



SHIRE OF WOODANILLING



Audit Committee Agenda 25 May 2021

To be held 2pm at Shire Chambers 3316 Robinson Rd
Woodanilling

CONTENTS

1.	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS	2
2.	RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE (PREVIOUSLY APPROVED)	2
3.	CONFIRMATION OF MINUTES	2
3.1.	<i>SPECIAL AUDIT COMMITTEE HELD – 16 APRIL 2021</i>	2
4.	OFFICER'S REPORTS	3
4.1.	<i>CONSIDERATION OF 2019/2020 ANNUAL FINANCIAL STATEMENTS</i>	3
4.2.	<i>2020/2021 AUDIT PLANNING</i>	7
4.3.	<i>COMPLIANCE AUDIT RETURN</i>	9
5.	ITEMS LISTED FOR DISCUSSION	11
6.	CLOSURE OF MEETING	11

AUDIT COMMITTEE

1. **DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**
2. **RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE
(PREVIOUSLY APPROVED)**

Present:

Cr HR Thomson

Shire President

Cr M Trimming

Cr D Douglas

Deputy Shire President

Cr S Jefferies

Cr P Morrell

Stephen Gash

Chief Executive Officer

Cr T Brown

Sue Dowson

Deputy CEO

Apologies:

Nil

3. **CONFIRMATION OF MINUTES**

3.1. **SPECIAL AUDIT COMMITTEE HELD – 16 APRIL 2021**

AUDIT COMMITTEE DECISION

That the Minutes of the Special Audit Committee 16 April 2021 to receive the 'Report to Audit Committee' from the Office of the Auditor General be confirmed as a true and correct record of proceedings.

4. OFFICER'S REPORTS

4.1. CONSIDERATION OF 2019/2020 ANNUAL FINANCIAL STATEMENTS

Proponent	Shire of Woodanilling
Owner	N/A
Location/Address	N/A
Author of Report	Stephen Gash - CEO
Date of Meeting	26 April 2021
Previous Reports	
Disclosure of any Interest	Nil
File Reference	4.3.4
Attachments	Annual Financial Statements 2019/2020 Including Auditors Report

BRIEF SUMMARY

The Audit Committee is requested to receive the 2019/2020 Annual Financial Statements and consider any significant items.

BACKGROUND

The Audited Annual Financial Statement for 2019/2020 were received on the 22nd April 2021 from the Office of the Auditor General. The Statements include the Auditor Report.

This followed a Special Audit Committee Meeting on 16th April 2021 where the findings were discussed with the Audit Committee as an 'exit interview' prior to finalising the Statements. There are no changes in the Auditors report from the report to Audit Committee on 16th April 20 to items listed in the Auditors Report to the Annual Financial Statements.

STATUTORY/LEGAL IMPLICATIONS

The relevant legislation regarding the annual financial statements and the annual report is as follows:

Local Government (Audit) Regulations 1996

16. Functions of audit committee

An audit committee has the following functions (in part) —

(a) to guide and assist the local government in carrying out —

(i) its functions under Part 6 of the Act; and *Local Government (Audit) Regulations 1996*

(ii) its functions relating to other audits and other matters related to financial management

(b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act

(e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;

(f) to oversee the implementation of any action that the local government —

(i) is required to take by section 7.12A(3)*; and

(ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a)**.

***Section 7.12A(3) requires a local government to examine an audit report received, determine any matters raised in the audit report require action and ensure appropriate action is taken regarding these matters**

**** Section 7.12A(4)(a) requires a report addressing any matters identified as significant by the auditor and the action it will take to address such matters.**

Local Government (Financial Management) Regulations

Regulation 51(2)

A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report.

Local Government Act 1995

6.4 Financial report

6.4.4

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to —
 - (a) be prepared and presented in the manner and form prescribed; and
 - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
 - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
 - (b) the annual financial report of the local government for the preceding financial year.

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
 - (a) there is any error or deficiency in an account or financial report submitted for audit; or
 - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
 - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The Shire has now received from the Office of the Auditor General (OAG) the invoice for the annual financials being \$29,000 which is as budgeted.

STRATEGIC IMPLICATIONS

Theme 3

Governance

GOALS

Short Term

GO.10 Implementation of community consultation process that link the Council and the community to ensure open and accountable government

Ongoing

GO.4 Financial management Plan – implementation and regular reporting on long term plan

CONSULTATION/COMMUNICATION

Audit Committee (Includes all Councillors)

Linclons
Office of Auditor General

RISK IMPLICATIONS

Non completion of the Annual Report and the Annual Financial Statements or that they have not been compiled correctly is a compliance risk.

This is the third year under the OAG Audit contract who advise that many Audits were delayed due to the timeframe for adoption of changes to the Local Government (Financial Management Regulations).

The audit contract did not include the requirement for Roads to Recovery Annual Report and this was not finalised before the 30 April 2021 cut off to receive cash payments in 2020/21. Therefore the Shire was forced to defer all Roads to Recovery Projects or face significant cash flow issues approximating 35% of the entire annual rate revenue.

COMMENT

Items in the Audit report requiring consideration under section 7.12(A) of the Local Government Act (1995) are:

1. Completion of the Community Strategic Plan and Corporate Business Plan to ensure asset ratios can be calculated; and
2. Operating Surplus Ratio remaining below required local government benchmarks for the past 3 years.

Proposed Response to be forwarded to the Minister for Local Government and published as required

1. The Shire had planned to progress its integrated planning processes at a planned community event in February 2020. Unfortunately this did not happen as the event was used as a community update to the Katanning- Woodanilling Bushfire. Immediately following this was the COVID restrictions which prevented progression and reallocated resources to other community support.

ACTION: The required planning will be completed by 30 June 2021.

2. Council acknowledges the level and trend of the Operating Surplus Ratio below:

FINANCIAL RATIOS			
	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.97	1.68	3.52
Asset consumption ratio	0.80	0.82	0.77
Asset renewal funding ratio	N/A	1.00	1.00
Asset sustainability ratio	1.03	0.50	0.83
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.35)	(0.86)	(0.42)
Own source revenue coverage ratio	0.42	0.30	0.25

Operating surplus ratio = $\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$

Own source operating revenue means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.

The Operating Surplus Ratio measures the extent to which revenues raised cover operational expenses (including depreciation).

The Department considers the ratio standard is met if the ratio is above 0.00. To achieve a positive level in the ratio requires operating revenue (excluding capital grants and contributions) to be greater than operating expenditure (including depreciation). It is typical of a local government similar to the Shire of Woodanilling to have an operating surplus ratio that does not meet the minimum requirements. This result reflects a reliance on sources of funding other than Council's own source funds such as rates.

A number of additional major items also directly influence the results of the Operating Surplus Ratio, such as:

1. The timing of operating grant funds being received in one financial year and expenditure being incurred in another e.g. pre-payment of the Federal Government Financial Assistance Grants.
2. The exclusion from the ratio of recurrent capital grants (such as specific purpose road grants) as a revenue, yet all of their expenditure is counted.
3. The funding of operating projects from reserve funds. All operating expenditure must be included in the ratio calculations, however the funds from cash reserve are excluded, resulting in an apparent lower ability to fund operating expenditure.

In order to improve its Operating Surplus Ratio, the Council has limited options available to it. One measure could be to increasing rates substantially, however, this must be balanced with the community's capacity and willingness to pay. An alternative is to review the Shire's major operating costs, including employment costs, materials and contracts, however, to achieve the required cost savings would have a dramatic adverse impact the level of service which the Shire is able to deliver to the community.

The Shire notes WALGA recommendations on the applicability of this ratio given some of the exclusions above.

ACTION: The Shire of Woodanilling does not have the immediate capacity in its current financial structure to bring the ratio in line with the Department's benchmark in the short term. The Shire will seek, as part of its long-term financial planning process, to make improvements to the Operating Surplus Ratio over time as opportunities present to improve revenue sources and make efficiencies in operating expenses.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION – REVIEW OF THE 2019/20 ANNUAL FINANCIAL STATEMENTS

That the Audit Committee-

1. Receives the Shire's 2019/2020 Annual Financial Statements and Auditors Report.
2. Has reviewed the Auditors Report and recommends to Council the proposed response on significant items contained within this report.

4.2. 2020/2021 AUDIT PLANNING

Proponent	Shire of Woodanilling
Owner	
Location/Address	
Author of Report	Stephen Gash - CEO
Date of Meeting	20 May 2021
Previous Reports	
Disclosure of any Interest	Nil
File Reference	4.3.4
Attachments	2020/2021 Audit Plan

BRIEF SUMMARY

To receive the Audit Plan for the 2020/2021 Audit provided at the entry interview.

BACKGROUND

The entry interview with Auditors was conducted on 11 May 2021 by teleconference.

The scope for the Audit is managed by the Office of the Auditor General and the Audit Plan was presented at the entry interview to document relevant standards, and expectations on information and timing.

STATUTORY/LEGAL IMPLICATIONS

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Theme 3

Governance

OBJECTIVES

To promote continual improvement that is supported by efficient and effective governance structures and processes.

STRATEGIES

By ensuring legislation is used to effectively enable quality decision making.

CONSULTATION/COMMUNICATION

Nothing Required

RISK MANAGEMENT

External Audit is one of the highest risk management processes the Audit Committee can rely upon to carry out their oversight role.

COMMENT

Lincolns have been re-appointed as sub-contractors to undertake the Office of the Auditor General Audit of the Shire of Woodanilling for the next three (3) years.

The Shire clarified that this will include Roads to Recovery Annual Report review for OAG certification.

The entry interview was required prior to Interim Audit. The interim audit visit was undertaken on 18th and 19th of May.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION – ITEM 2020/2021 AUDIT PLAN

That the Audit Committee receive the 2020/2021 Audit Plan and note the proposed timing of Audit processes.

4.3. COMPLIANCE AUDIT RETURN

Proponent	Shire of Woodanilling
Owner	
Location/Address	
Author of Report	Sue Dowson DCEO
Date of Meeting	23 March 2021
Previous Reports	
Disclosure of any Interest	Nil
File Reference	4.1.36
Attachments	Compliance Audit Return to 31/12/2020 under separate cover.

BRIEF SUMMARY

To adopt the Compliance Audit Return in accordance with the Local Government (Audit) Regulations 1996.

BACKGROUND

The Compliance Audit Return process ensures that each Local Government has processes in place that allows Council to monitor how the organisation is functioning. The Compliance Audit Return is one of the tools available to assist Council with this monitoring role.

The Compliance Audit Return is to be:

- presented to Council at a meeting of the Council
- adopted by the Council; and
- the adoption recorded in the minutes of the meeting at which it is adopted.

After the Return has been presented to Council a certified copy of the Return along with the relevant Section of the Minutes and any additional information is to be submitted to the Department by 31 March 2021.

STATUTORY/LEGAL IMPLICATIONS

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Theme 3

Governance

OBJECTIVES

To promote continual improvement that is supported by efficient and effective governance structures and processes.

STRATEGIES

By ensuring legislation is used to effectively enable quality decision making.

CONSULTATION/COMMUNICATION

Nothing Required

RISK MANAGEMENT

The need to undertake the Compliance Audit Return (CAR) is one of compliance. The Shire in the past has complied with this requirement within the due date. The failure to undertake the CAR this year within the prescribed time giving a high risk rating that needs to be addressed.

COMMENT

Non-compliance identified primarily relates to timing that has been impacted by resourcing due to staffing and COVID.

VOTING REQUIREMENTS

Absolute Majority

OFFICER'S RECOMMENDATION – ITEM COMPLIANCE AUDIT RETURN 01/01/2020 – 31/12/2020

That the Audit Committee:

1. Receive the attached Statutory Compliance Audit for the period 1st January 2020 until 31 December 2020.and recommend its approval and lodgement to Council
2. Note the non compliance and require monthly status reporting on outstanding actions.

5. **ITEMS LISTED FOR DISCUSSION**

6. **CLOSURE OF MEETING**



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Woodanilling

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Woodanilling which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Woodanilling:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Operating Surplus Ratio as reported in Note 27 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 financial years.
- (ii) The following material matter 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 was identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for the current financial year in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as planned capital renewals and required capital expenditure were not estimated in a long term financial plan and asset management plan.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio for 2018 and 2019 included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



EFTHALIA SAMARAS
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 April 2021

SHIRE OF WOODANILLING

PERIOD OF AUDIT: 1 JULY 2019 – 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Asset Renewal Funding Ratio	✓		
2. Bonds and Deposits Held			✓
3. Municipal Bank Reconciliation			✓

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.
- 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.

SHIRE OF WOODANILLING**PERIOD OF AUDIT: 1 JULY 2019 – 30 JUNE 2020****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Asset Renewal Funding Ratio****Finding**

The Shire has not reported the Asset Renewal Funding Ratio for 2020 in the annual financial report, as required by Regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996. This is because the Asset Management Plan and Long Term Financial Plan have not been recently updated, as a result of which the ratios would not be current and accurate.

We note that the Shire has commenced a review of these plans.

Rating: Significant**Implication**

The financial report does not comply with Regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

Recommendation

We recommend that the Shire prepares, reviews and updates the Asset Management Plan and the Long Term Financial Plan annually, to ensure that 10 year projections are available as required by the regulations, in order for the asset renewal funding ratio to be calculated based on verifiable information and reasonable assumptions.

Management Comment

Noted and Accepted. Will be completed by 30 June 2021.

Responsible Person: Chief Executive Officer

Completion Date: 30 June 2021

SHIRE OF WOODANILLING

PERIOD OF AUDIT: 1 JULY 2019 – 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Bonds and Deposits Held

Finding

Audit testing determined that “Bond and Deposit” accounts had numerous minor outstanding entries dating back many years. Given the historical nature of these entries, it is difficult to determine whether these entries are in fact liabilities of the Shire or are now Municipal revenue. Outstanding bonds and deposits totalled \$42,136 at 30 June 2020.

Rating: Minor

Implication

There is a possibility that the liability may require refund, recognition as revenue or transfer to the Receiver of Public Monies.

Recommendation

The Shire undertake a full investigation of all outstanding bonds and deposits and implement actions to resolve or correct as required.

Management Comment

Will be addressed in March 2021 budget review to be completed by 30 April 2021. Most relate to previous items held in trust but transferred out during the previous regulation change. These will now be reflected in reserve accounts if they were for a specific purpose.

Responsible Person: Chief Executive Officer

Completion Date: 30 April 2021

SHIRE OF WOODANILLING

PERIOD OF AUDIT: 1 JULY 2019 – 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Municipal Bank Reconciliation

Finding

The Municipal bank reconciliation at 30 June 2020 was not supported by a complete and detailed listing of reconciling items.

Rating: Minor

Implication

Whilst the list of reconciling items was able to be regenerated for audit purposes, it indicates a weakness in the review and approval process. This increases the risk of errors, omissions or fraud remaining undetected.

Recommendation

The responsible officers should ensure that a complete review is undertaken, which includes ensuring that the bank reconciliation is supported by a detailed listing of all reconciling items.

Management Comment

A complete listing of reconciling items will be produced to support the figures in the bank reconciliation.

Responsible Person: Chief Executive Officer

Completion Date: 30 April 2021

SHIRE OF WOODANILLING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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	49

COMMUNITY VISION

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

Principal place of business:
3316 Robinson Road
Woodanilling WA 6316



SHIRE OF WOODANILLING FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 16th day of April 2021

Stephen Gash

Chief Executive Officer

Stephen Gash

Name of Chief Executive Officer



SHIRE OF WOODANILLING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	20(a)	771,494	768,499	736,579
Operating grants, subsidies and contributions	2(a)	1,176,260	541,225	1,739,993
Fees and charges	2(a)	389,536	456,973	402,368
Interest earnings	2(a)	5,939	8,664	13,017
Other revenue	2(a)	525	178,757	(227)
		2,343,754	1,954,118	2,891,730
Expenses				
Employee costs		(1,021,216)	(1,011,434)	(1,090,662)
Materials and contracts		(367,824)	(632,218)	(1,475,690)
Utility charges		(145,916)	(42,373)	(83,977)
Depreciation on non-current assets	11(b)	(869,477)	(978,337)	(838,898)
Insurance expenses		(81,178)	(96,747)	(75,875)
Other expenditure		(279,327)	(320,296)	(311,879)
		(2,764,938)	(3,081,405)	(3,876,981)
		(421,184)	(1,127,287)	(985,251)
Non-operating grants, subsidies and contributions	2(a)	606,651	556,333	75,200
Profit on asset disposals	11(a)	7,609	0	5,091
(Loss) on asset disposals	11(a)	(2,619)	(875)	(11,384)
Fair value adjustments to financial assets at fair value through profit or loss		4,677	0	0
		616,318	555,458	68,907
Net result for the period		195,134	(571,829)	(916,344)
Total comprehensive income for the period		195,134	(571,829)	(916,344)

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



SHIRE OF WOODANILLING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue	2(a)			
Governance		745	8,200	153
General purpose funding		1,611,346	1,216,966	1,587,904
Law, order, public safety		107,696	34,910	71,989
Health		758	750	420
Education and welfare		95,410	113,500	64,079
Housing		16,026	19,300	6,858
Community amenities		37,234	32,850	30,824
Recreation and culture		1,613	2,250	2,079
Transport		372,757	367,102	1,011,233
Economic services		29,533	64,150	47,192
Other property and services		70,636	94,140	68,999
		2,343,754	1,954,118	2,891,730
Expenses	2(b)			
Governance		(226,829)	(229,142)	(360,744)
General purpose funding		(17,191)	(16,086)	(25,352)
Law, order, public safety		(226,007)	(159,529)	(185,401)
Health		(36,281)	(38,737)	(36,526)
Education and welfare		(45,231)	(44,434)	(41,645)
Housing		(84,120)	(62,010)	(72,885)
Community amenities		(130,761)	(134,226)	(128,880)
Recreation and culture		(235,129)	(147,746)	(200,260)
Transport		(1,369,554)	(2,183,892)	(2,702,410)
Economic services		(127,063)	(50,232)	(62,555)
Other property and services		(266,772)	(15,371)	(60,323)
		(2,764,938)	(3,081,405)	(3,876,981)
Finance Costs	2(b)			
		(421,184)	(1,127,287)	(985,251)
Non-operating grants, subsidies and contributions	2(a)	606,651	556,333	75,200
Profit on disposal of assets	11(a)	7,609	0	5,091
(Loss) on disposal of assets	11(a)	(2,619)	(875)	(11,384)
Fair value adjustments to financial assets at fair value through profit or loss		4,677	0	0
		616,318	555,458	68,907
Net result for the period		195,134	(571,829)	(916,344)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Total comprehensive income for the period		195,134	(571,829)	(916,344)

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



SHIRE OF WOODANILLING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,248,273	1,151,176
Trade and other receivables	6	174,911	112,556
Inventories	7	8,521	18,904
Other assets	8	1,050	1,050
TOTAL CURRENT ASSETS		1,432,755	1,283,686
NON-CURRENT ASSETS			
Other financial assets	5(b)	35,703	31,026
Property, plant and equipment	9	6,703,189	7,133,168
Infrastructure	10	24,910,068	24,470,803
TOTAL NON-CURRENT ASSETS		31,648,960	31,634,997
TOTAL ASSETS		33,081,715	32,918,683
CURRENT LIABILITIES			
Trade and other payables	13	226,066	218,467
Contract liabilities	14	69,286	0
Employee related provisions	16	147,531	142,049
TOTAL CURRENT LIABILITIES		442,883	360,516
NON-CURRENT LIABILITIES			
Employee related provisions	16	48,328	58,397
TOTAL NON-CURRENT LIABILITIES		48,328	58,397
TOTAL LIABILITIES		491,211	418,913
NET ASSETS		32,590,504	32,499,770
EQUITY			
Retained surplus		12,970,290	12,855,109
Reserves - cash backed	4	628,751	628,198
Revaluation surplus	12	18,991,463	19,016,463
TOTAL EQUITY		32,590,504	32,499,770

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



SHIRE OF WOODANILLING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		14,175,484	224,167	19,016,463	33,416,114
Comprehensive income					
Net result for the period		(916,344)	0	0	(916,344)
Total comprehensive income		(916,344)	0	0	(916,344)
Transfers from reserves	4	520,000	(520,000)	0	0
Transfers to reserves	4	(924,031)	924,031	0	0
Balance as at 30 June 2019		12,855,109	628,198	19,016,463	32,499,770
Change in accounting policy	24	(79,400)	0	(25,000)	(104,400)
Restated total equity at 1 July 2019		12,775,709	628,198	18,991,463	32,395,370
Comprehensive income					
Net result for the period		195,134	0	0	195,134
Total comprehensive income		195,134	0	0	195,134
Transfers to reserves	4	(553)	553	0	0
Balance as at 30 June 2020		12,970,290	628,751	18,991,463	32,590,504

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



SHIRE OF WOODANILLING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		761,579	768,499	725,224
Operating grants, subsidies and contributions		1,113,706	541,225	2,571,569
Fees and charges		389,536	456,973	402,368
Interest received		5,939	8,664	13,017
Goods and services tax received		50,456	67,133	206,898
Other revenue		525	178,757	(227)
		2,321,741	2,021,251	3,918,849
Payments				
Employee costs		(991,133)	(1,011,434)	(1,092,290)
Materials and contracts		(188,029)	(431,467)	(1,659,067)
Utility charges		(145,916)	(42,373)	(83,977)
Insurance paid		(81,178)	(96,747)	(75,875)
Goods and services tax paid		(246,939)	(67,133)	(206,898)
Other expenditure		(279,327)	(320,296)	(269,443)
		(1,932,522)	(1,969,450)	(3,387,550)
Net cash provided by (used in) operating activities	17	389,219	51,801	531,299
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(84,507)	(81,466)	(305,831)
Payments for construction of infrastructure	10(a)	(844,644)	(794,748)	(251,726)
Non-operating grants, subsidies and contributions	2(a)	606,651	556,333	75,200
Proceeds from sale of property, plant & equipment	11(a)	30,378	16,000	36,591
Net cash provided by (used in) investment activities		(292,122)	(303,881)	(445,766)
Net increase (decrease) in cash held		97,097	(252,080)	85,533
Cash at beginning of year		1,151,176	1,208,740	1,065,643
Cash and cash equivalents at the end of the year	17	1,248,273	956,660	1,151,176

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

SHIRE OF WOODANILLING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	21 (b)	215,572	1,080,167	1,292,687
		215,572	1,080,167	1,292,687
Revenue from operating activities (excluding rates)				
Governance		5,422	8,200	153
General purpose funding		839,852	448,467	851,325
Law, order, public safety		107,696	34,910	71,989
Health		758	750	420
Education and welfare		95,410	113,500	64,079
Housing		16,026	19,300	6,858
Community amenities		37,234	32,850	30,824
Recreation and culture		1,613	2,250	2,079
Transport		380,366	367,102	1,016,324
Economic services		29,533	64,150	47,192
Other property and services		70,636	94,140	68,999
		1,584,546	1,185,619	2,160,242
Expenditure from operating activities				
Governance		(226,829)	(229,142)	(360,744)
General purpose funding		(17,191)	(16,086)	(25,352)
Law, order, public safety		(226,007)	(159,529)	(185,401)
Health		(36,281)	(38,737)	(36,526)
Education and welfare		(45,231)	(44,434)	(41,645)
Housing		(84,120)	(62,010)	(72,885)
Community amenities		(130,761)	(134,226)	(128,880)
Recreation and culture		(235,129)	(147,746)	(200,260)
Transport		(1,372,173)	(2,184,767)	(2,713,794)
Economic services		(127,063)	(50,232)	(62,555)
Other property and services		(266,772)	(15,371)	(60,323)
		(2,767,557)	(3,082,280)	(3,888,365)
Non-cash amounts excluded from operating activities	21(a)	849,741	979,212	843,626
Amount attributable to operating activities		(117,698)	162,718	408,190
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	606,651	556,333	75,200
Proceeds from disposal of assets	11(a)	30,378	16,000	36,591
Purchase of property, plant and equipment	9(a)	(84,507)	(81,466)	(305,831)
Purchase and construction of infrastructure	10(a)	(844,644)	(794,748)	(251,726)
Amount attributable to investing activities		(292,122)	(303,881)	(445,766)
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	4	(553)	(627,336)	(924,031)
Transfers from reserves (restricted assets)	4	0	0	520,000
Amount attributable to financing activities		(553)	(627,336)	(404,031)
Surplus/(deficit) before imposition of general rates		(410,373)	(768,499)	(441,607)
Total amount raised from general rates	20(a)	771,494	768,499	736,579
Surplus/(deficit) after imposition of general rates	21(b)	361,121	0	294,972

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

SHIRE OF WOODANILLING
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	15
Note 4	Reserves - Cash backed	16
Note 5	Other Financial Assets	17
Note 6	Trade and Other Receivables	18
Note 7	Inventories	19
Note 8	Other Assets	20
Note 9	Property, Plant and Equipment	21
Note 10	Infrastructure	23
Note 11	Fixed Assets	25
Note 12	Revaluation Surplus	28
Note 13	Trade and Other Payables	29
Note 14	Contract Liabilities	30
Note 15	Information on Borrowings	31
Note 16	Employee Provisions	32
Note 17	Notes to the Statement of Cash Flows	33
Note 18	Total Assets Classified by Function and Activity	34
Note 19	Related Party Transactions	35
Note 20	Rating Information	37
Note 21	Rate Setting Statement Information	40
Note 22	Financial Risk Management	41
Note 23	Initial Application of Australian Accounting Standards	43
Note 24	Change in Accounting Policies	45
Note 25	Other Significant Accounting Policies	46
Note 26	Activities/Programs	47
Note 27	Financial Ratios	48

1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right of use asset to be measured at cost. All right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/Registrations/Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
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 WOODANILLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	520	0	181
General purpose funding	832,773	436,286	835,723
Law, order, public safety	47,000	29,837	66,216
Education and welfare	42,969	0	9,330
Housing	329	0	808
Transport	186,283	75,102	768,003
Other property and services	66,386	0	59,732
	1,176,260	541,225	1,739,993
Non-operating grants, subsidies and contributions			
Recreation and culture	52,551	0	0
Transport	554,100	556,333	75,200
	606,651	556,333	75,200
Total grants, subsidies and contributions	1,782,911	1,097,558	1,815,193
Fees and charges			
Governance	340	2,200	31
General purpose funding	500	1,900	1,940
Law, order, public safety	60,697	5,073	6,586
Health	758	750	420
Education and welfare	52,442	51,500	54,749
Housing	15,696	17,800	6,050
Community amenities	37,234	32,850	30,825
Recreation and culture	1,613	2,250	2,079
Transport	186,473	265,000	243,230
Economic services	29,533	64,150	47,191
Other property and services	4,250	13,500	9,267
	389,536	456,973	402,368

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	1,176,260	0	0
Fees and charges	389,536	0	0
Non-operating grants, subsidies and contributions	606,651	556,333	75,200
	2,172,447	556,333	75,200

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Contracts with customers included as a contract liability at the start of the period	79,400		
Other revenue from contracts with customers recognised during the year	1,565,796	0	0
Other revenue from performance obligations satisfied during the year	527,251	556,333	75,200
	2,172,447	556,333	75,200

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	112,786	0	0
Contract liabilities from contracts with customers	(69,286)	0	0

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

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

Other revenue

Reimbursements and recoveries

Other

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 20(c))

Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	771,494	768,499	736,579
	771,494	768,499	736,579
Other revenue			
Reimbursements and recoveries	0	178,140	0
Other	525	617	(227)
	525	178,757	(227)
Interest earnings			
Interest on reserve funds	71	515	712
Rates instalment and penalty interest (refer Note 20(c))	5,018	8,129	3,933
Other interest earnings	850	20	8,372
	5,939	8,664	13,017

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

Other expenditure

Sundry expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	29,900	29,800	29,414
	29,900	29,800	29,414
Other expenditure			
Sundry expenses	279,327	320,296	311,879
	279,327	320,296	311,879

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

3. CASH AND CASH EQUIVALENTS

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	1,248,273	1,151,176
Total cash and cash equivalents	1,248,273	1,151,176

Restrictions

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

- Cash and cash equivalents	698,037	628,198
	698,037	628,198

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

Reserves - cash backed	4	628,751	628,198
Contract liabilities from contracts with customers	14	69,286	0
Total restricted assets		698,037	628,198

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

SHIRE OF WOODANILLING

4. RESERVES - CASH

RESERVES - CASH															
	2020			2020			2020			2020			2019		
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance			
(a) Plant replacement reserve	\$ 448,377	\$ 395	\$ 0	\$ 448,772	\$ 628	\$ 447,763	\$ 0	\$ 448,391	\$ 160,000	\$ 611,057	\$ (322,680)	\$ 448,377			
(b) Building reserve	42,036	37	0	42,073	59	41,977	0	42,036	15,000	53,865	(26,829)	42,036			
(c) Affordable housing reserve	102,174	90	0	102,264	143	102,034	0	102,177	36,460	119,907	(54,193)	102,174			
(d) Office equipment reserve	14,012	12	0	14,024	20	13,992	0	14,012	5,000	19,928	(10,916)	14,012			
(e) Recreation reserve	0	0	0	0	0	0	0	0	0	35,520	(35,520)	0			
(f) Road construction reserve	21,599	19	0	21,618	30	21,570	0	21,600	7,707	83,754	(69,862)	21,599			
	628,198	553	0	628,751	880	627,336	0	628,216	224,167	324,031	(520,000)	628,198			

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Plant replacement reserve	As per Plant Replacement Program	To be used to fund the net cost of plant and equipment purchases as determined in the 10 Year Plant Replacement Program
(b) Building reserve	As per Building Plan	To be used to meet requirements for providing new buildings for Council purposes, other than affordable housing or recreational facilities, or for major maintenance
(c) Affordable housing reserve	As per Building Plan	To be used to meet requirements for affordable housing, either new or major upgrades into the future
(d) Office equipment reserve	As required	To be used for the purchase of office equipment and future computer upgrades
(e) Recreation reserve	30/06/2019	To be used to fund capital improvements at recreational facilities, including sporting facilities or halls
(f) Road construction reserve	As required	To be used to fund road construction projects within the Woodanilling Shire, or to levy additional funding

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

5. OTHER FINANCIAL ASSETS

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust
 BWK Co-op Shares

	2020	2019
	35,703	31,026
	35,703	31,026
	35,611	30,934
	92	92
	35,703	31,026

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables

2020	2019
\$	\$
62,125	52,210
112,786	60,346
174,911	112,556

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 22.

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.

7. INVENTORIES

Current

Fuel and materials

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

	2020	2019
	\$	\$
	8,521	18,904
	8,521	18,904
	18,904	16,210
	(107,642)	(93,004)
	97,259	95,698
	8,521	18,904

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

Other assets - current

Accrued income

2020	2019
\$	\$
1,050	1,050
1,050	1,050

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Accrued income

Accrued income is income which has been earned but not yet received. Income must be recorded in the accounting period in which it is earned. Therefore, accrued income must be recognised in the accounting period in which it arises rather than in a subsequent period in which it will be received.

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	498,000	25,000	523,000	5,295,086	5,818,086	41,564	1,450,707	7,310,357
Additions	0	0	0	72,622	72,622	47,400	185,809	305,831
(Disposals)	0	0	0	0	0	(580)	(42,304)	(42,884)
Depreciation (expense)	0	0	0	(108,361)	(108,361)	(14,900)	(316,875)	(440,136)
Carrying amount at 30 June 2019	498,000	25,000	523,000	5,259,347	5,782,347	73,484	1,277,337	7,133,168
Comprises:								
Gross carrying amount at 30 June 2019	498,000	25,000	523,000	5,506,266	6,029,266	166,932	3,136,784	9,332,982
Accumulated depreciation at 30 June 2019	0	0	0	(246,919)	(246,919)	(93,448)	(1,859,447)	(2,199,814)
Carrying amount at 30 June 2019	498,000	25,000	523,000	5,259,347	5,782,347	73,484	1,277,337	7,133,168
Change in accounting policy	0	(25,000)	(25,000)	0	(25,000)	0	0	(25,000)
Carrying amount at 1 July 2019	498,000	0	498,000	5,259,347	5,757,347	73,484	1,277,337	7,108,168
Additions	0	0	0	0	0	0	84,507	84,507
(Disposals)	0	0	0	0	0	0	(25,388)	(25,388)
Depreciation (expense)	0	0	0	(109,814)	(109,814)	(26,529)	(327,755)	(464,098)
Carrying amount at 30 June 2020	498,000	0	498,000	5,149,533	5,647,533	46,955	1,008,701	6,703,189
Comprises:								
Gross carrying amount at 30 June 2020	498,000	0	498,000	5,506,266	6,004,266	166,932	3,177,957	9,349,155
Accumulated depreciation at 30 June 2020	0	0	0	(356,733)	(356,733)	(119,977)	(2,169,256)	(2,645,966)
Carrying amount at 30 June 2020	498,000	0	498,000	5,149,533	5,647,533	46,955	1,008,701	6,703,189

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per hectare/market borrowing rate
Buildings	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Observable open market values of similar assets adjusted for condition and comparability at the highest and best use
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessments
Plant and equipment					
- Independent valuation 2015	2	Market approach using recent observable market data for similar vehicles	Independent registered valuers	June 2016	Price per item

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - bridges and drainage	Other infrastructure - parks and ovals	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2018	18,820,513	120,718	5,591,898	84,710	24,617,839
Additions	251,726	0	0	0	251,726
Depreciation (expense)	(306,170)	(9,227)	(80,932)	(2,433)	(398,762)
Carrying amount at 30 June 2019	18,766,069	111,491	5,510,966	82,277	24,470,803
Comprises:					
Gross carrying amount at 30 June 2019	21,611,498	184,525	7,004,042	355,625	29,155,690
Accumulated depreciation at 30 June 2019	(2,845,429)	(73,034)	(1,493,076)	(273,348)	(4,684,887)
Carrying amount at 30 June 2019	18,766,069	111,491	5,510,966	82,277	24,470,803
Additions	814,692	19,271	10,681	0	844,644
Depreciation (expense)	(306,169)	(9,226)	(87,551)	(2,433)	(405,379)
Carrying amount at 30 June 2020	19,274,592	121,536	5,434,096	79,844	24,910,068
Comprises:					
Gross carrying amount at 30 June 2020	22,426,190	203,796	7,014,723	355,625	30,000,334
Accumulated depreciation at 30 June 2020	(3,151,598)	(82,260)	(1,580,627)	(275,781)	(5,090,266)
Carrying amount at 30 June 2020	19,274,592	121,536	5,434,096	79,844	24,910,068

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - bridges and drainage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Other infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Construction costs and current condition, residual values and remaining useful life assessments

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.

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Individual assets that are land, buildings and infrastructure acquired between the 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 every five years in accordance with the regulatory framework.

This includes buildings and infrastructure items which were pre-existing improvements (ie vested improvements) on vested land acquired by the Shire. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with the *Local Government (Financial Management) Regulation 17A(2)* which requires land, buildings, infrastructure and vested improvements to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

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

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

Land under roads

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

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

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

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

Land under roads from 1 July 2019

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

The Shire has accounted for the removal of vested land values associated with vested land by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

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

11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	0	0	0	0	0	0	0	0	580	0	0	(580)
Plant and equipment	25,388	30,378	7,609	(2,619)	16,875	16,000	0	(875)	42,304	36,591	5,091	(10,804)
	25,388	30,378	7,609	(2,619)	16,875	16,000	0	(875)	42,884	36,591	5,091	(11,384)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport				
Bartco Portable Solar Traffic	9,587	17,196	7,609	0
Toyota Camry (DCEO)	15,801	13,182	0	(2,619)
	25,388	30,378	7,609	(2,619)

11. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	109,814	65,574	108,361
Furniture and equipment	26,529	11,953	14,900
Plant and equipment	327,755	244,637	316,875
Infrastructure - roads	306,169	644,432	306,170
Other infrastructure - footpaths	9,226	9,291	9,227
Other infrastructure - bridges and drainage	87,551	0	80,932
Other infrastructure - parks and ovals	2,433	2,450	2,433
	869,477	978,337	838,898

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 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 in one of the following ways:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Closing Balance
Revaluation surplus - Land and Buildings	2,177,676	(25,000)	0	0	2,152,676	2,177,676	0	0	2,177,676
Revaluation surplus - Plant and equipment	439,679	0	0	0	439,679	439,679	0	0	439,679
Revaluation surplus - Infrastructure - roads	10,491,652	0	0	0	10,491,652	10,491,652	0	0	10,491,652
Revaluation surplus - Other infrastructure - footpaths	103,307	0	0	0	103,307	103,307	0	0	103,307
Revaluation surplus - Other infrastructure - bridges and drainage	5,804,149	0	0	0	5,804,149	5,804,149	0	0	5,804,149
	19,016,463	(25,000)	0	0	18,991,463	19,016,463	0	0	19,016,463

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Income received in advance

2020	2019
\$	\$
129,790	160,124
11,488	5,785
28,967	0
42,136	42,436
13,685	10,122
226,066	218,467

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

14. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

2020	2019
\$	\$
69,286	0
69,286	0

69,286
69,286

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

15. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(a) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	2,000	4,000
Credit card balance at balance date	(828)	(84)
Total amount of credit unused	1,172	3,916

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Risk
 Information regarding exposure to risk can be found at Note 22.

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2020

Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	82,574	59,475	142,049
Non-current provisions	0	58,397	58,397
	82,574	117,872	200,446
Additional provision	80,820	22,494	103,314
Amounts used	(78,274)	(29,627)	(107,901)
Balance at 30 June 2020	85,120	110,739	195,859
Comprises			
Current	85,120	62,411	147,531
Non-current	0	48,328	48,328
	85,120	110,739	195,859

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

	2020	2019
	\$	\$
Less than 12 months after the reporting date	114,235	114,133
More than 12 months from reporting date	81,624	86,313
	195,859	200,446

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

17. 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. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	1,248,273	956,660	1,151,176
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	195,134	(571,829)	(916,344)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(4,677)	0	0
Depreciation on non-current assets	869,477	978,337	838,898
(Profit)/loss on sale of asset	(4,990)	875	6,293
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(62,355)	0	820,221
(Increase)/decrease in inventories	10,383	0	(2,694)
Increase/(decrease) in payables	7,599	200,751	(138,732)
Increase/(decrease) in provisions	(4,587)	0	(1,143)
Increase/(decrease) in contract liabilities	(10,114)	0	0
Non-operating grants, subsidies and contributions	(606,651)	(556,333)	(75,200)
Net cash from operating activities	389,219	51,801	531,299

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	35,703	46,902
General purpose funding	754,354	113,606
Law, order, public safety	306,797	336,135
Health	1,028	0
Education and welfare	1,317,163	1,343,207
Housing	1,024,934	937,600
Community amenities	138,250	155,986
Recreation and culture	2,855,551	2,925,063
Transport	25,417,244	24,715,950
Economic services	9,520	0
Other property and services	953,895	1,162,033
Unallocated	267,276	1,182,201
	33,081,715	32,918,683

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	21,748	3,500	21,000
President's allowance	5,925	11,850	5,925
Deputy President's allowance	3,703	9,875	4,938
Travelling expenses	283	1,050	495
Telecommunications allowance	5,474	0	6,300
	37,133	26,275	38,658

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	218,407	280,819
Post-employment benefits	25,463	21,825
Other long-term benefits	3,739	1,873
	247,609	304,517

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.

19. 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.

The following transactions occurred with related parties:	2020	2019
	Actual	Actual
	\$	\$
Purchase of goods and services	5,351	20,400
Short term employee benefits -other related parties	70,651	42,391

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*
The associate person of KMP was employed by the Shire under normal employment terms and conditions.
- 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 WOODANILLING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

20. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate															
	Rate in \$	Number of Properties	2019/20 Actual Value	2019/20 Actual Rate	2019/20 Actual Revenue	2019/20 Actual Interim Rates	2019/20 Actual Back Rates	2019/20 Actual Total Revenue	2019/20 Budget Rate	2019/20 Budget Interim Rate	2019/20 Budget Back Rate	2019/20 Budget Total Revenue	2018/19 Actual Total Revenue			
Gross rental valuations																
GRV	0.114403	99	880,800	100,766	(292)	0	0	100,474	100,623	0	0	100,623	89,517			
Urban Farm	0	0	0	0	0	0	0	0	0	0	0	0	7,425			
Unimproved valuations																
UV	0.005787	196	117,049,396	677,716	(334)	0	0	677,382	677,837	0	0	677,837	646,929			
Sub-Total	Minimum \$	295	117,930,196	778,482	(626)	0	0	777,856	778,460	0	0	778,460	743,871			
Minimum payment																
Gross rental valuations																
GRV	390	66	99,595	25,740	0	0	0	25,740	25,740	0	0	25,740	19,500			
Unimproved valuations																
UV	390	19	770,959	7,410	0	0	0	7,410	7,020	0	0	7,020	5,625			
Sub-Total		85	870,554	33,150	0	0	0	33,150	32,760	0	0	32,760	25,125			
Discounts (Note 20(b))		380	118,800,750	811,632	(626)	0	0	811,006	811,220	0	0	811,220	768,996			
Total amount raised from general rate								(39,512)				(36,742)	(32,417)			
Concessions (Note 20(b))								771,494				774,478	736,579			
Ex-gratia rates								0				(7,425)	0			
Totals								0				1,446	0			
												768,499	736,579			

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

20. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
General rates	5.00%		39,512	36,742	32,417	All rates and charges paid in full within 35 days of issue. In addition Council provides a 50% discount on general rates only to Lots 32, 33, 34, 35 & 38 DP 223222, Quartermaine & Shenton Roads, Woodanilling, and Lots 2, 3 & 4 DP 227523 Albany Highway due to Planning restrictions on these lots.
Waivers or Concessions			39,512	36,742	32,417	
Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	2020 Actual	2020 Budget	2019 Actual	
GRV - Urban Farm	Concession	50.00%	0	7,425	0	
			0	7,425	0	
Total discounts/concessions (Note 20(a))			39,512	44,167	32,417	
Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession			
GRV - Urban Farm	Assessments being land zoned "local rural" adjacent	In moving from differential rates	In moving from differential rates			

20. 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				
35 days from notice	3/10/2019	0	0.00%	11.00%
Option Two				
Instalment one	3/10/2019	0	0.00%	11.00%
Instalment two	7/02/2020	5	5.50%	11.00%
Option Three				
Instalment one	3/10/2019	0	0.00%	11.00%
Instalment two	6/12/2019	5	5.50%	11.00%
Instalment three	7/02/2020	5	5.50%	11.00%
Instalment four	16/04/2020	5	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	3,936	7,203	3,079
Interest on instalment plan	1,082	926	854
Charges on instalment plan	500	500	645
	5,518	8,629	4,578

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

21. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20 Budget	2018/19 Budget
		(30 June 2020)	(30 June 2020)	(30 June 2019)
		Carried Forward)	Carried Forward)	Carried Forward)
Note		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(7,609)	0	(5,091)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(4,677)	0	0
Movement in employee benefit provisions (non-current)		(10,069)	0	(1,565)
Add: Loss on disposal of assets	11(a)	2,619	875	11,384
Add: Depreciation on non-current assets	11(b)	869,477	978,337	838,898
Non cash amounts excluded from operating activities		849,741	979,212	843,626
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(628,751)	(628,216)	(628,198)
Total adjustments to net current assets		(628,751)	(628,216)	(628,198)
Net current assets used in the Rate Setting Statement				
Total current assets		1,432,755	1,226,511	1,283,686
Less: Total current liabilities		(442,883)	(598,295)	(360,516)
Less: Total adjustments to net current assets		(628,751)	(628,216)	(628,198)
Net current assets used in the Rate Setting Statement		361,121	0	294,972
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current liabilities at 30 June 2019				
- Contract liabilities from contracts with customers	23(a)			(360,516)
Total current liabilities at 1 July 2019				(439,916)

22. FINANCIAL RISK MANAGEMENT

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

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

(a) Interest rate risk

Cash and cash equivalents

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.05%	1,248,273	0	1,247,823	450
2019					
Cash and cash equivalents	1.82%	1,151,176	0	1,150,726	450

Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity*

	2020	2019
	\$	\$
	12,483	11,512

* 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 14(b).

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2020</u>					
Payables	226,066	0	0	226,066	226,066
	226,066	0	0	226,066	226,066
<u>2019</u>					
Payables	176,516	0	0	176,516	218,467
	176,516	0	0	176,516	218,467

23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

	Note	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
		\$	\$	\$
Contract liabilities - current				
Contract liabilities from contracts with customers	14	0	(79,400)	(79,400)
Adjustment to retained surplus from adoption of AASB 15	24(b)		(79,400)	

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

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

In accordance with the Shire's accounting policies, prepaid rates were recognised as a liability at 30 June 2019. Therefore the initial application of AASB 1058 at 1 July 2019 did not have an impact on the recognition and classification of prepaid rates.

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

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

23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Operating grants, subsidies and contributions	2(a)	1,176,260	69,286	1,245,546
Net result		195,134	69,286	264,420
Statement of Financial Position				
Contract liabilities	14	69,286	(69,286)	0
Net assets		32,590,504	69,286	32,659,790
Statement of Changes in Equity				
Net result		195,134	69,286	264,420
Retained surplus		12,970,290	69,286	13,039,576

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

(c) AASB 16: Leases

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

The initial application of AASB 1058 at 1 July 2019 did not have an impact, as the Shire did not have any operating leases at 30 June 2019.

24. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	3	7,133,168	(25,000)	7,108,168
Revaluation surplus	5	19,016,463	(25,000)	18,991,463

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

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

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			12,855,109
Adjustment to retained surplus from adoption of AASB 15	23(a)	(79,400)	(79,400)
Retained surplus - 1 July 2019			12,775,709

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

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			19,016,463
Adjustment to revaluation surplus from amendment to FM Reg 17A	24(a)	(25,000)	(25,000)
Revaluation surplus - 1 July 2019			18,991,463

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

25. 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 ends of the reporting period.

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

26. ACTIVITIES/PROGRAMS

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

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

27. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.97	1.68	3.52
Asset consumption ratio	0.80	0.82	0.77
Asset renewal funding ratio	N/A	1.00	1.00
Asset sustainability ratio	1.03	0.50	0.83
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.35)	(0.86)	(0.42)
Own source revenue coverage ratio	0.42	0.30	0.25

The above ratios are calculated as follows:

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



SHIRE OF WOODANILLING

AUDIT PLAN

YEAR ENDED 30 JUNE 2021

Contents

1.	Introduction	~ 3 ~
2.	Audit Approach Overview	~ 4 ~
3.	Audit Objectives	~ 5 ~
4.	Scope of the Audit and Communication	~ 6 ~
5.	Components of and Response to Audit Risk	~ 8 ~
6.	Engagement Team	~ 12 ~
7.	Timetable	~ 13 ~
8.	Confidentiality and Independence	~ 14 ~
9.	New Accounting Standards, Policy Changes and Disclosures	~ 15 ~

Introduction

This document sets out our Audit Plan for the year ended 30 June 2021, and summarises our audit approach, highlights key areas of audit risk and focus, provides details of our engagement team and other required communications.

Recent Industry and Economic Trends

The Local Government sector in Western Australia operates in a relatively stable economic environment. Entities rely on funding from State and Federal Government to supplement own source revenue. Funding is both for operations and capital works projects. Additional capital funding is opportunistic and reliant on whole of Government initiatives. Local Governments budget for additional capital funding only when the project and funding source is probable.

There is a long history of recurring grant funding and whilst there is ever increasing requirements to fund target service delivery and capital needs, in general, recurring funding is known and is expected to continue.

Operational costs are generally predictable and can be controlled. Additionally, and to a larger extent by deferral of capital acquisition and infrastructure construction projects. Long term asset management plans and financial plans exist to control risk of a deteriorating asset base and loss of service potential.

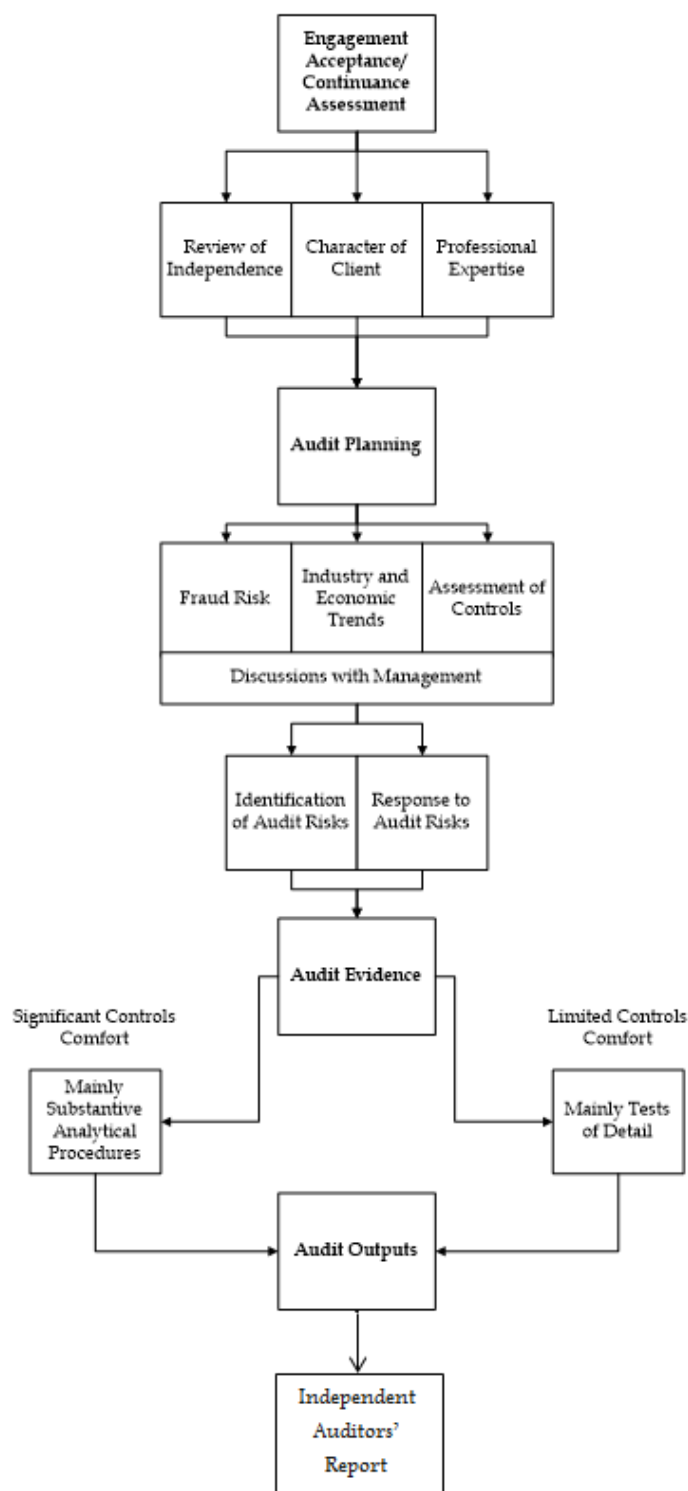
In the past, Council has shown rapid and measured response to the management of the financial impacts of natural disasters and most recently, the Covid 19 pandemic.

Audit Approach Overview

Our methodology involves the development of a risk matrix to determine the overall audit risk as a result of the interaction between control risk and inherent risk.

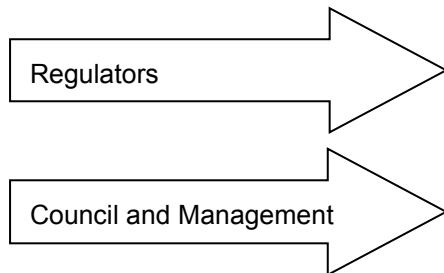
The risk matrix will be used to determine assurance levels and sample sizes for statistical sampling.

Our risk-based audit approach ensures that our audit procedures are targeted towards the significant risk areas of the entity allowing for an efficient allocation of our resources. Additionally this methodology is based on us developing a detailed understanding of the transactional processes inherent in your organisation, which ensures that our audit testing will provide an independent review of your systems of internal control where recommendations for improvements will be communicated through the annual management letter.



Audit Objectives

The audit will be primarily directed towards assurance at two levels:



- Lodgement of audit opinion and financial statements with the Minister for Local Government.
- Independent assurance that the financial statements of The Shire of Woodanilling present a true and fair view in accordance with Australian Accounting Standards, and the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and other relevant local government legislation.
- Communication of areas of high risk together with our assessment of how management may mitigate these risks.
- Observations and assurance over financial reporting and financial control issues from experienced professionals who understand Local Government.
- Communication of areas of risk that we do not consider to be sufficiently mitigated.
- Reporting of any issues relating to the systems of internal control identified during our audit.

Scope of the Audit and Communication

As a Contract Auditor to the OAG, we are responsible for undertaking the audit work on behalf of the OAG. The Auditor General retains responsibility for issuing the audit opinion on the Shire of Woodanilling's financial statements. The audit will be conducted in accordance with the Australian Auditing Standards.

Scope of Work

- Audit of the general-purpose financial statements of the Shire of Woodanilling.
- Audit of compliance with specified provisions of the Local Government Act 1995
- Audit of compliance with the Local Government (Financial Management) Regulations 1996

Australian Auditing Standard ASA 260: Communication of Audit Matters with those charged with Governance requires that we communicate with "those charged with governance" of the Shire of Woodanilling in relation to some aspects of our audit.

ASA 260 defines "Those charged with governance" to include "those persons accountable for ensuring that the entity achieves its objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties. Those charged with governance include management only when it performs such functions."

We advise that we will communicate matters of governance interest arising from our audit with

- (i) the Council, and/or
- (ii) management

as we consider appropriate in relation to each matter to be communicated.

Ordinarily, we will initially discuss audit matters of governance interest with management. Draft management letters will be provided to you for comments from appropriate members of your management. We request these be returned to us within 14 days.

The final management letter will be issued and will be addressed to the President and CEO after it has been discussed with management and comments received. All matters will be communicated on a timely basis.

Communication

Materiality

The scope of our audit is influenced by the application of materiality. During the audit we may identify amounts that we believe should be recorded differently in the financial statements. In accordance with ASA 320 – Materiality in Planning and Performing an Audit, where these are material in amount or by nature, we will request management to adjust the financial statements. In addition, we will provide management with a summary of all audit identified adjusted and unadjusted differences in the management representation letter. In line with the OAG's policy, we have not disclosed our materiality amount

Prior to the conclusion of our audit, we will advise you of:

- All adjustments to the financial statements made as a result of our audit.
- Uncorrected misstatements identified during the audit which management determined were not material. An audit of a financial report is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, our audit does not ordinarily identify all such matters.

Our communications of matters of governance interest includes only those audit matters of governance interest that have come to our attention as a result of the performance of our audit.

Management Representation Letter

The audit plan assumes that management will be in a position to sign a management representation letter. A draft management representation letter will be provided to you for consideration and review and should be signed and dated at the same time as the financial report and as close as practicable to the date of the audit opinion. Ordinarily, this would be no more than five working days prior to the issue of the opinion.

We will rely on the Chief Executive Officer and the Director of Corporate Services (or equivalent) signing the financial statements as evidence that they confirm:

- They have fulfilled their responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including their fair presentation;
- They have provided us with access to all relevant information necessary or requested for the purpose of the audit; and
- All transactions have been recorded and are reflected in the financial report.

Engagement Team

Fraud Risk

The primary responsibility for the prevention and detection of fraud and error rests with the Council and the management of The Shire of Woodanilling. Management is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial report.

Under Australian Auditing Standard ASA 240 *The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report*, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial report as a result of fraud and error.

Our audit scope covers areas within the entity where material misstatements resulting from fraud or error (intentional or unintentional) would be most likely to occur, due to either control weaknesses or inherent susceptibilities.

All entities are susceptible to financial reporting fraud where transactions fall outside the embedded systems and controls, for example year end journals posted by management.

Our perspective on fraud risk is that controls are in place to identify fraud and reduce the residual risk to an acceptably low level.

Industry Level Risk

Planning has identified no significant industry risk.

Inherent Risk

Following our preliminary enquiries and analysis we have identified some specific audit risks that impact on our audit of Shire of Woodanilling.

Details of Risk / Issue	Lincolns Audit Approach
Grant Funding and Other Revenue	<ul style="list-style-type: none"> Agree revenue by direct confirmation

Details of Risk / Issue	Lincolns Audit Approach
	<ul style="list-style-type: none"> Consider and respond to risk of fraud in the revenue cycle including testing related party transactions Analysis of revenue allocation to ensure that revenue is recognised in the correct period and any related liabilities for contracts with customers are recorded.
Rates	<ul style="list-style-type: none"> Agree rates to the following: <ul style="list-style-type: none"> Property valuations rolls Check control procedures in place for transfer of rates from Valuer General to Internal Software system Check rate notice calculation and disclosures.
Expenses and other material balances	<ul style="list-style-type: none"> The design and implementation of controls will be assessed as the basis for designing audit procedures that are considered appropriate in the circumstances Agree expenses to procurement policy, source evidence, and review approval process.
Payroll/Provisions	<ul style="list-style-type: none"> Agree pay-run to the following: <ul style="list-style-type: none"> Employee awards Employee contracts Check calculation of super and tax, Check authority to deduct salary sacrifice Check the control procedures in payroll department in line with internal policies. Check provisions Analytical review
Management's monitoring of the control environment	<ul style="list-style-type: none"> Review council minutes of meetings for the following: <ul style="list-style-type: none"> Management process for reviewing internal control procedures including evidence of periodic review of policy manual. Management's implementation and monitoring of new control procedures. Management's implementation and monitoring for amending current control procedures.
Management Override of Controls	<ul style="list-style-type: none"> Sample test and judgementally review general journals Understand and test the adequacy and effectiveness of division of duties Controls testing Substantive procedures
Revaluation of assets per AASB 116	<ul style="list-style-type: none"> Evaluate skills, qualifications and expertise of independent valuer

Details of Risk / Issue	Lincolns Audit Approach
	<ul style="list-style-type: none"> Evaluate valuation methodology to ensure consistent with Standards and assumptions reasonable Ensure completeness and validity of uptake to asset register by agreeing to valuation report Ensure depreciation basis correctly reflects rates and remaining useful life by agreeing asset register to valuation report
Right of Use Assets	<ul style="list-style-type: none"> Review identification of infrastructure or buildings that were received as a result of land being vested to Council and subsequent reclassification to Right of Use Assets.
Restricted Reserve Accounts	<ul style="list-style-type: none"> Review movements within the restricted reserve accounts to ensure they are approved by Council and transfers out are used in accordance with the intended purpose of the respective reserve.
<p>The following financial statement items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> Provision for long service leave Property, plant and equipment Depreciation and amortisation 	<ul style="list-style-type: none"> Review the method and underlying data that management and where applicable third parties use when determining critical accounting estimates. This will include considering the reasonableness of assumptions and corroborating representations. For infrastructure, property, plant and equipment we will review Management's assessment of the useful lives and existence of assets. Where impairment indicators of assets have been identified we will ensure the Shire has accurately accounted for the impairment losses.
<p>Prior year management letter issues</p> <ul style="list-style-type: none"> Asset Renewal Funding Ratio Bonds and Deposits Held Muni Bank Reconciliation 	<ul style="list-style-type: none"> We will follow up these issues to assess the extent of action taken by the Shire.
Related Party Disclosure	Review process undertaken by the Shire and the records or declarations collected to ensure related party transactions are adequately disclosed.
COVID-19 virus	<p>We will work with your management to minimise the risk for your staff and councillors, and our staff and contractors, and to your operations, while completing audits in the best timeframe possible under the circumstances.</p> <p>This will likely involve more audit work being performed remotely rather than at your premises, and/or potentially delaying audit work if unforeseen circumstances arise.</p>

We confirm our continued commitment to provide the highest level of service possible by using our most experienced staff and where possible, providing ongoing continuity of engagement team members.

OAG Contact	Mikey Fiorucci	mikey.fiorucci@audit.wa.gov.au
Engagement Principal	Russell Harrison	russellh@lincolns.com.au
Engagement Team	Chris Martain	chrism@lincolns.com.au
	Garrett Douglas	garrettd@lincolns.com.au

The engagement partner is responsible for assuring the overall quality, value and timeliness of our services to you.

Please feel free to contact any member of the engagement team as your needs arise

Timetable

Key dates for the engagement are detailed as follows:

Engagement Timetable	Key Dates
Interim audit procedures	18 May to 20 May 2021
Interim Management Letter	11 June 2021
Receipt of financial statements	30 September 2021
Year end audit	11 October to 15 October 2021
Audit files to OAG	22 October 2021
OAG File Review Complete	5 November 2021
Formal Exit Meeting	19 November 2021
CEO to sign off financial statements and management representation letter	19 November 2021
Issue of audit opinion	26 November 2021

Achieving this sign-off date is dependent on our receiving all required information requested in our year end folder to be delivered to you following completion of the interim audit. If the information and documents detailed in the year end folder cannot be provided in a timely manner, please contact the engagement partner as soon as possible.

Confidentiality and Independence

Confidentiality and independence are fundamental to our work as auditors and we take these issues very seriously.

We will only discuss Shire of Woodanilling affairs with those partners, staff, OAG representatives or client personnel who have a need to know.

We have security procedures over our working papers, both electronic and hard copy.

We require all our professional staff to comply with our independence requirements and our Firm Policies, which governs individual behaviour.

Every partner and every staff member at Lincolns takes personal responsibility for compliance with independence requirements.

The audit engagement partner monitors independence in relation to all clients on a regular basis. This process is supported by:

- accessible independence policies and procedures on our office intranet;
- annual independence declarations by all staff employed by Lincolns;
- our annual independence statement that forms part of the financial statements.

New Accounting Standards, Policy Changes and Disclosures

1. AASB 1059 Service Concession Arrangements: Grantors

This standard will apply for years beginning on or after 1 January 2020 and will apply to local government entities for the 2020-21 reporting year.

AASB 1059 is applicable to public sector entities (grantors) that enter into service concession arrangements with operators (generally from the private sector). It requires grantors to recognise a service concession asset and, where applicable, a service concession liability on the balance sheet. The initial balance sheet accounting, as well as the ongoing income statement impacts, will have implications for grantors.

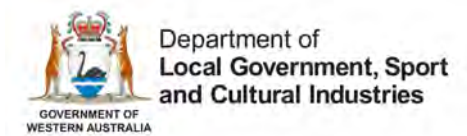
2. AASB 2018-7 Amendments to Australian Accounting Standards – Materiality

This standard applies for years beginning on or after 1 January 2020. The first applicable reporting period for councils will be 2020-21.

AASB 2018-7 clarifies the definition of what is 'material' to the financial statements, including adding guidance and explanations to accompany the definition.

3. Right of Use Assets

Infrastructure or buildings which were identified as being received as a result of land being vested to Council are required to be separately recognised as right of use assets in future financial statements. This also extends to significant improvements made by council to those assets.



Woodanilling - Compliance Audit Return 2020

Certified Copy of Return

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

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2020?	N/A		Sue Dowson
2	s3.59(2)(b) F&G Regs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	N/A		Sue Dowson
3	s3.59(2)(c) F&G Regs 7,8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2020?	N/A		Sue Dowson
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2020?	N/A		Sue Dowson
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Sue Dowson



Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Sue Dowson
2	s5.16	Were all delegations to committees in writing?	N/A		Sue Dowson
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Sue Dowson
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Sue Dowson
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	N/A		Sue Dowson
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	N/A		Sue Dowson
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Sue Dowson
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Sue Dowson
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Sue Dowson
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A		Sue Dowson
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Sue Dowson
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2019/2020 financial year?	No		Stephen Gash
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Sue Dowson

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Sue Dowson



No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Sue Dowson
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Sue Dowson
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Sue Dowson
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2020?	Yes		Sue Dowson
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Sue Dowson
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Stephen Gash
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Stephen Gash
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Stephen Gash
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Stephen Gash
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Stephen Gash
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	N/A	No gifts received	Stephen Gash
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	N/A		Stephen Gash



No	Reference	Question	Response	Comments	Respondent
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	N/A		Stephen Gash
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?	Yes		Stephen Gash
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11 (2) was the nature of the interest recorded in the minutes?	Yes		Stephen Gash
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Stephen Gash
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	Yes		Stephen Gash
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	Yes		Stephen Gash
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?	Yes		Stephen Gash
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes		Sue Dowson

Disposal of Property

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



Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	N/A	No election	Stephen Gash
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A		Sue Dowson
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	N/A		Sue Dowson

Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		Sue Dowson
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A	No Delegations	Stephen Gash
3	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	N/A	OAG	Stephen Gash
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	N/A		Stephen Gash
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	No	Received by Shire 22 April 2021. To Council 25 May 2021	Stephen Gash
6	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	Will be addressed in May 2021	Stephen Gash



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

No	Reference	Question	Response	Comments	Respondent
7	s7.12A(4)(a)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters?	N/A	Will be addressed in May 2021	Stephen Gash
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s.7.12A(4)(a), was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	Will be done at receipt of report in May 2021	Stephen Gash
9	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A	Will be done at receipt of report in May 2021	Stephen Gash
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	N/A	Under OAG	Stephen Gash
11	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	No	Completion 22 April 2021 Council Meeting not until 25 May 2021	Stephen Gash

Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Version 3 - Adopted 16 February 2016	Stephen Gash
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Council meeting 19/02/2019 10.2 Corporate Business Plan - December 2018 Review	Stephen Gash
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	No	Was not reviewed in 19/20	Stephen Gash



Local Government Employees

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

Official Conduct

No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes	CEO	Sue Dowson
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)?	Yes	Nil complaints	Stephen Gash
3	s5.121(2)	Does the complaints register include all information required by section 5.121 (2)?	N/A		Stephen Gash
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	Listed nil complaints	Stephen Gash

Optional Questions

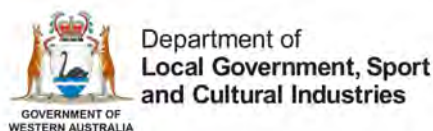


No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2020? If yes, please provide the date of council's resolution to accept the report.	No	19 April 2016. Planned review 2020 impacted by covid	Stephen Gash
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2020? If yes, please provide date of council's resolution to accept the report.	Yes	19 March 2019	Stephen Gash
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	N/A	No disclosure	Stephen Gash
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	N/A		Stephen Gash
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	No		Stephen Gash
6	s.5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	No		Stephen Gash
7	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	No	Website lists original 2012 versions of integrated planning rather than latest reviewed versions	Stephen Gash
8	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	No		Stephen Gash
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	Yes		Stephen Gash
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	Yes		Stephen Gash

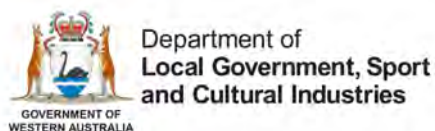


Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	No	Council Retained tender thresh hold at \$150,000 given size of budget and historical purchase amounts	Stephen Gash
2	F&G Reg 11A(1)	Did the local government comply with its current purchasing policy in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Stephen Gash
3	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	N/A	No tenders	Stephen Gash
4	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	N/A		Sue Dowson
5	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Sue Dowson
6	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	N/A		Sue Dowson
7	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	N/A		Sue Dowson
8	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	N/A		Sue Dowson
9	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Sue Dowson



No	Reference	Question	Response	Comments	Respondent
10	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A		Sue Dowson
11	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	N/A		Stephen Gash
12	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A	No EOI	Stephen Gash
13	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	No tenders	Stephen Gash
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	N/A		Sue Dowson
15	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services as an acceptable tenderer?	N/A		Sue Dowson
16	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A		Sue Dowson
17	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	No Panel	Stephen Gash
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Sue Dowson
19	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A		Sue Dowson
20	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A		Sue Dowson



No	Reference	Question	Response	Comments	Respondent
21	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Sue Dowson
22	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A		Sue Dowson
23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A		Sue Dowson
24	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A		Sue Dowson

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

Signed Mayor/President, Woodanilling

Signed CEO, Woodanilling