

2019-2020

ANNUAL REPORT



Shire of Williams

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About the Shire of Williams

The Shire of Williams is most commonly known for being a wool, livestock and grain producing area with a large number of the community working within the agricultural industry.

Williams is conveniently located along the Albany Highway and is a popular and pleasant stopping place for travellers between Perth and the Great Southern. Boasting various successful café outlets, three service stations and a hotel, Williams is a welcoming resting stop for all passers through. With excellent, well maintained public facilities, a newly developed Lions Park offering a great view across the river with benches along the banks, a recreational BBQ area, a nature play area for children of all ages and shade out of the sun whilst drivers refresh and revive.

In addition to our attractive tourist facilities, the Shire of Williams is home to the Williams Primary School, kindergarten and childcare facilities, a supermarket and newsagency, various rural supplies, service organisations, medical centre, pharmacy, community housing, sporting groups and personal interest and hobby groups. The Shire of Williams is strongly represented through our love of living local and in support of our growing and prosperous community. We welcome all tourists and visitors as well as new residents to the town.



Shire Statistics

| | |
|-------------------------------|-------------|
| Distance from Perth (km) | 161 |
| Area (sq.km) | 2,295 |
| Length sealed roads (km) | 228 |
| Length unsealed roads (km) | 334 |
| Population | 1006 |
| Councillors | 9 |
| Electors | 660 |
| Dwellings | 455 |
| Employees (FTE's) | 22 |
| Rates (2019-2020) | \$1,924,117 |
| Operating Revenue (2019-2020) | \$3,683,378 |

Shire President's Report

This year has been the most challenging year I have experienced on Council, yet the most rewarding one. The world turned in turmoil as the Coronavirus took control, and life as we knew it came to an abrupt halt. All of a sudden people were forced to deal with technology and our peaceful little town suddenly became eerily quiet with the closure of borders. Our businesses, which were still recovering from the financial strain the bridge replacements caused were again forced to close.

There were no public gatherings or catching up with friends for that cuppa. Local sport was temporarily cancelled. All of a sudden life was different. Amidst all of the uncertainty, our community again rose above the challenges. There were community members offering grocery deliveries for our vulnerable residents. There were grandchildren setting up zoom meetings for their grandparents so that they were still able to have their Saturday morning coffee and chat amongst friends. The Community Resource Centre went above and beyond to care for our community with activity packs for children and seniors. During this time I could not be more proud to be part of the Williams Community. Williams comes together when needed, it always has and it always will.



This year has not all been doom and gloom. Williams saw the completion of the mammoth task of replacing the two Bridges along Albany Highway. This was 18 months of frustration for the people of Williams but the end product is worth it. The sound of squeals and laughter can be heard from the children playing in the weir on a sunny day. The carpark in the Lions Park was sealed and is always full of visitors, both local and travellers. The pathways around the townsite saw an extension on the northern end of town, connecting the town to the businesses and the school district. Another single unit on New Street received a refurbishment and the Shire purchased land along Albany Highway for future development.

The Council was excited to welcome two new faces of Tracey Price and Bernie Panizza. I would personally like to thank Councillor Greg Cavanagh who retired after serving a 14 year term. His support and guidance for his fellow Councillors was appreciated. To the residents and ratepayers, thank you for making our community a great place to live. I would like to acknowledge the efforts of the many individuals and groups who work together as a community, your hard work and dedication does not go unnoticed. I would personally like to thank my fellow councillors, senior management and staff. Your support, commitment and dedication in serving the community is remarkable and I look forward to what the future of the Shire of Williams will bring.

Jarrad Logie
Shire President

Chief Executive's Report

It is my pleasure to present this report as Chief Executive Officer of the Shire of Williams for the year ending 30 June 2020.

During the year the Shire of Williams Strategic Community Plan 2017-2032 was reviewed internally by Council with the Administration providing detail on progress of the strategies contained in the Plan. It is pleasing to note that many of the strategies have been completed or are underway. A comprehensive review will be undertaken in 2021, where the community will have input into new strategies.

Several key initiatives contained in the Plan were completed during the year, including:

- The Shire instigated the purchase of land on the west side of Albany Highway in the townsite. This was in line with the strategy to consider future land acquisition for recreation, commercial, residential or industrial purposes.
- Landfill at the Williams Refuse Site was discontinued and a waste transfer operation was commissioned resulting in a positive environmental outcome for the Shire. General waste is now transported to a commercial facility at North Bannister. Recyclables are taken to a sorting facility in the metropolitan area. This initiative was supported by the strategy advocating a regional approach to waste management.
- The Lions Park Carpark was completed following the replacement of the Williams River Bridge. This project enhances the experience for travellers visiting Williams. Numbers of people stopping at the Lions Park have increased because of the recent upgrades. This compliments the strategy to provide, maintain and improve community infrastructure.
- Included in the road construction program for the year was the bitumen sealing and drainage upgrade of Lavender Street. Recent residential development in this area prompted the decision to upgrade the road infrastructure. It aligned with the strategy to strive for high quality, well-constructed and maintained local road network.



Williams is strategically located on the Albany Highway and a number of local retail and hospitality businesses rely heavily on visitors passing through. The growing threat of the COVID-19 pandemic and the regional shutdown imposed by the State Government had a significant impact. The resilience of our businesses to cope with this unprecedented event and the support that came from the Williams community was commendable.

During this time the Shire worked closely with the Williams Community Resource Centre to offer support to residents with a focus on our younger and older age groups.

I would like to thank everyone who got involved. It was one of those times when the community rallies together to support each other.

At the start of the financial year the Shire welcomed Sharon Palumbo to the team. The Shire expanded its early child care services becoming a Service Provider for Family Day Care. Sharon was employed as the coordinator of this service and her role also included supporting the operation of the Willi Wag Tails Child Care Service. Sarah Evans and Nita Ackland joined the staff at Willi Wag Tails to cover a period of maternity leave being taken by Sara Friend.

The total number of full time equivalent employees remained steady during the year. Our maintenance grader operator, Callum Fawcett, left during the year and Brenton Chivers was employed to take on this role.

Kim Walsh commenced employment in the Administration team in a part time capacity. With a minor restructure her role at front reception is now full time.

In conclusion, I would like to thank the Shire President, Jarrad Logie and his fellow Councillors for their support. Thank you also to all the employees of the Shire who help me in my role and work hard to maintain a high standard of service to our community.

Finally I would like to express my appreciation to the residents and ratepayers of Williams, for their keen interest and involvement in the wellbeing of their community.

Geoff McKeown
Chief Executive Officer



Our Council

The Shire of Williams has nine (9) elected councillors including a Council elected President. Councillors serve a 4-year term, with local government elections held every two years. The 2019-2020 period welcomed two newly elected members and three returning councillors.



Cr JW (Jarrad) Logie
President

(Elected to Office in 2009, Retiring 2021)



Cr NA (Natalie) Major
Deputy President

(Elected to Office in 2009, Retiring 2023)



Cr AA (Alex) Watt
Councillor

(Elected to Office in 2017, Retiring 2021)



Cr BH (Bernie) Panizza
Councillor

(Elected to Office in 2020, Retiring 2023)



Cr GH (Gilbert) Medlen
Councillor

(Elected to Office in 2007, Retiring 2023)



Cr M (Moya) Carne
Councillor

(Elected to Office in 2003, Retiring 2023)



Cr TA (Tracey) Price
Councillor

(Elected to Office in 2019, Retiring 2023)



Cr SG (Simon) Harding
Councillor

(Elected to Office in 2017, Retiring 2021)



Cr RD (Bob) Baker
Councillor

(Elected to Office in 2017, Retiring 2021)

Elected Member Attendance / Ordinary Council Meetings 2019/2020

Council meets on the third (3rd) Wednesday of each month (with the exception of no meeting in January and July the fourth (4th) Wednesday).

The Electors Annual General Meeting was held on the 18 December 2020, at which all elected members at the time were in attendance.

| | Jul19 | Aug19 | Sep19 | Oct19 | Nov19 | Dec19 | Feb20 | Mar20 | Apr20 | May20 | Jun20 |
|-----------------------|---------------------------------|-------|-------|---------------------|-------------------|-------|-------|-------|-------|---------|-------|
| Cr (Jarrad) Logie | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr (Natalie) Major | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr (Alex) Watts | ● | ● | ● | Leave of Absence | ● | ● | ● | ● | ● | ● | ● |
| Cr (Bernie) Panizza | -----Elected February 2020----- | | | | | | ● | ● | ● | ● | ● |
| Cr (Gilbert) Medlen | Leave of Absence | ● | ● | ● | ● | ● | ● | ● | ● | Apology | ● |
| Cr (Moya) Carne | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr (Tracey) Price | -----Elected November 2020----- | | | | ● | ● | ● | ● | ● | ● | ● |
| Cr (Simon) Harding | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr (Bob) Baker | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr (Greg Cavanagh) | ● | ● | ● | ● | -----Retired----- | | | | | | |



Our Councilors & Chief Executive Officer

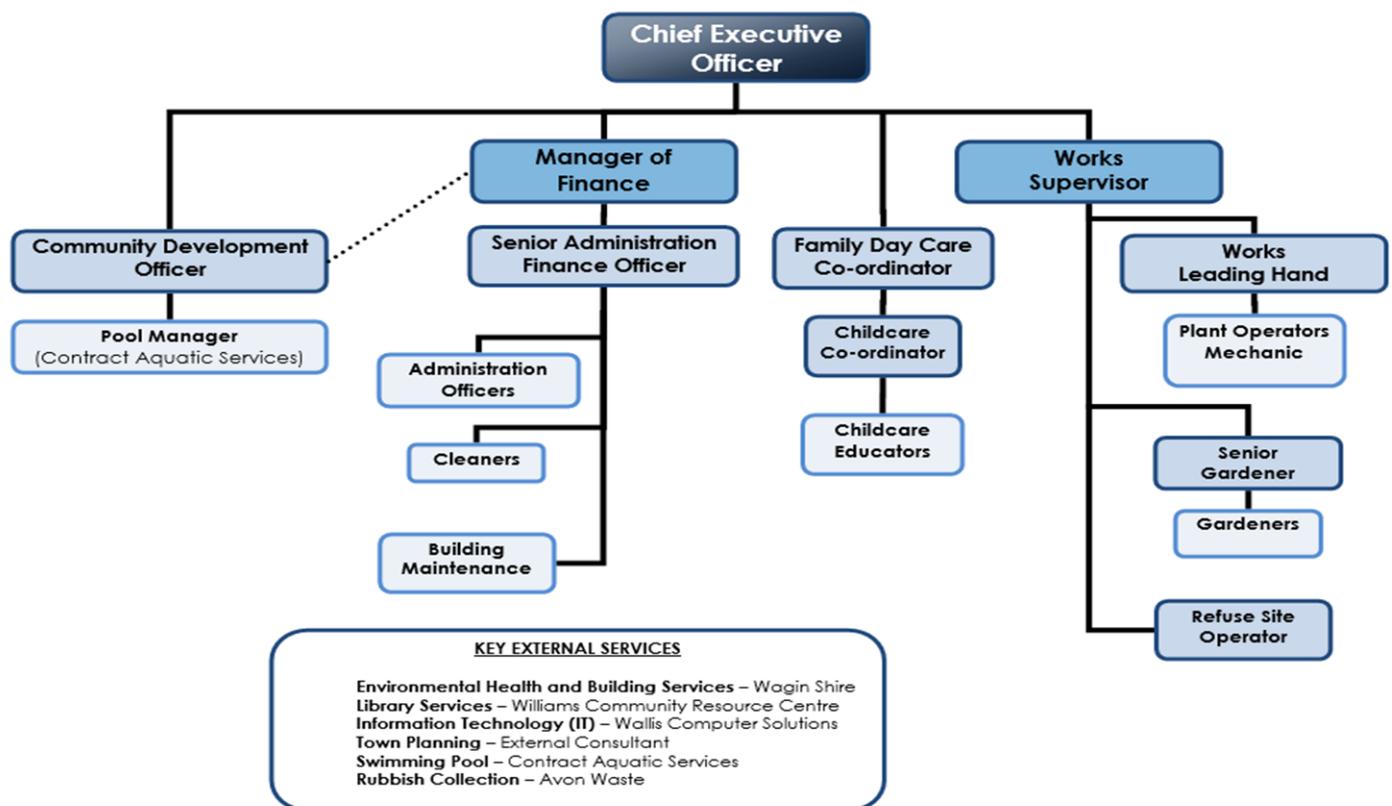
Organisational Structure and Staff

The Shire of Williams has developed its Management Structure to achieve greater efficiencies and to provide prompt effective customer service. The Shire workforce as of June 2020 consists of a total of 31 employees including 14 full-time employees, 8 part-time employees and 9 casual employees, equating to 22 FTE (Full-time Equivalents).

The Shire is also supported by a variety of external resources, including consultants, where it is not cost effective, feasible or possible to be employed by the Shire. The Environmental Health and Building Officer, who is employed with the Shire of Wagin, is contracted to Williams 3 days per fortnight. The management of the swimming pool, library services, waste collection and any major town planning matters are contracted out.



Our Office Team



Community Plan Strategies and Outcomes

The Plan

The Shire of Williams completed its comprehensive desktop review of the Strategic Community Plan 2017 to 2032 in April 2020, with a full review scheduled for 2021/2022. The Corporate Business Plan along with its informing Strategies was adopted by Council in June 2020.

The Strategic Community plan reflects a vision for the future and is the principal strategic guide for future planning and activities going forward.

The Strategic Plan is divided into four areas, Economic, Social & Cultural, Land Use & Environment, and Civic Leadership. The Strategic Plan identifies the community's desired goals and outcomes for each area, along with performance measures, it enables the community to have their say in shaping the future of the community and in identifying issues and solutions.

The following pages summarise our progress during the 2019/2020 financial year towards achieving the actions, initiatives and priorities identified in each outcome.



Staff of the Shire of Williams

Our Vision

Williams is an independent, growing and vibrant community, achieved by maintaining a balanced and caring approach to its people, economy and environment.

Our Values

- Community connectedness and great lifestyle
- Friendly people
- Safety
- Ideal location (proximity to regional centres and metropolitan area)
- Relevant and well maintained facilities
- Recognition of the need to care for the environment in a balanced approach
- Effective communication and cooperation



Economic

“Develop infrastructure and investment that is suitable and an ongoing legacy to the Shire”

Outcome 1: Develop infrastructure and investment that is sustainable and an ongoing legacy to the Shire.

The year of 2019/2020 was nothing our businesses could have ever prepared for. The Bridge replacement caused concerns for public access for the businesses along the highway. The completion of the Williams River Bridge in February 2020 was a long awaited relief. April 2020, Coronavirus engulfed the world and border closures, again, effected the businesses. During this time, there were no new established Businesses and the Shire did everything in its power to provide support to the community.

A parcel of land became available along the Albany Highway. The Shire anticipating the investment opportunity and development in future years, purchased this land. A parking bay along the highway was extended to approximately 100m, allowing more parking for access to the businesses along the highway.

The pathway network along the North end of town was completed. This pathway completes the network within the town centre and allows pedestrians easy access to all the businesses within the town site.

The Shire continues its close collaboration with the community, maximising opportunities via the Shire Website, Social Media and Local Community Newspapers.

Willi Wag Tails Family Day Care was established in 2019. As of June 2020, there were 13 Family Day Care Educators within the Wheatbelt and a further 2 Educators in Broome. All operating under Willi Wag Tails Family Day Care approved provider service. This is a fantastic support network for families throughout the Wheatbelt.



Outcome 2: To have appropriate levels of housing to cater for population retention and growth.

Current levels of accommodation meet the current demand. All of the Shire housing is occupied. Plans for future community housing is under consideration and is included in the long term financial planning.

Three of the four single units have undergone a refurbishment. The final unit will be refurbished in the coming year.



Social & Cultural

“To be a safe and welcoming community where everyone is valued and has the opportunity to contribute and belong”

Outcome 1: To provide community infrastructure and facilities that meet the needs of the population.

The Shire prides themselves in its community spirit and welcoming nature. The Shire is actively engaged with the community via social media, community surveys and local community newspapers. The Shire welcomes feedback and acts accordingly to ensure that the issues raised are dealt with in a timely manner.

Williams is a very sport orientated town. The Shire takes pride in the sporting facilities that it provides and ensures regular maintenance and upgrades to the sporting areas.

Providing support to the volunteer bushfire brigades is also a high priority for the Shire of Williams. In September 2019, the Glenfield Volunteer Bushfire Brigade Shed was opened. This shed houses a loan fire truck which is used to assist in fighting fires within the Shire. The Shire of Williams is extremely fortunate to have the support from the community and the many dedicated volunteers.



Outcome 2: To support a safe and healthy community with a strong sense of community pride.

During the 2020 Coronavirus pandemic, the Shire worked closely with the Community Resource Centre to ensure that all the community was cared for and felt supported during the pandemic. LEMC meetings were organised weekly with key personal to ensure that the community was kept up to date and current information was passed to each sector. The Community was then updated through correspondence on social media and community newsletters.

In 2019, the Shire began a “live local love local” initiative. This initiative is to support the establishment of a community chest fund. Local events will be organised to raise funds for the community. These funds will then be distributed amongst the community in the form of biannual grants to local clubs and groups.



Outcome 3: To recognise the vibrant history of the Shire, its rich and varied cultural heritage, and its natural environment is valued, respected, promoted and celebrated.

The Shire of Williams works in partnership with HWEDA. Together with Boddington and Wandering, a Self-Drive Trail was established to showcase the exquisite areas between these three towns. The trail encourages tourists to travel inland and experience adventures amongst the towns of Williams, Wandering and Boddington.

The Shire encourages and supports any Historical groups or committee and will endeavour to work together to advocate and support initiatives that develop and celebrate the cultural heritage of the Shire.



Land Use and Environment

“To have a balanced respect for our natural assets and built environment, retaining our lifestyle values and community spirit”

Outcome 1: To enhance, promote, rehabilitate and leverage the natural environment so it continues to be an asset to the community.

The Shire works closely with DFES on bush fire risk mitigation to maintain areas with high fire risk. In 2019, the Shire received funding to create clear pathways through the reserve around the refuse site and cemetery to minimise bush fire risk. The Shire continues to monitor private property for fire hazards and does a fire inspection each year prior to the summer months. This is to ensure that the Fire Danger risk is minimised in the Williams townsite.

The Shire is mapping flood prone areas and planning to mitigate or address these to ensure that valuable assets, whether public or private, are not adversely impacted. Effective, safe and appropriate mosquito management was discussed at a Council Meeting, with the community wanting reassurance that the current mitigation methods are the most effective management tool. During the summer months the mosquitoes are fogged to ensure numbers are kept minimal. There is a mosquito register for those wanting to be notified in advance of the fogging.

The Shire of Williams employs contractors to undertake road side spraying to ensure weed management measures are completed.



Outcome 2: Natural assets and public open spaces are accessible, well utilised and managed.

The Shire of Williams values highly both its natural and built environments. The community recognises that there is a need to balance the two.

The Shire ensures that it maintains public open space areas, balancing open space provision with the need to establish recreational areas including playgrounds, BBQs, amenities and family friendly facilities. The Shire's road network is seen as a high priority given the extensive network that the Shire is responsible for maintaining and the high usage of much of the network, particularly seasonally.



Outcome 3: Recognising and implementing sustainability measures

The Shire of Williams regularly undertakes energy audits and investigates alternative energy solutions for Shire owned facilities. Currently the Shire Office, Recreational Area, CRC and the Childcare Centre all have Solar Power fitted. The Recreational Ground and Hockey Field use treated waste water instead of scheme water and the Shire is investigating programs to reduce reliance on scheme water.

The Shire of Williams supports and advocates for a regional waste approach to waste management including transfer stations, recycling and waste education. In September 2019, the Shire converted the refuse site into a waste transfer station.



Outcome 4: To have a safe and well maintained transport networks that supports the local economy.

The Shire of Williams strives for high quality, well constructed and maintained local road network. To ensure that this is achieved, the road condition is assessed regularly as part of the Asset Management Plan. The Shire's road network is seen as high priority, given the extensive network that the Shire is responsible for maintaining, and the high usage of much of the network, particularly seasonally.



Civic Leadership

“Strong civic leadership representing the whole of the Shire which engages in effective partnerships and reflects the aspirations of an engaged community”.

Outcome 1: The Shire is efficient in its operation; actively listens to the community and anticipates and responds to community needs.

The Shire prides itself on being community minded. Through active collaboration and networking, a delegate from the Shire will attend as many community consultation forums as possible.

In 2019, the Shire completed the Strategic Planning review. To ensure the Shire received as much feedback as possible, the survey was placed online as well as sent out as a householder. The Shire values the community's wants and needs and uses several methods for optimum reach.

Outcome 2: The revenue needs of the Shire are managed in an equitable, proactive and sustainable manner.

The community want to ensure that their priorities for the development of our town are as high as Council's priorities, and that they are aligned with each other. It is important to recognise that aspirations will almost always be greater than the resources available to implement them. The balance, therefore, is in the delivery of the community's aspirations in a timely manner without placing significant and unnecessary financial pressures on the organisation, and therefore ratepayers.



Outcome 3: Effective collaboration and shared services with other relevant Local, State and Federal Government agencies, industry and community organisations.

The Shire of Williams actively participates in, and collaborates with, the 4WDL VROC organisation of local governments on resource sharing opportunities. This alliance allows the relationship between local governments to develop strategic alliances amongst the members. The Shire strongly encourages community groups, businesses and the wider community to equally contribute to the improvement of the community through strong, well developed and well initiated projects that strive to make a difference in the way we live, work, play and invest.



Outcome 4: A strategically focused, unified Council functioning effectively ensuring compliance within the regulatory framework.

Community service is an area that the Shire strives to excel in. Ensuring that the Shire administration area is inviting, welcoming and addresses the disability access needs where appropriate, is essential.

The implementation of the Integrated Planning and Reporting Framework documentation, including the Corporate Business Plan, Asset Management Plan, Workforce Plan and Forward Capital Works Plan were all completed in 2020.

Statutory Statements

Report on Disability and Access and Inclusion Plan (DIAP)

The Shire of Williams is committed to ensuring that the community is accessible for and inclusive of people with disabilities, their families and carers.

The Shire of Williams interprets an accessible and inclusive community as one in which all council functions, facilities and services (both in-house and contracted) are open, available and accessible to people with disabilities, providing them with the same opportunities, rights and responsibilities as other people in the community.

The 2020-2025 DIAP is available for viewing on the Shire of Williams Website www.williams.wa.gov.au.

The yearly review was completed in May 2020 in accordance with legislation.

Key Disability Access and Inclusion Plan achievements for 2018-2019 include:

- The resurfacing of the Lions Park Carpark, ACROD parking bays were provided where needed and identified.
- Adoption of the Shire of Williams DAIP 2020 – 2025
- Training provided for the newly elected members on Council.
- Review of the Childcare centre policies and handbooks to include interpreter options.
- Completion of pathway on the North end of town to complete circuit to Businesses.



Equal Opportunity

The Shire of Williams is committed to providing a workplace where every individual is treated with respect in an environment free from discrimination and harassment. During 2019/20 the Shire reviewed its obligations under the *Equal Opportunity Act 1984*.

National Competition Policy

The Competition Principles Agreement (CPA) is a contractual agreement between Federal Government and all States and Territory Governments. The CPA aims to ensure that all public enterprises operate in a transparent manner in the best interests of the public. Under the CPA, public enterprises are required to review their operations to ensure that they have no competitive advantage or disadvantages as a result of their public status.

Competitive Neutrality (under the CPA)

During the financial year the Shire met its obligations under the National Competition Policy, competitive neutrality addresses potential advantages and disadvantages that public enterprises may have compared to businesses operating within the private sector. Local Government is only required to implement these principles to the extent that the benefits to be realised from implementation far outweigh the costs in respect of individual activities exceeding \$500,000 in income. The Shire of Williams did not have any major undertakings reportable under CPA in the 2019/20 Financial Year.

Complaints of Minor Breaches

In accordance with Sections 5.53(2) and 5.121 of the *Local Government Act 1995*, the Annual Report is required to disclose the number of complaints of minor breaches received each year.

No. of complaints 2019/20

Outcome

Action taken

Nil

Report on record keeping plan

As required under the *State Records Act 2000* the Shire updated the Recordkeeping Plan in December 2016. This was approved by the State Records Commission in October 2017. The Plan is required to be reviewed within five (5) years of its approval date, making it due October 2022.

Freedom of Information

The freedom of information statement was reviewed and is available on the Shire of Williams website www.williams.wa.gov.au

The information statement contains information on the type of documents available to the public and how to access those documents. During the 2019/20 year, there were no requests received.

Employees Remuneration

The *Local Government (Administration) Regulation 19B* requires the annual report to contain details of the number of employees of the local government entitled to an annual salary of \$100,000 or more in bands of \$10,000 for each such band over \$100,000.

| Salary Range | 2021 | 2020 | 2019 |
|-----------------------|------|------|------|
| \$100,000 - \$110,000 | 0 | 0 | 0 |
| \$110,000 - \$120,000 | 0 | 0 | 0 |
| \$120,000 - \$130,000 | 0 | 0 | 0 |
| \$130,000 - \$140,000 | 1 | 1 | 1 |

Annual Financial Report

(Including Independent Auditor's Report – final page)

**For the year ending
30 June 2020.**



SHIRE OF WILLIAMS

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

Williams is an independent, growing and vibrant community, achieved by maintaining a balanced and caring approach to its people, economy and environment.

Principal place of business:
9 Brooking Street
Williams WA 6391

**SHIRE OF WILLIAMS
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 Williams 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 Williams 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 26TH day of NOVEMBER 2020



GEOFF McKEOWN
Chief Executive Officer

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

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 20(a) | 1,924,117 | 1,924,101 | 1,850,709 |
| Operating grants, subsidies and contributions | 2(a) | 794,053 | 487,019 | 720,865 |
| Fees and charges | 2(a) | 852,675 | 850,629 | 699,999 |
| Interest earnings | 2(a) | 34,599 | 41,600 | 43,653 |
| Other revenue | 2(a) | 77,934 | 42,500 | 89,009 |
| | | 3,683,378 | 3,345,849 | 3,404,235 |
| Expenses | | | | |
| Employee costs | | (1,611,677) | (1,612,023) | (1,449,842) |
| Materials and contracts | | (625,548) | (543,354) | (511,611) |
| Utility charges | | (202,921) | (188,750) | (188,766) |
| Depreciation on non-current assets | 10(b) | (1,274,811) | (1,256,950) | (1,249,303) |
| Interest expenses | 2(b) | (31,566) | (32,579) | (35,306) |
| Insurance expenses | | (114,472) | (112,166) | (111,143) |
| Other expenditure | | (18,178) | (15,250) | (15,474) |
| | | (3,879,173) | (3,761,072) | (3,561,445) |
| | | (195,795) | (415,223) | (157,210) |
| Non-operating grants, subsidies and contributions | 2(a) | 519,082 | 516,215 | 1,221,492 |
| Profit on asset disposals | 10(a) | 47,200 | 19,871 | 14,571 |
| (Loss) on asset disposals | 10(a) | (8,803) | (5,711) | (54,784) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 865 | 0 | 52,551 |
| Reversal of prior year loss on revaluation of furniture and equipment | 8(a) | 985 | 0 | 0 |
| | | 559,329 | 530,375 | 1,233,830 |
| Net result for the period | | 363,534 | 115,152 | 1,076,620 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 11 | (343,146) | 0 | 0 |
| Total other comprehensive income for the period | | (343,146) | 0 | 0 |
| Total comprehensive income for the period | | 20,388 | 115,152 | 1,076,620 |

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

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

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Governance | 2(a) | 1,917 | 501 | 94,421 |
| General purpose funding | | 2,502,997 | 2,230,196 | 2,395,321 |
| Law, order, public safety | | 67,214 | 44,248 | 31,187 |
| Health | | 300 | 400 | 300 |
| Education and welfare | | 273,834 | 283,029 | 195,814 |
| Housing | | 242,274 | 247,804 | 190,032 |
| Community amenities | | 192,325 | 203,177 | 160,602 |
| Recreation and culture | | 42,773 | 44,557 | 48,934 |
| Transport | | 96,578 | 96,881 | 104,160 |
| Economic services | | 147,200 | 102,826 | 97,162 |
| Other property and services | | 115,966 | 92,230 | 86,302 |
| | | 3,683,378 | 3,345,849 | 3,404,235 |
| Expenses | | | | |
| Governance | 2(b) | (201,659) | (205,215) | (288,836) |
| General purpose funding | | (83,005) | (84,250) | (19,181) |
| Law, order, public safety | | (90,406) | (90,129) | (55,494) |
| Health | | (55,314) | (59,671) | (72,422) |
| Education and welfare | | (303,313) | (320,281) | (232,414) |
| Housing | | (155,572) | (164,843) | (138,201) |
| Community amenities | | (270,933) | (316,987) | (247,925) |
| Recreation and culture | | (766,009) | (702,578) | (703,479) |
| Transport | | (1,541,517) | (1,564,806) | (1,468,761) |
| Economic services | | (137,113) | (127,886) | (123,304) |
| Other property and services | | (242,766) | (91,847) | (176,122) |
| | | (3,847,607) | (3,728,493) | (3,526,139) |
| Finance Costs | | | | |
| Governance | 2(b) | 0 | 0 | (257) |
| Recreation and culture | | (4,018) | (4,241) | (4,464) |
| Transport | | (2,887) | (3,095) | (4,214) |
| Economic services | | (12,461) | (12,867) | (13,510) |
| Other property and services | | (12,200) | (12,376) | (12,861) |
| | | (31,566) | (32,579) | (35,306) |
| | | (195,795) | (415,223) | (157,210) |
| Non-operating grants, subsidies and contributions | 2(a) | 519,082 | 516,215 | 1,221,492 |
| Profit on disposal of assets | 10(a) | 47,200 | 19,871 | 14,571 |
| (Loss) on disposal of assets | 10(a) | (8,803) | (5,711) | (54,784) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 865 | 0 | 52,551 |
| Reversal of prior year loss on revaluation of furniture and equipment | 8(a) | 985 | 0 | 0 |
| | | 559,329 | 530,375 | 1,233,830 |
| Net result for the period | | 363,534 | 115,152 | 1,076,620 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 11 | (343,146) | 0 | 0 |
| Total other comprehensive income for the period | | (343,146) | 0 | 0 |
| Total comprehensive income for the period | | 20,388 | 115,152 | 1,076,620 |

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

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

| | NOTE | 2020 \$ | 2019 Restated * \$ | 1 July 2018 Restated * |
|--------------------------------------|-------|-------------------|--------------------------|---------------------------|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 3 | 1,618,929 | 1,508,513 | 1,668,269 |
| Trade and other receivables | 6 | 102,687 | 300,917 | 116,817 |
| Other financial assets | 5(a) | 15,966 | 15,475 | 14,999 |
| Inventories | 7 | 27,564 | 8,384 | 19,082 |
| Other assets | 7 | 0 | 0 | 0 |
| TOTAL CURRENT ASSETS | | 1,765,146 | 1,833,289 | 1,819,167 |
| NON-CURRENT ASSETS | | | | |
| Other financial assets | 5(b) | 160,439 | 175,540 | 138,464 |
| Property, plant and equipment | 8 | 16,959,109 | 17,345,285 | 17,078,819 |
| Infrastructure | 9 | 62,318,848 | 61,780,402 | 61,324,164 |
| TOTAL NON-CURRENT ASSETS | | 79,438,396 | 79,301,227 | 78,541,447 |
| TOTAL ASSETS | | 81,203,542 | 81,134,516 | 80,360,614 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 12 | 212,616 | 126,179 | 357,752 |
| Contract liabilities | 13 | 48,870 | 0 | 0 |
| Borrowings | 14(a) | 102,462 | 112,942 | 102,768 |
| Employee related provisions | 15 | 356,517 | 325,680 | 292,630 |
| TOTAL CURRENT LIABILITIES | | 720,465 | 564,801 | 753,150 |
| NON-CURRENT LIABILITIES | | | | |
| Contract liabilities | 13 | 0 | 0 | 0 |
| Borrowings | 14(a) | 600,422 | 702,884 | 805,520 |
| Employee related provisions | 15 | 11,109 | 15,673 | 27,406 |
| TOTAL NON-CURRENT LIABILITIES | | 611,531 | 718,557 | 832,926 |
| TOTAL LIABILITIES | | 1,331,996 | 1,283,358 | 1,586,076 |
| NET ASSETS | | 79,871,546 | 79,851,158 | 78,774,538 |
| EQUITY | | | | |
| Retained surplus | | 20,525,041 | 19,967,598 | 18,908,851 |
| Reserves - cash backed | 4 | 764,857 | 958,766 | 940,893 |
| Revaluation surplus | 11 | 58,581,648 | 58,924,794 | 58,924,794 |
| TOTAL EQUITY | | 79,871,546 | 79,851,158 | 78,774,538 |

* See Note 24 for details regarding the restatement as a result in accounting error.

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

SHIRE OF WILLIAMS
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 | | 18,891,359 | 940,894 | 60,147,679 | 79,979,932 |
| Correction of error | 24 | 17,491 | 0 | (1,222,885) | (1,205,394) |
| Restated total equity at the beginning of the financial year | | 18,908,850 | 940,894 | 58,924,794 | 78,774,538 |
| Comprehensive income | | | | | |
| Net result for the period (restated) | | 1,076,620 | 0 | 0 | 1,076,620 |
| Other comprehensive income | 11 | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 1,076,620 | 0 | 0 | 1,076,620 |
| Transfers from reserves | 4 | 57,000 | (57,000) | 0 | 0 |
| Transfers to reserves | 4 | (74,872) | 74,872 | 0 | 0 |
| Balance as at 30 June 2019 | | 19,967,598 | 958,766 | 58,924,794 | 79,851,158 |
| Comprehensive income | | | | | |
| Net result for the period | | 363,534 | 0 | 0 | 363,534 |
| Other comprehensive income | 11 | 0 | 0 | (343,146) | (343,146) |
| Total comprehensive income | | 363,534 | 0 | (343,146) | 20,388 |
| Transfers from reserves | 4 | 312,641 | (312,641) | 0 | 0 |
| Transfers to reserves | 4 | (118,732) | 118,732 | 0 | 0 |
| Balance as at 30 June 2020 | | 20,525,041 | 764,857 | 58,581,648 | 79,871,546 |

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

SHIRE OF WILLIAMS
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 | | 1,943,184 | 1,929,101 | 1,852,047 |
| Operating grants, subsidies and contributions | | 1,037,584 | 450,335 | 535,427 |
| Fees and charges | | 852,675 | 850,629 | 699,999 |
| Interest received | | 34,599 | 41,600 | 43,653 |
| Goods and services tax received | | 163,540 | 136,684 | 142,122 |
| Other revenue | | 77,934 | 42,500 | 89,009 |
| | | <u>4,109,516</u> | <u>3,450,849</u> | <u>3,362,257</u> |
| Payments | | | | |
| Employee costs | | (1,592,233) | (1,624,226) | (1,409,457) |
| Materials and contracts | | (566,960) | (342,407) | (751,554) |
| Utility charges | | (202,921) | (228,750) | (188,766) |
| Interest expenses | | (31,566) | (32,579) | (35,306) |
| Insurance paid | | (114,472) | (122,166) | (111,143) |
| Goods and services tax paid | | (163,540) | (254,264) | (142,122) |
| Other expenditure | | (18,178) | (15,250) | (15,474) |
| | | <u>(2,689,870)</u> | <u>(2,619,642)</u> | <u>(2,653,822)</u> |
| Net cash provided by (used in) operating activities | 16 | <u>1,419,646</u> | <u>831,207</u> | <u>708,435</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 8(a) | (758,117) | (813,420) | (694,421) |
| Payments for construction of infrastructure | 9(a) | (1,094,299) | (1,310,444) | (1,376,810) |
| Non-operating grants, subsidies and contributions | 2(a) | 519,082 | 516,215 | 1,221,492 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 15,475 | 15,475 | 14,999 |
| Proceeds from sale of property, plant & equipment | 10(a) | 121,571 | 95,000 | 59,011 |
| Net cash provided by (used in) investment activities | | <u>(1,196,288)</u> | <u>(1,497,174)</u> | <u>(775,729)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 14(b) | (112,942) | (112,942) | (92,462) |
| Proceeds from new borrowings | 14(b) | 0 | 0 | 0 |
| Net cash provided by (used in) financing activities | | <u>(112,942)</u> | <u>(112,942)</u> | <u>(92,462)</u> |
| Net increase (decrease) in cash held | | 110,416 | (778,909) | (159,756) |
| Cash at beginning of year | | 1,508,513 | 1,518,281 | 1,668,269 |
| Cash and cash equivalents at the end of the year | 16 | <u><u>1,618,929</u></u> | <u><u>739,372</u></u> | <u><u>1,508,513</u></u> |

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

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

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|--------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 21 (b) | 422,661 | 394,592 | 223,171 |
| | | 422,661 | 394,592 | 223,171 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 2,782 | 501 | 148,784 |
| General purpose funding | | 613,209 | 340,747 | 577,614 |
| Law, order, public safety | | 67,214 | 44,248 | 31,187 |
| Health | | 300 | 400 | 300 |
| Education and welfare | | 273,834 | 283,029 | 195,814 |
| Housing | | 242,274 | 247,804 | 190,032 |
| Community amenities | | 192,325 | 203,177 | 160,602 |
| Recreation and culture | | 42,773 | 44,557 | 51,934 |
| Transport | | 129,734 | 109,381 | 113,919 |
| Economic services | | 147,200 | 102,826 | 97,162 |
| Other property and services | | 130,010 | 99,601 | 86,302 |
| | | 1,841,655 | 1,476,271 | 1,653,650 |
| Expenditure from operating activities | | | | |
| Governance | | (201,659) | (205,215) | (289,093) |
| General purpose funding | | (83,005) | (84,250) | (19,181) |
| Law, order, public safety | | (90,406) | (90,129) | (55,494) |
| Health | | (55,314) | (59,671) | (72,422) |
| Education and welfare | | (303,313) | (320,281) | (232,414) |
| Housing | | (155,572) | (164,843) | (138,201) |
| Community amenities | | (270,933) | (316,987) | (250,953) |
| Recreation and culture | | (774,929) | (707,318) | (707,943) |
| Transport | | (1,547,284) | (1,573,113) | (1,472,975) |
| Economic services | | (149,574) | (140,753) | (188,570) |
| Other property and services | | (255,002) | (104,223) | (188,983) |
| | | (3,886,991) | (3,766,783) | (3,616,229) |
| Non-cash amounts excluded from operating activities | 21(a) | 1,235,119 | 1,248,190 | 1,230,426 |
| Amount attributable to operating activities | | (387,556) | (647,730) | (508,982) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 519,082 | 516,215 | 1,221,492 |
| Proceeds from disposal of assets | 10(a) | 121,571 | 95,000 | 59,011 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 15,475 | 15,475 | 14,999 |
| Purchase of property, plant and equipment | 8(a) | (758,117) | (813,420) | (694,421) |
| Purchase and construction of infrastructure | 9(a) | (1,094,299) | (1,310,444) | (1,376,810) |
| Amount attributable to investing activities | | (1,196,288) | (1,497,174) | (775,729) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 14(b) | (112,942) | (112,942) | (92,462) |
| Transfers to reserves (restricted assets) | 4 | (118,732) | (125,835) | (74,872) |
| Transfers from reserves (restricted assets) | 4 | 312,641 | 494,232 | 57,000 |
| Amount attributable to financing activities | | 80,967 | 255,455 | (110,334) |
| Surplus/(deficit) before imposition of general rates | | (1,502,877) | (1,889,449) | (1,395,045) |
| Total amount raised from general rates | 20(a) | 1,889,788 | 1,889,449 | 1,817,707 |
| Surplus/(deficit) after imposition of general rates | 21(b) | 386,911 | 0 | 422,662 |

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

SHIRE OF WILLIAMS
INDEX OF NOTES TO THE FINANCIAL REPORT
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 does not have any vested land or vested improvements.

Accounting policies which have been adopted in the

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

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

SHIRE OF WILLIAMS
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 | 0 | 0 | 3,807 |
| General purpose funding | 544,363 | 258,495 | 485,570 |
| Law, order, public safety | 64,464 | 40,248 | 27,393 |
| Education and welfare | 44,000 | 44,000 | 67,930 |
| Housing | 55,961 | 55,572 | 55,572 |
| Community amenities | 5,000 | 8,373 | 5,000 |
| Transport | 80,265 | 80,331 | 75,594 |
| | 794,053 | 487,019 | 720,865 |
| Non-operating grants, subsidies and contributions | | | |
| Law, order, public safety | 0 | 0 | 131,050 |
| Recreation and culture | 17,418 | 12,000 | 418,361 |
| Transport | 501,664 | 504,215 | 672,081 |
| | 519,082 | 516,215 | 1,221,492 |
| Total grants, subsidies and contributions | 1,313,135 | 1,003,234 | 1,942,357 |
| Fees and charges | | | |
| Governance | 0 | 0 | 76,143 |
| General purpose funding | 5,126 | 5,000 | 5,438 |
| Law, order, public safety | 1,505 | 2,800 | 2,624 |
| Health | 300 | 400 | 300 |
| Education and welfare | 228,564 | 239,029 | 127,563 |
| Housing | 185,338 | 191,232 | 134,293 |
| Community amenities | 184,500 | 193,304 | 140,400 |
| Recreation and culture | 32,719 | 34,757 | 39,196 |
| Transport | 16,253 | 16,050 | 28,228 |
| Economic services | 146,997 | 102,826 | 97,161 |
| Other property and services | 51,372 | 65,230 | 48,652 |
| | 852,675 | 850,629 | 699,999 |

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

SHIRE OF WILLIAMS
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: | | | |
| Other revenue | 17,080 | 0 | 0 |
| Non-operating grants, subsidies and contributions | 519,082 | 516,215 | 1,221,492 |
| | 536,162 | 516,215 | 1,221,492 |
| 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 contracts with customers recognised during the year | 17,080 | 0 | 0 |
| Other revenue from performance obligations satisfied during the year | 519,082 | 516,215 | 1,221,492 |
| | 536,162 | 516,215 | 1,221,492 |
| 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 | 78,744 | | 0 |
| Financial assets held from transfers for recognisable financial assets | 48,870 | | 0 |
| Contract liabilities from transfers for recognisable non financial assets | (48,870) | | 0 |

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

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

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

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates
 Specified area rates
 Service charges
 Statutory permits and licences

| | 2020 Actual | 2020 Budget | 2019 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| | 1,889,788 | 1,889,449 | 1,817,707 |
| | 0 | 0 | 0 |
| | 0 | 0 | 0 |
| | 7,057 | 13,500 | 17,855 |
| | 1,896,845 | 1,902,949 | 1,835,562 |

Assets and services acquired below fair value

Contributed assets

| | | | |
|--|--------|---|---|
| | 14,252 | 0 | 0 |
| | 14,252 | 0 | 0 |

Other revenue

Reimbursements and recoveries
 Other

| | | | |
|--|--------|--------|--------|
| | 48,881 | 17,500 | 31,714 |
| | 29,053 | 25,000 | 57,295 |
| | 77,934 | 42,500 | 89,009 |

Interest earnings

Financial assets at amortised cost - self supporting loans
 Interest on reserve funds
 Rates instalment and penalty interest (refer Note 20(b))
 Other interest earnings

| | | | |
|--|--------|--------|--------|
| | 4,018 | 0 | 0 |
| | 10,897 | 18,100 | 17,873 |
| | 16,118 | 13,500 | 13,769 |
| | 3,566 | 10,000 | 12,011 |
| | 34,599 | 41,600 | 43,653 |

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
 - Other services

| | 2020 Actual | 2020 Budget | 2019 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| | 17,000 | 17,000 | 8,192 |
| | 800 | 0 | 0 |
| | 17,800 | 17,000 | 8,192 |

Interest expenses (finance costs)

Borrowings

| | | | |
|------|--------|--------|--------|
| 4(c) | 31,566 | 32,579 | 35,306 |
| | 31,566 | 32,579 | 35,306 |

Other expenditure

Sundry expenses

| | | | |
|--|--------|--------|--------|
| | 18,178 | 15,250 | 15,474 |
| | 18,178 | 15,250 | 15,474 |

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

3. CASH AND CASH EQUIVALENTS

| | NOTE | 2020 | 2019 |
|--|-------------|------------------|------------------|
| | | \$ | \$ |
| Cash at bank and on hand | | 1,618,929 | 1,508,513 |
| Term deposits | | 0 | 0 |
| Total cash and cash equivalents | | 1,618,929 | 1,508,513 |

Restrictions

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

| | | | |
|-----------------------------|--|----------------|----------------|
| - Cash and cash equivalents | | 813,727 | 971,146 |
| | | 813,727 | 971,146 |

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

| | | | |
|---|----|----------------|----------------|
| Reserves - cash backed | 4 | 764,857 | 958,766 |
| Contract liabilities from transfers for recognisable non financial assets | 13 | 48,870 | |
| Unspent grants, subsidies and contributions | | 0 | 12,380 |
| Total restricted assets | | 813,727 | 971,146 |

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

4. RESERVES - CASH BACKED

| | 2020 Actual Opening Balance | 2020 Actual Transfer to | 2020 Actual Transfer (from) | 2020 Actual Closing Balance | 2020 Budget Opening Balance | 2020 Budget Transfer to | 2020 Budget Transfer (from) | 2020 Budget Closing Balance | 2019 Actual Opening Balance | 2019 Actual Transfer to | 2019 Actual Transfer (from) | 2019 Actual Closing Balance |
|-----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (a) Leave Reserve | 15,472 | 5,119 | 0 | 20,591 | 15,473 | 5,400 | 0 | 20,873 | 10,277 | 5,195 | 0 | 15,472 |
| (b) Plant Replacement Reserve | 216,014 | 43,103 | (80,000) | 179,117 | 216,013 | 45,500 | (160,000) | 101,513 | 267,929 | 5,085 | (57,000) | 216,014 |
| (c) Building Reserve | 446,758 | 44,623 | (200,000) | 291,381 | 446,758 | 46,800 | (240,000) | 253,558 | 399,182 | 47,576 | 0 | 446,758 |
| (d) Recreation Facilities Reserve | 121,445 | 1,380 | 0 | 122,825 | 121,445 | 2,500 | (35,000) | 88,945 | 119,183 | 2,262 | 0 | 121,445 |
| (e) Art Acquisition Reserve | 11,651 | 132 | (3,000) | 8,783 | 11,651 | 300 | (5,000) | 6,951 | 11,434 | 217 | 0 | 11,651 |
| (f) Joint Venture Housing Reserve | 94,194 | 10,934 | 0 | 105,128 | 94,194 | 11,500 | 0 | 105,694 | 80,663 | 13,531 | 0 | 94,194 |
| (g) Refuse Site Reserve | 53,232 | 605 | (29,641) | 24,196 | 53,232 | 1,000 | (54,232) | 0 | 52,226 | 1,006 | 0 | 53,232 |
| (h) Community Chest Reserve | 0 | 12,835 | 0 | 12,835 | 0 | 12,835 | 0 | 12,835 | 0 | 0 | 0 | 0 |
| | 958,766 | 118,732 | (312,641) | 764,857 | 958,766 | 125,835 | (494,232) | 590,369 | 940,894 | 74,872 | (57,000) | 958,766 |

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

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

| Name of Reserve | Anticipated date of use | Purpose of the reserve |
|-----------------------------------|-------------------------|--|
| (a) Leave Reserve | Ongoing | To be used to fund annual and long service leave requirements. |
| (b) Plant Replacement Reserve | 2019/2020 | To be used to fund purchase of plant items. |
| (c) Building Reserve | 2019/2020 | To be used for construction, refurbishment, acquisition of buildings and acquisition of land. |
| (d) Recreation Facilities Reserve | 2019/2020 | To be used to finance capital improvements of existing recreation facilities and to fund acquisition of new recreation facilities. |
| (e) Art Acquisition Reserve | Ongoing | To be used for the purchase of art pieces for the Williams Art Collection. |
| (f) Joint Venture Housing Reserve | Ongoing | To be used to finance refurbishment and construction of joint venture housing. |
| (g) Refuse Site Reserve | 2019/2020 | To be used for the re-development of waste facilities. |
| (h) Community Chest Reserve | Ongoing | To be used to support community initiatives and projects. |

SHIRE OF WILLIAMS
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 amortised cost

| 2020 | 2019 |
|--------|--------|
| \$ | \$ |
| 15,966 | 15,475 |
| 15,966 | 15,475 |

Other financial assets at amortised cost

Self supporting loans

| | |
|--------|--------|
| 15,966 | 15,475 |
| 15,966 | 15,475 |

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

| | |
|---------|---------|
| 107,023 | 122,989 |
| 53,416 | 52,551 |
| 160,439 | 175,540 |

Financial assets at amortised cost

Self supporting loans

| | |
|---------|---------|
| 107,023 | 122,989 |
| 107,023 | 122,989 |
| 0 | 0 |

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | |
|--------|--------|
| 53,416 | 52,551 |
| 53,416 | 52,551 |

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

6. TRADE AND OTHER RECEIVABLES

Current

| | |
|---|--|
| Rates receivable | |
| Trade and other receivables | |
| GST receivable | |
| Allowance for impairment of receivables | |
| Accrued Revenue | |

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| | 21,700 | 25,269 |
| | 78,744 | 89,493 |
| | 0 | 0 |
| | (1,365) | (488) |
| | 3,608 | 186,643 |
| | <u>102,687</u> | <u>300,917</u> |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

| | 2020 | 2019 |
|---------------|--------------|-------------|
| | \$ | \$ |
| Materials | 6,052 | 2,131 |
| Fuel | 1,569 | 4,733 |
| History Books | 763 | 796 |
| Gravel | 19,180 | 724 |
| | <hr/> 27,564 | <hr/> 8,384 |

The following movements in inventories occurred during the year:

| | | |
|---|--------------|-------------|
| Carrying amount at beginning of period | 8,384 | 19,082 |
| Inventories expensed during the year | (124,247) | (149,217) |
| Additions to inventory | 143,427 | 138,519 |
| Carrying amount at end of period | <hr/> 27,564 | <hr/> 8,384 |

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 WILLIAMS
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 | Total land | Buildings - non- specialised | Buildings - specialised | Total buildings | Total land and buildings | Furniture and equipment | Plant and equipment | Total property, plant and equipment |
|--|----------------------------|------------------|------------------------------------|----------------------------|--------------------|--------------------------------|-------------------------------|------------------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 2,870,316 | 2,870,316 | 2,693,253 | 10,346,126 | 13,039,379 | 15,909,695 | 42,312 | 1,126,812 | 17,078,819 |
| Additions | 27,827 | 27,827 | 67,557 | 268,180 | 335,737 | 363,564 | 0 | 330,857 | 694,421 |
| (Disposals) | 0 | 0 | 0 | (22,398) | (22,398) | (22,398) | 0 | (44,440) | (66,838) |
| Depreciation (expense) | 0 | 0 | (56,016) | (153,965) | (209,981) | (209,981) | (11,388) | (139,748) | (361,117) |
| Carrying amount at 30 June 2019 | 2,898,143 | 2,898,143 | 2,704,794 | 10,437,943 | 13,142,737 | 16,040,880 | 30,924 | 1,273,481 | 17,345,285 |
| Comprises: | | | | | | | | | |
| Gross carrying amount at 30 June 2019 | 2,898,143 | 2,898,143 | 2,809,880 | 10,744,393 | 13,554,273 | 16,452,416 | 63,725 | 1,657,476 | 18,173,617 |
| Accumulated depreciation at 30 June 2019 | 0 | 0 | (105,086) | (306,450) | (411,536) | (411,536) | (32,801) | (383,995) | (828,332) |
| Carrying amount at 30 June 2019 | 2,898,143 | 2,898,143 | 2,704,794 | 10,437,943 | 13,142,737 | 16,040,880 | 30,924 | 1,273,481 | 17,345,285 |
| Additions | 200,000 | 200,000 | 0 | 36,128 | 36,128 | 236,128 | 0 | 521,989 | 758,117 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 | (1,021) | (82,153) | (83,174) |
| Revaluation increments / (decrements) transferred to revaluation surplus | (588,730) | (588,730) | 210,574 | (273,121) | (62,547) | (651,277) | 0 | (14,577) | (665,854) |
| Revaluation (loss) / reversals transferred to profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | 985 | 0 | 985 |
| Depreciation (expense) | 0 | 0 | (57,368) | (158,554) | (215,922) | (215,922) | (11,388) | (168,940) | (396,250) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Carrying amount at 30 June 2020 | 2,509,413 | 2,509,413 | 2,858,000 | 10,042,396 | 12,900,396 | 15,409,809 | 19,500 | 1,529,800 | 16,959,109 |
| Comprises: | | | | | | | | | |
| Gross carrying amount at 30 June 2020 | 2,509,413 | 2,509,413 | 2,858,000 | 10,042,396 | 12,900,396 | 15,409,809 | 19,500 | 1,529,800 | 16,959,109 |
| Accumulated depreciation at 30 June 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Carrying amount at 30 June 2020 | 2,509,413 | 2,509,413 | 2,858,000 | 10,042,396 | 12,900,396 | 15,409,809 | 19,500 | 1,529,800 | 16,959,109 |

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

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 | 2 | Observable Open Market Values of Similar Assets, adjusted for condition and comparability , at their highest and best use | Independent Registered Valuers | June 2020 | Price per square metre / Overall Value |
| Buildings - non-specialised | 2 | Observable Open Market Values of Similar Assets, adjusted for condition and comparability , at their highest and best use | Independent Registered Valuers | June 2020 | Price per square metre / Overall Value |
| Buildings - specialised | 3 | Observable Open Market Values of Similar Assets, adjusted for condition and comparability , at their highest and best use | Independent Registered Valuers | June 2020 | Average cost of construction and consumption score for each component (Level 2), residual value, useful life, pattern of consumption and asset condition assessments (Level 3) inputs. |
| Furniture and equipment | 2 | Observable Open Market Values for Similar Assets, adjusted for condition and comparability | Management Valuation | June 2020 | Price per item |
| Plant and equipment * | 2 | Observable Open Market Values for Similar Assets, adjusted for condition and comparability | Management Valuation | June 2020 | Price per item |

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

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

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

SHIRE OF WILLIAMS
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 - bridges | Infrastructure - drainage | Infrastructure - footpaths | Infrastructure - parks & reserves | Total Infrastructure |
|--|---------------------------|-----------------------------|------------------------------|-------------------------------|--------------------------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 42,515,615 | 7,229,016 | 7,217,419 | 831,798 | 3,530,316 | 61,324,164 |
| Additions | 868,170 | 0 | 203,376 | 0 | 305,264 | 1,376,810 |
| (Disposals) | 0 | 0 | 0 | 0 | (32,386) | (32,386) |
| Depreciation (expense) | (456,702) | (122,232) | (190,857) | (21,317) | (97,078) | (888,186) |
| Carrying amount at 30 June 2019 | 42,927,083 | 7,106,784 | 7,229,938 | 810,481 | 3,706,116 | 61,780,402 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2019 | 43,383,785 | 7,229,016 | 7,420,795 | 831,798 | 3,895,331 | 62,760,725 |
| Accumulated depreciation at 30 June 2019 | (456,702) | (122,232) | (190,857) | (21,317) | (189,215) | (980,323) |
| Carrying amount at 30 June 2019 | 42,927,083 | 7,106,784 | 7,229,938 | 810,481 | 3,706,116 | 61,780,402 |
| Additions | 878,662 | 0 | 60,598 | 67,819 | 87,220 | 1,094,299 |
| Revaluation increments / (decrements) transferred to revaluation surplus | 0 | 0 | 0 | 0 | 322,708 | 322,708 |
| Depreciation (expense) | (432,317) | (119,532) | (191,911) | (20,657) | (114,144) | (878,561) |
| Transfers | 11,888 | | (11,888) | | | 0 |
| Carrying amount at 30 June 2020 | 43,385,316 | 6,987,252 | 7,086,737 | 857,643 | 4,001,900 | 62,318,848 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2020 | 44,274,335 | 7,229,016 | 7,469,505 | 899,617 | 4,001,900 | 63,874,373 |
| Accumulated depreciation at 30 June 2020 | (889,019) | (241,764) | (382,768) | (41,974) | 0 | (1,555,525) |
| Accumulated impairment loss at 30 June 2020 | | | | | | 0 |
| Carrying amount at 30 June 2020 | 43,385,316 | 6,987,252 | 7,086,737 | 857,643 | 4,001,900 | 62,318,848 |

SHIRE OF WILLIAMS
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, utilising RAMM Asset Management System (ROMANII) software, for depreciated replacement cost | Independent Registered Valuer | June 2018 | Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments. |
| Infrastructure - bridges | 3 | Cost Approach, utilising RAMM Asset Management System (ROMANII) software, for depreciated replacement cost | Independent Registered Valuer | June 2018 | Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments. |
| Infrastructure - drainage | 3 | Cost Approach, utilising RAMM Asset Management System (ROMANII) software, for depreciated replacement cost | Independent Registered Valuer | June 2018 | Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments. |
| Infrastructure - footpaths | 3 | Cost Approach, utilising RAMM Asset Management System (ROMANII) software, for depreciated replacement cost | Independent Registered Valuer | June 2018 | Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments. |
| Infrastructure - parks & reserves | 3 | Cost Approach estimating the replacement cost for each structure, by componentising with different useful lives. | Independent Registered Valuer | June 2020 | Average cost of construction and consumption score for each component (Level 2), residual value, useful life, pattern of consumption and asset condition 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.

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 and infrastructure 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.

The Shire does not have any vested land or vested improvements.

SHIRE OF WILLIAMS
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 |
|-----------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,000 | 3,000 | 0 |
| Buildings - specialised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,398 | 0 | 0 | (22,398) |
| Furniture and equipment | 1,021 | 0 | 0 | (1,021) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 82,153 | 121,571 | 47,200 | (7,782) | 80,840 | 95,000 | 19,871 | (5,711) | 44,440 | 56,011 | 11,571 | 0 |
| Infrastructure - parks & reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32,386 | 0 | 0 | (32,386) |
| | 83,174 | 121,571 | 47,200 | (8,803) | 80,840 | 95,000 | 19,871 | (5,711) | 99,224 | 59,011 | 14,571 | (54,784) |

The following assets were disposed of during the year.

| | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Recreation and culture | | | | |
| Toro Ride on Mower | 2,453 | 2,100 | 0 | (353) |
| Kubota Generator | 2,649 | 0 | 0 | (2,649) |
| Bowling Club Lighting | 1,900 | 0 | 0 | (1,900) |
| Bulk Chlorine Tank | 0 | 0 | 0 | 0 |
| Transport | | | | |
| Holden Rodeo Utility | 3,362 | 2,309 | 0 | (1,053) |
| Case 721E Loader | 31,844 | 65,000 | 33,156 | 0 |
| Isuzu DMAX | 18,217 | 16,420 | 0 | (1,797) |
| Steel Water Tank | 30 | 0 | 0 | (30) |
| Other property and services | | | | |
| Toyota Prado | 21,698 | 35,742 | 14,044 | 0 |
| | 82,153 | 121,571 | 47,200 | (7,782) |
| Furniture and Equipment | | | | |
| Other Property and Services | | | | |
| Dell T100 Server | 0 | 0 | 0 | 0 |
| Ricoh Photocopier | 1,021 | 0 | 0 | (1,021) |
| | 1,021 | 0 | 0 | (1,021) |
| | 83,174 | 121,571 | 47,200 | (8,803) |

SHIRE OF WILLIAMS
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 - non-specialised | 57,368 | 56,000 | 56,016 |
| Buildings - specialised | 158,554 | 173,000 | 153,965 |
| Furniture and equipment | 11,388 | 11,500 | 11,388 |
| Plant and equipment | 168,940 | 140,000 | 139,748 |
| Infrastructure - roads | 432,317 | 457,000 | 456,702 |
| Infrastructure - bridges | 119,532 | 122,250 | 122,232 |
| Infrastructure - drainage | 191,911 | 167,200 | 190,857 |
| Infrastructure - footpaths | 20,657 | 21,000 | 21,317 |
| Infrastructure - parks & reserves | 114,144 | 109,000 | 97,078 |
| | 1,274,811 | 1,256,950 | 1,249,303 |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

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

Depreciation on revaluation

When an item of land, buildings, infrastructure and investment property 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.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. REVALUATION SURPLUS

| | 2020 Opening Balance | 2020 Revaluation Increment | 2020 Revaluation (Decrement) | Total Movement on Revaluation | 2020 Closing Balance | 2019 Opening Balance | Total Movement on Revaluation | 2019 Closing Balance |
|---|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|-------------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land and Buildings | 9,848,697 | 210,574 | (861,851) | (651,277) | 9,197,420 | 9,848,697 | 0 | 9,848,697 |
| Revaluation surplus - Plant and equipment | 26,678 | 0 | (14,577) | (14,577) | 12,101 | 26,678 | 0 | 26,678 |
| Revaluation surplus - Infrastructure - roads | 47,865,246 | 0 | 0 | 0 | 47,865,246 | 47,865,246 | 0 | 47,865,246 |
| Revaluation surplus - Infrastructure - parks & reserves | 1,184,173 | 322,708 | 0 | 322,708 | 1,506,881 | 1,184,173 | 0 | 1,184,173 |
| | 58,924,794 | 533,282 | (876,428) | (343,146) | 58,581,648 | 58,924,794 | 0 | 58,924,794 |

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

SHIRE OF WILLIAMS
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12. TRADE AND OTHER PAYABLES

Current

| | |
|--------------------------------|--|
| Sundry creditors | |
| Prepaid rates | |
| Accrued salaries and wages | |
| ATO liabilities | |
| Bonds and deposits held | |
| Accrued Interest on Borrowings | |

| 2020 | 2019 |
|---------|---------|
| \$ | \$ |
| 149,175 | 67,312 |
| 15,498 | 0 |
| 49,192 | 48,264 |
| (7,373) | 384 |
| 206 | 206 |
| 5,918 | 10,013 |
| 212,616 | 126,179 |

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.

13. CONTRACT LIABILITIES

Current

| | <u>2020</u> | <u>2019</u> |
|--|---------------|-------------|
| | \$ | \$ |
| Contract liabilities from contracts with customers | 0 | 0 |
| Contract liabilities from transfers for recognisable non financial assets | 48,870 | 0 |
| | <u>48,870</u> | <u>0</u> |
| <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>48,870</u> | |
| | 48,870 | |

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

14. INFORMATION ON BORROWINGS

| (a) Borrowings | 2020 | 2019 |
|----------------|----------------|----------------|
| | \$ | \$ |
| Current | 102,462 | 112,942 |
| Non-current | 600,422 | 702,884 |
| | <u>702,884</u> | <u>815,826</u> |

(b) Repayments - Borrowings

| Particulars | Loan Number | Institution | Interest Rate | 30 June 2020 | 30 June 2020 | 30 June 2020 | Budget | 30 June 2020 | 30 June 2020 | 30 June 2020 | Actual | 30 June 2019 | 30 June 2019 | 30 June 2019 | |
|------------------------------------|-------------|-------------|---------------|-----------------------------|----------------------------|------------------------------|-----------------------|-----------------------------|----------------------------|------------------------------|-----------------------|-----------------------------|----------------------------|------------------------------|----------------|
| | | | | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | Principal 1 July 2019 | Budget Principal repayments | Budget Interest repayments | Budget Principal outstanding | Principal 1 July 2018 | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | |
| | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Governance | | | | | | | | | | | | | | | |
| IT Computer Server | 68 | WATC * | 3.26% | 3,885 | 3,885 | 35 | 0 | 3,885 | 3,885 | 63 | 0 | 11,468 | 7,583 | 257 | 3,884 |
| Transport | | | | | | | | | | | | | | | |
| CAT Grader | 67 | WATC * | 3.42% | 100,168 | 39,051 | 2,887 | 61,117 | 100,168 | 39,051 | 3,095 | 61,117 | 137,917 | 37,749 | 4,215 | 100,168 |
| Economic services | | | | | | | | | | | | | | | |
| Industrial Shed | 66 | WATC * | 4.17% | 152,383 | 11,837 | 6,105 | 140,546 | 152,383 | 11,837 | 6,232 | 140,546 | 163,742 | 11,359 | 6,604 | 152,383 |
| Industrial Shed | 70 | WATC * | 3.02% | 224,847 | 31,387 | 6,356 | 193,460 | 224,847 | 31,387 | 6,635 | 193,460 | 235,000 | 10,153 | 6,906 | 224,847 |
| Other property and services | | | | | | | | | | | | | | | |
| Industrial Land | 65 | WATC * | 6.37% | 196,079 | 11,307 | 12,165 | 184,772 | 196,079 | 11,307 | 12,313 | 184,772 | 206,698 | 10,620 | 12,861 | 196,078 |
| | | | | <u>677,362</u> | <u>97,467</u> | <u>27,548</u> | <u>579,895</u> | <u>677,362</u> | <u>97,467</u> | <u>28,338</u> | <u>579,895</u> | <u>754,825</u> | <u>77,463</u> | <u>30,842</u> | <u>677,361</u> |
| Self Supporting Loans | | | | | | | | | | | | | | | |
| Recreation and culture | | | | | | | | | | | | | | | |
| Bowling Club Synthetic Turf | 69 | WATC * | 3.15% | 138,464 | 15,475 | 4,018 | 122,989 | 138,464 | 15,475 | 4,241 | 122,989 | 153,463 | 14,999 | 4,464 | 138,464 |
| | | | | <u>138,464</u> | <u>15,475</u> | <u>4,018</u> | <u>122,989</u> | <u>138,464</u> | <u>15,475</u> | <u>4,241</u> | <u>122,989</u> | <u>153,463</u> | <u>14,999</u> | <u>4,464</u> | <u>138,464</u> |
| | | | | <u>815,826</u> | <u>112,942</u> | <u>31,566</u> | <u>702,884</u> | <u>815,826</u> | <u>112,942</u> | <u>32,579</u> | <u>702,884</u> | <u>908,288</u> | <u>92,462</u> | <u>35,306</u> | <u>815,826</u> |

* WA Treasury Corporation

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

SHIRE OF WILLIAMS
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15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions
 Non-current provisions

Additional provision
 Amounts used

Balance at 30 June 2020

Comprises

Current
 Non-current

| | Provision for Annual Leave | Provision for Long Service Leave | Total |
|--------------------------------|----------------------------------|--|----------------|
| | \$ | \$ | \$ |
| Opening balance at 1 July 2019 | | | |
| Current provisions | 127,055 | 198,625 | 325,680 |
| Non-current provisions | 0 | 15,673 | 15,673 |
| | 127,055 | 214,298 | 341,353 |
| Additional provision | 109,009 | 30,601 | 139,610 |
| Amounts used | (84,845) | (28,492) | (113,337) |
| Balance at 30 June 2020 | 151,219 | 216,407 | 367,626 |
| Comprises | | | |
| Current | 151,219 | 205,298 | 356,517 |
| Non-current | 0 | 11,109 | 11,109 |
| | 151,219 | 216,407 | 367,626 |

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
 Expected reimbursements from other WA local government:

| | 2020 | 2019 |
|---|----------|----------|
| | \$ | \$ |
| Less than 12 months after the reporting date | 236,356 | 236,680 |
| More than 12 months from reporting date | 142,325 | 115,728 |
| Expected reimbursements from other WA local government: | (11,055) | (11,055) |
| | 367,626 | 341,353 |

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 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.

Other long-term employee benefits (Continued)

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.

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---------------------------|----------------------|----------------------|----------------------|
| Cash and cash equivalents | 1,618,929 | 739,372 | 1,508,513 |

Reconciliation of Net Cash Provided By Operating Activities to Net Result

| | | | |
|--|-----------|-----------|-------------|
| Net result | 363,534 | 115,152 | 1,076,620 |
| Non-cash flows in Net result: | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | (865) | 0 | (52,551) |
| Adjustments to fair value of Right of Use assets at fair value through profit and loss | | 0 | |
| Depreciation on non-current assets | 1,274,811 | 1,256,950 | 1,249,303 |
| (Profit)/loss on sale of asset | (38,397) | (14,160) | 40,213 |
| Share of profits of associates | 0 | | |
| Loss on revaluation of fixed assets | 0 | 0 | 0 |
| Reversal of loss on revaluation of fixed assets | (985) | | |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | 198,230 | 43,495 | (184,100) |
| (Increase)/decrease in other assets | 0 | 0 | 0 |
| (Increase)/decrease in inventories | (19,180) | 2,100 | 10,698 |
| Increase/(decrease) in payables | 86,437 | (36,115) | (231,573) |
| Increase/(decrease) in provisions | 26,273 | (20,000) | 21,317 |
| Increase/(decrease) in contract liabilities | 48,870 | 0 | 0 |
| Non-operating grants, subsidies and contributions | (519,082) | (516,215) | (1,221,492) |
| Net cash from operating activities | 1,419,646 | 831,207 | 708,435 |

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17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2020 | 2019 |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Governance | 1,393,593 | 1,405,006 |
| General purpose funding | 21,833 | 25,269 |
| Law, order, public safety | 210,278 | 224,231 |
| Health | 933,441 | 875,012 |
| Education and welfare | 1,780,787 | 1,716,149 |
| Housing | 2,106,615 | 1,829,901 |
| Community amenities | 268,909 | 249,925 |
| Recreation and culture | 7,899,608 | 9,028,160 |
| Transport | 60,626,228 | 60,254,537 |
| Economic services | 5,011,546 | 4,908,099 |
| Other property and services | 85,619 | 68,968 |
| Unallocated | 865,085 | 549,259 |
| | 81,203,542 | 81,134,516 |

18. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

| | 2020 Actual | 2020 Budget | 2019 Actual |
|-----------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Meeting fees | 16,607 | 15,000 | 14,230 |
| President's allowance | 4,516 | 4,473 | 3,313 |
| Travelling expenses | 2,012 | 3,000 | 2,822 |
| | <u>23,135</u> | <u>22,473</u> | <u>20,365</u> |

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 | 348,246 | 319,400 |
| Post-employment benefits | 41,567 | 31,803 |
| Other long-term benefits | 19,558 | 58,917 |
| | <u>409,371</u> | <u>410,120</u> |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

18. 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 | 57,005 | 51,094 |
| Purchase of goods and services | 31,107 | 12,961 |
| Short term employee benefits -other related parties | 160,889 | 222,887 |

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.

19 JOINT ARRANGEMENTS

The Shire has a joint venture agreement with the Department of Communities for the provision of housing at Sandalwood Crt and Wandoo Cottages both located on Growse Street, Williams. For accounting purposes this joint arrangement constitutes a joint operation. The assets are land and 8 x 2 bedroom units. The ownership of the assets is determined by an agreement which includes the percentage of each parties equitable interest. The assets are included in the Land and Buildings as follows;

| | 2020 | 2019 restated |
|---|---------------|----------------------|
| | \$ | \$ |
| Non-current assets | | |
| Land and Buildings | | |
| Wandoo Court (2 x 2 bedroom units) @ 28.34% | 122,651 | 128,507 |
| Less: accumulated depreciation | 0 | (3,278) |
| | <hr/> 122,651 | <hr/> 125,229 |
| Sandalwood Court (6 x 2 bedroom units) @ 16.10% | 171,747 | 172,311 |
| Less: accumulated depreciation | 0 | (5,122) |
| | <hr/> 171,747 | <hr/> 167,189 |
| Total assets | <hr/> 294,398 | <hr/> 292,418 |

The Shire manages the property and tenancy.

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

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20. RATING INFORMATION

(a) Rates

| RATE TYPE | Rate in \$ | Number of Properties | 2019/20 Actual Rateable Value \$ | 2019/20 Actual Rate Revenue \$ | 2019/20 Actual Interim Rates \$ | 2019/20 Actual Total Revenue \$ | 2019/20 Budget Rate Revenue \$ | 2019/20 Budget Total Revenue \$ | 2018/19 Actual Total Revenue \$ |
|---|-------------------|-----------------------------|---|---------------------------------------|--|--|---------------------------------------|--|--|
| Differential general rate / general rate | | | | | | | | | |
| Gross rental valuations | | | | | | | | | |
| Residential | 0.073256 | 145 | 1,827,094 | 131,617 | 1,882 | 133,499 | 133,541 | 133,541 | 133,341 |
| Industrial/Commercial | 0.073256 | 23 | 1,034,496 | 75,783 | | 75,783 | 74,583 | 74,583 | 74,210 |
| Unimproved valuations | | | | | | | | | |
| Rural/Mining | 0.007011 | 240 | 210,442,000 | 1,423,156 | 62,632 | 1,485,788 | 1,488,015 | 1,488,015 | 1,429,929 |
| Sub-Total | | 408 | 213,303,590 | 1,630,556 | 64,514 | 1,695,070 | 1,696,139 | 1,696,139 | 1,637,480 |
| Minimum payment \$ | | | | | | | | | |
| Gross rental valuations | | | | | | | | | |
| Residential | 720 | 137 | 651,245 | 101,284 | (1,924) | 99,360 | 98,640 | 98,640 | 93,899 |
| Industrial/Commercial | 720 | 13 | 52,475 | 13,680 | 0 | 13,680 | 15,120 | 15,120 | 12,894 |
| Unimproved valuations | | | | | | | | | |
| Rural/Mining | 925 | 87 | 7,855,902 | 144,590 | (62,912) | 81,678 | 79,550 | 79,550 | 73,434 |
| Sub-Total | | 237 | 8,559,622 | 259,554 | (64,836) | 194,718 | 193,310 | 193,310 | 180,227 |
| Total amount raised from general rate | | 645 | 221,863,212 | 1,890,110 | (322) | 1,889,788 | 1,889,449 | 1,889,449 | 1,817,707 |
| Ex-gratia rates | | | | | | 34,329 | | 34,652 | 33,002 |
| Totals | | | | | | 1,924,117 | 1,924,101 | 1,924,101 | 1,850,709 |

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.

20. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 13/09/2019 | 0.00 | 0.00% | 11.00% |
| Option Two | | | | |
| First instalment | 13/09/2019 | 0.00 | 5.50% | 11.00% |
| Second instalment | 15/11/2019 | 10.00 | 5.50% | 11.00% |
| Third instalment | 17/01/2020 | 10.00 | 5.50% | 11.00% |
| Fourth instalment | 20/03/2020 | 10.00 | 5.50% | 11.00% |

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates | 8,529 | 7,000 | 6,935 |
| Interest on instalment plan | 7,589 | 6,500 | 6,834 |
| Charges on instalment plan | 3,810 | 4,000 | 4,020 |
| | 19,928 | 17,500 | 17,789 |

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

21. RATE SETTING STATEMENT INFORMATION

| | | 2019/20 Budget | 2019/20 | 2018/19 | | |
|--|--|--------------------------------------|-------------------------------------|--------------------------------------|------------------|------------------|
| | 2019/20 (30 June 2020 Carried Forward) | (30 June 2020 Carried Forward) | (1 July 2019 Brought Forward) | (30 June 2019 Carried Forward) | | |
| Note | \$ | \$ | \$ | \$ | | |
| (a) Non-cash amounts excluded from operating activities | | | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | | | | |
| Adjustments to operating activities | | | | | | |
| | Less: Profit on asset disposals | 10(a) | (47,200) | (19,871) | (14,571) | (14,571) |
| | Less: Reversal of prior year loss on revaluation of fixed assets | | (985) | 0 | 0 | 0 |
| | Less: Movement in liabilities associated with restricted cash | | 5,119 | 5,400 | 5,194 | 5,194 |
| | Less: Fair value adjustments to financial assets at fair value through profit and loss | | (865) | | (52,551) | (52,551) |
| | Movement in employee benefit provisions (non-current) | | (4,564) | 0 | (11,733) | (11,733) |
| | Add: Loss on disposal of assets | 10(a) | 8,803 | 5,711 | 54,784 | 54,784 |
| | Add: Depreciation on non-current assets | 10(b) | 1,274,811 | 1,256,950 | 1,249,303 | 1,249,303 |
| | Non cash amounts excluded from operating activities | | 1,235,119 | 1,248,190 | 1,230,426 | 1,230,426 |
| (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 | (764,857) | (590,369) | (958,766) | (958,766) |
| | Less: Financial assets at amortised cost - self supporting loans | 5(a) | (15,966) | (15,475) | (15,475) | (15,475) |
| | Add: Current liabilities not expected to be cleared at end of year | | | | | |
| | - Current portion of borrowings | 14(a) | 102,462 | 102,491 | 112,942 | 112,942 |
| | - Leave Entitlements Reserves Cashbacked | | 20,591 | 20,873 | 15,472 | 15,472 |
| | Total adjustments to net current assets | | (657,770) | (482,480) | (845,827) | (845,827) |
| Net current assets used in the Rate Setting Statement | | | | | | |
| | Total current assets | | 1,765,146 | 946,502 | 1,833,289 | 1,833,289 |
| | Less: Total current liabilities | | (720,465) | (464,022) | (564,801) | (564,801) |
| | Less: Total adjustments to net current assets | | (657,770) | (482,480) | (845,827) | (845,827) |
| | Net current assets used in the Rate Setting Statement | | 386,911 | 0 | 422,661 | 422,661 |

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22. FINANCIAL RISK MANAGEMENT

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

| Risk | Exposure arising from | Measurement | Management |
|------------------------------------|---|-----------------------------------|--|
| Market risk - interest rate | Long term borrowings at variable rates | Sensitivity analysis | Utilise fixed interest rate borrowings |
| Credit risk | Cash and cash equivalents, trade receivables, financial assets and 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.

| | Carrying Value | | Fair Value | |
|---|-----------------------|------------------|-------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Financial Assets | | | | |
| Cash and cash equivalents | 1,618,929 | 1,508,513 | 1,618,929 | 1,508,513 |
| Trade Receivables | 102,687 | 300,917 | 102,687 | 300,917 |
| Other Financial assets at amortised cost - Self Supporting Loans | 122,989 | 138,464 | 122,989 | 138,464 |
| Financial assets at fair value through Profit and Loss | 53,416 | 52,551 | 53,416 | 52,551 |
| | 1,898,021 | 2,000,445 | 1,898,021 | 2,000,445 |
| Financial liabilities | | | | |
| Trade Payables | 212,616 | 126,179 | 212,616 | 126,179 |
| Borrowings | 702,884 | 815,826 | 702,884 | 815,826 |
| | 915,500 | 942,005 | 915,500 | 942,005 |

(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.

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 | 0.03% | 1,618,929 | 0 | 1,168,152 | 450,777 |
| 2019 | | | | | |
| Cash and cash equivalents | 0.05% | 1,508,513 | 0 | 1,470,777 | 37,736 |

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* | 11,681 | 14,708 |

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

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22. 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 2020 and 30 June 2019 (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 | 14,931 | 5,630 | 1,139 | 0 | 21,700 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| 30 June 2019 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 17,348 | 7,921 | 0 | 0 | 25,269 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

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 | 0.36% | 1.14% | 3.48% | 13.35% | |
| Gross carrying amount | 69,878 | 61 | 646 | 8,160 | 78,745 |
| Loss allowance | 252 | 1 | 22 | 1,089 | 1,364 |
| 30 June 2019 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.43% | 2.94% | 7.37% | 8.53% | |
| Gross carrying amount | 88,173 | 58 | 61 | 1,202 | 89,494 |
| Loss allowance | 379 | 2 | 4 | 103 | 488 |

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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 | 212,616 | 0 | 0 | 212,616 | 212,616 |
| Borrowings | 117,366 | 321,951 | 412,605 | 851,922 | 702,884 |
| Contract liabilities | 48,870 | 0 | 0 | 48,870 | 48,870 |
| | <u>378,852</u> | <u>321,951</u> | <u>412,605</u> | <u>1,113,408</u> | <u>964,370</u> |
| 2019 | | | | | |
| Payables | 126,179 | 0 | 0 | 126,179 | 126,179 |
| Borrowings | 121,313 | 364,097 | 515,116 | 1,000,526 | 815,826 |
| | <u>247,492</u> | <u>364,097</u> | <u>515,116</u> | <u>1,126,705</u> | <u>942,005</u> |

SHIRE OF WILLIAMS
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23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

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.

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

| | | 2020 \$ | 2020 \$ | |
|---|-------|---|---|--|
| | Note | As reported under AASB 15 and AASB 1058 | Adjustment due to application of AASB 15 and AASB 1058 | Compared to AASB 118 and AASB 1004 |
| Statement of Comprehensive Income | | | | |
| Revenue | | | | |
| Rates | 20(a) | 1,924,117 | 15,498 | 1,939,615 |
| Operating grants, subsidies and contributions | 2(a) | 794,053 | 0 | 794,053 |
| Fees and charges | 2(a) | 852,675 | 0 | 852,675 |
| Non-operating grants, subsidies and contributions | 2(a) | 519,082 | 48,870 | 567,952 |
| Net result | | 363,534 | 64,368 | 427,902 |
| Statement of Financial Position | | | | |
| Trade and other payables | 12 | 212,616 | (15,498) | 197,118 |
| Contract liabilities | 13 | 48,870 | (48,870) | 0 |
| Net assets | | 79,871,546 | 64,368 | 79,935,914 |
| Statement of Changes in Equity | | | | |
| Net result | | 363,534 | 64,368 | 427,902 |
| Retained surplus | | 20,525,041 | 64,368 | 20,589,409 |

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

(b) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in no changes as a result of the adoption of the standard.

(c) 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:

| | Note | Adjustments | 2019 \$ |
|---|-------|-------------|------------|
| Retained surplus - 30 June 2019 | | | 19,967,598 |
| Adjustment to retained surplus from adoption of AASB 15 | 23(a) | 0 | |
| Adjustment to retained surplus from adoption of AASB 16 | 23(b) | 0 | |
| Adjustment to retained surplus from adoption of AASB 1058 | 23(b) | 0 | 0 |
| Retained surplus - 1 July 2019 | | | 19,967,598 |

24 CORRECTION OF ERROR

The Shire has a joint venture agreement with the Department of Communities for the provision of housing at Sandalwood Crt and Wandoo Cottages both located on Growse Street, Williams. For accounting purposes this joint arrangement constitutes a joint operation. The assets are land and 8 x 2 bedroom units. The ownership of the assets is determined by a equity agreement which included the percentage of each parties equitable interest.

Paragraph 17A of the *Local Government (Financial Management) Regulation 1996* was amended to require all physical non-current assets to be valued on a fair value basis with full implementation by 30 June 2015. At the time of applying the fair value of joint venture housing the full fair value of the assets was incorrectly recognised by the Shire, rather than only recognising its own portion of the asset.

The Shire of Williams has retrospectively applied the correction and an adjustment to reflect the Shires equitable value of the asset has been amended accordingly.

The impacts of the changes on the prior year comparatives are disclosed below.

| Statement of Financial Position (Extract) | 30 June 2019 | Increase/ (Decrease) | 30 June 2019 (Restated) | 30 June 2018 | Increase/ (Decrease) | 01 July 2018 (Restated) |
|--|--------------|-------------------------|----------------------------|--------------|-------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Property, plant and equipment | 17,362,776 | 17,491 | 17,345,285 | 18,284,213 | (1,205,394) | 17,078,819 |
| Net assets | 17,362,776 | 17,491 | 17,345,285 | 18,284,213 | (1,205,394) | 17,078,819 |
| Revaluation Surplus | 58,924,794 | 0 | 58,924,794 | 60,147,679 | (1,222,885) | 58,924,794 |
| Retained earnings | 19,950,107 | 17,491 | 19,967,598 | 18,891,360 | 17,491 | 18,908,851 |
| Total equity | 81,039,061 | 17,491 | 79,851,158 | 79,039,039 | (1,205,394) | 77,833,645 |

| Statement of Comprehensive Income (Extract) | 2019 | Increase/ (Decrease) | 2019 (Restated) |
|--|-------------|-------------------------|--------------------|
| | \$ | \$ | \$ |
| <i>By Nature or Type</i> | | | |
| Depreciation | (1,266,794) | 17,491 | (1,249,303) |
| <i>By program</i> | | | |
| Expenses | | | |
| Governance | (288,836) | 0 | (288,836) |
| General purpose funding | (19,181) | 0 | (19,181) |
| Law, order, public safety | (55,494) | 0 | (55,494) |
| Health | (72,422) | 0 | (72,422) |
| Education and welfare | (232,414) | 0 | (232,414) |
| Housing | (155,692) | 17,491 | (138,201) |
| Community amenities | (247,925) | 0 | (247,925) |
| Recreation and culture | (703,479) | 0 | (703,479) |
| Transport | (1,468,761) | 0 | (1,468,761) |
| Economic services | (123,304) | 0 | (123,304) |
| Other property and services | (176,122) | 0 | (176,122) |
| Net result for the period | 1,059,129 | 17,491 | 1,076,620 |
| Total comprehensive income for the period | 1,059,129 | 17,491 | 1,076,620 |

25. 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 | 30 June 2020 |
|--------------------------------|-------------|---------------------|--------------|--------------|
| | \$ | \$ | \$ | \$ |
| Housing Deposits | 1,000 | 0 | (1,000) | 0 |
| Building Retention | 19,369 | 0 | (19,369) | 0 |
| Sale of Land for Rates | 60,008 | 0 | 0 | 60,008 |
| Public Open Space Contribution | 20,000 | 0 | 0 | 20,000 |
| | 100,377 | 0 | (20,369) | 80,008 |

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26. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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26 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of assets (continued)

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.

j) 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.

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 that details the significant accounting policies applying to vested improvements.

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 as an operating expense on a straight-line basis over the term of the lease.

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

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27. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME AND OBJECTIVES | ACTIVITIES |
|--|---|
| <p>GOVERNANCE</p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p> | <p>Administration and operation of facilities and services to members of Council.</p> <p>Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.</p> |
| <p>GENERAL PURPOSE FUNDING</p> <p>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</p> <p>To provide services to ensure a safer community.</p> | <p>Supervision and enforcement of local laws, fire prevention and suppression activities and animal control.</p> |
| <p>HEALTH</p> <p>To provide an operational framework for good community health.</p> | <p>Health inspection and advisory services, analytical services, mosquito control, collection agent for Williams St John Ambulance subscriptions and assist with providing medical services.</p> |
| <p>EDUCATION AND WELFARE</p> <p>To provide a framework that enables community needs in these areas are met.</p> | <p>Provision and maintenance of premises for the Williams Community Resource Centre, Willi Wagtails Childcare Centre and Family Day Care Services. Provide all administration services for the Childcare centre and the Family Day Care Services.</p> |
| <p>HOUSING</p> <p>To help ensure the availability of adequate housing for the community needs.</p> | <p>Management, administration and maintenance of Williams Community Homes, Sandalwood Court, Wandoo Cottages, Jamtree Lane Units and New Street Units.</p> |
| <p>COMMUNITY AMENITIES</p> <p>Provision of amenities required by the community.</p> | <p>Refuse management, protection of the environment, maintenance of cemeteries and public conveniences.</p> |
| <p>RECREATION AND CULTURE</p> <p>To establish and manage efficiently all infrastructure and resources which will meet the recreational and cultural needs of the community.</p> | <p>Maintenance of halls, recreational facilities and reserves. Operation of Library and compilation and maintenance of local heritage register.</p> |
| <p>TRANSPORT</p> <p>To provide effective and efficient transport services to the community.</p> | <p>Construction and maintenance of streets, roads, bridges and drainage. Cleaning and lighting of streets, depot maintenance and on-line agent for Department of Transport.</p> |
| <p>ECONOMIC SERVICES</p> <p>Promotion of Williams and improvement of economic wellbeing of the district and its inhabitants.</p> | <p>Tourism services, area promotion, implementation of building controls, provision of standpipe water, maintenance and management of Williams Stud Breeders pavilion.</p> |
| <p>OTHER PROPERTY AND SERVICES</p> <p>Efficient utilisation of Council resources, plant repairs and operations management of Williams Town Planning Scheme.</p> | <p>Provision of private works to public, maintenance of Council plant, approvals and monitoring of town planning activities.</p> |

28. FINANCIAL RATIOS

| | 2020 Actual | 2019 Actual | 2018 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio | 1.36 | 1.55 | 1.08 |
| Asset consumption ratio | 0.70 | 0.69 | 0.70 |
| Asset renewal funding ratio | 1.39 | 2.53 | 2.57 |
| Asset sustainability ratio | 0.73 | 0.95 | 0.37 |
| Debt service cover ratio | 7.96 | 8.92 | 9.01 |
| Operating surplus ratio | (0.05) | (0.05) | (0.20) |
| Own source revenue coverage ratio | 0.75 | 0.73 | 0.67 |

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 Williams

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

- (i) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Regulations did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio as reported in Note 28 of the annual financial report is below the DLGSCI's basic standard of 0.01 for the last three financial years.
- (ii) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. More employees than necessary at the Shire of Williams had the ability to make modifications in the system to the supplier records. Also, there was no evidence of independent review of amendments made to supplier records. 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 and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 28 of the financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Williams 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.



SUBHA GUNALAN
ACTING SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
4 December 2020