



PUBLIC ATTACHMENTS

Audit Committee Meeting

11 April 2022



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Victoria Plains

To the Councillors of the Shire of Victoria Plains

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Victoria Plains:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Victoria Plains for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

PUBLIC

SHIRE OF VICTORIA PLAINS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

Our Vision Statement is an expression of what we aspire to ensure the Shire of Victoria Plains is like for people who live here in the future:

The Shire of Victoria Plains
Many Localities
One Perfect Lifestyle
A Place to Grow

Principal place of business:
28 Cavell Street
CALINGIRI WA 6569

**SHIRE OF VICTORIA PLAINS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Victoria Plains for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Victoria Plains at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 23rd day of MARCH 2022



Chief Executive Officer

Glenda Teede

Name of Chief Executive Officer



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

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	28(a)	2,777,989	2,771,017	2,591,359
Operating grants, subsidies and contributions	2(a)	1,428,127	766,375	1,356,137
Fees and charges	2(a)	209,802	192,160	198,311
Interest earnings	2(a)	25,643	31,217	31,945
Other revenue	2(a)	112,977	80,910	86,690
		<u>4,554,538</u>	<u>3,841,679</u>	<u>4,264,441</u>
Expenses				
Employee costs		(1,352,580)	(1,361,066)	(1,515,810)
Materials and contracts		(1,757,364)	(1,827,466)	(1,783,969)
Utility charges		(97,610)	(111,690)	(127,492)
Depreciation on non-current assets	11(d)	(3,922,601)	(3,895,420)	(3,910,775)
Interest expenses	2(b)	(11,056)	(13,014)	(14,207)
Insurance expenses		(142,398)	(129,020)	(128,102)
Other expenditure		(73,036)	(124,815)	(95,356)
		<u>(7,356,645)</u>	<u>(7,462,493)</u>	<u>(7,575,711)</u>
		<u>(2,802,107)</u>	<u>(3,620,814)</u>	<u>(3,311,270)</u>
Non-operating grants, subsidies and contributions	2(a)	1,879,646	3,526,055	1,186,184
Profit on asset disposals	11(a)	28,055	32,400	-
Loss on asset disposals	11(a)	-	-	(53,760)
Fair value adjustments to financial assets at fair value through profit or loss		-	-	864
		<u>1,907,701</u>	<u>3,558,455</u>	<u>1,133,288</u>
Net result for the period		<u>(894,406)</u>	<u>(62,359)</u>	<u>(2,177,981)</u>
Total comprehensive income for the period		<u>(894,406)</u>	<u>(62,359)</u>	<u>(2,177,981)</u>

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



William Buck Audit (WA) Pty Ltd

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

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue	2(a)			
Governance		30,000	11,850	36,544
General purpose funding		3,994,604	3,358,186	3,766,273
Law, order, public safety		87,503	62,200	61,934
Health		238	6,270	4,015
Education and welfare		-	630	628
Housing		62,076	80,400	84,593
Community amenities		99,537	93,070	91,370
Recreation and culture		14,613	21,937	19,232
Transport		196,636	148,666	137,789
Economic services		36,695	28,100	26,814
Other property and services		32,636	30,370	35,250
		<u>4,554,538</u>	<u>3,841,679</u>	<u>4,264,441</u>
Expenses	2(b)			
Governance		(532,702)	(515,803)	(483,234)
General purpose funding		(429,755)	(441,770)	(376,087)
Law, order, public safety		(288,869)	(362,705)	(329,032)
Health		(131,498)	(135,475)	(150,846)
Education and welfare		(4,211)	(45,495)	(33,793)
Housing		(229,065)	(234,229)	(268,428)
Community amenities		(543,885)	(585,189)	(497,526)
Recreation and culture		(634,217)	(700,785)	(766,768)
Transport		(4,324,630)	(4,291,739)	(4,449,049)
Economic services		(197,507)	(131,779)	(165,449)
Other property and services		(29,450)	(4,510)	(41,291)
		<u>(7,345,589)</u>	<u>(7,449,479)</u>	<u>(7,561,503)</u>
Finance Costs	2(b)			
Governance		(1,201)	-	-
Recreation and culture		(8,802)	(11,014)	(10,661)
Economic services		(3,053)	(2,000)	(3,547)
		<u>(11,056)</u>	<u>(13,014)</u>	<u>(14,207)</u>
		<u>(2,802,107)</u>	<u>(3,620,814)</u>	<u>(3,311,269)</u>
Non-operating grants, subsidies and contributions	2(a)	1,879,646	3,526,055	1,186,184
Profit on disposal of assets	11(a)	28,055	32,400	-
Loss on disposal of assets	11(a)	-	-	(53,760)
Fair value adjustments to financial assets at fair value through profit or loss		-	-	864
		<u>1,907,701</u>	<u>3,558,455</u>	<u>1,133,288</u>
Net result for the period		<u>(894,406)</u>	<u>(62,359)</u>	<u>(2,177,981)</u>
Total comprehensive income for the period		<u>(894,406)</u>	<u>(62,359)</u>	<u>(2,177,981)</u>

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



William Buck Audit (WA) Pty Ltd

SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTES	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,281,843	1,474,231
Trade and other receivables	5	87,641	99,683
Other financial assets	6(a)	20,762	19,432
Inventories	7	31,155	21,331
Contract assets	2(a)	129,267	-
Other assets	8	205	13,848
TOTAL CURRENT ASSETS		2,550,873	1,628,525
NON-CURRENT ASSETS			
Trade and other receivables	5	12,856	12,856
Other financial assets	6(b)	215,906	237,536
Property, plant and equipment	9	9,695,536	9,826,121
Infrastructure	10	113,723,936	115,192,300
TOTAL NON-CURRENT ASSETS		123,648,234	125,268,813
TOTAL ASSETS		126,199,107	126,897,338
CURRENT LIABILITIES			
Trade and other payables	13	707,520	424,665
Contract liabilities	14	234,327	209,544
Borrowings	15(a)	59,932	58,336
Employee related provisions	16	155,729	218,195
TOTAL CURRENT LIABILITIES		1,157,508	910,740
NON-CURRENT LIABILITIES			
Borrowings	15(a)	246,615	306,285
Employee related provisions	16	41,962	32,885
TOTAL NON-CURRENT LIABILITIES		288,577	339,170
TOTAL LIABILITIES		1,446,085	1,249,910
NET ASSETS		124,753,022	125,647,428
EQUITY			
Retained surplus		18,210,163	19,078,456
Reserves - cash backed	4	538,866	564,979
Revaluation surplus	12	106,003,993	106,003,993
TOTAL EQUITY		124,753,022	125,647,428

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



William Buck Audit (WA) Pty Ltd

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

	NOTES	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2019		21,351,299	470,117	106,003,993	127,825,409
Comprehensive income					
Net result for the period		(2,177,981)	-	-	(2,177,981)
Total comprehensive income for the period		(2,177,981)	-	-	(2,177,981)
Transfers from reserves	4	440,948	(440,946)	-	-
Transfers to reserves	4	(535,808)	535,808	-	-
Balance as at 30 June 2020		19,078,456	564,979	106,003,993	125,647,428
Balance at 1 July 2020		19,078,456	564,979	106,003,993	125,647,428
Comprehensive income					
Net result for the period		(894,406)	-	-	(894,406)
Total comprehensive income for the period		(894,406)	-	-	(894,406)
Transfers from reserves	4	27,604	(27,604)	-	-
Transfers to reserves	4	(1,491)	1,491	-	-
Balance as at 30 June 2021		18,210,163	538,866	106,003,993	124,753,022

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

William Buck Audit (WA) Pty Ltd

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

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,746,255	2,771,017	2,589,896
Operating grants, subsidies and contributions		1,480,848	766,375	1,633,521
Fees and charges		80,888	192,160	198,311
Interest received		25,643	31,217	31,845
Goods and services tax received		7,745	50,183	280,570
Other revenue		112,977	80,910	86,689
		<u>4,454,536</u>	<u>3,891,862</u>	<u>4,820,932</u>
Payments				
Employee costs		(1,385,387)	(1,361,068)	(1,458,315)
Materials and contracts		(1,483,712)	(1,827,466)	(1,833,882)
Utility charges		(97,610)	(111,690)	(127,492)
Interest expenses		(12,109)	(13,014)	(14,933)
Insurance paid		(142,398)	(129,020)	(128,102)
Goods and services tax paid		-	(286,258)	(193,510)
Other expenditure		(73,036)	(124,815)	(95,356)
		<u>(3,184,252)</u>	<u>(3,853,331)</u>	<u>(3,851,590)</u>
Net cash provided by / (used in) operating activities	17	<u>1,260,284</u>	<u>38,531</u>	<u>969,342</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(293,902)	(268,600)	(34,135)
Payments for construction of infrastructure	10(a)	(2,079,559)	(3,973,900)	(1,520,576)
Non-operating grants, subsidies and contributions	2(a)	1,879,848	3,526,055	1,186,184
Proceeds from financial assets at amortised cost - self supporting loans	15(b)	20,300	19,544	18,521
Proceeds from sale of property, plant & equipment	11(a)	77,864	82,300	70,909
Net cash provided by / (used in) investment activities		<u>(395,651)</u>	<u>(614,601)</u>	<u>(279,097)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(57,021)	(56,264)	(53,972)
Net cash provided by / (used in) financing activities		<u>(57,021)</u>	<u>(56,264)</u>	<u>(53,972)</u>
Net increase / (decrease) in cash held		807,612	(632,334)	636,273
Cash at beginning of year		1,474,231	1,449,354	837,958
Cash and cash equivalents at the end of the year	17	<u>2,281,843</u>	<u>817,020</u>	<u>1,474,231</u>

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

William Buck Audit (WA) Pty Ltd

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

	NOTES	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	29 (b)	191,710	359,029	20,590
		191,710	359,029	20,590
Revenue from operating activities (excluding rates)				
Governance		30,000	11,850	36,544
General purpose funding		1,297,188	663,169	1,251,521
Law, order, public safety		87,503	62,200	61,934
Health		238	6,270	4,015
Education and welfare		-	630	628
Housing		62,076	80,400	84,593
Community amenities		99,537	93,070	91,370
Recreation and culture		14,613	21,937	19,232
Transport		224,891	181,066	137,789
Economic services		36,695	28,100	26,814
Other property and services		32,636	30,370	35,250
		1,885,175	1,179,062	1,749,690
Expenditure from operating activities				
Governance		(533,903)	(515,803)	(483,234)
General purpose funding		(429,755)	(441,770)	(376,087)
Law, order, public safety		(288,669)	(362,705)	(329,032)
Health		(131,498)	(135,475)	(150,846)
Education and welfare		(4,211)	(45,495)	(33,793)
Housing		(229,085)	(234,229)	(268,428)
Community amenities		(543,885)	(585,189)	(497,526)
Recreation and culture		(841,019)	(711,799)	(777,429)
Transport		(4,324,630)	(4,291,739)	(4,502,809)
Economic services		(200,560)	(133,779)	(168,995)
Other property and services		(29,450)	(4,510)	(41,291)
		(7,356,645)	(7,462,493)	(7,629,470)
Non-cash amounts excluded from operating activities	29(a)	3,902,570	3,863,020	3,963,216
Amount attributable to operating activities		(1,377,190)	(2,061,382)	(1,895,974)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,879,846	3,526,055	1,186,184
Proceeds from disposal of assets	11(a)	77,864	82,300	70,909
Proceeds from financial assets at amortised cost - self supporting loans	15(b)	20,300	19,544	18,521
Purchase of property, plant and equipment	9(a)	(293,902)	(268,600)	(34,135)
Purchase and construction of infrastructure	10(a)	(2,079,559)	(3,973,900)	(1,520,576)
		(395,651)	(614,601)	(279,097)
Amount attributable to Investing activities		(395,651)	(614,601)	(279,097)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(57,021)	(56,264)	(53,972)
Transfers to reserves (restricted assets)	4	(1,491)	(2,770)	(535,808)
Transfers from reserves (restricted assets)	4	27,804	40,000	440,946
Amount attributable to financing activities		(30,908)	(19,034)	(148,834)
Surplus/(deficit) before imposition of general rates		(1,803,749)	(2,695,017)	(2,323,905)
Total amount raised from general rates	28(a)	2,697,418	2,695,017	2,515,615
Surplus/(deficit) after imposition of general rates	29(b)	893,669	-	191,710

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

SHIRE OF VICTORIA PLAINS
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 of this financial report.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

- Employee provisions
- Depreciation on non-current assets
- Other financial assets
- Property, Plant and Equipment
- Infrastructure

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	-	30,000	30,193
General purpose funding	1,186,404	542,489	1,136,516
Law, order, public safety	83,098	55,350	56,828
Education and welfare	-	530	528
Recreation and culture	2,107	-	-
Transport	158,518	138,006	132,072
	<u>1,428,127</u>	<u>766,375</u>	<u>1,356,137</u>
Non-operating grants, subsidies and contributions			
Transport	1,879,646	3,526,055	1,186,184
	<u>1,879,646</u>	<u>3,526,055</u>	<u>1,186,184</u>
Total grants, subsidies and contributions	<u>3,307,773</u>	<u>4,292,430</u>	<u>2,542,321</u>
Fees and charges			
Governance	2,849	3,190	3,764
General purpose funding	3,649	3,760	3,193
Law, order, public safety	2,819	2,890	2,893
Health	590	1,420	1,416
Education and welfare	-	100	100
Housing	59,023	72,520	78,266
Community amenities	99,802	86,320	86,316
Recreation and culture	6,637	6,450	6,839
Transport	15,549	-	-
Economic services	17,986	9,930	9,940
Other property and services	898	5,580	5,584
	<u>209,802</u>	<u>192,160</u>	<u>198,311</u>

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2021 Actual \$	2021 Budget \$	2020 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	1,428,127	766,375	1,356,137
Fees and charges	209,802	192,160	198,311
Other revenue	76,547	68,550	86,690
Non-operating grants, subsidies and contributions	1,879,646	3,526,055	1,186,184
	3,594,122	4,553,140	2,827,322
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Revenue from contracts with customers included as a contract liability at the start of the period	209,544	-	9,286
Revenue recognised in the current period from performance obligations satisfied in previous periods	-	-	-
Revenue from contracts with customers recognised during the year	1,504,932	1,027,085	275,714
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	24,783	24,783	1,186,184
Revenue from transfers intended for acquiring or constructing recognisable non-financial assets during the year	1,854,863	3,501,272	1,356,137
	3,594,122	4,553,140	2,827,322
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is:			
Trade and other receivables from contracts with customers	23,244	-	72,132
Contract assets	129,267	-	-
Contract liabilities from contracts with customers	(234,327)	-	(209,544)

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

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

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

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

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

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

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

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	2,697,418	2,695,017	2,515,616
Statutory permits and licences	3,369	4,310	1,416
Fines	160	-	-
	<u>2,700,947</u>	<u>2,699,327</u>	<u>2,517,032</u>
Other revenue			
Reimbursements and recoveries	36,430	12,360	11,539
Other	76,547	68,550	75,151
	<u>112,977</u>	<u>80,910</u>	<u>86,690</u>
Interest earnings			
Financial assets at amortised cost - self supporting loans	4,957	7,417	7,427
Interest on reserve funds	1,077	2,770	3,369
Rates instalment and penalty interest (refer Note 28(e))	14,828	13,820	13,820
Other interest earnings	4,781	7,210	7,329
	<u>25,643</u>	<u>31,217</u>	<u>31,945</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

Audit services

Other services

Interest expenses (finance costs)

Borrowings

Overdraft

Other expenditure

Impairment loss / (writeback) on trade and other receivables

Sundry expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	\$	\$	\$
	27,500	30,000	27,000
	-	-	1,226
	<u>27,500</u>	<u>30,000</u>	<u>28,226</u>
15(b)	9,853	13,014	14,207
	1,203	-	-
	<u>11,056</u>	<u>13,014</u>	<u>14,207</u>
	433	-	(30,557)
	72,603	124,815	125,913
	<u>73,036</u>	<u>124,815</u>	<u>95,356</u>

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time.	Payment dates adopted by Council during the year.	None.	Adopted by Council annually.	When taxable event occurs.	Not applicable.	When rates notice is issued.
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time.	Fixed terms transfer of funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Set by mutual agreement with the customer.	Based on the progress of works to match performance obligations.	Returns limited to repayment of transaction price of terms breached.	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared.
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government.	Over time.	Fixed terms transfer of funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Set by mutual agreement with the customer.	Based on the progress of works to match performance obligations.	Returns limited to repayment of transaction price of terms breached.	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared.
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment.	No obligations.	Not applicable.	Not applicable.	Cash received.	On receipt of funds.	Not applicable.	When assets are controlled.
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time.	Full payment prior to issue.	None.	Set by State legislation or limited by legislation to the cost of provision.	Based on timing of issue of the associated rights.	No refunds.	On payment and issue of the licence, registration or approval.
Pool inspections	Compliance safety check.	Single point in time.	Equal proportion based on an equal annually fee.	None.	Set by State legislation.	Apportioned equally across the inspection cycle.	No refunds.	After inspection complete based on a 4 year cycle.
Other inspections	Regulatory Food, Health and Safety.	Single point in time.	Full payment prior to inspection.	None.	Set by State legislation or limited by legislation to the cost of provision.	Applied fully on timing of inspection.	Not applicable.	Revenue recognised after inspection event occurs.
Waste management collections	Kerbside collection service.	Over time.	Payment on an annual basis in advance.	None.	Adopted by council annually.	Apportioned equally across the collection period.	Not applicable.	Output method based on regular weekly and fortnightly period as proportionate to collection service.
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites.	Single point in time.	Payment in advance at gate or on normal trading terms if credit provided.	None.	Adopted by council annually.	Based on timing of entry to facility.	Not applicable.	On entry to facility.
Property hire and entry	Use of halls and facilities.	Single point in time.	In full in advance.	Refund if event cancelled within 7 days.	Adopted by council annually.	Based on timing of entry to facility.	Returns limited to repayment of transaction price.	On entry or at conclusion of hire.
Memberships	Gym and pool membership.	Over time.	Payment in full in advance.	Refund for unused portion on application.	Adopted by council annually.	Apportioned equally across the access period.	Returns limited to repayment of transaction price.	Output method Over 12 months matched to access right.
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works.	Single point in time.	Payment in full in advance.	None.	Adopted by council annually.	Applied fully based on timing of provision.	Not applicable.	Output method based on provision of service or completion of works.
Commissions	Commissions on licencing and ticket sales.	Over time.	Payment in full on sale.	None.	Set by mutual agreement with the customer.	On receipt of funds.	Not applicable.	When assets are controlled.
Reimbursements	Insurance claims.	Single point in time.	Payment in arrears for claimable event.	None.	Set by mutual agreement with the customer.	When claim is agreed.	Not applicable.	When claim is agreed.

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2021	2020
		\$	\$
Cash at bank and on hand		2,281,843	1,474,231
Total cash and cash equivalents		2,281,843	1,474,231

Restrictions

The following classes of 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	800,319	790,239
	800,319	790,239

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

Reserves - cash backed	4	538,866	564,979
Contract liabilities from contracts with customers	14	234,327	209,544
Bonds and deposits held		27,126	15,716
Total restricted assets		800,319	790,239

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

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

4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
(a) Long service leave	\$ 4,464	\$ 13	\$ -	\$ 4,477	\$ 4,463	\$ 28	\$ -	\$ 4,491	\$ 4,437	\$ 27	\$ -	\$ 4,464
(b) Plant	66,111	164	-	66,275	50,102	305	-	50,407	49,808	16,303	-	66,111
(c) Housing	98,536	140	-	98,676	22,532	139	-	22,671	22,400	76,136	-	98,536
(d) Sewerage scheme - Calligiri	56,977	169	-	57,146	56,966	332	-	57,298	77,578	345	(20,946)	56,977
(e) Sewerage scheme - Yerecoin	21,074	63	-	21,137	21,069	111	-	21,180	-	21,074	-	21,074
(f) Refuse site maintenance	280,681	832	(27,604)	253,909	280,627	1,634	(40,000)	242,261	278,983	1,698	-	280,681
(g) Building maintenance	15,124	45	-	15,169	15,121	83	-	15,204	15,032	92	-	15,124
(h) Infrastructure	14,623	43	-	14,666	14,621	83	-	14,704	14,535	88	-	14,623
(i) Gymnasium	7,389	22	-	7,411	7,388	55	-	7,443	7,344	45	-	7,389
(j) Mogumber - Yarawindah road	-	-	-	-	-	-	-	-	-	-	-	-
	564,979	1,491	(27,604)	538,866	472,889	2,770	(40,000)	435,659	470,117	535,808	(420,000)	564,979

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

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

Name of Reserve	Anticipated date of Use	Purpose of the reserve
(a) Long service leave	Ongoing	to be used to fund annual and long service leave requirements.
(b) Plant	Ongoing	to be used for the purchase of major plant.
(c) Housing	Ongoing	to be used for the procurement of staff housing.
(d) Sewerage scheme - Calligiri	Ongoing	to be used to maintain and improve the Calligiri sewerage scheme.
(e) Sewerage scheme - Yerecoin	Ongoing	to be used to maintain and improve the Yerecoin sewerage scheme.
(f) Refuse site maintenance	Ongoing	to be used to fund future refuse site development.
(g) Building maintenance	Ongoing	to be used for the long term maintenance of shire buildings.
(h) Infrastructure	Ongoing	to be used for future infrastructure development to ensure long term Shire sustainability.
(i) Gymnasium	Ongoing	to be used for future purchases and replacement of gymnasium equipment.
(j) Mogumber - Yarawindah road	Completed	to be used for the Mogumber - Yarawindah road project.

The reserves are not expected to be used within a set period and further transfers to the reserve accounts are expected as funds are utilised.

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

5. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Current		
Rates receivable	45,618	21,444
Trade and other receivables	23,244	72,132
GST receivable	-	7,745
ATO Receivable	20,850	-
Allowance for impairment of receivables	(2,071)	(1,638)
	87,641	99,683
Non-current		
Pensioner's rates and ESL deferred	12,856	12,856
	12,856	12,856
Movement of allowance for impairment of receivables		
Opening balance	1,638	32,195
Additions	433	762
Reversal	-	(31,319)
Closing balance	2,071	1,638

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

6. OTHER FINANCIAL ASSETS

	2021	2020
	\$	\$
(a) Current assets		
Financial assets at amortised cost	20,762	19,432
	20,762	19,432
Other financial assets at amortised cost		
Self supporting loans	20,762	19,432
	20,762	19,432
(b) Non-current assets		
Other financial assets at amortised cost	162,491	184,121
Financial assets at fair value through profit and loss	53,415	53,415
	215,906	237,536
Financial assets at amortised cost		
Self supporting loans	162,491	184,121
	162,491	184,121
Financial assets at fair values through profit or loss		
Units in local government house trust	53,415	53,415
	53,415	53,415

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 30.

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

7. INVENTORIES

	2021	2020
	\$	\$
Current		
Fuel and materials	31,155	21,331
	<u>31,155</u>	<u>21,331</u>

The following movements in inventories occurred during the year:

Balance at beginning of year	21,331	33,416
Inventories expensed during the year	(142,652)	(141,971)
Additions to inventory	152,476	129,886
Balance at end of year	<u>31,155</u>	<u>21,331</u>

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.

8. OTHER ASSETS

	2021	2020
	\$	\$
Other assets - current		
Accrued income - interest receivable	205	4,324
Accrued income - self supporting loan receivable	-	9,524
	<u>205</u>	<u>13,848</u>

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.

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

9. 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 - freehold land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2019									
Gross balance at 1 July 2019	1,054,500	1,002,856	6,077,221	7,080,077	8,134,577	114,309	1,226,212	1,081,951	10,557,049
Accumulated depreciation at 1 July 2019	-	(43,390)	(213,963)	(257,353)	(257,353)	-	-	-	(257,353)
Balance at 1 July 2019	1,054,500	959,466	5,863,258	6,822,724	7,877,224	114,309	1,226,212	1,081,951	10,299,696
Additions	-	-	34,135	34,135	34,135	-	-	-	34,135
Disposals	(30,000)	(94,669)	-	(94,669)	(124,669)	-	-	-	(124,669)
Depreciation expense	-	(19,388)	(122,564)	(141,952)	(141,952)	(22,849)	(127,368)	(90,872)	(383,041)
Balance at 30 June 2020	1,024,500	845,409	5,774,829	6,620,238	7,644,738	91,460	1,098,844	991,079	9,826,121
Comprises:									
Gross balance at 30 June 2020	1,024,500	902,856	6,111,356	7,014,212	8,038,712	114,309	1,226,212	1,081,951	10,461,184
Accumulated depreciation at 30 June 2020	-	(57,447)	(336,527)	(393,974)	(393,974)	(22,849)	(127,368)	(90,872)	(635,063)
Balance at 30 June 2020	1,024,500	845,409	5,774,829	6,620,238	7,644,738	91,460	1,098,844	991,079	9,826,121
Additions	-	3,682	33,239	36,921	36,921	85,744	-	171,237	293,902
Disposals	-	-	-	-	-	-	-	(49,809)	(49,809)
Depreciation expense	-	(18,057)	(123,029)	(141,086)	(141,086)	(21,780)	(120,469)	(91,343)	(374,678)
Balance at 30 June 2021	1,024,500	831,034	5,685,039	6,516,073	7,540,573	155,424	978,375	1,021,164	9,695,536
Comprises:									
Gross balance at 30 June 2021	1,024,500	906,537	6,144,595	7,051,132	8,075,632	200,053	1,226,212	1,172,187	10,674,084
Accumulated depreciation at 30 June 2021	0	(75,503)	(459,556)	(535,059)	(535,059)	(44,629)	(247,837)	(151,023)	(978,548)
Balance at 30 June 2021	1,024,500	831,034	5,685,039	6,516,073	7,540,573	155,424	978,375	1,021,164	9,695,536

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

9. 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 - freehold land	2	Sales comparison approach and cost approach	Independent Registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered valuers	June 2017	Improvement to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent Registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered valuers	June 2017	Improvement to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
(ii) Cost					
Furniture and equipment		Cost	Cost		Purchase cost
Plant and equipment		Cost	Cost		Purchase cost
Motor vehicles		Cost	Cost		Purchase cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment, furniture and equipment and motor vehicles) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

**SHIRE OF VICTORIA PLAINS
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FOR THE YEAR ENDED 30 JUNE 2021**

10. 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 - footpaths \$	Infrastructure - other \$	Infrastructure - bridges \$	Works in progress \$	Total Infrastructure \$
As at 1 July 2019						
Gross balance at 1 July 2019	153,265,164	899,241	6,246,096	7,176,074	-	167,586,575
Accumulated depreciation at 1 July 2019	(41,877,932)	(246,671)	(3,421,466)	(4,841,048)	-	(50,387,117)
Balance at 1 July 2019	111,387,232	652,570	2,824,630	2,335,026	-	117,199,458
Additions	774,009	-	-	-	746,567	1,520,576
Depreciation expense	(3,181,426)	(11,240)	(215,942)	(119,126)	-	(3,527,734)
Balance at 30 June 2020	108,979,815	641,330	2,608,688	2,215,900	746,567	115,192,300
Comprises:						
Gross balance at 30 June 2020	154,039,173	899,241	6,246,096	7,176,074	746,567	169,107,151
Accumulated depreciation at 30 June 2020	(45,059,358)	(257,911)	(3,637,408)	(4,960,174)	-	(53,914,851)
Balance at 30 June 2020	108,979,815	641,330	2,608,688	2,215,900	746,567	115,192,300
Additions	1,956,978	97,058	25,163	360	-	2,079,559
Depreciation expense	(3,201,059)	(11,400)	(216,337)	(119,127)	-	(3,547,923)
Transfers	746,567	-	-	-	(746,567)	-
Balance at 30 June 2021	108,482,301	726,988	2,417,514	2,097,133	-	113,723,936
Comprises:						
Gross balance at 30 June 2021	156,742,718	996,299	6,271,259	7,176,434	-	171,186,710
Accumulated depreciation at 30 June 2021	(48,260,417)	(269,311)	(3,853,745)	(5,079,301)	-	(57,462,774)
Balance at 30 June 2021	108,482,301	726,988	2,417,514	2,097,133	-	113,723,936

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

10. 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	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least 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.

AUSTRALIAN ACCOUNTING STANDARDS

Revaluation (Continued)

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	-	-	-	-	-	-	-	-	30,000	30,000	-	-
Buildings - non-specialised	-	-	-	-	-	-	-	-	94,669	40,909	-	(53,760)
Plant and equipment	-	-	-	-	3,200	4,100	900	-	-	-	-	-
Motor vehicles	49,809	77,864	28,055	-	46,700	78,200	31,500	-	-	-	-	-
	49,809	77,864	28,055	-	49,900	82,300	32,400	-	124,669	70,909	-	(53,760)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Transport				
Mitsubishi ASX LS 2WD - CDO	6,691	12,272	5,581	-
Toyota Prado 3.0L Turbo Diesel	21,740	29,682	7,942	-
Toyota Prado 2017 - CEO	21,378	35,910	14,532	-
	49,809	77,864	28,055	-

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2021	2020
	\$	\$
Infrastructure - other	10,500	-
	10,500	-

(c) Temporarily Idle Assets

The Shire did not hold any temporarily idle or retired from active use assets not classified as held for sale at balance date.

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(d) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	18,057	19,423	19,388
Buildings - specialised	123,029	122,782	122,564
Furniture and equipment	21,780	23,253	22,849
Plant and equipment	120,469	127,594	127,368
Motor vehicles	91,343	91,034	90,872
Infrastructure - roads	3,201,059	3,171,340	3,181,426
Infrastructure - footpaths	11,400	11,260	11,240
Infrastructure - other	216,337	216,326	215,942
Infrastructure - bridges	119,127	112,408	119,126
	3,922,601	3,895,420	3,910,775

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets:	
- formation	not depreciated
- pavement	100 years
seal:	
- bituminous seals	15 to 20 years
- asphalt surfaces	20 years
Gravel roads:	
- formation	not depreciated
- pavement	50 years
Formed roads (unsealed):	
- formation	not depreciated
- pavement	50 years
Footpaths - slab	40 to 60 years
Sewerage piping	80 years
Water supply piping and drainage systems	17 to 90 years
Bridges	60 years
Other infrastructure	15 to 80 years

Depreciation on revaluation

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For property, plant and equipment, the gross carrying amount is restated by reference to observable market data. For infrastructure, the gross carrying amount is restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

12. REVALUATION SURPLUS

	2021 Opening Balance	2021 Change in Accounting Policy	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	4,648,657	-	-	-	-	4,648,657	4,648,657	-	-	-	-	4,648,657
Furniture and equipment	-	-	-	-	-	-	77,975	(77,975)	-	-	-	-
Plant and equipment	-	-	-	-	-	-	315,111	(315,111)	-	-	-	-
Roads	96,047,491	-	-	-	-	96,047,491	96,047,491	-	-	-	-	96,047,491
Footpaths	418,387	-	-	-	-	418,387	418,387	-	-	-	-	418,387
Other	3,530,935	-	-	-	-	3,530,935	3,530,935	-	-	-	-	3,530,935
Bridges	1,358,523	-	-	-	-	1,358,523	1,358,523	-	-	-	-	1,358,523
	106,003,993	-	-	-	-	106,003,993	106,397,079	(393,086)	-	-	-	106,003,993

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

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Accrued expenditure

	2021	2020
	\$	\$
Sundry creditors	588,045	338,705
Prepaid rates	25,654	33,214
Accrued salaries and wages	23,384	18,574
ATO liabilities	15,811	39
Bonds and deposits held	27,126	15,716
Accrued expenditure	27,500	18,417
	<u>707,520</u>	<u>424,665</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Prepaid rates

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

14. CONTRACT LIABILITIES

Current

Contract liabilities

	2021	2020
	\$	\$
Contract liabilities	234,327	209,544
	<u>234,327</u>	<u>209,544</u>

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

	Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
	\$	\$
Less than 1 year	234,327	-
	<u>234,327</u>	<u>-</u>

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.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

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

15. INFORMATION ON BORROWINGS

	2021	2020
	\$	€
(a) Borrowings		
Current	59,932	59,336
Non-current	246,615	306,285
	<u>306,547</u>	<u>365,621</u>

(b) Repayments - Borrowings

Loan Number	Institution	Interest Rate	30-Jun-21		30-June 2021		30-June 2021		30-June 2021		30-June 2021		30-June 2020		30-June 2020		30-June 2020	
			Actual Principal 1 July 2020	Interest expense	Actual	Interest	Actual	Interest	Budget Principal	Budget Interest	Budget Principal	Budget Interest	Actual	Interest	Actual	Interest	Actual	Interest
82	WATC	4.48%	40,508	1,731	(19,882)	(1,944)	20,703	40,275	1,937	(19,691)	(1,937)	20,584	59,459	2,433	(18,898)	(2,546)	40,508	
		2.49%	119,572	2,454	(17,029)	(3,052)	101,945	118,609	3,660	(17,029)	(3,660)	101,580	136,360	3,372	(16,613)	(3,547)	119,572	
84	WATC		160,060	4,185	(36,721)	(4,866)	122,648	158,884	5,597	(36,720)	(5,597)	122,164	155,619	5,805	(35,451)	(6,093)	160,060	
83	WATC	2.68%	204,541	4,615	(20,300)	(4,957)	183,659	203,553	7,417	(19,544)	(7,417)	184,009	223,500	7,676	(18,521)	(8,114)	204,541	
			204,541	4,615	(20,300)	(4,957)	183,659	203,553	7,417	(19,544)	(7,417)	184,009	223,500	7,676	(18,521)	(8,114)	204,541	
			562,621	11,900	(57,021)	(9,853)	406,547	382,437	13,014	(56,284)	(13,014)	306,173	419,319	13,481	(53,972)	(14,207)	364,621	

• **WA Treasury Corporation**

Self supporting loans are financed by payments from third parties. These are shown in Note 6 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

There were no new loan borrowings during the 2020/21 financial year.

	2021	2020
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	300,000	300,000
Bank overdraft at balance date	-	-
Credit card limit	15,000	20,000
Credit card balance at balance date	(1,659)	(1,011)
Total amount of credit unused	313,341	318,989
Loan facilities		
Loan facilities - current	59,932	58,336
Loan facilities - non-current	246,615	306,285
Total facilities in use at balance date	306,547	364,621
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Risk

Information regarding exposure to risk can be found at Note 30.

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current	131,244	86,951	218,195
Non-current	-	32,885	32,885
	131,244	119,836	251,080
Movement in provision	(12,559)	(40,830)	(53,389)
Balance at 30 June 2021	118,685	79,006	197,691
Comprises			
Current	118,685	37,044	155,729
Non-current	-	41,962	41,962
	118,685	79,006	197,691
	2021	2020	
	\$	\$	
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date	105,161	140,051	
More than 12 months from reporting date	100,361	111,029	
Expected reimbursements from other WA local governments	(7,831)	-	
	197,691	251,080	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as 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 and salaries. 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 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

Other long-term employee benefits (Continued)
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 VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, and bank overdrafts.

	Notes	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	3	2,281,843	817,020	1,474,231
Reconciliation of Net Result to Cash Provided By Operating Activities				
Net result for the period		(894,406)	(62,359)	(2,177,981)
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		-	-	(864)
Depreciation on non-current assets		3,922,601	3,895,420	3,910,775
(Profit)/loss on sale of asset		(28,055)	(32,400)	53,760
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		12,042	50,183	358,455
(Increase)/decrease in other financial assets		13,643	-	(8,505)
(Increase)/decrease in inventories		(9,824)	-	12,085
(Increase)/decrease in contract assets		(129,267)	-	-
Increase/(decrease) in trade and other payables		282,855	(286,258)	(240,243)
Increase/(decrease) in employee related provisions		(53,389)	-	-
Increase/(decrease) in accrued interest		(1,053)	-	(727)
Increase/(decrease) in other provisions		-	-	48,514
Increase/(decrease) in other liabilities		24,783	-	200,257
Non-operating grants, subsidies and contributions		(1,879,646)	(3,526,055)	(1,186,184)
Net cash provided by operating activities		1,260,284	38,531	969,342

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

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	58,679	34,300
General purpose funding	2,332,839	1,432,383
Law, order, public safety	803,070	838,380
Education and welfare	6,320	7,146
Housing	2,166,259	2,202,833
Community amenities	2,281,647	2,406,021
Recreation and culture	4,673,375	4,871,234
Transport	112,314,191	113,497,981
Economic services	177,944	186,089
Other property and services	1,384,783	1,420,971
	<u>126,199,107</u>	<u>126,897,338</u>

19. CONTINGENT LIABILITIES

The Shire operates three refuse sites:

- Bolgart Refuse Site (Licence L6956/1997/11)
- Calingiri Refuse Site Crown Reserve 34141 Calingiri-Goomalling Rd (Licence L6955/1997/11)
- Mogumber Refuse Site Crown Reserve 8588 Bindoon-Moora Rd (Licence L7011/1997/11)

All three of the above sites are Category 64 Putrescible landfill sites (PLS).

The Shire may need to rehabilitate these refuse sites after closure. The rehabilitation cost will be determined once the post-closure rehabilitation plans are prepared.

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

20. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cr. Pauline Bantock			
President's annual allowance	6,500	6,500	5,281
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	2,463
	<u>15,000</u>	<u>15,783</u>	<u>16,244</u>
Cr. David Lovelock			
Deputy President's annual allowance	1,625	1,625	2,844
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	-
	<u>10,125</u>	<u>10,908</u>	<u>11,344</u>
Cr. Stephanie Penn			
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	1,555
	<u>8,500</u>	<u>9,283</u>	<u>10,055</u>
Cr. Neville Clarke			
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	528
	<u>8,500</u>	<u>9,283</u>	<u>9,028</u>
Cr. Jaymie King			
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	-
	<u>8,500</u>	<u>9,283</u>	<u>8,500</u>
Cr. Jim Kelley			
Meeting attendance fees	7,500	7,500	5,625
Annual allowance for ICT expenses	1,000	1,000	750
Travel and accommodation expenses	191	782	984
	<u>8,691</u>	<u>9,282</u>	<u>7,359</u>
Cr. Jacqueline Corless-Crowther			
Meeting attendance fees	3,125	7,500	7,500
Annual allowance for ICT expenses	500	1,000	1,000
Travel and accommodation expenses	-	782	-
	<u>3,625</u>	<u>9,282</u>	<u>8,500</u>
Cr. Andrew Broadhurst			
Meeting attendance fees	1,875	-	1,875
Annual allowance for ICT expenses	250	-	250
Travel and accommodation expenses	-	-	299
	<u>2,125</u>	<u>-</u>	<u>2,424</u>
Cr. Gary O'Brien			
Meeting attendance fees	3,750	-	-
Annual allowance for ICT expenses	500	-	-
	<u>4,250</u>	<u>-</u>	<u>-</u>
	<u>69,316</u>	<u>73,104</u>	<u>73,454</u>

SHIRE OF VICTORIA PLAINS
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	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
20. ELECTED MEMBERS REMUNERATION (Continued)			
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	6,500	6,500	5,281
Deputy President's allowance	1,625	1,625	2,844
Meeting attendance fees	53,750	52,500	52,500
Annual allowance for ICT expenses	7,250	7,000	7,000
Travel and accommodation expenses	191	5,479	5,829
	69,316	73,104	73,454

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21. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	305,742	354,384
Post-employment benefits	43,521	46,326
Other long-term benefits	15,514	6,546
	<u>364,777</u>	<u>407,255</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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 guaranties exist in relation to related parties at year end.

	2021 Actual	2020 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	-	3,810

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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 ownership, statute or agreement.

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22. JOINT ARRANGEMENTS

(a) Share of joint operations

The following investments have been classified as Joint Operations.

(i) Calingiri - Lot 23 and 24 Harrington Street

The Shire entered into a Joint Arrangement with Homeswest on 17 December 1999. The purpose of the arrangement was for the construction of four aged persons units in Calingiri.

Financial Contributions	Shire	Homeswest	Total	Interests
	\$	\$	\$	%
Land Contribution	26,318	-	26,318	18.98%
Construction Costs	80,273	455,097	535,370	81.02%
	106,591	455,097	561,688	100%

(ii) Bolgart - Lot 184 and 191 George Street

The Shire entered into a Joint Arrangement with Homeswest on 21 February 2006. The purpose of the arrangement was for the construction of two aged persons units in Bolgart.

Financial Contributions	Shire	Homeswest	Total	Interests
	\$	\$	\$	%
Land Contribution	11,858	1,771	13,629	18.00%
Construction Costs	44,500	258,145	302,645	82.00%
	56,358	259,916	316,274	100%
Total Financial Contribution	162,949	715,013	877,962	

(b) Joint Arrangement Information

(i) Non-current Assets

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Land and Buildings	242,500	225,523	242,500
Accumulated Depreciation	(21,547)	(21,547)	(17,247)
	220,953	203,976	225,253

(ii) Statement of Comprehensive Income

Revenue			
Fees and Charges	22,603	31,790	31,781
Expenses			
Employee Costs	(7,761)	(3,550)	(1,577)
Materials and Contracts	(9,193)	(1,010)	(1,118)
Insurance	(7,209)	(2,772)	(2,771)
Utilities	(11,032)	-	-
Depreciation	(4,300)	(4,300)	(4,300)
	(16,892)	20,158	22,015

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

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

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23. MAJOR LAND TRANSACTIONS

The Shire did not have any major land transactions at the reporting date.

24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not have any trading undertakings or major trading undertakings at the reporting date.

25. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

27. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2021	2020
	\$	\$
	-	-
	-	-
	-	-

28. RATING INFORMATION

(a) Rates

RATE TYPE		Differential general rate / general rate									
Rate in \$	Number of Properties	2020/21 Actual Value	2020/21 Actual Rate	2020/21 Actual Interim Rates	2020/21 Actual Back Rates	2020/21 Actual Total Revenue	2020/21 Budget Interim Rate	2020/21 Budget Back Rate	2020/21 Budget Total Revenue	2019/20 Actual Total Revenue	
Gross rental valuations											
0.110042	162	1,790,738	197,057	-	-	197,057	197,056	-	197,056	189,312	
Unimproved valuations											
0.007333	327	332,062,500	2,435,014	(1,242)	961	2,434,733	2,434,677	-	2,434,677	2,267,596	
	489	333,853,238	2,632,071	(1,242)	961	2,631,790	2,631,733	-	2,631,733	2,456,908	
Sub-Total											
Minimum \$											
Gross rental valuations											
454	66	93,142	29,964	-	-	29,964	29,964	-	29,964	28,392	
Unimproved valuations											
595	58	2,111,235	34,510	1,154	-	35,664	33,320	-	33,320	30,316	
	124	2,204,377	64,474	1,154	-	65,628	63,284	-	63,284	58,708	
Sub-Total											
Total amount raised from general rate											
	613	336,057,615	2,696,545	(88)	961	2,697,418	2,695,017	-	2,695,017	2,515,616	
Ex-gratia rates											
						80,571	76,000		76,000	75,744	
Totals						2,777,989	2,771,017		2,771,017	2,591,359	

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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28. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Shire during the year ended 30 June 2021.

(c) Service Charges

No service charges were imposed by the Shire during the year ended 30 June 2021.

Rates Discounts

No rates discount was offered by the Shire during the year ended 30 June 2021.

(d) Waivers or Concessions

No waivers or concessions were offered by the Shire during the year ended 30 June 2021.

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	02-Sep-20	-	-	8.00%
Option Two				
First instalment	02-Sep-20	-	-	8.00%
Second instalment	04-Nov-20	6.00	5.50%	8.00%
Third instalment	06-Jan-21	6.00	5.50%	8.00%
Fourth instalment	10-Mar-21	6.00	5.50%	8.00%
		2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Interest on unpaid rates		4,744	5,080	5,078
Interest on instalment plan		10,084	8,550	8,549
Interest on ESL penalty		149	190	193
Charges on instalment plan		2,436	2,400	2,400
		17,413	16,220	16,220

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29. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2020/21 Brought Forward	2019/20 Carried Forward
	2020/21 (30 June 2021 Carried Forward)	2020/21 (30 June 2021 Carried Forward)	2020/21 (1 July 2020 Brought Forward)	2019/20 (30 June 2020 Carried Forward)
NOTES	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(28,055)	(32,400)	-
Less: Fair value adjustments to financial assets at fair value through profit and loss		-	-	(864)
Movement in employee benefit provisions (non-current)		9,077	-	(2,638)
Add / (Less): Reclassification of accrued interest on borrowings		(1,053)	-	-
Add: Loss on disposal of assets	11(a)	-	-	53,760
Add: Depreciation on non-current assets	11(d)	3,922,601	3,895,420	3,910,775
Non cash amounts excluded from operating activities		3,902,570	3,863,020	3,961,033
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(538,866)	(435,659)	(564,979)
Less: Financial assets at amortised cost - self supporting loans	6(a)	(20,762)	(19,544)	(19,432)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	15(a)	59,932	56,264	58,336
Total adjustments to net current assets		(499,696)	(398,939)	(528,258)
Net current assets used in the Rate Setting Statement				
Total current assets		2,550,873	966,827	1,628,525
Less: Total current liabilities		(1,157,508)	(567,888)	(910,740)
Less: Total adjustments to net current assets		(499,696)	(398,939)	(528,258)
Net current assets used in the Rate Setting Statement		893,669	-	189,527

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30. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2021	0.05%	2,281,843	612,083	1,669,170	590
2020					
Cash and cash equivalents	0.22%	1,474,231	410,025	1,063,616	590

Sensitivity analysis

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	16,692	10,636

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

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

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30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 and 30 June 2020 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	4.03%	4.03%	4.03%	4.03%	
Gross carrying amount	13,799	9,766	7,237	14,816	45,618
Loss allowance	556	394	292	596	1,838
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	7.63%	
Gross carrying amount	320	17,637	6,364	9,978	34,300
Loss allowance	-	-	-	762	762

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	1.00%	1.00%	1.00%	1.00%	
Gross carrying amount	9,645	598	40	12,961	23,244
Loss allowance	97	6	-	130	233
30 June 2020					
Trade and other receivables					
Expected credit loss	0.52%	0.00%	0.00%	100.00%	
Gross carrying amount	71,556	74	-	502	72,132
Loss allowance	374	-	-	502	876

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30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Trade and other payables	707,520	-	-	707,520	707,520
Borrowings	66,692	217,132	51,695	335,519	306,547
Contract liabilities	234,327	-	-	234,327	234,327
	1,008,539	217,132	51,695	1,277,366	1,248,394
2020					
Trade and other payables	426,809	-	-	426,809	426,809
Borrowings	66,755	248,348	87,171	402,274	364,621
	493,564	248,348	87,171	829,083	791,430

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31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059 Service Concession Arrangements: Grantors

Service concession assets are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time.

The Shire has considered the requirements of AASB 1059 *Service Concession Arrangements: Grantors* and confirms that the Shire has no existing arrangements that fall within the scope of this standard.

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32. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116 31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

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33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE	
To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	
To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	
To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	
To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	
To provide and maintain housing.	Provision and maintenance of elderly residents housing.
HOUSING	
To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
COMMUNITY AMENITIES	
To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
RECREATION AND CULTURE	
To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	
To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES	
To help promote the Shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
OTHER PROPERTY AND SERVICES	
To monitor and control the Shire's overhead operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

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

34. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.96	0.94	0.99
Asset consumption ratio	0.68	0.70	0.72
Asset renewal funding ratio	0.51	0.96	1.12
Asset sustainability ratio	0.50	0.35	0.86
Debt service cover ratio	17.34	8.23	(8.54)
Operating surplus ratio	(0.90)	(1.16)	(1.60)
Own source revenue coverage ratio	0.42	0.38	0.34

The above ratios are calculated as follows:

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



Audit Findings for the
Financial Year Ended 30th June 2021

Report on Significant Matter

Operating Surplus Ratio

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Background

The Shire of Victoria Plains (Shire) is required to prepare an audited Annual Financial Report each year under the *Local Government Act 1995* (the Act).

The Shire's auditor is the Office of the Auditor General (OAG). The OAG's 30 June 2021 Audit Report for the Shire is attached at Appendix 1.

A key audit requirement is the responsibility of the Auditor to identify any adverse (significant) financial trends.

Regulation 50 of the *Local Government (Financial Management) Regulations 1996* requires the inclusion of seven ratios in the Annual Financial Report.

50 Financial ratios to be included in annual financial report

(1) *The annual financial report is to include, for the financial year covered by the annual financial report and the 2 preceding financial years –*

- (a) *the current ratio; and*
- (b) *the asset consumption ratio; and*
- (c) *the asset renewal funding ratio; and*
- (d) *the asset sustainability ratio; and*
- (e) *the debt service cover ratio, and*
- (f) *the operating surplus ratio; and*
- (g) *the own source revenue coverage ratio.*

For the financial year ended 30 June 2021, the OAG has reported a significant adverse trend in the Operating Surplus Ratio. It has been noted that: the Operating Surplus Ratio has not met the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard as set out in *Operational Guideline Number 18 Financial Ratios*.

The Auditor General reported the following:

Report on Other Legal and Regulatory Requirements

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

In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:

- a. The **Operating Surplus Ratio** as reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.

Note:

The OAG made a significant finding in relation to the Operating Surplus ratio for the financial year ended 30 June 2020 i.e., the Operating Surplus Ratio is below the DLGSCI standard for the past 3 years. The OAG had also made a significant finding regarding the Shire's Current Ratio for the same financial year.

Five Year Trend

The following table presents the financial ratios for the Shire against DLGSCI benchmarks for the past five years. Within this table the Operating Surplus Ratio has been highlighted:

	Standard	2021	2020	2019	2018	2017	5 Year Average
Current ratio	≥ 1.00	1.96	0.94	0.99	1.26	1.67	1.36
Asset consumption ratio	≥ 0.50	0.68	0.70	0.72	0.68	0.97	0.75
Asset renewal funding ratio	≥ 0.75	0.51	0.96	1.12	0.84	0.94	0.87
Asset sustainability ratio	≥ 0.90	0.50	0.35	0.86	0.71	1.25	0.73
Debt service cover ratio	≥ 2.00	17.34	8.23	(8.54)	2.90	13.92	6.77
Operating surplus ratio	≥ 0.01	(0.90)	(1.16)	(1.60)	(0.60)	(0.32)	(0.92)
Own source revenue coverage ratio	≥ 0.40	0.42	0.38	0.34	0.50	0.51	0.43

Operating Surplus Ratio

As per *Local Government Operational Guidelines No 18 – Financial Ratios*, the Operating Surplus Ratio measure is described as:

Operating Surplus Ratio	
Operating Surplus Ratio =	$\frac{(\text{Operating Revenue MINUS Operating Expense})}{\text{Own Source Operating Revenue}}$
Purpose:	This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.
Standards:	Basic Standard between 1% and 15% (0.01 and 0.15) Advanced Standard > 15% (>0.15).
Definitions:	
'Operating Revenue'	Means the revenue that is operating revenue for the purposes of the AAS, excluding grants and contributions for the development or acquisition of assets.
'Operating Expense'	Means the expense that is operating expense for the purposes of the AAS.
'Own Source Operating Revenue'	Means revenue from rates and service charges, fees and user charges, reimbursements and recoveries *, interest income and profit on disposal of assets.

A key indicator of a local government's financial performance is measured by the 'Operating Surplus Ratio'. If a local government consistently achieves a positive operating surplus ratio and has soundly based long term financial plans showing that it can continue to do so in the future, having regard to asset management and the community's service level needs, then it is considered financially sustainable.

A positive ratio indicates the percentage of total own source revenue available to help fund proposed capital expenditure, transfer to cash reserves or to reduce debt.

A negative ratio indicates the percentage increase in total own source revenue (principally rates) that would have been required to achieve a break-even operating result.

The DLGSCI considers a "basic" standard to be between 1% and 15% and an "advanced" standard with a measure of over 15%.

Report per Section 7.12A(4)(a) of the Local Government Act 1995

S7.12A of the Act requires the following relating to significant matters raised in the audit report

(4) A local government must –

- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

Council considered a recommendation from the Shire Audit Committee and resolved on **X April 2022** the following response in accordance with s7.12A(4)(a) of the Act.

Purpose of Report

To report in compliance with s7.12A of the *Local Government Act 1995* relating to a significant matter raised in the 2021 audit report.

Significant Matters Identified by OAG

The Auditor General's delegate comments: "In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:

- a. The Operating Surplus Ratio as reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years."

Note:

The OAG made a significant finding in relation to the Operating Surplus ratio for the financial year ended 30 June 2020 i.e., the Operating Surplus Ratio is below the DLGSCI standard for the past 3 years. The OAG had also made a significant finding regarding the Shire's Current Ratio for the same financial year.

Implications

Operating Surplus Ratio (SRP)

If a Local Government runs ongoing under-lying operating deficits, it needs to recognise longer-term implications. Not addressing ongoing deficits is likely to mean that future Councils will struggle to be able to accommodate asset renewal needs and that service levels will decline over time. It is acknowledged that a trending reduction in the operating deficit is necessary for improved sustainable financial health of the Shire.

Management Comment

The Shire is continuing to transition towards improved long-term financial sustainability. This is outlined in the Strategic Resource Plan (SRP) adopted at the 12 August 2019 Special Council Meeting. The SRP contains both the Long-Term Financial Plan and the Asset Management Plan for the Shire.

Whilst it is acknowledged that the forecast Operating Surplus Ratio remains below the DLGSCI benchmark, the 2021 ratio of (0.90) is a further improvement from the 2020 ratio of (1.16) and a significant improvement on the 2019 ratio of (1.60).

In addition to the above, the CEO has committed to improved financial work practices. Such practices ensure that there is an improvement in the amount of cash available through efficiency and effectiveness measures.

Action Taken or Intended to be Taken

The following Integrated Plans have been adopted by Council:

- Strategic Community Plan (28 March 2018);

- Strategic Resource Plan (12 August 2019)
- Workforce Plan (12 August 2019)
- Corporate Business Plan (12 August 2019)

The Integrated plans include increases to Rates and Fees and Charges which, if followed, should improve the Operating Surplus Ratio over the course of the SRP.

The SRP forecasts rate revenue along with fees and charges to increase by 7.0% (CPI 2.0% + 5%) from year 1 to year 5 of the Plan, with a 3.0% increase (CPI 2.0% + 1%) for the remaining term of the Plan. These increases are to assist in the long-term financial stability of the Shire and to maintain the level of services to the community.

The forecast increases in rate revenue and fees and charges result in an improvement to the Operating Surplus Ratio from (0.59% rounded) in 2021 to (0.31% rounded) in 2034.

To this extent, Council recognised in setting the 2021/2022 Budget that by not following the upper end of the rate increases specified in the Shire's Long Term Financial Plan previously (7%), this has impacted on the Shire's ability to have cash that it can use to fund capital projects and put into its reserves. The Shire has been fortunate to receive key funding through the LRCI Program to help fund capital projects.

In addition, the Shire has commenced a major review of its Strategic Community Plan in 2021/2022 which will see brought forward the development of a new Long Term Financial Plan and a new Asset Management Plan.

In terms of improved financial work practices, a range of factors can, and have been implemented. This includes reducing overheads through more realistic service delivery and provision of facilities, following up debtors more effectively, leasing key plant/borrowing funds at low interest rates, effective creditors practices including better purchasing management, selling off underperforming assets or those surplus to requirements.

Proposed Completion Date

Council is committed to the following;

1. Monitoring the Operating Surplus Ratio for significant adverse trends.

It is expected that the implementation of the strategies outlined in the Strategic Resource Plan with respect to Rates and Fees and Charges increases will result in improvements in the Operating Surplus Ratio over the duration of the Strategic Resource Plan. The Shire will continue to monitor its Current Ratio and consider if any factors impacting the ratio represent a significant adverse trend.

A copy of the Forecast Financial Ratios from the Shire's Strategic Resource Plan is provided in Appendix 2.

Recommendation

That Council is committed to a trending improvement in the Operating Surplus Ratio and the long term sustainable financial health of the Shire through continued implementation and funding of its Integrated Financial Planning Framework. Also, that it will continue to monitor and support the CEO regarding key financial improvements (efficiency and effectiveness measures).

Appendix 1: OAG 30 June 2021 Audit Report

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Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Victoria Plains

To the Councillors of the Shire of Victoria Plains

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Victoria Plains:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

Page 1 of 3

using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Victoria Plains for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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

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Appendix 2: Strategic Resource Plan 2019 2034 Extract – Forecast Financial Ratios

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	Target Range		Average	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	Basic	Advanced																
LIQUIDITY RATIOS																		
Current Ratio	> 1.00	> 1.20	0.69	0.66	0.66	0.68	0.68	0.68	0.67	0.68	0.69	0.69	0.70	0.73	0.73	0.73	0.73	0.73
OPERATING RATIOS																		
Operating Surplus Ratio	> 1.00%	> 15.00%	(40.97%)	(65.58%)	(58.96%)	(52.58%)	(46.60%)	(40.45%)	(39.28%)	(38.24%)	(37.16%)	(36.05%)	(34.98%)	(34.91%)	(33.71%)	(32.72%)	(32.34%)	(30.99%)
Own Source Revenue Coverage Ratio	> 40.00%	> 60.00%	57.26%	48.38%	50.41%	52.54%	54.71%	57.11%	57.99%	58.04%	58.51%	59.01%	59.50%	59.66%	60.19%	60.68%	60.94%	61.58%
BORROWINGS RATIOS																		
Debt Service Cover Ratio	> 3	> 5	16.18	4.09	4.60	5.99	9.21	11.84	11.84	12.48	14.77	17.79	18.75	67.23	-	-	-	-
FIXED ASSET RATIOS																		
Asset Sustainability Ratio	> 90.00%	> 110.00%	61.01%	85.15%	30.69%	49.97%	46.24%	55.08%	51.14%	54.95%	51.08%	78.59%	71.52%	112.26%	50.12%	56.31%	50.50%	71.51%
Asset Consumption Ratio	> 50.00%	> 60.00%	67.08%	72.54%	71.57%	70.65%	69.75%	69.05%	69.39%	67.65%	66.89%	66.32%	65.64%	65.14%	64.36%	63.54%	62.70%	62.00%
Asset Renewal Funding Ratio	> 75.00%	> 95.00%	68.24%	111.66%	96.37%	51.00%	41.57%	40.59%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



Department of
**Local Government, Sport
and Cultural Industries**

Victoria Plains - Compliance Audit Return 2021

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	N/A		Sean Fletcher
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	N/A		Sean Fletcher
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2021?	N/A		Sean Fletcher
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	N/A		Sean Fletcher
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Sean Fletcher



Department of
**Local Government, Sport
and Cultural Industries**

Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	The Audit Committee does not have any delegated authority	Sean Fletcher
2	s5.16	Were all delegations to committees in writing?	N/A	See Q1	Sean Fletcher
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A	See Q1	Sean Fletcher
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	See Q1	Sean Fletcher
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	N/A	See Q1	Sean Fletcher
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes	As per the review of delegations 23 June 2021	Sean Fletcher
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	23 June 2021	Sean Fletcher
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	Through a Delegation Instrument	Sean Fletcher
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	Through a Delegation Instrument	Sean Fletcher
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes	23 June 2021	Sean Fletcher
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Sean Fletcher
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes		Sean Fletcher
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Sean Fletcher

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	N/A	There were no incidents	Sean Fletcher



Department of
**Local Government, Sport
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No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	There were no incidents	Sean Fletcher
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes	There were no occasions during 2021 where the CEO had an interest relating to a gift in a matter in respect of which another employee is providing advice or in a report directly to the council or a committee	Sean Fletcher
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	These documents are maintained in hardcopy form in the Shire's strong room	Sean Fletcher
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	No	There seems some doubt regarding one councillor. The Department is aware of this matter.	Sean Fletcher
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	No	There is no evidence of this in the respective registers	Sean Fletcher
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes	These are in hard copy in the Shire's strong room	Sean Fletcher
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes	Hardcopy maintained in strong room	Sean Fletcher
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Sean Fletcher
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Sean Fletcher
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes	There were no gifts disclosed during the reporting period. Register is blank	Sean Fletcher
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Sean Fletcher



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**Local Government, Sport
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	N/A	See Q11	Sean Fletcher
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Kept in the strong room	Sean Fletcher
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?* *Question not applicable after 2 Feb 2021	N/A	There were no meetings of Council prior to 24 Feb 2021	Sean Fletcher
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	N/A	See Q15	Sean Fletcher
		*Question not applicable after 2 Feb 2021			
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Sean Fletcher
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	There were no occasions where the CEO had to seek Council or the Minister's approval to provide advice or a report due to receiving a gift	Sean Fletcher
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A	There were no occasions where the CEO had to seek Council or the Minister's approval to provide advice or a report due to receiving a gift	Sean Fletcher
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	Yes		Sean Fletcher
		*Question not applicable after 2 Feb 2021			



Department of
**Local Government, Sport
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?* *Question not applicable after 2 Feb 2021	Yes	Hardcopy kept in strong room	Sean Fletcher
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	3 May 2022	Sean Fletcher
23	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	No		Sean Fletcher
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes	Listed under Delegations and Policies	Sean Fletcher
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	Yes	Listed under Delegations and Policies	Sean Fletcher

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	N/A	There were no disposals through this method in 2021	Sean Fletcher
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A	There were no disposals through this method in 2021	Sean Fletcher



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Elections

No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes	There were no gifts re the Extraordinary Election 26 March 2021 and the October 2021 Ordinary Elections	Sean Fletcher
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A	There were no electoral gifts disclosed during this time	Sean Fletcher
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	Yes	There was no change required to the Electoral Gift Register	Sean Fletcher



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Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		Sean Fletcher
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Sean Fletcher
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	No	The delay was due to the audit backlog experienced by the auditors and the OAG. The exit interview was held on 8 February 2022. The signed financial statements were required to be resubmitted to the OAG on 23 March 2022. The Audit Report (Opinion) and Management letter were then produced on 23 March 2022 and made available to the Shire on 30 March 2022	Sean Fletcher
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	See Q3	Sean Fletcher
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	Despite not receiving the Auditors Report as required, it was stated at the exit interview on 8 February 2022 the Shire has no significant matters for 2020/2021	Sean Fletcher
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A	See Q5	Sean Fletcher
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	No	See Q3, Q4, Q5	Sean Fletcher



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Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	28 March 2018	Sean Fletcher
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	12 August 2019	Sean Fletcher
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Sean Fletcher

Local Government Employees

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		Sean Fletcher
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes		Sean Fletcher
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Sean Fletcher
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	N/A		Sean Fletcher
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	No	The current Manager of Works and Services commenced on 29 November 2021	Sean Fletcher
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Sean Fletcher



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Official Conduct

No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	N/A	The CEO is the Complaints Officer	Sean Fletcher
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121 (2)?	N/A	There were no complaints in 2021	Sean Fletcher
3	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	The register is blank as there were no complaints in 2021	Sean Fletcher



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Optional Questions

No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	N/A	Is being undertaken in 2022	Sean Fletcher
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	N/A	Is being undertaken in 2022	Sean Fletcher
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	N/A	There were no such occasions	Sean Fletcher
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events ?	Yes	28 July 2021	Sean Fletcher
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Sean Fletcher
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	N/A	Adopted 18 December 2019	Sean Fletcher
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	Yes		Sean Fletcher
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes		Sean Fletcher
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all it's expenditure, revenue and income?	Yes		Sean Fletcher



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Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	No	There were two (2) instances where the Shire did not obtain a quote or an engagement letter re legal services - this was deemed a moderate risk by the OAG.	Sean Fletcher
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	N/A	There were no tenders conducted in 2021	Sean Fletcher
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	N/A	See Q2	Sean Fletcher
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	There were no occurrences of this nature	Sean Fletcher
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	N/A	See Q2	Sean Fletcher
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	N/A	See Q2	Sean Fletcher
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	N/A	See Q2	Sean Fletcher
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	See Q2	Sean Fletcher
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A	See Q2	Sean Fletcher
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	N/A	See Q2	Sean Fletcher



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No	Reference	Question	Response	Comments	Respondent
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	Yes		Sean Fletcher
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	There were no such incidents	Sean Fletcher
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23 (1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Yes	There was only one EOI received, which was accepted and listed	Sean Fletcher
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	Yes		Sean Fletcher
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	No panels were established during 2021	Sean Fletcher
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	See Q15	Sean Fletcher
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	See Q15	Sean Fletcher
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A	See Q15	Sean Fletcher
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	See Q15	Sean Fletcher
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	See Q15	Sean Fletcher
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	See Q15	Sean Fletcher



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No	Reference	Question	Response	Comments	Respondent
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A	See Q15	Sean Fletcher

I certify this Compliance Audit Return has been adopted by council at its meeting on _____

Signed Mayor/President, Victoria Plains

Signed CEO, Victoria Plains