



Shire of Brookton



Robinson Road Precinct

ANNUAL REPORT 2015-2016

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Shire President's Report



Pursuant to Section 5.53 (2) (a) of the *Local Government Act 1995*, I submit the following President's Report.

The 2015/16 Financial Year has seen the Shire of Brookton continue its sound financial management, finishing the year with a municipal surplus of \$572,848. This surplus translates to a healthy unrestricted cash balance of \$599,037 as at 30 June 2016. In addition, the balance of the Shire's cash reserves is \$3.4m, positioning the Shire to meeting the challenge of funding future asset renewal requirements in relation to community buildings, facilities, and infrastructure assets such as roads and footpaths. The Council is committed to responsible fiscal management whilst continuing to deliver a high level of service to the community.

Whilst the 2015/16 Budget was a fairly conservative budget, the Shire did complete over \$2.4m of capital works. Flagship projects for the year included the following:

- \$823k spent on road construction/renewal including the Brookton-Kweda Road, Corberding Road and Gartrell Road
- \$44k spent on the redevelopment of the Brookton cemetery
- Continuation of the Shire's footpath program with \$29k spent on footpaths for White Street and Tiller Street
- \$264k spent on beautification and townscape works on Robinson Road
- Construction of two new dwellings being Unit 1 and 2, 2 Montgomery Street
- \$127k upgrade of sewer infrastructure
- Purchase of a new Volvo Grader \$284k
- Purchase of a new Fire Truck \$347k

The Townscape works on Robinson Road has been particularly pleasing, adding to the aesthetics and amenity of our main street, thereby encouraging business and tourist activity. I would like to congratulate the Shire's works team for a job well done, as Mother Nature played her part to hinder works.

Council has also continued its strong advocacy and lobbying role to ensure that the State Government is meeting its obligations to the Brookton community in the key areas of health, education and transport. Some of the key issues raised with State Government include:

- Condition of all main roads within the Shire of Brookton
- Provision of additional government employee housing in Brookton
- Continued provision of medical and allied health services
- Funding for aged housing (Independent Living Units)

The 2015/16 year also saw a strong focus on the environment with the provision of bulk bins for recycling and domestic waste clean ups, as well as a business case finalised for the Happy Valley Borefield to secure a community water supply. Council is also investigating solar energy solutions for Shire buildings.

On behalf of Council, I would like to thank and acknowledge Shire staff for their contributions throughout the year. I would also like to congratulate Cr Mills, Cr Walker, Cr Eva and Cr Allington on their election to Council following the October 2015 elections (all elected unopposed). In closing, I must thank all Councillors for their continued support and community leadership as we endeavour to make Brookton a wonderful place to work, rest and play.

Kym Wilkinson
SHIRE PRESIDENT

Chief Executive Officer's Report

I am pleased to report on the activities of the Shire of Brookton for the 2015/16 financial year. I must however acknowledge the previous Chief Executive Officer, Mr Darren Friend, who ceased employment with the Shire of Brookton in September 2016. As such, I am providing this report with limited visibility of the reporting period.

Future Planning

The Shire continues to further develop its suite of Integrated Plans which will see it provide for its community needs into the future. Following a desktop review of the Strategic Community Plan in 2015, the Corporate Business Plan was also reviewed and adopted by Council. The Shire of Brookton has now finalised the following key strategic documents, all of which have been adopted by Council:

- Strategic Community Plan
- Corporate Business Plan
- Asset Management Plan
- Long Term Financial Plan

Additionally, the Shire of Brookton is actively seeking to develop several informing strategies which will work hand-in-hand with these Plans:

- White Street Precinct
- Economic Development
- Waste Management
- Aged Care

The Shire of Brookton is also strongly committed to regional collaboration and has developed strategic partnerships to deliver sustainable solutions for Early Childhood Education in the Wheatbelt, as well as the development of the Wheatbelt Aged Support and Care Solutions Project. The three Shires of Brookton, Pingelly and Beverley, having previously formalised their commitment to collaborating on this issue, hope to maximize resource sharing opportunities in Aged Care planning, services and infrastructure in the region.

2015/16 Annual Financial Report – Financial Health Indicators

The Department of Local Government and Communities has developed the My Council website (mycouncil.wa.gov.au) which provides an assessment of all local governments in Western Australia. One of the key measures assessed is the Financial Health Indicator (FHI) score which is a measurement of a local governments overall financial health. It is calculated from the seven financial ratios that local governments are required to calculate annually and disclose in the Annual Financial Report. An FHI result of 70 and above indicates sound financial health. The maximum result achievable is 100.

The Department assessed the Shire of Brookton's FHI to be 87 in 2014/15. However, the FHI score is likely to fall to about 61 in 2015/16 as a result of declining ratios, specifically the Asset Sustainability Ratio (ASR). The ASR expresses capital expenditure on renewal and replacement of existing assets as a percentage of depreciation costs. A percentage of less than 100% on an ongoing basis indicates assets may be deteriorating at a greater rate than spending on renewal or replacement.

The Shire's ratio of 0.64 is below the target level and both Regional and State 4 year averages and is trending downwards. The main reason for the deterioration in this ratio is the increase in depreciation expense following the revaluation of infrastructure assets during the year ended 30 June 2015. The downward trend requires a review of depreciation calculations along with reviewing the Shire's long term capital investment program to help ensure renewal is maintained at an appropriate level with sufficient funding support in the future.

A full explanation of all of the ratios is included on page 44 of the Annual Financial Report.

Staff

In conclusion I offer my sincere thanks to all Councillors and Staff for their hard work and efforts in ensuring Brookton continues *“To be a leading community within the region that delivers core services, builds capacity and focuses on delivery”*.

I would also like to acknowledge the community members who play a vital role in continuing to progress and enhance the liveability of the Shire of Brookton, by making it a vibrant, friendly and welcoming place. I would strongly encourage all community members to continue to play an active part in reviewing the strategies and actions that Council has adopted, as these will drive the future social, economic and environmental projects and services that Council delivers on your behalf.

Dale Stewart
Acting Chief Executive Officer

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.

(a) Address

Shire of Brookton Administration Centre

14 White Street
(P O Box 42)
BROOKTON WA 6306

Telephone: (08) 9642 1106
Facsimile: (08) 9642 1173
Email: mail@brookton.wa.gov.au

Shire of Brookton Works Depot

Richardson Street
(P O Box 42)
BROOKTON WA 6306

Telephone: (08) 9642 1144
Facsimile: (08) 9642 1144
Email: mail@brookton.wa.gov.au

Brookton Public Swimming Pool

Brookton Highway
(P O Box 42)
BROOKTON WA 6306

Telephone: (08) 9642 1112
Facsimile: (08) 9642 1173
Email: mail@brookton.wa.gov.au

(b) Location

The town of Brookton is situated 138km east/south-east of Perth on the Brookton Highway. The Shire of Brookton covers an area of 1,626km², and also includes the localities of Jelcobine, Aldersyde and Kweda. The population of the Shire is estimated to be 935 (*Census 2011*).

Being less than 100km from the Perth metropolitan area, Brookton is a comfortable one hour drive from Karragullen and enjoys many lifestyle benefits of outer metropolitan country living. The Shire of Brookton borders the Shires of Wandering, Beverley, Quairading, Corrigin and Pingelly.

The Brookton district is considered the Gateway to the Central South and is renowned for local events such as the Old Time Motor Show which is held biennially. Tourist attractions include the Old Railway Station and Police Museum located on Robinson Road, the Jack Hansen Ruins at Nine Acre Rock, a Look Out situated west of Brookton overlooking the town, Heritage Trail, Boyagin Rock reserve and the Yenyenning Lakes.

(c) History

One of Brookton's first European Settlers, John Seabrook settled in this area c.1846. The name of his property, Brookton House, inspired the name for the town and subsequently the Shire. The first Brookton Road Board meeting was conducted on the 10 September 1906, after Mr Samuel Williams esq. broke away from the Beverley Road Board.

In 1999, the town site of Brookton celebrated the Centenary of gazettal. To commemorate the occasion, a written history of Brookton, titled "Kalkarni – The Brookton Story", has been released which details the past 100 years of the town.

(d) Council

Council meetings commence at 12.30pm on the third Thursday of each month (except January) and all members of the public are welcome to attend. Council meetings are held in the Shire of Brookton Council Chambers, located within the Administration Centre, and a provision for 'public question time' is allocated at the beginning of the meeting.

Elected Members (as at 30 June 2016)

President

Cr Kym Wilkinson (2017)

PO Box 155
BROOKTON WA 6306
Phone: (08) 9642 7027
Fax: (08) 9642 7037

Deputy President

Cr Katrina Crute (2017)

PO Box 193
BROOKTON WA 6306
Phone: (08) 9642 1049
Fax: (08) 9642 1049

Cr Travis Eva (2019)

PO Box 148
BROOKTON WA 6306
Phone: (08) 9642 6076
Fax: (08) 9642 6072

Cr Neil Walker (2019)

PO Box 55
BROOKTON WA 6306
Phone: (08) 9647 4018
Fax: (08) 9647 4064

Cr Kim Mills (2019)

16 Montgomery St
BROOKTON WA 6306
Phone: (08) 9642 6013
Fax: (08) 9642 6034

Cr Louise Allington (2019)

45 Groser St
BROOKTON WA 6306
Phone: (08) 9642 1431
Fax: (08) 9642 1431

Cr Theresa Fancote (2017)

PO Box 154
BROOKTON WA 6306
Phone: (08) 9642 1269
Fax: Nil

Senior Staff

Council has three designated senior employee positions in accordance with section 5.37 of the *Local Government Act 1995*. For the year ended 30 June 2016 they were as follows:

Chief Executive Officer	Mr Darren Friend
Deputy Chief Executive Officer	Mrs Evelyn Arnold
Principal Works Supervisor	Mr Geoff Forward

The Shire of Brookton employs approximately 23 full time equivalent (FTE) staff. These include the senior staff listed above, as well as multi-skilled staff for road maintenance and construction, maintenance town parks and gardens, finance, statutory planning, statutory health and building services, administration and cleaning of public buildings.

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.

Salary Range	2015	2016
\$100,000 - \$109,999	0	0
\$110,000 - \$119,999	0	0
\$120,000 - \$129,999	0	0
\$130,000 - \$139,999	1	1

Strategic Plan Update

Strategic Community Plan 2013-2023

Progress Update against Measures 2015-16

The first Strategic Community Plan using the Integrated Planning and Reporting Framework was developed by the Shire of Brookton and adopted by Council on 18 April 2013. A desktop review of this Plan was completed in 2015 and adopted by Council on 21 May 2015. The following is a summary of the Strategic framework following the 2015 review:

Strategic Focus:	Community	Natural Environment	Built Environment and Infrastructure	Local Economy and Business	Governance and Organisation
Goals:	<i>A vibrant, safe and inclusive community.</i>	<i>A clean, green and sustainable Shire.</i>	<i>A built environment and infrastructure that supports a thriving community.</i>	<i>A strong and sustainable local economy.</i>	<i>Good governance and an efficient organisation.</i>
Outcomes:	<ul style="list-style-type: none"> Community well-being through quality sports, recreation and leisure opportunities. Development, participation and retention of young people. Healthcare and family support services which support the needs of the community. A vibrant and inclusive community. A safe community. Quality of life for the aged and disabled. 	<ul style="list-style-type: none"> Preservation of the natural environment. Attractive parks, gardens and open spaces. Effective management of water resources Sustainable waste management. Preparedness for the effects of climate change. 	<ul style="list-style-type: none"> Assets and infrastructure that support long term community needs. Safe and well maintained transport infrastructure. Shire buildings and facilities that meet current and future community needs. Appropriate development which is diverse in nature and protects local heritage. 	<ul style="list-style-type: none"> A diverse and strong economic base. Appropriate infrastructure that supports sustainable economic development. Viable businesses with opportunities for local employment Availability of land for housing and industrial development. 	<ul style="list-style-type: none"> Effective leadership and governance. Committed and skilled staff members in a supportive environment. Effective and efficient corporate and administrative services.
Measures	<ul style="list-style-type: none"> Participation rates in local sports and community clubs Number of volunteers in the community 	<ul style="list-style-type: none"> Compliance with waste management regulations 	<ul style="list-style-type: none"> Asset Consumption Ratio Asset Sustainability Ratio Asset Renewal Funding Ratio 	<ul style="list-style-type: none"> Number of businesses active in the Shire Local employment rates 	<ul style="list-style-type: none"> Community satisfaction rates Staff retention rate Training/development workshops attended per year Integrated Planning and Reporting Compliance. Collaborate initiatives for resource sharing.

There are 13 key measures of performance contained within the Strategic Community Plan. An assessment of the Shire's performance is provided below.

Measure	Target	
Participation rates in local sports and community clubs	Year 1-2 build capacity, year 3+ increased participation rates	Baseline data still to be gathered.
Number of volunteers in the community	Year 1-2 build capacity, year 3+ increased participation rates where most needed	<p>Baseline: Aged 15+ spent time doing unpaid voluntary work through an organisation or group, in the twelve months prior to Census Night – Brookton LGA 2006 - 50% 2011 – 31% <i>Compared to WA (all) which was around 17% for both census.</i></p> <p>The above statistics will be updated once the 2016 census data is available</p>
Compliance with Waste Management regulations	Maintain our landfill facility in accordance with the <i>Environmental Protection (Rural Landfill) Regulations 2002</i>	The Shire has complied with the Regulations. The Regulations deal with matters such as tipping area, covering of waste, fencing of landfill site, separation of waste from water, waste to be contained, stormwater management, dust suppression, firebreaks, burning of green waste, hazardous materials, and post closure planning.
Asset Consumption Ratio	Year 1 financial data to be identified, year 2+ meet the Basic Standard ratio of 50% or greater	70%. The Shire meets the basic standard.
Asset Sustainability Ratio	Year 1 financial data to be identified, year 2+ meet the Basic Standard ratio of 90% or greater	64%. The Shire does not meet the standard. This is due to the revaluation of infrastructure assets in June 2015, which resulted in a significant increase in depreciation expenses, from \$1.3m in 14/15 to \$2.5m in 15/16, meaning a greater funding requirement for the replacement of assets.
Asset Renewal Funding Ratio	Year 1 financial data to be identified, year 2+ meet the Basic Standard ratio of 75% or greater	81%. The Shire meets the basic standard.

Number of businesses active in the Shire	Year 1 gather baseline data, year 2 identify local economic development initiatives, year 3+ seek external funding if required and implement projects.	Current business listing includes 83 non-farming businesses active in the Shire.
Local employment rates	Workforce participation rate % to equal or exceed the Statewide %	<p>Unemployment rates</p> <ul style="list-style-type: none"> 5.9% in Dec 2013, down from 6.4% in Dec 2012 (WA increased over that time). <p>Median Weekly Household Income</p> <ul style="list-style-type: none"> \$867 in 2011, up from \$749 in 2006. Wheatbelt in 2011 was \$973, <p>Labour force participation rate</p> <ul style="list-style-type: none"> 56% in 2011 Census (4.25% unemployed) <p>The above statistics will be updated once the 2016 census data is available.</p>
Community satisfaction rates with Shire customer service	Achieve and maintain an average overall ranking of "High" satisfaction	Survey completed in March 2016. Overall satisfaction ranking had a 2.1% increase in the 'Exceeded Expectations' category; an 8.4% increase in 'Above Expectations'; and a 10.5% increase in 'Met Expectations'. There was a decrease in the 'Below Expectations' category of 20.8%.
Staff retention rate	Achieve and maintain a staff turnover rate % that is equal to or less than the State-wide industry average.	Shire staff turnover rate in 2015/16 was 50%, Industry wide average is 20% according to LGMA (WA).
Training / development attended by Councillors	Two training/development workshops per year until completed.	<p>Councillors have attended the following professional development activities to enhance their governance capacity:</p> <ul style="list-style-type: none"> Local Government Week
IPR compliance	Completion and review in accordance with Department guidelines.	Council have adopted the Strategic Community Plan, Corporate Business Plan, Asset Management Plan and Long-Term Financial Plan. A suite of informing documents also exists.
Collaborative initiatives for resource sharing	Maintain or improve current level of resource sharing.	The Shire of Brookton is a participant in shared service arrangements for Town Planning, Environmental Health and Building, and Ranger Services.

Corporate Business Plan 2015/16 – Progress Report

The Shire of Brookton Strategic Community Plan (2013-2023) has five Key Focus Areas:

1. Community
2. Natural Environment
3. Built Environment and Infrastructure
4. Local Economy and Business
5. Governance and Organisation

Under each of these focus areas there are Five Goals with identified Outcomes that have been allocated individual Strategic Objectives which Council and Staff have prioritized over a four year period. This four year plan called the Corporate Business Plan includes the Activities & Services that need to be delivered in order to achieve these identified Strategic Objectives. The Corporate Business Plan is reviewed and updated annually to reflect changes in priorities over the life of the Strategic Community Plan (2013-2023). The following provides a four year outlook.

Outcomes	Strategies	Activities & Services	2016-17	2017-18	2018-19	2019-20	Responsibility
Outcome 1.1 – Community well-being through quality sports, recreation and leisure opportunities.	Strategy 1.1.1 – Update and implement Sports and Recreation Plan.	Engage Consultants to update and review the local Sports and Recreation Plan.		✓			Community Services
		Complete WB Eva redevelopment project.	\$57,000 Capital				Community Services
	Strategy 1.1.2 – Support and promote sporting and recreational activities in collaboration with clubs and groups to attract participants and increase the utilization of facilities.	Engage with local sporting clubs and community groups to identify activities that can be implemented for the community.	✓	✓	✓	✓	Community Services

Outcome 1.2 – Development, participation and retention of young people.	Strategy 1.2.1 – Advocate for educational facilities and programs.	Lobby State Government and other agencies for educational facilities and programs.	✓	✓	✓	✓	Council CEO
	Strategy 1.2.2 – Support youth training and apprentice programs in collaboration with local businesses.	Provide youth traineeship programs within the Shire organisation.	✓	✓	✓	✓	Works CEO
	Strategy 1.2.3 – Provide and promote appropriate and accessible facilities and activities for youth.	Manage and administer youth programs and facilities.	✓	✓	✓	✓	Community Services
	Strategy 1.2.4 – Develop a youth strategy to assist and support youth development and leadership.	Develop a youth strategy to assist and support youth development and leadership.					Community Services
Outcome 1.3 – Healthcare and family support services which support the needs of the community.	Strategy 1.3.1 – Provide ongoing support for child care and early year's facilities and services.	Assist local child care facilities and services to meet current and future requirements.	\$15,000	\$10,000	\$10,000	\$10,000	Community Services
		Provide support to establishing an early years network.	✓				Community Services
	Strategy 1.3.2 – Evaluate and support measures to attract and retain local medical professional services.	Support cooperative partnerships with health service providers.	\$24,500	\$25,235	\$25,992	\$26,772	CEO
	Strategy 1.3.3 – Support appropriate medical and hospital services within the region.	Monitor HACC and Allied Health Services quality and quantity.	✓	✓	✓	✓	CEO
	Strategy 1.3.4 Work towards a regional solution for Early Childhood Education and Care services (ECEC).	Facilitate an application for funding for a feasibility study to prepare a regional management model.	✓				Community Services

Outcome 1.4 – A vibrant and inclusive community.	Strategy 1.4.1 – Promote community and cultural events.	Develop and implement an Events Calendar for the Shire.	✓	✓	✓	✓	Community Services
		Support and encourage events and festivals to be hosted within the Shire of Brookton.	✓	✓	✓	✓	Community Services Health Planning
	Strategy 1.4.2 – Promote and support community groups, volunteerism and increased participation.	Provide volunteering opportunities for residents throughout Council's operations.	✓	✓	✓	✓	Community Services
		Investigate emerging technologies for promotion of community participation opportunities.	✓				Community Services
	Strategy 1.4.3 – Provide ongoing support for the provision of appropriate and accessible facilities to encourage artist and cultural expression of the community.	Formalise support for the Photographic and Art Exhibition.		\$1,000		\$1,000	Community Services
Outcome 1.5 – A safe community.	Strategy 1.5.1 – Collaborate with law enforcement authorities and other agencies to support crime prevention and community safety programs and initiatives.	Renew the Community Safety Crime Prevention Plan.	✓				Community Services
		Implement the Community Safety Crime Prevention Plan.		✓	✓	✓	Community Services
	Strategy 1.5.2 – Support the community in emergency and fire management planning and preparedness.	Support the Shire's Bush Fire Brigades to develop and implement fire preparedness and firebreak programs.	\$21,460 (net cont.)	\$29,996 (net cont.)	\$31,233 (net cont.)	\$32,521 (net cont.)	CEO

Outcome 1.6 – Quality of life for the aged and disabled.	Strategy 1.6.1 – Provide ongoing support for aged care planning, facilities and services to meet our community needs.	Identify and support community programs that cater for our community.	✓	✓	✓	✓	Community Services
		Implement the Disability Access and Inclusion Plan.	✓	✓	✓	✓	Community Services
		Work with Beverly and Pingelly in developing a sub-regional plan.	✓	✓	✓	✓	CEO
	Strategy 1.6.2 Support the development of Aged Friendly Communities	Support initiatives from the Wheatbelt Aged Care Solutions Report and BBP facilities and services audit.	\$10,000	\$10,000	\$10,000	\$10,000	Community Services
Outcome 2.1 – Preservation of the natural environment.	Strategy 2.1.1 – Promote and support natural resource management and community based initiatives within the shire.						Council CEO
	Strategy 2.1.2 – Provide effective management and maintenance of the Council's land and reserves.	Maintain the Shire's land and reserves in accordance with the Asset Management Plan.	✓	✓	✓	✓	Works
	Strategy 2.1.3 – Collaborate with the Department of Parks and Wildlife and other agencies on nature reserve management.	Encourage Government Agencies to effectively manage nature reserves including preservation of native plants and animals and control of introduced species.	✓	✓	✓	✓	CEO

Outcome 2.2 – Attractive parks, gardens and open spaces.	Strategy 2.2.1 – Manage and maintain the Council's parks, cemetery, gardens and open spaces at appropriate standards	Maintain Council's parks, cemetery and gardens and open spaces to an appropriate standard.	\$146,837	\$155,953	\$149,419	\$164,069	Works
		Implement the Cemetery Development Plan.	✓				Council Works CEO
	Strategy 2.2.2 – Develop a pathway and trails master plan for Brookton.	Access funding for a trails master plan.		✓			Community Services
		Provide safe and comfortable pedestrian cycle paths.	\$100,000 Capital	\$150,00 Capital	\$100,000 Capital	\$100,000 Capital	Works Community Services
		Update the Shire of Brookton Bike Plan.		✓			Community Services
Outcome 2.3 – Effective management of water resources.	Strategy 2.3.1 – Collaborate with government agencies in management of the South Branch Avon River.	Lobby government agencies in the management of the South Branch Avon River.	✓	✓	✓	✓	CEO
	Strategy 2.3.2 – Partner with key stakeholders to evaluate, protect and build capacity around the Bore Field water catchment area.	Identify strategies to protect the underground water catchment.	✓	✓	✓	✓	Planning
	Strategy 2.3.3 – Review, develop and implement Shire and community access to long term water supply and collection initiatives.	Investigate establishing Shire access to the Happy Valley Bore Field.	\$150,000 Capital				CEO Works
Outcome 2.4 – Sustainable waste management.	Strategy 2.4.1 – Update and implement the Shire's Waste Management Plan.	Implement the Waste Management Plan for the refuse facility.	\$171,697	\$170,702	\$175,859	\$181,172	CEO Works
	Strategy 2.4.2 – Develop community based waste management initiatives and opportunities.	Provide waste facilities and services that are readily accessible, cost effective and compliant.	\$154,649	\$156,122	\$157,947	\$159,897	CEO Works

Outcome 2.5 – Preparedness for the effects of climate change.	Strategy 2.5.1 – Support community education to promote awareness on energy and water efficiency.	Promote State Government campaigns on reducing power and water use.	✓				CEO	
	Strategy 2.5.2 – Investigate and adopt energy efficiency practices in Council operations.	Ensure energy efficiency is a consideration in new building construction.	✓	✓	✓	✓	Planning Building	
		Review the Town Planning Scheme to ensure it considers climate variability effects.	✓	✓	✓	✓	Planning	
Outcome 3.1 – Assets and infrastructure that support long term community needs.	Strategy 3.1.1 – Develop and implement long-term Asset Management Plans for all Council assets.	Review and implement the Housing Development Plan.	\$780,000 Capital	✓	✓	✓	TBD	
	Strategy 3.1.2 – Implement the Town Scape Improvement Plan.	Develop plans and seek funding to implement prioritized objectives.	\$100,000 Capital	✓	✓	✓	Planning CEO Works	
	Strategy 3.1.3 – Advocate for a reduction in the compliance costs and resources associated with the ongoing ownership, maintenance and management of the Shire sewerage scheme.	Lobby for a reduction in the compliance costs and resources.		✓	✓	✓	✓	CEO Health
	Strategy 3.1.4 – Collaborate with State Government and regional bodies to ensure coordinated provision of regional infrastructure.	Work with key stakeholders to ensure coordinated provision of regional infrastructure.		✓	✓	✓	✓	Council CEO

Outcome 3.2 – Safe and well maintained transport infrastructure.	Strategy 3.2.1 – Lobby the State Government and Commercial Enterprises for sealing of priority roads.	Lobby State Government for sealing of identified roads.	✓	✓	✓	✓	Council CEO
	Strategy 3.2.2 – Collaborate with neighbouring Shires to advocate funding for the development of the regional road network.	Work with Shires in the Wheatbelt region to lobby for funding to develop the regional road network.	✓	✓	✓	✓	Council CEO
	Strategy 3.2.3 – Explore ways to re-position the Shire as a regional transportation hub.						Council CEO
	Strategy 3.2.4 – Lobby the State Government for transport of grain on the rail network.	Lobby State Government for transport of grain on the rail network.	✓	✓	✓	✓	Council CEO
		Maintain roads, drainage and footpaths in line with the Shire's Asset Management Plan.	\$1,214,280	\$1,055,614	\$1,000,074	\$904,004	Works
Outcome 3.3 – Shire buildings and facilities that meet current and future community needs.	Strategy 3.3.1 – Maintain buildings and facilities in accordance with the Asset Management Plan.	Undertake planned infrastructure development activities in accordance with the Asset Management Plan.	\$341,461	\$356,161	\$373,633	\$384,465	Staff
Outcome 3.4 – Appropriate development which is diverse in nature and protects local heritage.	Strategy 3.4.1 – Actively work with other government bodies on state and regional planning and development issues.	Liaise with Department of Planning and neighbouring Shires to ensure all local and regional planning issues are considered.	✓	✓	✓	✓	Planning
	Strategy 3.4.2 – Support the conservation and maintenance of heritage buildings, heritage items and places of interest.	Support local community groups who manage historical sites and structures to enable preservation and protection.	\$8,129	\$8,392	\$8,663	\$8,944	Community Services

		Maintain historical sites and structures that are under Shire management in accordance with the Asset Management Plan.	✓	✓	✓	✓	Works
Outcome 4.1 – A diverse and strong economic base.	Strategy 4.1.1 – Develop and implement an Economic Development Strategy.	Prepare and implement Economic Development Strategy.	\$25,000	✓	✓	✓	Community Services
		Provide support to local indigenous leaders in their endeavours to improve the economic wellbeing of the local indigenous community.	✓	✓	✓	✓	Community Services CEO
	Strategy 4.1.2 – Support the development of a Regional Economic Development Plan.	Collaborate with stakeholders to progress regional economic development opportunities.	✓	✓	✓	✓	CEO Community Services
	Strategy 4.1.3 – Support planning and design that encourages economic growth.	Assist businesses and industry with planning and development initiatives.	✓	✓	✓	✓	Planning CEO
Outcome 4.2 – Appropriate infrastructure that supports sustainable economic development.	Strategy 4.2.1 – Lobby the State Government for cost effective and affordable power supply.	Investigate and promote opportunities that arise.	✓	✓	✓	✓	Council CEO
	Strategy 4.2.2 – Advocate for improved telecommunications infrastructure and utility services across the region.	Investigate and promote opportunities that arise.	✓	✓	✓	✓	CEO
	Strategy 4.2.3 – Advocate for the enhancement of educational and training facilities in the Shire.	Work with local Community Resource Centre and neighbouring Shires to lobby the state government for enhanced educational and training facilities in the Shire.	✓	✓	✓	✓	Council CEO Community Services

Outcome 4.3 – Viable businesses with opportunities for local employment.	Strategy 4.3.1 – Develop, maintain and strengthen relationships with local and regional businesses.	Work with stakeholders to host a forum for local businesses.	✓	✓	✓	✓	Community Services
	Strategy 4.3.2 – Promote and encourage existing and new businesses and industries.	Assist new businesses and industry to apply for grant funding.	✓	✓	✓	✓	Community Services
		Liaise with businesses and industry to identify commercial opportunities that fit within the Shire's Strategic Plan.	✓	✓	✓	✓	CEO Community Services
		Increase the flexibility for mixed use residential/commercial areas in the Town Planning Scheme.					Planning
Outcome 4.4 – Availability of land for housing and industrial development.	Strategy 4.4.1 – Promote and facilitate the release of land for industrial purposes.	Partner with key stakeholders for the development of industrial land.	✓	✓	✓	✓	CEO Planning
	Strategy 4.4.2 – Review incentives to encourage land usage for industrial purposes.	Review policy for incentives to new non-competing businesses.					Council CEO
	Strategy 4.4.3 – Support housing development in the Shire to increase the affordability of housing and accommodation.	Review the Town Planning Scheme to ensure residential land will be readily available to meet future demands.	\$6,000	\$6,180	\$6,365	\$6,556	Planning
	Strategy 4.4.4 – Promote partnerships for housing development.	Identify possible partners for housing development in the Shire.	✓				CEO

Outcome 5.1 – Effective leadership and governance.	Strategy 5.1.1 – Represent and promote the Shire in Regional, State and National Forums.	Participate in appropriate Regional, State and National Local Government Forums.	✓	✓	✓	✓	Council CEO
	Strategy 5.1.2 – Promote collaboration with other Councils on structural reform opportunities at a regional level.	Participate in Local Government reform discussions, if required.	✓	✓	✓	✓	Council CEO
		Explore resource sharing arrangements with neighbouring Shires.	✓	✓	✓	✓	Council CEO
	Strategy 5.1.3 – Implement and review the Strategic Community Plan.	Implement the Strategic Community Plan.	✓	✓	✓	✓	Council CEO
		Conduct interim and full reviews of the Strategic Community Plan.		✓			Council CEO
	Strategy 5.1.4 – Strengthen the governance role of Councillors by informing, resourcing, skilling and supporting their role.	Provide induction and training for Councillors as required.	\$8,500	\$8,500	\$8,500	\$8,500	Council CEO
		Develop strategic policies which support sound decision making.	✓	✓	✓	✓	Council CEO
	Strategy 5.1.5 – Develop and implement a community engagement and communication strategy.	Develop a community engagement and communication strategy.	\$30,000				Community Services
Outcome 5.2 – Committed and skilled staff members in a supportive environment.	Strategy 5.2.1 – Review, Implement and maintain a Workforce Plan for current and future workforce needs.	Review human resources policies and procedures.	✓	✓	✓	✓	DCEO

Outcome 5.3 – Effective and efficient corporate and administrative services.	Strategy 5.3.1 – Provide and promote responsive customer services.	Manage customer services through use and maintenance of appropriate systems and processes.	✓	✓	✓	✓	Staff
	Strategy 5.3.2 – Develop and implement an information and communication technology plan.	Develop an information and communications technology plan.	✓				DCEO
		Review and implement a Disaster Recovery and Business Continuity Plan.	✓	✓	✓	✓	DCEO
		Implement an Electronic Data Records Management System.	\$19,960	\$20,559	\$21,176	\$21,811	DCEO
		Implement and review the Risk Management Framework and associated registers.	✓	✓	✓	✓	DCEO
	Strategy 5.3.3 – Implement continuous improvement initiatives in consultation with community on service delivery.	Conduct community consultation regarding the current delivery of services.		✓			Community Services

Disability Access & Inclusion Plan

The *Disability Services Act 1993 (amended 2004)* requires local governments to report on their Disability Access & Inclusion Plan (DAIP) achievements annually. The achievements for the year ended 30 June 2016 are listed below and grouped into the outcome areas addressed in the Shire of Brookton Disability Access and Inclusion Plan 2013-2018.

OUTCOME 1: People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Brookton.

- Accessible Events checklist used for Shire organised events.
- Accessible Events checklist issued to planner for use in evaluating externally organised events.
- Corporate Business Plan includes initiatives from the DAIP.

OUTCOME 2: People with disability have the same opportunities as other people to access Shire of Brookton buildings and other facilities.

- Legal requirements for access are met in new buildings.
- Development Applications are not signed off without declaration that it meets legal requirements.
- Public buildings inspected.

OUTCOME 3: People with disability receive information from the Shire of Brookton in a format that will enable them to access the information as readily as other people are able to access it.

- New staff have been briefed on the requirements for provision of information and made aware of locally available resources.

OUTCOME 4: People with disability receive the same level and quality of service from the employees of the Shire of Brookton as other people receive from the employees of the Shire of Brookton.

- Information on alternative provision is made available to staff.
- Staff are aware of their obligations in service provision.
-

OUTCOME 5: People with disability have the same opportunities as other people to make complaints to the Shire of Brookton.

- Information about grievance mechanisms is prepared using clear and concise language. This information is made available in alternative formats on request. During the year no such requests were received.
- Web based forms were introduced for reporting of issues and making complaints.

OUTCOME 6: People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Brookton.

- Consultation provided in a variety of formats including electronic.
- Venues that are utilised for community participation in Council processes are selected with the objective of ensuring access for all members of the community.

OUTCOME 7: People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Brookton.

- Senior staff have attended Lighthouse Project training. Audit app has been prepared for audit to be undertaken.
- People with disability have been engaged in both volunteer and paid roles during the year.

Freedom of Information Statement

This information statement is published in accordance with section 96 of the *Freedom of Information Act 1992*.

1. Structure and Functions of Council

Establishment

The Shire of Brookton is established under the *Local Government Act 1995*, and has the responsibility for the administration of this Act within the municipality. Other major legislation which creates a duty or an authority for Council to act includes but is not limited to:

- *Health Act 1911*
- *Planning and Development Act 2005*
- *Bush Fires Act 1954*
- *Dog Act 1976*
- *Cemeteries Act 1986*
- *Litter Act 1979*
- *Freedom of Information Act 1992*

Council

Council's affairs are managed by seven Councillors elected from and by the community. The Council acts as a community board, establishing policies and making decisions within the requirements of the Local Government Act on a wide range of issues affecting the community, and in keeping with the legislative requirements to:

- Determine policies to be applied by Council in exercising its discretionary powers.
- Determine the type, range and scope of projects to be undertaken by Council.
- Develop comprehensive management plans, budgets, financial controls and performance objectives and indicators for the operations of Council.

Council makes decisions which direct and/or determine its activities and functions. Such decisions include the approval of works and services to be undertaken, and the allocation of resources to works and services.

Decisions are also made to determine whether or not approvals are to be granted for applications for residential and commercial development.

Ordinary meetings of Council are held on the third Thursday of each month (except January) commencing at 12.30 pm. All members of the public are welcome to attend.

Personal Involvement

Elected members are involved with many organisations within the community, and are also active in representing Brookton at a regional or state level. Council's nominations to other organisations include:

- WALGA Central Country Zone (Regional)
- Main Roads WA Wheatbelt South Regional Road Group Hotham/Dale Sub Group
- Yenyenning Lakes Committee (Regional)

Personal Involvement (continued)

- School Bus Run Committees (Local)
- Brookton Old Time Motor Show (Local)
- Worsley Community Liaison (Regional)
- Central AgCare (Regional)
- Local Emergency Management Committee (Local)

Standing Committees

At present there are seven standing Committees of Council:

- Employment Committee
- Kalkarni Consultative Committee
- Community Housing Committee
- Les McMullen Memorial Recreation Grants Committee
- Audit Committee
- Bush Fire Advisory Committee
- Plant and Works Committee

Occasional Committees

Council utilises occasional Committees as and when required.

Agendas

Agendas are prepared for members and are distributed one week prior to the meeting. Copies of the Agenda are available prior to the meeting in accordance with the *Local Government Act 1995*. Please note that all Minutes are subject to confirmation by Council.

Delegated Authority

Under the *Local Government Act 1995*, Council is able to delegate many powers to either Committees or to the Chief Executive Officer. A Committee or the CEO may then further delegate the duty or responsibility to perform a task. Delegations are recorded in a Register, and are reviewed by Council annually.

2. Services to the Community

Council provides an extensive variety of services for the community under a wide range of legislation. Services provided include:

Building control	Library services	Recycling
Bush fire control	Litter bins	Roads, footpaths & kerbs
Cemeteries	Media releases	Rubbish collection
Citizenship ceremonies	Parks and reserves	Sewerage
Crossovers	Planning Controls	Street lighting
Dog control	Playground equipment	Street sweeping
Drainage	Public buildings for hire	Street tree planting

Services to the Community (continued)

Environmental health	Public toilets	Swimming Pool
Fire prevention	Recreation/sporting facilities	Traffic control works

3. Access to Council Documents

The following documents are available for inspection at the Council Offices free of charge. Copies of the documents can be made available, although some will incur a charge to cover the cost of photocopying. The *Local Government Act 1995* does stipulate minimum requirements for documents to be made available for public inspection, and these include:

- Minutes and Agendas of Council and Committee meetings
- General Policy Manual
- Annual Budget
- Annual Report
- Annual Financial Statements
- Monthly Financial Statements
- Council Local Laws
- Town Planning Scheme
- Electoral Roll
- Financial Interest Register - Primary and Annual Returns and Declarations

Requests for other information will be considered in accordance with the requirements of the Freedom of Information Act and the Local Government Act. Under the Freedom of Information Act, an application fee and search fee must be submitted with the completed request form, unless the information is of a personal nature, or an exemption is granted.

The table below illustrates all the applications received by the Shire of Brookton in 2015/16:

Access Type	Personal	Non-Personal	Total
Access in full	0	0	0
Edited access	0	0	0
Access refused	0	0	0
No documents found	0	0	0
Withdrawn by applicant	0	0	0
Not finalised	0	0	0
Total	0	0	0

Please contact the Shire of Brookton Administration Centre at the following address if you have a query regarding any of the above Freedom of Information Statement or if you would simply like more information:

Shire of Brookton Administration Centre
14 White Street
(PO Box 42)
Brookton WA 6306

Telephone: (08) 9642 1106
Facsimile: (08) 9642 1173
Email: mail@brookton.wa.gov.au

Most documents can also be accessed through the Shire of Brookton website at www.brookton.wa.gov.au.

Official Conduct Report

The Local Government Act 1995 requires the Shire to report on the number of official conduct complaints recorded under section 5.121 during a financial year. The Shire of Brookton did not receive complaints of this nature that resulted in action under section 5.110 (6)(b) or (c) during the 2015/16 financial year.

National Competition Policy Statement

The Federal and all State governments have a Competition Principles Agreement in place, which is binding on local government.

The agreement requires the Shire of Brookton to carry out a number of procedures and include a report on the matter in each year's Annual Report. The three areas that affect Local Government are:

- 1) Competitive Neutrality - To remove benefits (and costs) which accrue to Government business as a result of their public ownership.
- 2) Structural Reform - Local government is required to reform the structure of publicly owned monopoly businesses where it is proposed to introduce competition.
- 3) Legislation Review - To review legislation that restricts competition.

The full requirements of the package are contained in a statement issued by the Department of Local Government and Communities.

Competitive Neutrality

There are several tests to apply that assist in determining if there is a "significant business enterprise":

- 1) Does the activity receive revenue from external sources that exceeds \$200,000 per annum? (In determining this amount, Council has been advised to disregard grant income, internal charges, and statutory fees.)
- 2) Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the revenue statement for the Shire of Brookton for the preceding period, there is no activity that satisfies this first part of the test, and accordingly, the principles of competitive neutrality do not apply to any Council activities.

Structural Reform

In this area, the Council has no monopoly activities. What is basic to the function of restructuring public monopolies is the splitting or division of the regulatory role from the service provision role.

To address the question of monopoly, the following test has been applied to each activity:

- 1) *Definition:* In regards to this service, does the Council have “exclusive or near exclusive control of the market supply of this service?”
- 2) *Dual Function:* Does the Council have both a regulatory and supply function in this area of activity?
- 3) *Willing competitors:* If the Council tendered for the supply of this service in the open market, is it likely that there would be a supplier willing to perform this service?

The Council does not have a dual function role in any of the following services:

- Aged person residency
- Swimming pool
- Parks and gardens
- Roads
- Recreation services
- Cemetery

When reviewed, these functions appeared to have substance to the sole provider argument however, it is considered that only in parks and gardens maintenance, is it likely that there would be willing local competitors. On balance, therefore, it was concluded that a monopoly does not exist.

Legislation Review

The Council has a portfolio of local laws (previously known as by-laws), which may or may not conflict with the Competition Principles Agreement. These local laws have been reviewed to ensure compliance with the reporting requirements.

As a result of the review, a report was produced which provides the following information regarding existing local laws:

- Statement of objective to be specified for each local law
- Statement of possible restrictions that may result as a consequence of the application of the local law
- Statement of likely affects on the restriction of competition
- Statement of costs and benefits of the restrictions
- Statement of proposals for alternatives.

In conducting the review, in particular concerning provision of services, Council considered the effect of local laws with regard to how they:

- Regulate the entry and exit of participants in various markets
- Control pricing or production levels
- Regulate the price of goods or services used in various production processes
- Regulate the quality, amount or location of goods and service delivery
- Regulate advertising and promotional activities
- Confer benefits on particular classes of competitors
- Allow only one entity to supply a good or service

- Require producers of goods or services to sell to a single entity
- Limit the number of actual or potential producers of goods or services in a market
- Limit the output of an entity
- Limit the number of people that can be engaged in an occupation or activity

The findings of the review will be implemented, on a staged basis over time, by the repeal of inappropriate provisions and the adoption of new local laws where necessary.

State Records Act 2000

The *State Records Act 2000* (the Act) is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires each government organisation to have a Recordkeeping Plan approved by the State Records Commission.

State Records Commission (SRC) Standard 1 – *Government Recordkeeping* requires that government organisations ensure that records are created, managed and maintained over time and disposed of in accordance with principles and standards issued by the SRC. SRC Standard 2 – *Recordkeeping Plans* comprises six Recordkeeping principles each of which contains minimum compliance requirements. SRC Standard 6 – *Outsourcing* comprises seven principles each of which contains minimum compliance requirements.

The purpose of the Shire's Recordkeeping Plan (RKP) is to set out the minimum requirements as to which records are to be created by the Shire of Brookton and how it is to keep its records. Recordkeeping Plans are to provide an accurate reflection of the recordkeeping program within the organisation, including information regarding the organisation's recordkeeping system(s), disposal arrangements, policies, practices and processes. The RKP is the primary means of providing evidence of compliance with the Act.

The objectives of the Shire of Brookton RKP are to ensure:

- Compliance with Section 19 of the *State Records Act 2000*;
- Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;
- Processes are in place to facilitate the complete and accurate record of business transactions and decisions;
- Recorded information can be retrieved quickly, accurately and cheaply when required; and the
- Protection and preservation of the Local Government's records.

In accordance with Section 17 of the Act, the Shire of Brookton and all its employees are required to comply with the contents of this Plan.

This RKP applies to all of the Shire of Brookton's:

- employees;
- contractors;
- organisations performing outsourced services on behalf of the Shire of Brookton; and
- Elected Members.

Appendix : Annual Financial Report 2015/16

SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
14 White Street
BROOKTON WA 6306

ABN: 74164408055

**SHIRE OF BROOKTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the



day of



2016



Dale Stewart
Acting Chief Executive Officer

SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	1,791,638	1,789,993	1,672,383
Operating grants, subsidies and contributions	30	3,327,899	3,511,063	4,264,161
Fees and charges	29	1,614,272	1,548,723	1,494,540
Interest earnings	2(a)	157,307	175,867	172,483
Other revenue	2(a)	385,435	252,121	398,311
		<u>7,276,551</u>	<u>7,277,767</u>	<u>8,001,878</u>
Expenses				
Employee costs		(1,157,752)	(1,285,851)	(1,079,159)
Materials and contracts		(4,774,704)	(4,912,745)	(4,870,857)
Utility charges		(158,295)	(172,417)	(142,607)
Depreciation on non-current assets	2(a)	(2,508,815)	(1,354,697)	(1,305,440)
Interest expenses	2(a)	(129,174)	(120,026)	(126,330)
Insurance expenses		(140,185)	(161,940)	(148,361)
Other expenditure		(1,459)	(13,525)	(2,220)
		<u>(8,870,384)</u>	<u>(8,021,201)</u>	<u>(7,674,974)</u>
		(1,593,833)	(743,434)	326,904
Non-operating grants, subsidies and contributions	30	1,207,997	898,545	1,115,962
Profit on asset disposals	21	6,640	139,401	2,651
(Loss) on asset disposals	21	(219,415)	(22,644)	(43,017)
Net result		(598,611)	271,868	1,402,500
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	791,424	0	60,442,902
Total other comprehensive income		791,424	0	60,442,902
Total comprehensive income		192,813	271,868	61,845,402

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

SHIRE OF BROOKTON
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		41,655	32,789	33,079
General purpose funding		2,406,013	2,418,999	3,241,614
Law, order, public safety		45,969	139,125	39,600
Health		625	2,467	133,026
Education and welfare		3,989,506	3,885,322	3,760,090
Housing		93,991	54,528	95,395
Community amenities		394,956	402,256	382,823
Recreation and culture		50,553	56,706	60,872
Transport		84,769	81,988	80,516
Economic services		53,015	59,090	54,626
Other property and services		115,499	144,497	120,237
		<u>7,276,551</u>	<u>7,277,767</u>	<u>8,001,878</u>
Expenses	2(a)			
Governance		(604,344)	(662,534)	(596,255)
General purpose funding		(182,151)	(190,580)	(175,062)
Law, order, public safety		(221,284)	(394,399)	(260,316)
Health		(51,516)	(51,836)	(48,475)
Education and welfare		(3,987,791)	(3,918,973)	(3,916,633)
Housing		(139,870)	(130,744)	(114,677)
Community amenities		(509,836)	(493,737)	(479,542)
Recreation and culture		(764,405)	(769,419)	(747,843)
Transport		(2,082,047)	(1,081,029)	(1,040,575)
Economic services		(116,498)	(153,478)	(103,957)
Other property and services		(81,468)	(54,446)	(65,309)
		<u>(8,741,210)</u>	<u>(7,901,175)</u>	<u>(7,548,644)</u>
Finance costs	2(a)			
Governance		(4,419)	(4,150)	(4,332)
General purpose funding		(36,213)	(33,660)	(35,777)
Education and welfare		(6,201)	(5,771)	(6,053)
Housing		(10,231)	(9,523)	(9,988)
Community amenities		(4,341)	(4,040)	(4,237)
Recreation and culture		(57,538)	(53,359)	(55,955)
Transport		(10,231)	0	0
Other property and services		0	(9,523)	(9,988)
		<u>(129,174)</u>	<u>(120,026)</u>	<u>(126,330)</u>
		(1,593,833)	(743,434)	326,904
Non-operating grants, subsidies and contributions	30	1,207,997	898,545	1,115,962
Profit on disposal of assets	21	6,640	139,401	2,651
(Loss) on disposal of assets	21	(219,415)	(22,644)	(43,017)
Fair value adjustments to financial assets at				
Net result		<u>(598,611)</u>	<u>271,868</u>	<u>1,402,500</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	791,424	0	60,442,902
Total other comprehensive income		<u>791,424</u>	<u>0</u>	<u>60,442,902</u>
Total comprehensive income		<u><u>192,813</u></u>	<u><u>271,868</u></u>	<u><u>61,845,402</u></u>

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

SHIRE OF BROOKTON
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,994,827	3,953,817
Trade and other receivables	5	1,744,839	1,106,352
Inventories	6	16,373	10,485
TOTAL CURRENT ASSETS		<u>5,756,039</u>	<u>5,070,654</u>
NON-CURRENT ASSETS			
Investments	4	5,000	5,000
Other receivables	5	456,510	488,808
Inventories	6	242,626	242,626
Property, plant and equipment	7	20,211,755	19,551,171
Infrastructure	8	70,567,056	71,233,961
TOTAL NON-CURRENT ASSETS		<u>91,482,947</u>	<u>91,521,566</u>
TOTAL ASSETS		<u>97,238,986</u>	<u>96,592,220</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,741,406	1,166,122
Current portion of long term borrowings	10	122,136	114,637
Provisions	11	181,813	193,938
TOTAL CURRENT LIABILITIES		<u>2,045,355</u>	<u>1,474,697</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10	1,607,790	1,729,926
Provisions	11	46,581	41,150
TOTAL NON-CURRENT LIABILITIES		<u>1,654,371</u>	<u>1,771,076</u>
TOTAL LIABILITIES		<u>3,699,726</u>	<u>3,245,773</u>
NET ASSETS		<u>93,539,260</u>	<u>93,346,447</u>
EQUITY			
Retained surplus		22,065,297	23,325,892
Reserves - cash backed	12	3,221,937	2,559,953
Revaluation surplus	13	68,252,026	67,460,602
TOTAL EQUITY		<u>93,539,260</u>	<u>93,346,447</u>

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

**SHIRE OF BROOKTON
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		22,041,453	2,441,892	7,017,700	31,501,045
Comprehensive income					
Net result		1,402,500	0	0	1,402,500
Changes on revaluation of assets	13	0	0	60,442,902	60,442,902
Total comprehensive income		1,402,500	0	60,442,902	61,845,402
Transfers from/(to) reserves		(118,061)	118,061	0	0
Balance as at 30 June 2015		23,325,892	2,559,953	67,460,602	93,346,447
Comprehensive income					
Net result		(598,611)	0	0	(598,611)
Changes on revaluation of assets	13	0	0	791,424	791,424
Total comprehensive income		(598,611)	0	791,424	192,813
Transfers from/(to) reserves		(661,984)	661,984	0	0
Balance as at 30 June 2016		<u>22,065,297</u>	<u>3,221,937</u>	<u>68,252,026</u>	<u>93,539,260</u>

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

**SHIRE OF BROOKTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,820,370	1,732,163	1,658,078
Operating grants, subsidies and contributions		2,630,426	3,511,063	4,119,679
Fees and charges		1,614,272	1,548,723	1,539,824
Interest earnings		157,307	175,867	172,483
Goods and services tax		566,268	0	507,991
Other revenue		385,435	252,121	398,311
		<u>7,174,078</u>	<u>7,219,937</u>	<u>8,396,366</u>
Payments				
Employee costs		(1,151,277)	(1,285,851)	(1,036,346)
Materials and contracts		(4,216,860)	(4,788,772)	(4,870,071)
Utility charges		(158,295)	(172,417)	(142,607)
Interest expenses		(130,791)	(120,026)	(127,403)
Insurance expenses		(140,185)	(161,940)	(148,361)
Goods and services tax		(539,345)	0	(490,739)
Other expenditure		(1,459)	(13,525)	(2,220)
		<u>(6,338,212)</u>	<u>(6,542,531)</u>	<u>(6,817,747)</u>
Net cash provided by (used in) operating activities	14(b)	<u>835,866</u>	<u>677,406</u>	<u>1,578,619</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	7(b)	(1,500,363)	(1,877,628)	(1,041,191)
Payments for construction of infrastructure	8(b)	(979,762)	(1,181,390)	(751,330)
Non-operating grants, subsidies and contributions		1,207,997	898,545	1,115,962
Proceeds from sale of fixed assets	21	556,280	694,000	141,182
Net cash provided by (used in) investment activities		<u>(715,848)</u>	<u>(1,466,473)</u>	<u>(535,377)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(114,637)	(114,637)	(107,602)
Proceeds from self supporting loans		35,629	35,630	33,377
Net cash provided by (used in) financing activities		<u>(79,008)</u>	<u>(79,007)</u>	<u>(74,225)</u>
Net increase (decrease) in cash held		41,010	(868,075)	969,017
Cash at beginning of year		3,953,817	3,953,817	2,984,800
Cash and cash equivalents at the end of the year	14(a)	<u><u>3,994,827</u></u>	<u><u>3,085,742</u></u>	<u><u>3,953,817</u></u>

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

**SHIRE OF BROOKTON
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>1,115,013</u> 1,115,013	<u>1,050,937</u> 1,050,937	<u>220,213</u> 220,213
Revenue from operating activities (excluding rates)			
Governance	41,655	40,811	35,151
General purpose funding	635,219	649,920	1,588,591
Law, order, public safety	50,685	139,125	39,600
Health	625	2,467	133,026
Education and welfare	3,989,506	3,885,322	3,760,090
Housing	93,991	183,028	95,395
Community amenities	394,956	402,256	383,402
Recreation and culture	50,553	56,706	60,872
Transport	86,693	84,867	80,516
Economic services	53,015	59,090	54,626
Other property and services	115,499	144,497	120,237
	<u>5,512,397</u>	<u>5,648,089</u>	<u>6,351,506</u>
Expenditure from operating activities			
Governance	(608,763)	(668,203)	(606,565)
General purpose funding	(218,364)	(224,240)	(210,839)
Law, order, public safety	(221,284)	(394,399)	(260,316)
Health	(51,516)	(51,836)	(51,009)
Education and welfare	(3,993,992)	(3,924,744)	(3,926,716)
Housing	(188,076)	(147,652)	(128,670)
Community amenities	(514,177)	(497,777)	(487,091)
Recreation and culture	(821,943)	(822,778)	(819,630)
Transport	(2,273,718)	(1,094,769)	(1,040,575)
Economic services	(116,498)	(153,478)	(103,957)
Other property and services	(81,468)	(63,969)	(82,623)
	<u>(9,089,799)</u>	<u>(8,043,845)</u>	<u>(7,717,991)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	21 (6,640)	(139,401)	(2,651)
Loss on disposal of assets	21 219,415	22,644	43,017
Movement in deferred pensioner rates (non-current)	(5,738)	0	(7,725)
Movement in employee benefit provisions (non-current)	5,431	0	(2,156)
Depreciation and amortisation on assets	2(a) 2,508,815	1,354,697	1,305,440
Amount attributable to operating activities	<u>258,894</u>	<u>(106,879)</u>	<u>189,653</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	1,207,997	898,545	1,115,962
Proceeds from disposal of assets	21 556,280	694,000	141,182
Purchase of property, plant and equipment	7(b) (1,500,363)	(1,877,628)	(1,041,191)
Purchase and construction of infrastructure	8(b) (979,762)	(1,181,390)	(751,330)
Amount attributable to investing activities	<u>(715,848)</u>	<u>(1,466,473)</u>	<u>(535,377)</u>
FINANCING ACTIVITIES			
Repayment of debentures	22(a) (114,637)	(114,637)	(107,602)
Proceeds from new debentures	22(a) 0	0	0
Proceeds from self supporting loans	35,629	35,630	33,377
Transfers to reserves (restricted assets)	12 (1,008,984)	(831,801)	(527,729)
Transfers from reserves (restricted assets)	12 347,000	715,080	409,668
Amount attributable to financing activities	<u>(740,992)</u>	<u>(195,728)</u>	<u>(192,286)</u>
Surplus(deficiency) before general rates	<u>(1,197,946)</u>	<u>(1,769,079)</u>	<u>(538,010)</u>
Total amount raised from general rates	23 <u>1,770,794</u>	<u>1,769,079</u>	<u>1,653,023</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24 <u><u>572,848</u></u>	<u><u>0</u></u>	<u><u>1,115,013</u></u>

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

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and 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.

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 20 to these financial statements.

(b) 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.

(c) 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 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.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(e) Inventories

General

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

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

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 no cost or for nominal consideration, 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

In Western Australia, all 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 fact 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) prohibits 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.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 - 85 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 - 85 years
surface	12 - 17 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 - 65 years
Bridges	75 years
Footpaths - slab	20 - 80 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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.

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

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.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

(i) Impairment of Assets

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) 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.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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. 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.

(l) 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.

(m) 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.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

(q) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(r) 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.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(t) Rounding Off Figures

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

(u) 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 statement, 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.

(v) 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.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense		
Education & Welfare (<i>Refer Note 36</i>)	<u>(3,906,407)</u>	<u>(3,907,647)</u>
This significant expense in both years relates to the management of the Kalkarni Aged Care Facility.		
Auditors remuneration		
- Audit of the financial report and Acquittal Audit Fees	24,745	27,722
- Other services	5,000	2,500
Depreciation		
Buildings - non-specialised	19,195	24,500
Buildings - specialised	413,576	404,834
Furniture and equipment	23,532	38,503
Plant and equipment	361,658	388,127
Infrastructure - Roads & Bridges	1,577,120	427,244
Infrastructure - Footpaths	11,804	3,809
Infrastructure - Sewerage	92,786	14,974
Infrastructure - Parks and Ovals	9,144	3,449
	<u>2,508,815</u>	<u>1,305,440</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	129,174	126,330
	<u>129,174</u>	<u>126,330</u>
(ii) Crediting as revenue:		
Significant revenue		
Education & Welfare (<i>Refer Note 36</i>)	<u>3,603,475</u>	<u>3,617,843</u>
Other revenue		
Reimbursements and recoveries	350,935	375,883
Other	34,500	22,428
	<u>385,435</u>	<u>398,311</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Loans receivable - clubs/institutions	32,276	33,660
- Reserve Funds	73,983	76,799
- Other Funds	39,861	49,908
Other Interest Revenue (refer note 28)	11,187	15,500
	<u>157,307</u>	<u>175,867</u>
	<u>157,307</u>	<u>172,483</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Brookton is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

GOVERNANCE

Objective:

Elected member's expenses, maintenance of the Shire's administration centre, audit and forward planning expenses and provision of information to the public.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

Levy and collection of property rates, general purpose grants and the acquisition of funds via loans and investments.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

Fire prevention, animal control and supervision and development of local laws.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

Food hygiene control, maintenance of Saddleback Medical Centre and the provision of a part-time doctor.

Activities:

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

Objective:

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 Learnings Network.

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

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

Activities:

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

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

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

Activities:

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 schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

Provision and maintenance of Brookton Memorial Hall, other public halls, the WB Eva Pavilion, recreation ground, Brookton swimming pool and community parks and gardens. Operation of the Brookton library and the community bus.

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

Construction and maintenance of road 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.

Activities:

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

ECONOMIC SERVICES

Objective:

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

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

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

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance
Grant/Contribution	Function/ Activity	1/07/14	2014/15	2014/15	30/06/15	2015/16	2015/16	30/06/16
		\$	\$	\$	\$	\$	\$	\$
WALGGC - Bridge Funding	Transport	14,734	0	(14,734)	0	0	0	0
Roads to Recovery - Bridge	Transport	2,268	0	(2,268)	0	0	0	0
Roads to Recovery	Transport	0			0	443,179	(412,793)	30,386
DFES - Operational Funding	Law, Order and Public Safety	5,847	32,150	(29,810)	8,187	39,902	(39,622)	8,467
SEMC Secretariat	Law, Order and Public Safety	18,181	0	(18,181)	0	0	0	0
CLGF - Regional Grant Funding	Housing	0	624,063	(319,795)	304,268	0	(304,268)	0
Main Roads - Grain Freight Net Work	Transport	67,521	55,800	(123,321)	0	0	0	0
Lotteries West	Childcare	0	0	0	0	135,000	0	135,000
Total		108,551	712,013	(508,109)	312,455	618,081	(756,683)	173,853

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		599,037	1,081,409
Restricted		<u>3,395,790</u>	<u>2,872,408</u>
		<u><u>3,994,827</u></u>	<u><u>3,953,817</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant and Vehicle Reserve	12	494,514	354,662
Staff Housing Reserve	12	754,115	310,210
Furniture & Equipment Reserve	12	23,983	13,597
Municipal Building & Facility Reserve	12	115,627	83,312
Townscape & Footpath Reserve	12	142,081	235,807
Land Redevelopment Reserve	12	126,049	122,707
Sewerage and Drainage Reserve	12	125,339	199,455
Road and Bridges Infrastructure Reserve	12	187,018	45,568
Health & Aged Care Reserve	12	777,991	708,616
Community Bus Reserve	12	57,160	50,770
Sport & Recreation Reserve	12	10,125	9,856
Rehabilitation Refuse & Gravel Reserve	12	40,355	34,410
Saddleback Building Reserve	12	48,827	47,533
Caravan Park Reserve	12	127,936	124,544
Brookton Museum/Heritage Reserve	12	34,353	31,005
Kweda Hall Reserve	12	22,548	19,513
Aldersyde Hall Reserve	12	22,548	19,513
Railway Station Reserve	12	22,548	19,513
Madison Square Units Reserve	12	17,235	16,778
Cemetery Reserve	12	20,920	63,263
Water Harvesting Reserve	12	50,665	49,321
Unspent Grants and Contributions	2(c)	173,853	312,455
		<u><u>3,395,790</u></u>	<u><u>2,872,408</u></u>
4. INVESTMENTS			
Bendigo Bank Shares Held for Trading		<u>5,000</u>	<u>5,000</u>
Financial assets at fair value through profit and loss			
At the beginning of the year		<u>5,000</u>	<u>5,000</u>
At the end of the year		<u><u>5,000</u></u>	<u><u>5,000</u></u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	13,815	48,285
Sundry debtors	63,340	52,268
GST receivable	0	26,923
Loans - clubs/institutions	38,036	35,629
Aged Care Facility Bonds	1,452,492	819,663
Prepayments & Accrued Income	177,156	123,584
	<u>1,744,839</u>	<u>1,106,352</u>
Non-current		
Rates outstanding - pensioners	31,727	25,989
Loans receivable - clubs/institutions	424,783	462,819
	<u>456,510</u>	<u>488,808</u>
6. INVENTORIES		
Current		
Fuel and materials	16,373	10,485
	<u>16,373</u>	<u>10,485</u>
Non-current		
Land held for resale - cost		
Cost of acquisition	82,818	82,818
Development costs	159,808	159,808
	<u>242,626</u>	<u>242,626</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	<u>685,000</u>	<u>805,000</u>
	685,000	805,000
Land - vested in and under the control of Council at:		
- Management valuation 2014 - level 3	<u>117,193</u>	<u>117,193</u>
	117,193	117,193
	<u>802,193</u>	<u>922,193</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	627,000	987,000
- Additions after valuation - cost	648,067	321,895
Less: accumulated depreciation	<u>(31,670)</u>	<u>(24,500)</u>
	1,243,397	1,284,395
Buildings - specialised at:		
-Independent valuation 2014 - level 3	15,687,746	15,687,746
- Additions after valuation - cost	775,370	443,304
Less: accumulated depreciation	<u>(811,566)</u>	<u>(397,990)</u>
	15,651,550	15,733,060
	<u>16,894,947</u>	<u>17,017,455</u>
Total land and buildings	<u>17,697,140</u>	<u>17,939,648</u>
Furniture and equipment at:		
- Management valuation 2014 - level 3	0	113,800
- Management valuation 2016 - level 3	88,139	0
- Additions after valuation - cost	0	140,319
Less accumulated depreciation	<u>0</u>	<u>(46,269)</u>
	88,139	207,850
Plant and equipment at:		
- Management valuation 2013 - level 2	0	1,248,543
- Management valuation 2016 - level 3	341,576	0
- Management valuation 2016 - level 2	2,084,900	0
- Additions after valuation - cost	0	673,322
Less accumulated depreciation	<u>0</u>	<u>(518,192)</u>
	2,426,476	1,403,673
	<u>20,211,755</u>	<u>19,551,171</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 property, plant and equipment to be shown at fair value.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	805,000	0	(120,000)	0	0	0	0	0	685,000
Land - vested in and under the control of Council	117,193	0	0	0	0	0	0	0	117,193
Total land	922,193	0	(120,000)	0	0	0	0	0	802,193
Buildings - non-specialised	1,284,395	326,172	(347,975)	0	0	0	(19,195)	0	1,243,397
Buildings - specialised	15,733,060	354,423	0	0	0	0	(413,576)	(22,357)	15,651,550
Total buildings	17,017,455	680,595	(347,975)	0	0	0	(432,771)	(22,357)	16,894,947
Total land and buildings	17,939,648	680,595	(467,975)	0	0	0	(432,771)	(22,357)	17,697,140
Furniture and equipment	207,850	54,600	(128,949)	0	0	0	(23,532)	(21,830)	88,139
Plant and equipment	1,403,673	765,168	(172,131)	791,424	0	0	(361,658)	0	2,426,476
Total property, plant and equipment	19,551,171	1,500,363	(769,055)	791,424	0	0	(817,961)	(44,187)	20,211,755

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	2	Observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent registered valuers	June 2014	Available market information
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2014	Improvements to land using construction costs and current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).
Buildings - non-specialised	2	Observable open market values for similar assets, adjusted for condition and comparability, at their highest and best use	Independent registered valuers	June 2014	Available market information
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2014	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).
Plant and equipment					
Plant and Equipment	2	Observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Management valuation	June 2016	Available market information
Plant and Equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2 inputs), 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads & Bridges		
- Management valuation 2015 - level 3	103,437,769	103,437,769
- Additions after valuation - cost	823,529	0
Less accumulated depreciation	<u>(35,936,978)</u>	<u>(34,359,858)</u>
	68,324,320	69,077,911
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	715,715	715,715
- Additions after valuation - cost	29,176	0
Less accumulated depreciation	<u>(360,483)</u>	<u>(348,679)</u>
	384,408	367,036
Infrastructure - Sewerage		
- Management valuation 2015 - level 3	2,716,855	2,716,855
- Additions after valuation - cost	127,057	0
Less accumulated depreciation	<u>(1,378,865)</u>	<u>(1,286,079)</u>
	1,465,047	1,430,776
Infrastructure - Parks and Ovals		
- Management valuation 2015 - level 3	366,564	366,564
- Additions after valuation - cost	44,187	0
Less accumulated depreciation	<u>(17,470)</u>	<u>(8,326)</u>
	393,281	358,238
	<u>70,567,056</u>	<u>71,233,961</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

8. INFRASTRUCTURE (Continued)

(b) 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.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads & Bridges	69,077,911	823,529	0	0	0	0	(1,577,120)	0	68,324,320
Infrastructure - Footpaths	367,036	29,176	0	0	0	0	(11,804)	0	384,408
Infrastructure - Sewerage	1,430,776	127,057	0	0	0	0	(92,786)	0	1,465,047
Infrastructure - Parks and Ovals	358,238	0	0	0	0	0	(9,144)	44,187	393,281
Total infrastructure	<u>71,233,961</u>	<u>979,762</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,690,854)</u>	<u>44,187</u>	<u>70,567,056</u>

**SHIRE OF BROOKTON
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8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads & Bridges	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Sewerage	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks and Ovals	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	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
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	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	156,048	284,078
Accrued Interest on Debentures	23,191	24,809
Accrued Salaries and Wages	35,700	28,651
ATO Liabilities	6,119	0
Aged Care Accommodation Bonds	1,452,492	819,663
Accrued Expenses	67,856	8,921
	<u>1,741,406</u>	<u>1,166,122</u>

10. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	122,136	114,637
	<u>122,136</u>	<u>114,637</u>
Non-current		
Secured by floating charge		
Debentures	1,607,790	1,729,926
	<u>1,607,790</u>	<u>1,729,926</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	93,964	99,974	193,938
Non-current provisions	0	41,150	41,150
	<u>93,964</u>	<u>141,124</u>	<u>235,088</u>
Additional provision	12,812	(19,506)	(6,694)
Balance at 30 June 2016	<u>106,776</u>	<u>121,618</u>	<u>228,394</u>
Comprises			
Current	106,776	75,037	181,813
Non-current	0	46,581	46,581
	<u>106,776</u>	<u>121,618</u>	<u>228,394</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Plant and Vehicle Reserve	354,662	214,852	(75,000)	494,514	354,660	110,640	(85,000)	380,300	131,468	223,194	0	354,662
Staff Housing Reserve	310,210	443,905	0	754,115	310,210	494,306	(40,000)	764,516	300,522	9,688	0	310,210
Furniture & Equipment Reserve	13,597	10,386	0	23,983	13,597	10,408	0	24,005	40,352	1,245	(28,000)	13,597
Drainage Infrastructure Reserve	0	0	0	0	0	0	0	0	50,511	0	(50,511)	0
Municipal Building & Facility Reserve	83,312	32,315	0	115,627	83,312	32,500	0	115,812	51,589	31,723	0	83,312
Townscape & Footpath Reserve	235,807	6,274	(100,000)	142,081	235,807	7,074	(200,000)	42,881	238,830	7,677	(10,700)	235,807
Land Redevelopment Reserve	122,707	3,342	0	126,049	122,707	3,681	0	126,388	118,875	3,832	0	122,707
Sewerage and Drainage Reserve	199,455	53,884	(128,000)	125,339	199,455	55,984	(150,000)	105,439	156,791	57,164	(14,500)	199,455
Road and Bridges Infrastructure Reserve	45,568	141,450	0	187,018	45,568	11,367	0	56,935	34,438	11,130	0	45,568
Health & Aged Care Reserve	708,616	69,375	0	777,991	708,616	71,258	(145,000)	634,874	788,595	75,211	(155,190)	708,616
Community Bus Reserve	50,770	6,390	0	57,160	50,770	6,523	0	57,293	44,331	6,439	0	50,770
Bridge Construction Equipment Reserve	0	0	0	0	0	0	0	0	65,850	0	(65,850)	0
Staff Vehicle Changeover Reserve	0	0	0	0	0	0	0	0	17,241	0	(17,241)	0
Sport & Recreation Reserve	9,856	269	0	10,125	9,856	296	0	10,152	9,548	308	0	9,856
Rehabilitation Refuse & Gravel Reserve	34,410	5,945	0	40,355	34,410	6,032	0	40,442	28,482	5,928	0	34,410
Saddleback Building Reserve	47,533	1,294	0	48,827	47,533	1,426	0	48,959	66,614	6,819	(25,900)	47,533
Saddleback Vehicle & Equipment Reserve	0	0	0	0	0	0	0	0	4,576	0	(4,576)	0
Caravan Park Reserve	124,544	3,392	0	127,936	124,544	3,736	0	128,280	54,805	69,739	0	124,544
Brookton Museum/Heritage Reserve	31,005	3,348	0	34,353	31,005	3,430	0	34,435	35,861	3,644	(8,500)	31,005
Kweda Hall Reserve	19,513	3,035	0	22,548	19,513	3,086	0	22,599	16,477	3,036	0	19,513
Aldersyde Hall Reserve	19,513	3,035	0	22,548	19,513	3,086	0	22,599	16,477	3,036	0	19,513
Railway Station Reserve	19,513	3,035	0	22,548	19,513	3,086	(18,000)	4,599	16,477	3,036	0	19,513
Madison Square Units Reserve	16,778	457	0	17,235	16,778	504	0	17,282	16,254	524	0	16,778
Cemetery Reserve	63,263	1,657	(44,000)	20,920	63,263	1,898	(51,080)	14,081	89,147	2,816	(28,700)	63,263
Water Harvesting Reserve	49,321	1,344	0	50,665	49,321	1,480	(26,000)	24,801	47,781	1,540	0	49,321
	<u>2,559,953</u>	<u>1,008,984</u>	<u>(347,000)</u>	<u>3,221,937</u>	<u>2,559,951</u>	<u>831,801</u>	<u>(715,080)</u>	<u>2,676,672</u>	<u>2,441,892</u>	<u>527,729</u>	<u>(409,668)</u>	<u>2,559,953</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. RESERVES - CASH BACKED

In accordance with council resolutions 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 Reseve	Anticipated date of use	Purpose of the reserve
Plant and Vehicle Reserve	As Budgeted	This reserve is for the purchase of major items in the Shire's plant and vehicle replacement program.
Staff Housing Reserve	As Budgeted	This reserve is for the construction of housing to meet future housing requirements.
Furniture & Equipment Reserve	As Budgeted	This reserve is for the replacement of major items of furniture and equipment.
Drainage Infrastructure Reserve	As Budgeted	This reserve is for administration of grants received to fund town site salinity and drainage programs.
Municipal Building & Facility Reserve	As Budgeted	This reserve is for the upgrading of Shire owned buildings and facilities.
Townscape & Footpath Reserve	As Budgeted	This reserve is for the cost of major works to construct and upgrade footpaths and general townscape works.
Land Redevelopment Reserve	As Budgeted	This reserve is to be used for the costs of land development.
Sewerage and Drainage Reserve	As Budgeted	This reserve is for major upgrades to the Brookton town sewerage and drainage infrastructure as required
Road and Bridges Infrastructure Reserve	As Budgeted	This reserve is for the construction of roads and bridges within the Shire.
Health & Aged Care Reserve	As Budgeted	This reserve is for the refurbishment of Saddleback Medical Centre and Kalkarni Residency.
Community Bus Reserve	As Budgeted	This reserve is for the changeover of the Brookton Community Bus.
Bridge Construction Equipment Reserve	As Budgeted	This reserve is for the purchase of equipment for bridge construction.
Staff Vehicle Changeover Reserve	As Budgeted	This reserve is to be used for the cost of changeover of staff vehicles.
Sport & Recreation Reserve	As Budgeted	This reserve is to be used to fund future sporting and recreation infrastructure.
Rehabilitation Refuse & Gravel Reserve	As Budgeted	This reserve is to be used to fund the rehabilitation of the refuse site.
Unspent Grants & Contributions Reserve	As Budgeted	This reserve is to be used to set aside any unspent grant funds at the end of each financial year.
Saddleback Building Reserve	As Budgeted	This reserve is to be used for the Saddleback building to fund future upgrades and major maintenance of the building.
Saddleback Vehicle & Equipment Reserve	As Budgeted	This reserve is to be used to fund vehicle and equipment purchases used in the operation of Saddleback Medical facilities.
Caravan Park Reserve	As Budgeted	This reserve is to be used to fund any upgrades or major maintenance on the caravan park.
Brookton Museum/Heritage Reserve	As Budgeted	This reserve is to be used to fund any upgrades or major maintenance of the museum.
Kweda Hall Reserve	As Budgeted	This reserve is to be used to fund any upgrades or major maintenance on the Kweda Hall.
Aldersyde Hall Reserve	As Budgeted	This reserve is to be used to fund any upgrades or major maintenance on the Aldersyde Hall.
Railway Station Reserve	As Budgeted	This reserve is to be used to fund any upgrades or major maintenance on the Railway Station.
Madison Square Units Reserve	As Budgeted	This reserve is to be used to fund any upgrades or major maintenance on the Madison Square Units.
Cemetery Reserve	As Budgeted	This reserve is to be used to fund any upgrades or major maintenance on the Cemetery.
Water Harvesting Reserve	As Budgeted	This reserve is to be used to fund any upgrades or major maintenance on the Water Harvesting scheme infrastructure.

SHIRE OF BROOKTON
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FOR THE YEAR ENDED 30TH JUNE 2016

13. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land	712,236	0	0	0	712,236	712,236	0	0	0	712,236
Buildings	5,773,693	0	0	0	5,773,693	5,908,561	0	(134,868)	0	5,773,693
Furniture and equipment	1,527	0	0	0	1,527	1,527	0	0	0	1,527
Plant and equipment	530,244	791,424	0	791,424	1,321,668	530,244	0	0	0	530,244
Infrastructure - Roads & Bridges	59,836,350	0	0	0	59,836,350	0	59,836,350	0	59,836,350	59,836,350
Infrastructure - Footpaths	247,229	0	0	0	247,229	0	247,229	0	247,229	247,229
Infrastructure - Sewerage	303,389	0	0	0	303,389	0	303,389	0	303,389	303,389
Infrastructure - Parks and Ovals	55,934	0	0	0	55,934	0	55,934	0	55,934	55,934
	<u>67,460,602</u>	<u>791,424</u>	<u>0</u>	<u>791,424</u>	<u>68,252,026</u>	<u>7,152,568</u>	<u>60,442,902</u>	<u>(134,868)</u>	<u>60,442,902</u>	<u>67,460,602</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>3,994,827</u>	<u>3,085,742</u>	<u>3,953,817</u>

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

Net result	(598,611)	271,868	1,402,500
Non-cash flows in Net result:			
Depreciation	2,508,815	1,354,697	1,305,440
(Profit)/Loss on sale of asset	212,775	(116,757)	40,366
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(641,818)	(57,830)	(96,248)
(Increase)/Decrease in inventories	(5,888)	0	5,385
Increase/(Decrease) in payables	575,284	123,973	10,914
Increase/(Decrease) in provisions	(6,694)	0	26,224
Grants contributions for the development of assets	<u>(1,207,997)</u>	<u>(898,545)</u>	<u>(1,115,962)</u>
Net cash from operating activities	<u>835,866</u>	<u>677,406</u>	<u>1,578,619</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	10,000	10,000
Credit card balance at balance date	<u>(1,206)</u>	<u>(766)</u>
Total amount of credit unused	<u>8,794</u>	<u>9,234</u>
Loan facilities		
Loan facilities - current	122,136	114,637
Loan facilities - non-current	<u>1,607,790</u>	<u>1,729,926</u>
Total facilities in use at balance date	<u>1,729,926</u>	<u>1,844,563</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

15. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2016.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. JOINT VENTURE ARRANGEMENTS

The Shire together with the Shire of Beverley has a joint venture arrangement with regard to the provision of Planning Services. The only assets are a motor vehicle and miscellaneous equipment. The Shire of Brookton has 100% control of these assets, which are included in the Plant and Equipment as per Note 7.

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

	2016	2015
	\$	\$
Non-current assets		
Units 1,2,3,4 - 28 Williams Street (Madison Square Units)	92,460	92,460
Less: accumulated depreciation	<u>(4,623)</u>	<u>(2,311)</u>
	<u><u>87,837</u></u>	<u><u>90,149</u></u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	2,018,738	2,078,960
General purpose funding	424,783	74,274
Law, order, public safety	801,576	219,920
Education and welfare	9,223,041	8,087,164
Housing	1,293,203	1,687,962
Community amenities	1,916,500	1,690,187
Recreation and culture	7,365,871	7,801,532
Transport	69,150,448	69,462,948
Economic services	1,126,924	302,766
Other property and services	2,254,847	1,153,501
Unallocated	<u>1,663,055</u>	<u>4,033,006</u>
	<u><u>97,238,986</u></u>	<u><u>96,592,220</u></u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	1.15	1.49	1.03
Asset sustainability ratio	0.64	0.98	2.53
Debt service cover ratio	3.41	7.35	4.36
Operating surplus ratio	(0.46)	0.08	(0.09)
Own source revenue coverage ratio	0.43	0.48	0.46

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 sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

(a) Information relating to the **Asset Consumption Ratio** and **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 62 of this document.

(b) For 2016,

The Debt Service Cover and Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2016 which saw the advance payment of the following year's grants cease. This created a timing difference which resulted in an amount of some \$474,081 less revenue for the year.

(c) For 2015,

The Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by an item of revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAG's) of \$474,081 which was received prior to year-end.

(d) For 2014,

The Debt Service Cover and Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment of the first quarter of the following year cease. This created a timing difference which resulted in an amount of some \$439,784 less revenue for the year.

(e) For 2016, 2015 & 2014

The Own Source Revenue Coverage Ratio is distorted by the revenue (operating grant component - see Note 36) of the Kalkarni Aged Care Facility not being treated as Own Source Revenue in accordance with the Department of Local Government ratio guidelines.

Items (b) to (e) mentioned above are considered "one-off" timing/non cash in nature and, if they are ignored, the calculations disclosed in the columns above would be as follows:

	2016	2015	2014
Current Ratio		1.17	
Debt Service Cover Ratio	5.35	5.32	6.26
Operating Surplus Ratio	(0.34)	(0.05)	0.04
Own Source Revenue Coverage Ratio	0.73	0.84	0.83

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

19. FINANCIAL RATIOS CONT.

Purpose of Ratio	Commentary on Result
Current Ratio	2015/16 Ratio 1.15:1
This is a modified commercial ratio designed to focus on the liquidity position of the Council that has arisen from past years transactions. The Department of Local Government and Communities has set a minimum standard of 1.	The Shire meets the standard meaning that it has sufficient assets that can be quickly converted into cash to meet immediate cash commitments.
Asset Sustainability Ratio	2015/16 Ratio 64%
This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out. The Department of Local Government and Communities has set a standard of 90%	The Shire does not meet the standard. This is due to the revaluation of infrastructure assets in June 2015, which resulted in a significant increase in depreciation expense, from \$1.3m in 14/15 to \$2.5m in 15/16, meaning a greater funding requirement for the replacement of assets.
Debt Service Cover Ratio	2015/16 Ratio 3.41:1
The ratio is the measurement of Councils ability to repay its debt including lease payments. The Department of Local Government and Communities has set a basic standard if the ratio is greater or equal to 2.	The Shire exceeds the Department's minimum standard. However, it is recommended by the Auditors that a ratio of between 10-15:1 would be prudent to better manage debt service obligations and reduce the opportunity cost of debt burden.
Operating Surplus Ratio	2015/16 Ratio -46%
The ratio is a measure of Councils ability to cover its operational costs and have revenues available for capital funding or other purposes. The Department of Local Government and Communities has set a basic standard between 1 and 15% and an advanced standard greater than 15%.	The Shire does not meet the basic standard. The ratio has decreased from 8% in 14/15 to a negative ratio in 15/16 indicating that operating expenses exceed operating revenue. The deterioration in the ratio is attributable to the increase in depreciation expense as explained above.
Own Source Revenue Coverage Ratio	2015/16 Ratio 43%
This ratio is the measurement of Councils ability to cover its costs through its own revenue efforts. The Department of Local Government and Communities has set a basic standard between 40% and 60%, intermediate standard between 60% and 90%, and advanced standard greater than 90%	The Shire meets the minimum standard. However, this ratio is distorted by the revenue of the Kalkarni Residential Aged Care Facility not being treated as Own Source Operating Revenue in accordance with the Department's ratio guidelines. The ratio would be 73% if this revenue (see note 35) was included in the calculation.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

20. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Housing Bonds	1,080	2,820	(3,720)	180
Other Bonds	11,430	15,005	(16,315)	10,120
Rates Incentive Prize	0	400	(200)	200
Staff AFL Tipping	200	0	(200)	0
Les McMullen Sporting Grants	7,431	199	(871)	6,759
Gnulla Child Care Facility	3,073	0	0	3,073
Wildflower Show Funds	1,240	0	0	1,240
Kalkarni Resident's Accounts	5,411	0	(5,411)	0
Public Open Space Contributions	13,820	0	0	13,820
Developer Road Contributions	4,915	0	0	4,915
Unclaimed Money	430	0	(430)	0
	<u>49,030</u>	<u>18,424</u>	<u>(27,147)</u>	<u>40,307</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Governance								
CEO Vehicle	0	0	0	0	31,978	40,000	8,022	0
DCEO Vehicle	0	0	0	0	26,519	25,000	0	(1,519)
Law, order, public safety								
Fire Tender	3,655	8,371	4,716	0	0	0	0	0
Housing								
8 Marsh Avenue	291,485	290,000	0	(1,485)	231,000	330,000	99,000	0
7 Montgomery Street	176,490	140,000	0	(36,490)	115,500	145,000	29,500	0
Community amenities								
Shire Planner Vehicle	0	0	0	0	29,385	22,000	0	(7,385)
Transport								
Grader D Series	116,292	87,000	0	(29,292)	110,439	100,000	0	(10,439)
Works Supervisors Ute	21,895	20,909	0	(986)	25,301	22,000	0	(3,301)
Single Cab Utility	8,076	10,000	1,924	0	7,121	10,000	2,879	0
F+E Write Offs	128,949	0	0	(128,949)	0	0	0	0
P+E Write Offs	22,213	0	0	(22,213)	0	0	0	0
	<u>769,055</u>	<u>556,280</u>	<u>6,640</u>	<u>(219,415)</u>	<u>577,243</u>	<u>694,000</u>	<u>139,401</u>	<u>(22,644)</u>

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2016	Repayments	Repayments
	2015		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
Loan 75 Office Renovations	64,357	0	3,921	3,921	60,436	60,436	4,419	4,150
General purpose funding								
* Loan 78 Senior Citizen's Home	142,416	0	11,963	11,963	130,453	130,453	10,319	9,518
* Loan 79 Multifunctional Family Centre	46,893	0	7,463	7,463	39,430	39,430	2,755	2,681
* Loan 82 Country Club	309,142	0	16,203	16,203	292,939	292,939	23,139	21,461
Education and welfare								
Loan 80 Kalkarni Residence	102,600	0	6,959	6,959	95,641	95,641	6,201	5,771
Housing								
Loan 80 Staff Housing	171,731	0	11,482	11,482	160,249	160,249	10,231	9,523
Community amenities								
Loan 80 Sewerage	66,944	0	4,871	4,871	62,073	62,073	4,341	4,040
Recreation and culture								
Loan 81 Sport & Recreation	768,750	0	40,293	40,293	728,457	728,457	57,538	53,359
Transport								
Loan 80 Grader	171,730	0	11,482	11,482	160,248	160,248	10,231	9,523
	<u>1,844,563</u>	<u>0</u>	<u>114,637</u>	<u>114,637</u>	<u>1,729,926</u>	<u>1,729,926</u>	<u>129,174</u>	<u>120,026</u>

*Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Shire does not have an overdraft facility in place with its Banking Provider.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV - Commercial	0.0979	22	485,836	47,558	0	0	47,558	47,558	0	0	47,558
GRV - Residential	0.0979	238	2,334,516	228,523	1,428	0	229,951	233,437	0	0	233,437
GRV - Industrial	0.0979	5	65,935	6,455	0	0	6,455	6,454	0	0	6,454
GRV - Rural	0.0979	2	332,500	32,548	0	0	32,548	32,548	0	0	32,548
Non-Rateable/Exempt Properties		273	286,951	0	0	0	0	0	0	0	0
Unimproved value valuations											
Unimproved Value (UV)	0.0097	290	134,726,018	1,312,097	384	0	1,312,481	1,312,019	0	0	1,312,019
Sub-Total		830	138,231,756	1,627,181	1,812	0	1,628,993	1,632,016	0	0	1,632,016
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - Commercial	702	9	36,077	6,318	0	0	6,318	6,318	0	0	6,318
GRV - Residential	702	72	217,197	50,544	0	0	50,544	45,630	0	0	45,630
GRV - Industrial	702	1	5,980	702	0	0	702	702	0	0	702
GRV - Rural	702	0	0	0	0	0	0	0	0	0	0
Unimproved value valuations											
Unimproved Value (UV)	1,203	71	5,608,350	85,413	0	0	85,413	85,413	0	0	85,413
Sub-Total		153	5,867,604	142,977	0	0	142,977	138,063	0	0	138,063
		983	144,099,360	1,770,158	1,812	0	1,771,970	1,770,079	0	0	1,770,079
Discounts/concessions (refer note 27)							(1,176)				(1,000)
Total amount raised from general rate							1,770,794				1,769,079
Ex-gratia rates							20,844				20,914
Totals							1,791,638				1,789,993

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>572,848</u>	<u>1,115,013</u>	<u>1,115,013</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	599,037	1,081,409	1,081,409
Restricted	3,395,790	2,872,408	2,872,408
Receivables			
Rates outstanding	13,815	48,285	48,285
Sundry debtors	63,340	52,268	52,268
GST receivable	0	26,923	26,923
Loans - clubs/institutions	38,036	35,629	35,629
Aged Care Facility Bonds	1,452,492	819,663	819,663
Prepayments & Accrued Income	177,156	123,584	123,584
Inventories			
Fuel and materials	16,373	10,485	10,485
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry Creditors	(156,047)	(284,077)	(284,077)
Accrued Interest on Debentures	(23,191)	(24,809)	(24,809)
Accrued Salaries and Wages	(35,700)	(28,651)	(28,651)
ATO Liabilities	(6,119)	0	0
Aged Care Accommodation Bonds	(1,452,492)	(819,663)	(819,663)
Accrued Expenses	(67,856)	(8,921)	(8,921)
Current portion of long term borrowings			
Secured by floating charge	(122,136)	(114,637)	(114,637)
Provisions			
Provision for annual leave	(106,776)	(93,964)	(93,964)
Provision for long service leave	(75,037)	(99,974)	(99,974)
Unadjusted net current assets	<u>3,710,685</u>	<u>3,595,958</u>	<u>3,595,958</u>
Adjustments			
Less: Reserves - restricted cash	(3,221,937)	(2,559,953)	(2,559,953)
Less: Loans - clubs/institutions	(38,036)	(35,629)	(35,629)
Add: Current portion of long term borrowings			
Secured by floating charge	122,136	114,637	114,637
Adjusted net current assets - surplus/(deficit)	<u><u>572,848</u></u>	<u><u>1,115,013</u></u>	<u><u>1,115,013</u></u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not levy any specified area rates in 2015/16.

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

Rates Discounts

The Shire of Brookton did not offer any rates discounts in the 2015/16 financial year.

Waivers or Concessions

The Shire of Brookton offered a rates concession to property owners whose contiguous property crosses a shire boundary, resulting in a portion of that property being assessed at the minimum rate. The concession granted is the equivalent of the difference between the minimum rate and the amount resulting from the calculation of the valuation multiplied by the rate in the dollar.

**Rate or Fee and
Charge to which
the Waiver or
Concession is Granted**

	Property	Discount % or \$	Actual \$	Budget \$
Unimproved Value Rates	A122		670	500
Unimproved Value Rates	A803		506	500
			<u>1,176</u>	<u>1,000</u>

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	21-Sep-15	0	0.00%	11.00%
Option Two				
First Instalment	21-Sep-15	0	0.00%	
Second Instalment	01-Feb-16	10	5.50%	
Option Three				
First Instalment	21-Sep-15	0	0.00%	
Second Instalment	23-Nov-15	10	5.50%	
Third Instalment	01-Feb-16	10	5.50%	
Fourth Instalment	11-Apr-16	10	5.50%	

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	4,362	5,500
Interest on instalment plan	6,825	10,000
Charges on instalment plan	4,120	4,500
	<u>15,307</u>	<u>20,000</u>

Penalty interest of 11% is charged on all rate payments which are overdue.

Three separate payment option plans were available to ratepayers for payment of their rates:

- Option 1 - full amount of rates and charges including arrears to be paid on or before 21 September 2015;
- Option 2 (2 Instalments) - first instalment due on or before 21 September 2015 and second instalment on or before 1 February 2016. The cost of this instalment option is \$10 as well as instalment interest of 5.5% calculated from the date the first instalment is due.
- Option 3 (4 Instalments) - first instalment due on or before 21 September 2015. 2nd, 3rd and 4th instalments due at 2 monthly intervals thereafter. The cost of this instalment option is \$30 as well as instalment interest of 5.5% calculated from the date the first instalment is due.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

29. FEES & CHARGES	2016	2015
	\$	\$
Governance	74	95
General purpose funding	5,956	6,064
Law, order, public safety	6,068	7,450
Health	55	56
Education and welfare	1,073,434	983,179
Housing	90,793	94,448
Community amenities	314,144	286,239
Recreation and culture	43,756	40,136
Economic services	45,760	54,626
Other property and services	34,232	22,247
	<u>1,614,272</u>	<u>1,494,540</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

30. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	454,926	1,400,020
Law, order, public safety	39,902	32,150
Education and welfare	2,761,871	2,754,491
Recreation and culture	0	12,000
Transport	71,200	65,500
	<u>3,327,899</u>	<u>4,264,161</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	338,914	0
Housing	0	624,063
Community amenities	140,000	0
Recreation and culture	32,000	30,000
Transport	697,083	461,899
	<u>1,207,997</u>	<u>1,115,962</u>
	<u>4,535,896</u>	<u>5,380,123</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23</u>	<u>23</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	28,000	28,000	28,000
President's allowance	1,500	1,500	1,500
Deputy President's allowance	375	375	375
Travelling and Telecommunications Reimbursement	2,801	4,000	4,104
	<u>32,676</u>	<u>33,875</u>	<u>33,979</u>

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,994,827	3,953,817	3,994,827	3,953,817
Investments	5,000	5,000	5,000	5,000
Receivables	2,201,349	1,595,160	2,201,349	1,595,160
	<u>6,201,176</u>	<u>5,553,977</u>	<u>6,201,176</u>	<u>5,553,977</u>
Financial liabilities				
Payables	1,741,406	1,166,122	1,741,406	1,166,122
Borrowings	1,729,926	1,844,563	2,118,111	2,029,127
	<u>3,471,332</u>	<u>3,010,685</u>	<u>3,859,517</u>	<u>3,195,249</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2016	2015
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	500	500
- Statement of Comprehensive Income	500	500
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	39,948	39,538
- Statement of Comprehensive Income	39,948	39,538

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	99%	71%
- Overdue	1%	29%

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	1,741,406	0	0	1,741,406	1,741,406
Borrowings	233,990	930,888	1,278,125	2,443,003	1,729,926
	<u>1,975,396</u>	<u>930,888</u>	<u>1,278,125</u>	<u>4,184,409</u>	<u>3,471,332</u>
<u>2015</u>					
Payables	1,166,122	0	0	1,166,122	1,166,122
Borrowings	234,361	938,025	1,510,214	2,682,600	1,844,563
	<u>1,400,483</u>	<u>938,025</u>	<u>1,510,214</u>	<u>3,848,722</u>	<u>3,010,685</u>

**SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (continued)**

Borrowings are also 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. Council officers regularly review interest rate movements to determine if it would be advantageous to refinance or renegotiate part, or all of the loan portfolio.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	(1,729,926)	(1,729,926)	6.53%
Weighted average Effective interest rate						6.53%		
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	(1,844,563)	(1,844,563)	6.51%
Weighted average Effective interest rate						6.51%		

The interest rate risk applicable to Variable Rate Bank Loan is not considered significant.

SHIRE OF BROOKTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

36. AGED CARE REPORTING NOTE

This note discloses the revenue, expenditure, assets and liabilities of the Kalkarni Aged Care Facility in accordance with subparagraph 21.26F(3)(e) of the Residential Care Subsidy Principals 1997.

	Kalkarni Residential Aged Care	Kalkarni Residential Aged Care
	2016	2015
	\$	\$
Revenue		
Operating Grants, Subsidies and Contributions	2,695,871	2,754,491
Fees and Charges	907,604	840,933
Interest Earnings	0	22,419
Other Revenue	0	0
Total Revenue	3,603,475	3,617,843
Expenditure		
Materials and Contracts	(3,556,932)	(3,647,094)
Borrowing Costs	(6,201)	(6,053)
Depreciation of assets	(200,850)	(196,179)
Other Expenditure	(142,424)	(58,321)
Total Expenditure	(3,906,407)	(3,907,647)
Operating Result	(302,932)	(289,804)
Assets		
Current assets	1,629,648	943,247
Non-current assets	6,926,495	7,143,917
Total assets	8,556,143	8,087,164
Liabilities		
Current liabilities	1,531,519	844,472
Non-current liabilities	0	0
Total liabilities	1,531,519	844,472

Accounting Policies

Revenues and expenses are those directly attributable to the Kalkarni Aged Care Facility and include any joint revenue and expenses where a reasonable basis of allocation exists. Assets include all assets used by the Kalkarni Aged Care Facility and consist principally of cash, receivables, inventories and property, plant and equipment net of any allowances and accumulated depreciation and amortisation. Kalkarni Aged Care Facility liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF BROOKTON

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Brookton, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report of the Shire of Brookton is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF BROOKTON (CONTINUED)**

Report On Other Legal and Regulatory Requirements

During the course of the audit we became aware of the following instance where the Shire did not comply with the Local Government Act (as amended) 1995 and Local Government (Financial Management) Regulations 1996 (as amended):

Rates Notice

The rate notice or accompanying information did not include a brief statement that rebates to pensioners and seniors under the Rates and Charges (Rebates and Deferments) Act 1992 are funded by the Government of Western Australia as required by Local Government (Financial Management) Regulation 56(4) (ha).

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 62 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 8 November 2016
PERTH, WA

**SHIRE OF BROOKTON
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2016	2015	2014
Asset consumption ratio	0.70	0.64	0.68
Asset renewal funding ratio	0.81	0.66	1.11

The above ratios are calculated as follows:

Asset consumption ratio	<u>depreciated replacement costs of assets</u> current replacement cost of depreciable assets
Asset renewal funding ratio	<u>NPV of planning capital renewal over 10 years</u> NPV of required capital expenditure over 10 years