



Audit Committee Meeting

Attachments

24 March 2021



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

Victoria Plains - Compliance Audit Return 2020

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 2020?	N/A		Sean Fletcher
2	s3.59(2)(b) F&G Regs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	N/A		Sean Fletcher
3	s3.59(2)(c) F&G Regs 7,8,10	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 2020?	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 2020?	N/A		Sean Fletcher
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Sean Fletcher



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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		Sean Fletcher
2	s5.16	Were all delegations to committees in writing?	N/A		Sean Fletcher
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Sean Fletcher
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Sean Fletcher
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	N/A		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		Sean Fletcher
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Sean Fletcher
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Sean Fletcher
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		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		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 2019/2020 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?	No	It is not clear if this has been done for all delegations. The Shire is in the process of improving its record keeping system and processes	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?	Yes		Sean Fletcher



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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		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		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		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 2020?	No	One elected member submitted their annual return on 10 September 2020. This has yet to be reported.	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?	Yes		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		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		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?	No	Returns have now been removed	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?	N/A	See Q9. This has now been actioned	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		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	It is assumed this was kept up to date. This will now be replaced by the new requirements	Sean Fletcher
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?	No	This will be actioned and the new register put in place ASAP	Sean Fletcher



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No	Reference	Question	Response	Comments	Respondent
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?	No	This will be done once the old gift register is removed	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)?	Yes		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?	Yes		Sean Fletcher
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		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		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
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes		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)?	Yes	44 Edmond St, Calingiri	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?	Yes		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?	No	It would appear that the CEO did not establish an electoral gift register prior to 2021. There were no elections held in 2020	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?	No	Unknown as it would appear that there has not been an electoral gift register in place	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)?	No	An electoral gift register has now been implemented on the Shire's website	Sean Fletcher

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	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	N/A		Sean Fletcher
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	N/A		Sean Fletcher
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	No	The OAG has advised that the main reason for the delay in finalising the Shire's 2019/2020 Audit was due to the State Government not finalising the changes to the Financial Management Regulations until early 2019 re leases and revenue and the impact of COVID-19 re resources and travel	Sean Fletcher



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No	Reference	Question	Response	Comments	Respondent
6	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?	No	See Q5	Sean Fletcher
7	s7.12A(4)(a)	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?	No	See Q5	Sean Fletcher
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s.7.12A(4)(a), was a copy of the report given to the Minister within three months of the audit report being received by the local government?	No	See Q5	Sean Fletcher
9	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?	No	See Q5	Sean Fletcher
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	Yes	OAG	Sean Fletcher
11	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 Q5	Sean Fletcher

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



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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	Manager Works & Services	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?	Yes		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

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	CEO is the complaints officer	Sean Fletcher
2	s5.121(1)	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)?	No	This was not in place prior to 2021	Sean Fletcher
3	s5.121(2)	Does the complaints register include all information required by section 5.121 (2)?	Yes	All the appropriate headings are in place within the complaints register	Sean Fletcher
4	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?	No	The complaints register is now in place on the Shire's website	Sean Fletcher

Optional Questions



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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 2020? If yes, please provide the date of council's resolution to accept the report.	No	It is unclear when this was last conducted. Arrangements have been for this to be conducted in first half of 2021	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 2020? If yes, please provide date of council's resolution to accept the report.	Yes	31 July 2019 1902-07 & 1907-14. Risk review endorsed. Compliance & Controls Review - only priorities adopted. An external review is to be done in 2019-2020. However, not carried out and will be done in first half of 2021	Sean Fletcher
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	N/A		Sean Fletcher
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	N/A		Sean Fletcher
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	No	This has yet to be developed	Sean Fletcher
6	s.5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	No	See Q5	Sean Fletcher
7	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
8	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?	Yes		Sean Fletcher
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	Yes		Sean Fletcher
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	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)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Sean Fletcher
2	F&G Reg 11A(1)	Did the local government comply with its current purchasing policy 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?	Yes		Sean Fletcher
3	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		Sean Fletcher
4	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)?	Yes		Sean Fletcher
5	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?	Yes		Sean Fletcher
6	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?	Yes	An addendum was issued to all tenders re an extension of time for RFT 02	Sean Fletcher
7	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?	Yes		Sean Fletcher
8	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?	Yes		Sean Fletcher
9	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		Sean Fletcher



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No	Reference	Question	Response	Comments	Respondent
10	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?	Yes		Sean Fletcher
11	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?	No	Successful tenderers only notified	Sean Fletcher
12	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?	N/A		Sean Fletcher
13	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		Sean Fletcher
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	N/A		Sean Fletcher
15	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services as an acceptable tenderer?	N/A		Sean Fletcher
16	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?	N/A		Sean Fletcher
17	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		Sean Fletcher
18	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		Sean Fletcher
19	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		Sean Fletcher
20	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		Sean Fletcher



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No	Reference	Question	Response	Comments	Respondent
21	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		Sean Fletcher
22	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		Sean Fletcher
23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A		Sean Fletcher
24	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?	Yes		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

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Victoria Plains

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Victoria Plains which comprises the Statement of Financial Position as at 30 June 2020, 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, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
 - b. The Current Ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last two financial years with the current year also being below the previous year.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. For approximately 15% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought.
 - b. For approximately 17% of purchase transactions we sampled, the purchase orders raised were dated after the dates of the corresponding supplier invoices.
These practices increase the risk of fraud or favouritism of suppliers, not obtaining value for money in procurement, and inappropriate or unnecessary purchases.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 33 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



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

SHIRE OF VICTORIA PLAINS

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2020

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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 30TH JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 22nd day of February 2021



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 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	27(a)	2,591,359	2,594,784	2,489,921
Operating grants, subsidies and contributions	2(a)	1,356,137	712,156	1,350,448
Fees and charges	2(a)	198,311	229,317	274,381
Interest earnings	2(a)	31,945	46,403	45,152
Other revenue	2(a)	86,690	63,319	110,329
		<u>4,264,441</u>	<u>3,645,979</u>	<u>4,270,231</u>
Expenses				
Employee costs		(1,515,810)	(1,219,401)	(1,719,360)
Materials and contracts		(1,783,969)	(1,994,841)	(2,197,029)
Utility charges		(127,492)	(110,220)	(109,015)
Depreciation on non-current assets	11(d)	(3,910,775)	(3,224,366)	(3,965,343)
Interest expenses	2(b)	(14,207)	(20,826)	(19,140)
Insurance expenses		(128,102)	(135,136)	(133,410)
Other expenditure		(95,356)	(149,498)	(172,447)
		<u>(7,575,711)</u>	<u>(6,854,288)</u>	<u>(8,315,744)</u>
		<u>(3,311,270)</u>	<u>(3,208,309)</u>	<u>(4,045,513)</u>
Non-operating grants, subsidies and contributions	2(a)	1,186,184	1,962,516	3,158,029
Profit on asset disposals	11(a)	0	4,100	0
(Loss) on asset disposals	11(a)	(53,760)	0	(218,192)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	52,551
(Loss) on revaluation of Motor Vehicles	9(a)	0	0	(463,334)
		<u>1,133,288</u>	<u>1,966,616</u>	<u>2,529,054</u>
Net result for the period		(2,177,981)	(1,241,693)	(1,516,459)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	(66,325)
Total other comprehensive income for the period		0	0	(66,325)
Total comprehensive income for the period		(2,177,981)	(1,241,693)	(1,582,784)

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



SHIRE OF VICTORIA PLAINS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		36,544	4,233	4,678
General purpose funding		3,766,273	3,174,246	3,710,300
Law, order, public safety		61,934	59,818	65,348
Health		4,015	3,150	2,858
Education and welfare		628	8,500	3,082
Housing		84,593	98,492	97,804
Community amenities		91,370	85,738	80,158
Recreation and culture		19,232	26,946	43,042
Transport		137,789	127,841	147,509
Economic services		26,814	39,355	37,513
Other property and services		35,250	17,660	77,939
		<u>4,264,441</u>	<u>3,645,979</u>	<u>4,270,231</u>
Expenses				
Governance		(483,234)	(510,513)	(560,041)
General purpose funding		(376,087)	(356,565)	(415,963)
Law, order, public safety		(329,032)	(312,101)	(359,667)
Health		(150,846)	(148,887)	(166,667)
Education and welfare		(33,793)	(56,533)	(70,648)
Housing		(268,428)	(241,243)	(258,076)
Community amenities		(497,526)	(742,819)	(530,632)
Recreation and culture		(766,768)	(664,471)	(740,274)
Transport		(4,449,049)	(3,600,278)	(4,956,596)
Economic services		(165,449)	(190,052)	(190,635)
Other property and services		(41,291)	(10,000)	(47,405)
		<u>(7,561,503)</u>	<u>(6,833,462)</u>	<u>(8,296,604)</u>
Finance Costs				
Governance		0	(2,000)	0
Community amenities		0	0	(439)
Recreation and culture		(10,661)	(14,626)	(14,173)
Economic services		(3,547)	(4,200)	(4,528)
		<u>(14,207)</u>	<u>(20,826)</u>	<u>(19,140)</u>
		<u>(3,311,269)</u>	<u>(3,208,309)</u>	<u>(4,045,513)</u>
Non-operating grants, subsidies and contributions	2(a)	1,186,184	1,962,516	3,158,029
Profit on disposal of assets	11(a)	0	4,100	0
(Loss) on disposal of assets	11(a)	(53,760)	0	(218,192)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	52,551
(Loss) on revaluation of Motor Vehicles	9(a)	0	0	(463,334)
		<u>1,133,288</u>	<u>1,966,616</u>	<u>2,529,054</u>
Net result for the period		(2,177,981)	(1,241,693)	(1,516,459)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	(66,325)
Total other comprehensive income for the period		0	0	(66,325)
Total comprehensive income for the period		(2,177,981)	(1,241,693)	(1,582,784)

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



SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,474,231	837,958
Trade receivables	5	99,683	458,136
Other financial assets at amortised cost	8	19,432	17,678
Inventories	6	21,331	33,416
Other current assets	7	13,848	5,343
TOTAL CURRENT ASSETS		1,628,525	1,352,531
NON-CURRENT ASSETS			
Trade receivables	5	12,856	12,856
Other financial assets	8(b)	237,536	256,947
Property, plant and equipment	9	9,826,121	10,299,696
Infrastructure	10	115,192,300	117,199,458
TOTAL NON-CURRENT ASSETS		125,268,813	127,768,957
TOTAL ASSETS		126,897,338	129,121,488
CURRENT LIABILITIES			
Trade and other payables	14	426,848	667,817
Borrowings	15(a)	56,153	53,129
Employee related provisions	16	218,195	167,043
Contract Liabilities	17	209,544	0
TOTAL CURRENT LIABILITIES		910,740	887,989
NON-CURRENT LIABILITIES			
Borrowings	15(a)	306,285	363,281
Employee related provisions	16	32,885	35,523
TOTAL NON-CURRENT LIABILITIES		339,170	398,804
TOTAL LIABILITIES		1,249,910	1,286,793
NET ASSETS		125,647,428	127,834,695
EQUITY			
Retained surplus		19,078,456	20,967,499
Reserves - cash backed	4	564,979	470,117
Revaluation surplus	13	106,003,993	106,397,079
TOTAL EQUITY		125,647,428	127,834,695

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



SHIRE OF VICTORIA PLAINS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2020

Audit Committee Meeting

24 March 2021

		RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
	NOTE	\$	\$	\$	\$
Balance as at 1 July 2018		22,329,228	624,847	106,463,404	129,417,479
Comprehensive income					
Net result for the period		(1,516,459)	0	0	(1,516,459)
Other comprehensive income	13	0	0	(66,325)	(66,325)
Total comprehensive income		(1,516,459)	0	(66,325)	(1,582,784)
Transfers from/(to) reserves		154,730	(154,730)	0	0
Balance as at 30 June 2019		20,967,499	470,117	106,397,079	127,834,695
Initial application of AASB 15	30(a)	(9,286)	0		(9,286)
Change in accounting policy	31	393,086	0	(393,086)	0
Restated total equity 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)	0	0	(2,177,981)
Other comprehensive income	13	0	0	0	0
Total comprehensive income		0	0	0	0
Transfers from/(to) reserves		(94,862)	94,862	0	0
Balance as at 30 June 2020		19,078,456	564,979	106,003,993	125,647,428

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

SHIRE OF VICTORIA PLAINS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,589,896	2,569,784	2,527,405
Operating grants, subsidies and contributions		1,633,521	709,656	1,427,660
Fees and charges		198,311	229,317	274,381
Interest received		31,945	46,403	45,152
Goods and services tax received		280,570	337,716	115,645
Other revenue		86,689	63,319	110,329
		4,820,932	3,956,195	4,500,572
Payments				
Employee costs		(1,458,315)	(1,219,401)	(1,558,737)
Materials and contracts		(1,833,882)	(1,966,641)	(2,122,706)
Utility charges		(127,492)	(110,220)	(109,015)
Interest expenses		(14,933)	(20,826)	(19,896)
Insurance paid		(128,102)	(135,136)	(133,410)
Goods and services tax paid		(193,510)	(358,766)	(358,766)
Other expenditure		(95,356)	(149,498)	(172,447)
		(3,851,590)	(3,960,488)	(4,474,977)
Net cash provided by (used in) operating activities	18	969,342	(4,293)	25,595
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment		(34,135)	(48,000)	(145,816)
Payments for construction of infrastructure		(1,520,576)	(2,121,289)	(3,412,142)
Non-operating grants, subsidies and contributions		1,186,184	1,962,516	3,158,029
Proceeds from sale of property, plant & equipment		70,909	4,100	166,337
Proceeds from self supporting loans		18,521	16,777	17,103
Net cash provided by (used in) investment activities		(279,097)	(185,896)	(216,489)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(53,972)	(52,228)	(61,623)
Net cash provided by (used in) financing activities		(53,972)	(52,228)	(61,623)
Net increase (decrease) in cash held		636,273	(242,417)	(252,517)
Cash at beginning of year		837,958	822,703	1,090,475
Cash and cash equivalents at the end of the year	18	1,474,231	580,286	837,958

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

SHIRE OF VICTORIA PLAINS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at 01 Jul - surplus/(deficit)	28 (b)	20,590	185,326	229,463
		20,590	185,326	229,463
Revenue from operating activities (excluding rates)				
Governance		36,544	4,233	57,229
General purpose funding		1,251,521	655,462	1,293,700
Law, order, public safety		61,934	59,818	65,348
Health		4,015	3,150	2,858
Education and welfare		628	8,500	3,082
Housing		84,593	98,492	97,804
Community amenities		91,370	85,738	80,158
Recreation and culture		19,232	26,946	43,042
Transport		137,789	131,941	147,509
Economic services		26,814	39,355	37,513
Other property and services		35,250	17,660	77,939
		1,749,690	1,131,295	1,906,182
Expenditure from operating activities				
Governance		(483,234)	(512,513)	(560,041)
General purpose funding		(376,087)	(356,565)	(415,963)
Law, order, public safety		(329,032)	(312,101)	(359,667)
Health		(150,846)	(148,887)	(166,667)
Education and welfare		(33,793)	(56,533)	(70,648)
Housing		(268,428)	(241,243)	(258,076)
Community amenities		(497,526)	(742,819)	(531,071)
Recreation and culture		(777,429)	(679,097)	(754,447)
Transport		(4,502,809)	(3,600,278)	(5,174,788)
Economic services		(168,995)	(194,252)	(195,163)
Other property and services		(41,291)	(10,000)	(510,739)
		(7,629,470)	(6,854,288)	(8,997,270)
Non-cash amounts excluded from operating activities	28(a)	3,961,033	3,220,266	4,598,283
Amount attributable to operating activities		(1,898,157)	(2,317,401)	(2,263,342)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,186,184	1,962,516	3,158,029
Proceeds from disposal of assets	11(a)	70,909	4,100	166,337
Purchase of property, plant and equipment	9(a)	(34,135)	(48,000)	(145,816)
Purchase and construction of infrastructure	10(a)	(1,520,576)	(2,121,289)	(3,412,142)
Amount attributable to investing activities		(297,618)	(202,673)	(233,592)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(53,972)	(52,228)	(61,623)
Proceeds from self supporting loans	15(b)	18,521	16,777	17,103
Transfers to reserves (restricted assets)	4	(535,808)	(127,446)	0
Transfers from reserves (restricted assets)	4	440,946	165,123	154,730
Amount attributable to financing activities		(130,313)	2,226	110,210
Surplus/(deficit) before imposition of general rates		(2,326,088)	(2,517,848)	(2,386,724)
Total amount raised from general rates	27	2,515,615	2,518,784	2,416,600
Surplus/(deficit) after imposition of general rates	28(b)	189,527	936	29,876

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

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.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to 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 (i.e. not included in the statement of financial position) 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.

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

2. REVENUE, CONTRACT LIABILITIES AND OBLIGATIONS (Continued)

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

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

2. REVENUE, CONTRACT LIABILITIES AND OBLIGATIONS (Continued)

REVENUE RECOGNITION POLICY (CONTINUED)

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
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

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

2. REVENUE AND EXPENSES (CONTINUED)

(a) Revenue

Grant Revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	30,193	0	0
General purpose funding	1,136,516	530,829	1,173,318
Law, order, public safety	56,828	49,116	52,055
Education and welfare	528	8,000	0
Community amenities	0	0	949
Transport	132,072	124,211	124,126
	1,356,137	712,156	1,350,448
Non-operating grants, subsidies and contributions			
Transport	1,186,184	1,962,516	3,158,029
	1,186,184	1,962,516	3,158,029
Total grants, subsidies and contributions	2,542,321	2,674,672	4,508,477
Fees and Charges			
Governance	3,764	4,000	7,550
General purpose funding	3,193	4,000	(1,062)
Law, order, public safety	2,893	9,200	9,434
Health	1,416	1,500	944
Education and welfare	100	500	0
Housing	78,266	86,855	85,966
Community amenities	86,316	82,762	77,723
Recreation and culture	6,839	8,350	8,911
Transport	0	0	19,171
Economic services	9,940	20,150	18,651
Other property and services	5,584	12,000	47,093
	198,311	229,317	274,381

There were no changes during the year to the amount of the 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.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions	1,356,137	712,156	1,350,448
Fees and charges	198,311	229,317	274,381
Other revenue	86,690	63,319	110,329
Non-operating grants, subsidies and contributions	1,186,184	1,962,516	3,158,029
	2,827,322	2,967,308	4,893,187

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:

Contracts with customers included as a contract liability at the start of the period	9,286	0	0
Other revenue from contracts with customers recognised during the year	275,714	292,636	384,710
Contracts from transfers intended for acquiring or constructing recognisable non financial assets recognised during the year	1,186,184	1,962,516	3,158,029
Other revenue from performance obligations satisfied during the year	1,356,137	712,156	1,350,448
	2,827,322	2,967,308	4,893,187

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	72,132	0	179,815
Contract liabilities from contracts with customers	(209,544)	0	0

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.

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

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:

	2020 Actual	2020 Budget	2019 Actual
General rates	2,515,616	2,518,784	2,416,600
Statutory permits and licences	1,416	1,500	3,472
Fines	0	1,440	330
	<u>2,517,032</u>	<u>2,521,724</u>	<u>2,420,402</u>

Other revenue

Reimbursements and recoveries	11,539	16,329	36,216
Other	75,151	46,990	74,113
	<u>86,690</u>	<u>63,319</u>	<u>110,329</u>

Interest earnings

Financial assets at amortised cost - self supporting loans	7,427	11,723	11,406
Reserve accounts interest	3,369	6,500	6,283
Rates instalment and penalty interest	13,820	14,180	13,500
Other interest earnings	7,329	14,000	13,963
	<u>31,945</u>	<u>46,403</u>	<u>45,152</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.

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings (refer Note 15(b))
- Other

Other expenditure

- Impairment loss on trade and other receivables
- Sundry expenses

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
	27,000	28,000	27,000
	1,226	0	1,775
	28,226	28,000	28,775
	14,207	18,826	19,140
	0	2,000	0
	14,207	20,826	19,140
	(30,557)	0	30,945
	125,913	149,498	141,502
	95,356	149,498	172,447

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		1,474,231	837,958
		<u>1,474,231</u>	<u>837,958</u>
Comprises:			
- Unrestricted cash and cash equivalents		683,992	343,432
- Restricted cash and cash equivalents		<u>790,239</u>	<u>494,526</u>
		1,474,231	837,958
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Long Service Leave Reserve	4	4,464	4,437
Plant Reserve	4	66,111	49,808
Housing Reserve	4	98,536	22,400
Sewerage Scheme Reserve - Calingiri	4	56,977	77,578
Sewerage Scheme Reserve - Yerecoin	4	21,074	0
Refuse Site Reserve	4	280,681	278,983
Building Maintenance Reserve	4	15,124	15,032
Infrastructure Reserve	4	14,623	14,535
Gymnasium Reserve	4	<u>7,389</u>	<u>7,344</u>
		564,979	470,117
Other restricted cash and cash equivalents			
Contract liabilities	17	209,544	0
Unspent grants/contributions		0	9,286
Bonds and deposits held	14	<u>15,716</u>	<u>15,123</u>
Total restricted cash and cash equivalents		790,239	494,526

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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

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

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

		2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
4. RESERVES - CASH BACKED		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a)	Long Service Leave Reserve	4,437	27	0	4,464	4,437	61	0	4,498	4,437	0	0	4,437
(b)	Plant Reserve	49,808	16,303	0	66,111	49,808	100,689	0	150,497	67,678	0	(17,870)	49,808
(c)	Housing Reserve	22,400	76,136	0	98,536	22,400	310	(5,000)	17,710	37,400	0	(15,000)	22,400
(d)	Sewerage Scheme Reserve - Calingiri	77,578	345	(20,946)	56,977	77,578	783	(42,249)	36,112	77,578	0	0	77,578
(e)	Sewerage Scheme Reserve - Yerecoin	0	21,074	0	21,074	0	21,236	(7,874)	13,362	0	0	0	0
(f)	Refuse Site Reserve	278,983	1,698	0	280,681	278,983	3,857	(100,000)	182,840	278,983	0	0	278,983
(g)	Building Maintenance Reserve	15,032	92	0	15,124	15,032	208	0	15,240	77,292	0	(62,260)	15,032
(h)	Infrastructure Reserve	14,535	88	0	14,623	14,535	201	(10,000)	4,736	74,135	0	(59,600)	14,535
(i)	Gymnasium Reserve	7,344	45	0	7,389	7,344	101	0	7,445	7,344	0	0	7,344
(j)	Mogumber - Yarawinda Road Reserve	0	420,000	(420,000)	0	0	0	0	0	0	0	0	0
		470,117	535,808	(440,946)	564,979	470,117	127,446	(165,123)	432,440	624,847	0	(154,730)	470,117

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Long Service Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Plant Reserve	Ongoing	To be used for the purchase of major plant.
(c) Housing Reserve	Ongoing	To be used in the procurement of staff housing.
(d) Sewerage Scheme Reserve - Calingiri	Ongoing	To be used to maintain and improve the Calingiri sewerage system.
(e) Sewerage Scheme Reserve - Yerecoin	Ongoing	To be used to maintain and improve the Yerecoin sewerage scheme
(f) Refuse Site Reserve	Ongoing	To be used to fund future refuse site development.
(g) Building Maintenance Reserve	Ongoing	To be used for the long term maintenance of Shire buildings.
(h) Infrastructure Reserve	Ongoing	To be used for future infrastructure development to ensure long term Shire sustainability.
(i) Gymnasium Reserve	Ongoing	To be used for future purchases and replacement of gymnasium equipment.
(j) Mogumber - Yarawinda Road Reserve	Closed	To be used for the Mogumber - Yarawinda Road project

5. TRADE RECEIVABLES

	2020	2019
	\$	\$
Current		
Rates receivable	21,444	22,201
Sundry receivables	72,132	179,815
GST receivable	7,745	288,315
Allowance for impairment of receivables	(1,638)	(32,195)
	<u>99,683</u>	<u>458,136</u>
Non-current		
Pensioner's rates and ESL deferred	12,856	12,856
	<u>12,856</u>	<u>12,856</u>
Movement of allowance for impairment of receivables		
Opening Balance	32,195	1,251
Additions	762	31,010
Reversal	(31,319)	(66)
Closing Balance	<u>1,638</u>	<u>32,195</u>

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 24

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.

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

6. INVENTORIES

	2020	2019
	\$	\$
Current		
Fuel and materials	21,331	33,416
	<u>21,331</u>	<u>33,416</u>

The following movements in inventories occurred during the year:

Carrying amount at 1 July	33,416	40,612
Inventories expensed during the year	(141,971)	(7,196)
Additions to inventory	129,886	0
Carrying amount at 30 June	<u>21,331</u>	<u>33,416</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.

7. OTHER ASSETS

	2020	2019
	\$	\$
Other current assets		
Accrued income - Interest receivable	4,324	1,425
Accrued income - Self supporting loan receivable	9,524	0
Accrued income - Other revenue	0	3,918
	<u>13,848</u>	<u>5,343</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.

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

8. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Other financial assets at amortised cost	19,432	17,678
	<u>19,432</u>	<u>17,678</u>
Other financial assets at amortised cost		
- Financial assets at amortised cost - self supporting loans	19,432	17,678
	<u>19,432</u>	<u>17,678</u>
(b) Non-current assets		
Other financial assets at amortised cost	184,121	204,396
Financial assets at fair value through profit and loss	53,415	52,551
	<u>237,536</u>	<u>256,947</u>
Other financial assets at amortised cost		
- Financial assets at amortised cost - self supporting loans	184,121	204,396
	<u>184,121</u>	<u>204,396</u>
Financial assets at fair value through profit or loss		
- Units in local government house trust	53,415	52,551
	<u>53,415</u>	<u>52,551</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land \$	Buildings - non- specialised \$	Buildings - specialised \$	Total buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Motor Vehicles \$	Total property, plant and equipment \$
Balance at 1 July 2018	1,054,500	966,879	5,889,471	6,856,350	7,910,850	166,918	1,648,086	1,809,002	11,534,856
Additions	0	16,577	87,472	104,049	104,049	23,897	17,870	0	145,816
(Disposals)	0	0	0	0	0	(62,045)	(268,860)	0	(330,905)
(Write-off of assets under \$5k threshold)	0	0	0	0	0	(25,293)	(28,331)	0	(53,624)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	50,076	52,555	(116,405)	(13,774)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	0	(463,334)	(463,334)
Depreciation (expense)	0	(23,990)	(113,685)	(137,675)	(137,675)	(39,244)	(170,611)	(147,312)	(494,842)
Transfers	0	0	0	0	0	0	(24,497)	0	(24,497)
Carrying amount at 30 June 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
Comprises:									
Gross carrying amount at 30 June 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 30 June 2019	0	(43,390)	(213,963)	(257,353)	(257,353)	0	0	0	(257,353)
Carrying amount at 30 June 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	0	0	34,135	34,135	34,135	0	0	0	34,135
(Disposals)	(30,000)	(94,669)	0	(94,669)	(124,669)	0	0	0	(124,669)
(Write-off of assets under \$5k threshold)	0	0	0	0	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	0	0
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	0	0	0
Depreciation (expense)	0	(19,388)	(122,564)	(141,952)	(141,952)	(22,849)	(127,368)	(90,872)	(383,041)
Transfers	0	0	0	0	0	0	0	0	0
Carrying amount 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 carrying amount 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	0	(57,447)	(336,527)	(393,974)	(393,974)	(22,849)	(127,368)	(90,872)	(635,063)
Carrying amount 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

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	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	Improvements 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	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2019	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements (Continued)

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Plant and equipment					
- Independent valuation 2019	2	Market approach using recent observable market data for similar items	Independent Registered valuers	June 2019	Price per item
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2019	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Motor Vehicles					
- Independent valuation 2019	2	Market approach using recent observable market data for similar items	Independent Registered valuers	June 2019	Price per item
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2019	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Purchase 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment 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 is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

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

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Other	Infrastructure - Bridges	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2018	111,444,310	663,810	3,012,700	2,112,500	117,233,320
Additions	3,412,142	0	0	0	3,412,142
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0
Depreciation (expense)	(3,133,146)	(11,240)	(212,567)	(113,548)	(3,470,501)
Transfers	(336,074)	0	24,497	336,074	24,497
Carrying amount at 30 June 2019	111,387,232	652,570	2,824,630	2,335,026	117,199,458
Comprises:					
Gross carrying amount at 30 June 2019	153,265,164	899,241	6,246,096	7,176,074	167,586,575
Accumulated depreciation at 30 June 2019	(41,877,932)	(246,671)	(3,421,466)	(4,841,048)	(50,387,117)
Carrying amount at 30 June 2019	111,387,232	652,570	2,824,630	2,335,026	117,199,458
Additions	1,520,576	0			1,520,576
Depreciation (expense)	(3,181,426)	(11,240)	(215,942)	(119,126)	(3,527,734)
Transfers					0
Carrying amount at 30 June 2020	109,726,382	641,330	2,608,688	2,215,900	115,192,300
Comprises:					
Gross carrying amount at 30 June 2020	154,785,740	899,241	6,246,096	7,176,074	169,107,151
Accumulated depreciation at 30 June 2020	(45,059,358)	(257,911)	(3,637,408)	(4,960,174)	(53,914,851)
Carrying amount at 30 June 2020	109,726,382	641,330	2,608,688	2,215,900	115,192,300

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and 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 30TH JUNE 2020

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

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.

Items of plant and equipment are subsequently measured using the cost model.

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

At the end of each period the 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 and infrastructure, investment properties and vested improvements to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail. Consequently, any land under roads acquired on or after 1 July 2008 was not included as an asset of the Shire.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as 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.

Refer to Note 12 that details the significant accounting policies applying for leases (including right of use assets).

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

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment		0	0	0	0	0	0	0	87,338	0	0	(87,338)
Plant and equipment			0	0	0	4,100	4,100	0	297,191	166,337	0	(130,854)
Land - freehold land	30,000	30,000	0	0	0	0	0	0	0	0	0	0
Buildings - non-specialised	94,669	40,909	0	(53,760)	0	0	0	0	0	0	0	0
	124,669	70,909	0	(53,760)	0	4,100	4,100	0	384,529	166,337	0	(218,192)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Land - Freehold				
Housing				
44 Edmonds Street - Land	30,000	30,000	0	0
	30,000	30,000	0	0
Buildings - Non Specialised				
Housing				
44 Edmonds Street - Building	94,669	40,909	0	(53,760)
	94,669	40,909	0	(53,760)
	124,669	70,909	0	(53,760)

(b) Fully Depreciated Assets in Use

The Shire did not hold any fully depreciated assets at the balance date.

(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.

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

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(d) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	19,388	23,876	23,990
Buildings - specialised	122,564	113,145	113,685
Furniture and equipment	22,849	37,808	39,244
Plant and equipment	127,368	174,688	170,611
Motor Vehicles	90,872	146,611	147,312
Infrastructure - Roads	3,181,426	2,392,484	3,133,146
Infrastructure - Footpaths	11,240	11,188	11,240
Infrastructure - Other	215,942	211,557	212,567
Infrastructure - Bridges	119,126	113,009	113,548
	3,910,775	3,224,366	3,965,343

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

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

12. RIGHT-OF-USE ASSETS

The Shire did not hold any right-of-use assets other than concessionary leases measured at zero cost.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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

13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	4,648,657	0	0	0	0	4,648,657	4,648,657	0	0	0	4,648,657
Revaluation surplus - Furniture and equipment	77,975	(77,975)	0	0	0	0	27,899	50,076	0	50,076	77,975
Revaluation surplus - Plant and equipment	315,111	(315,111)	0	0	0	0	262,556	52,555	0	52,555	315,111
Revaluation surplus - Motor Vehicles	0	0	0	0	0	0	116,405	0	(116,405)	(116,405)	0
Revaluation surplus - Investment in Local Govt House Trust*	0	0	0	0	0	0	52,551	0	(52,551)	(52,551)	0
Revaluation surplus - Infrastructure - Roads	96,047,491	0	0	0	0	96,047,491	96,047,491	0	0	0	96,047,491
Revaluation surplus - Infrastructure - Footpaths	418,387	0	0	0	0	418,387	418,387	0	0	0	418,387
Revaluation surplus - Infrastructure - Other	3,530,935	0	0	0	0	3,530,935	3,530,935	0	0	0	3,530,935
Revaluation surplus - Infrastructure - Bridges	1,358,523	0	0	0	0	1,358,523	1,358,523	0	0	0	1,358,523
	106,397,079	(393,086)	0	0	0	106,003,993	106,463,404	102,631	(168,956)	(66,325)	106,397,079

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.

* This represents the fair value adjustment of financial assets as detailed in Note 8(b) previously designated as Available-for-sale, now reversed through profit and loss.

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

14. TRADE AND OTHER PAYABLES

Current

	2020	2019
	\$	\$
Sundry creditors	338,705	367,074
Rates paid in advance	33,214	35,434
Accrued salaries and wages	18,574	9,594
ATO liabilities	39	193,549
Bonds and deposits	15,716	15,123
Accrued interest on long term borrowings	2,183	2,909
Accrued expenditure	18,417	44,134
	426,848	667,817

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.

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

15. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	56,153	53,129
Non-current	306,285	363,281
	<u>362,438</u>	<u>416,410</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal	30 June 2020	30 June 2020	30 June 2020	Budget Principal	30 June 2020	30 June 2020	30 June 2020	Actual Principal	30 June 2019	30 June 2019	30 June 2019
				1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	1 July 2019	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities															
Drought Proofing Calingiri	72	WATC*	6.48%	0	0	0	0	0	0	0	0	10,292	10,292	439	0
Recreation and culture															
Calingiri Sports Pavilion	82	WATC*	4.48%	59,114	18,838	2,546	40,276	59,113	18,838	2,903	40,275	77,135	18,021	3,668	59,114
Economic services															
Piawaning Water Supply	84	WATC*	2.49%	135,222	16,613	3,547	118,609	135,222	16,613	4,200	118,609	151,429	16,207	4,528	135,222
				<u>194,336</u>	<u>35,451</u>	<u>6,093</u>	<u>158,885</u>	<u>194,335</u>	<u>35,451</u>	<u>7,103</u>	<u>158,884</u>	<u>238,856</u>	<u>44,520</u>	<u>8,635</u>	<u>194,336</u>
Self Supporting Loans															
Recreation and culture															
Calingiri Football Club	83	WATC*	4.60%	222,074	18,521	8,115	203,553	222,097	16,777	11,723	205,320	239,177	17,103	10,505	222,074
				<u>222,074</u>	<u>18,521</u>	<u>8,115</u>	<u>203,553</u>	<u>222,097</u>	<u>16,777</u>	<u>11,723</u>	<u>205,320</u>	<u>239,177</u>	<u>17,103</u>	<u>10,505</u>	<u>222,074</u>
				<u>416,410</u>	<u>53,972</u>	<u>14,207</u>	<u>362,438</u>	<u>416,432</u>	<u>52,228</u>	<u>18,826</u>	<u>364,204</u>	<u>478,033</u>	<u>61,623</u>	<u>19,140</u>	<u>416,410</u>

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

15. INFORMATION ON BORROWINGS (Continued)**(c) New Borrowings - 2019/20**

There were no new loan borrowing during the 2019/20 financial year.

(c) Unspent Borrowings

There were no unspent loan borrowing during the 2019/20 financial year.

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	300,000	300,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	(1,011)	(2,132)
Total amount of credit unused	318,989	317,868
 Loan facilities		
Loan facilities - current	56,153	53,129
Loan facilities - non-current	306,285	363,281
Total facilities in use at balance date	362,438	416,410
 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 except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at Note 29.

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

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	106,057	60,986	167,043
Non-current provisions	0	35,523	35,523
	106,057	96,509	202,566
 Additional provision	 25,187	 23,327	 48,514
Balance at 30 June 2020	131,244	119,836	251,080
 Comprises			
Current	131,244	86,951	218,195
Non-current	0	32,885	32,885
	131,244	119,836	251,080
 Amounts are expected to be settled on the following basis:	2020	2019	
	\$	\$	
Less than 12 months after the reporting date	140,051	132,750	
More than 12 months from reporting date	111,029	76,135	
Expected reimbursements from other WA local governments	0	(6,319)	
	251,080	202,566	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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.

Provisions

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

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

17. CONTRACT LIABILITIES**Current**

Contract liabilities from transfers for recognisable non financial assets

2020	2019
\$	\$
209,544	0
209,544	0

Performance obligations from contract liabilities from transfers for recognisable non financial assets are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

209,544
209,544

SIGNIFICANT ACCOUNTING POLICIES**Contract Liabilities**

Contract liabilities represent transfers for recognisable non financial assets.

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.

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	1,474,231	580,286	837,958

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(2,177,981)	(1,241,693)	(1,516,459)
Non-cash flows in Net result:			
Depreciation	3,910,775	3,224,366	3,965,343
(Profit)/loss on sale of asset	53,760	(4,100)	218,192
Loss on revaluation of fixed assets	0	0	463,334
Fair value adjustments to financial assets at fair value through profit or loss	(864)	0	(52,551)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	358,455	(48,550)	(163,859)
(Increase)/decrease in other assets	(8,505)	0	1,131
(Increase)/decrease in inventories	12,085	3,200	7,196
Increase/(decrease) in payables	(240,969)	25,000	224,135
Increase/(decrease) in provisions	48,514	0	37,162
Increase/(decrease) in contract liabilities	200,257	0	0
Grants contributions for the development of assets	(1,186,184)	(1,962,516)	(3,158,029)
Net cash from operating activities	969,342	(4,293)	25,595

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	34,300	1,250,220
General purpose funding	1,432,383	50,180
Law, order, public safety	838,380	879,722
Education and welfare	7,146	17,259
Housing	2,202,833	2,263,047
Community amenities	2,406,021	2,501,750
Recreation and culture	4,871,234	5,059,680
Transport	113,497,981	115,290,884
Economic services	186,089	194,235
Other property and services	1,420,971	1,614,511
	126,897,338	129,121,488

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

20. 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 is required to rehabilitate these refuse sites after closure. The rehabilitation cost is yet to be determined, therefore, the contingent liability associated with these sites was not known at reporting date. The liability will be determined once the post-closure rehabilitation plans are prepared.

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

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting Fees	52,500	52,500	52,500
President's allowance	5,281	6,500	6,500
Deputy President's allowance	2,844	1,625	1,625
Travelling expenses	4,504	7,000	5,299
Telecommunications allowance	7,000	7,000	7,000
	72,129	74,625	72,924

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	354,384	335,560
Post-employment benefits	46,326	32,838
Other long-term benefits	6,546	3,722
Termination benefits	0	0
	407,255	372,120

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

21. RELATED PARTY TRANSACTIONS (Continued)**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.

	2020 Actual \$	2019 Actual \$
The following transactions occurred with related parties:		
Purchase of goods and services - other related parties	3,810	431,890
Amounts payable to related parties:		
Trade and other payables	0	35,755

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. KMP are employed by the Shire under normal employment terms and conditions.

ii. Other Related Parties

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activities 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.

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2020

22. JOINT ARRANGEMENTS

(a) Share of joint operations

The following investments have been classified as a 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.

	Shire	Homeswest	Total	Interests
	\$	\$	\$	%
Financial Contributions				
Land Contribution	26,318	-	26,318	18.98%
Construction Costs	80,273	455,097	535,370	81.02%
	106,591	455,097	561,688	100.00%

(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.

	Shire	Homeswest	Total	Interests
	\$	\$	\$	%
Financial Contributions				
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	100.00%

Total Financial Contribution	162,949	715,013	877,962
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(b) Joint Arrangement Information

(i) Non-current Assets

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Land and Buildings	242,500	242,500	242,500
Accumulated Depreciation	(17,247)	(21,594)	(12,947)
	225,253	220,906	229,553

(ii) Statement of Comprehensive Income

Revenue			
Fees and Charges	31,781	37,315	9,029
Expenses			
Employee Costs	(1,577)	(9,064)	(198)
Materials and Contracts	(1,118)	(3,205)	(38)
Insurance	(2,771)	(2,772)	0
Depreciation	(4,300)	(8,647)	(8,647)
Net result	22,015	13,627	146

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 in 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.

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

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

Apart from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A*, 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.

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

27. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
General GRV	0.105810	160	1,794,146	189,839	(527)	0	189,312	189,839	0	0	189,839	177,411
Unimproved valuations												
General UV	0.007051	306	321,973,750	2,270,237	(1,856)	(785)	2,267,596	2,270,237	0	0	2,270,237	2,185,849
Sub-Total		466	323,767,896	2,460,076	(2,384)	(785)	2,456,908	2,460,076	0	0	2,460,076	2,363,260
Minimum payment												
Gross rental valuations												
General GRV	436.80	65	89,366	28,392	0	0	28,392	28,392	0	0	28,392	30,240
Unimproved valuations												
General UV	572.00	53	1,671,475	30,316	0	0	30,316	30,316	0	0	30,316	23,100
Sub-Total		118	1,760,841	58,708	0	0	58,708	58,708	0	0	58,708	53,340
		584	325,528,737	2,518,784	(2,384)	(785)	2,515,616	2,518,784	0	0	2,518,784	2,416,600
Total amount raised from general rate							2,515,616				2,518,784	2,416,600
Ex-gratia rates							75,744				76,000	73,321
Totals							2,591,359				2,594,784	2,489,921

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

27. RATING INFORMATION (Continued)**(b) Specified Area Rate**

No specified area rates were imposed by the Shire during the year ended 30 June 2020.

(c) Service Charges

No service charges were imposed by the Shire during the year ended 30 June 2020.

(d) Discounts, Incentives, Concessions, & Write-offs**Rates Discounts**

No rates discount was offered Shire during the year ended 30 June 2020.

Waivers or Concessions

No waivers or concessions were offered Shire during the year ended 30 June 2020.

(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	23/09/2019			11.00%
Option Two				
First Instalment	23/09/2019			
Second Instalment	25/11/2019	6.00	5.50%	11.00%
Third Instalment	28/01/2020	6.00	5.50%	11.00%
Fourth Instalment	30/03/2020	6.00	5.50%	11.00%
		2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Interest on unpaid rates		5,078	6,000	5,716
Interest on instalment plan		8,549	8,000	7,608
Interest on ESL penalty		193	180	176
Charges on instalment plan		2,400	1,886	1,876
		16,220	16,066	15,376

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

28. RATE SETTING STATEMENT INFORMATION

		2019/20	2019/20	2019/20	2019/20
		2019/20	Budget	2019/20	2019/20
		(30 June 2020	(30 June 2020	1 July 2019	1 July 2019
		Carried	Carried	Brought	Carried
Note		Forward)	Forward)	Forward)	Forward)
		\$	\$		\$

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	11(a)	0	(4,100)	0	0
Less: Fair value adjustments to financial assets through profit or loss		(864)	0	(52,551)	(52,551)
Movement in pensioner deferred rates (non-current)		0	0	(3,099)	(3,099)
Movement in employee benefit provisions (non-current)		(2,638)	0	7,064	7,064
Add: Loss on disposal of assets	11(a)	53,760	0	218,192	218,192
Add: Loss on revaluation of fixed assets	9(a)	0	0	463,334	463,334
Add: Depreciation on assets	11(d)	3,910,775	3,224,366	3,965,343	3,965,343
Non cash amounts excluded from operating activities		3,961,033	3,220,266	4,598,283	4,598,283

(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 *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - restricted cash	3	(564,979)	(432,440)	(470,117)	(470,117)
Less: - Financial assets at amortised cost - self supporting loans	8(a)	(19,432)	0	(17,678)	(17,678)
Add: Borrowings	15(a)	56,153	0	53,129	53,129
Total adjustments to net current assets		(528,258)	(432,440)	(434,666)	(434,666)

Net current assets used in the Rate Setting Statement

Total current assets		1,628,525	433,376	1,352,531	1,352,531
Less: Total current liabilities		(910,740)	0	(897,275)	(887,989)
Less: Total adjustments to net current assets		(528,258)	(432,440)	(434,666)	(434,666)
Net current assets used in the Rate Setting Statement		189,527	936	20,590	29,876

(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards

Total current liabilities at 30 June 2019

- Contract liabilities from contracts with customers	30				(9,286)
Total current liabilities at 1 July 2019					(9,286)

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

29. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	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
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.22%	1,474,231	410,025	1,063,616	590
2019					
Cash and cash equivalents	0.59%	837,958	108,007	365,698	364,253

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	10,636	3,657

* 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).

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

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade 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 also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

The Shire 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 2019 or 1 July 2020 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. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for rates receivable. No expected credit loss was forecast on 30 June 2020 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
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	0	0	0	762	762

30 June 2019

Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	19,454	6,124	2,080	7,399	35,057
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Sundry Receivables					
Expected credit loss	0.52%	0.00%	0.00%	100.00%	
Gross carrying amount	71,556	74	0	502	72,132
Loss allowance	374	0	0	502	876

01 July 2019

Sundry Receivables					
Expected credit loss	15.05%	5.14%	0.00%	57.82%	
Gross carrying amount	140,152	21,869	528	17,266	179,815
Loss allowance	21,088	1,123	0	9,984	32,195

29. FINANCIAL RISK MANAGEMENT (Continued)

(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
	\$	\$	\$	\$	\$
2020					
Payables	426,809	0	0	426,809	426,809
Borrowings	70,051	237,458	193,696	501,205	362,438
	496,860	237,458	193,696	928,014	789,247
2019					
Payables	474,268	0	0	474,268	474,268
Borrowings	70,051	237,458	193,696	501,205	416,410
	544,319	237,458	193,696	975,473	890,678

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2020

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

Note	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
	\$	\$	\$
Contract liabilities - current			
Contract liabilities from contracts with customers	-	9,286	9,286
Adjustment to retained surplus from adoption of AASB 15	-	(9,286)	(9,286)

(b) AASB 1058: Income For Not-For-Profit Entities

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

There were no uncompleted contracts or funds previously recognised as revenue, applicable under AASB 1058, at the date of initial application (1 July 2019).

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 30 June 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

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

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Non-operating grants, subsidies and contributions	2(a)	1,186,184	(209,544)	1,395,728
Net result		(2,177,981)	(209,544)	(1,968,437)
Statement of Financial Position				
Contract liabilities	17	209,544	209,544	0
Net assets		125,647,428	209,544	125,856,972
Statement of Changes in Equity				
Net result		(2,177,981)	(209,544)	(1,968,437)
Retained surplus		19,078,456	(209,544)	19,288,000

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

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

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(c) AASB 16: Leases

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

There was no impact from the application of AASB 16 on the reported balances as the date of initial application (a July 2019), as the Shire had no leases applicable under AASB 16.

(d) Impact of New Accounting Standards on Retained Surplus

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			20,967,499
Adjustment to retained surplus from adoption of AASB 15	30(a)	(9,286)	
Adjustment to retained surplus from adoption of AASB 1058	30(b)	0	
Retained surplus - 1 July 2019			20,958,213

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

31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 12.

Also, following changes 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 is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change. The revaluation surplus was transferred to retained surplus on 1 July 2019.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

		Carrying amount 30 June 2019	Reclassification	Carrying amount 01 July 2019
	Note	\$	\$	\$
Revaluation surplus	13	106,397,079	(393,086)	106,003,993
Retained Surplus		20,967,499	393,086	21,360,585

(b) Changes in equity due to change in accounting policies

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019
			\$
Revaluation surplus - 30 June 2019			106,397,079
Adjustment to revaluation surplus from deletion of FM Reg 16	31(a)	(393,086)	
Revaluation surplus - 1 July 2019			106,003,993

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

31. 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 regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

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

32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

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.

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

33. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	0.94	0.99	1.26
Asset consumption ratio	0.70	0.72	0.68
Asset renewal funding ratio	0.96	1.12	0.84
Asset sustainability ratio	0.35	0.86	0.71
Debt service cover ratio	8.23	(8.54)	2.90
Operating surplus ratio	(1.16)	(1.60)	(0.60)
Own source revenue coverage ratio	0.38	0.34	0.50

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

SoVP Corporate Business Plan Update December Quarter 2020/2021 (Q2)

Priority Area	Strategy	Action	Who	Cost	Q1	Q2	Q3	Q4	Completed %	Comment
Community	1.1 Better publicise upcoming events and activities in the Shire	1.1.1 Continue to actively engage with the community using multiple platforms	CEO						100	Completed Yr1. Includes community newsletter, Shire Facebook Page. Evolving on a regular basis
	1.2 Improve aged care and support	1.2.1 Advocate for improved aged care and support services and facilities	CEO						0	Plan for 2021/2022 regarding an advocacy strategy
	1.3 Promote community health and wellbeing	1.3.1 Continue to apply for and facilitate community health and wellbeing grants	?						0	Yrs 1 & 2 Impacted by COVID-19 and lack of resources in this area
		1.3.2 Encourage community participation in community groups and events	?	\$39,000					0	Impacted by COVID-19 and lack of resources in this area. Mogumber NYE Rodeo cancelled
	1.4 Support sporting, volunteer and community groups	1.4.1 Support community groups with grant applications	?						0	Yrs 1 & 2 Impacted by COVID-19 and lack of resources in this area
		1.4.2 Support community groups in facilitating community events	?						0	Impacted by COVID-19 and lack of resources in this area
		1.4.3 Advocate for funding for multi-use collocated facilities	CEO						0	Not commenced. See 1.6.1. Reallocated to commence Yr 4
	1.5 Increase community activities	1.5.1 Celebrate community achievements and host community events and functions	OffM						0	Australia Day, Anzac Day proceeding for 2021. However, may be impacted by COVID-19. Thank a Volunteer impacted by COVID-19 and lack of resources in this area.
		1.5.2 Promote community based activities Support community groups in facilitating community events	?						0	Impacted by COVID-19 - See 1.51. Piawaning Expo?
	1.6 Develop new/ reuse existing community facilities	1.6.1 Advocate for funding for multi-use collocated facilities	CEO						0	See 1.4.3. Not commenced. Recreation Plan required first - 2021/2022 (Yr3)?
		1.6.2 Construct multi-use collocated facilities	CEO						0	Not commenced. See 1.6.1
		1.6.3 Maintain and improve community facilities in line with asset management planning	MWS	Trans \$115,000 Recreation \$436,000					0	This will take the MWS at least six months before the requirements of the AMP can be assessed and appropriate action plans put in place.
Economic	2.1 Examine opportunities to diversify the local economy through initiatives such as tourism	2.1.1 Promote local facilities and attractions	CEO						0	Planned for 2021/2022. There is a lack of resources in this area to undertake promotion regarding this action
	2.2 Improve tourist/ caravan park accommodation	2.2.1 Investigate upgrade options for tourist accommodation sites within the district	?						0	Plan for 2021/2022 including economic development plan. There is a lack of resources in this area to carry out such an investigation and level of planning
		2.2.2 Improve accommodation facilities in line with asset management planning and annual budget	MWS	\$62,000					25	The MWS has not has a chance to look at the AMPs. Work is carried out on a reactive basis at present.
	2.3 Improve community connectivity	2.3.1 Advocate for improved telecommunications services	CEO						0	Matter for commencement in 2021/2022 (Yr3)
	2.4 Initiatives to reverse ageing population	2.4.1 Promote local facilities, attractions and events	?						0	Not commenced. Impacted by lack of resources in this area. Commence Yr 3
	2.5 Art installations to support marketing of localities	2.5.1 Investigate opportunities to increase public art, promoting local attractions	?						0	Not commenced. Impacted by lack of resources in this area. Commence Yr 3
	2.6 Review land supply in town sites	2.6.1 Review Town Planning Scheme	TP						85	Omnibus amendments. Omnibus approved August OCM 2020. Initially were waiting on final approval by Minister, which was not to occur before March 2021 State Election. However, WAPC has developed a new LPS at no cost in line with the new model as of 15/02/21. This means Shire does not need to review its LPS for a further 5 years. This is a significant saving for the Shire
	2.7 Create a regional brand that encompasses all towns	2.7.1 Investigate regional branding development	CEO						0	Conduct in conjunction with AROC?
		2.7.2 Participate in regional marketing events and initiatives	CEO						0	Conduct in conjunction with AROC?
	2.8 Develop a business and industry attraction strategy	2.8.1 Develop a business and industry attraction strategy	CEO						0	Planned for 2022/2023 (Yr3). Resources needed to develop strategy

Environment	3.1	Undertake initiatives to improve recycling	3.1.1	Expand recycling program	EHO						90	Container Deposit Scheme commenced 1 October 2020. Community Groups can access Donation Points - Community provided with information. Moora Tip has offered to do a pick up at Yerecoin and Piawaning. Awaiting further information regarding liability and risk. Plan other initiatives for 2021/2022 onwards?
	3.2	Support environmental sustainability initiatives and community forums	3.2.1	Work with stakeholders and community to promote initiatives to reduce environmental impact	EHO						0	Planned to commence 2021/2022
Infrastructure	4.1	Undertake town beautification programs	4.1.1	Develop a townscape and signage plan	MWS						0	Planned for 2021/2022. SP and CEO met with Progress Association heads to discuss signage required. Also discussed at LRCG
	4.2	Improve utilities (power, water, etc)	4.2.1	Continue to lobby for appropriate power and water supplies	CEO						25	Evaluate 2020/2021. Issues identified with Piawaning/Gillingara Water Standpipe - are swipe crads required? Standpipe funding submitted LRCI
			4.2.2	Develop sewerage asset management plan	EHO	\$40,000					50	High pressure cleaning and CCTV inspection completed. Funding for Yerecoin inspection hatches submitted. Quotes for further works due Feb 2021. Licence due for renewal April 2021. ERA Exemption expires May 2022
	4.3	Maintain/ improve community facilities to an agreed standard	4.3.1	Enhance and maintain Shire controlled facilities in line with asset management plans	MWS						50	Office recarpeted (safety) and repainted. Handrail to be installed. Works in Chambers deferred
	4.4	Develop a process to deal with miscellaneous works requests	4.4.1	Respond to requests in line with asset management plans	MWS	\$4,500					75	Rebranded to customer service request system. A register has been established and the customer request form uploaded to the Shire's website. Request for Customer Service Module has been submitted to the Budget Review
	4.5	Improve facilities for trucks and drivers	4.5.1	Maintain and where possible improve facilities for trucks and drivers (include in town planning scheme review)	MWS						0	Currently managed according to the SoVP Public Property Local Law. Refer 2.6.1.
	4.6	Instigate a road verge maintenance program	4.6.1	Continue to provide transport infrastructure in line with asset management plans	MWS	C \$4.66M O \$4.09M					50	September Quarter Full circuit of maintenance grading completed. Some drainage and culvert work completed. Bolgart West seal & widening 1.2km completed. 2km shoulder and road damage repairs undertaken. Works on SE Yerecoin Rd commenced. December Quarter Yerecoin South East Rd complete. Bolgart West Rd complete.

Civic Leadership	5.1	Implement measures to improve relationship and communication between Council and community	5.1.1	Develop a communications strategy/policy	CEO	\$10,000						12.5	Specification drafted to develop strategy/policy. Also see 1.1.1. Bi-monthly newsletters being issued during pandemic. Facebook posts have increased and providing greater range of information. eMeeting protocols implemented for Council meetings due to the pandemic
			5.1.2	Continue to actively engage with the community	CEO							50	See 1.1.1. Shire President and CEO have engaged with community extensively regarding COVID-19 and recently with Progress Associations.
	5.2	Improve elected member performance	5.2.1		Council	\$15,000						50	EMs attended EM Essentials training late September and in October
	5.3	Develop an advocacy and lobbying capacity	5.3.1	Participation in Regional, State and Council boards / bodies	CEO/SP/Council							50	Shire actively participates in Zone, AROC, RRG.SRRG
	5.4	Measures to improve organisational efficiency	5.4.1	Review, update and maintain strategic and operational plans	CEO	\$5,000						50	CBP Action Plan implemented September OCM 2020. Quarterly reporting to Council in place
			5.4.2	Maintain accountability and financial responsibility in accordance with Long Term Financial Plan	OffM							50	RSM assists with this matter through compiling the annual financial statements, assisting with the Budget, the Budget Review and the Annual Financial Statements, as well as audit matters
			5.4.3	Maintain controls to promote a high level of legislative compliance throughout the organisation	GO							50	Significant matters re 2019/2020 Audit addressed and report submitted to Audit Committee, Council and the Minister. Compliance Calendar introduced in August 2020 and staff are programmed each month regarding compliance matters due. Internal Audits to commence Feb 2020. Audit Committee terms of reference redrafted and adopted at October OCM 2020. Better Practice Improvement Plan nearing completion.
			5.4.4	Support and facilitate ongoing relevant training and capacity building for staff	CEO/MFA/MWS	Admin \$9,000 Outside \$8,000						50	Training for Admin staff has been ongoing and has included on-the-job re debtors/creditors, Transport Licensing for CSOs, Bendigo Bank training and one on one records training. Training matrix to be established for Outside Crew.
			5.4.5	Maximise operational efficiencies whilst maintaining appropriate controls	CEO/OffM/MWS	\$75,000						50	Difficult to quantify in current form. However, a key efficiency and control is the Record Keeping Improvement Project: File list developed, verifying of records is underway, one on one training has occurred, hardcopy files implemented on an as needs basis, the review of the current RKP is nearly completed.
			5.4.6	Continue to provide regulatory services (including health/building inspections, ranger services)	CEO	Program Budget						50	Appropriate resources in place re EHO re environmental health and building (staff 20/21), TP and Ranger Services (currently outsourced services)
Legend													
	?	Indicates lack of staff resource in this area.											
Off-track		0 - 49% completed	Road block could be due to funding revoked or deferred, inadequate resources available, other priorities take over, natural event, or is not due to start at the moment										
Monitor		50 - 69% completed	Project is progressing adequately, staff need to ensure it does not fall into "off track"										
On-track		70 - 100% completed	The desired range when adequate resourcing is available for an action (key project, facility or service)										
Deferred		date	Sometimes, project funding is not available until a later date, or has been withdrawn or the matter is outside the Shire's resourcing and so on										

SoVP Compliance Calendar – Status January 2021

1

SoVP Compliance Calendar 2021				Last Reviewed -January 2021 by Governance Officer					
See Also: WALGA Guideline for Implementing a Compliance Calendar				Department of Local Government, Sporting and Cultural Industries (DLGSCI)					
	Compliance Action	Compliance Requirement	Section / Ref	Good Practice Resources and LG Operational Procedures	Compliance Frequency	Position Title Officer Responsible for Action Compliance	Date Completed	Records Ref (Evidence of completion)	Comments. If Action not completed, report on plan to rectify non-compliance
	January - Take Action								
Jan	Monthly Financial Report LG is to prepare each month a statement of financial activity reporting on the revenue and expenditure as set out in the annual budget under FM.Reg.22(1)(d). Presented at an Ordinary Council meeting within 2-months after the end of the month to which the statement relates.	Local Government Act 1995	s.6.4 FM.Reg.34	DLG SC WA Local Government Accounting Manual	Monthly	RSM/Office Manager			
Jan	BCTIF Levy SoVP to submit each month	Building Construction Industry Training Fund and Levy Collection Act 1990			Monthly	Office Manager			No Levy's collected by the Shire
Jan	Calingiri Gym Membership				Monthly	Office Manager			Spreadsheet Completion in Progress
Jan	Primary Returns - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s.5.75	DLG SC Operational Guideline No.21 Disclosure of Financial Interests in Returns	Bi-monthly	OCM			Return from Jamie Muir Required
Jan	Financial Interests Register - Review Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s.5.88(3)(4)		Bi-monthly	OCM			Was there a change in the last three months? Yes: Former Cr Corless-Crowther to be removed.
Jan	Compliance Audit Return - Commence Audit Commence the Compliance Audit Return as an internal audit. Due: 31 March	Local Government Act 1995	s.7.13(1)(i) Audit.Regs. 13, 14 and 15		Annual	GO			GO will need to visit SoVP to undertake in Feb 2021. Note: Will require access to DLGSC Portal to undertake Return
Jan	Primary Returns - New Elected Members - required to be lodged with CEO within 3 months of making Declarations of Office Due by: 24/01/2022	Local Government Act 1995	s.5.75(1)	WALGA Guideline - Primary and Annual Returns Management DLG SC Operational Guideline No.21 Disclosure of Financial Interests in Returns	Biennial Next due 2022	OCM			Date Declarations of Office made: 27/10/2021? Primary Return due 24/01/2022
Jan	Revaluation of Assets - Plant and Equipment - Commence Work LG must revalue all assets within the Plant and Equipment Class by the expiry of each 3-yearly interval after 30 June 2016	Local Government Act 1995	FM.Reg.17A(4)		3-yearly Next Due: 30 June 2022	Office Manager/WSM			Completed 19/07/2019
Jan	Revaluation of Assets - Land, Buildings and Infrastructure - Commence Work LG must revalue all assets within the Land Building and Infrastructure Class by the expiry of each 3-yearly interval after 30 June 2017	Local Government Act 1995	FM.Reg.17A(4)		3-yearly Next Due: 30 Sep 2021	Office Manager/WSM			Appears to have been completed in September 2018, pushing due date into 2021
Jan	Revaluation of Assets - All Other Classes of Assets - Commence Work LG must revalue all other classes of assets (other than, Plant and Equipment and Land Building and Infrastructure classes) by the expiry of each 3-yearly interval after 30 June 2018	Local Government Act 1995	FM.Reg.17A(4)		3-yearly Next Due: 30 June 2021	Office Manager			Discuss with RSM?

Jan	Annual Budget Review - Commence Review Between 1 January and 31 March in each financial year, a review of the annual budget is to be carried out. • Review must be submitted to Council within 30 days after it has been carried out. • Council is to consider the review and determine, by absolute majority, whether or not to adopt the review, any parts of the review or any recommendations made in the review DUE: 31 March	Local Government Act 1995	FM Reg.33A(1) (2A) (2) (3)	DLG SC website - WA Local Government Accounting Manual	Annual	RSM		Workshop 1 - Staff held 28/01/21 Workshop 2 - Staff held 10/02/21
Jan	Record Keeping Systems - Review Undertake a review of the efficiency and effectiveness of the LGs record keeping systems - evaluated not less than once every 5 years. CEO function - to ensure that records and document are properly kept. Last completed: dd/mm/2014 Due by: dd/mm/2019	State Records Act 2000 Local Government Act 1995	Principles and Standards 2002 - Principle 6 s.5.41(h)	State Records Office website - Guidelines State Records Office website - General Disposal Authority for Local Government Records State Records Office website - Record Keeping Plan Templates and Guidelines	5-yearly Next Due: 2019	Records Support/OCM		<i>Review conducted May/June 2020. 2021 Budget adopted so that improvements can commence</i> What is new due date? With a concerted effort to introduce a structured Records Management system to the Shire, the following has been implemented: ~1 January 2021 being the date of incoming hard copy electronic system registration; ~A transitional network drive to migrate electronic information to appropriate Records Management software; ~The transition of sensitive dated material to a secure archiving facility; ~The transition of material to a secure archiving facility; ~The destruction of appropriate material; ~The construction of a suitable compactus filing system in the Office; ~The beginning of a systematic review into "what has been archived, either electronically or hard copy"; and ~The education of staff in the matter of Records Management. <i>The task is significant in size, sensitivity and manual labour and is an ongoing project with a quote in place to cap costs.</i>
Jan	Record Keeping Plan - Review The LG's Record Keeping Plan must be reviewed within 5 years of its approval by the Commission Last completed: dd/mm/yyyy Due by: dd/mm/yyyy	State Records Act 2000 Local Government Act 1995	s.28(5) s.5.41(h)	State Records Office website - Record Keeping Plan Templates and Guidelines	5-yearly Next Due: 2019	Records Support/OCM		<i>Extension to 31/12/20 approved by SRO</i> <i>2021 Budget adopted so that new RKP can be developed. See previous action for update</i>
Jan	Local Planning Scheme - Review	Planning and Development Act 2005 Planning and Development (Local Planning Schemes) Regulations 2015	s.87 r.65		In the Fifth Year: Next Due: 2020	Town Planner		<i>Omnibus Amendments adopted in August 2020. Waiting for Minister to sign off. However, not expected at this time as the State Election is due in March 2021. Probably be June 2021 before sign off. Town Planner confirmed 14/01/21 that new planning scheme model comes into affect in Feb 2021</i>
Jan	Ward Boundary Review last completed on (date of OCM decision): 15/02/2017 Next due by: 15/02/2025	Local Government Act 1995	s.2.2 Sch.2.2(6)		8-yearly Next Due: 2025	GO		Last review reduced EMs from 9 to 7
	Salaries and Allowances Tribunal Review into Local Government - Voluntary	Western Australia Salaries and Allowances Act 1975	s7A & 7B	Current Determinations and Criteria: https://www.wa.gov.au/organisation/salaries-and-allowances-tribunal	Annual Next Due: Feb 2022	GO/Office Manager		GO advised CEO 20/01/21 that the process is now voluntary and a submission is not required for 2021
Jan	Reg 17 Review to Commence					CEO/RSM		GO/Office Manager to assist as required. Meeting to discuss scope held in December 2020

Jan	Financial Management Systems and Procedures Review At least once every 3 financial years, review the appropriateness and effectiveness of the systems and procedures established under FM Reg.5. CEO to report Review results to Council via the Audit Committee.					CEO/RSM		Office Manager to assist. Unclear when last review was conducted. Will be conducted at the same time as the Reg 17 Review
Jan	Annual Report/Annual Financial Statements 2019/2020					GO/RSM		Auditor to hold exit meeting with CEO & President. CEO to respond re Management Letter then exit meeting can be held. Adopt Feb/March 2021?
Jan	Rates Installment 3 Due					RO		

	Legend	
	Not Commenced/Outstanding	
	In Progress	
	Completed	
	Required in Subsequent Out Years	
	Status Unknown	

Sean Fletcher
Governance Officer