

2022 / 2023 ANNUAL REPORT

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Shire of Cranbrook

2022/2023 Annual Report

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Shire President's Report

It is a privilege to present the Shire of Cranbrook's Annual Report for the 2022/23 financial year and I was honoured to continue as your Shire President during the past financial year.

As you would be aware, I made the decision to retire as Shire President and as a Councillor for the Shire of Cranbrook and will not be nominating for election later this year. In conjunction, with another long term and hardworking Councillor, Cr Peter Beech, we decided that our time was up! This also simplified the election process as we were due to reduce our Council from 9 to 7 members because of the Local Government Reforms.

I am leaving a Council that is a model that most Shires want; one with a good gender balance, as well as a much younger demographic and not all are farmers in the conventional sense. We have for example a wine grower, someone involved in the tourist industry, someone who has worked for years in the public sector, a piggery owner, farmers that are first generation and those whose families have been in the agricultural industry for generations. They all bring different skills and experience to the role, but together they have brought positive change to the Shire of Cranbrook.

The Shire has continued to work with the State Government and the Tenterden Tennis Club on the reconstruction and resurfacing of four tennis courts. The project has commenced and is close to finalisation with the final seal to be done in the warmer months of this year.

In the last two years we have similarly replaced the old sad playground at Frankland River with a new one, and cleared the old Skate Park site and utilised it for a modular pump track. We completed that work with an improved car park and streetscape and will be adding dual use footpaths to connect all these new assets to the School and the Caravan Park.

We have commenced work on both the ablution blocks at Lake Poorrarecup and Lake Nunijup and these were very much needed. In Cranbrook, the Information Bay was completed with its innovative cement work and the inclusion of the old railway line, as well as the plantings to enhance the site.

When asked what I consider is my greatest achievement whilst on Council, I can only think of the new Planning Policy in relation to plantations; where it limits the percentage of good land that can be put under trees.

The 2022/23 financial year has been a challenging one for our region, with our local economy facing the rise in costs, primarily due to skyrocketing construction costs in response to global supply chain pressures, and the corresponding decrease in commodity prices.

We continue to leverage on grant funding but the Council has also looked at staffing over the past year, and encouraged cost savings wherever possible.

The Shire has a good team in place both with the Council going forward to the Local Government Election in October, and in its managers, staff and their commitment to achieving the objectives of the Community Strategic Plan.

As this is my last Chairman's Report, I would like to thank everyone for their support within Council and outside in the Community, it has been a great journey and I have enjoyed the experience of being Shire President and wish the new Council well.

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

Cr Phil Horrocks
Shire President



Chief Executive Officer's Report

It gives me great pleasure to present the Chief Executive Officer's Report for the 2022/23 financial year.

Financial Performance

The Shire of Cranbrook maintained its responsible financial position throughout 2022/23, illustrated as follows:

- The Shire maintained appropriate reserve account funds for future major projects and asset replacement, including a closing balance at 30 June 2023 of \$3,152,140. These cash backed funds are set aside for specific future purposes and are restricted on how they may be spent. The Council has made significant efforts to build up its reserve accounts to even out years of high and low expenditure requirements, such as when major items of plant are replaced, without the need to resort to borrowings or dramatic rate rises;
- No new loans were taken out during 2022/23. The total principal for all loans outstanding at 30 June 2023 was \$36,001 and the total loan indebtedness represents 0.56% of 2022/2023 operating revenue.

Service Level Delivery

Road Construction:

The following were funded under the 30:60 grant funding with the Shire being responsible for the following projects:

- | | |
|--|-----------|
| • Regional Road Group – Stockyard Road | \$278,000 |
| • Black Spot Funding – Boyacup Road | \$38,000 |
| • Commodity Route Funding – Ferngrove | \$45,000 |

In addition, funding through Roads to Recovery (Federal Government) for Yeriminup Road \$168,000, and Boyup Brook/Cranbrook Road \$275,000.

The Shire of Cranbrook's own funding improvements included Bokerup Road and Newton Road.

Other Projects

Bridge repairs to Wingebellup Road and the Boyup Brook/Cranbrook Road bridges were done and funded by the Shire's own source revenue. This will allow us to meet the Mainroads' benchmarks for repair and maintenance of our bridges and access further funding from them.

The Cranbrook airstrip project was started and this will turn the "paddock airstrip" into a graveled airstrip of approximately 1.5 kilometers in length.

The upgrade to the Tenterden Tennis Club courts commenced, and this will be completed at the end of 2023 with the final seal. This was done through a CSRFF grant which will cost a total amount of \$308,000 with the contributions split 30:30:30 with the Shire of Cranbrook, The Tenterden Tennis Club through the Community Sporting and Recreation Facilities Fund (CSRFF – State Government)

Stage 4 of the Local Roads and Community Infrastructure grant (LRCI - Federal Government) also commenced with a number of projects:

- | | |
|-------------------------------------|-----------|
| • Frankland River Playground | \$698,898 |
| • Pump track | \$190,480 |
| • Frankland River Car Park/Pathways | \$237,838 |

The intention was to build a Precinct that would encourage people to stop in Frankland River, and also to benefit the community itself.

Also as part of this, work was done at Lake Poorrarecup to upgrade the toilet block with a total cost of \$97,938, the majority being from LRCl funds. The Council also funded a new toilet block at Lake Nunijup with external walls showing old photographs from the activities there in the 1960s. This was designed to benefit the Lake Nunijup Hall and its users.

Rates

In early 2022, the Council reviewed its strategic rating policy in recognition of the lack of a rate increase due to the pandemic and the impact the last few years had on its rate base. The flow on event from such a policy had resulted in a lower level of asset management and this was recognized by the current Council. For that reason, an increase in GRV and UV rated properties throughout the Shire was supported. The increase excluded the rapid rise of property valuations across the Shire.

Challenges

The cost of inflation during 2022/23 financial year is something of which we are all aware, and something that had to be managed in order to continue to maintain our service delivery levels.

It has been a challenging year for that reason, as commodity prices continued to fall and the news of the El Nino in the Eastern States and the expectation of warmer dryer weather in Western Australia.

The Shire of Cranbrook is going into this challenging time with good resources in place, good staff and a dependable Council that always works in unison to achieve the best outcome for its ratepayers.



Linda Gray

Chief Executive Officer



Shire Profile

AREA

3392 km²

DISTANCE FROM PERTH

325 km

POPULATION

1,100

DWELLINGS

805

TOWNSITES

Cranbrook, Frankland River, and Tenterden

LOCAL INDUSTRIES

Sheep, Wool, Cattle, Pigs, Coarse Grains, Timber, Vineyards, Wine, Export Vegetables and Olives

HISTORY

The greater part of the Shire was settled between 1906 and 1914, the earliest settlers taking up the land grants about 1860. The Shire has developed into an area renowned for its quality wool, grain and cattle and more recently Vineyards and Olives have been introduced into the Frankland area.

CRANBROOK

We are the Gateway to the Stirling's with amazing views from our newly constructed Sukey Hill Lookout. A portion of the Stirling Range National Park is within the Shire of Cranbrook and besides the rugged beauty of the mountain range, the wildflowers of the park are world famous. Many species are found nowhere else, such as the Cranbrook Bell (*Darwinia Meeboldii*). There are also many buildings and places of historical interest, Vineyards, freshwater and saltwater lakes.

The Stirling Range National Park provides the tourist with the opportunity to experience an entire mountain range maintained in its natural state with animal, bird, and plant life unspoiled by the encroachment of civilisation.

It is one of the most outstanding botanic reserves in Australia and is noted for its distinctive ruggedness and spectacular wildflowers. An incredible variety of bush,

composed almost entirely of flowering species ranging from small catspaws and orchids to tall blackboys and flowering gums, provides peaks and plains alike with a dense unbroken cover averaging 1 - 3 metres. The range has five peaks of over 1000m, including the highest, Bluff Knoll, 1073m. Whilst not high by world standard, their abruptness, isolation, and jagged outline suggest a far greater size.

FRANKLAND RIVER

If you are thinking of a change of scenery on your next visit to or from the South Coast, then detour through the scenic Frankland River region. The Frankland River area is one of WA's best kept secrets of rolling hills, rich and productive farming land, natural forest, and bush, abounding with unique native wildflowers. Whilst in Frankland River visit some of Australia's award-winning wineries that are renowned for their fresh and fruity whites and full-bodied reds.

TENTERDEN

Home to the heritage listed St Mildred's Anglican Church, Tenterden is located on the Great Southern Railway, and although not one of the original sidings when the line was opened in 1889, a siding had been established here by 1891. Also, in 1891 the government opened agricultural land adjacent to the siding, by declaring the Tenterden Agricultural Area, and in 1893 part of this land was gazetted as the townsite of Tenterden named after a town in Kent, Southeast England.



Your Council



Philip Horrocks
Shire President



George Pollard
Deputy President



Peter Slater
Councillor



Jennifer Quick
Councillor



Peter Beech
Councillor



Lee Casson
Councillor



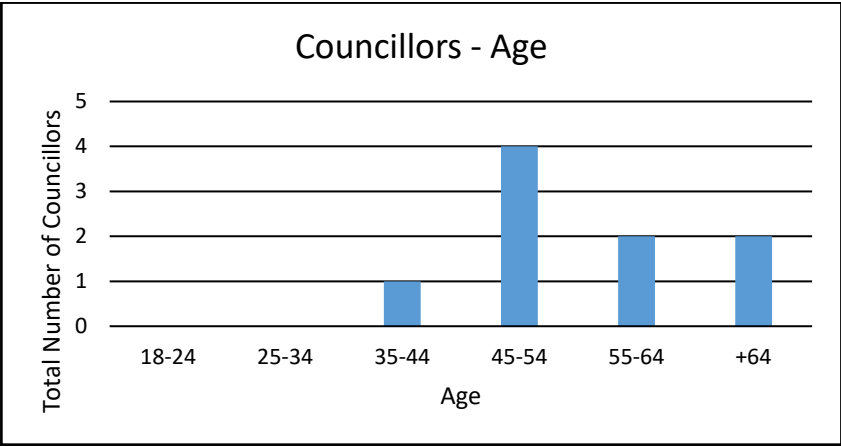
Perin Mulchay
Councillor



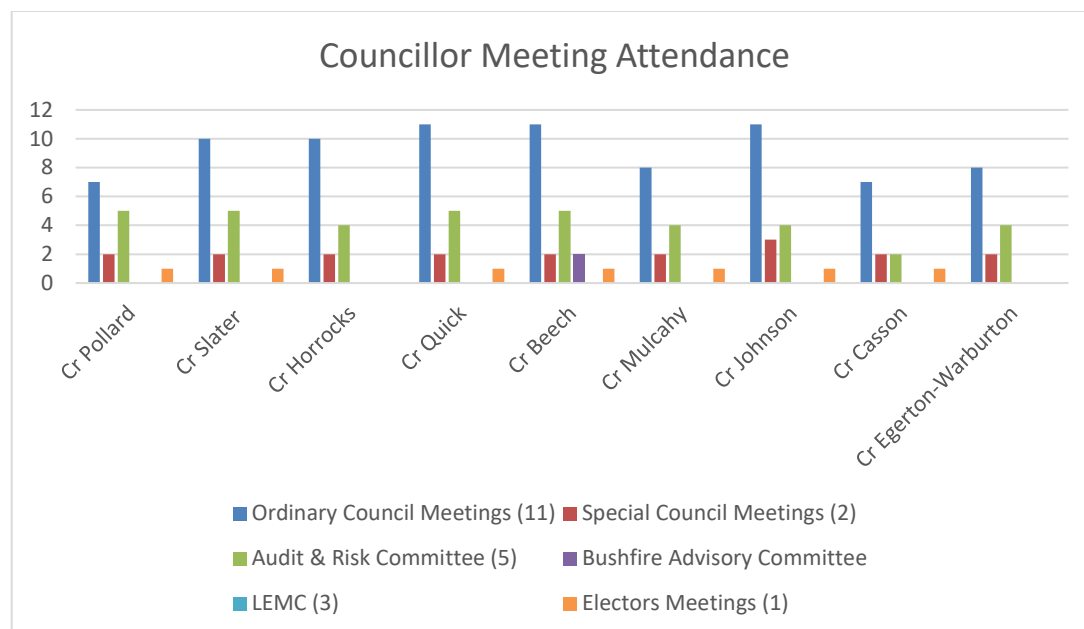
Daisy Egerton - Warburton
Councillor



Robert Johnson
Councillor

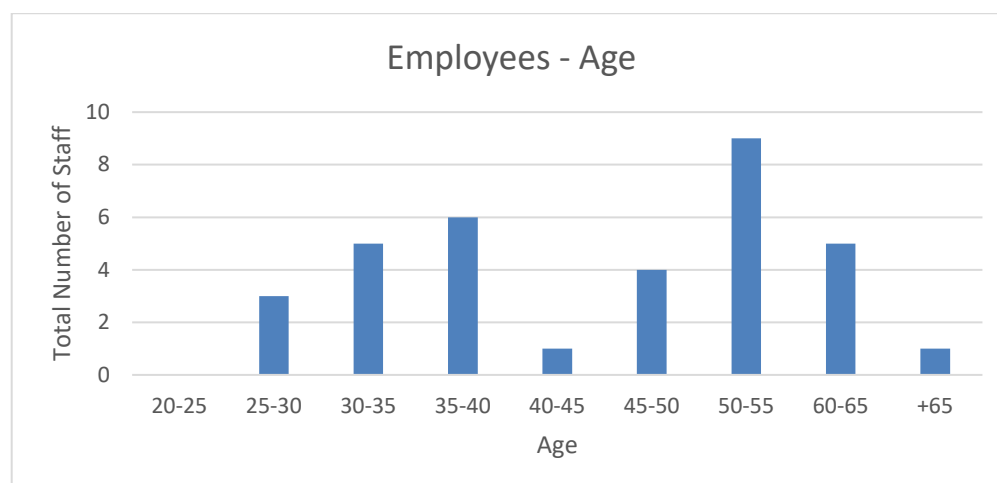


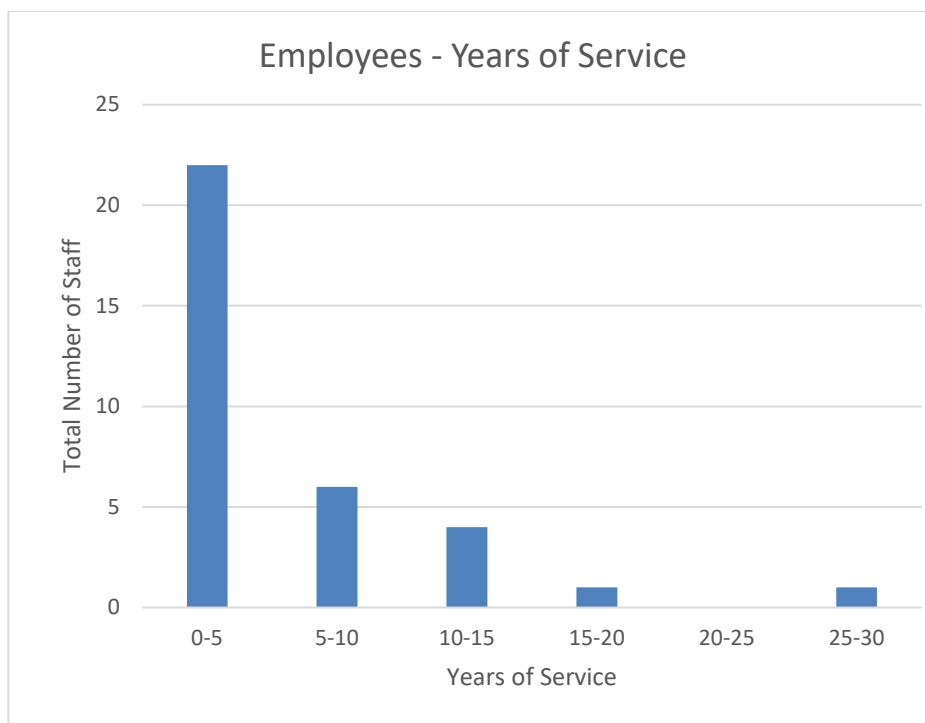
Elected Member Attendance



Employees

Gender	Casual	Full Time	Part Time	Total
Female	1	6	10	17
Male	0	17	0	17
Total	1	25	10	34



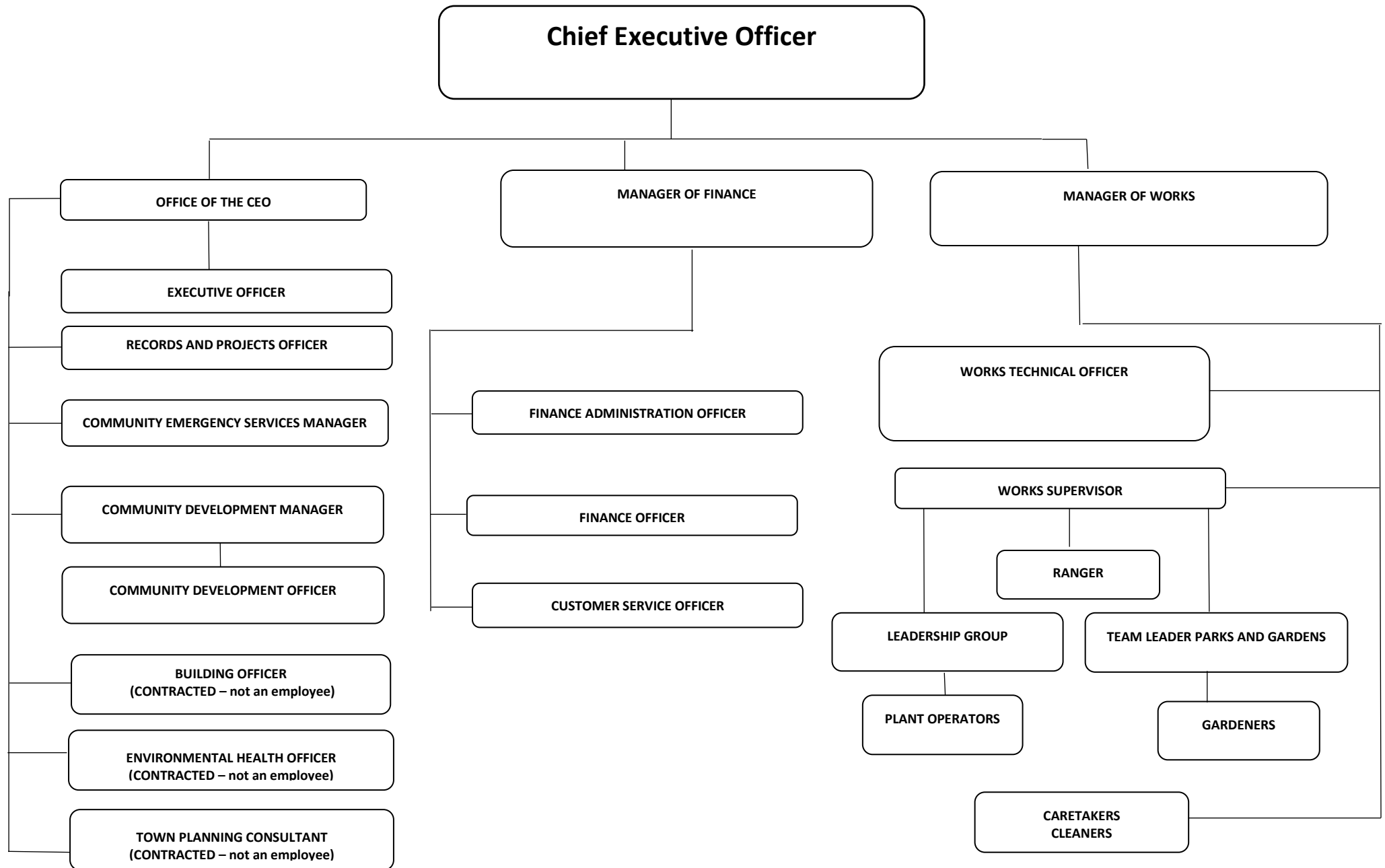


Salary Bracket	Number of Staff
\$130,000 and \$139,999	0
\$140,000 and \$149,999	0
\$150,000 and \$159,999	1

In accordance with the *Local Government (Administration) Regulations 1996* Regulation 19B, the Shire of Cranbrook is required to disclose the number of employees who are entitled to an annual salary of \$130,000 or more and to break those employees down into bands of \$10,000.

The Local Government (Administration) Regulations 1996 require the Shire to include remuneration paid or provided to the CEO during the financial year in its Annual Report. The total remuneration paid to the CEO, including base salary, superannuation, motor vehicle, professional memberships, allowances, and fringe benefits tax for 2022/2023 financial year was \$205,175

Organisational Structure



National Competition Policy

This policy has been introduced by the Commonwealth Government to promote competition for the benefit of business, consumers, and the economy by removing unnecessary protection of monopolies of markets where competition can be enhanced. It effects local governments as factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

In respect to competitive neutrality, the Shire of Cranbrook reports:

- The Shire of Cranbrook during 2022/2023 did not engage in any significant business activities which generated in excess of \$200,000 annual income. Therefore, the introduction of competitive neutrality under Clause 7 of the policy was not required.
- There is no indication that the Council will become involved in any significant business activities during the next financial reporting period.
- There have been no allegations received by the Council of non-compliance with the neutrality principles.

Local Law Reviews

Council did not adopt any new Local Laws during the 2022/2023 financial year, but it has commenced a review of all its existing Local Laws.

Freedom of Information

The Shire of Cranbrook welcomes any enquiries for information held by Council. If information cannot be accessed by less formal means, a freedom of information request can be made by contacting the Chief Executive Officer.

It should be noted that some documents are for viewing only and documents cannot be copied as this would breach the *Copyright Act 1968*.

The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act. The Shire received two requests for information in 2022/2023.

Council's Information Statement is reviewed annually, and a copy made available at the administration office and on the Council's website, as required under the *Freedom of Information Act 1992*.

Disability Access and Inclusion Plan

It is the requirement under section 29(2) of the *Disability Services Act 1993* to report on the following outcomes in Council's approach to assisting disabled people.

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 Cranbrook.

All Council-organised community events are held in appropriate venues with facilities which allow for ease of access by people with disability. Improvements to community and recreational infrastructure are ongoing to ensure easy access to people of all abilities. The library services cater for those with disability through the provision of large print and audio books.

Outcome 2

People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Cranbrook.

Both Cranbrook and Frankland River have universal access public ablutions with designated disability access only parking bays. There are disability access parking bays at the facility as well as non-slip ramped areas, universal access ablutions and automatic doors to ensure ease of access for people of all abilities. The Shire also works alongside local businesses and community groups to improve access to buildings. This year included an upgrade of parking facilities, public open spaces, and installations of various linking footpaths throughout the Shire.

Outcome 3

People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

All Council publications are available in a variety of formats and mediums on request for people with specific needs. The Shire utilises print media, the Shire webpage, and social media for distribution of information to the public. Staff are available to provide residents with individual assistance, as required, to access the information.

Outcome 4

People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of the Shire of Cranbrook.

Council's Customer Service Policy outlines a commitment to providing a high standard of service to all customers of the Shire. The Shire staff endeavour to liaise with all members of the community in a positive and meaningful way through a variety of mediums including in-person, over the telephone, through social media and written correspondence.

Outcome 5

People with disability have the same opportunities as other people to make complaints to the Shire of Cranbrook.

The Shire has a fair and equal complaints process which is accessible for the whole community at the Shire Administration Office.

Outcome 6

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

Council has used the local newsletters, public advertising, the Shire website, and social media to advise residents of issues that require public consultation. Staff are available to provide residents with individual assistance, as required, to access and respond to any public consultation.

Outcome 7

People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Cranbrook.

Council uses inclusive recruitment practices and methods of attracting, recruiting, and retaining people with disability and ensures its policies and procedures are regularly reviewed. The Shire of Cranbrook has been acknowledged in the past for its proactive approach for employing people with disabilities.

Public Interest Disclosure

In accordance with the requirements of the Public Interest Disclosure Act 2003, the Shire of Cranbrook has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in place in respect to protected disclosures generally, to protect people from reprisal for making protected disclosures, and to provide guidance on investigations. During the 2022/2023 financial year, no disclosures relating to improper conduct were made to the Shire and therefore no disclosures were referred to the ombudsman.

Register of Complaints Made Against Elected Members

In accordance with section 5.53 of the Local Government Act and the associated Local Government (Rules of Conduct) Regulations 2007 the complaints made direct to the Shire of Cranbrook against Elected Members during the 2022/2023 financial year were nil.

Record Keeping Plan

In accordance with legislative requirements, a Record Keeping Plan for the Shire of Cranbrook is completed and lodged upon request from the State Records Office. This is a requirement under the State Records Act 2000, an Act to provide for the keeping of State records and for related purposes.

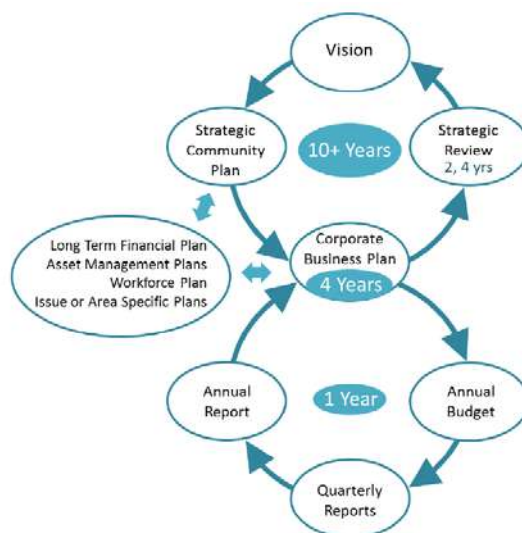
The Record Keeping Plan is prepared to ensure compliance with Section 19 of the State Records Act 2000. Best practice record keeping is conducted in accordance with State Records Commission Standards and Records Management Standard AS15489.

The Shire of Cranbrook Record Keeping Plan has set out the minimum requirements as to which records are to be created and how those records are kept. The Shire of Cranbrook has developed processes to facilitate the complete and accurate record of all business transactions and decisions. Measures have been taken to ensure all recorded information can be retrieved quickly, accurately, and cheaply when required and government records are protected and preserved. These take the form of hard copies or electronic records.

The Record Keeping Officer has attended training in records management covering Records Keeping Basics, Keyword Classification and Records Disposal. A general briefing for all staff on the compliance requirements of the State Records Act 2000 and induction training for all new staff on their obligations was completed in accordance with the State Records Act 2000 and the operation of records management within the Shire of Cranbrook.

Integrated Planning and Reporting

Integrated Planning Framework



Strategic Community Plan

The Council adopted the Shire's Strategic Community Plan in May 2021 for the years 2021 – 2031 and no amendments were made in 2022/2023.

The achievement of community aspirations listed below is reflective of the Council's achievements against this new plan.

Councils Vision

Our region is a proactive, sustainable, safe, friendly, and prosperous place to be.

Objectives

- **Live** – Our community aspires to achieve a safe and friendly community, one which we are proud of, with modern and equal access to utilities and health, a focused facility push on aged care and youth, and a consideration to diverse and flexible housing to enable population growth and prosperity
- **Work** – Our community aspires wholehearted to drive economic growth, achieve a prosperous working community, is open to all levels of community and agency intellectual property and effort, and builds local business wisdom for many generations to come
- **Visit** – Our community aspires to offer thriving visitation experiences consisting of sport, recreation, culture, arts, and natural treasures. The local history is celebrated, and renowned public spaces are to take centre stage. A great community aspiration is to witness a marked and proactive increase in the local economy due to efforts through tourism
- **Connect** – Our community aspires to capitalise on the power of people living, working, and visiting the Shire of Cranbrook, as well as protecting and enhancing the environment. There is a history of strong community driven progress in the region, and new-age think-tanks through organised groups. This strategic phase will see quantum increases in optimising the intellectual property housed in the area, as well as stronger community engagement in solving 'how' to achieve community aspirations. The Local Council workforce will be enabled to perform in a high-performing and accountable manner for the community.

Corporate Business Plan

The Corporate Business Plan was reviewed in April 2023 with only minor changes made.

FOUR KEY THEMES

The following key themes were identified by the Shire of Cranbrook Community and have guided the Shire's work undertaken over the past year.

LIVE

WORK

VISIT

CONNECT

A PROACTIVE, SUSTAINABLE, SAFE, FRIENDLY
AND PROSPEROUS PLACE TO LIVE

OUTCOMES BY 2025

1. Community: A safe and friendly community that is well-known for support, which can be defined with a measurement of 'proud'.
2. Utilities: A strong base for modern living with adequate amenities such as water, energy, roads and digital.
3. Health: A well-defined primary and emergency health positioning, focused attention on mental health and proactive leadership on next-frontier health provisions.
4. Priority Amenities: A strong knowledge base on amenity usage and asset management, and a focused support for aged-care, youth, disabilities facilities and programs.

STRATEGIC DELIVERABLES

- 1.1 A community and enterprise safety and security system.
- 1.2 A culture-enhancement program where all community members are proud of living in and around our region
- 2.1 A solution to water access which has enabled further economic success.
- 2.2 A long-term plan for equitable digital connectivity for increased safety and remote working.
- 3.1 A well-defined health positioning, formed of strong partnerships, alliances, and volunteerism.
- 4.1 A transparent and accessible facility use analysis.
- 4.2 An ideal service provision for aged-care, youth and people-living-with-a-disability

LIVE

A PROACTIVE, SUSTAINABLE, SAFE, FRIENDLY AND PROSPEROUS PLACE TO LIVE

OUTCOMES BY 2025

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STRATEGY

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1.2 A culture-enhancement program where all community members are proud of living in and around our region

2.1 A solution to water access which has enabled further economic success.

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4.1 A transparent and accessible facility use analysis.

4.2 An ideal service provision for aged-care, youth and people-living-with-a-disability

FORWARD PLANNING

WITH COMMUNITY ASSISTANCE AND HELP THEY CAN

- Participate in the culture-enhancement program and invite diversity-of-thought
- Contribute via surveys and engagement sessions
- Be data-driven by collecting numbers of facility-use and participation-use
- Be supportive of modern and efficient health options
- Be eyes-on-the-ground, and extra minds, noting what other local government areas are doing for priority service provisions.





WORK

A PROACTIVE, SUSTAINABLE, SAFE,
FRIENDLY AND PROSPEROUS PLACE TO
WORK.

OUTCOMES BY 2025

- 5. Business Engagement: A resilient, knowledgeable, and networked local business sector.
- 6. Stimulated Economy: A strong relationship between our business community and Local Shire.
- 7. Enabled Economy: A business system is well-functioning through partnerships and alliances.
- 8. Business Attraction: Attracted new business and industry to our region

STRATEGIC DELIVERABLES

- 5.1 An accessible data-base of businesses in and around the region.
- 5.2 A data-base of extra or shared workers is in reach.
- 6.1 An industrial site is opened and functioning in in the town of Cranbrook.
- 6.2 Advanced local regulation which has encouraged start-up or expansion, and diversity, of local business.
- 7.1 Extra flexible housing options for various working needs.
- 8.1 Additional business or micro-production has commenced or expanded in the region.



WORK

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FRIENDLY AND PROSPEROUS PLACE TO
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FORWARD PLANNING WITH COMMUNITY ASSISTANCE AND HELP THEY CAN

- Support local businesses and uptalk their services
- Attend networking and awards events
- Assist in informing Council on what regulations help in business growth
- Communicate housing options throughout various intervals
- Collect business numbers and provide to Council
- Assist in attracting big business ventures.
- Encourage an entrepreneurial spirit and innovative thinking for the benefit of future community members
- □ Encourage the Council to take risks

VISIT

A PROACTIVE, SUSTAINABLE, SAFE,
FRIENDLY AND PROSPEROUS PLACE TO
VISIT

OUTCOMES BY 2025

- 9. Experiences: A well-defined and celebrated community activity program for locals and visitors.
- 10. Tourism: A strong positioning as a destination for external visitors.
- 11. Public spaces: Celebrated main-streets and town icons which are inviting meeting-places for locals and visitors.
- 12. Brand: A growing, distinguishable regional brand

STRATEGIC DELIVERABLES

- 9.1 A stimulus into sport and recreation participation.
- 9.2 A stimulus into arts and culture participation.
- 10.1 A unique, well-known, regarded, accessible and measured tourism destination across the full Cranbrook region.
- 11.1 A programmed upgrade of town main streets including landscaping, signage, planting, furniture, lighting, icons and story-telling.
- 11.2 A connected, planned, obvious and advancing Cranbrook town retail precinct.
- 12.1 A defined brand which is translated consistently across the region and is celebrated as a community.





VISIT

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FRIENDLY AND PROSPEROUS PLACE TO
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- 11.2 A connected, planned, obvious and advancing Cranbrook town retail precinct.
- 12.1 A defined brand which is translated consistently across the region and is celebrated as a community.

FORWARD PLANNING WITH COMMUNITY ASSISTANCE AND HELP THEY CAN

- Act, belong and commit to sport, recreation, arts and culture groups,
- Take pictures regularly, share them and provide to Local Council for further use,
- Note other tourism locations and share how they are regarded,
- Be supportive of main-street upgrades and contribute your area of focus such as built-form,
- urban landscaping, planting, street furnishings, history or culture,
- Speak consistently using agreed regional brand language,
- Promote our region to all, especially with the tone of progress,
- Realise that one main-street may be developed before another, and grander than another town, for the purpose of strategic competitive advantage.

CONNECT

A PROACTIVE, SUSTAINABLE, SAFE,
FRIENDLY AND PROSPEROUS PLACE TO
CONNECT.

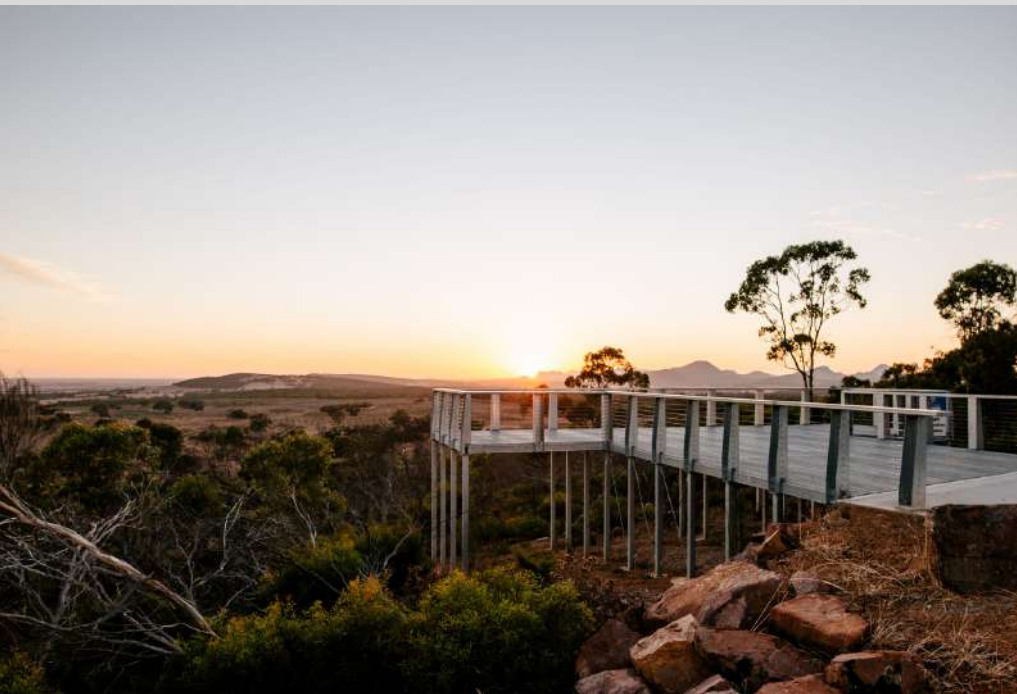
OUTCOMES

- 13. Knowledge: A community driven-by-data, not opinions, and can see the balance between investing in work, live and visit.
- 14. Environment: A connected community driving a united contribution to the environment both locally and globally.
- 15. Proactive people: A community which capitalises on its youthful intellect and stretches interactions wider than the community residing in the region.
- 16. High-performing Local Shire: An accountable and respected Local Shire, investing in its people and structures.

STRATEGIC DELIVERABLES

- 13.1 A digital knowledge hub collecting and housing all data on the Shire of Cranbrook being proactive, sustainable, safe, friendly and prosperous
- 13.2 A tracked performance analysis on changing investment in live, work, visit and connect.
- 14.1 A well-defined and talked-about environmental point-of-difference for the Shire of Cranbrook.
- 15.1 A self-empowered Community Advisory Team with specific terms-of-reference, deliverables, support and budget to achieve success.
- 16.1 A Local Shire and supporting entities are well-governed with delineated roles and accountabilities.





CONNECT

A PROACTIVE, SUSTAINABLE, SAFE,
FRIENDLY AND PROSPEROUS PLACE TO
CONNECT.

OUTCOMES

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STRATEGY

13.1 A digital knowledge hub collecting and housing all data on the Shire of Cranbrook being proactive, sustainable, safe, friendly and prosperous

13.2 A tracked performance analysis on changing investment in live, work, visit and connect.

14.1 A well-defined and talked-about environmental point-of-difference for the Shire of Cranbrook.

15.1 A self-empowered Community Advisory Team with specific terms-of-reference, deliverables, support and budget to achieve success.

16.1 A Local Shire and supporting entities are well-governed with delineated roles and accountabilities.

FORWARD PLANNING

WITH COMMUNITY ASSISTANCE AND HELP THEY CAN

- Recall the community's vision, and act upon it,
- Follow changing data and use it to on-tell stories,
- Be disciplined with the community's agreed positioning on environment,
- Be supportive of the new community decision-making team, and new-age community empowerment,
- Be open to Council's performance growth, as the investment is being made to enable growth for the community,
- Attract new workers to Council and help them settle in.

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

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

That the Shire of Cranbrook is a proactive, sustainable, safe, friendly and prosperous place to be.

Principal place of business:
19 Gathorn Street
Cranbrook WA 6321

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

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

STATEMENT BY CEO

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

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

Signed on the 4th day of December 2023



Chief Executive Officer

LINDA GRAY

Name of Chief Executive Officer



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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),24	2,885,732	2,853,161	2,657,981
Grants, subsidies and contributions	2(a)	2,772,844	636,360	2,747,742
Fees and charges	2(a)	475,527	408,593	394,346
Interest revenue	2(a)	69,199	23,457	17,905
Other revenue	2(a)	209,713	146,811	146,483
		6,413,015	4,068,382	5,964,457
Expenses				
Employee costs	2(b)	(1,483,120)	(2,011,390)	(1,469,034)
Materials and contracts		(1,940,339)	(1,612,462)	(1,882,646)
Utility charges		(157,100)	(99,350)	(178,632)
Depreciation		(2,479,422)	(2,370,975)	(2,366,688)
Finance costs	2(b)	(36,610)	(3,818)	(5,474)
Insurance		(228,379)	(224,330)	(195,677)
Other expenditure	2(b)	(90,834)	(175,731)	(69,067)
		(6,415,804)	(6,498,056)	(6,167,218)
		(2,789)	(2,429,674)	(202,761)
Capital grants, subsidies and contributions	2(a)	2,294,392	5,078,608	1,629,673
Profit on asset disposals		84,896	76,000	59,885
Loss on asset disposals		(282,629)	(9,500)	(29,712)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,764	-	2,998
Loss on revaluation of Infrastructure - other	9(a)	(620,322)	-	-
		1,479,101	5,145,108	1,662,844
Net result for the period	23(b)	1,476,312	2,715,434	1,460,083
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	72,132,880	-	-
Total other comprehensive income for the period	17	72,132,880	-	-
Total comprehensive income for the period		73,609,192	2,715,434	1,460,083

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



SHIRE OF CRANBROOK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,917,606	3,539,027
Trade and other receivables	5	116,007	165,580
Other financial assets	4(a)	1,534	1,451,305
Inventories	6	35,698	40,438
Other assets	7	161,914	288,022
TOTAL CURRENT ASSETS		6,232,759	5,484,372
NON-CURRENT ASSETS			
Trade and other receivables	5	25,569	6,901
Other financial assets	4(b)	111,519	65,853
Property, plant and equipment	8	23,054,478	21,170,413
Infrastructure	9	214,765,762	144,121,807
Right-of-use assets	11(a)	44,192	63,102
TOTAL NON-CURRENT ASSETS		238,001,520	165,428,076
TOTAL ASSETS		244,234,279	170,912,448
CURRENT LIABILITIES			
Trade and other payables	12	226,729	192,800
Other liabilities	13	72,866	515,675
Lease liabilities	11(b)	19,106	18,805
Borrowings	14	36,002	34,516
Employee related provisions	15	473,363	444,738
TOTAL CURRENT LIABILITIES		828,066	1,206,534
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	25,954	45,060
Borrowings	14	-	36,002
Employee related provisions	15	86,845	57,078
Other provisions	16	410,852	294,404
TOTAL NON-CURRENT LIABILITIES		523,651	432,544
TOTAL LIABILITIES		1,351,717	1,639,078
NET ASSETS		242,882,562	169,273,370
EQUITY			
Retained surplus		80,403,424	79,381,509
Reserve accounts	27	3,152,140	2,697,743
Revaluation surplus	17	159,326,998	87,194,118
TOTAL EQUITY		242,882,562	169,273,370

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



SHIRE OF CRANBROOK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		77,925,362	2,693,807	87,194,118	167,813,287
Comprehensive income for the period					
Net result for the period		1,460,083	-	-	1,460,083
Total comprehensive income for the period		1,460,083	-	-	1,460,083
Transfers from reserve accounts	27	732,712	(732,712)	-	-
Transfers to reserve accounts	27	(736,648)	736,648	-	-
Balance as at 30 June 2022		79,381,509	2,697,743	87,194,118	169,273,370
Comprehensive income for the period					
Net result for the period		1,476,312	-	-	1,476,312
Other comprehensive income for the period	17	-	-	72,132,880	72,132,880
Total comprehensive income for the period		1,476,312	-	72,132,880	73,609,192
Transfers from reserve accounts	27	265,642	(265,642)	-	-
Transfers to reserve accounts	27	(720,039)	720,039	-	-
Balance as at 30 June 2023		80,403,424	3,152,140	159,326,998	242,882,562

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

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

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		2,880,947	2,660,394
Grants, subsidies and contributions		2,805,100	3,037,214
Fees and charges		475,527	394,346
Interest revenue		69,199	17,905
Goods and services tax received		4,317	37,402
Other revenue		209,713	146,483
		6,444,803	6,293,744
Payments			
Employee costs		(1,372,687)	(1,543,850)
Materials and contracts		(1,828,486)	(2,192,511)
Utility charges		(157,100)	(178,632)
Finance costs		(3,529)	(5,474)
Insurance paid		(228,379)	(195,677)
Goods and services tax paid		-	-
Other expenditure		(90,834)	(69,067)
		(3,681,015)	(4,185,211)
Net cash provided by (used in) operating activities		2,763,788	2,108,533
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost		(43,436)	(2,295)
Payments for purchase of property, plant & equipment	8(a)	(764,228)	(947,948)
Payments for construction of infrastructure	9(a)	(3,277,451)	(2,646,339)
Capital grants, subsidies and contributions		1,851,583	2,291,553
Proceeds for financial assets at amortised cost		1,450,305	-
Proceeds from financial assets at amortised cost - self supporting loans		-	1,000
Proceeds from sale of property, plant & equipment		451,339	612,030
Net cash provided by (used in) investing activities		(331,888)	(691,999)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(34,516)	(33,091)
Payments for principal portion of lease liabilities	26(c)	(18,805)	(18,508)
Net cash provided by (used in) financing activities		(53,321)	(51,599)
Net increase (decrease) in cash held		2,378,579	1,364,935
Cash at beginning of year		3,539,027	2,174,099
Cash and cash equivalents at the end of the year	3	5,917,606	3,539,034

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

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

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24(a)	2,812,827	2,807,715	2,613,858
Rates excluding general rates	24(a)	72,905	45,446	44,123
Grants, subsidies and contributions	2(a)	2,772,844	636,360	2,747,742
Fees and charges	2(a)	475,527	408,593	394,346
Interest revenue	2(a)	69,199	23,457	17,905
Other revenue	2(a)	209,713	146,811	146,483
Profit on asset disposals		84,896	76,000	59,885
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,764	-	2,998
		6,500,675	4,144,382	6,027,340
Expenditure from operating activities				
Employee costs	2(b)	(1,483,120)	(2,011,390)	(1,469,034)
Materials and contracts		(1,940,339)	(1,612,461)	(1,882,646)
Utility charges		(157,100)	(99,350)	(178,632)
Depreciation		(2,479,422)	(2,370,975)	(2,366,688)
Finance costs		(36,610)	(3,818)	(5,474)
Insurance		(228,379)	(224,330)	(195,677)
Other expenditure		(90,834)	(175,731)	(69,067)
Loss on asset disposals		(282,629)	(9,500)	(29,712)
Loss on revaluation of non-current assets		(620,322)	-	-
		(7,318,755)	(6,507,555)	(6,196,930)
Non-cash amounts excluded from operating activities	25(a)	3,373,278	2,334,763	2,562,810
Amount attributable to operating activities		2,555,198	(28,410)	2,393,220
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions	2(a)	2,294,392	5,078,608	1,629,673
Proceeds from disposal of assets		451,339	460,500	612,030
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	-	11,034	1,000
		2,745,731	5,550,142	2,242,703
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		(43,436)	(50,170)	-
Purchase of property, plant and equipment	8(a)	(764,228)	(5,032,198)	(947,948)
Purchase and construction of infrastructure	9(a)	(3,277,451)	(3,093,417)	(2,646,339)
		(4,085,115)	(8,175,785)	(3,594,287)
Amount attributable to investing activities		(1,339,384)	(2,625,643)	(1,351,584)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	-	700,170	-
Transfers from reserve accounts	27	265,642	858,632	732,712
		265,642	1,558,802	732,712
Outflows from financing activities				
Repayment of borrowings	26(a)	(34,516)	(34,516)	(33,091)
Payments for principal portion of lease liabilities	26(c)	(18,805)	(18,809)	(18,508)
Transfers to reserve accounts	27	(720,039)	(716,936)	(736,648)
		(773,360)	(770,261)	(788,247)
Amount attributable to financing activities		(507,718)	788,541	(55,535)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	1,824,609	1,865,512	838,508
Amount attributable to operating activities		2,555,198	(28,410)	2,393,220
Amount attributable to investing activities		(1,339,384)	(2,625,643)	(1,351,584)
Amount attributable to financing activities		(507,718)	788,541	(55,535)
Surplus or deficit after imposition of general rates	25(b)	2,532,705	-	1,824,609

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

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

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

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

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 27 of the financial report.

Judgements and estimates

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

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

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

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

Initial application of accounting standards

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

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

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General rates	Over time	Payment dates adopted by Council during each year	Not applicable	When rates notice is issued
Operating grants, subsidies and contributions with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - waste management collections	Kerbside collection services	Over time	Payment on an annual basis in advance	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection services
Fees and charges - licences/Registrations/Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	Set by State legislation or limited by legislation to the cost of provision	On payment and issue of the licence, registration or approval
Fees and charges - Property Hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled with 7 days notice	On entry or at conclusion of hire
Other Income - Reimbursements	Insurance claims	Single point in time	Set by mutual agreement with the customer	Not applicable	When claim is agreed

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	2,885,732	-	2,885,732
Grants, subsidies and contributions	452,283	-	-	2,320,561	2,772,844
Fees and charges	468,557	-	6,970	-	475,527
Interest revenue	-	-	53,377	15,822	69,199
Other revenue	36,599	-	-	173,114	209,713
Capital grants, subsidies and contributions	-	2,294,392	-	-	2,294,392
Total	957,439	2,294,392	2,946,079	2,509,497	8,707,407

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	2,657,981	-	2,657,981
Grants, subsidies and contributions	424,369	-	-	-	424,369
Fees and charges	316,271	-	-	-	316,271
Interest revenue	-	-	13,874	-	13,874
Other revenue	127,673	-	-	-	127,673
Capital grants, subsidies and contributions	-	1,629,673	-	-	1,629,673
Total	868,313	1,629,673	2,671,855	-	5,169,841

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023 Actual \$	2022 Actual \$
Interest revenue		
Interest on reserve account funds	37,395	3,082
Trade and other receivables overdue interest	15,822	13,874
Other interest revenue	15,982	949
	69,199	17,905

The 2023 original budget estimate in relation to:
Trade and other receivables overdue interest was \$17,000.

Fees and charges relating to rates receivable

Charges on instalment plan	3,980	2,065
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The 2023 original budget estimate in relation to:
Charges on instalment plan was \$2,200.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	36,250	29,600
- Other services – grant acquittals	2,000	3,050
	38,250	32,650

Employee Costs

Employee benefit costs	1,272,596	1,299,782
Other employee costs	210,524	169,252
	1,483,120	1,469,034

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	878	1,175
Provisions: unwinding of discount	33,081	-
Borrowings	2,651	4,299
	36,610	5,474

Sundry expenses	90,834	69,067
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SHIRE OF CRANBROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	5,917,606	3,539,027
Total cash and cash equivalents	5,917,606	3,539,027
Held as		
- Unrestricted cash and cash equivalents	2,692,600	2,292,589
- Restricted cash and cash equivalents	3,225,006	1,246,438
18	5,917,606	3,539,027

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2023	2022
\$	\$
1,534	1,451,305
1,534	1,451,305

Other financial assets at amortised cost

Self supporting loans receivable
Term deposits

1,534	1,000
0	1,450,305
1,534	1,451,305

Held as

- Unrestricted other financial assets at amortised cost

1,534	1,451,305
1,534	1,451,305

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit or loss

45,402	2,500
66,117	63,353
111,519	65,853

Financial assets at amortised cost

Self supporting loans receivable
Term deposits

(1,534)	(1,000)
46,936	3,500
45,402	2,500

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance
Movement attributable to fair value increment
Bendigo Community Bank Shares
Units in Local Government House Trust - closing balance

58,353	55,355
2,764	2,998
5,000	5,000
66,117	63,353

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or loss:

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

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

5. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	32,986	27,318
Trade receivables	60,310	95,507
GST receivable	(4,317)	0
Receivables for employee related provisions	27,028	42,755
	116,007	165,580
Non-current		
Pensioner's rates and ESL deferred	9,841	6,901
Receivables for employee related provisions	15,728	0
	25,569	6,901

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

	Note	2023	2022
Current		\$	\$
Fuel and materials		35,698	40,438
		35,698	40,438
The following movements in inventories occurred during the year:			
Balance at beginning of year		40,438	22,118
Inventories expensed during the year		(285,711)	(197,292)
Additions to inventory		280,971	215,612
Balance at end of year		35,698	40,438

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

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

7. OTHER ASSETS

Other assets - current

Prepayments
 Accrued income

2023	2022
\$	\$
-	60
161,914	287,962
161,914	288,022

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$		\$	\$	\$
Balance at 1 July 2021	1,656,705	5,663,794	10,680,156	18,000,655	18,000,655	108,009	3,669,927	21,778,591
Additions	-	19,883	34,418	54,301	54,301	6,000	887,647	947,948
Disposals	(25,000)	(111,526)	-	(136,526)	(136,526)	-	(445,329)	(581,855)
Depreciation	-	(113,054)	(218,017)	(331,071)	(331,071)	(22,614)	(620,586)	(974,271)
Balance at 30 June 2022	1,631,705	5,459,097	10,496,557	17,587,359	17,587,359	91,395	3,491,659	21,170,413
Comprises:								
Gross balance amount at 30 June 2022	1,631,705	5,661,329	10,932,534	18,225,568	18,225,568	154,900	4,889,334	23,269,802
Accumulated depreciation at 30 June 2022	-	(202,232)	(435,977)	(638,209)	(638,209)	(63,505)	(1,397,675)	(2,099,389)
Balance at 30 June 2022	1,631,705	5,459,097	10,496,557	17,587,359	17,587,359	91,395	3,491,659	21,170,413
Additions	-	-	94,507	94,507	94,507	-	669,721	764,228
Disposals	-	-	(61,207)	(61,207)	(61,207)	-	(365,080)	(426,287)
Revaluation increments / (decrements) transferred to revaluation surplus	332,695	699,529	1,524,035	2,556,259	2,556,259	-	-	2,556,259
Assets classified as held for sale				0	-			-
Depreciation	-	(113,226)	(218,542)	(331,768)	(331,768)	(18,800)	(659,567)	(1,010,135)
Balance at 30 June 2023	1,964,400	6,045,400	11,835,350	19,845,150	19,845,150	72,595	3,136,733	23,054,478
Comprises:								
Gross balance amount at 30 June 2023	1,964,400	6,045,400	11,835,350	19,845,150	19,845,150	154,900	5,055,528	25,055,578
Accumulated depreciation at 30 June 2023	-	-	-	0	-	(82,305)	(1,918,795)	(2,001,100)
Balance at 30 June 2023	1,964,400	6,045,400	11,835,350	19,845,150	19,845,150	72,595	3,136,733	23,054,478

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2 & 3	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2023	Price per hectare with reference to current zoning of land.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2023	Observable open market values of similar assets adjusted for condition and comparability at the highest and best use.
Buildings - specialised	3	Cost approach using depreciated replacement cost.	Independent Registered Valuers	June 2023	Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments.
<p>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.</p> <p>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.</p>					
(ii) Cost					
Furniture and equipment	N/A	N/A	Cost	N/A	N/A
Plant and equipment	N/A	N/A	Cost	N/A	N/A

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - other	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - bridges	Infrastructure - Landfill Sites	Other infrastructure - Car Parks	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	89,474,798	3,570,098	696,226	29,943,697	19,164,155	-	-	142,848,974
Additions	1,777,981	336,946	41,060	195,948	-	294,404	-	2,646,339
Depreciation	(719,534)	(68,920)	(12,703)	(371,395)	(200,954)	-	-	(1,373,506)
Balance at 30 June 2022	90,533,245	3,838,124	724,583	29,768,250	18,963,201	294,404	-	144,121,807
Comprises:								
Gross balance at 30 June 2022	93,336,442	4,056,012	763,599	31,138,192	20,095,434	294,404	-	149,684,083
Accumulated depreciation at 30 June 2022	(2,803,197)	(217,888)	(39,016)	(1,369,942)	(1,132,233)	-	-	(5,562,276)
Balance at 30 June 2022	90,533,245	3,838,124	724,583	29,768,250	18,963,201	294,404	-	144,121,807
Additions	1,726,355	1,116,384	249,938	129,824	54,950	-	-	3,277,451
(Disposals)	-	(222,785)	-	-	-	-	-	(222,785)
Revaluation increments / (decrements) transferred to revaluation surplus	66,043,200	-	227,638	7,676,205	(5,437,197)	83,367	1,066,775	69,659,988
Revaluation (loss) / reversals transferred to profit or loss	-	(620,322)	-	-	-	-	-	(620,322)
Depreciation	(746,857)	(79,592)	(13,362)	(373,658)	(200,954)	(35,954)	-	(1,450,377)
Balance at 30 June 2023	157,555,943	4,031,809	1,188,797	37,200,621	13,380,000	341,817	1,066,775	214,765,762
Comprises:								
Gross balance at 30 June 2023	211,891,349	4,041,342	1,801,422	41,521,194	39,720,000	377,771	1,479,608	300,832,686
Accumulated depreciation at 30 June 2023	(54,335,406)	(9,533)	(612,625)	(4,320,573)	(26,340,000)	(35,954)	(412,833)	(86,066,924)
Balance at 30 June 2023	157,555,943	4,031,809	1,188,797	37,200,621	13,380,000	341,817	1,066,775	214,765,762

During the 2023 financial year, "Other Infrastructure – Carparks" were reclassified into a new asset category as part of the revaluation process. These were previously disclosed in the 2022 financial statements as part of "Infrastructure – Other" at a cost value of \$ 262,170 and accumulated depreciation of \$7,119.

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Infrastructure - other	3	cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Infrastructure - footpaths	3	cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Infrastructure - drainage	3	cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Infrastructure - bridges	3	cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs
Other infrastructure - Car Parks	3	cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition, residual values and remaining useful life assessment 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 CRANBROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings - non-specialised	50 years
Buildings - specialised	50 years
Furniture and equipment	3 to 15 years
Plant and equipment	1-15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Infrastructure - other	30 to 50 years
Infrastructure - footpaths	10-50 years
Infrastructure - drainage	30 to 50 years
Infrastructure - bridges	50 years
Sealed	
formation	not depreciated
pavement	30-60 years
seal	25-30 years
Unsealed	
formation	not depreciated
pavement	20-30 years

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

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

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

Depreciation

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

Impairment

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

Gains or losses on disposal

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

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

11. LEASES

(a) Right-of-Use Assets

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

Note	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	\$
Balance at 1 July 2021	82,012	82,012
Depreciation	(18,910)	(18,910)
Balance at 30 June 2022	63,102	63,102
Gross balance amount at 30 June 2022	94,549	94,549
Accumulated depreciation at 30 June 2022	(31,447)	(31,447)
Balance at 30 June 2022	63,102	63,102
Depreciation	(18,910)	(18,910)
Balance at 30 June 2023	44,192	44,192
Gross balance amount at 30 June 2023	94,549	94,549
Accumulated depreciation at 30 June 2023	(50,357)	(50,357)
Balance at 30 June 2023	44,192	44,192

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

	2023 Actual	2022 Actual
	\$	\$
Depreciation on right-of-use assets	(18,910)	(18,910)
Finance charge on lease liabilities	(878)	(1,175)
Total amount recognised in the statement of comprehensive income	(19,788)	(20,085)
Total cash outflow from leases	(19,683)	(19,683)

(b) Lease Liabilities

Current	19,106	18,805
Non-current	25,954	45,060
	45,060	63,865

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

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

11. LEASES (Continued)

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

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year
 1 to 2 years
 2 to 3 years
 3 to 4 years

2023 Actual	2022 Actual
\$	\$
19,683	19,683
19,683	19,683
6,561	19,683
0	6,561
45,927	65,610
88,461	74,994

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income

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

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

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

SHIRE OF CRANBROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Accrued interest on debentures

2023	2022
\$	\$
138,992	172,482
11,098	10,215
14,319	8,845
46,567	-
15,060	-
693	1,258
226,729	192,800

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

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

13. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

	2023	2022
	\$	\$
	72,866	515,675
	72,866	515,675
	515,675	148,199
	72,866	515,675
	(515,675)	(148,199)
	72,866	515,675
	72,866	515,675
	72,866	515,675
	72,866	515,675

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

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

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

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Long Term Borrowings		36,002	-	36,002	34,516	36,002	70,518
Total secured borrowings	26(a)	36,002	-	36,002	34,516	36,002	70,518

Secured liabilities and assets pledged as security

Long term borrowings are secured by a floating charge over the assets of the Shire of Cranbrook.
Other loans relate to transferred receivables. Refer to Note 5.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

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

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

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

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	296,021	265,145
Long service leave	145,355	147,705
Other employee leave provisions	31,987	31,888
	473,363	444,738
Total current employee related provisions	473,363	444,738
Non-current provisions		
Employee benefit provisions		
Long service leave	86,845	57,078
	86,845	57,078
Total non-current employee related provisions	86,845	57,078
Total employee related provisions	560,208	501,816

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

16. OTHER PROVISIONS

	Make good provisions	Total
	\$	\$
Opening balance at 1 July 2022		
Non-current provisions	294,404	294,404
	<u>294,404</u>	<u>294,404</u>
Additional provision	83,367	83,367
Charged to profit or loss		
- unwinding of discount	33,081	33,081
Balance at 30 June 2023	<u>410,852</u>	<u>410,852</u>
Comprises		
Non-current	410,852	410,852
	<u>410,852</u>	<u>410,852</u>

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Make good provisions

Under the licence for the operation of the Shire of Cranbrook waste landfill site, the Shire has a legal obligation to restore the site.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

Provisions

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

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

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

17. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	2022 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,077,659	332,695	1,410,354	1,077,659	1,077,659
Revaluation surplus - Buildings - non-specialised	5,216,301	2,223,564	7,439,865	5,216,301	5,216,301
Revaluation surplus - Plant and equipment	635,492	-	635,492	635,492	635,492
Revaluation surplus - Infrastructure - roads	29,292,265	66,043,200	95,335,465	29,292,265	29,292,265
Revaluation surplus - Infrastructure - footpaths	253,468	227,638	481,106	253,468	253,468
Revaluation surplus - Infrastructure - drainage	30,986,686	7,676,205	38,662,891	30,986,686	30,986,686
Revaluation surplus - Infrastructure - bridges	19,684,335	(5,437,197)	14,247,138	19,684,335	19,684,335
Revaluation surplus - Financial Assets	47,912	-	47,912	47,912	47,912
Revaluation surplus - Infrastructure - car parks	-	1,066,775	1,066,775	-	-
	87,194,118	72,132,880	159,326,998	87,194,118	87,194,118

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

18. RESTRICTIONS OVER FINANCIAL ASSETS

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

- Cash and cash equivalents	3	3,225,006	1,246,438
- Financial assets at amortised cost	4	-	1,451,305
		3,225,006	2,697,743

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

Restricted reserve accounts	27	3,152,140	2,697,743
Capital grant liabilities	13	72,866	-
Total restricted financial assets		3,225,006	2,697,743

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

Bank overdraft limit	-	-
Bank overdraft at balance date	-	-
Credit card limit	5,000	5,000
Credit card balance at balance date	-	-
Total amount of credit unused	5,000	5,000

Loan facilities

Loan facilities - current	36,002	34,516
Loan facilities - non-current	-	36,002
Total facilities in use at balance date	36,002	70,518

Unused loan facilities at balance date	NIL	NIL
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**SHIRE OF CRANBROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

20. CONTINGENT LIABILITIES

The Shire had no reportable contingent liabilities as at 30 June 2022, and is not aware of any reportable contingent liabilities as at 30 June 2023.

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

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	6,000	6,000	6,000
President's meeting attendance fees	10,000	10,000	10,000
President's annual allowance for ICT expenses	1,193	1,200	1,200
	17,193	17,200	17,200
Deputy President's annual allowance	1,500	1,500	1,500
Deputy President's meeting attendance fees	5,000	5,000	5,000
Deputy President's annual allowance for ICT expenses	600	600	600
	7,100	7,100	7,100
All other council member's meeting attendance fees	35,000	35,000	35,000
All other council member's annual allowance for ICT expenses	4,207	4,200	4,200
	39,207	39,200	39,200
	63,500	63,500	63,500

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	493,392	474,833
Post-employment benefits	61,583	72,843
Employee - other long-term benefits	9,808	7,155
Employee - termination benefits	0	81,018
Council member costs	63,500	63,500
	628,283	699,349

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

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

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Purchase of goods and services	-	5,729
Amounts outstanding from related parties:		
Trade and other receivables	77	-
Amounts payable to related parties:		
Trade and other payables	16,530	-

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b)

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

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

23. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

SHIRE OF CRANBROOK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. RATING INFORMATION

(a) General Rates

RATE TYPE		Rate in	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Rate Description	Basis of valuation	\$		\$	\$	\$	\$	\$	\$	\$	\$
Gross rental value	Gross rental valuation	0.12502	243	2,278,788	284,896	1,176	286,072	284,896	-	284,896	274,215
Unimproved value	Unimproved valuation	0.00645	410	368,666,000	2,378,265	5,935	2,384,200	2,378,264	2,000	2,380,264	2,199,575
Total general rates			653	370,944,788	2,663,161	7,111	2,670,272	2,663,160	2,000	2,665,160	2,473,790
Minimum payment		Minimum Payment \$									
Gross rental value	Gross rental valuation	665	147	229,392	97,755	-	97,755	97,755	-	97,755	96,035
Unimproved value	Unimproved valuation	700	64	3,685,368	44,800	-	44,800	44,800	-	44,800	44,033
Total minimum payments			211	3,914,760	142,555	-	142,555	142,555	-	142,555	140,068
Total general rates and minimum payments		Rate in	864	374,859,548	2,805,716	7,111	2,812,827	2,805,715	2,000	2,807,715	2,613,858
Ex-gratia Rates											
Ex-gratia Rates					72,905	-	72,905	45,446		45,446	44,123
Total amount raised from rates (excluding general rates)			-	-	72,905	-	72,905	45,446	-	45,446	44,123
Total Rates							2,885,732			2,853,161	2,657,981
Rate instalment interest							10,341			10,500	10,152
Rate overdue interest							5,119			6,500	3,722

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

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

25. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23	2022/23	2021/22
		Budget	Budget	
		(30 June 2023)	(30 June 2023)	(30 June 2022)
		Carried	Carried	Carried
Note		Forward)	Forward)	Forward
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
		(84,896)	(76,000)	(59,885)
		34,385	-	(64,896)
		(2,764)	-	(2,998)
		282,629	9,500	29,712
	9(a)	620,322	-	-
		2,479,422	2,370,975	2,366,688
Non-cash movements in non-current assets and liabilities:				
		(2,940)	-	(1,123)
		(15,728)	-	-
		29,767	30,288	908
		(83,367)	-	-
	2(b)	116,448	-	294,404
		3,373,278	2,334,763	2,562,810
Non-cash amounts excluded from operating activities				
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
	27	(3,152,140)	(2,563,248)	(2,697,740)
	4(a)	(1,534)	(51,170)	(1,000)
	14	36,002	700,171	34,516
	11(b)	19,106	-	18,805
		226,578	222,476	192,188
		(2,871,988)	(1,691,771)	(2,453,231)
Total adjustments to net current assets				
Net current assets used in the Statement of Financial Activity				
		6,232,759	3,553,911	5,484,372
		(828,066)	(1,862,140)	(1,206,534)
		(2,871,988)	(1,691,771)	(2,453,231)
		2,532,705	-	1,824,609
Surplus or deficit after imposition of general rates				

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

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual								Budget			
		Principal				Principal				Principal			
		Principal at 1 July 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023		Principal at 1 July 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Lot 9 Edward St House		103,608	-	(33,091)	70,518	-	(34,516)	36,002		70,517	-	(34,516)	36,001
Frankland River Community Facility		-	-	-	-	-	-	-		-	700,170	-	700,170
Total		103,608	-	(33,091)	70,518	-	(34,516)	36,002		70,517	700,170	(34,516)	736,171
Borrowing Finance Cost Payments													
Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023		Budget for year ending 30 June 2023		Actual for year ending 30 June 2022			
						\$		\$		\$			
Lot 9 Edward St House		77	WATC*	4.30%	7/03/2024	(2,651)		(2,940)		(4,299)			
Frankland River Community Facility		76	WATC*	6.10%		-		-		-			
Total						(2,651)		(2,940)		(4,299)			
Total Finance Cost Payments						(2,651)		(2,940)		(4,299)			

* WA Treasury Corporation

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

26. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
Frankland River Community Facility	WATC		15	5.00%	\$ -	\$ 700,170	\$ -	\$ 700,170	\$ 303,404	\$ -
					-	700,170	-	700,170	303,404	-

* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual				Budget			
		Principal at 1 July 2021	New Leases During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2022	New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
Vehicle lease - Isuzu D-Max		82,373	-	(18,508)	63,865	63,865	-	(18,805)	45,060
Total Lease Liabilities	11(b)	82,373	-	(18,508)	63,865	63,865	-	(18,809)	45,056

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
Vehicle lease - Isuzu D-Max	11(a)	973988	SG Fleet	1.20%	1/10/2025	\$ (878)	\$ (878)	\$ (1,175)	60 months
Total Finance Cost Payments						(878)	(878)	(1,175)	

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

27. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Plant Reserve	251,000	200,915	-	451,915	251,001	198,107	-	449,108	501,877	100,266	(351,143)	251,000
(b) Leave Reserve	192,188	34,390	-	226,578	192,187	60,288	(30,000)	222,475	257,084	262	(65,158)	192,188
(c) Waste and Water Management Reserve	18,290	10,339	-	28,629	18,290	10,027	-	28,317	18,271	19	-	18,290
(d) Furniture & Equipment Reserve	13,306	70,020	-	83,326	13,305	70,020	-	83,325	13,292	14	-	13,306
(e) Building Asset Management Reserve	199,240	2,483	-	201,723	199,240	299	(42,735)	156,804	196,687	42,971	(40,418)	199,240
(f) Community Associations Financial assistance Reserves	50,350	16,734	(48,936)	18,148	50,350	16,110	(50,170)	16,290	49,300	1,050	-	50,350
(g) Roadworks Reserve	-	78,282	-	78,282	-	78,282	-	78,282	-	-	-	-
(h) Land Reserve	122,136	1,742	-	123,878	122,136	183	-	122,319	122,012	124	-	122,136
(i) Frankland River Sporting Facilities Reserve	170,533	2,129	-	172,662	170,534	256	(170,790)	-	170,360	173	-	170,533
(j) Housing Reserve	370,005	4,923	-	374,928	370,005	555	-	370,560	235,514	134,491	-	370,005
(k) Frankland River Asset Replacement Fund (Bowling Green) Reserve	72,607	6,044	-	78,651	72,606	5,109	-	77,715	67,538	5,069	-	72,607
(l) Cranbrook Asset Replacement Fund (Bowling Green) Reserve	77,606	6,052	-	83,658	77,606	5,116	-	82,722	72,532	5,074	-	77,606
(m) Rate Discount Reserve	917,175	222,561	(216,706)	923,030	917,174	211,954	(564,937)	564,191	740,538	196,637	(20,000)	917,175
(n) Strategic Community Plan Projects Reserve	-	-	-	-	-	-	-	-	5,087	5	(5,092)	-
(o) WANDRRA Reserve	83,762	21,061	-	104,823	83,762	20,126	-	103,888	83,677	85	-	83,762
(p) Works Depot Reserve	159,545	2,110	-	161,655	159,544	239	-	159,783	152,842	250,401	(243,698)	159,545
(q) Cranbrook Youth Precinct Reserve	-	-	-	-	7,203	11	-	7,214	7,196	7	(7,203)	-
(r) Refuse Site Reserve	-	40,254	-	40,254	-	40,254	-	40,254	-	-	-	-
	2,697,743	720,039	(265,642)	3,152,140	2,704,943	716,936	(858,632)	2,563,247	2,693,807	736,648	(732,712)	2,697,743

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

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

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Plant Reserve	Ongoing To be used for the replacement of major plant and equipment
(b) Leave Reserve	Ongoing To be used to fund long service leave, paid parental leave scheme or annual leave entitlements
(c) Waste and Water Management Reserve	Ongoing To be used for the establishment and/or improvements of waste and water sites
(d) Furniture & Equipment Reserve	Ongoing To be used for the acquisition or replacement of office and sundry equipment and furniture
(e) Building Asset Management Reserve	Ongoing To be used to fund major asset maintenance requirements on Council owned public buildings
(f) Community Associations Financial assistance Reserves	Ongoing To be used in the provision of interest free loans to community organisations
(g) Roadworks Reserve	Ongoing To be used on road construction projects
(h) Land Reserve	Ongoing To be used for the acquisition and development of land
(i) Frankland River Sporting Facilities Reserve	Ongoing To be used for the upgrading of sporting facilities in Frankland river
(j) Housing Reserve	Ongoing To be used for funding the building of new and major maintenance of council housing
(k) Frankland River Asset Replacement Fund (Bowling Green) Reserve	Ongoing To be used for the replacement of the synthetic bowling green at Frankland river
(l) Cranbrook Asset Replacement Fund (Bowling Green) Reserve	Ongoing To be used for the replacement of the synthetic bowling green at Cranbrook
(m) Rate Discount Reserve	Ongoing To be used for assisting to fund improvements to existing and new community facilities
(n) Strategic Community Plan Projects Reserve	Ongoing To be used for assisting to fund projects identified in the Strategic Community Plan
(o) WANDRRA Reserve	Ongoing To be used towards the Shire's contribution in the event of a WANDRRA claim
(p) Works Depot Reserve	Ongoing To be used for assisting to fund depot upgrades
(q) Cranbrook Youth Precinct Reserve	Ongoing To be used for upgrading and developing the youth precinct at Frederick Square Cranbrook
(r) Refuse Site Reserve	Ongoing To be used to fund infrastructure development and rehabilitation costs with the Shire's waste sites



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Cranbrook

To the Council of the Shire of Cranbrook

Opinion

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

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

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

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

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

Other information

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

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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

Tim Sanya
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
6 December 2023