Charges	Building, planning, development and animal management, having the same nature as a licence regardless of naming. Compliance safety check. Regulatory food, health and safety. Kerbside collection service. Waste treatment, recycling and disposal service at disposal sites. Gym and pool membership. Cemetery services, library fees, reinstatements and private works. Fines issued for breaches of local laws.	When fee or charge is raised in relation an event or service occurring, or upon receipt of funds.	At a point in time (or over a relatively short period of time) when the services have been provided and payments are received.
Other Revenue	Miscellaneous Refunds and Reimbursements	When the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably, or upon receipt of funds.	At a point in time when the goods have been transferred and payments are received, or upon receipt of funds.



**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2020 Actual \$	2020 Budget \$	Adjusted 2019 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	0	0	4,000
General purpose funding	1,067,651	1,050,670	1,059,853
Law, order, public safety	41,295	24,793	19,177
Education and welfare	0	3,316,026	0
Transport	83,201	83,201	77,855
	1,192,147	4,474,690	1,160,885
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	17,056	0	0
Recreation and culture	4,730	0	6,300
Transport	520,870	520,880	356,899
	542,656	520,880	363,199
<b>Total grants, subsidies and contributions</b>	1,734,803	4,995,570	1,524,084
<b>Fees and charges</b>			
Governance	9,740	50	3
General purpose funding	7,695	8,400	8,780
Law, order, public safety	3,066	4,950	4,186
Health	236	300	245
Education and welfare	68,653	1,035,429	65,214
Housing	94,435	86,209	102,005
Community amenities	382,586	414,478	392,248
Recreation and culture	27,511	35,010	36,505
Economic services	48,300	41,950	44,299
Other property and services	13,028	21,560	28,590
	655,250	1,648,336	682,075

The Shire sold the Kalkarni Aged Care facility in January 2020. Analysis of the financial impact of discontinued operations are stated in Note 27

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that relate to the main operating activities of the Shire.

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

**Fees and Charges**

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

**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Contracts with customers and transfers for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

Fees and charges  
Non-operating grants, subsidies and contributions

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	655,250	1,648,336	682,075
	542,656	520,880	363,199
	1,197,906	2,169,216	1,045,274
	655,250	1,648,336	682,075
	542,656	520,880	363,199
	1,197,906	2,169,216	1,045,274

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Other revenue from contracts with customers recognised during the year  
Other revenue from performance obligations satisfied during the year

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

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

General rates

**Other revenue**

Other

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	2,255,968	2,285,718	2,246,793
	2,255,968	2,285,718	2,246,793
	143,555		94,101
	143,555	0	94,101
	16,117	17,864	19,898
	87,987	95,000	112,377
	17,360	13,200	15,227
		94,200	9,835
	121,464	220,264	157,337

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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

**2. REVENUE AND EXPENSES (Continued)**

**(b) Expenses**

**Interest expenses (finance costs)**

Borrowings  
Lease liabilities

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
15(b)	106,210	94,529	102,149
14(b)	857		
	107,067	94,529	102,149

**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2020	2019
		\$	\$
Cash at bank and on hand		810,922	1,249,652
Term deposits		12,133,250	5,267,723
<b>Total cash and cash equivalents</b>		<b>12,944,172</b>	<b>6,517,375</b>
<b>Restrictions</b>			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		12,133,250	5,253,474
		<b>12,133,250</b>	<b>5,253,474</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	12,133,250	5,253,474
<b>Total restricted assets</b>		<b>12,133,250</b>	<b>5,253,474</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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

**SHIRE OF BROOKTON**  
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**4. RESERVES - CASH BACKED**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) Leave Reserve	116,698	22,080	0	138,778	116,698	22,180	0	138,878	0	116,698		116,698
(b) Plant and Vehicle Reserve	891,033	305,905	(445,000)	751,938	891,033	305,212	(410,000)	786,245	684,198	226,835		891,033
(c) Land & Housing Redevelopment Reserve	1,188,710	202,496	0	1,391,206	1,188,710	202,996	0	1,391,706	1,024,906	163,804		1,188,710
(d) Furniture & Equipment Reserve	80,392	802	(80,000)	21,194	80,392	21,502	(45,000)	56,894	78,538	1,854		80,392
(e) Municipal Building & Facility Reserve	329,433	55,803	(54,500)	330,736	329,433	54,522	(55,000)	328,955	236,374	93,059		329,433
(f) Townscape & Footpath Reserve	103,203	21,865	0	125,068	103,203	20,989	0	124,192	51,707	51,496		103,203
(g) Sewerage Reserve	388,937	61,489	(20,000)	410,426	388,937	61,895	0	430,832	259,113	109,824		388,937
(h) Road and Bridges Infrastructure Reserve	399,046	228,741	(300,000)	327,787	399,046	228,267	0	627,313	432,175	79,965	(113,094)	399,046
(i) Health and Aged Care Reserve	588,020	65,844	(100,000)	553,864	588,020	69,823	(100,000)	557,843	691,647	80,671	(184,298)	588,020
(l) Community Bus Reserve	80,992	9	(81,001)	0	80,992	11,514	(92,506)	0	72,166	8,826		80,992
(k) Sport & Recreation Reserve	26,206	5,419	0	31,625	26,206	5,490	0	31,696	15,662	10,544		26,206
(l) Rehabilitation & Refuse Reserve	117,955	51,886	0	169,841	117,955	52,204	0	170,159	53,610	64,345		117,955
(m) Saddleback Building Reserve	55,554	0	(55,554)	0	55,554	1,038	(56,592)	0	52,782	2,772		55,554
(n) Caravan Park Reserve	141,635	12,264	0	153,899	141,635	12,647	0	154,282	128,429	13,206		141,635
(o) Brookton Museum/Heritage Reserve	45,421	1,726	0	47,147	45,421	1,850	0	47,271	41,889	3,532		45,421
(p) Kweda Hall Reserve	16,758	1,268	0	18,026	16,758	1,613	0	18,371	29,497	3,152	(15,891)	16,758
(q) Aldersyde Hall Reserve	25,806	0	0	25,806	25,806	0	0	25,806	25,806	0	0	25,806
(r) Railway Satation Reserve	118,053	11,886	0	129,939	118,053	12,206	(35,000)	95,259	29,497	88,556		118,053
(s) Madison Square Units Reserve	25,249	5,404	0	30,653	25,249	5,472	0	30,721	18,703	6,546		25,249
(t) Cemetery Reserve	33,330	10,533	0	43,863	33,330	10,623	0	43,953	22,622	10,708		33,330
(u) Water Harvesting Reserve	44,744	35,372	(32,000)	48,116	44,744	35,808	(32,000)	48,552	42,239	2,505		44,744
(v) Developer Contribution Reserve	2,697	43	0	2,740	2,697	50	0	2,747	2,635	62		2,697
(w) Cash Constingency Reserve	177,498	12,838	(50,000)	140,336	177,498	27,913	0	205,411	97,171	80,327		177,498
(x) Brookton Aquatic Reserve	129,464	26,666	0	156,130	129,464	12,420	0	141,884	66,841	62,623		129,464
(y) Independent Living Reserve	146,640	0	(146,640)	0	146,640	27,741	(174,381)	0	0	146,640		146,640
(z) Capital Investment Reserve	0	7,084,132	0	7,084,132	0	0	0	0	0	0		0
(l) Land Redevelopment Reserve	0	0	0	0	0	0	0	0	136,389	(136,389)		0
	5,253,474	8,224,471	(1,344,695)	12,133,250	5,253,474	1,205,975	(1,000,479)	5,458,970	4,274,596	1,428,550	(449,672)	5,253,474

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

# SHIRE OF BROOKTON

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	This reserve is for the funding of annual and long service leave requirements
(b) Plant and Vehicle Reserve	Ongoing	This reserve is for the purchase of major items in the Shire's plant and vehicle replacement program. Inclusive of the Community Bus
(c) Land & Housing Redevelopment Reserve	Ongoing	This reserve is for the construction, acquisition, renewal or upgrading of housing and land development to meet present and future requirements.
(d) Furniture & Equipment Reserve	Ongoing	This reserve is for the replacement of major items of furniture and equipment.
(e) Municipal Building & Facility Reserve	Ongoing	This reserve is for the construction, demolition, acquisition, renewal or upgrade of Shire owned Public and Community buildings and facilities.
(f) Townscape & Footpath Reserve	Ongoing	This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works
(g) Sewerage Reserve	Ongoing	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	Ongoing	This reserve is for the construction and upgrade of roads and bridges within the Shire.
(i) Road and Bridges Infrastructure Reserve	Ongoing	This reserve is for funding of initiatives in relation to Community Health & Wellbeing.
(j) Health and Aged Care Reserve	Ongoing	This reserve has been merged with the Plant and Vehicle Reserve
(k) Sport & Recreation Reserve	Ongoing	This reserve is to fund new, renewal, upgrades, or major maintenance of sporting and recreation infrastructure.
(l) Rehabilitation & Refuse Reserve	Ongoing	This reserve is to fund the rehabilitation or major upgrades of the Brookton Refuse Site and or to rehabilitate former Gravel Pits.
(m) Saddleback Building Reserve	Ongoing	This reserve is to be used to fund any upgrades or major maintenance at the Brookton Caravan Park.
(n) Caravan Park Reserve	Ongoing	This reserve has been merged with the Health & Wellbeing reserve
(o) Brookton Museum/Heritage Reserve	Ongoing	This reserve is to be used to fund any upgrades or major maintenance of the Brookton Historical Museum.
(p) Kweda Hall Reserve	Ongoing	This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.
(q) Aldersyde Hall Reserve	31/08/2020	This reserve will be transferred to the Aldersyde Committee upon incorporation and the Committee sourcing other funding opportunities through grants.
(s) Madison Square Units Reserve	Ongoing	This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units.
(t) Cemetery Reserve	Ongoing	This reserve is to be used to fund any upgrades or major maintenance on the Brookton Cemetery.
(u) Water Harvesting Reserve	Ongoing	This reserve is to fund renewal, upgrades or major maintenance of the water scheme infrastructure under the control of the Shire.
(v) Developer Contribution Reserve	Ongoing	This reserve is to hold contributions applied to a development via a Development Application or Subdivision Approval pending determination by Council of its application to the specific works.
(w) Cash Contingency Reserve	Ongoing	This reserve is to cover unexpected shortfalls in operational funding should the need arise.
(x) Brookton Aquatic Reserve	Ongoing	This reserve is to fund the renewal, replacement, upgrades or major maintenance of the Brookton Aquatic Centre.
(y) Independent Living Reserve	Ongoing	This reserve has been merged with the Land & Housing Reserve
(z) Capital Investment Reserve	Ongoing	This reserve is primarily set aside for investment. It is anticipated this fund will be preserved in perpetuity.
(i) Land Redevelopment Reserve	Ongoing	This reserve is to support and complement the Integrated Planning and Reporting (IPR) framework



**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

2020	2019
\$	\$
22,801	21,296
22,801	21,296

**Other financial assets at amortised cost**

Self supporting loans

22,801	21,296
22,801	21,296

**(b) Non-current assets**

Financial assets at amortised cost

308,980	331,781
308,980	331,781

**Financial assets at amortised cost**

Self supporting loans

Financial assets at amortised cost

193,027	215,828
110,953	110,953
303,980	326,781

**Investments Account for using the Equity method**

Bendigo Bank Shares

5,000	5,000
5,000	5,000

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

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



## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable	
Trade and other receivables (sundry debtors)	
ATO Holding Account	
Aged Care Facility Bonds	
Prepayments and Accrued Income	
ESL Payments to FESA	

### Non-current

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

2020	2019
\$	\$
63,188	72,929
26,537	24,521
12,292	0
0	3,954,791
23,567	101,161
1,903	81
127,487	4,153,483
40,623	37,819
40,623	37,819

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are not discounted as the impact of discounting is immaterial.

## 7. INVENTORIES

### Current

Fuel and materials

### Non-current

Land held for resale - cost

Cost of acquisition

Development costs

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

### Carrying amount at end of period

	2020	2019
	\$	\$
	16,298	16,487
	16,298	16,487
	72,267	72,267
	140,283	140,283
	212,550	212,550
	229,037	239,944
	(107,425)	(86,826)
	107,236	75,919
	228,848	229,037

## 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 2020**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Carrying Amounts**

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

	Land - freehold land	Land - vested in the control of Council	Total land	Buildings - specialised	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Plant & Equipment - Bushfire	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	682,800	355,000	1,392,800	1,656,393		20,641,494	22,297,887	23,690,687	118,669	1,558,732	750,590	26,118,679
Additions												
(Disposals)	0	0	0	0	0	85,899	85,899	85,899	170,340	322,229	0	578,468
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	(1,761,547)	(1,761,547)	(1,761,547)	0	(106,508)	0	(106,508)
Impairment (losses) / reversals												
Depreciation (expense)						(366,882)	(366,882)	(366,882)				(366,882)
Restated amount at 30 June 2019	682,800	355,000	1,037,800	1,632,902	(23,491)	(251,628)	19,980,238	21,018,038	(16,807)	(147,012)	(25,493)	(464,431)
Comprises:												
Gross carrying amount at 30 June 2019	682,800	355,000	1,037,800	1,679,885		18,644,947	20,324,832	21,362,632	302,419	1,674,575	773,000	24,112,626
Accumulated depreciation at 30 June 2019	0	0	0	(46,983)		(297,611)	(344,594)	(344,594)	(30,216)	0	0	(374,810)
Change in Accounting policy at 1 July 2019	682,800	(355,000)	(355,000)	0	0	0	0	(355,000)				(355,000)
Adjusted Carrying amount at 1 July 2019	33,209	0	682,800	1,632,902		18,347,336	19,980,238	20,663,038	272,203	1,674,575	773,000	23,382,816
Additions												
(Disposals)	(144,800)	0	(144,800)	0	0	(6,179,400)	(6,179,400)	(6,324,200)	(255,344)	(179,359)	0	(6,758,903)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation (expense)												
Carrying amount at 30 June 2020	571,209	0	571,209	1,609,410	(23,492)	(158,400)	13,666,445	14,237,654	(3,427)	(128,906)	(21,909)	(336,134)
Comprises:												
Gross carrying amount at 30 June 2020	571,209	0	571,209	1,679,885		12,513,046	14,192,931	14,764,140	105,067	2,146,705	773,000	17,788,912
Accumulated depreciation at 30 June 2020	0	0	0	(70,475)		(456,011)	(526,486)	(526,486)	(10,653)	(122,814)	(21,909)	(681,862)
Carrying amount at 30 June 2020	571,209	0	571,209	1,609,410		12,057,035	13,666,445	14,237,654	94,414	2,023,890	751,091	17,107,049

\* Refer to Note 28 Change in accounting policy

# Refer to Note 33 Correction of Error, the Shire has restated Property, Plant and Equipment balances for 2019 to reflect the valuation of Kalkarni obtained in the 18/19 financial year.

SHIRE OF BROOKTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market Approach - asset assessed in terms of the factors relevant to a market participant and a value determined after adjusting for difference.	Independent registered valuers	01 June 2017	Available market information
Land - vested in and under the control of Council	2	Cost approach using depreciated replacement cost	Independent registered valuers	01 June 2017	Available market information
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	01 June 2017	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, residual values and remaining useful life assessments.
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	01 June 2017	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, residual values and remaining useful life assessments.

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

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

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

## 9. INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - sewerage	Infrastructure - parks and ovals	Total Infrastructure
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	69,627,199	398,640	1,181,200	751,024	71,958,063
Additions	756,384	32,935	12,030		801,349
Depreciation (expense)	(2,386,478)	(10,617)	(39,431)	(52,839)	(2,489,365)
<b>Carrying amount at 30 June 2019</b>	67,997,105	420,958	1,153,799	698,185	70,270,047
<b>Comprises:</b>					
Gross carrying amount at 30 June 2019	70,383,583	431,575	1,193,230	751,024	72,759,412
Accumulated depreciation at 30 June 2019	(2,386,478)	(10,617)	(39,431)	(52,839)	(2,489,365)
<b>Carrying amount at 30 June 2019</b>	67,997,105	420,958	1,153,799	698,185	70,270,047
<b>Comprises:</b>					
Additions	1,011,913	28,535	91,844		1,132,292
Depreciation (expense)	(2,382,728)	(12,932)	(39,978)	(51,536)	(2,487,174)
Transfers		24,227		(24,227)	0
<b>Carrying amount at 30 June 2020</b>	66,626,290	460,788	1,205,665	622,422	68,915,165
<b>Comprises:</b>					
Gross carrying amount at 30 June 2020	71,395,496	485,641	1,285,074	725,494	73,891,705
Accumulated depreciation at 30 June 2020	(4,769,206)	(24,853)	(79,409)	(103,073)	(4,976,541)
<b>Carrying amount at 30 June 2020</b>	66,626,290	460,788	1,205,665	622,422	68,915,164



SHIRE OF BROOKTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - sewerage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**10. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Recognition and Measurement**

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

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

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

Individual assets that are land, building, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

**Revaluation**

The fair value of land, buildings, infrastructure and investment properties is determined at least once every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

**Land under control prior to 1 July 2019**

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

Refer to Note 12 that details the significant accounting policies applying to leases (including ROU assets).

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

**Land under roads prior to 1 July 2019**

In Western Australia, most land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

**Land under roads from 1 July 2019**

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

The Shire has accounted for the removal of the vested land valued with the golf course by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

**Vested Improvements from 1 July 2019**

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

## 10. FIXED ASSETS

	2020			2020			2020			2020			2019			2019		
	Actual Net Book Value	Actual Sale	2020 Actual Profit	2020 Actual Loss	2020 Actual Profit	2020 Actual Loss	Budget Net Book Value	Budget Sale	Budget Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale	2019 Actual Proceeds	2019 Actual Profit	2019 Actual Loss		
																	\$	\$
Land - freehold land	144,800	123,168		(21,632)														
Buildings - non-specialised	6,179,400	6,742,564	563,164															
Furniture and equipment	255,344	217,198		(38,146)														
Plant and equipment	179,359	173,591	47,869	(53,638)														
	6,758,903	7,256,521	611,033	(113,416)			94,100	93,000		0	(1,100)	106,508	90,909				(15,599)	
							94,100	93,000			(1,100)	106,508	90,909		0		(15,599)	

	2020		2020		2020		2020	
	Actual	Net Book Value	Actual	Proceeds	Actual	Profit	Actual	Loss
<b>Plant and Equipment</b>								
<b>Governance</b>								
PAV314 -2014 Mazda CX5		\$ 33,727		\$ 16,364		\$ 0		\$ (17,363)
<b>Other property and services</b>								
PT11 Isuzu 200 Tipper		13,204		13,573		369		0
PV31 Triton 2017 Ute		16,900		16,364		0		(536)
PU117 -2018 Mitsubishi GLX Ute		31,425		19,091		0		(12,334)
PL6 -2011 Caterpillar Loader		55,000		102,500		47,500		0
PM8 -2009 John Deere Mower		12,821		5,700		0		(7,121)
Friends of Kalkarni Bus		16,282		0		0		(16,282)
		179,359		173,592		47,869		(53,636)

Kalkarni Aged Care Facility	6,579,544	7,082,930	563,164	(59,778)
	6,758,903	7,256,522	611,033	(113,414)

## 10. FIXED ASSETS

### (b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	23,492	23,479	23,491
Buildings - specialised	158,400	251,544	251,628
Furniture and equipment	3,427	17,519	16,807
Plant and equipment	128,906	107,048	147,012
Plant & Equipment - Bushfire	21,909	22,329	25,493
Infrastructure - roads	2,382,728	2,385,714	2,386,478
Infrastructure - footpaths	12,932	10,613	10,617
Infrastructure - sewerage	39,978	39,380	39,431
Infrastructure - parks and ovals	51,536	52,811	52,839
Right of use assets - Land and Vested Improvem	1,707	0	0
	2,825,015	2,910,437	2,953,796

### Revision of useful lives of plant and equipment

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

#### Depreciation rates

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

Asset Class	Useful life
Buildings	5 to 138 years
Furniture and equipment	4 to 10 years
Plant and equipment	2 to 60 years
Infrastructure - Parks and Gardens	10 to 100 Years
Sealed roads and streets	
Formation/Subgrade	not depreciated
Pavement	15 to 100 years
Surface	4 to 125 Years
Surface Water Channel	5 to 100 Years
Gravel roads	
Pavement	10 to 100 Years
Footpaths - slab	40 to 100 Years
Sewerage piping	1 to 100 Years
Right of use - Land	Based on the remaining Lease

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

#### 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 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.



## 11. LEASES

### (a) Right of Use Assets

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

	Right of use assets - Land and Vested Improvement \$	Right of use assets Total
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	26,133	26,133
Restated total equity at the beginning of the financial year	26,133	26,133
Depreciation (expense)	(1,707)	(1,707)
Carrying amount at 30 June 2020	24,426	24,426
(b) Cash outflow from leases		
Interest expense on lease liabilities	857	857
Lease principal expense	1,372	1,372
Total cash outflow from leases	2,229	2,229

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

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

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

Right of use assets are measured at cost. This means all ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet).exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value. Refer to Note XX that details the significant accounting policies applying to vested improvements.

Refer to Note 10 that details the significant accounting policies applying to vested improvements.

### Leases (continued)

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

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

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



**SHIRE OF BROOKTON**  
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**12. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Other Adjustments	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Total Movement on Revaluation	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 Closing Balance
Revaluation surplus - Land - freehold land	\$ 565,236			0	0	\$ 565,236	0	0	0	\$ 565,236
Revaluation surplus - Land - vested in and under the control of Council	237,807	(237,807)		0	0	237,807	0	0	0	237,807
Revaluation surplus - Buildings - non-specialised	209,957			0	0	209,957	0	0	0	209,957
Revaluation surplus - Buildings - specialised	8,685,782			0	0	8,685,782	0	(2,128,429)	(2,128,429)	8,685,782
Revaluation surplus - Furniture and equipment	1,527	(1,527)		0	0	1,527	0	0	0	1,527
Revaluation surplus - Plant and equipment	1,368,802	(1,368,802)		0	0	1,321,668	47,134	0	47,134	1,368,802
Revaluation surplus - Plant & Equipment - Bushfire	47,903	(47,903)		0	0	0	47,903	0	47,903	47,903
Revaluation surplus - Infrastructure - roads	61,860,200			0	0	61,860,200	0	0	0	61,860,200
Revaluation surplus - Infrastructure - footpaths	188,856			0	0	188,856	0	0	0	188,856
Revaluation surplus - Infrastructure - parks and ovals	466,371			0	0	466,371	0	0	0	466,371
	73,632,441	(1,656,039)		0	0	71,976,402	95,037	(2,128,429)	(2,033,392)	73,632,441

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

(A) Due to a revision in the Local Government (Financial Management) Regulations 1997, the requirement to revalue plant and equipment has been removed and vested land is now recognised at \$0 value.

(B) 2019 closing balances have been restated to reflect valuation of Kalkami at 30 June 2019.

**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**13. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors
Accrued salaries and wages
ATO liabilities
Building Services Levy
Income in Advance
Accrued Expenses
Aged Care Accommodation Bonds

2020	2019
\$	\$
318,893	49,239
0	45,041
0	6,599
182	0
30,068	22,704
14,107	75,448
0	3,954,791
363,250	4,153,822

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

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

**Prepaid rates**

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

SHIRE OF BROOKTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020

14. LEASE LIABILITIES

(a) Lease Liabilities	2020	2019
	\$	\$
Current	1,372	0
Non-current	23,437	0
	24,809	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2020				30 June 2020				30 June 2019			
					Actual	Lease Principal 1 July 2019	Repayments	Lease Principal Outstanding	Actual	Budget	Lease Principal Repayments	Lease Interest	Actual	Budget	Lease Principal Repayments	Lease Interest
Community amenities																
Reuse Water Dam	LE-03	Seabrook Aboriginal Corporation	3.40%	300	26,133		1,324	24,809	857							
					26,133		1,324	24,809	857	0	0	0	0	0	0	0

## SHIRE OF BROOKTON

## 15. INFORMATION ON BORROWINGS

	2020	2019
<b>(a) Borrowings</b>		
Current	\$ 254,174	\$ 136,477
Non-current	816,371	1,188,242
	<u>1,070,545</u>	<u>1,324,719</u>

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	30 June 2019				30 June 2020				30 June 2021				30 June 2022				30 June 2023			
				Principal	Actual	repayments	\$	Principal	Budget	Interest	Actual	Principal	Budget	Interest	Actual	Principal	Budget	Interest	Actual	Principal	Budget	Interest	Actual
<b>Governance</b>																							
Shire Office Renovations	75	WATC	6.46%	47,060	47,060	9,461.00	0	47,061	47,061	3,307	0	51,805	4,745	3,491	47,060								
<b>General purpose funding</b>																							
Senior Citizen Homes - Mokine Cottages	78	WATC	6.74%	89,416	89,416	0.00	0	89,416	89,416	6,485	0	104,011	14,595	7,442	89,416								
<b>Health</b>																							
Multifunctional Family Centre	78	WATC	6.74%	0			0				0	23,154	23,154	804	0								
<b>Kalkarni Residence</b>																							
Kalkarni Residence	80	WATC	5.63%	72,291	8,689	4,240	63,602	72,291	8,689	4,491	63,602	80,511	8,220	4,768	72,291								
<b>Housing</b>																							
Staff Housing	80	WATC	5.63%	119,280	14,337	6,996	104,943	119,280	14,337	7,409	104,943	132,843	13,563	7,867	119,280								
<b>Community amenities</b>																							
Sewerage Extension	80	WATC	5.63%	50,605	6,083	2,968	44,522	50,604	6,082	3,144	44,522	56,358	5,753	3,338	50,605								
<b>Recreation and culture</b>																							
Recreation Plan	81	WATC	6.95%	589,663	52,956	43,656	536,707	589,663	52,956	44,420	536,707	639,122	49,459	47,478	589,663								
<b>Transport</b>																							
New Grader	80	WATC	5.63%	119,280	14,337	6,996	104,943	119,280	14,337	7,409	104,943	132,843	13,563	7,867	119,280								
				1,087,595	232,878	74,317	854,717	1,087,595	232,878	76,665	854,717	1,220,647	133,052	83,055	1,087,595								
<b>Self Supporting Loans</b>																							
<b>General purpose funding</b>																							
County Club - Extend & Refurb Club	82	0	0.00%	237,124	21,296	16,117	215,828	237,124	21,296	17,864	215,828	257,013	19,889	19,094	237,124								
				237,124	21,296	16,117	215,828	237,124	21,296	17,864	215,828	257,013	19,889	19,094	237,124								
				1,324,719	254,174	106,210	1,070,545	1,324,719	254,174	94,529	1,070,545	1,477,660	152,941	102,149	1,324,719								

\* WA Treasury Corporation

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

## 15. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit		
Bank overdraft at balance date		
Credit card limit	10,000	10,000
Credit card balance at balance date	(70)	
<b>Total amount of credit unused</b>	<b>9,930</b>	<b>10,000</b>
<b>Loan facilities</b>		
Loan facilities - current	254,174	136,477
Loan facilities - non-current	816,371	1,188,242
Lease liabilities - current	1,372	0
Lease liabilities - non-current	23,437	0
<b>Total facilities in use at balance date</b>	<b>1,095,354</b>	<b>1,324,719</b>

Unused loan facilities at balance date

### SIGNIFICANT ACCOUNTING POLICIES

#### Financial liabilities

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

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

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

#### Borrowing costs

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

#### Risk

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



## 16. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2020

#### Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	105,179	41,853	147,032
Non-current provisions		84,913	84,913
	105,179	126,766	231,945
Additional provision	82,320	30,220	112,540
Amounts used	(79,648)	(1,750)	(81,398)
Balance at 30 June 2020	107,851	155,236	263,087
Comprises			
Current	107,851	71,803	179,654
Non-current		83,433	83,433
	107,851	155,236	263,087

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2,020	2019
	\$	\$
Less than 12 months after the reporting date	92,797	140,509
More than 12 months from reporting date	170,290	91,436
Expected reimbursements from other WA local governments	0	0
	263,087	231,945

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

##### Provisions

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

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

## 17. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	12,944,172	5,690,181	6,517,375
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(1,235,309)	(1,773,796)	(874,916)
Non-cash flows in Net result:			
Adjustments	0	0	0
Assets Donated	(16,282)		
Depreciation on non-current assets	2,825,015	2,910,437	2,953,796
(Profit)/loss on sale of asset	(483,418)	1,100	15,599
Changes in assets and liabilities:			
(Increase)/decrease in receivables	70,223	198,691	217,154
(Increase)/decrease in inventories	189		10,907
Increase/(decrease) in payables	164,481	(95,836)	(396,551)
Increase/(decrease) in provisions	31,143		(24,932)
Non-operating grants, subsidies and contributions	(542,656)	(520,880)	(363,199)
Net cash from operating activities	813,386	719,716	1,537,858

## 18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	8,562,767	2,089,548
General purpose funding	713,283	703,077
Law, order, public safety	751,092	773,000
Education and welfare	1,497,726	12,232,772
Housing	3,434,215	2,648,477
Community amenities	1,608,192	1,860,008
Recreation and culture	10,298,183	10,160,224
Transport	67,632,703	69,040,963
Economic services	365,143	521,844
Other property and services	3,289,776	3,104,491
Unallocated	1,566,472	2,164,251
	<b>99,719,552</b>	<b>105,298,655</b>

## 19. CONTINGENT LIABILITIES

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

**SHIRE OF BROOKTON**  
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**20. LEASING COMMITMENTS**

2020	2019
\$	\$

**(a) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year	3,600	3,600
- later than one year but not later than five years	1,500	5,100
	<u>5,100</u>	<u>8,700</u>



## 21. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	32,242	43,250	30,969
President's allowance	1,500	1,500	1,125
Deputy President's allowance	375	375	281
Travelling expenses	2,012	4,120	2,015
Wheatbelt RRG Chairperson Honorarium	1,800		
	37,929	49,245	34,390

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	500,182	385,611
Post-employment benefits	52,510	36,032
Other long-term benefits	29,389	25,744
Termination benefits	0	66,706
	582,081	514,093

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

#### Termination benefits

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

### 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.

	2020 Actual	2019 Actual
	\$	\$
The following transactions occurred with related parties:	nil	nil

### Related Parties

#### The Shire's main related parties are as follows:

##### i. Key management personnel

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

##### ii. Other Related Parties

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

##### iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained gained by share ownership, statute or agreement.

## 22. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

### (b) Share of joint operations

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

	2020	2019
	\$	\$
<b>Non-current assets</b>		
Land & Buildings	112,566	112,566
Less: accumulated depreciation	(4,722)	(2,903)
Total assets	107,844	109,663

## 23. MAJOR LAND TRANSACTIONS

### Kalkarni Age care Facility and Saddleback Medical Centre

#### (a) Details

The Council disposed of the above facility and associated land in the 2019/2020 financial year.

#### (b) Current year transactions

##### Other revenue

- Sale proceeds

##### Other expenditure

- Cost of goods sold

	2020 Actual \$	2020 Budget \$	2019 Actual \$
- Sale proceeds	7,084,133	7,950,000	0
- Cost of goods sold	(6,548,949)	(8,494,685)	
	535,184	(544,685)	0

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24. RATING INFORMATION

(a) Rates

RATE TYPE		Differential general rate / general rate												2018/19			
Rate in \$	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
		Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Revenue	Actual Interim Rates	Actual Back Rates	Actual Revenue	Budget Rate	Budget Interim Rate	Budget Back Rate	Budget Revenue	Budget Total	Budget Revenue	Actual Total	Actual Revenue
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations																	
0.101453	22	668,784	61,474	0	0	61,474	0	0	67,850	0	0	0	67,850	67,850	67,850	68,096	68,096
0.101453	262	3,180,638	299,185	0	0	299,185	0	0	322,685	0	0	0	322,685	322,685	322,685	284,541	284,541
0.101453	4	68,360	6,935	0	0	6,935	0	0	6,935	0	0	0	6,935	6,935	6,935	7,433	7,433
0.101453	2	302,500	30,690	0	0	30,690	0	0	30,690	0	0	0	30,690	30,690	30,690	41,145	41,145
Exempt Property	22	142,620	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Rateable Property	247	45,268	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unimproved valuations																	
UV Unimproved Value	233	158,281,000	1,630,136	0	0	1,630,136	0	0	1,630,136	0	0	0	1,630,136	1,630,136	1,630,136	1,655,878	1,655,878
Sub-Total	792	162,689,170	2,028,420	0	0	2,028,420	0	0	2,058,296	0	0	0	2,058,296	2,058,296	2,058,296	2,057,093	2,057,093
Minimum payment																	
Minimum \$																	
Gross rental valuations																	
809	10		8,090	0	0	8,090			8,090	0			8,090	8,090	8,090	7,281	7,281
809	56		45,304			45,304			45,304	0			45,304	45,304	45,304	59,057	59,057
809	2		1,618			1,618			1,618	0			1,618	1,618	1,618	809	809
809	0		0			0			0				0	0	0	0	0
Unimproved valuations																	
UV Unimproved Value	126		174,510	0	0	174,510			174,510				174,510	174,510	174,510	124,650	124,650
Sub-Total	194	0	229,522	0	0	229,522			229,522	0		0	229,522	229,522	229,522	191,797	191,797
Discounts (Note 24(c))																	
Total amount raised from general rate																	
Ex-gratia rates (CBH)																	
Totals																	
2,248,890																	
(2,097)																	
2,246,793																	
23,298																	
2,270,091																	

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

SHIRE OF BROOKTON  
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24. RATING INFORMATION (Continued)

(b) Specified Area Rate  
The Shire does not charge Specified Area Rates

24. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
Contiguous Rating Discount		\$	\$ 1,974	\$ 2,100	\$ 2,097	
Total discounts/concessions (Note 24(a))			1,974	2,100	2,097	



## 24. RATING INFORMATION (Continued)

### (d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	26/09/2019	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	26/09/2019	0.00	5.50%	11.00%
Second instalment	3/02/2020	10.00	5.50%	11.00%
<b>Option Three</b>				
First instalment	26/09/2019	0.00	5.50%	11.00%
Second instalment	29/11/2019	10.00	5.50%	11.00%
Third instalment	3/02/2020	10.00	5.50%	11.00%
Fourth instalment	8/04/2020	10.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	7,883	6,200	8,504
Interest on instalment plan	9,477	7,000	6,723
Charges on instalment plan	3,830	5,200	4,070
	21,190	18,400	19,297

**SHIRE OF BROOKTON**  
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**25. RATE SETTING STATEMENT INFORMATION**

		2019/20 Budget	2019/20	2018/19
	(30 June 2020)	(30 June 2020)	(1 July 2019)	(30 June 2019)
Note	Carried Forward)	Carried Forward)	Brought Forward)	Carried Forward
	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	10(a)	(47,869)	0	(3,947)
Movement in pensioner deferred rates (non-current)		(2,804)	(4,388)	(2,001)
Movement in employee benefit provisions (non-current)		(1,478)	1,861	60,711
Add: Loss on disposal of assets	10(a)	53,638	19,546	19,546
Add: Depreciation on non-current assets	10(b)	2,825,014	2,910,437	2,953,796
<b>Non cash amounts excluded from operating activities</b>		<b>2,826,501</b>	<b>2,966,868</b>	<b>3,028,105</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - cash backed	4	(12,133,250)	(5,458,970)	(5,253,474)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(22,801)	(21,296)	(21,296)
Less: Current assets not expected to be received at end of year				
- Discontinued Operations - Sale of Kalkarni		503,385		0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15(a)	254,174	254,174	136,477
- Current portion of lease liabilities		1,372	0	0
- Employee benefit provisions			2,527	0
<b>Total adjustments to net current assets</b>		<b>(11,397,120)</b>	<b>(5,138,293)</b>	<b>(5,138,293)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		13,110,758	10,708,641	10,708,641
Less: Total current liabilities		(798,450)	(4,437,331)	(4,437,331)
Less: Total adjustments to net current assets		(11,397,120)	(5,138,293)	(5,138,293)
<b>Net current assets used in the Rate Setting Statement</b>		<b>915,188</b>	<b>1,133,017</b>	<b>1,133,017</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>				
<b>Total current assets at 30 June 2019</b>				
- Contract assets	27(a)			10,708,641
<b>Total current assets at 1 July 2019</b>				<b>10,708,641</b>
<b>Total current liabilities at 30 June 2019</b>				
<b>Total current liabilities at 1 July 2019</b>				<b>(4,437,331)</b>

## 26. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>2020</b>					
Cash and cash equivalents	1.40%	12,944,172	12,133,250	810,922	0
<b>2019</b>					
Cash and cash equivalents	1.96%	6,517,375	5,267,723	1,249,652	0
Financial assets at amortised cost	1.96%	0	0		

#### Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	8,109	12,497

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(b).

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26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

**Trade and Other Receivables**

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.356%	5.364%	0.969%	
Gross carrying amount	33,377	14,043	5,593	36,137	89,150
Loss allowance	0	50	300	350	700
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.143%	1.622%	0.756%	
Gross carrying amount	849	34,950	18,490	46,276	100,565
Loss allowance	0	50	300	350	700

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	7,571	803	262	354	8,990
Loss allowance	0	0	0	0	0
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	100.00%	
Gross carrying amount	10,757	434	0	125	11,316
Loss allowance	0	0	0	125	125

## 26. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2020</b>					
Payables	363,252			363,252	363,250
Borrowings	193,638	580,914	582,943	1,357,495	1,070,545
Lease liabilities	1,372	7,590	15,847	24,809	24,809
	<u>558,262</u>	<u>588,504</u>	<u>598,790</u>	<u>1,745,556</u>	<u>1,458,604</u>
<b>2019</b>					
Payables	4,147,223			4,147,223	4,153,822
Borrowings	125,428	907,190	602,190	1,634,808	1,324,719
	<u>4,272,651</u>	<u>907,190</u>	<u>602,190</u>	<u>5,782,031</u>	<u>5,478,541</u>



**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The new standard did not have an impact on the Shire's financial report.

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 there were no change to previously report balances.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$ Compared to AASB 118 and AASB 1004
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	24(a)	2,279,697	0	2,279,697
Operating grants, subsidies and contributions	2(a)	1,192,147	0	1,192,147
Fees and charges	2(a)	655,250	0	655,250
Non-operating grants, subsidies and contributions	2(a)	542,656	0	542,656
Net result		(1,235,309)	0	(1,235,309)
<b>Statement of Financial Position</b>				
Trade and other payables	13	363,250	0	363,250
Net assets		97,997,860	0	97,997,860
<b>Statement of Changes in Equity</b>				
Net result		(1,235,309)	0	(1,235,309)
Retained surplus		13,888,208	0	13,888,208

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

**(a) AASB 16: Leases**

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire recognised right of use lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB117. The right of use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. Property, plant and equipment and lease liabilities increased by \$10,000 on 1 July 2019 resulting in no impact on retained surplus.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		26,133
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 3.4%	14(b)	26,133
Lease liability - current		1,324
Lease liability - non-current		24,809
Right-of-use assets recognised at 1 July 2019		26,133

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.  
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

**27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

**(b) Impact of New Accounting Standards on Retained Surplus**

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019		0	20,702,254
Retained surplus - 1 July 2019		0	22,003,293

## 28. DISCONTINUED OPERATIONS

The Shire sold the Kalkarni Nursing Home Facility in January 2020

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

### Changes to Statement of Comprehensive Income by Nature or Type

	2020	2019
<b>Revenue</b>		
Fees & Charges	522,079	1,264,778
Grants & Subsidies	1,691,588	3,134,292
	<u>2,213,667</u>	<u>4,399,070</u>
<b>Expenses</b>		
Contract Expenses	(2,349,529)	(3,823,106)
<b>Gain from sale of assets from discontinued operations less cost to sell</b>	503,385	-
<b>Profit/(Loss) from discontinued operations</b>	<u>367,523</u>	<u>575,964</u>

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

### Changes to Statement of Comprehensive Income by Program

	2020	2019
<b>Revenue</b>		
Education and Welfare	2,213,667	4,399,070
<b>Expenses</b>		
Education and Welfare	(2,349,529)	(3,823,106)
<b>Gain from sale of assets from discontinued operations less cost to sell</b>	503,385	-
<b>Profit/(loss) from discontinued operations</b>	<u>367,523</u>	<u>575,964</u>

### Cashflows from discontinued operations

	2020	2019
Net cash flows from operating activities	<u>367,523</u>	<u>575,964</u>

## 29. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Housing Bond	(1,200)		1,200	0
Other Bond	(12,960)	(8,950)	15,770	(6,140)
Rates Incentive Prize	(200)		200	0
Unclaimed Money	(30)	(800)		(830)
Gnulla Child Care Facility	(3,073)		3,073	0
Wildflower Show Funds	(1,240)		1,240	0
Public Open Space Contributions	(13,820)			(13,820)
Developer Contribution	1	(1)		0
	(32,522)	(9,751)	21,483	(20,790)

# SHIRE OF BROOKTON

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

### 30. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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



**SHIRE OF BROOKTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**31. ACTIVITIES/PROGRAMS**

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

**PROGRAM NAME AND OBJECTIVES**

**ACTIVITIES**

**GOVERNANCE**

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

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

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

Rates, general purpose grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

To provide services to help ensure a safer community.

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

**HEALTH**

To provide an operational framework for good community health..

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

**EDUCATION AND WELFARE**

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

Support day care centres and pre school facilities and assistance to senior citizens and retirement villages and other voluntary services

**HOUSING**

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

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

**COMMUNITY AMENITIES**

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

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

**RECREATION AND CULTURE**

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

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

**TRANSPORT**

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

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

**ECONOMIC SERVICES**

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

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

**OTHER PROPERTY AND SERVICES**

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

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



## 32. FINANCIAL RATIOS

	2020 Actual	2019 Restated	2018 Actual
Current ratio	1.48	1.26	1.27
Asset consumption ratio	0.94	0.97	0.99
Asset sustainability ratio	0.51	0.24	1.15
Debt service cover ratio	3.20	7.13	10.69
Operating surplus ratio	(0.57)	(0.40)	0.13
Own source revenue coverage ratio	0.47	0.50	0.60

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

The Shire has restated Property, Plant and Equipment balances for 2019 to reflect the valuation of Kalkarni obtained in the 18/19 financial year. Refer note 33.

### 33 CORRECTION OF ERROR

	2019 (Restated)	2018 Actual
<b>Statement of Financial Position (Extract)</b>	<b>\$</b>	<b>\$</b>
PPE	23,737,816	25,499,362
Revaluation Surplus	73,632,441	75,393,988
<b>Statement of Financial Position (Extract)</b>		
Asset sustainability ratio	0.24	0.44
Operating surplus ratio	(0.40)	(0.28)
Own source revenue coverage ratio	0.50	0.45

Balances relating to the 2019 comparative year have been amended due to the correction of a prior period error. This error has been adjusted as shown above and, in accordance with the requirements of AASB101. The adjustment has been made to accurately reflect the value of the Kalkarni aged care facility at 30 June 2019.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Brookton

#### Report on the Audit of the Financial Report

##### **Opinion**

I have audited the annual financial report of the Shire of Brookton which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

##### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – Basis of Accounting**

I draw attention to Notes 1 and 10 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 Leases which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

### ***Responsibilities of the Chief Executive Officer and Council for the Financial Report***

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire. The Council is responsible for overseeing the Shire's financial reporting process.

### ***Auditor's Responsibility for the Audit of the Financial Report***

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

### ***Report on Other Legal and Regulatory Requirements***

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government Sport and Cultural Industries' standard for 2 years. The financial ratios are reported in Note 32 of the annual financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
  - a. For 23% of the purchasing transactions we sampled, there was no evidence that the Shire obtained a sufficient number of quotations to test the market in line with its procurement policy.
  - b. There was no process in place to review changes made to approved rates. Consequently, there was an unauthorised change to approved rates which resulted in the Shire issuing incorrect rate statements for the 2020-21 rating year.
  - c. The Shire has not reported the Asset Renewal Funding Ratio for 2019-20, as planned capital renewals and required expenditure were not estimated in the long term financial plan and asset management plan respectively as required by the Local Government (Financial Management) Regulations 1996.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

***Matters Relating to the Electronic Publication of the Audited Financial Report***

This auditor's report relates to the annual financial report of the Shire of Brookton for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.

*Aloha Morrissey.*

ALOHA MORRISSEY  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
22 February 2021