

## Agenda FINANCE, AUDIT AND REVEIW MEETING Monday, 20 December 2021

1





### NOTICE OF FINANCE, AUDIT AND REVIEW COMMITTEE MEETING

Dear Committee Members

The next meeting of the Shire of Wongan-Ballidu Finance, Audit and Review Committee will be held on Monday, 20 December 2021 in the Council Chambers, Cnr Elphin Crescent and Quinlan Street, Wongan Hills, commencing at 3.30 pm

STUART TAYLOR CHIEF EXECUTIVE OFFICER

### Disclaimer

The recommendations contained in the Agenda are subject to confirmation by Council. The Shire of Wongan-Ballidu warns that any person(s) who has an application lodged with Council should rely only on written confirmation of the decision made at the Council meeting. No responsibility whatsoever is implied or accepted by the Shire of Wongan-Ballidu for any act, omission, statement or intimation taking place during a Council meeting.

AGENDA INDEX	
Item 1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS/ELECTION OF OFFIC BEARERS	CE 3
1.1 ELECTION OF COMMITTEE PRESIDENT	3
Item 2. ATTENDANCE AND APOLOGIES	3
Item 3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING	3
3.1 CONFIRMATION OF THE MINUTES COMMITTEE MEETING 24 FEBRUARY 2021	3
Item 4. STAFF REPORTS	4
4.1 2020/2021 ANNUAL FINANCIAL REPORT AND MANAGEMENT REPORT	4
Item 5. CLOSURE	5

### Item 1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS/ELECTION OF OFFICE BEARERS

4

### **1.1 ELECTION OF COMMITTEE CHAIRPERSON**

### Item 2. ATTENDANCE AND APOLOGIES

### Item 3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

### 3.1 CONFIRMATION OF THE MINUTES OF THE FINANCE, AUDIT AND REVIEW COMMITTEE MEETING HELD ON 24 FEBRUARY 2021.

**COMMITTEE RECOMMENDATION** 

That the Minutes of the Finance, Audit and Review Committee Meeting held on Wednesday, 24 February 2021 be confirmed as a true and correct record of the proceedings.

### **Item 4. STAFF REPORTS**

### 4.1 2020/2021 ANNUAL FINANCIAL REPORT AND MANAGEMENT REPORT

FILE REFERENCE:	F1.5
REPORT DATE:	16 December 2021
APPLICANT/PROPONENT:	Nil
OFFICER DISCLOSURE OF INTEREST	Nil
PREVIOUS MEETING REFERENCES:	Nil
AUTHOR:	Alan Hart, Deputy Chief Executive Officer
ATTACHMENTS:	Draft Annual Financial Report, Management Report and
	Draft Management Letter

#### **PURPOSE OF REPORT:**

To present to Committee the 2020/2021 Draft Annual Financial Report and the Management Report for the Year Ended 30 June 2020.

#### BACKGROUND:

Pursuant to Sections 7.2, 7.3 and 7.9 of the Local Government Act 1995, local governments are required each year to have the accounts and annual financial report of the Council audited by the Auditor General. In addition, Section 5.54 of the Local Government Act 1995, Council is to consider and accept the Annual Report within two months of the Audited Financial Statements being available.

#### COMMENT:

The Auditor is in the final stages of finalising the audit for the 2020/21 financial year. The financial statements as presented to the Committee are at the final stage of checking by the Office of the Auditor General. They are not expected to change in any significant manner as they have been checked by the Director at Butler Settineri and the Director Financial Audit at the Office of the Auditor General. They are currently being scheduled for review by the Signing Officer at the Office of the Auditor General.

Attached and for discussion with the Auditor General and Contract Auditor is the Annual Audit Completion Report "The report".

The report recommends to the Auditor General to issue an unqualified audit opinion to Council for the year ended 30 June 2021. The report details the Key Audit matters and Audit outcomes on pages 6-7 in this document and the findings on page 8. Any non-compliance matters are detailed on page 9. Management have had the opportunity to make comment and set dates for corrective action to be completed and these are detailed in the attachment "Draft Management Letter Attachment – Shire of Wongan-Ballidu 30 June 2021"

The Annual Financial Statements and Auditor's report will be presented to Council once the auditor has signed the Audit Report.

### **POLICY REQUIREMENTS:**

There are no policy requirements in relation to this item. **LEGISLATIVE REQUIREMENTS:** 

Sections 5.27, 5.53 – 5.55 of the Local Government Act 1995.

### STRATEGIC IMPLICATIONS:

There are no known strategic requirements in relation to this item.

### SUSTAINABILITY IMPLICATIONS:

### Environment

There are no known environmental implications associated with this item.

#### > Economic

There are no known economic implications associated with this proposal.

Social

There are no known social implications associated with this item.

#### FINANCIAL IMPLICATIONS:

There are no financial implications in relation to this item.

### VOTING REQUIREMENTS: ABSOLUTE MAJORITY REQUIRED: NO

### **OFFICER RECOMMENDATION:**

That the Committee:

- 1. Accept the Annual Audit Completion Report from Butler Settineri and the Office of the Auditor General for the year ended 30 June 2021
- 2. Accept Management Letter for the year ended 30 June 2021.

Item 5. CLOSURE





## ANNUAL AUDIT COMPLETION REPORT

SHIRE OF WONGAN-BALLIDU

17 December 2021

## Real People.

Better Business

www.butlersettineri.com.au

## Introduction

### From our Engagement Partner

Shire of Wongan-Ballidu for the year ended 30 June 2021.

We would like to take this opportunity to thank the management team for their assistance during the audit process. If you have any queries on the report, please feel free to contact me.



#### MARCIA JOHNSON

Director

B.Com (Hons) CA mjohnson@butlersettineri.com.au



#### MONA LOO

**Director Financial Audit** 

OAG Representative Mona.Loo@audit.wa.gov.au

### **EXECUTIVE SUMMARY**

- Butler Settineri (Audit) Pty Ltd was appointed as the contract auditor by the Office of the Auditor General for the year ended 30 June 2021.
- Butler Settineri (Audit) Pty Ltd has completed the external statutory audit for the year ended 30 June 2021 as contract auditor on behalf of the Office of the Auditor General.
- We intend to recommend to the Auditor General to issue an unqualified audit opinion in relation to the financial statements.
- Our findings are included in this report.



### INDEPENDENCE

We are independent of the Shire in accordance with the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.

Threats to independence include the following:

- **(i)** SELF INTEREST THREATS
- **(i)** SELF REVIEW THREATS
- **(i)** ADVOCACY THREATS
- **()** FAMILIARITY THREATS
- **(i)** INTIMIDATION THREATS

What we do to remain independent:

- All team members sign an independence declaration at the commencement of the audit;
- We monitor our individual independence throughout the audit;
- All team members sign off an independence declaration at the completion of the audit.

10

# COMPLIANCE WITH LAWS & REGULATIONS & FRAUD

Laws and Regulations applicable to the Shire include the following:

- Local Government Act 1995;
- Local Government (Financial Management) Regulations 1996;
- Local Government (Audit) Regulations 1996;
- Australian Tax Office (GST / FBT / PAYG) Compliance;
- Compliance with conditions of program funding arrangements.

During the audit process there have been:

- Non-compliance issues have been reported in the audit report where applicable and are detailed on page 9 of this document.
- No findings or indications of suspected fraud.

As far as the external audit relates to the matters noted above.

## Key Audit Matters and Audit Outcomes



During the planning phase of the audit, we identified the following issues and key areas of audit risk.

Details of Risk / Issue	Audit Approach
Audit findings reported in the previous audit	There were no audit issues reported in the previous audit
Changes to accounting standards: AASB 1059 – Service Concession Arrangement: Grantors	We reviewed management's assessment of the impact of the new accounting standard on the financial statements and agree that the adoption of the accounting standard has no impact on the financial report.
Changes to Local Government (Financial Management) Regulations:	We reviewed the financial report and confirmed that management has complied with the regulation as per <i>note 22 Elected Members Remuneration</i> of the financial report.
Regulation 44 - Fees etc. to council members, information about in annual financial report	
In relation to fees, expenses or allowances paid to council	
members, the mayor or the president the annual financial report is to include, for each person —	
(a) the nature of the fee, expense or allowance; and	
(b) the total amount or value of each class of fee, expense or allowance.	
Long Service Leave Act 1958	We performed audit procedures on the long service leave provision recognised by
Long service leave is a paid leave entitlement for employees who have worked continuously in a business for a specified period of time. Full time, part time and casual employees are entitled to long service leave.	management and found that the Shire has complied with the Long Service Leave Act requirements.

We have identified the following areas that we consider require additional focus during our 2020-21 local government audits:	We reviewed the related audit evidence as part of our audit testing and confirmed that appropriate recognition and measurement and disclosures have been made in the financial report in relation to the risks identified.
Related party disclosures	
Revenue recognition	
Unauthorised expenditure	
<ul> <li>Unrecorded liabilities and expenses</li> </ul>	
Fictitious employees	
Valuation of land held for sale	
<ul> <li>Joint Arrangement – housing units</li> </ul>	
The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:	We reviewed the methodology and underlying data that management used when determining critical accounting estimates. We confirmed the reasonableness of the assumptions and corroborating representations.
Provision for annual and long service leave	
Impairment of assets	
Important changes in management or the control environment.	None during the financial year.

### AUDIT MISSTATEMENTS

Their where no uncorrected misstatements.

### AUDIT FINDINGS

- Per the Interim Management Letter Attachment:
  - 1. Review of Asset Management and Long-Term Financial Plans
  - 2. Purchase Orders
- Per the Management Letter Attachment:
  - 3. Review of Systems and Procedures
  - 4. Approval Above Delegated Authority Limit
  - 5. Verbal and Written Quotes for Purchase Orders
  - 6. Self-supporting Loan Agreements
  - 7. Disposal of Fixed Assets
  - 8. Trust Account

15

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS IN THE AUDITOR'S REPORT

### Matters indicating significant adverse trends in the financial position

1. The operating surplus ratio as reported in Note 33 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for 2021, 2020 and 2019 financial years.

## 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

- The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as management has not updated the asset management plan and long term financial plan.
- 2. A review of the appropriateness and effectiveness of the Shire's system and procedures in relation to risk management, internal control and legislative compliance was not completed by the CEO at least once every three financial years, as required by paragraph 17 of the Local Government (Audit) Regulations 1996. The last review took place in 2017.
- 3. For two purchase transactions we sampled, the approval of payment was three times the delegated authority limit of the Officer and the approval of the purchase order was twice above the delegated authority limit of the Officer. This practice increases the risk of inappropriate and unauthorised payments and purchase orders being made.
- 4. There was no evidence oral of verbal quotes obtained for 78% of the sampled purchase transactions below \$10,000 there was no evidence that the required oral or written quotation was obtained. Additionally, the purchasing software does not make provision for an oral quotation to be document. This practice increases the likelihood of not receiving value for money in procurement and the risk of fraud or favouritism of suppliers.

## Key Changes for next year

Changes in regulations

None anticipated.

### Accounting Issues for 2022

None anticipated that would have a significant impact on the financial statements for the year ending 30 June 2022.

### THANK YOU

We would like to take this opportunity to once again thank the management team for their assistance during the audit process, in particular we would like to thank Alan Hart, Stuart Taylor and the finance team for their support.



18

### Address

19

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Locked Bag 18 Subiaco WA 6904

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## SHIRE OF WONGAN-BALLIDU

#### FOR THE YEAR ENDED 30 JUNE 2021

### TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	59

### **COMMUNITY VISION**

Wongan Ballidu - a caring and supportive community driving sustainability of agriculture, services and the environment

Principal place of business: Cnr Elphin Crescent & Quinlan Street Wongan Hills WA 6603 20

#### SHIRE OF WONGAN-BALLIDU FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

### STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the

day of

2021

21

Chief Executive Officer

**Stuart Taylor** 

Name of Chief Executive Officer

#### SHIRE OF WONGAN-BALLIDU STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Revenue				
Rates	25(a)	2,967,766	2,968,739	2,971,818
Operating grants, subsidies and contributions	2(a)	2,568,415	1,382,019	3,007,987
Fees and charges	2(a)	552,697	526,878	573,177
Interest earnings	2(a)	51,263	56,333	70,114
Other revenue	2(a)	304,517	132,356	242,658
		6,444,658	5,066,325	6,865,754
Expenses				
Employee costs		(2,401,108)	(2,732,616)	(2,265,520)
Materials and contracts		(1,389,529)	(1,536,569)	(1,406,537)
Utility charges		(366,275)	(342,406)	(380,263)
Depreciation on non-current assets	10(b)	(2,540,623)	(2,434,945)	(2,437,475)
Interest expenses	2(b)	(51,320)	(52,020)	(39,629)
Insurance expenses		(261,330)	(255,470)	(259,791)
Other expenditure	2(b)	(202,316)	(248,213)	(220,270)
		(7,212,501)	(7,602,239)	(7,009,485)
		(767,843)	(2,535,914)	(143,731)
Non-operating grants, subsidies and contributions	2(a)	1,629,267	2,080,633	1,568,481
Loss on asset disposals	10(a)	(239,929)	(289,105)	(48,071)
Fair value adjustments to financial assets at fair value	10(0)	(200,020)	(200,100)	(10,071)
through profit or loss		4,683	-	-
		1,394,021	1,791,528	1,520,410
Not recult for the pariod		626,178	(744,386)	1,376,679
Net result for the period		626,178	(744,386)	1,376,679
Other comprehensive income				
Changes in asset revaluation surplus	12	13,296	-	-
Total other comprehensive income for the period		13,296	-	-
			·	
Total comprehensive income for the period		639,474	(744,386)	1,376,679

#### SHIRE OF WONGAN-BALLIDU STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM FOR THE YEAR ENDED 30 JUNE 2021

		2021	2021	2020
	NOTES	Actual	Budget	Actual
		\$	\$	\$
Revenue				
Governance		59,383	53,021	72,660
General purpose funding		5,128,917	4,028,598	5,246,347
Law, order, public safety		43,532	35,500	52,464
Health		28,507	29,100	27,589
Education and welfare		10,652	13,883	16,277
Housing		56,746	64,500	68,318
Community amenities		207,737	196,736	188,679
Recreation and culture		109,259	47,176	412,378
Transport		252,761	204,660	245,063
Economic services		71,829	37,950	77,505
Other property and services		475,335	355,201	458,474
		6,444,658	5,066,325	6,865,754
Furnance				
Expenses Governance		(205 904)	(208 040)	(254 477)
		(295,894)	(298,940)	(254,477)
General purpose funding Law, order, public safety		(121,157) (173,249)	(121,385) (161,509)	(118,175) (153,607)
Health		(385,228)	(406,067)	(383,747)
Education and welfare		(129,478)	(165,453)	(155,388)
Housing		(129,478)	(103,433)	(192,532)
Community amenities		(514,536)	(504,271)	(426,441)
Recreation and culture		(1,554,608)	(1,634,684)	(1,551,848)
Transport		(2,903,050)	(2,882,560)	(2,986,357)
Economic services		(190,682)	(239,099)	(226,547)
Other property and services		(705,621)	(944,807)	(520,737)
Other property and services		(7,161,181)	(7,550,219)	(6,969,856)
		(7,101,101)	(1,000,210)	(0,000,000)
Finance Costs				
Education and welfare		(11,395)	(11,310)	(10,789)
Housing		-	-	(1,748)
Recreation and culture		(39,437)	(39,710)	(26,619)
Other property and services		(488)	(1,000)	(473)
	2(b)	(51,320)	(52,020)	(39,629)
		(767,843)	(2,535,914)	(143,731)
Non-operating grants, subsidies and contributions	2(a)	1,629,267	2,080,633	1,568,481
Loss on disposal of assets	10(a)	(239,929)	(289,105)	(48,071)
Fair value adjustments to financial assets at fair value				
through profit or loss		4,683	-	-
		1,394,021	1,791,528	1,520,410
Net we vilt for the mented		000 470	(744.000)	4 070 070
Net result for the period		626,178	(744,386)	1,376,679
Other comprehensive income				
Other comprehensive income				
Changes in esset revoluction surplus	12	12 206		
Changes in asset revaluation surplus	IΖ	13,296	-	-
Total other comprehensive income for the period		13,296		
Total other comprehensive meetine for the period		10,230	-	-
Total comprehensive income for the period		639,474	(744,386)	1,376,679
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#### SHIRE OF WONGAN-BALLIDU STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	NOTES	2021	2020
		\$	\$
CURRENT ASSETS	2	4 162 016	2 995 270
Cash and cash equivalents Trade and other receivables	3 6	4,163,016 379,015	3,885,370 346,715
Other financial assets	5(a)	123,355	113,506
Inventories	5(a) 7	31,343	6,610
TOTAL CURRENT ASSETS	,	4,696,729	4,352,201
		.,	.,,
NON-CURRENT ASSETS			
Trade and other receivables	6	28,858	25,340
Other financial assets	5(b)	352,011	346,535
Inventories	7	189,310	211,110
Property, plant and equipment	8	29,894,342	29,972,925
Infrastructure	9	122,247,273	121,813,995
Right-of-use assets	11(a)	5,133	10,736
TOTAL NON-CURRENT ASSETS		152,716,927	152,380,641
TOTAL ASSETS		157,413,656	156,732,842
CURRENT LIABILITIES			
Trade and other payables	13	386,644	647,563
Contract liabilities	14	335,644	18,000
Lease liabilities	15(a)	4,928	5,799
Borrowings	16(a)	119,587	108,687
Employee related provisions	17	402,489	357,023
TOTAL CURRENT LIABILITIES		1,249,292	1,137,072
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	-	4,928
Borrowings	16(a)	2,052,136	2,135,665
Employee related provisions	17	88,744	71,168
TOTAL NON-CURRENT LIABILITIES		2,140,880	2,211,761
TOTAL LIABILITIES		3,390,172	3,348,833
NET ASSETS		154,023,484	153,384,009
EQUITY			
Retained surplus		61,326,366	60,771,392
Reserves - cash backed	4	1,911,870	1,840,666
Revaluation surplus	12	90,785,247	90,771,951
TOTAL EQUITY	. –	154,023,483	153,384,009
	-	. ,	· · · ·

### SHIRE OF WONGAN-BALLIDU STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

<u> </u>	NOTES	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		59,007,013	2,228,366	90,771,951	152,007,330
Comprehensive income					
Net result for the period		1,376,679	-	-	1,376,679
Total comprehensive income for the period	d –	1,376,679	-	-	1,376,679
Transfers from reserves	4	1,109,883	(1,109,883)	-	-
Transfers to reserves	4	(722,183)	722,183	-	-
Balance as at 30 June 2020	_	60,771,392	1,840,666	90,771,951	153,384,009
Comprehensive income					
Net result for the period		626,178	-	-	626,178
Other comprehensive income	12	-	-	13,296	13,296
Total comprehensive income for the period	d	626,178	-	13,296	639,474
Transfers from reserves	4	531,808	(531,808)	-	-
Transfers to reserves	4	(603,012)	603,012	-	-
Balance as at 30 June 2021	-	61,326,366	1,911,870	90,785,247	154,023,483

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

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#### SHIRE OF WONGAN-BALLIDU STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2021	2021	2020
	NOTES	Actual	Budget	Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,860,850	2,976,370	2,955,716
Operating grants, subsidies and contributions		2,771,620	1,388,932	3,036,192
Fees and charges		552,697	526,878	573,177
Interest received		51,263	56,333	70,114
Goods and services tax received		462,286	66,731	382,849
Other revenue		304,517	132,356	242,658
		7,003,233	5,147,600	7,260,706
Payments		(0.070.000)	(0.770.040)	(0.004.040)
Employee costs		(2,378,089)	(2,770,616)	(2,234,940)
Materials and contracts		(1,534,991)	(1,580,788)	(1,258,867)
Utility charges		(366,275)	(342,406)	(380,263)
Interest expenses		(51,320)	(52,020)	(39,629)
Insurance paid		(261,330)	(255,470)	(259,791)
Goods and services tax paid		(355,775)	-	(495,303)
Other expenditure		(202,316)	(248,213)	(220,271)
Net cash provided by / used in		(5,150,096)	(5,249,513)	(4,889,064)
operating activities	18	1,853,137	(101,913)	2,371,642
operating activities	10	1,000,107	(101,913)	2,371,042
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost -				
self supporting loans		(40,000)	(57,000)	_
Payments for purchase of property, plant & equipment	8(a)	(1,018,729)	(1,801,487)	(4,519,445)
			. ,	
Payments for construction of infrastructure	9(a)	(2,274,847)	(2,613,866)	(2,193,121)
Non-operating grants, subsidies and contributions	2(a)	1,629,267	2,080,633	1,568,481
Proceeds from financial assets at amortised cost -		00.040		74 700
self supporting loans		30,019	36,089	71,792
Net payments for financial assets at amortised cost	10(.)	-	-	(1,684)
Proceeds from sale of property, plant & equipment	10(a)	177,227	208,500	70,919
Net cash used in investment activities		(1 407 062)	(0 147 101)	(5.002.059)
Net cash used in investment activities		(1,497,063)	(2,147,131)	(5,003,058)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(112,629)	(118,706)	(112,431)
Payments for principal portion of lease liabilities	15(b)	(112,029)	(110,700)	(5,611)
Proceeds from new borrowings	16(b)	40,000	- 57,000	2,000,000
Net cash provided by /(used in)	10(D)	40,000	57,000	2,000,000
financing activities		(78,428)	(61,706)	1,881,958
		(70,420)	(01,700)	1,001,000
Net increase / (decrease) in cash held		277,646	(2,310,750)	(749,458)
Cash at beginning of year		3,885,370	3,736,497	4,634,828
		0,000,010	0,100,101	1,001,020
Cash and cash equivalents at the end of the year	18	4,163,016	1,425,747	3,885,370
			. ,	

SHIRE OF WONGAN-BALLIDU RATE SETTING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021	2021	2020
	NOTES	Actual	Budget	Actual
		\$	\$	\$
OPERATING ACTIVITIES	00 (h)	4 504 075	4 000 744	1 0 40 000
Net current assets at start of financial year - surplus/(deficit)	26 (b)	1,504,375 1,504,375	1,863,714	1,940,666
		1,504,575	1,863,714	1,940,666
Revenue from operating activities (excluding rates)				
Governance		64,066	53,021	72,660
General purpose funding		2,184,420	1,081,857	2,302,243
Law, order, public safety		43,532	35,500	52,464
Health		28,507	29,100	27,589
Education and welfare		10,652	13,883	16,277
Housing		56,746	64,500	68,318
Community amenities		207,737	196,736	188,679
Recreation and culture		109,259	47,176	412,378
Transport		252,761	204,660	245,063
Economic services		71,829	37,950	77,505
Other property and services		475,335	355,203	458,474
		3,504,844	2,119,586	3,921,650
Expenditure from operating activities				
Governance		(296,136)	(307,375)	(257,379)
General purpose funding		(121,157)	(121,385)	(118,175)
Law, order, public safety		(173,249)	(161,509)	(153,607)
Health		(385,228)	(406,067)	(383,747)
Education and welfare		(140,873)	(176,764)	(166,177)
Housing		(187,678)	(191,444)	(194,280)
Community amenities Recreation and culture		(514,536)	(504,271)	(426,441)
Transport		(1,826,025) (2,910,757)	(1,847,292) (2,990,330)	(1,578,467) (3,031,526)
Economic services		(190,682)	(2,990,330) (239,099)	(226,547)
Other property and services		(706,109)	(945,807)	(521,210)
		(7,452,430)	(7,891,343)	(7,057,556)
		(1,102,100)	(1,001,010)	(1,001,000)
Non-cash amounts excluded from operating activities	26(a)	2,811,967	2,724,050	2,487,227
Amount attributable to operating activities	_==(==)	368,756	(1,183,993)	1,291,987
· ····································		,	(1,100,000)	1,201,001
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,629,267	2,080,633	1,568,481
Proceeds from disposal of assets	10(a)	177,227	208,500	70,919
Proceeds from financial assets at amortised cost - self supporting loans		30,019	36,089	71,792
Payments for financial assets at amortised cost - self supporting loans		(40,000)	(57,000)	-
Purchase of property, plant and equipment	8(a)	(1,018,729)	(1,801,487)	(4,519,445)
Purchase and construction of infrastructure	9(a)	(2,274,847)	(2,613,866)	(2,193,121)
Amount attributable to investing activities		(1,497,063)	(2,147,131)	(5,001,374)
FINANCING ACTIVITIES	10(1)	( , , , , , , , , , , , , , , , , , , ,	( ( ( = = = = = = = = = = = = = = = = =	
Repayment of borrowings	16(b)	(112,629)	(118,706)	(112,431)
Proceeds from borrowings	16(b)	40,000	57,000	2,000,000
Payments for principal portion of lease liabilities	15(b)	(5,799)	-	(5,611)
Transfers to reserves (restricted assets) Transfers from reserves (restricted assets)	4	(603,012) 531,808	(318,760) 764 851	(722,183) 1,109,883
Amount attributable to financing activities	4	(149,632)	764,851 384,385	2,269,658
החוסמות מנוושעומשוב נס ווומווטווש מכנועונובס		(149,032)	504,505	2,209,000
Surplus/(deficit) before imposition of general rates		(1,277,939)	(2,946,739)	(1,439,729)
Total amount raised from general rates	25(a)	2,944,497	2,946,739	2,944,104
Surplus/(deficit) after imposition of general rates	26(b)	1,666,558		1,504,375
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### SHIRE OF WONGAN-BALLIDU INDEX OF NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	15
Note 3	Cash and Cash Equivalents	16
Note 4	Reserves - Cash Backed	17
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Leases	28
Note 12	Revaluation Surplus	30
Note 13	Trade and Other Payables	31
Note 14	Contract Liabilities	32
Note 15	Lease Liabilities	33
Note 16	Information on Borrowings	34
Note 17	Employee Provisions	36
Note 18	Notes to the Statement of Cash Flows	37
Note 19	Total Assets Classified by Function and Activity	38
Note 20	Contingent Liabilities	39
Note 21	Capital and Leasing Commitments	40
Note 22	Elected Members Remuneration	41
Note 23	Related Party Transactions	43
Note 24	Joint Arrangements	45
Note 25	Rating Information	46
Note 26	Rate Setting Statement Information	49
Note 27	Financial Risk Management	50
Note 28	Events occurring after the end of the Reporting Period	53
Note 29	Initial Application of Australian Accounting Standards	54
Note 30	Trust Funds	55
Note 31	Other Significant Accounting Policies	56
Note 32	Activities/Programs	57
Note 33	Financial Ratios	58

#### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 1. BASIS OF PREPARATION

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

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

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost

rather than at fair value. The exception is vested improvements on

concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

#### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

#### INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The impact of adoption of these standards is described at Note 29.

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application

to local government in future years:

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

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

#### **CRITICAL ACCOUNTING ESTIMATES**

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

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

#### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

#### 2. REVENUE AND EXPENSES

#### (a) Grant revenue

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

	2021	2021	2020
	Actual	Budget	Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	19,169	18,000	6,000
General purpose funding	2,114,421	996,700	2,202,342
Law, order, public safety	32,165	25,000	39,998
Community amenities	987	2,500	-
Recreation and culture	66,098	-	370,000
Transport	202,278	202,160	235,881
Other property and services	133,297	137,659	153,766
	2,568,415	1,382,019	3,007,987
Non-operating grants, subsidies and contributions			
Recreation and culture	381,218	891,548	409,331
Transport	1,248,049	1,189,085	1,159,150
	1,629,267	2,080,633	1,568,481
Total grants, subsidies and contributions	4,197,682	3,462,652	4,576,468
Fees and charges			
Governance	9,845	7,500	7,195
General purpose funding	6,140	5,350	7,248
Law, order, public safety	11,366	10,500	12,487
Health	25,361	25,500	27,142
Education and welfare	182	1,500	1,175
Housing	52,631	61,000	64,650
Community amenities	206,750	194,236	188,042
Recreation and culture	35,454	37,000	35,699
Transport	3,059	2,500	2,059
Economic services	70,524	37,800	75,119
Other property and services	131,385	143,992	152,361
	552,697	526,878	573,177

#### SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

#### Fees and Charges

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

#### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

<b>(a)</b>	Revenue (Continued)		2021 Actual	2021 Budget	2020 Actual
1	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:		\$	\$	\$
I	Operating grants, subsidies and contributions Fees and charges Other revenue		385,896 519,514 180,474	407,818 506,878 -	433,422 547,822 116,745
1	Non-operating grants, subsidies and contributions		1,629,267 2,715,151	2,080,633 2,995,329	1,568,481 2,666,470
1	Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:				
	Revenue from contracts with customers included as a contract liability at the start of the period		18,000	-	39,823
F	Revenue from contracts with customers recognised during the year Revenue from transfers intended for acquiring or constructing		1,067,884	914,696	1,058,166
r	ecognisable non-financial assets during the year		1,629,267 2,715,151	2,080,633 2,995,329	1,568,481 2,666,470
   	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 Contract liabilities from contracts with customers	6 14	168,246 335,644	-	53,461 18,000

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

Information is not provided about remaining performance obligations for contracts with customers that had an original

expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non-financial assets are satisfied

as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

#### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

(a)	Revenue (Continued)	2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
	Revenue from statutory requirements			
	Revenue from statutory requirements was recognised during			
	the year for the following nature or types of goods or services:			
	General rates	2,944,497	2,946,739	2,944,104
	Statutory permits and licences	32,514	19,000	23,974
	Fines	669	1,000	1,381
		2,977,680	2,966,739	2,969,459
	Other revenue			
	Reimbursements and recoveries	124,043	132,356	125,913
	Sale of inventory	94,418	152,550	125,915
	Other	86,056		116,745
		304,517	132,356	242,658
	Interest comings			
	Interest earnings Financial assets at amortised cost - self supporting loans	11,598	1,175	5,175
	Interest on reserve funds	9,811	19,810	23,239
	Rates instalment and penalty interest (refer Note 25(c))	23,232	20,848	29,060
	Other interest earnings	6,622	14,500	12,640
		51,263	56,333	70,114
		51,205	50,555	70,114

#### 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 interest earnings where it is earned from financial assets that are held for cash management purposes.

### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

(b)	Expenses	Notes	2021 Actual	2021 Budget	2020 Actual
			\$	\$	\$
	Auditors remuneration				
	Audit of the Annual Financial Report		25,000	29,500	32,081
	Other Services		1,300	-	8,250
			26,300	29,500	40,331
	Interest expenses (finance costs)				
	Borrowings	16(b)	51,035	52,020	39,156
	Lease liabilities	15(b)	285	-	473
			51,320	52,020	39,629
	Other expenditure				
	Sundry expenses		202,316	248,213	220,270
			202,316	248,213	220,270

### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

#### 2. REVENUE AND EXPENSES

#### **REVENUE RECOGNITION POLICY**

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

		When obligations				Allocating	Measuring	
Revenue Category	Nature of goods and services	typically satisfied	Payment terms	Returns/Refunds/ Warranties	Determination of transaction price	transaction price	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
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
financial assets		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		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
	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
	Waste 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		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		Output method Over 12 months matched to access right
	Cemetery services, library fees, reinstatements and private works		Payment in full in advance	None	Adopted by Council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

#### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

CASH AND CASH EQUIVALENTS	NOTES	2021	2020
		\$	\$
Cash at bank and on hand		3,099,854	3,427,206
Term deposits		1,063,162	458,164
Total cash and cash equivalents		4,163,016	3,885,370
<b>Restrictions</b> The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for wh the resources may be used:	ch		
Cash and cash equivalents		2,164,350	1,776,730
Financial assets at amortised cost		88,090	87,434
		2,252,440	1,864,164
The restricted assets are a result of the following spe purposes to which the assets may be used:	cific		
Reserves - cash backed	4	1,911,870	1,840,666
Contract liabilities from contracts with customers	14	335,644	18,000
Bonds and deposits held	13	4,926	5,498
Total restricted assets		2,252,440	1,864,164

#### SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

3.

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

#### **Restricted assets**

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

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

#### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH BACKED	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Long Service Leave Reserve	41,498	240	-	41,738	41,486	398	-	41,884	81,043	838	(40,383)	41,498
(b) Depot Improvement Reserve	10,486	60	-	10,546	10,500	64	-	10,564	10,377	109	-	10,486
(c) Plant Reserve	660,098	269,321	(335,082)	594,337	660,989	233,436	(244,000)	650,425	682,931	231,167	(254,000)	660,098
(d) Housing Reserve Wongan Hills Community Resource	1,851	116,020	-	117,871	1,854	18	-	1,872	1,832	19	-	1,851
(e) Centre Reserve	32,504	20,138	(15,296)	37,346	32,617	20,228	(15,296)	37,549	13,372	19,132	-	32,504
(f) Swimming Pool Reserve	114,767	661	(51,430)	63,998	114,921	1,361	(86,500)	29,782	113,573	1,194	-	114,767
(g) Historical Reserve	7,068	40	-	7,108	7,077	69		7,146	6,994	74	-	7,068
(h) Medical Facilities Reserve	348,905	42,025	(30,000)	360,930	349,376	43,736	(30,000)	363,112	290,895	88,010	(30,000)	348,905
(i) Waste Management Reserve	44,981	5,262	-	50,243	45,042	5,393	-	50,435	39,564	5,417	-	44,981
(j) Housing - Stickland Street Reserve	53,142	308	-	53,450	53,214	473	-	53,687	47,640	5,502	-	53,142
(k) Housing - Quinlan Street Reserve	44,534	5,258	-	49,792	44,594	5,389	-	49,983	39,121	5,413	-	44,534
(I) Housing - Patterson Street Reserve	43,980	5,256	-	49,236	44,039	5,383	-	49,422	38,573	5,407	-	43,980
(m) Sporting Co-Location Reserve	286,852	138,423	-	425,275	287,239	1,816	(289,055)	-	862,451	209,901	(785,500)	286,852
(n) Doctor Reserve	150,000	-	(100,000)	50,000	150,000	996	(100,000)	50,996	-	150,000	-	150,000
	1,840,666	603,012	(531,808)	1,911,870	1,842,948	318,760	(764,851)	1,396,857	2,228,366	722,183	(1,109,883)	1,840,666

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

		Anticipated	
	Name of Reserve	date of use	Purpose of the reserve
(a)	Long Service Leave Reserve	Ongoing	- To be used for Council's current and non-current long service leave liability.
(b)	Depot Improvement Reserve	Ongoing	- To be used to fund capital improvements and maintenance works at the Shire of Wongan-Ballidu.
(c)	Plant Reserve	Ongoing	- To be used for the purchase of major plant.
(d)	Housing Reserve	Ongoing	- To be used for the development of housing within the Shire
	Wongan Hills Community Resource	Ongoing	- To be used to transfer funds from the Community Resource Centre operations for the future purchase of capital, furniture and equipment.
(e)	Centre Reserve		
(f)	Swimming Pool Reserve	Ongoing	- To be used to fund capital and maintenance works at the Wongan Hills Memorial Swimming Pool.
(g)	Historical Reserve	Ongoing	- To be used to fund historical publications and projects of the Shire.
(h)	Medical Facilities Reserve	Ongoing	- To be used to fund the refurbishment of a multi-purpose medical facility in Wongan Hills to house the doctor and others
(i)	Waste Management Reserve	Ongoing	- To be used to fund the future waste management facility needs of the Shire.
(j)	Housing - Stickland Street Reserve	Ongoing	- To be used to fund the capital and operating costs of the housing in Stickland Street.
(k)	Housing - Quinlan Street Reserve	Ongoing	- To be used to fund the capital and operating costs of the housing in Quinlan Street.
(I)	Housing - Patterson Street Reserve	Ongoing	- To be used to fund the capital and operating costs of the housing in Patterson Street.
(m)	Sporting Co-Location Reserve	30 June 2023	- To be used to fund the implementation of the co-location of sports facilities within the Shire of Wongan-Ballidu.
(n)	Doctor Reserve	30 June 2022	- To be used To fund the operational subsidy paid to the operator of the Wongan Hills Medical Centre.

5. OTHER FINANCIAL ASSETS 2021	2020
\$	\$
(a) Current assets	
Financial assets at amortised cost 123,355	113,506
123,355	113,506
Other financial assets at amortised cost	
Term deposits 88,090	87,434
Self supporting loans 35,265	26,072
123,355	113,506
(b) Non-current assets	
Financial assets at amortised cost 259,752	258,959
Financial assets at fair value through profit and loss 92,259	87,576
352,011	346,535
Financial assets at amortised cost	
Self supporting loans 259,752	258,959
259,752	258,959
Financial assets at fair value through profit and loss	
Units in Local Government House Trust 92,259	87,576
92,259	87,576

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 16(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: - equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income. - debt investments which do not qualify for measurement at either amortised cost or fair value through profit other comprehensive income

### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 27.

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable Trade and other receivables GST receivable Accrued income

### Non-current

Pensioner's rates and ESL deferred

## 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 27.

2021	2020
\$	\$
101 405	157 022
181,405	157,032
168,246	53,461
26,705	133,216
2,659	3,006
379,015	346,715
28,858	25,340
28,858	25,340

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

7. INV	ENTORIES	2021	2020
		\$	\$
Curr	rent		
Fuel	and materials	31,343	6,610
		31,343	6,610
Non	-current		
Land	held for resale - cost		
Co	est of acquisition	189,310	211,110
		189,310	211,110
The	following movements in inventories occurred during the year:		
Bala	nce at beginning of year	217,720	222,314
Inve	ntories expensed during the year	(409,544)	(265,276)
Land	d disposed during the year	(21,800)	-
Addi	tions to inventory	434,277	260,682
Bala	ince at end of year	220,653	217,720

# SIGNIFICANT ACCOUNTING POLICIES

#### General

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

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

## Land held for resale

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

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

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

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 8. PROPERTY, PLANT AND EQUIPMENT

# (a) Movements in Balances

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

								Total
		Buildings -		<b>Total land</b>	Furniture			property,
		non-	<b>Buildings</b> -	and	and	Plant and	Motor	plant and
	Land	specialised	specialised	buildings	equipment	equipment	vehicles	equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Gross balance at 30 June 2019	2,223,200	4,256,913	15,615,376	22,095,489	426,917	4,706,942	388,189	27,617,537
Accumulated depreciation at 30 June 2019		(73,987)	(248,408)	(322,395)	(95,495)	(918,992)	(83,180)	(1,420,062)
Balance at 1 July 2019	2,223,200	4,182,926	15,366,968	21,773,094	331,422	3,787,950	305,009	26,197,475
Additions	-	42,951	4,046,409	4,089,360	-	343,786	86,299	4,519,445
Disposals	-	-	-	-	-	(82,452)	(36,538)	(118,990)
Depreciation expense	-	(37,401)	(129,092)	(166,493)	(58,433)	(341,040)	(59,039)	(625,005)
Balance at 30 June 2020	2,223,200	4,188,476	19,284,285	25,695,961	272,989	3,708,244	295,731	29,972,925
Comprises:								
Gross balance at 30 June 2020	2,223,200	4,299,864	19,661,785	26,184,849	426,917	4,935,729	407,526	31,955,021
Accumulated depreciation at 30 June 2020		(111,388)	(377,500)	(488,888)	(153,928)	(1,227,485)	(111,795)	(1,982,096)
Balance at 30 June 2020	2,223,200	4,188,476	19,284,285	25,695,961	272,989	3,708,244	295,731	29,972,925
Additions	-	332,862	98,992	431,854	11,977	473,227	101,671	1,018,729
Disposals	(80,000)	-	(174,333)	(254,333)	-	(101,116)	(61,707)	(417,156)
Revaluation increments transferred to revaluation								
surplus		13,296		13,296				13,296
Depreciation expense	-	(37,912)	(165,929)	(203,841)	(59,861)	(363,587)	(66,163)	(693,452)
Balance at 30 June 2021	2,143,200	4,496,722	19,043,015	25,682,937	225,105	3,716,768	269,532	29,894,342
Comprises:								
Gross balance at 30 June 2021	2,143,200	4,646,022	19,581,347	26,370,569	438,894	5,245,956	399,479	32,454,898
Accumulated depreciation at 30 June 2021	-	(149,300)	(538,332)	(687,632)	(213,789)	(1,529,188)	(129,947)	(2,560,556)
Balance at 30 June 2021	2,143,200	4,496,722	19,043,015	25,682,937	225,105	3,716,768	269,532	29,894,342

40

77 - A - I

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i)	Fair Value					
	Land and buildings					
	Land	2	Market approach using observable or estimated open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent Valuation	30 June 2017	Price per hectare or sales comparison
	Buildings - non-specialised	2	Market approach using observable or estimated open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent Valuation	30 June 2017	Available market information and utilising both observable and unobservable inputs being construction costs based on recent contract prices,current condition, residual values and remaining useful life assessments
	Buildings - specialised	2	Market approach using observable or estimated open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent Valuation	30 June 2017	Construction costs and current conditions residual value and remaining useful life assessment inputs
<b>(ii)</b>	Cost Furniture and equipment		Cost approach			Purchase cost
	Plant and equipment		Cost approach			Purchase cost

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

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 9. INFRASTRUCTURE

### (a) Movements in Balances

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

	Infrastructure - Roads \$	Infrastructure - Other \$	Infrastructure - Footpaths \$	Infrastructure - Drainage \$	Infrastructure - Parks and Ovals \$	Infrastructure - Signs \$	Total Infrastructure \$
Gross balance at 30 June 2019 Accumulated depreciation at 30 June 2019	98,099,615 (1,267,726)	5,706,706 (240,134)	1,799,465 (51,505)	10,758,210 (109,191)	7,169,520 (895,131)	497,522 (39,609)	124,031,038 (2,603,296)
Balance at 1 July 2019	96,831,889	5,466,572	1,747,960	10,649,019	6,274,389	457,913	121,427,742
Additions	2,175,698	17,423					2,193,121
Depreciation expense	(1,289,538)	(138,331)	(51,505)	(109,191)	(215,066)	(3,237)	(1,806,868)
Balance at 30 June 2020	97,718,049	5,345,664	1,696,455	10,539,828	6,059,323	454,676	121,813,995
Comprises:							
Gross balance at 30 June 2020	100,275,313	5,724,129	1,799,465	10,758,210	7,169,520	497,522	126,224,159
Accumulated depreciation at 30 June 2020	(2,557,264)	(378,465)	(103,010)	(218,382)	(1,110,197)	(42,846)	(4,410,164)
Balance at 30 June 2020	97,718,049	5,345,664	1,696,455	10,539,828	6,059,323	454,676	121,813,995
Additions	2,128,370	65,871	80,606	-	-	-	2,274,847
Depreciation expense	(1,321,127)	(141,223)	(51,725)	(109,191)	(215,066)	(3,237)	(1,841,569)
Balance at 30 June 2021	98,525,292	5,270,312	1,725,336	10,430,637	5,844,257	451,439	122,247,273
Comprises:							
Gross balance at 30 June 2021	102,403,683	5,790,000	1,880,071	10,758,210	7,169,520	497,522	128,499,006
Accumulated depreciation at 30 June 2021	(3,878,391)	(519,688)	(154,735)	(327,573)	(1,325,263)	(46,083)	(6,251,733)
Balance at 30 June 2021	98,525,292	5,270,312	1,725,336	10,430,637	5,844,257	451,439	122,247,273

42

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

## 9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i)	Fair Value Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
	Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
	Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
	Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
	Infrastructure - Parks and Ovals	3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2018	Construction cost and current condition, residual values and remaining useful life assessments inputs
	Infrastructure - Signs	3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2018	Construction cost and current condition, residual values and remaining useful life assessments 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 WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

## SIGNIFICANT ACCOUNTING POLICIES

## Fixed assets

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

# Initial recognition and measurement between mandatory revaluation dates

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

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

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

Individual assets that are land, buildings and infrastructure 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 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.

### **Revaluation (Continued)**

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under roads from 1 July 2019

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

### Vested improvements from 1 July 2019

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

Refer to Note 11 that details the significant accounting policies applying to leases (including right-of-use assets).

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 10. FIXED ASSETS

### (a) Disposals of Assets

	2021	2021			2021	2021			2020	2020		
	Actual	Actual	2021	2021	Budget	Budget	2021	2021	Actual	Actual	2020	2020
	Net Book	Sale	Actual	Actual	Net Book	Sale	Budget	Budget	Net Book	Sale	Actual	Actual
	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	80,000	-	-	(80,000)	-	-	-	-	-	-	-	-
Buildings - specialised	174,333	27,000	-	(147,333)	189,150	27,000	-	(162,150)	-	-	-	-
Plant and equipment	101,116	94,500	-	(6,616)	248,576	145,000	-	(103,576)	82,452	37,283	-	(45,169)
Motor vehicles	61,707	55,727	-	(5,980)	59,879	36,500	-	(23,379)	36,538	33,636	-	(2,902)
	417,156	177,227	-	(239,929)	497,605	208,500	-	(289,105)	118,990	70,919	-	(48,071)

The following assets were disposed of during the year.

	2021	2021		
	Actual	Actual	2021	2021
	Net Book	Sale	Actual	Actual
Plant and Equipment	Value	Proceeds	Profit	Loss
Governance	\$	\$	\$	\$
Nissan Pathfinder	22,970	22,727	-	(243)
Recreation and culture				
Toyota Hilux Utility	17,647	13,000	-	(4,647)
Transport				
Fuso Truck	33,962	32,000	-	(1,962)
Case MXU115	28,567	27,500	-	(1,067)
Isuzu NPR300	38,587	35,000	-	(3,587)
Holden Collorado	21,090	20,000	-	(1,090)
	162,823	150,227	-	(12,596)
Land & Buildings				
Other Property and Services				
14 Mitchell Street, Wongan Hills	188,740	25,000	-	(163,740)
43 Fairbanks Street, Ballidu	65,593	2,000	-	(63,593)
	254,333	27,000	-	(227,333)
				. , ,

417,156 177,227 - (239,929)

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

## **10. FIXED ASSETS**

(b)	Depreciation	2021	2021	2020
		Actual	Budget	Actual
		\$	\$	\$
	Buildings - non-specialised	37,912	40,115	37,401
	Buildings - specialised	165,929	139,685	129,092
	Furniture and equipment	59,861	32,110	58,433
	Plant and equipment	363,587	356,060	341,040
	Motor vehicles	66,163	46,890	59,039
	Infrastructure - Roads	1,321,127	1,481,875	1,289,538
	Infrastructure - Other	141,223	94,410	138,331
	Infrastructure - Footpaths	51,725	51,000	51,505
	Infrastructure - Drainage	109,191	109,000	109,191
	Infrastructure - Parks and Ovals	215,066	75,000	215,066
	Infrastructure - Signs	3,237	3,200	3,237
	Right-of-use assets - plant and equipment	5,602	5,600	5,602
		2,540,623	2,434,945	2,437,475

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

#### **Depreciation rates**

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

Asset Class	Useful life
Buildings - non-specialised	25 - 125 Years
Buildings - specialised	25 - 100 Years
Furniture and equipment	4 - 10 Years
Plant and equipment	5 - 15 Years
Motor vehicles	1 - 10 Years
Infrastructure - Road Seals	27 Years
Infrastructure - Road Subgrade	200 Years
Infrastructure - Road Unsealed	10 Years
Infrastructure - Footpaths	30 - 40 Years
Infrastructure - Drainage	70 Years
Infrastructure - Other	15 - 60 Years

#### **Depreciation on revaluation**

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated as follows:

- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 11. LEASES

## (a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Right-of-use assets · plant and equipment	Right-of-use assets Total
	\$	
Balance at 1 July 2019	16,338	16,338
Depreciation (expense)	(5,602)	(5,602)
Balance at 30 June 2020	10,736	10,736
Additions	-	-
Depreciation (expense)	(5,603)	(5,603)
Balance at 30 June 2021	5,133	5,133
The following amounts were recognised in the statement	2021	2020
of comprehensive income during the period in respect	Actual	Actual
of leases where the entity is the lessee:	\$	\$
Depreciation expense	5,603	5,603
Interest expense on lease liabilities	285	473
Total amount recognised in the statement of comprehensive income	5,888	6,076

### Total cash outflow from leases

# 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.

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Refer to Note 10 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.

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 11. LEASES (Continued)

## (b) Property, Plant and Equipment Subject to Lease

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

Less than 1 year 1 to 2 years 2 to 3 years 3 to 4 years 4 to 5 years > 5 years

2021 Actual	2021 Budget	2020 Actual
\$	\$	\$
4,938	4,928	5,799
-	-	4,928
-	-	-
-	-	-
-	-	-
-	-	
4,938	4,928	10,727

### SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease. Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

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

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### **12. REVALUATION SURPLUS**

	2021	2021	Total	2021	2020	2020	2020	Total	2020
	Opening	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - Freehold land	14,195,153	-	-	14,195,153	14,195,153	-	-	-	14,195,153
Buildings - non-specialised	31	*13296	13,296	13,327	31	-	-	-	31
Buildings - specialised	88	-	-	88	88	-	-	-	88
Furniture and equipment	160,617	-	-	160,617	160,617	-	-	-	160,617
Plant and equipment	2,016,215	-	-	2,016,215	2,016,215	-	-	-	2,016,215
Motor vehicles	13,751	-	-	13,751	13,751	-	-	-	13,751
Infrastructure - Roads	50,767,889	-	-	50,767,889	50,767,889	-	-	-	50,767,889
Infrastructure - Other	4,236,181	-	-	4,236,181	4,236,181	-	-	-	4,236,181
Infrastructure - Footpaths	1,672,764	-	-	1,672,764	1,672,764	-	-	-	1,672,764
Infrastructure - Drainage	10,813,000	-	-	10,813,000	10,813,000	-	-	-	10,813,000
Infrastructure - Parks and Ovals	6,447,451	-	-	6,447,451	6,447,451	-	-	-	6,447,451
Infrastructure - Signs	448,811	-	-	448,811	448,811	-	-	-	448,811
	90,771,951	13,296	13,296	90,785,247	90,771,951	-	-	-	90,771,951

\*change in value of housing units relating to the joint operation disclosed in note 24

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 13. TRADE AND OTHER PAYABLES

### Current

Sundry creditors Prepaid rates Accrued salaries and wages ATO liabilities Bonds and deposits held Accrued Interest on long-term borrowings

### 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.

2021	2020				
\$	\$				
125,672	266,526				
197,448	276,473				
15,153	93,749				
38,573	-				
4,926	5,498				
4,872	5,317				
386,644	647,563				

## **Prepaid rates**

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

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# **14. CONTRACT LIABILITIES**

# Current

Contract liabilities

2021	2020				
\$	\$				
335,644	18,000				
335,644	18,000				

51

# SIGNIFICANT ACCOUNTING POLICIES

**Contract liabilities** 

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

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

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

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

#### 15. LEASE LIABILITIES



#### (b) Movements in Carrying Amounts

					30 June 2021	30 June 2021	30 June 2021		30 June 2021	30 June 2021	30 June 2021		30 June 2020	30 June 2020	30 June 2020
		Lease		Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Lease	Interest	Lease	Lease Principal	Lease Principal	Lease Principal	Lease Interest	Lease Principal	Lease Principal	Lease Principal	Lease Interest	Lease Principal	Lease Principal	Lease Principal	Lease Interest
Purpose	Number Institution	Rate	Term	1 July 2020	Repayments	Outstanding	Repayments	1 July 2020	Repayments	Outstanding	Repayments	1 July 2019	Repayments	Outstanding	Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other property and services															
Konica Photocopier - CRC	1 De Lage Landen	3.30%	5 Years	10,727	(5,799)	4,928	(285)	-			-	16,338	(5,611)	) 10,727	(473)
				10,727	(5,799)	4,928	(285)	-			-	16,338	(5,611)	) 10,727	(473)

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

#### 16. INFORMATION ON BORROWINGS

(a)	Borrowings	2021	2020
		\$	\$
	Current	119,587	108,687
	Non-current	2,052,136	2,135,665
		2,171,723	2,244,352

#### (b) Repayments - Borrowings

					30 June 2021	30 June 2021	30 June 2021	30 June 2021		30 June 2021	30 June 2021	30 June 2021	30 June 2021		30 June 2020	30 June 2020	30 June 2020	30 June 2020
				Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual
	Loan		Interest	Principal	New	Principal	Interest	Principal	Principal	New	Principal	Interest	Principal	Principal	New	Principal	Interest	Principal
	Number	Institution	Rate	1 July 2020	Loans	repayments	repayments	outstanding	1 July 2020	Loans	repayments	repayments	outstanding	1 July 2019	Loans	repayments	repayments	outstanding
Particulars				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture																		
Co-Location Construction	152	WATC	2.05	1,959,323		(82,617)	(39,437)	1,876,706	1,959,321		(82,616)	(39,710)	1,876,705		2,000,000	(40,678)	(24,225)	1,959,323
				1,959,323	-	(82,617)	(39,437)	1,876,706	1,959,321	-	(82,616)	(39,710)	1,876,705	-	2,000,000	(40,678)	(24,225)	1,959,323
Self Supporting Loans																		
Education and welfare																		
Aged Complex Construction	151A	WATC	3.65	260,589	-	(16,789)	(10,137)	243,800	260,588	-	(16,790)	(9,779)	243,798	276,782	-	(16,193)	(10,789)	260,589
Housing																		
Community Association	142	WATC	6.91	-	-	-	-	-	-	-	-	-	-	39,325	-	(39,325)	(1,748)	-
Recreation and culture																		
Aged Person Complex	147	WATC	6.91	24,440	-	(9,281)	(1,258)	15,159	24,440	-	(9,282)	(1,531)	15,158	33,112	-	(8,672)	(2,112)	24,440
Wongan Hills Bowling Club	149	WATC	6.14	-	-	-	-	-	-	-	-	-	-	7,563	-	(7,563)	(282)	-
Other property and services																		
Wongan Hills Community Store Inc	153	WATC	2.05	-	40,000	(3,942)	(203)	36,058	-	57,000	(10,018)	(1,000)	46,982	-	-	-	-	-
				285,029	40,000	(30,012)	(11,598)	295,017	285,028	57,000	(36,090)	(12,310)	305,938	356,782	-	(71,753)	(14,931)	285,029
				2,244,352	40,000	(112,629)	(51,035)	2,171,723	2,244,349	57,000	(118,706)	(52,020)	2,182,643	356,782	2,000,000	(112,431)	(39,156)	2,244,352

\* WA Treasury Corporation

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

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

## 16. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

						Amount I	Borrowed	Amoun	t (Used)	Total	Actual
			Loan	Term	Interest	2021	2021	2021	2021	Interest &	Balance
		Institution	Туре	Years	Rate	Actual	Budget	Actual	Budget	Charges	Unspent
	Particulars/Purpose				%	\$	\$	\$	\$	\$	\$
	Wongan Hills Community Store										
	Inc	WATC*	P & I	5	2.05	40,000	57,000	40,000	57,000	715	-
	* WA Treasury Corporation					40,000	57,000	40,000	57,000	715	-
			2021	2020							
(d)	Undrawn Borrowing Facilities		\$	\$							
	Credit Standby Arrangements										
	Bank overdraft limit		100,000	100,000							
	Bank overdraft at balance date		-	-							
	Credit card limit		15,000	7,500							
	Credit card balance at balance d	ate	(590)	(988)							
	Total amount of credit unused		114,410	106,512							
	Loan facilities										
	Loan facilities - current		119,587	108,687							
	Loan facilities - non-current		2,052,136	2,135,665							
	Lease liabilities - current		4,928	5,799							
	Lease liabilities - non-current	_	-	4,928							
	Total facilities in use at balanc	e date	2,176,651	2,255,079							
	Unused loan facilities at balan	ce date	NIL	NIL							

#### SIGNIFICANT ACCOUNTING POLICIES

#### Financial liabilities

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

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

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

#### **Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

Risk

Information regarding exposure to risk can be found at Note 27.

54

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 17. EMPLOYEE RELATED PROVISIONS

(a)	Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total	
		\$	\$	\$	
	Opening balance at 1 July 2020				
	Current	174,117	182,906	357,023	
	Non-current		71,168	71,168	
		174,117	254,074	428,191	
	Amounts used	(133,935)	(17,699)	(151,634)	
	Additional provision	178,439	36,237	214,676	
	Balance at 30 June 2021	218,621	272,612	491,233	
	Comprises				
	Current	218,621	183,868	402,489	
	Non-current	-	88,744	88,744	
		218,621	272,612	491,233	

### Amounts are expected to be settled on the following basis: Less than 12 months after the reporting date More than 12 months from reporting date

2021	2020				
\$	\$				
417,369	176,565				
73,864	251,626				
491,233	428,191				

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

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

## SIGNIFICANT ACCOUNTING POLICIES

### **Employee benefits**

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

## Short-term employee benefits

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

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

### Other long-term employee benefits

Long-term employee benefits 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.

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 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:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	4,163,016	1,425,747	3,885,370
Reconciliation of Net Result to Net Cash Provided By / (Used In) Operating Activities			
Net result for the period	626,178	(744,386)	1,376,679
Non-cash items:			
Adjustments to fair value of financial assets at fair			
value through profit and loss	(5,341)	-	-
Depreciation on non-current assets	2,540,623	2,434,945	2,437,475
(Profit)/loss on sale of asset	239,929	289,105	48,071
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables	(35,819)	81,274	(7,607)
(Increase)/decrease in inventories	(2,933)	854	4,594
Increase/(decrease) in trade and other payables	(260,919)	(45,072)	98,935
Increase/(decrease) in employee related provisions	63,042	(38,000)	3,799
Increase/(decrease) in contract liabilities	317,644	-	(21,823)
Non-operating grants, subsidies and contributions	(1,629,267)	(2,080,633)	(1,568,481)
Net cash provided by / (used in) operating activities	1,853,137	(101,913)	2,371,642

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# **19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2021	2020
	\$	\$
Governance	1,706,085	1,759,336
Law, order, public safety	206,615	228,736
Health	2,336,640	2,359,266
Education and welfare	740,052	750,330
Housing	501,411	505,023
Community amenities	840,682	910,199
Recreation and culture	22,639,189	22,848,745
Transport	113,208,940	112,494,263
Economic services	5,878,445	5,925,335
Other property and services	4,257,640	4,216,796
Unallocated	5,097,957	4,734,813
	157,413,656	156,732,842

SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# **20. CONTINGENT LIABILITIES**

The Shire is not aware of any contingent liabilities or assets as at 30 June 2021.

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

21.	CAPITAL AND LEASING COMMITMENTS	2021	2020
(a)	Capital Expenditure Commitments	\$	\$
	Contracted for: - capital expenditure projects	-	185,231
		-	185,231
	Payable:		
	- not later than one year	-	185,231

# (b) Operating Lease Commitments

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

## Payable:

- not later than one year

- later than one year but not later than five years

- later than five years

# SIGNIFICANT ACCOUNTING POLICIES

### Leases

Lease liabilities for short term leases (with lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less) are not recognised as lease liabilities in note 16. Lease payments associated with these leases are expensed when paid.

2021	2020
\$	\$
2,769	3,021
-	2,769
-	-
2,769	5,790

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 22. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr J Hasson			
President's annual allowance	750	750	750
Deputy President's annual allowance	-	63	63
Meeting attendance fees	1,050	1,530	1,245
Annual allowance for ICT expenses	750	1,000	1,000
Travel and accommodation expenses	198	362	265
	2,748	3,705	3,323
Cr M Stephenson	250	250	
President's annual allowance	250	250	-
Meeting attendance fees	1,160	1,530	600
Annual allowance for ICT expenses	1,000	1,000 362	1,000
Travel and accommodation expenses	- 2,410	3,142	74 1,674
Cr B West	2,410	3,142	1,074
Deputy President's annual allowance	250	187	125
Meeting attendance fees	1,090	1,530	890
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	176	362	133
	2,516	3,079	2,148
Cr E Ganzer	2,310	0,070	2,140
Meeting attendance fees	1,100	1,530	800
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	362	44
	2,100	2,892	1,844
Cr S Boekeman	,	,	,
Meeting attendance fees	1,100	1,530	745
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	362	-
	2,100	2,892	1,745
Cr S Falconer			
Meeting attendance fees	1,045	1,530	700
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	362	-
	2,045	2,892	1,700
Cr A Tunstill			
Meeting attendance fees	1,090	1,530	-
Annual allowance for ICT expenses	1,000	1,000	-
Travel and accommodation expenses	160	362	-
	2,250	2,892	-
Cr P Macnamara			
President's annual allowance	-	-	250
Meeting attendance fees	-	-	360
Annual allowance for ICT expenses	-	-	250
	-	-	860
	40.400	04.404	40.001
	16,169	21,494	13,294

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 22. ELECTED MEMBERS REMUNERATION (Continued)

Fees, expenses and allowances to be paid or reimbursed to elected council members.	2021 <u>Actual</u> \$	2021 Budget \$	2020 Actual \$
President's allowance	1,000	1,000	1,000
Deputy President's allowance	250	250	188
Meeting attendance fees	7,635	10,710	5,340
Annual allowance for ICT expenses	6,750	7,000	6,250
Travel and accommodation expenses	534	2,534	516
	16,169	21,494	13,294

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 23. RELATED PARTY TRANSACTIONS

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:	2021 Actual \$	2020 Actual \$
Short-term employee benefits Post-employment benefits Other long-term benefits	587,274 66,716 15,799 669,789	676,307 66,414 57,460 800,181

### Short-term employee benefits

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

### Post-employment benefits

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

Other long-term benefits These amounts represent long service benefits accruing during the year.

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

## 23. 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.

There are no provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2021 Actual	2020 Actual
Purchase of goods and services	<b>\$</b> 97,069	<b>\$</b> 86,610
Amounts outstanding from related parties Trade and other receivables	209	680
Amounts outstanding to related parties Trade and other payables	6,512	-

### **Related Parties**

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

i. Key management personnel

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

ii. Other Related Parties

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

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

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

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

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 24. JOINT ARRANGEMENTS

# (a) Balance of investment in joint operation

The Shire together with the Department of Housing have a joint operational agreement with regard to the ownership of four housing units in Quinlan Street and two housing units in Patterson Street, Wongan Hills.

The Shire's interest in the joint operations are as follows;Quinlan Street:12.81%Patterson Street11.22%

# 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.

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

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 25. RATING INFORMATION

(a) Rates

		Number	2020/21 Actual	2020/21 Actual	2020/21 Actual	2020/21 Actual	2020/21 Actual	2020/21 Budget	2020/21 Budget	2020/21 Budget	2020/21 Budget	2019/20 Actual
RATE TYPE	Rate in	of	Rateable	Rate	Interim	Back	Total	Rate	Interim	Back	Total	Total
Differential general rate / general rate	\$	Properties	Value	Revenue	Rates	Rates	Revenue	Revenue	Rate	Rate	Revenue	Revenue
• •			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
Wongan Hills	10	458	5,870,827	581,206	2,868	-	584,074	581,205	2,500	-	583,705	582,474
Ballidu and Cadoux	10	69	456,671	45,210	-	-	45,210	45,210	-	-	45,210	44,533
Unimproved valuations												
Rural	1	267	205,967,007	2,297,356	558	481	2,298,395	2,297,356	-	-	2,297,356	2,298,734
Mining	1	1	76,833	857	265	-	1,122	808	-	-	808	1,211
Sub-Total		795	212,371,338	2,924,629	3,691	481	2,928,801	2,924,579	2,500	-	2,927,079	2,926,952
	Minimum											
Minimum payment	\$											
Gross rental valuations												
Wongan Hills	663		145,807	35,142	-	-	35,142	35,142	-	-	35,142	34,479
Ballidu and Cadoux	357	20	11,573	7,150	-	-	7,150	7,150	-	-	7,150	7,508
Unimproved valuations												
Rural	357	16	254,393	5,720	-	-	5,720	5,720	-	-	5,720	5,720
Mining	357	13	108,074	4,648	-	-	4,648	4,648	-	-	4,648	3,933
Sub-Total		102	519,847	52,660	-	-	52,660	52,660	-	-	52,660	51,640
		897	212,891,185	2,977,289	3,691	481	2,981,461	2,977,239	2,500	-	2,979,739	2,978,592
Discounts/concessions (Note 25(b))							(36,964)				(33,000)	(34,488)
Total amount raised from general rate							2,944,497				2,946,739	2,944,104
Ex-gratia rates							23,269				22,000	27,714
Totals							2,967,766				2,968,739	2,971,818

#### SIGNIFICANT ACCOUNTING POLICIES Rates

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

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

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

## 25 RATING INFORMATION (Continued)

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

**Rates Discounts** 

Rate or Fee Discount Granted	Discount	Discount	2021 Actual	2021 Budget	2020 Actual	Circumstances in which Discount is Granted
Discount Granteu	Discount	Discoulit	Actual	Budget	Actual	
	%	\$	\$	\$	\$	
General Rates	2	-	36,964	33,000	34,488	Early Payment discount if payment in full received by 4 September 2020
Total discounts/concessions (Note 25(a))			36,964	33,000	34,488	

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 25. RATING INFORMATION (Continued)

# (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	04/09/2020	-	-	8.00
Option Two				
First instalment	04/09/2020	33.00	5.50	-
Second instalment	06/11/2020	-	5.50	-
Third instalment	08/01/2021	-	5.50	-
Fourth instalment	12/03/2021	-	5.50	-
		2021	2021	2020
		Actual	Budget	Actual
		\$	\$	\$
Interest on unpaid rates		14,864	15,000	20,142
Interest on instalment plan		8,368	5,848	8,918
Charges on instalment plan		4,270	6,000	5,922
		27,502	26,848	34,982

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 26. RATE SETTING STATEMENT INFORMATION

				2020/21	
			2020/21	Budget	2019/20
			(30 June 2021	(30 June 2021	(30 June 2020
			Carried	Carried	Carried
		NOTES	Forward)	Forward)	Forward)
		NOTES	s	\$	\$
(a)	Non-cash amounts excluded from operating activities		*	Ψ	Ψ
	The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
	Adjustments to operating activities Less: Fair value adjustments to financial assets at fair value through profit and loss Movement in pensioner deferred rates (non-current)		(4,683) (3,518)	-	- (1,949)
	Movement in long service leave reserve		240	-	(39,545)
	Movement in employee benefit provisions (non-current)		17,576 21,800	-	43,175
	Movement of inventory (non-current) Add: Loss on disposal of assets	10(a)	239,929	- 289,105	- 48,071
	Add: Depreciation on non-current assets	10(a) 10(b)	2,540,623	2,434,945	2,437,475
	Non cash amounts excluded from operating activities	10(0)	2,811,967	2,724,050	2,487,227
(b)	Surplus/(deficit) after imposition of general rates				
	The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
	Adjustments to net current assets Less: Reserves - cash backed	1	(1 011 970)	(1 206 957)	(1 940 666)
	Less: Financial assets at amortised cost - self supporting loans	4 5(a)	(1,911,870) (35,265)	(1,396,857) (39,089)	(1,840,666) (26,072)
	Less: Current assets not expected to be received at end of year - Rates Receivable		-	20,000	-
	Add: Current liabilities not expected to be cleared at end of year			-,	
	- Current portion of borrowings	16(a)	119,587	125,470	108,687
	- Current portion of lease liabilities	15(a)	4,928	-	5,799
	- Employee benefit provisions		41,741	41,884	41,498
	- Movement in provisions between current and non-current provisions		-	(25,000)	- (4 740 754)
	Total adjustments to net current assets		(1,780,879)	(1,273,592)	(1,710,754)
	Net current assets used in the Rate Setting Statement				
	Total current assets		4,696,729	1,715,700	4,352,201
	Less: Total current liabilities		(1,249,292)	(442,108)	(1,137,072)
	Less: Total adjustments to net current assets		(1,780,879)	(1,273,592)	(1,710,754)
	Net current assets used in the Rate Setting Statement		1,666,558	-	1,504,375

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

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

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

### (a) Interest rate risk

### Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>2021</b> Cash and cash equivalents Financial assets at amortised cost - term deposits	0.10 0.10	4,163,016 88,090	1,063,162 88,090	3,099,004	850
2020 Cash and cash equivalents Financial assets at amortised cost-term deposits	0.58 1.00	3,885,370 87,434	458,164 87,434	2,918,321 -	508,885 -

### Sensitivity analysis

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. 2021 2020

Impact of a 1% movement in interest rates on profit and loss and equity*	\$ 30.999	<mark>\$</mark> 29.183
	50,999	29,105
* 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 16(b).

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 27. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

## Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is able to charge interest on overdue rates and annual charges 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 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021 Rates receivable Expected credit loss Gross carrying amount Loss allowance	0.00% 2,030 -	0.00% 83,877 -	0.00% 30,656 -	0.00% 94,000 -	210,563 -
30 June 2020 Rates receivable Expected credit loss Gross carrying amount Loss allowance	0.00% 85,836 -	0.00% 17,575 -	0.00% 19,716 -	0.00% 59,245 -	182,372

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	161,687	3,386	284	2,889	168,246
Loss allowance	-	-	-	-	-
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	50,972	-	90	2,399	53,461
Loss allowance	-	-	-	-	-

# SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 27. 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 16(d).

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.

<u>2021</u>	Due within 1 year \$	Due between <u>1 &amp; 5 years</u> \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Trade and other payables	348,072	-	-	348,072	348,072
Borrowings	167,034	775,037	1,670,691	2,612,762	2,171,723
Contract liabilities	335,644	-	-	335,644	335,644
Lease liabilities	4,928	-	-	4,928	4,928
	855,678	775,037	1,670,691	3,301,406	2,860,367
<u>2020</u>					
Trade and other payables	647,563	-	-	647,563	647,563
Borrowings	159,112	757,715	1,818,990	2,735,817	2,244,352
Contract liabilities	18,000	-	-	18,000	18,000
Lease liabilities	5,799	4,928	-	10,727	10,727
	830,474	762,643	1,818,990	3,412,107	2,920,642

SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

# 28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occuring after the balance date that have a significant effect on the financial statements

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

### (a) AASB 1059 Service Concession Arrangements: Grantors

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

The Shire has considered the requirements of AASB 1059 Service Concession Agreements: Grants and confirms that he Shire has no arrangements that fall within the scope of this standard.

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

## **30. TRUST FUNDS**

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

	1 July 2020	<b>Amounts Received</b>	<b>Amounts Paid</b>	30 June 2021
	\$	\$	\$	\$
Lake Ninan/Hinds Fire Brigade	4,821	-	-	4,821
Mocardy Bushfire Brigade	7,787	-	-	7,787
Fire Brigade - Glenvar	500	-	-	500
Transport Payments	33,077	939,452	(967,106)	5,423
Discover Golden Horizons	27,641	-	-	27,641
WH Nature Playground	1,680	-	-	1,680
	75,506	939,452	(967,106)	47,852

### SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 32. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs. **PROGRAM NAME AND OBJECTIVES ACTIVITIES** GOVERNANCE To provide and efficient decision making process Includes the activities of members of council and the administrative support available to the the efficient allocation of scarce resources. 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 local government services. **GENERAL PURPOSE FUNDING** To provide general purpose funding to deliver a Activities involve the raising of rates, maximisation of general purpose government quality of services to the community. grants and interest revenue. LAW, ORDER, PUBLIC SAFETY The objective of the program is to Activities involve animal control, fire prevention and emergency services to ensure a safer provide the highes standard of community. supervision of various local laws and statutory regulations. HEALTH The Shire's health program aims Activities Involve supervision of food quality and pest control, provision of maternal and infant to provide an operational framework health and the provision of a doctor to the community. for good community health. **EDUCATION AND WELFARE** Propotion and support of education Activities involve the support for aged accomodation, Community Health Care Centre, for the youth of the community and Youth Services within the community. and care of the elderly. HOUSING This program aims to provide Activities involve management and maintenance of various rental residences and maintain a high standard of throughout Wongan Hills. housing to the community and staff. **COMMUNITY AMENITIES** The objective of this program is to Activities involve the management of refuse services, maintenance of refuse sites, provide and maintain a high quality administraiton of the town planning scheme, maintenance of the cemeteries in Wongan Hills of sanitation, planning and cemetery services and Ballidu. to the community. **RECREATION AND CULTURE** The areas of recreation and culture Council's objective for this program is to provide, develop and are of the highest importance to the maintain a superior level and quality of recreation facilities and cultural activities. community of the Shire of Wongan-Ballidu. This includes maintenance of civic centres and halls, recreation centres, ovals, parks and gardens, swimming areas, museums and the library facilities. TRANSPORT Maintenance and development of Construction and maintenance of streets, roads, bridges and footpaths, cleaning and lighting the Shire's infrastructure and of streets, depot maintenance and maintenance of aerodromes are all transport services is the objective provided to community.

Activities include, building control, provision of standpipes and tourism and area promotion.

Activities include, private works, community resource centre operations, maintenance of government buildings.

## **OTHER PROPERTY AND SERVICES**

This program aims to regulate and provide

and area promotion to generate interest in the Shire and therefore generates tourist income for the benefit of the community.

of this program.

**ECONOMIC SERVICES** 

This program provides for the corporate support for the Community Recource Centre and general building maintenance.

## SHIRE OF WONGAN-BALLIDU NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

33.	FINANCIAL RATIOS		2021 Actual	2020 Actual	2019 Actual	
	Current ratio Asset consumption ratio Asset renewal funding ratio (Note 1) Asset sustainability ratio Debt service cover ratio Operating surplus ratio Own source revenue coverage ratio		2.10 0.95 N/A 1.10 9.71 (0.27) 0.50	2.32 0.96 N/A 1.07 15.08 (0.05) 0.53	4.90 0.97 N/A 0.59 8.42 (0.20) 0.51	
	The above ratios are calculated as follows:					
	Current ratio	current assets minus restricted assets current liabilities minus liabilities associated with restricted assets				
	Asset consumption ratio	depreciated replacement costs of depreciable assets current replacement cost of depreciable assets				
	Asset renewal funding ratio	NPV of planned capital renewal over 10 years NPV of required capital expenditure over 10 years				
	Asset sustainability ratio	C	capital renewal and replacement expenditure depreciation			
	Debt service cover ratio	annual operating surplus before interest and depreciation principal and interest				
	Operating surplus ratio	operating revenue minus operating expenses own source operating revenue				
	Own source revenue coverage ratio	own source operating revenue operating expense				

Note 1: The Shire's Long Term Financial Plan and Asset Management Plans do not have the required information and as a result could not be calculated

INDEX OF FINDINGS		RATING			
		Significant	Moderate	Minor	
1.	Review of Systems and Procedures	✓			
2. Approval Above Delegated Authority Limit		✓			
3. Verbal and Witten Quotes for Purchase Orders		✓			
4. Self-supporting Loan Agreements			✓		
5. Disposal of Fixed Assets			✓		
6.	Trust Account		$\checkmark$		

## **KEY TO RATINGS**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- **Moderate** Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- **Minor** Those findings that are not of primary concern but still warrant action being taken.

### 1. Review of Systems and Procedures

### Finding

We noted that the last review was carried out in 2017. The Local Government (Audit) Regulations 1996 paragraph 17 requires the Chief Executive Officer to undertake a review of the appropriateness and effectiveness of a local government's system and procedures in relation to risk management, internal control and legislative compliance, no less than every three financial years.

## **Rating: Significant**

## Implication

The Shire has not complied with regulation 17(2) of the Local Government (Audit) Regulations 1996.

### Recommendation

The Shire reviews its systems and procedures as soon as possible.

### Management Comment

Agreed. The Review will be completed and presented to the Audit Committee in February 2022.

Responsible Person: Chief Executive Officer Completion Date: 28 February 2022

### 2. Approval Above Delegated Authority Limit

### Finding

We noted a manager has approved payment of an invoice with value of \$256,957 that was three times above the delegated authority limit.

We also note another approval by the Shire's executive team member for a purchase order with value of \$100,000 that was two times above the delegated authority limit.

## **Rating: Significant**

## Implication

Approvals inconsistent with the Shire's delegated authority limit increase the risk of inappropriate and unauthorised payments and purchase orders being made.

### Recommendation

The Shire's approval of payments and purchase orders should be within the approved delegated authority limit.

### Management Comment

Agreed. Processes have been reviewed and staff educated about purchasing limits as per the delegated authority.

Processes have been changed to ensure that the officer that authorised the purchase, signs off on the invoice as authorisation for payment

Responsible Person: Deputy CEO Completion Date: 1 December 2021

## 3. Verbal and Written Quotes for Purchase Orders

## Finding

We noted 14 instances of 18 sampled purchase orders below \$10,000 without any recorded verbal or written quotations.

The Shire's procurement policy has the following requirements for purchases up to \$10,000:

- Direct purchase from suppliers, requires at least one oral or written quotation from a suitable supplier.
- Where the value of procurement of goods or services does not exceed \$10,000, one oral or written quotation is permitted from the open market.
- It is recommended to use professional discretion and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.
- Record keeping requirements must be maintained in accordance with record keeping policies.

The Shire's purchasing system does not make provision for the verbal quotation to be documented on the purchase order.

## **Rating: Significant**

## Implication

The Shire is not in compliance with its procurement policy. Consequently, the Shire has increased favouritism risk in selecting suppliers and not obtaining value for money.

## Recommendation

The Shire should ensure appropriate quotes are obtained and recorded as required by its procurement policy.

### Management Comment

Agreed. Templates have been developed to document verbal quotes and these will be attached to purchase orders as evidence of a verbal quote.

Responsible Person: Deputy CEO Completion Date: 7 December 2021

### 4. Self-supporting Loan Agreements

### Finding

We noted that the Shire has borrowed funds to three entities without establishing loan agreements. The loan amount on 30 June 2021 was \$295,017 and the repayment terms are based on the Shire's repayment terms of funds borrowed from WA Treasury.

## **Rating: Moderate**

## Implication

The terms of the loans have not been agreed with the borrowers and communicated formally in writing. The Shire may suffer financial loss when disputes of repayment arise.

## Recommendation

The Shire should have loan agreements in place with the borrowers.

## Management Comment

Agreed. Self-supporting loan agreements will be put in place for future self-supporting loans. The Shire will investigate options for the current loans that are in-place, including putting in place retrospective loan agreements for existing self-supporting loans.

### Responsible Person: Deputy CEO Completion Date:31 March 2022

### 5. Disposal of Fixed Assets

### Finding

We noted one vehicle that was disposed of during the financial year has not complied with the Local Government Act 1995 Section 3.58 which requires public notice to be given before disposing an asset.

## **Rating: Moderate**

Implication

The Shire has not complied with Section 3.58 of the Local Government Act 1995.

## Recommendation

The Shire ensures compliance with the legislation for disposal of assets going forward.

### Management Comment

Agreed. Processes have now changed to ensure that compliance with section 3.58 of the act occurs when disposing of assets.

**Responsible Person: Chief Executive Officer Completion Date 30 November 2021** 

## 6. Trust Bank Account

## Finding

We noted that the Shire is using trust bank account for transacting receipts and payments on behalf of the Department of Transport's motor vehicle licencing renewals. The funds collector function does not fall within the definition of trust fund as defined by Section 6.9.(1) of the Local Government Act 1995.

## Rating: Moderate Implication The Shire has not complied with Section 6.9.(1) of the Local Government Act 1995.

## Recommendation

The Shire should record the transactions in the municipal bank account.

### Management Comment

Agreed. Department of Transport transactions now are being processed through the municipal account.

Responsible Person: Deputy CEO Completion Date 1 September 2021