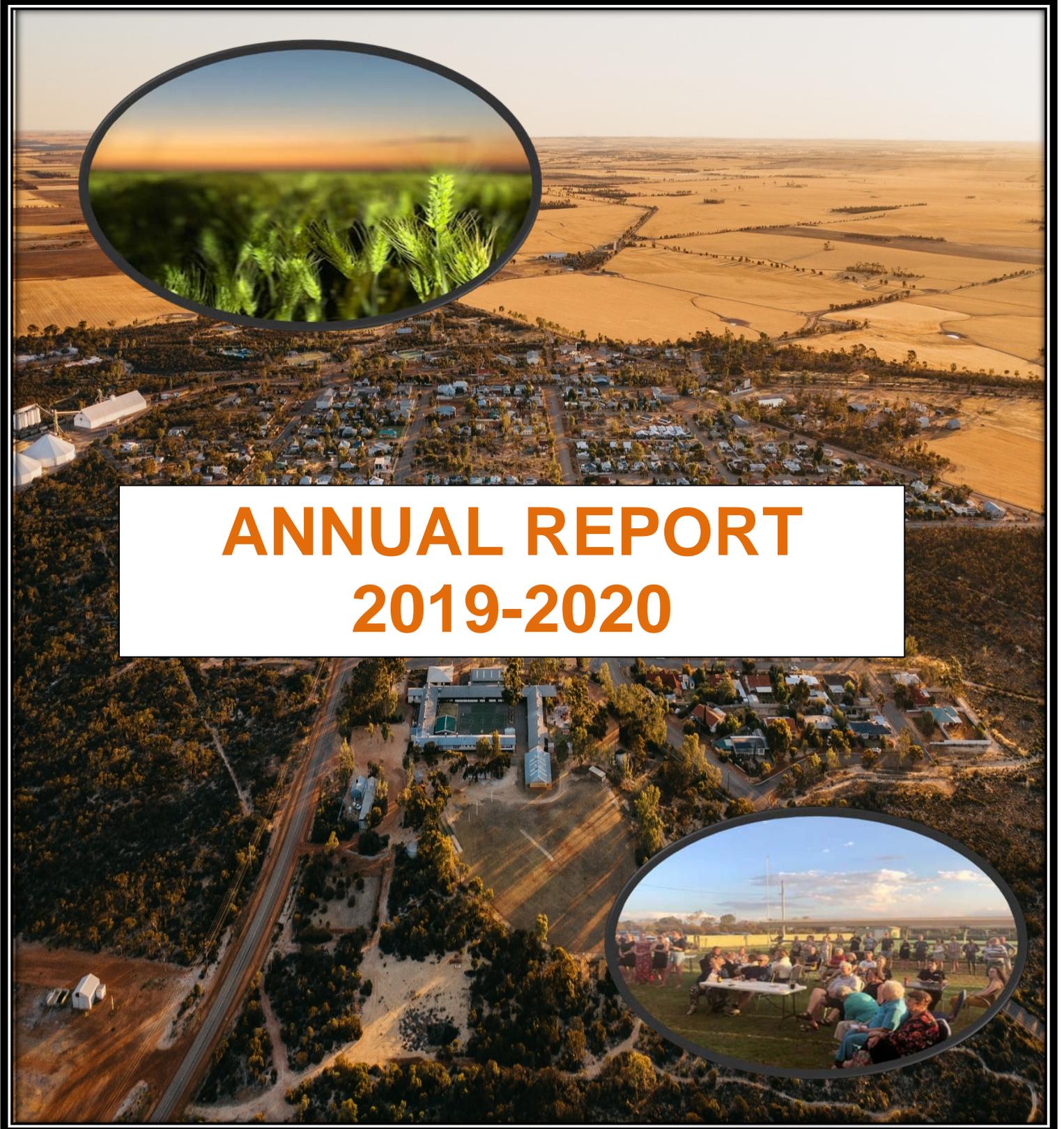




Shire of Wyalkatchem



ANNUAL REPORT 2019-2020





The Shire of Wyalkatchem acknowledges the traditional owners of the land, the Ballardong people of the Noongar nation, and pay our respects to Elders past, present and emerging. we recognise the culture of the Noongar people and the unique contribution they make to the region and Australia.



Shire of Wyalkatchem

The Shire of Wyalkatchem is located 194km north-east of Perth. The Shire covers an area of 1,595 square kilometers with the main resident center being the town of Wyalkatchem.

The shire has an estimated resident population of 498.

Agriculture accounts for 60% of business in Wyalkatchem, which is reflected in the employment profile of the Shire, with 35% of all employed persons in the Shire working in this industry



Shire of Wyalkatchem Statistics	
Distance from Perth	194k
Area	1,595 sq km
Length of Roads	792.3 km
Population	498 (source ABS 2018)
Number of Electors	345
Number of Dwellings	314
Total Rates Levied	\$1,248,298
Total Revenue	\$3,801,764
Number of Employees	14 FTE

Purpose of the Annual Report

The Western Australian Local Government Act 1995 requires every local government to produce an Annual Report by 31 December each year. In addition, the Annual Report:

- Is an essential tool to inform the community and key stakeholders about achievements, challenges and future plans;
- Promotes greater community awareness of the Shire's programs and services which contribute to a high quality of life for residents, visitors and stakeholders;
- Demonstrates the Shire's performance against the long-term vision of the Strategic Community Plan, projects and priorities detailed within the Shire's Corporate Business Plan;
- Provides information on about the Shire's organisational performance; and
- Illustrates the Shire's commitment to accountable and transparent government.

This Annual Report can also be viewed on the Shire's website at www.wyalkatchem.wa.gov.au

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President's Report

I look forward to the year ahead and the continuing progress the Council and community will make as we evolve and adapt to future challenges and opportunities.

As usual, at this busy time of the year, I reflect on the past twelve months as President of the Shire of Wyalkatchem, to provide a rundown of the events that we have celebrated and the times that as a community we supported each other.

Community members participated in important forums to help council enhance future strategic planning. Important information gathered on the day is vital to provide direction for the forthcoming five year period.

In July 2019 Wyalkatchem, hosted a well-run and interesting NEWROC literary lunch. Steve Hawk was the guest author. The event was held at the Wyalkatchem Golf Club and was attended by around 45 readers from the Wheatbelt.

The Wyalkatchem Rotary Club celebrated its 50 years of giving service to the community with a celebratory lunch and reunion of past members. Hosting the day at the Wyalkatchem Airport building a leisurely lunch precluded a great day of catching up for many who made the journey back or are still part of the Rotary community in Wylie.

In July 2019, the Shire along with the Community Club, Bowling Club (Men's and Ladies) and Tennis Club agreed to apply for funding to relocate the tennis courts and a multipurpose basketball and netball court to the former B bowling green at the Wyalkatchem Community Club. The application was successful and it has been with much interest and excitement that we watch the project roll out over 2019/20. Thanks to the working group for your effort and time.

Thespians musicians and singers in our midst, along with the talented play-write Big Jim, put Wylie on the map once again, with the production- 'Smiley, the Boy from Wylie' held in October '19. It was great to see the local Hall packed on both nights of the performances. It was the culmination of months of hard work by many community members from Dowerin, Koorda and Wyalkatchem areas.

There have been many changes of personnel at the Shire of Wyalkatchem in the last 12 months. I wish all staff, who have been given the opportunity to work amongst us in Wyalkatchem, well in their future endeavors' and thank all staff of the Shire of Wyalkatchem for their contribution in the last twelve months.

A special mention to Claire Trenorden who initially took maternity leave from her position as Corporate Manager at the Shire of Wyalkatchem, and later resigned from her full time position. Claire worked with us at the Shire for over 10 years providing our community, her work colleagues and Council with great support through her knowledge of local government and community awareness in a professional manner. We wish you well Claire and thank you sincerely for your valuable contribution.

At a Council level, Councillors Heather Metcalfe and Fred Butt resigned before the October local government election. One of these vacant positions was taken up by Mischa Stratford. At the council elections held in October, Rachel Nightingale was elected as a new councillor to our Shire. Stephen Gamble and I were re-elected, giving us six elected members filling a possible 7 seats. It is both pertinent and relevant to thank family of Councillors who quietly support our elected members. Wyalkatchem is always represented at meetings of NEWROC (North Eastern Wheatbelt group of councils including Wylie, Koorda, Mt Marshall Nungarin, Trayning and Mukinbudin) and CEACA where we are part of a greater group of councils giving us access to larger schemes and opportunities than we might not have as a smaller Shire. Throughout the eleven local governments who make up CEACA, we have been successful in tenanting a high percentage of the 71 units, built with funding accessed from the state government over the last few years.

Wyalkatchem is the envy of many other, sometimes larger, towns in WA, with a resident Doctor, a hospital and suitable independent living units all in our town.



In February 2020 we honoured our citizens and events of 2019-with a gathering at the Community Club. Congratulations to the following groups and persons on being recognised for your efforts in Wyalkatchem and surrounds.

Junior Citizen of the Year- Brady Garner
Senior Citizen of the Year - Paul De Pierres

Citizen of the Year- Will Nightingale
Event of the year- Smiley the boy from Wylie.

In March 2020, COVID - 19 affected the world and our lives changed almost overnight.

Thank you to members of the community of Wyalkatchem, the business owners, CEO Taryn Dayman, essential service workers and Councillors for working hard to keep us well informed and safe during the initial phase of these unprecedented times.

Border closures, even though inconvenient, forced us to rethink, shop local, look out for each other (and perhaps even reconsider our values in life) in true community spirit. Thank you to you all, for your support and consideration of each other, your support of local businesses and for looking out for your friends and neighbours.

Easing of restrictions mid-May, and doing the safe and sensible things since, has allowed us to lead relatively 'normal lives' and has even encouraged an unusual amount of visitors to see what we **do** have to celebrate in Wyalkatchem and the Wheatbelt.

Council appointed of Acting CEO Stephen Tindale in late June 2020.

With some projects in progress and more that are to be rolled out in the next twelve months, I encourage all community members to positively consider what we have here in Wyalkatchem – to utilise the great facilities, attend and support events that are held, and continue to support your local services and businesses.

Last but certainly not least.

A huge thanks to all those community members who have volunteered in any way shape or form over the past twelve months. Your efforts make a significant difference to us all.

Cr Quentin Davies
President



Acting Chief Executive Officer's Report

Having been appointed as Acting CEO of the Shire of Wyalkatchem in late June 2020 it is my duty under the *Local Government Act 1995* to report on the administration and operations of the Shire for the year ended 30 June 2020.



COVID-19

The year was not a normal one if only because of the demands placed on the organisation by COVID-19 which, in the first half of 2020, saw the Shire isolated along with other country local governments from the Perth metropolitan area and the Shire Office closed.

Despite the disruption, Shire staff manned the offices, undertook the increased cleaning of public facilities, stockpiled Personal Protective Equipment and supplies for the community and still managed to deliver on the Shire's works program in a large part. For that we must all be grateful.

ROADWORKS

Roadworks undertaken by the Shire in 2019/20 with two thirds grant funding from the State Government and the balance from Shire rates were as follows:

Tammin – Wyalkatchem Rd	Widen to 8m and reseal 2.75 km	\$115,088
Wyalkatchem – Koorda Rd	Reconstruct and primer seal 1.5 km	\$214,069

Roadworks undertaken by the Shire using grant funding from the Commonwealth Government under the Roads to Recovery program were as follows:

Hobden Rd	Gravel resheet 4.0 km	\$149,407
Martin Rd	Reconstruct floodway and armour with rock	\$61,038
Cunderdin – Wyalkatchem Rd	Widen formation for 4.0 km and renew culvert	\$84,314

COMMUNITY FACILITIES

New Tennis Courts and Multi-Purpose Court

With significant input and help from community members, the Shire was successful in winning grants of \$100,000 from Tennis Australia and \$194,347 from the State's Community Sporting Recreation and Facilities Fund towards the construction of new courts adjacent to the Wyalkatchem Community Club.

With a total budgeted cost of \$583,642, the Shire's budgeted contribution is \$157,412 with the balance of approximately \$130,000 coming from the Tennis, Bowls and Community clubs in cash and donated materials and labour.

The project is expected to come in well under budget and on time and is a testament to what a community can achieve with a strong and focused collective effort.

SHIRE STAFF

In the short time I have been with the Shire, I have been impressed with the warmth, competence and willingness of all staff – both inside and outside. It says a lot about what can be achieved in what have been trying times.

Stephen Tindale
Acting Chief Executive Officer



Councillors



Cr Quentin Davies
President
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Executive Management Team



Stephen Tindale
Acting Chief Executive
Officer

Les Vidovich
Manger of Works

**Manger Corporate
Services**

Organisational Structure



Integrated Planning and Reporting Framework

All Western Australian local governments are required to prepare a Plan for the Future for their district under Section 5.56(1) of the Local Government Act 1995. The Plan for the Future comprises the following two key strategic documents¹, which a local government is required to have regard for when forming its annual budget.

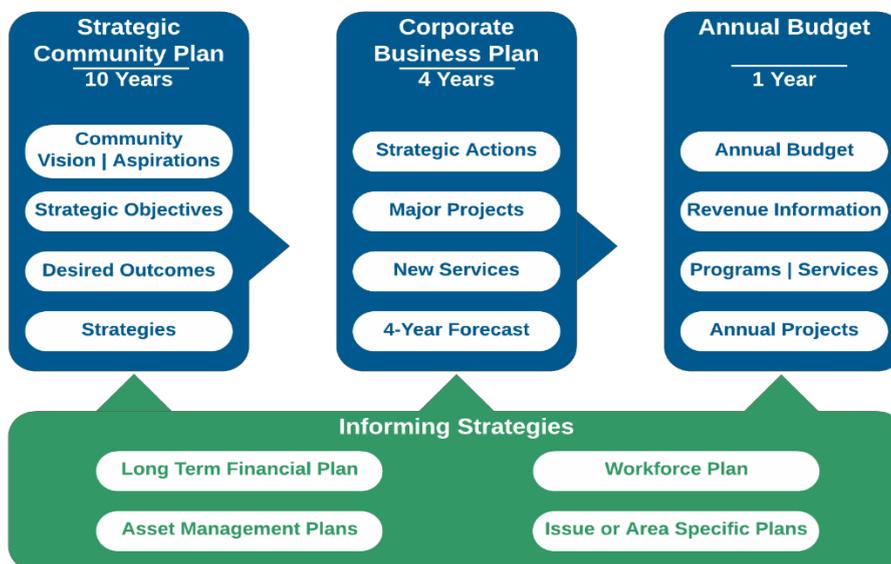
Strategic Community Plan – adopted 18/02/2021 – Council’s principal 10-year strategy and planning tool. It is the principal guiding document for the remainder of the Shire’s strategic planning as community engagement is central to this Strategic Community Plan.

Corporate Business Plan – Council’s 4-year planning document. The core components of this Corporate Business Plan include a 4-year delivery program, aligned to the Strategic Community Plan and accompanied by 4-year financial projections.

Development of the Strategic Community Plan and Corporate Business Plan is undertaken in accordance with the Integrated Planning and Reporting Framework and Guidelines. An essential element of the Integrated Planning and Reporting process is to enable community members and stakeholders to participate in shaping the future of the community and in identifying issues and solutions. It is designed to articulate the community’s vision, aspirations, outcomes and priorities for the future of the district.

Importantly, the Strategic Community Plan and Corporate Business Plan are informed by several other key plans and processes. The connection between the community and the Shire’s strategic plans, annual budget and corporate documents developed to guide the Shire in delivering services to the community are shown in the diagram below.

Diagram: The Integrated Planning Structure



What is the Strategic Community Plan

The Strategic Community Plan is the Shire's long-term plan for the future. It helps Council to ensure that local government service delivery is consistent with and supports the community's aspirations for the Shire.

A strategic objective has been developed for each of four identified key areas of community interest, being Economic; Environmental; Community and Leadership. Desired outcomes have been determined to achieve each of the objectives after considering the Shire's current and future resources, demographic trends and internal and external influences.

The Strategic Community Plan guides decision making through the Corporate Business Plan and Annual Budget. It helps to determine priorities for the delivery of services, projects and programs.

All local governments within Western Australia are required to plan their services using this Framework. The Strategic Community Plan, Corporate Business Plan and Annual Budget form part of the core section of the Shire's Integrated Planning and Reporting Framework. The Shire's Asset Management Plan, Long Term Financial Plan and Workforce Plan are Informing Strategy documents which support the Framework.

How the Strategic Community Plan will be used

The Strategic Community Plan outlines how the Shire will, over the long term, work towards a brighter future for the Shire of Wyalkatchem community as it seeks to achieve its vision inspired by the community's aspirations. Looking to the future, the Strategic Community Plan will influence how the Shire uses its resources to deliver services to the community. The Strategic Community Plan forms the primary driver for all other planning undertaken by the Shire.

The Shire of Wyalkatchem intends to use the Strategic Community Plan in several ways, including:

- Guide Council priority setting and decision making;
- Be a mechanism for the ongoing integration of local planning initiatives;
- Inform the decision making of other agencies and organisations, including community and State Government;
- Provide a rationale to pursue grants and other resources by demonstrating how specific projects align with the aspirations of our community, within the strategic direction of the Shire;
- Inform potential investors and developers of our community's key priorities, and the way we intend to grow and develop;
- Engage local businesses, community groups and residents in various ways to contribute to the Shire's future; and
- Provide a framework for monitoring progress against our vision.

Community Strategic Plan Informs Corporate Business Plan

In conjunction with the adoption of a reviewed Community Strategic Plan, council will also prepare a Corporate Business Plan being a 4 year program on delivery of priorities within the Community Strategic Plan. The Corporate Business Plan will provide strategic direction on the actions required to achieve the Community Strategic Plan. This document will underpin Council's short to medium term direction.

Council will also be developing other informing strategies such as Long Term Financial Plans, Asset Management Plans and Workforce plans. These documents have a direct link in ensuring that Council has the resources available to achieve its strategic direction.



Strategic Community Plan

Council's Strategic Community Plan was adopted on 18 February 2021.

Our Aspirations

Based on community engagement, and Councillor Workshops, the plan sets out the vision for the Shire's future and captures the community's aspirations and values.

Shire of Wyalkatchem Vision

To be a socially interactive and inclusive community that embraces our rural character and sense of community

Aspirations has been developed for each of four key themes of community interest

ASPIRATIONS

- Inclusive and engaged community that is healthy, safe and active
- A sustainable and growing local economy
- A natural and built environment that supports a connected, active and safe community
- Accountable, effective and engaged leaders

Definitions

VISION

An inspiring but achievable statement which says where we want to be in 2030

ASPIRATION

Overarching aim that moves us closer to our vision

GOAL

How we will achieve our aspirations as a community

MEASURE OF SUCCESS

How we will measure progress in achieving our goals

Goal 1

A safe and healthy community

Goal 2

An active, engaged and social community

Goal 3

A community for all ages

Goal 4

Increase visitors to our region

Goal 5

Growth in business opportunity

Goal 6

Essential services and infrastructure are available to support the community and local economy

Goal 7

We have vibrant, active public open spaces and buildings with high levels of utilisation and functionality

Goal 8

Our built environment responds to the accessibility and connectivity needs of all

Goal 9

Sustainable management of resources

Goal 10

Transparent, accountable and effective governance

Goal 11

Community and customer service focus

Goal 12

Form strategic partnerships and advocate for the community

Corporate Business Plan

Council's Corporate Business Plan was last revised in September 2015. In order to comply with statutory requirements and to achieve best practice, Council will be reviewing its Corporate Business plan in 2020/21. This will ensure that this planning document is aligned with the newly adopted Strategic Community Plan, as well as informing the 2021/2022 budget.

Other Planning Documents

In addition to reviewing Council's Strategic Community Plan and Corporate Business plan, Council will be reviewing and/or developing a number of informing strategies including, but not limited to: Long Term Financial Plan; Asset Management Plan and Workforce Plan. The development of these documents will occur in 2021 and will align to the reviewed plans.



PROGRESS - Tennis Relocation is underway

The Shire was approached by the Wyalkatchem Tennis Club to consider relocation of the clubs facilities to the Wyalkatchem District Club. Council held informal discussions about the merits and agreed to proceed with investigating potential relocation options.

A working group, consisting of members from the Shire, Tennis Club, and Bowling Club and District club was formed to work collectively on the project.

The strategic objectives aligned to the project outcomes including;

- A resurgence of social activity and recreational/competitive sporting opportunity.
- Improved sustainability of sporting clubs and venues in the community.
- A greater sense of community through increased opportunity for social interaction.

The costs of this project required an investment from Council, Clubs and external funding bodies. Council made successful application to the Community Sport and Recreation Facility Fund and Tennis Australia's National Court Rebate in September 2019.

The working group; Sports Surface's; and Wyalkatchem Electrical continue to progress the project.

BEFORE



NOW



10 Year Road Program

Council has adopted a long term planning approach for major work works and has adopted a 15 year program. The table below represents the first 10 years.

The program assumes that the Federal Roads to Recovery Funding allocation continues at the same level for the life of the program. The program has consideration to funding and available resources, both financial as well as capacity.

As indicated below, funding from both state and federal, are sources for the funding of the capital expenditure, with Council contribution, on average, approximately \$150,000 to \$200,000 per annum.

2019-20 As per budget

Funding	Road	Details	Budget	Funding	Council	Actual	
State RRG	Tammin - Wyalkatchem Rd	Widen and reseal to 8mt (2.75km)	117,400	77,000	40,400	115,088	Completed
State RRG	Wyalkatchem - Koorda Roa	Widen & Reconstruct - 1.5km	198,408	132,272	66,136	214,069	Completed
State RRG	Cunderdin - Wyalkatchem R	Shoulder reconditioning (10km) deferred to 21/22				3,186	Deferred 20/21
Federal R2R	Hobden Rd	Resheet (4km)	149,409	149,409	0	149,407	Completed
Federal R2R	Depierres Rd	Resheet (1.83km)	84,216	1,597	82,619	1,597	Completed
Federal R2R	Martin Rd	Reconstruct floodway pavement and rock amour	79,160	79,160	0	61,038	Completed
Federal R2R	Cunderdin- Wyalkatchem R	Culvert renewal to new pavement width	75,854	75,854	0	84,314	Completed
			704,447	515,292	189,155	628,699	

2020-21

Funding	Road	Details	Budget	Funding	Council	Actual	
State RRG	Tammin - Wyalkatchem Rd	Widen and reseal to 8mt -2.75km	172,921	115,280	57,641		
State RRG	Cunderdin - Wyalkatchem R	Shoulder widen and primerseal - 1.98km	161,340	107,560	53,780		
State RRG	Cunderdin - Wyalkatchem R	Should recondition - 6.3km	251,850	167,900	83,950		
Federal R2R	Davies Rd	Resheet - 6.67km	180,000	165,395	14,605		
Federal R2R	Elsegood Road	Resheet - 3.3km	105,000	105,000	0		
Federal R2R	Lindsay St	Widen & Seal - 0.17km	-140,000	-140,000			
Federal R2R	Lindsay St	Widen & Seal - 0.17km	140,000	140,000	0		
			871,111	661,135	209,976	0	

2021-2022

Funding	Road	Details	Budget	Funding	Council	Actual	
State RRG	Tammin- Wyalkatchem Rd	Widen & Reconstruct - 2km	314,136	209,422	104,714		
State RRG	Cunderdin - Wyalkatchem R	Widen & Reconstruct - 2km	307,206	204,802	102,404		
Federal R2R	McNee Rd	Resheet - 6.79km	210,000	208,917	1,083		
			831,342	623,141	208,201	0	

2022-2023

Funding	Road	Details	Budget	Funding	Council	Actual	
State RRG	Tammin- Wyalkatchem Rd	Widen & Reconstruct - 2km	292,826	195,217	97,609		
State RRG	Koorda - Wyalkatchem Rd	Widen & Reconstruct - 1.73km	249,840	166,560	83,280		
Federal R2R	McNee Rd	Resheet - 4.2km	180,000	180,000	0		
			722,666	541,777	180,889	0	

Note: This program is indicative only and may be subject to change.

2023-2024						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin - Wyalkatchem Rd	Widen & Reconstruct - 1.5km	219,620	146,413	73,207	
State RRG	Koorda - Wyalkatchem Rd	Widen & Reconstruct - 1.37km	197,850	131,900	65,950	
Federal R2R	Wallambin Rd	Resheet (5.5km)	165,000	68,000	97,000	
Federal R2R	Benji- Hindmarsh Rd	Resheet (4km)	120,000	72,000	48,000	
			702,470	418,313	284,157	0

2024-2025						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin - Wyalkatchem Rd	Widen & Reconstruct - 1.6km	234,262	156,175	78,087	
State RRG	Wyalkatchem - Koorda Rd	Widen & Reconstruct - 2.0km	257,690	171,794	85,896	
Federal R2R	Wallambin Rd	Resheet (6km)	180,000	180,000	0	
Federal R2R	Amery - Benjabberring	Resheet (5km)	120,000	110,000	10,000	
			791,952	617,969	173,983	

2025-2026						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin - Wyalkatchem Rd	Widen and reseal to 8mt (3km)	170,000	113,333	56,667	
State RRG	Cunderdin-Wyalkatchem Rd	Widen and reseal to 7mt (3km)	120,000	80,000	40,000	
State RRG	Wyalkatchem - Koorda Rd	Reseal 7.2mt width (3km)	120,000	80,000	40,000	
Federal R2R	Davies South Rd	Resheet (7km)	175,000	175,000	0	
Federal R2R	Benji- Hindmarsh Rd	Resheet (4km)	120,000	120,000	0	
			705,000	568,333	136,667	

2026-2027						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin - Wyalkatchem Rd	Widen and reseal to 8mt (3km)	170,000	113,333	56,667	
State RRG	Cunderdin-Wyalkatchem Rd	widen and reseal to 7mt (3km)	130,000	86,666	43,334	
State RRG	Wyalkatchem - Koorda Rd	Reseal 7.2mt width (3km)	130,000	86,666	43,334	
Federal R2R	Davies South Rd	Resheet (7km)	175,000	175,000	0	
Federal R2R	Harrison Rd	Capital Renewal (4km)	120,000	110,000	10,000	
			725,000	571,665	153,335	

2028-2029						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Wyalkatchem North Rd	Widen and reseal to 7mt (3km)	180,000	120,000	60,000	
State RRG	Cunderdin-Wyalkatchem Rd	Widen and reseal to 7mt (3km)	130,000	86,666	43,334	
State RRG	Wyalkatchem-Koorda Rd	Reseal 7.2mt width (3km)	130,000	86,666	43,334	
Federal R2R	Wallambin Rd	Resheet (5km)	150,000	150,000	0	
Federal R2R	Parsons Rd	Resheet (5km)	140,000	140,000	0	
			730,000	583,332	146,668	

2029-2030						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Wyalkatchem North Rd	Widen and reseal to 7mt (3km)	180,000	120,000	60,000	
State RRG	Cunderdin-Wyalkatchem Rd	Widen and reseal to 7mt (3km)	140,000	93,333	46,667	
State RRG	Wyalkatchem-Koorda Rd	Reseal 7.2mt width (4km)	140,000	93,333	46,667	
Federal R2R	Wallambin Rd	Resheet (5km)	150,000	150,000	0	
Federal R2R	Parsons Rd	Resheet (6km)	180,000	140,000	40,000	
			790,000	596,666	193,334	

2019/2020 Year Road Program

Roadworks undertaken by the Shire in 2019/20 with two thirds grant funding from the State Government and the balance from Shire rates were as follows:

Tammin – Wyalkatchem Rd	Widen to 8m and reseal 2.75 km	\$115,088
Wyalkatchem – Koorda Rd	Reconstruct and primer seal 1.5 km	\$214,069

Roadworks undertaken by the Shire using grant funding from the Commonwealth Government under the Roads to Recovery program were as follows:

Hobden Rd	Gravel re - sheet 4.0 km	\$149,407
Martin Rd	Reconstruct floodway and armor with rock	\$61,038
Cunderdin – Wyalkatchem Rd	Widen formation for 4.0 km and renew culvert	\$84,314



Statutory Requirements

It is a requirement that the Shire of Wyalkatchem include information regarding the following documents in its Annual Report.

For any further details relating to this report please contact Shire Administration Staff.



DISABILITY ACCESS & INCLUSION PLAN

RECORD KEEPING STATEMENT



OFFICIAL CONDUCT – COMPLAINTS REGISTER

FREEDOM OF INFORMATION STATEMENT



EMPLOYEES REMUNERATION



Disability Access and Inclusion Plan

Under the *Disability Services Act 1993 (amended 2004)*, all Western Australian Local Governments are required to develop and implement a Disability Access and Inclusion Plan (DAIP), addressing seven desired outcomes, to be reviewed on an annual basis and reported on to the Disability Services Commission (DSC) by 31 July each year.

Council has an endorsed DAIP which was reviewed in March 2020. Council is required to report on our present activities as they relate to the seven desired DAIP outcomes.

The seven desired outcomes that provide a framework for strategies aimed at improving access and inclusion for people with disabilities. The following strategies are incorporated in Councils implementation plan, subsequent budget and other strategic planning documents.

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Wyalkatchem
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Wyalkatchem
3. People with disability receive the same level and quality of information from the Shire of Wyalkatchem in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire of Wyalkatchem as other people receive from the staff of that public authority.
5. People with disability have the same opportunities as other people to make complaints to the Shire of Wyalkatchem
6. People with disability have the same opportunities as other people to participate in any public consultation process with the Shire of Wyalkatchem; and
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Wyalkatchem

The Shire of Wyalkatchem Disability Access and Inclusion Plan will be reviewed in 2021.

State Records Act

The *State Records Act 2000* requires the Shire to maintain and dispose of all records in the prescribed manner.

Principle 6 – Compliance: Government Organisations ensure their employees comply with the record keeping plan.

Rationale:

An organisation and its employees must comply with the organisations record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisations record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.



3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire has complied with all items.

Note on Item 1 – The Shire of Wyalkatchem is currently transitioning to an Electronic Records Keeping System. The implementation of the new system has a direct impact on Council's record keeping plan and the internal management of Council's records.

As a result, the record keeping plan will require a major review on full implementation of the new electronic record management system, including procedures and guidance notes.

Complaints Register

Section 5.121 of the *Local Government Act 1995* requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members.

There were no complaints lodged against elected members in the year under review.

Freedom of Information

Part 5 of the *Freedom of Information Act 1992* requires an agency such as a local government to prepare and publish an information statement.

The Shire of Wyalkatchem has developed an information statement which can be inspected on the Shire's website or by contacting the Shire Office.

The Shire of Wyalkatchem did not receive any applications under the *Freedom of Information Act 1992* during the 2019- 2020 financial year.

Employee Remuneration Disclosure

Regulation 19B of the *Local Government (Administration) Regulation 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more for 2018/2019:

Salary Range

\$ From	\$ To	Number of Employees
110,000	119,999	1
120,000	129,999	1
130,000	139,999	
140,000	149,999	
Total		2



Public Interest Disclosures

The *Public Interest Disclosures Act 2003* facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer has complied with all obligations under the Act including:

- Appointing the Governance Executive Officer as the Public Interest Disclosure officer for the organisation and publishing an internal procedure relating to the Shire's obligation.
- Providing protection from detrimental action or the threat of detrimental action for an employee of the Shire who makes an appropriate disclosure of public interest information.



Annual Financial Report

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

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COMMUNITY VISION

That Wyalkatchem is an inclusive, dynamic community where all share in a thriving economy and a sustainable, safe and valued environment.

Principal place of business:
27 Flint Street
Wyalkatchem WA 6485

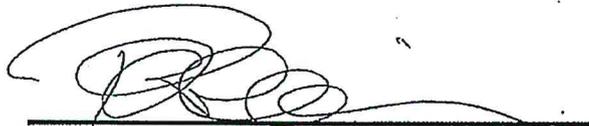
SHIRE OF WYALKATCHEM
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Wyalkatchem 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 Wyalkatchem 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 29 day of March 2021



Chief Executive Officer

Peter Klein

Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	26(a)	1,304,516	1,314,255	1,248,298
Operating grants, subsidies and contributions	2(a)	1,860,250	1,100,702	1,771,256
Fees and charges	2(a)	202,159	251,805	246,241
Interest earnings	2(a)	49,704	77,274	58,945
Other revenue	2(a)	7,056	-	-
		<u>3,423,685</u>	<u>2,744,036</u>	<u>3,324,740</u>
Expenses				
Employee costs		(984,121)	(1,110,401)	(1,119,138)
Materials and contracts		(864,427)	(1,469,672)	(1,067,071)
Utility charges		(180,782)	(160,513)	(190,797)
Depreciation on non-current assets	10(b)	(1,378,577)	(1,374,705)	(1,299,177)
Interest expenses	2(b)	(12,873)	(13,129)	(15,389)
Insurance expenses		(136,365)	(140,004)	(135,553)
Other expenditure		(44,429)	51,250	634
		<u>(3,601,574)</u>	<u>(4,217,174)</u>	<u>(3,826,491)</u>
		<u>(177,889)</u>	<u>(1,473,138)</u>	<u>(501,751)</u>
Non-operating grants, subsidies and contributions	2(a)	555,698	926,966	477,024
Profit on asset disposals	10(a)	5,939	450	7,256
(Loss) on asset disposals	10(a)	-	(2,040)	(3,921)
		<u>561,637</u>	<u>925,376</u>	<u>480,359</u>
Net result for the period		<u>383,748</u>	<u>(547,762)</u>	<u>(21,392)</u>
Total comprehensive income for the period		<u>383,748</u>	<u>(547,762)</u>	<u>(21,392)</u>

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		-	-	10,516
General purpose funding		2,983,663	2,209,681	2,418,247
Law, order, public safety		29,155	29,035	41,173
Health		38,888	42,146	49,225
Education and welfare		-	-	-
Housing		73,445	84,753	75,405
Community amenities		110,181	181,513	120,263
Recreation and culture		6,104	19,045	7,731
Transport		109,657	109,546	557,062
Economic services		16,521	21,200	23,785
Other property and services		56,071	47,117	21,333
		<u>3,423,685</u>	<u>2,744,036</u>	<u>3,324,740</u>
Expenses				
	2(b)			
Governance		(365,185)	(489,211)	(326,495)
General purpose funding		(54,615)	(76,572)	(62,768)
Law, order, public safety		(67,583)	(83,423)	(105,566)
Health		(242,637)	(270,205)	(289,624)
Education and welfare		(50,235)	(56,566)	(72,768)
Housing		(106,507)	(158,569)	(246,916)
Community amenities		(166,355)	(236,789)	(253,886)
Recreation and culture		(809,616)	(925,526)	(849,446)
Transport		(1,441,233)	(1,574,506)	(1,469,043)
Economic services		(220,014)	(253,111)	(124,917)
Other property and services		(64,721)	(79,567)	(9,673)
		<u>(3,588,701)</u>	<u>(4,204,045)</u>	<u>(3,811,102)</u>
Finance Costs				
	2(b)			
Housing		(7,853)	(8,382)	(9,828)
Economic services		(4,886)	(4,747)	(5,561)
Other property and services		(134)	-	-
		<u>(12,873)</u>	<u>(13,129)</u>	<u>(15,389)</u>
		<u>(177,889)</u>	<u>(1,473,138)</u>	<u>(501,751)</u>
Non-operating grants, subsidies and contributions				
	2(a)	555,698	926,966	477,024
Profit on disposal of assets	10(a)	5,939	450	7,256
(Loss) on disposal of assets	10(a)	-	(2,040)	(3,921)
		<u>561,637</u>	<u>925,376</u>	<u>480,359</u>
Net result for the period		383,748	(547,762)	(21,392)
Total comprehensive income for the period		383,748	(547,762)	(21,392)

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



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

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,316,007	3,447,450
Trade and other receivables	6	166,163	60,269
Inventories	7	3,626	1,872
TOTAL CURRENT ASSETS		4,485,796	3,509,591
NON-CURRENT ASSETS			
Trade and other receivables	6	13,148	10,685
Other financial assets	5(b)	46,400	46,400
Property, plant and equipment	8	10,006,113	10,673,005
Infrastructure	9	50,324,734	50,463,833
Right of use assets	11(a)	8,451	-
TOTAL NON-CURRENT ASSETS		60,398,846	61,193,923
TOTAL ASSETS		64,884,642	64,703,514
CURRENT LIABILITIES			
Trade and other payables	13	154,510	178,832
Contract liabilities	14	48,587	-
Lease liabilities	15(a)	3,368	-
Borrowings	16(a)	44,822	42,365
Employee related provisions	17	114,830	90,155
TOTAL CURRENT LIABILITIES		366,117	311,352
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	5,134	-
Borrowings	16(a)	150,746	195,568
Employee related provisions	17	9,545	27,242
TOTAL NON-CURRENT LIABILITIES		165,425	222,810
TOTAL LIABILITIES		531,542	534,162
NET ASSETS		64,353,100	64,169,352
EQUITY			
Retained surplus		24,674,483	23,525,626
Reserves - cash backed	4	2,420,620	3,185,729
Revaluation surplus	12	37,257,997	37,457,997
TOTAL EQUITY		64,353,100	64,169,352

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



SHIRE OF WYALKATCHEM
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		24,043,213	2,689,534	37,457,997	64,190,744
Comprehensive income					
Net result for the period		(21,392)	-	-	(21,392)
Total comprehensive income		(21,392)	-	-	(21,392)
Transfers from reserves	4	812,574	(812,574)	-	-
Transfers to reserves	4	(1,308,769)	1,308,769	-	-
Balance as at 30 June 2019		23,525,626	3,185,729	37,457,997	64,169,352
Adjustment due to change in Regulation	31(a)	-	-	(200,000)	(200,000)
Restated total equity at 1 July 2019		23,525,626	3,185,729	37,257,997	63,969,352
Comprehensive income					
Net result for the period		383,748	-	-	383,748
Total comprehensive income		383,748	-	-	383,748
Transfers from reserves	4	800,928	(800,928)	-	-
Transfers to reserves	4	(35,819)	35,819	-	-
Balance as at 30 June 2020		24,674,483	2,420,620	37,257,997	64,353,100

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



SHIRE OF WYALKATCHEM
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		1,240,259	1,314,255	1,248,548
Operating grants, subsidies and contributions		1,877,212	1,100,702	1,937,420
Fees and charges		202,159	251,805	246,241
Interest received		49,704	77,274	58,945
Goods and services tax received		(25,849)	(115,000)	(12,950)
Other revenue		7,056	-	-
		<u>3,350,541</u>	<u>2,629,036</u>	<u>3,478,204</u>
Payments				
Employee costs		(970,721)	(1,110,401)	(1,064,943)
Materials and contracts		(886,135)	(1,559,090)	(1,007,180)
Utility charges		(180,782)	(160,513)	(190,797)
Interest expenses		(10,289)	(13,129)	18,341
Insurance paid		(136,365)	(140,004)	(135,553)
Goods and services tax paid		-	100,000	-
Other expenditure		(44,429)	51,254	634
		<u>(2,228,721)</u>	<u>(2,831,883)</u>	<u>(2,379,498)</u>
Net cash provided by (used in) operating activities	18	<u>1,121,820</u>	<u>(202,847)</u>	<u>1,098,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(45,611)	(142,000)	(432,378)
Payments for construction of infrastructure	9(a)	(731,068)	(1,492,315)	(547,495)
Non-operating grants, subsidies and contributions	2(a)	555,696	926,966	477,024
Proceeds from financial assets at amortised cost - self supporting loans		-	-	6,908
Proceeds from sale of property, plant & equipment	10(a)	13,409	35,000	65,571
Net cash provided by (used in) investment activities		<u>(207,575)</u>	<u>(672,349)</u>	<u>(430,370)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(42,365)	(42,365)	(56,084)
Payments for principal portion of lease liabilities	15(b)	(3,324)	-	-
Net cash provided by (used in) financing activities		<u>(45,689)</u>	<u>(42,365)</u>	<u>(56,084)</u>
Net increase (decrease) in cash held		<u>868,557</u>	<u>(917,561)</u>	<u>612,252</u>
Cash at beginning of year		3,447,450	3,447,455	2,835,198
Cash and cash equivalents at the end of the year	18	<u>4,316,007</u>	<u>2,529,894</u>	<u>3,447,450</u>

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



SHIRE OF WYALKATCHEM
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)	27 (b)	54,875	56,861	236,291
		54,875	56,861	236,291
Revenue from operating activities (excluding rates)				
Governance	-	-	10,516	
General purpose funding	1,687,571	895,426	1,134,772	
Law, order, public safety	29,155	29,035	41,173	
Health	38,888	42,146	49,225	
Housing	73,445	84,753	75,405	
Community amenities	110,181	181,513	120,263	
Recreation and culture	6,104	19,045	14,987	
Transport	109,657	109,546	557,062	
Economic services	16,521	21,200	23,785	
Other property and services	62,010	47,567	21,333	
	2,133,532	1,430,231	2,048,521	
Expenditure from operating activities				
Governance	(365,185)	(489,211)	(329,712)	
General purpose funding	(54,615)	(76,572)	(62,768)	
Law, order, public safety	(67,583)	(83,423)	(105,566)	
Health	(242,637)	(270,205)	(290,328)	
Education and welfare	(50,235)	(56,566)	(72,768)	
Housing	(114,360)	(166,951)	(256,744)	
Community amenities	(166,355)	(236,789)	(253,886)	
Recreation and culture	(809,616)	(925,526)	(849,446)	
Transport	(1,441,233)	(1,574,506)	(1,469,043)	
Economic services	(224,900)	(257,858)	(130,478)	
Other property and services	(64,855)	(81,607)	(9,673)	
	(3,601,574)	(4,219,214)	(3,830,412)	
Non-cash amounts excluded from operating activities	27(a)	1,352,478	1,376,295	1,299,649
Amount attributable to operating activities		(60,689)	(1,355,827)	(245,951)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	555,698	926,966	477,024
Proceeds from disposal of assets	10(a)	13,409	35,000	65,571
Proceeds from financial assets at amortised cost - self supporting loans		-	-	6,908
Purchase of property, plant and equipment	8(a)	(45,611)	(142,000)	(432,378)
Purchase and construction of infrastructure	9(a)	(731,068)	(1,492,315)	(547,495)
Amount attributable to investing activities		(207,573)	(672,349)	(430,370)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(42,365)	(42,365)	(56,084)
Payments for principal portion of lease liabilities	15(b)	(3,324)	-	-
Transfers to reserves (restricted assets)	4	(35,819)	(313,343)	(1,308,769)
Transfers from reserves (restricted assets)	4	800,928	1,069,629	812,574
Amount attributable to financing activities		719,420	713,921	(552,279)
Surplus/(deficit) before imposition of general rates		451,158	(1,314,255)	(1,228,600)
Total amount raised from general rates	26(a)	1,296,092	1,314,255	1,283,475
Surplus/(deficit) after imposition of general rates	27(b)	1,747,250	-	54,875

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

SHIRE OF WYALKATCHEM
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FOR THE YEAR ENDED 30 JUNE 2020

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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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to these financial statements.

SHIRE OF WYALKATCHEM
 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 Building, planning, development and animal management, having the same nature as a licence regardless of naming.	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	General appropriations and contributions with no reciprocal commitment 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	Payment in line with inspection	None	Set by State legislation	Applied fully on timing of inspection	No refunds	Revenue recognised after inspection event occurs
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, rental income, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	On- charge of expenses & 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 WYALKATCHEM
 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	-	-	10,447
General purpose funding	1,627,518	804,428	1,103,446
Law, order, public safety	23,280	27,280	35,201
Health	38,888	42,146	49,225
Housing	18,286	-	-
Community amenities	-	68,000	-
Recreation and culture	1,436	15,500	-
Transport	109,657	109,546	557,062
Economic services	145	-	-
Other property and services	41,039	33,802	15,875
	1,860,250	1,100,702	1,771,256
Non-operating grants, subsidies and contributions			
Recreation and culture	-	333,332	-
Transport	555,698	568,634	477,024
Economic services	-	25,000	-
	555,698	926,966	477,024
Total grants, subsidies and contributions	2,415,948	2,027,668	2,248,280
Fees and charges			
Governance	-	-	69
General purpose funding	1,924	13,724	7,560
Law, order, public safety	1,845	1,755	5,972
Housing	55,158	84,752	75,405
Community amenities	110,181	113,513	120,263
Recreation and culture	4,668	3,545	7,731
Economic services	16,376	21,200	23,785
Other property and services	12,007	13,316	5,456
	202,159	251,805	246,241

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Non-operating grants, subsidies and contributions	555,698	926,966	477,024
	555,698	926,966	477,024
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:			
Other revenue from performance obligations satisfied during the year	555,698	926,966	477,024
	555,698	926,966	477,024
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	10,535	-	-
Contract liabilities from contracts with customers	(48,587)	-	-

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Other revenue			
Other	7,056	-	-
	7,056	-	-
Interest earnings			
Interest on reserve funds	35,819	68,274	48,472
Rates instalment and penalty interest (refer Note 26(f))	12,846	3,000	4,063
Other interest earnings	1,039	6,000	6,410
	49,704	77,274	58,945

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Note	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Auditors remuneration			
- Audit of the Annual Financial Report	26,600	26,600	26,000
- Other services	-	1,570	140
	26,600	28,170	26,140
Interest expenses (finance costs)			
Borrowings	16(b) 12,739	13,129	15,389
Lease liabilities	15(b) 134	-	-
	12,873	13,129	15,389
Other expenditure			
Sundry expenses	44,429	(51,250)	(634)

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2020	2019
		\$	\$
Unrestricted Cash		1,895,387	261,722
Term deposits		2,420,620	3,185,728
Total cash and cash equivalents		4,316,007	3,447,450
Restrictions			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		2,469,207	3,185,728
		2,469,207	3,185,728
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	2,420,620	3,185,728
Contract liabilities from contracts with customers	14	48,587	-
Total restricted assets		2,469,207	3,185,728

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

Restricted asset balances are not available for general use by the 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 WYALKATCHEM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at fair value through profit and loss

2020	2019
\$	\$
-	-

(b) Non-current assets

Financial assets at fair value through profit and loss

Units in Local Government House Trust

46,400	46,400
46,400	46,400

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 28.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding
 Sundry Debtors
 GST Receivable
 Accrued Income

Non-current

Deferred Pensioner Rates/Esl

	2020	2019
	\$	\$
	67,216	18,796
	43,406	28,523
	38,799	12,950
	16,742	-
	166,163	60,269
	13,148	10,685
	13,148	10,685

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 28.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current
 Fuel, Oil & Materials On Hand

	2020	2019
	\$	\$
	3,626	1,872
	<u>3,626</u>	<u>1,872</u>
	1,872	74,743
	(74,704)	(78,083)
	76,458	81,423
	<u>3,626</u>	<u>1,872</u>

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

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.

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

8. 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 control of Council	Total land	Buildings	Total buildings	Total land and buildings	Furniture & Equipment	Plant & Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	625,000	200,000	825,000	8,628,517	8,628,517	9,453,517	750	1,290,239	10,744,506
Additions	-	-	-	96,971	96,971	96,971	36,873	298,534	432,378
(Disposals)	-	-	-	-	-	-	-	(62,236)	(62,236)
Depreciation (expense)	-	-	-	(175,981)	(175,981)	(175,981)	(225)	(265,437)	(441,643)
Carrying amount at 30 June 2019	625,000	200,000	825,000	8,549,507	8,549,507	9,374,507	37,398	1,261,100	10,673,005
Comprises:									
Gross carrying amount at 30 June 2019	625,000	200,000	825,000	8,896,042	8,896,042	9,721,042	39,573	1,858,145	11,618,760
Accumulated depreciation at 30 June 2019	-	-	-	(346,535)	(346,535)	(346,535)	(2,175)	(597,045)	(945,755)
Carrying amount at 30 June 2019	625,000	200,000	825,000	8,549,507	8,549,507	9,374,507	37,398	1,261,100	10,673,005
Adjustment due to change in Regulation (Note 12)	-	(200,000)	(200,000)	-	-	(200,000)	-	-	(200,000)
Adjusted carrying amount at 1 July 2019	625,000	-	625,000	8,549,507	8,549,507	9,174,507	37,398	1,261,100	10,473,005
Additions	-	-	-	5,576	5,576	5,576	-	40,035	45,611
(Disposals)	-	-	-	-	-	-	-	(7,470)	(7,470)
Depreciation (expense)	-	-	-	(220,130)	(220,130)	(220,130)	(19,412)	(265,493)	(505,034)
Carrying amount at 30 June 2020	625,000	-	625,000	8,334,954	8,334,954	8,959,954	17,986	1,028,173	10,006,113
Comprises:									
Gross carrying amount at 30 June 2020	625,000	-	625,000	8,901,618	8,901,618	9,526,618	39,573	1,866,180	11,432,371
Accumulated depreciation at 30 June 2020	-	-	-	(566,664)	(566,664)	(566,664)	(21,587)	(838,007)	(1,426,258)
Carrying amount at 30 June 2020	625,000	-	625,000	8,334,954	8,334,954	8,959,954	17,986	1,028,173	10,006,113

8. 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	3	Market approach using recent or estimated observable market data for similar properties	Independent Valuation	June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings	3	Market approach using recent or estimated observable market data for similar properties	Independent Valuation	June 2017	Open market values of similar items adjusted for condition and comparability.

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.

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure Roads	Infrastructure Footpaths	Infrastructure Drainage	Infrastructure Parks & Ovals	Infrastructure Other	Infrastructure Airport	Total Infrastructure
Balance at 1 July 2018	\$ 43,687,758	\$ 407,791	\$ 2,368,404	\$ 409,555	\$ 1,922,949	\$ 1,977,415	\$ 50,773,872
Additions	525,403	-	-	8,745	-	13,347	547,495
Depreciation (expense)	(481,215)	(16,312)	(47,368)	(47,655)	(154,319)	(110,665)	(857,534)
Carrying amount at 30 June 2019	43,731,946	391,479	2,321,036	370,645	1,768,630	1,880,097	50,463,833
Comprises:							
Gross carrying amount at 30 June 2019	44,213,161	407,791	2,368,404	418,300	1,922,949	1,990,762	51,321,367
Accumulated depreciation at 30 June 2019	(481,215)	(16,312)	(47,368)	(47,655)	(154,319)	(110,665)	(857,534)
Carrying amount at 30 June 2019	43,731,946	391,479	2,321,036	370,645	1,768,630	1,880,097	50,463,833
Additions	717,952	-	-	-	13,116	-	731,068
(Disposals)	-	-	-	-	-	-	-
Depreciation (expense)	(492,202)	(16,311)	(47,368)	(48,414)	(154,318)	(111,554)	(870,167)
Carrying amount at 30 June 2020	43,957,696	375,168	2,273,668	322,231	1,627,428	1,768,543	50,324,734
Comprises:							
Gross carrying amount at 30 June 2020	44,931,113	407,791	2,368,404	418,300	1,936,065	1,990,762	52,052,435
Accumulated depreciation at 30 June 2020	(973,417)	(32,623)	(94,736)	(96,069)	(308,637)	(222,219)	(1,727,701)
Carrying amount at 30 June 2020	43,957,696	375,168	2,273,668	322,231	1,627,428	1,768,543	50,324,734

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

9. 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 current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Footpaths	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Drainage	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Parks & Ovals	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Other	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Airport	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

10. 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 initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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 comparatives have not been restated.

Vested improvements from 1 July 2019

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

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

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

10. 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
Plant & Equipment	\$ 7,470	\$ 13,409	\$ 5,939	\$ -	\$ 36,590	\$ 35,000	\$ 450	\$ (2,040)	\$ 62,236	\$ 65,571	\$ 7,256	\$ (3,921)
	7,470	13,409	5,939	-	36,590	35,000	450	(2,040)	62,236	65,571	7,256	(3,921)

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 Motor Vehicles Transport Crew Cab Ute	7,470	13,409	5,939	-
	7,470	13,409	5,939	-
	7,470	13,409	5,939	-

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

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	220,130	238,325	175,981
Furniture & Equipment	19,412	19,412	225
Plant & Equipment	265,493	265,307	265,437
Infrastructure Roads	492,202	492,280	481,215
Infrastructure Footpaths	16,312	16,312	16,312
Infrastructure Drainage	47,368	47,368	47,368
Infrastructure Parks & Ovals	48,414	29,828	47,655
Infrastructure Other	154,318	265,873	154,319
Infrastructure Airport	111,554	-	110,665
Right of use assets - furniture and equipment	3,375	-	-
	1,378,577	1,374,705	1,299,177

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings - non specialised	12 to 50 years
Furniture and equipment	2 to 5 years
Plant and equipment	3 to 16 years
Infrastructure - Roads	15 to 50 years
Footpaths	25 years
Drainage	50 years
Park & Ovals	6 to 12 years
Infrastructure - Airport	15 to 50 years
Infrastructure - Kerbing	30 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:

(a) 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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

11. LEASES

(a) Right of Use Assets

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

	Right of use assets - furniture and equipment	Right of use assets Total
	\$	
Carrying amount at 30 June 2019	-	-
Recognised on initial application of AASB 16	11,826	11,826
Depreciation (expense)	(3,375)	(3,375)
Carrying amount at 30 June 2020	8,451	8,451
(b) Cash outflow from leases		
Interest expense on lease liabilities	134	134
Lease principal expense	3,324	3,324
Total cash outflow from leases	3,458	3,458

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

SHIRE OF WYALKATCHEM
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 FOR THE YEAR ENDED 30 JUNE 2020

12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation Surplus Land & Buildings	4,003,914	(200,000)	(200,000)	3,803,914	4,003,914	4,003,914
Revaluation surplus - Plant & Equipment	77,020	-	-	77,020	77,020	77,020
Revaluation surplus - Infrastructure Roads	29,108,543	-	-	29,108,543	29,108,543	29,108,543
Revaluation surplus - Infrastructure Footpaths	233,186	-	-	233,186	233,186	233,186
Revaluation surplus - Infrastructure Drainage	2,272,115	-	-	2,272,115	2,272,115	2,272,115
Revaluation surplus - Infrastructure Parks & Ovals	344,502	-	-	344,502	344,502	344,502
Revaluation surplus - Infrastructure Other	1,416,892	-	-	1,416,892	1,416,892	1,416,892
Revaluation surplus - Infrastructure Airport	1,825	-	-	1,825	1,825	1,825
	37,457,997	(200,000)	(200,000)	37,257,997	37,457,997	37,457,997

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.

Vested land is no longer required to be recognised at fair value. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State or regional significance are recognised at zero cost.

SHIRE OF WYALKATCHEM
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13. TRADE AND OTHER PAYABLES

Current

Sundry Creditors
 Rates paid in advance
 Accrued Salaries & Wages
 Payg Payables
 Accrued Interest On Loans
 Payroll Creditors
 Accrued Expenses

	2020	2019
	\$	\$
Sundry Creditors	84,180	684
Rates paid in advance	20,356	33,730
Accrued Salaries & Wages	21,185	14,763
Payg Payables	18,158	15,574
Accrued Interest On Loans	3,553	4,286
Payroll Creditors	450	-
Accrued Expenses	-	109,795
	154,510	178,832

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.

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

14. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	48,587	-
	<u>48,587</u>	<u>-</u>
<p>The funds held by the Shire were contributions received in advance for the Community Club tennis court project.</p>		
<p>Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:</p>		
Less than 1 year	<u>48,587</u>	<u>-</u>

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 WYALKATCHEM
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 FOR THE YEAR ENDED 30 JUNE 2020

15. LEASE LIABILITIES

	2020	2019
(a) Lease Liabilities	\$	\$
Current	3,368	-
Non-current	5,134	-
	8,502	-

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2020		30 June 2020		30 June 2020	
					Actual Lease Principal	Actual Lease Principal	Actual Lease Principal	Actual Lease Interest		
Other property and services										
Photocopier	C5077C3721	Fuji Xerox	3.00%	60 mths	8,459	3,324	5,134	134		
					8,459	3,324	5,134	134		
					\$	\$	\$	\$		

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

16. INFORMATION ON BORROWINGS

	2020	2019
(a) Borrowings		
	\$	\$
Current	44,822	42,365
Non-current	150,746	195,568
	195,568	237,933

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2019		30 June 2019		
				Budget Principal	Budget Interest	Budget repayments	Budget outstanding	Actual Principal	Actual Interest	Actual repayments	Actual outstanding	Budget Principal	Budget Interest	Budget repayments	Budget outstanding	Actual Principal
Housing 43 & 45 Wilson Street	68	NAB	6.89%	22,083	8,382	22,083	104,939	22,083	8,382	22,083	104,939	127,022	147,657	20,636	9,828	127,021
Transport New Holland Tractor	74	NCH Industries	1.45%	-	-	-	-	-	-	-	-	-	16,037	16,037	-	-
Economic services CRC Building	73	WATC*	4.43%	20,282	4,747	20,282	90,628	20,282	4,747	20,282	90,628	110,910	130,323	19,411	5,561	110,912
				42,365	13,129	42,365	195,567	42,365	13,129	42,365	195,567	237,932	294,017	56,084	15,389	237,933

* WA Treasury Corporation

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

16. INFORMATION ON BORROWINGS (Continued)

	2020	2019
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	250,000	250,000
Credit card limit	13,000	13,000
Credit card balance at balance date	(9)	(1,491)
Total amount of credit unused	262,991	261,509
Loan facilities		
Loan facilities - current	44,822	42,365
Loan facilities - non-current	150,746	195,568
Lease liabilities - current	3,368	-
Lease liabilities - non-current	5,134	-
Total facilities in use at balance date	204,070	237,933
Unused loan facilities at balance date	-	-

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 28.

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

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	43,621	46,534	90,155
Non-current provisions	-	27,242	27,242
	43,621	73,776	117,397
Additional provision	(40,278)	(2,801)	(43,079)
Amounts used	50,057	-	50,057
Balance at 30 June 2020	53,400	70,975	124,375
Comprises			
Current	53,400	61,430	114,830
Non-current	-	9,545	9,545
	53,400	70,975	124,375

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	114,830	91,856
More than 12 months from reporting date	9,545	25,541
	124,375	117,397

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.

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	4,316,007	2,529,894	3,447,450
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	383,748	(547,762)	(21,392)
Non-cash flows in Net result:			
Depreciation on non-current assets	1,378,577	1,374,705	1,299,177
(Profit)/loss on sale of asset	(5,939)	1,590	(3,335)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(108,357)	(15,000)	153,464
(Increase)/decrease in inventories	(1,754)	(5,000)	72,871
Increase/(decrease) in payables	(24,322)	(84,414)	51,092
Increase/(decrease) in provisions	6,978	-	23,853
Increase/(decrease) in contract liabilities	48,587	-	-
Non-operating grants, subsidies and contributions	(555,698)	(926,966)	(477,024)
Net cash from operating activities	1,121,820	(202,847)	1,098,706

SHIRE OF WYALKATCHEM
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19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	-	709,426
General purpose funding	2,009,005	968,329
Law, order, public safety	109,237	350,562
Health	1,524,538	1,602,695
Education and welfare	1,098,950	1,142,000
Housing	2,439,716	2,585,812
Community amenities	540,924	514,000
Recreation and culture	3,373,820	5,256,993
Transport	49,120,075	49,504,091
Economic services	1,886,247	850,914
Other property and services	2,101,880	1,060,076
Unallocated	680,250	158,616
	64,884,642	64,703,514

20. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities at the end of the current reporting period.

21. CAPITAL COMMITMENTS

Capital Expenditure Commitments

The Shire has no capital commitments at the end of the current reporting period.

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	28,758	33,551	29,214
Mayor's allowance	6,090	6,090	6,090
Deputy Mayor's allowance	1,523	1,523	1,523
Telecommunications allowance	3,264	3,808	3,264
	39,635	44,972	40,091

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	240,410	318,255
Post-employment benefits	28,361	28,069
Other long-term benefits	1,528	7,348
	270,299	353,672

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.

22. 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 Actual	2019 Actual
	\$	\$
Sale of goods and services	1,115	2,727

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.

23 JOINT ARRANGEMENTS

The Shire was not party to any joint arrangements during the financial year ended 30 June 2020.

24 MAJOR LAND TRANSACTIONS

The Shire was not party to any major land transactions during the current financial year ended 30 June 2020.

25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any major trading undertakings during the current financial year ended 30 June 2020.

SHIRE OF WYALKATCHEM
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26. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	Rate in \$	Number of Properties	2019/20 Actual		2019/20 Actual Interim		2019/20 Actual Back Rates		2019/20 Actual Total		2019/20 Budget Rate	2019/20 Budget Total	2018/19 Actual Total
				Value \$	Revenue \$	Rates \$	Rates \$	Rates \$	Revenue \$	Revenue \$	Revenue \$	Revenue \$	Revenue \$	
Gross rental valuations														
GRV Wyalkatchem	0.10504		195	1,352,478	142,064	-	-	-	-	-	-	142,064	142,064	140,643
Unimproved valuations														
UV-Rural	0.01642		212	69,942,500	1,148,666	(25)	(25)	-	-	-	-	1,148,641	1,148,666	1,086,503
Sub-Total			407	71,294,978	1,290,730	(25)	(25)	-	-	-	-	1,290,705	1,290,730	1,227,146
Minimum payment		\$												
Gross rental valuations														
GRV Wyalkatchem	495		56	81,562	27,720	-	-	-	-	-	-	27,720	27,720	27,720
Unimproved valuations														
UV-Rural	550		16	303,100	8,800	-	-	-	-	-	-	8,800	8,800	41,291
UV-Mining	550		10	16,196	5,500	(401)	(401)	-	-	-	-	5,500	5,500	5,500
Sub-Total			82	400,858	42,020	(401)	(401)	-	-	-	-	42,020	42,020	74,511
Discounts (Note 26(d))			-											
Concessions (Note 26(d))			-											
Total amount raised from general rate			489	71,695,836	1,332,750							1,332,324	1,332,750	1,301,657
Ex-gratia rates														(17,687)
Prepaid rates														(495)
Totals														1,283,475
														8,425
														(43,602)
														1,248,298

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 WYALKATCHEM
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26. RATING INFORMATION (Continued)

(b) Specified Area Rate
 The Shire did not raise specified area rates for the year ended 30 June 2020.

(c) Service Charges
 The Shire did not raise service charges for the year ended 30 June 2020.

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

Rates Discounts		Discount		2020	2020	2019	Circumstances in which Discount is Granted
Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Actual \$		
General Rates	5.00%	\$	35,736	18,000	17,653		Discount granted to rates paid by the discount due date
Write Offs			-	-	34		Interest write offs, as per CEO delegation
(e) Waivers or Concessions			35,736	18,000	17,687		
Rate or Fee and Charge to which the Waiver or Concession is Granted							
Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Concession	100.00%	\$	495	495	495		
			495	495	495		
Total discounts/concessions (Note 26(a))			36,231	18,495	18,182		
Rate or Fee and Charge to which the Waiver or Concession is Granted and to whom it was available							
Waiver	Exemption under s.6.26(g) LG Act			Support Charitable Organisations			Rate exemption for land used exclusively for charitable purposes, as defined within Council policy

26. RATING INFORMATION (Continued)

(f) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Full Payment within 21 days of Rates Service date	3/09/2019	0.00	0.00%	11.00%
Option Two				
Full Payment by due date	17/09/2019	0.00	0.00%	11.00%
Option Three				
First instalment	17/09/2019	0.00	0.00%	11.00%
Second instalment	17/11/2019	5.00	5.50%	11.00%
Third instalment	15/01/2020	5.00	5.50%	11.00%
Fourth instalment	17/03/2020	5.00	5.00%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	9,219	3,000	4,091
Interest on instalment plan	3,626	-	147
Charges on instalment plan	980	4,500	4,944
	13,826	7,500	9,182

SHIRE OF WYALKATCHEM
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27. RATE SETTING STATEMENT INFORMATION

Note	2019/20	2019/20	2019/20	2018/19
	(30 June 2020 Carried Forward) \$	Budget (30 June 2020 Carried Forward) \$	(1 July 2019 Brought Forward) \$	(30 June 2019 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	Less: Profit on asset disposals			
10(a)	(5,939)	(450)	(7,256)	(7,256)
	Movement in pensioner deferred rates (non-current)			
	(2,463)	-	4,157	4,157
	Movement in employee benefit provisions (non-current)			
	(17,697)	-	(350)	(350)
	Add: Loss on disposal of assets			
10(a)	-	2,040	3,921	3,921
	Add: Depreciation on non-current assets			
10(b)	1,378,577	1,374,705	1,299,177	1,299,177
	Non cash amounts excluded from operating activities			
	1,352,478	1,376,295	1,299,649	1,299,649
(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	(2,420,619)	(2,429,443)	(3,185,729)	(3,185,729)
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings			
16(a)	44,822	44,822	42,365	42,365
	- Current portion of lease liabilities			
	3,368	-	-	-
	Total adjustments to net current assets			
	(2,372,429)	(2,384,621)	(3,143,364)	(3,143,364)
Net current assets used in the Rate Setting Statement				
	Total current assets			
	4,485,796	2,479,039	3,509,591	3,509,591
	Less: Total current liabilities			
	(366,117)	(94,418)	(311,352)	(311,352)
	Less: Total adjustments to net current assets			
	(2,372,429)	(2,384,621)	(3,143,364)	(3,143,364)
	Net current assets used in the Rate Setting Statement			
	1,747,250	-	54,875	54,875

SHIRE OF WYALKATCHEM
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28. 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 debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.27%	4,316,007	2,420,620	1,895,387	-
2019					
Cash and cash equivalents	1.25%	3,447,450	3,185,728	261,722	-

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	18,954	2,617

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 16(b).

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2019 or 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	56,273	10,124	819	-	67,216
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	-
Gross carrying amount	12,589	4,548	992	666	18,796

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	95,416	-	673	2,858	98,947
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	12,950	26,294	55	2,174	41,473

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	154,510	-	-	154,510	154,510
Borrowings	-	220,570	-	220,570	195,568
Lease liabilities	3,368	5,134	-	8,502	8,502
	<u>157,878</u>	<u>225,704</u>	-	<u>383,582</u>	<u>358,580</u>
2019					
Payables	178,832	-	-	178,832	178,832
Borrowings	55,437	221,749	-	277,186	237,933
	<u>234,269</u>	<u>221,749</u>	-	<u>456,018</u>	<u>416,765</u>

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

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

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. There were no adjustments required to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

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

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements. There were no material changes as a result of this change.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

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

	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				
Rates	26(a)	1,304,516		1,304,516
Operating grants, subsidies and contributions	2(a)	1,860,250	48,587	1,908,837
Fees and charges	2(a)	202,159	-	202,159
Non-operating grants, subsidies and contributions	2(a)	555,698		555,698
Net result		383,748	48,587	432,335
Statement of Financial Position				
Contract assets	2(a)	0	0	0
Trade and other payables	13	154,510	(20,356)	134,154
Contract liabilities	14	48,587	(48,587)	0
Net assets		64,353,100	68,943	64,422,043
Statement of Changes in Equity				
Net result		383,748	48,587	432,335
Retained surplus		24,674,483	48,587	24,723,070

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

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

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(c) AASB 16: Leases

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

	Note	2020
		\$
Operating lease commitments at 30 June 2019 applying AAS 117		8,502
Lease liability recognised as 1 July 2019	15(b)	8,502
Lease liability - current		3,368
Lease liability - non-current		5,134
Right-of-use assets recognised at 1 July 2019		8,502

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
 - The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(d) Impact of New Accounting Standards on Retained Surplus

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Adjustments	2019
		\$
Retained surplus - 30 June 2019		23,525,626
Adjustment to retained surplus from adoption of AASB 15	-	
Adjustment to retained surplus from adoption of AASB 16	-	
Adjustment to retained surplus from adoption of AASB 1058	-	
Retained surplus - 1 July 2019		23,525,626

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

31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 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	10,673,005	(200,000)	10,473,005
Revaluation surplus	5	37,457,997	(200,000)	37,257,997

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			23,525,626
Adjustment to retained surplus from adoption of AASB 15	12(a)	-	
Adjustment to retained surplus from adoption of AASB 1058	12(b)	-	
Retained surplus - 1 July 2019			23,525,626

SHIRE OF WYALKATCHEM
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32. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	Reclassification to Trade and Other Payables	30 June 2020	30 June 2020
	\$	\$	\$			\$
Key Deposits	195	530	(315)	(410)		-
Bonds and Deposits	600	532	(545)	(587)		-
Rose & Heritage Funds	2,651	-	-	(2,651)		-
Staff Entitlements	2,810	-	-	(2,810)		-
	6,256	1,062	(860)	(6,458)		-

SHIRE OF WYALKATCHEM

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

33. 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 capaShire of an asset.

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

SHIRE OF WYALKATCHEM
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FOR THE YEAR ENDED 30 JUNE 2020

34. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Include the activities of members of council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not specify the Shire services</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various Acts, regulations and by-laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance. Administration of the ReoROC health scheme and provision of various medical facilities.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Maintenance and support of child minding and playgroup centres, senior citizen and aged care facilities. Provision and maintenance of home care programs and youth services</p>
<p>HOUSING To provide and maintain staff and elderly residents housing.</p>	<p>Provision and maintenance of staff, community and joint venture housing</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>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, public conveniences and community bus.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.</p>	<p>Maintenance of public halls, aquatic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens, reserves and playgrounds. Provision of library services (contract). Support of museum and other cultural facilities and services.</p>
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, streets, footpaths, cycling ways, airstrip, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.</p>
<p>ECONOMIC SERVICES To help promote the Shire and its economic wellbeing.</p>	<p>Tourism and area promotion. Maintenance and operation of the Saleyards. Building Control. Provision of rural services including weed control, vermin control and standpipes.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control Council's overheads operating accounts.</p>	<p>Private works operation, plant repair and operational costs and engineering operation costs.</p>

SHIRE OF WYALKATCHEM
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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35. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	5.51	1.02	1.75
Asset consumption ratio	0.95	0.97	0.99
Asset renewal funding ratio	n/a	0.88	0.90
Asset sustainability ratio	0.55	0.70	1.14
Debt service cover ratio	22.13	11.42	(3.62)
Operating surplus ratio	(0.11)	(0.31)	(0.90)
Own source revenue coverage ratio	0.44	0.42	0.41

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Wyalkatchem

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Wyalkatchem which comprises the Statement of Financial Position as at 30 June 2020, and 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, as well as 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 Wyalkatchem:

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report. 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 matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
 - b. The Assets Sustainability Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past two financial years and the current year is below the previous year.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for the current year in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as there was no asset management plan available and the long-term financial plan was outdated.
 - b. Most of the accounting journal entries were posted and reviewed by the same employee during the financial year. Accounting journal entries can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.
 - c. More employees and external consultants than necessary, had full access to the revenue, expenditure, property, plant and equipment, payroll systems and supplier master files. This increased the risk of unauthorised changes to key information, although our audit sampling did not identify any.
- (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 included in the annual financial report was 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 Wyalkatchem 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.



MARK AMBROSE
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
1 April 2021