



AUDIT COMMITTEE MINUTES

AUDIT COMMITTEE GENERAL MEETING
WEDNESDAY 15 FEBRUARY 2023 – 11.30AM



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1.0 Declaration of Opening

The President, Cr Logie, declared the Meeting open at 11.38am.

2.0 Record of Attendance / Apologies / Leave of Absence

Elected Members

Cr Jarrad Logie – President (Presiding Member)

Cr Tracey Price

Cr Bernie Panizza

Staff

Geoff McKeown - Chief Executive Officer

Cassie Barker - Senior Finance Officer

Visitors

Suraj Karki – Assistant Director, Financial Audit, Office of the Auditor General WA
(attended via electronic means)

Tim Partridge – Director, AMD Chartered Accountants (attended via electronic means)

Apologies

Cr Simon Harding

Suraj Karki summarised the process undertaken to conduct the audit for the Shire of Williams for the year ending 30 June 2022.

Tim Partridge outlined the approach taken to complete the audit, being in accordance with the audit planning summary presented at the audit entry meeting. He went on to talk about the audit issues and audit report, including that it is recommended to the OAG that the Audit Report be unqualified.

Tim Partridge raised one of the audit issues, relating to the need to undertake a fair value assessment of land and buildings between the normal valuation cycle to capture asset value movements due to cost increases. It is recommended that this be done for the reporting year ending 30 June 2023.

Suraj Karki and Tim Partridge left the meeting at 12.00pm

3.0 Confirmation of Previous Minutes

3.1 Audit Committee Meeting Held 16 March 2022

Officer's Recommendation

That the Minutes of the Audit Committee Meeting held 16 March 2022, as previously circulated, be confirmed as a true and accurate record.

Committee Decision

Panizza/Logie

That the Minutes of the Audit Committee Meeting held 16 March 2022, as previously circulated, be confirmed as a true and accurate record.

Carried 3/0

4.0 Matters to be discussed

4.1 Presentation of the 2021-2022 Annual Financial Report, and the draft Independent Auditors Report

File Reference	4.22.00
Statutory Ref.	<i>Local Government Act 1995</i>
Author & Date	Geoff McKeown 10 February 2023
Attachments	Appendix 1 – 2021-2022 Annual Financial Report Appendix 2 – OAG Exit Meeting Agenda Appendix 3 – Draft Independent Auditors Report – 2022 Appendix 4 – Draft Management Letter

Purpose

To consider and review the Independent Auditors Report of the Annual Financial Report for the year ending 30 June 2022 and address any issues presented in the report and recommend to Council any matters that require action to be taken.

Background

Following proclamation of the *Local Government Amendment (Auditing) Act 2017*, the Auditor General has become responsible for the annual financial report audit of the Shire of Williams.

The Auditor General has contracted AMD Chartered Accountants to perform the Shire of Williams annual financial report audit for the year ending 30 June 2022. The audit procedure has been conducted under the direction of the Auditor General, who retains responsibility for forming the audit opinion and issuing the Audit Report to the Shire.

Comment

Mr Tim Partridge from AMD Chartered Accountants has prepared an Exit Meeting Agenda and along with Suraj Karki from the Office of the Auditor General WA will discuss the Independent Auditors Report and any issues that arose during the audit of the Annual Financial Report for June 2022.

Audit issues are included in the Exit Meeting Agenda

Strategic Implications

This item aligns with the community's vision and aspirations as contained in the Shire of Williams Strategic Community Plan 2017 to 2032. Specifically, it relates to the following strategy(s):

CL 2.2 Maintain accountability, transparency and financial responsibility.

Financial Implications

Nil

Voting Requirements

Simple Majority

Officer's Recommendation

That the Audit Committee receives the 2021-2022 Annual Financial Report, including draft Independent Auditor's Report as presented. Further, the Audit Committee recommends to Council that it endorse the 2021-2022 Annual Financial Report and note the draft Independent Auditor's Report.

Committee Decision

Price/Panizza

That the Audit Committee receives the 2021-2022 Annual Financial Report, including draft Independent Auditor's Report as presented. Further, the Audit Committee recommends to Council that it endorse the 2021-2022 Annual Financial Report and note the draft Independent Auditor's Report.

Carried 3/0

5.0 Business of Urgent Nature

6.0 Closure of Meeting

Cr Logie declared the meeting closed at 12.10pm.

SHIRE OF WILLIAMS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The Shire of Williams conducts the operations of a local government with the following 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 2022**

The attached financial report of the Shire of Williams for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Williams at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the _____ day of _____ 2023

Chief Executive Officer

Geoff McKeown

Name of Chief Executive Officer

SHIRE OF WILLIAMS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	22(a),2(a)	2,032,126	2,028,852	1,966,778
Operating grants, subsidies and contributions	2(a)	1,290,686	602,021	750,270
Fees and charges	21(c),2(a)	1,030,310	997,669	994,228
Interest earnings	2(a)	19,743	13,236	16,010
Other revenue	2(a)	62,565	55,350	65,153
		4,435,430	3,697,128	3,792,439
Expenses				
Employee costs		(1,751,190)	(1,733,928)	(1,654,940)
Materials and contracts		(628,910)	(830,824)	(620,087)
Utility charges		(180,331)	(202,300)	(223,364)
Depreciation	9(a)	(1,275,694)	(1,264,609)	(1,275,304)
Finance costs	2(b)	(31,938)	(30,971)	(28,031)
Insurance		(137,719)	(136,416)	(124,159)
Other expenditure	2(b)	(17,571)	(15,100)	(21,898)
		(4,023,353)	(4,214,148)	(3,947,783)
		412,077	(517,020)	(155,344)
Capital grants, subsidies and contributions	2(a)	1,087,775	953,493	706,323
Profit on asset disposals	9(b)	100,262	0	17,273
Loss on asset disposals	9(b)	0	(33,625)	(2,000)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	1,940
		1,188,037	919,868	723,536
Net result for the period	21(b)	1,600,114	402,848	568,192
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	2,498,994	0	0
Total other comprehensive income for the period	14	2,498,994	0	0
Total comprehensive income for the period		4,099,108	402,848	568,192

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

SHIRE OF WILLIAMS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022	2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,983,406	1,609,509
Trade and other receivables	5	171,250	189,674
Other financial assets	4(a)	17,107	107,023
Inventories	6	26,515	22,190
TOTAL CURRENT ASSETS		3,198,278	1,928,396
NON-CURRENT ASSETS			
Other financial assets	4(b)	241,246	55,356
Property, plant and equipment	7	16,988,721	17,239,394
Infrastructure	8	65,748,314	62,658,116
TOTAL NON-CURRENT ASSETS		82,978,281	79,952,866
TOTAL ASSETS		86,176,559	81,881,262
CURRENT LIABILITIES			
Trade and other payables	10	160,444	261,121
Other liabilities	11	560,413	122,634
Borrowings	12	73,675	195,514
Employee related provisions	13	319,749	341,041
TOTAL CURRENT LIABILITIES		1,114,281	920,310
NON-CURRENT LIABILITIES			
Borrowings	12	515,879	504,908
Employee related provisions	13	7,552	16,306
TOTAL NON-CURRENT LIABILITIES		523,431	521,214
TOTAL LIABILITIES		1,637,712	1,441,524
NET ASSETS		84,538,847	80,439,738
EQUITY			
Retained surplus		22,214,490	21,110,977
Reserve accounts	25	1,243,715	747,113
Revaluation surplus	14	61,080,642	58,581,648
TOTAL EQUITY		84,538,847	80,439,738

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 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		20,525,041	764,857	58,581,648	79,871,546
Comprehensive income for the period					
Net result for the period		568,192	0	0	568,192
Total comprehensive income for the period		568,192	0	0	568,192
Transfers from reserves	25	107,007	(107,007)	0	0
Transfers to reserves	25	(89,263)	89,263	0	0
Balance as at 30 June 2021		21,110,977	747,113	58,581,648	80,439,738
Comprehensive income for the period					
Net result for the period		1,600,114	0	0	1,600,114
Other comprehensive income for the period	14	0	0	2,498,994	2,498,994
Total comprehensive income for the period		1,600,114	0	2,498,994	4,099,108
Transfers from reserves	25	45,640	(45,640)	0	0
Transfers to reserves	25	(542,242)	542,242	0	0
Balance as at 30 June 2022		22,214,490	1,243,715	61,080,642	84,538,847

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 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,031,343	2,030,852	1,974,957
Operating grants, subsidies and contributions		1,301,202	566,120	645,632
Fees and charges		1,029,589	997,669	993,959
Interest received		19,743	13,236	16,010
Goods and services tax received		0	126,782	168,840
Other revenue		62,565	55,350	65,153
		4,444,442	3,790,009	3,864,551
Payments				
Employee costs		(1,839,896)	(1,763,928)	(1,649,305)
Materials and contracts		(673,573)	(525,033)	(580,717)
Utility charges		(180,331)	(202,300)	(223,364)
Finance costs		(30,538)	(30,971)	(28,031)
Insurance paid		(137,719)	(136,416)	(124,159)
Goods and services tax paid		0	(314,063)	(168,840)
Other expenditure		(17,571)	(15,100)	(21,898)
		(2,879,628)	(2,987,811)	(2,796,314)
Net cash provided by (used in) operating activities	15	1,564,814	802,198	1,068,237
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost - self supporting loans		(200,000)	(200,000)	0
Payments for purchase of property, plant & equipment	7(a)	(692,956)	(717,483)	(693,113)
Payments for construction of infrastructure	8(a)	(1,504,997)	(1,694,709)	(1,253,744)
Non-operating grants, subsidies and contributions		1,531,888	826,375	788,423
Proceeds from financial assets at amortised cost		(2,997)		
Proceeds from financial assets at amortised cost - self supporting loans		107,023	307,023	15,966
Proceeds from sale of property, plant & equipment	9(b)	681,990	136,000	67,273
Net cash provided by (used in) investing activities		(80,049)	(1,342,794)	(1,075,195)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	24(a)	(310,868)	(195,514)	(102,462)
Proceeds from new borrowings	24(a)	200,000	200,000	100,000
Net cash provided by (used in) financing activities		(110,868)	4,486	(2,462)
Net increase (decrease) in cash held		1,373,897	(536,110)	(9,420)
Cash at beginning of year		1,609,509	1,609,486	1,618,929
Cash and cash equivalents at the end of the year	15(a)	2,983,406	1,073,376	1,609,509

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

SHIRE OF WILLIAMS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	23(b)	375,119	401,575	386,912
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	22(b)	37,530	37,533	36,369
Operating grants, subsidies and contributions		1,290,686	602,021	750,270
Fees and charges		1,030,310	997,669	994,228
Interest earnings		19,743	13,236	16,010
Other revenue		62,565	55,350	65,153
Profit on asset disposals	9(b)	100,262	0	17,273
Fair value adjustments to financial assets at fair value through profit or loss		0	0	1,940
		2,541,096	1,705,809	1,881,243
Expenditure from operating activities				
Employee costs		(1,751,190)	(1,733,928)	(1,654,940)
Materials and contracts		(628,910)	(830,824)	(620,087)
Utility charges		(180,331)	(202,300)	(223,364)
Depreciation		(1,275,694)	(1,264,609)	(1,275,304)
Finance costs		(31,938)	(30,971)	(28,031)
Insurance		(137,719)	(136,416)	(124,159)
Other expenditure		(17,571)	(15,100)	(21,898)
Loss on asset disposals	9(b)	0	(33,625)	(2,000)
		(4,023,353)	(4,247,773)	(3,949,783)
Amount attributable to operating activities	23(a)	1,168,724	1,303,362	1,268,351
		(313,533)	(1,238,602)	(800,189)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,087,775	953,493	706,323
Proceeds from disposal of assets	9(b)	681,990	136,000	67,273
Proceeds from financial assets at amortised cost - self supporting loans	24(a)	107,023	307,023	15,966
Payments for financial assets at amortised cost - self supporting loans		(200,000)	(200,000)	0
Purchase of property, plant and equipment	7(a)	(692,956)	(717,483)	(693,113)
Purchase and construction of infrastructure	8(a)	(1,504,997)	(1,694,709)	(1,253,744)
		(521,165)	(1,215,676)	(1,157,295)
Amount attributable to investing activities		(521,165)	(1,215,676)	(1,157,295)
FINANCING ACTIVITIES				
Repayment of borrowings	24(a)	(310,868)	(195,514)	(102,462)
Proceeds from borrowings	24(a)	200,000	200,000	100,000
Transfers to reserves (restricted assets)	25	(542,242)	(180,057)	(89,263)
Transfers from reserves (restricted assets)	25	45,640	236,955	107,007
Amount attributable to financing activities		(607,470)	61,384	15,282
Surplus/(deficit) before imposition of general rates		(1,067,049)	(1,991,319)	(1,555,290)
Total amount raised from general rates	22(a)	1,994,596	1,991,319	1,930,409
Surplus/(deficit) after imposition of general rates	23(b)	927,547	0	375,119

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

SHIRE OF WILLIAMS
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 City to measure any vested improvements at zero cost. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow

applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 of the financial report.

Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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	Timing of revenue recognition
Rates	General rates				

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

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates			2,032,126		2,032,126
Operating grants, subsidies and contributions	99,770		38,049	1,152,867	1,290,686
Fees and Charges	797,525		192,641	40,144	1,030,310
Interest earnings			8,180	11,563	19,743
Other revenue			299	62,266	62,565
Non-operating grants, subsidies and contributions		1,087,775			1,087,775
Total	897,295	1,087,775	2,271,295	1,266,840	5,523,205

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates			1,966,778		1,966,778
Operating grants, subsidies and contributions	209,548		31,179	509,543	750,270
Fees and charges	760,644		221,767	11,818	994,229
Interest earnings			8,571	7,439	16,010
Other revenue	12,045		18,016	35,092	65,153
Non-operating grants, subsidies and contributions		706,323			706,323
Total	982,237	706,323	2,246,311	563,891	4,498,762

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

Note	2022 Actual	2022 Budget	2021 Actual
Interest earnings			
Financial assets at amortised cost - self supporting loans	9,212	0	3,517
Interest on reserve funds	1,274	3,736	3,077
Rates instalment and penalty interest (refer Note 22(d))	8,180	8,500	8,571
Other interest earnings	1,077	1,000	845
	19,743	13,236	16,010
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	19,400	18,000	17,000
- Other services			800
	19,400	18,000	17,800
Finance costs			
Borrowings	24(a) 31,938	30,971	28,031
	31,938	30,971	28,031
Other expenditure			
Impairment losses on receivables from other contracts			1,096
Sundry expenses	17,571	15,100	20,802
	17,571	15,100	21,898

2. REVENUE AND EXPENSES (Continued)

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Ex-gratia rates	Payment as negotiated with CBH, instead of rates	Over time	Payment upon receipt of invoice	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled

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
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

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
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 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Total cash and cash equivalents

Held as
 - Unrestricted cash and cash equivalents
 - Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	2,983,406	1,609,509
15(a)	2,983,406	1,609,509
	1,179,278	718,646
15(a)	1,804,128	890,863
	2,983,406	1,609,509

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.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. 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 and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 15.

4. OTHER FINANCIAL ASSETS

(a) Current Assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans receivable

Held as

- Unrestricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost

Financial assets at amortised cost

Self supporting loans receivable
 Units in Local Government House Trust

	2022	2021
	\$	\$
	17,107	107,023
	17,107	107,023
23(b)	17,107	107,023
	17,107	107,023
	17,107	107,023
	17,107	107,023
	241,246	55,356
	241,246	55,356
	182,893	0
	58,353	55,356
	241,246	0

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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 20 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

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 19.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
 Trade and other receivables
 Allowance for credit losses of trade and other receivables
 Accrued Revenue

Note	2022	2021
	\$	\$
	9,821	12,116
	160,049	135,087
19(b)	(375)	(1,096)
	1,755	43,567
	<u>171,250</u>	<u>189,674</u>

SIGNIFICANT ACCOUNTING POLICIES

ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 19.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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.

6. INVENTORIES

Current

Fuel and materials
 History Books
 Gravel

Note	2022	2021
	\$	\$
	18,559	8,868
	614	730
	7,342	12,592
	<u>26,515</u>	<u>22,190</u>

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	22,190	27,564
	(129,773)	(102,806)
	134,098	97,432
	<u>26,515</u>	<u>22,190</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Note	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Buildings - work in progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		2,509,413	2,858,000	10,042,396	15,409,809	19,500	1,529,800	0	16,959,109
Additions		0	0	64,108	64,108	0	534,280	94,725	693,113
Disposals		0	0	0	0	0	(52,000)	0	(52,000)
Depreciation	9(a)	0	(69,687)	(147,491)	(217,178)	(3,178)	(140,472)	0	(360,828)
Balance at 30 June 2021		2,509,413	2,788,313	9,959,013	15,256,739	16,322	1,871,608	94,725	17,239,394
Comprises:									
Gross balance amount at 30 June 2021		2,509,413	2,858,000	10,106,504	15,473,917	19,500	2,012,080	94,725	17,600,222
		0	(69,687)	(147,491)	(217,178)	(3,178)	(140,472)	0	(360,828)
Balance at 30 June 2021		2,509,413	2,788,313	9,959,013	15,256,739	16,322	1,871,608	94,725	17,239,394
Additions		0	0	180,895	180,895	52,239	459,822		692,956
Disposals		(50,000)	0	(374,430)	(424,430)	0	(157,298)	0	(581,728)
Depreciation	9(a)	0	(38,117)	(148,854)	(186,971)	(4,681)	(170,248)		(361,900)
Transfers			0	94,725	94,725			(94,725)	0
Balance at 30 June 2022		2,459,413	2,750,196	9,711,349	14,920,958	63,880	2,003,884	0	16,988,722
Comprises:									
Gross balance amount at 30 June 2022		2,459,413	2,858,000	9,984,124	15,301,537	71,739	2,301,901	0	17,675,177
Accumulated depreciation at 30 June 2022		0	(107,804)	(272,776)	(380,580)	(7,859)	(298,017)	0	(686,456)
Balance at 30 June 2022		2,459,413	2,750,196	9,711,348	14,920,957	63,880	2,003,884	0	16,988,721

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	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)
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.					
(ii) Cost					
Furniture and equipment		Cost	Cost		
Plant and equipment		Cost	Cost		

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. INFRASTRUCTURE

(a) Movements in Balances

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

Note	Infrastructure - roads	Infrastructure - Bridges	Infrastructure - drainage	Infrastructure - footpaths	Infrastructure - parks & reserves	Infrastructure - work in progress	Total Infrastructure
Balance at 1 July 2020	\$ 43,385,316	\$ 6,987,252	\$ 7,086,737	\$ 857,643	\$ 4,001,900	\$ 0	\$ 62,318,848
Additions	1,039,317	0	115,858	33,139	31,165	34,265	1,253,744
Depreciation	9(a) (435,336)	(116,917)	(181,003)	(21,153)	(160,067)	0	(914,476)
Balance at 30 June 2021	43,989,297	6,870,335	7,021,592	869,629	3,872,998	34,265	62,658,116
Comprises:							
Gross balance at 30 June 2021	45,313,652	7,229,016	7,585,362	932,756	4,033,065	34,265	65,128,116
Accumulated depreciation at 30 June 2021	(1,324,355)	(358,681)	(563,770)	(63,127)	(160,067)	0	(2,470,000)
	43,989,297	6,870,335	7,021,592	869,629	3,872,998	34,265	62,658,116
Additions	1,057,338				447,659		1,504,997
Revaluation increments / (decrements) transferred to revaluation surplus	3,349,650	(229,952)	(587,805)	(32,899)			2,498,994
Depreciation	9(a) (446,229)	(114,385)	(172,767)	(21,027)	(159,386)		(913,794)
Transfers					34,265	(34,265)	0
Balance at 30 June 2022	47,950,056	6,525,998	6,261,020	815,703	4,195,536	0	65,748,313
Comprises:							
Gross balance at 30 June 2022	70,081,211	12,451,743	14,429,787	1,157,312	4,514,989	0	102,635,042
Accumulated depreciation at 30 June 2022	(22,131,156)	(5,925,744)	(8,168,766)	(341,609)	(319,453)	0	(36,886,728)
Balance at 30 June 2022	47,950,055	6,525,999	6,261,021	815,703	4,195,536	0	65,748,314

**SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Current replacement cost	Independent Registered Valuer	June 2022	Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments.
	Infrastructure - Bridges	3	Current replacement cost	Independent Registered Valuer	June 2022	Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments.
	Infrastructure - drainage	3	Current replacement cost	Independent Registered Valuer	June 2022	Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments.
	Infrastructure - footpaths	3	Current replacement cost	Independent Registered Valuer	June 2022	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.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	7(a)	38,117	69,680	69,687
Buildings - specialised	7(a)	148,854	148,050	147,491
Furniture and equipment	7(a)	4,681	3,179	3,178
Plant and equipment	7(a)	170,248	123,800	140,472
Infrastructure - roads	8(a)	446,229	440,860	435,336
Infrastructure - Bridges	8(a)	114,385	116,900	116,917
Infrastructure - drainage	8(a)	172,767	181,040	181,003
Infrastructure - footpaths	8(a)	21,027	21,200	21,153
Infrastructure - parks & reserves	8(a)	159,386	159,900	160,067
		1,275,694	1,264,609	1,275,304

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
- formation	not depreciated
- pavement	50 years
Seal	
- bituminous seals	
- 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
Bridges	60 to 100 years
Parks and Reserves Infrastructure	5 to 50 Years

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	50,000	50,000		0	0	0	0	0	0	0	0	0
Buildings - specialised	374,430	430,000	55,570	0	0	0	0	0	0	0	0	0
Plant and equipment	157,298	201,990	44,692	0	169,625	136,000	0	(33,625)	52,000	67,273	17,273	(2,000)
	581,728	681,990	100,262	0	169,625	136,000	0	(33,625)	52,000	67,273	17,273	(2,000)

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Transport				
Mazda CX5 - WL16	19,086	27,118	8,032	0
Road Grader - WL61	117,918	142,000	24,082	0
Toro Reelmaster Mower	9,055	14,500	5,445	0
4 x 2 Single Cab Hi Rise Ute - WL	11,239	18,372	7,133	0
Economic services				
Sale of 5 Marjin Way Williams	424,430	480,000	55,570	0
	581,728	681,990	100,262	0

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, 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 for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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 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, infrastructure and acquired between scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

Revaluation

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

Revaluation (continued)

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) 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
- (ii) 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 ready 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 in the Statement of Comprehensive Income and in Note 9(a).

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
ATO liabilities	
Bonds and deposits held	
Accrued interest on Borrowings	
Other payables	

2022	2021
\$	\$
143,206	180,948
11,015	14,093
6,896	65,557
(7,824)	(7,824)
418	100
4,058	5,458
2,675	2,789
160,444	261,121

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. OTHER LIABILITIES

	2022	2021
	\$	\$
Current		
Contract liabilities	0	6,334
Capital grant/contributions liabilities	560,413	116,300
	<u>560,413</u>	<u>122,634</u>
Reconciliation of changes in contract liabilities		
Opening balance	6,334	
Additions	0	6,334
Revenue from contracts with customers included as a contract liability at the start of the period	(6,334)	
	<u>0</u>	<u>6,334</u>
The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months."		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	116,300	
Additions	560,413	116,300
Revenue from capital grant/contributions held as a liability at the start of the period	(116,300)	
	<u>560,413</u>	<u>116,300</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 20(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		73,675	515,879	589,554	195,514	504,908	700,422
Total secured borrowings	24(a)	73,675	515,879	589,554	195,514	504,908	700,422

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Williams. Other loans relate to transferred receivables. Refer to Note 5.

The Shire of Williams has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows

including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 19.

Details of individual borrowings required by regulations are provided at Note 24(a).

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Other employee provisions

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	164,844	147,695
Long Service Leave	154,905	193,346
Other employee provisions	0	0
	319,749	341,041
Long Service Leave	7,552	16,306
	7,552	16,306
	327,301	357,347

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

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

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	174,195	216,423
More than 12 months from reporting date	153,106	140,924
	327,301	357,347

Expected reimbursements of employee provisions from other WA local governments

Note	2022	2021
	\$	\$
Expected reimbursements of employee provisions from other WA local governments	(9,478)	(11,055)

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions 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. 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.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	9,197,420	0	0	0	9,197,420	9,197,420	0	9,197,420
Revaluation surplus - Plant and equipment	12,101	0	0	0	12,101	12,101	0	12,101
Revaluation surplus - Infrastructure - roads	47,865,246	2,498,994		2,498,994	50,364,240	47,865,246	0	47,865,246
Revaluation surplus - Infrastructure - parks & reserves	1,506,881	0	0	0	1,506,881	1,506,881	0	1,506,881
	58,581,648	2,498,994	0	2,498,994	61,080,642	58,581,648	0	58,581,648

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	2,983,406	1,073,376	1,609,509

(b) Restrictions

The following classes of financial 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	3	1,804,128	690,215	890,863
		<u>1,804,128</u>	<u>690,215</u>	<u>890,863</u>

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

Restricted reserve accounts	25	1,243,715	690,215	747,113
Contract liabilities from contracts with customers	11	560,413		122,634
Unspent loans	24(b)	0		21,116
Total restricted financial assets		<u>1,804,128</u>	<u>690,215</u>	<u>890,863</u>

Net result		1,600,114	402,848	568,192
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Non-cash items:

Adjustments to fair value of financial assets at fair value through profit and loss		0	0	(1,940)
Depreciation/amortisation		1,275,694	1,264,609	1,275,304
(Profit)/loss on sale of asset		(100,262)	33,625	(15,273)

Changes in assets and liabilities:

(Increase)/decrease in trade and other receivables		18,424	88,397	(86,987)
(Increase)/decrease in inventories		(4,325)	5,030	5,374
Increase/(decrease) in trade and other payables		(100,677)	(13,302)	48,505
Increase/(decrease) in employee related provisions		(30,046)	(30,000)	(10,279)
Increase/(decrease) in other liabilities		437,780	(122,634)	73,764
Non-operating grants, subsidies and contributions		(1,531,888)	(826,375)	(788,423)
Net cash provided by/(used in) operating activities		<u>1,564,814</u>	<u>802,198</u>	<u>1,068,237</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit		100,000		100,000
Bank overdraft at balance date				
Credit card limit		15,000		15,000
Credit card balance at balance date		(2,021)		(3,099)
Total amount of credit unused		<u>112,979</u>		<u>111,901</u>

Loan facilities

Loan facilities - current		73,675		195,514
Loan facilities - non-current		515,879		504,908
Total facilities in use at balance date		<u>589,554</u>		<u>700,422</u>

Unused loan facilities at balance date

**SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

16. CONTINGENT LIABILITIES

There are no contingent liabilities.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cr Logie			
President's annual allowance	4,700	4,698	4,606
Meeting attendance fees	4,391	3,850	3,843
Travel and accommodation expenses		20	0
	9,091	8,568	8,449
Cr Major			
Meeting attendance fees	1,714	1,900	1,906
Travel and accommodation expenses	143	150	144
	1,857	2,050	2,050
Cr Carne			
Meeting attendance fees	2,018	1,800	1,823
Travel and accommodation expenses	397	300	315
	2,415	2,100	2,138
Cr Medlen			
Meeting attendance fees	522	1,800	1,388
Travel and accommodation expenses		300	296
	522	2,100	1,684
Cr Price			
Meeting attendance fees	1,480	1,800	1,747
Travel and accommodation expenses		20	0
	1,480	1,820	1,747
Cr Harding			
Meeting attendance fees	1,644	1,800	1,830
Travel and accommodation expenses	287	300	315
	1,931	2,100	2,145
Cr Watt			
Meeting attendance fees	296	1,800	1,457
Travel and accommodation expenses	147	20	0
	443	1,820	1,457
Cr Baker			
Meeting attendance fees	1,628	1,800	1,381
Travel and accommodation expenses		20	0
	1,628	1,820	1,381
Cr Panizza			
Meeting attendance fees	1,566	1,800	1,830
Travel and accommodation expenses	812	850	837
	2,378	2,650	2,667
Cr MacNamara			
Meeting attendance fees	896		
Travel and accommodation expenses	195		
	1,091	0	0
Cr Cowcher			
Meeting attendance fees	1,036		
Travel and accommodation expenses	388		
	1,424	0	0
	24,260	25,028	23,718
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
	2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance	4,700	4,698	4,606
Meeting attendance fees	17,191	18,350	17,205
Travel and accommodation expenses	2,369	1,980	1,907
17(b)	24,260	25,028	23,718

17. RELATED PARTY TRANSACTIONS

(b) Key Management Personnel (KMP) Compensation

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

Note	2022 Actual	2021 Actual
	\$	\$
	387,551	358,223
	42,496	35,062
	1,190	12,166
17(a)	24,260	23,718
	455,497	429,169

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Sale of goods and services	46,592	60,790
Purchase of goods and services	108,850	112,604
Short term employee benefits - other related parties	156,962	153,621

Amounts outstanding from related parties:

Trade and other receivables	367	197
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(d) 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 council member, are considered key management personnel.

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. JOINT ARRANGEMENTS

Share of joint operations

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 party's equitable interest. The assets are included in the Land and Buildings as follows:

Non-current assets

Land and Buildings

- Wandoo Court (2 x 2 bedroom units) @ 28.34%

- Less: accumulated depreciation

- Sandalwood Court (6 x 2 bedroom units) @ 16.10%

- Less: accumulated depreciation

	2022 Actual	2021 Actual
	\$	\$
	122,651	122,651
	(3,253)	(1,615)
	119,398	121,036
	171,747	171,747
	(4,927)	(2,739)
	166,820	169,008
TOTAL ASSETS	286,218	290,044

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with another party to the joint arrangement. All parties to joint arrangements have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds 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
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.19%	2,983,406	0	2,924,753	58,653
Financial assets at amortised cost		58,353	58,353		
2021					
Cash and cash equivalents	0.02%	1,609,509	0	1,272,073	337,436
Financial assets at amortised cost		55,356	55,356		

Sensitivity

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

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

* Holding all other variables constant

	2022	2021
	\$	\$
	29,248	12,721

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 24(a).

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	9,186	635	0	0	9,821	
Loss allowance	0	0	0	0	0	5
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	9,245	2,871	0	0	12,116	
Loss allowance	0	0	0	0	0	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.07%	0.56%	0.77%	0.77%		
Gross carrying amount	122,141	1,124	37	36,746	160,049	
Loss allowance	85	6	0	283	375	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.35%	1.87%	6.98%	19.13%		
Gross carrying amount	131,444	168	261	3,214	135,087	
Loss allowance	460	3	18	615	1,096	5

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Trade and other receivables	
	2022	2021
	Actual	Actual
	\$	\$
Opening loss allowance as at 1 July	1,096	
Unused amount reversed	(721)	1,096
Closing loss allowance at 30 June	375	1,096

Trade receivables are written off where there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit.

Subsequent recoveries of amounts previously written off are credited against the same line item.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values	Note
	\$	\$	\$	\$	\$	
<u>2022</u>						
Trade and other payables	160,558			160,558	149,429	10
Borrowings	314,098	285,674	131,596	731,368	589,554	12
	474,656	285,674	131,596	891,926	738,983	
<u>2021</u>						
Trade and other payables	254,566	0	0	254,566	247,028	10
Borrowings	226,727	357,951	208,744	793,422	700,422	12
	481,293	357,951	208,744	1,047,988	947,450	

20. 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

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) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) 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.

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective

Description

Governance

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

Administration and operation of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

General purpose funding

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

Law, order, public safety

To provide services to ensure a safer community.

Supervision and enforcement of local laws, fire prevention and suppression activities and animal control.

Health

To provide an operational framework for good community health.

Health inspection and advisory services, analytical services, mosquito control, collection agent for Williams St John Ambulance subscriptions and assist with providing medical services.

Education and welfare

To provide a framework that enables community needs in these areas are met.

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.

Housing

To help ensure the availability of adequate housing for the community needs.

Management, administration and maintenance of Williams Community Homes, Sandalwood Court, Wandoo Cottages, Jamtree Lane Units and New Street Units.

Community amenities

Provision of amenities required by the community.

Refuse management, protection of the environment, maintenance of cemeteries and public conveniences.

Recreation and culture

To establish and manage efficiently all infrastructure and resources which will meet the recreational and cultural needs of the community.

Maintenance of halls, recreational facilities and reserves. Operation of Library and compilation and maintenance of local heritage register.

Transport

To provide effective and efficient transport services to the community.

Construction and maintenance of streets, roads, bridges and drainage. Cleaning and lighting of streets, depot maintenance and on-line agent for Department of Transport.

Economic services

Promotion of Williams and improvement of economic wellbeing of the district and its inhabitants.

Tourism services, area promotion, implementation of building controls, provision of standpipe water, maintenance and management of Williams Stud Breeders pavilion.

Other property and services

Efficient utilisation of Council resources, plant repairs and operations management of Williams Town Planning Scheme.

Provision of private works to public, maintenance of Council plant, approvals and monitoring of town planning activities.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022	2022	2021
	Actual	Budget	Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	0	1,001	1,940
General purpose funding	2,048,648	2,048,088	1,986,842
Law, order, public safety	42,738	6,100	7,497
Health	835	1,200	773
Education and welfare	442,062	384,668	355,328
Housing	196,437	192,540	184,343
Community amenities	208,713	211,630	198,992
Recreation and culture	61,750	51,673	46,718
Transport	55,298	18,050	40,771
Economic services	128,585	105,727	152,587
Other property and services	59,940	74,430	85,591
	3,245,006	3,095,107	3,061,382
Grants, subsidies and contributions			
Governance	21,041	0	20,449
General purpose funding	981,675	249,136	503,791
Law, order, public safety	38,049	31,348	77,141
Education and welfare	125,239	126,138	44,000
Housing	14,088	56,240	65,351
Community amenities	8,329	10,000	1,192
Recreation and culture	271,473	77,272	32,968
Transport	874,443	952,128	711,701
Economic services	44,124	53,252	0
	0	0	0
	2,378,461	1,555,514	1,456,593
Total Income	5,623,467	4,650,621	4,517,975
Expenses			
Governance	(211,366)	(209,500)	(181,598)
General purpose funding	(98,330)	(104,351)	(89,370)
Law, order, public safety	(96,249)	(105,827)	(111,696)
Health	(45,454)	(60,204)	(52,812)
Education and welfare	(457,823)	(521,951)	(374,592)
Housing	(195,434)	(196,367)	(185,345)
Community amenities	(315,857)	(339,478)	(307,592)
Recreation and culture	(832,965)	(824,927)	(811,352)
Transport	(1,546,828)	(1,518,286)	(1,480,640)
Economic services	(136,036)	(238,874)	(180,541)
Other property and services	(87,011)	(128,008)	(174,245)
Total expenses	(4,023,353)	(4,247,773)	(3,949,783)
Net result for the period	1,600,114	402,848	568,192

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. FUNCTION AND ACTIVITY (Continued)

	2022	2022	2021
	Actual	Budget	Actual
(c) Fees and Charges	\$	\$	\$
General purpose funding	5,324	5,000	5,754
Law, order, public safety	39,655	2,800	3,057
Health	835	1,200	773
Education and welfare	441,938	382,668	354,453
Housing	193,458	191,040	182,442
Community amenities	189,272	209,930	194,600
Recreation and culture	43,145	37,774	37,681
Transport	18,635	18,050	21,400
Economic services	72,689	104,977	151,165
Other property and services	25,359	44,230	42,903
	1,030,310	997,669	994,228
(d) Total Assets	\$	\$	
General purpose funding	9,821	12,116	
Law, order, public safety	295,486	256,015	
Health	957,420	970,531	
Education and welfare	1,791,522	1,760,883	
Housing	4,326,563	3,950,133	
Community amenities	525,392	322,377	
Recreation and culture	9,511,918	11,358,802	
Transport	59,257,731	59,644,709	
Economic services	1,892,089	311,447	
Other property and services	2,306,960	2,418,994	
Unallocated	5,301,657	875,255	
	86,176,559	81,881,262	

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RATING INFORMATION

(a) General Rates

RATE TYPE		Rate in \$	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Rate Description	Basis of valuation			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Residential	Gross rental valuation	0.07734	147	1,854,082	143,395	1,064	0	144,459	143,395	0	0	143,395	136,822
Industrial/Commercial	Gross rental valuation	0.07734	23	1,034,496	80,008	0	0	80,008	80,008	0	0	80,008	77,299
Rural/Mining	Unimproved valuation	0.00609	241	255,822,000	1,557,956	1,322	0	1,559,278	1,557,956	0	0	1,557,956	1,525,863
Sub-Total			411	258,710,578	1,781,359	2,386	0	1,783,745	1,781,359	0	0	1,781,359	1,739,984
		Minimum \$											
Residential	Gross rental valuation	760	140	663,340	106,400	0	0	106,400	106,400	0	0	106,400	103,720
Industrial/Commercial	Gross rental valuation	760	15	59,175	11,400	0	0	11,400	11,400	0	0	11,400	10,276
Rural/Mining	Unimproved valuation	960	96	8,768,193	92,160	891	0	93,051	92,160	0	0	92,160	76,429
Sub-Total			251	9,490,708	209,960	891	0	210,851	209,960	0	0	209,960	190,425
			662	268,201,286	1,991,319	3,277	0	1,994,596	1,991,319	0	0	1,991,319	1,930,409
Total amount raised from general rates								1,994,596				1,991,319	1,930,409
* Rateable value is based on the value of properties at the time the rate is raised.													
(b) Rates (excluding general rates)													
Ex-gratia Rates													
Sub-Total			0	0	37,530	0	0	37,530	0	0	37,533	37,533	36,369
			0	0	37,530	0	0	37,530	0	0	37,533	37,533	36,369
Total amount raised from rates (excluding general rates)								37,530				37,533	36,369
(c) Total Rates								2,032,126				2,028,852	1,966,778

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	3/09/2021	0.0	0.00%	7.00%
Option Two				
First instalment	3/09/2021	0.0	3.00%	7.00%
Second instalment	5/11/2021	10.0	3.00%	7.00%
Third instalment	7/01/2022	10.0	3.00%	7.00%
Fourth instalment	11/03/2022	10.0	3.00%	7.00%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	3,996	4,000	4,088
Interest on instalment plan	4,184	4,500	4,483
Charges on instalment plan	2,970	3,500	3,360
	11,150	12,000	11,931

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

23. RATE SETTING STATEMENT INFORMATION

		2021/22 Budget	2021/22 Budget	2020/21
	Note	(30 June 2022 Carried Forward)	(30 June 2022 Carried Forward)	(30 June 2021 Carried Forward)
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	9(b)	(100,262)	0	(17,273)
Less: Movement in liabilities associated with restricted cash		5,043	5,128	5,063
Less: Fair value adjustments to financial assets at fair value through profit and loss		0	0	(1,940)
Add: Loss on disposal of assets	9(b)	0	33,625	2,000
Add: Depreciation	9(a)	1,275,694	1,264,609	1,275,304
Non-cash movements in non-current assets and liabilities:				
Financial assets at amortised cost		(2,997)		
Employee benefit provisions		(8,754)		5,197
		0		
Non-cash amounts excluded from operating activities		1,168,724	1,303,362	1,268,351
(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: Reserve accounts	25	(1,243,715)	(690,215)	(747,113)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(17,107)	0	(107,023)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	12	73,675	109,450	195,514
- Employee benefit provisions		30,697	30,782	25,655
Total adjustments to net current assets		(1,156,450)	(549,983)	(632,967)
Net current assets used in the Rate Setting Statement				
Total current assets		3,198,278	1,192,451	1,928,396
Less: Total current liabilities		(1,114,281)	(642,468)	(920,310)
Less: Total adjustments to net current assets		(1,156,450)	(549,983)	(632,967)
Net current assets used in the Rate Setting Statement		927,547	0	375,119

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
Mens Shed		\$ 0	\$ 100,000	\$ 0	\$ 100,000		\$ (19,715)	\$ 80,285	\$ 100,000	\$ 0	\$ (19,715)	\$ 80,285
CAT Grader		61,117	0	(40,398)	20,719		(20,719)	0	20,719	0	(20,719)	0
Industrial Shed		140,546	0	(12,336)	128,210		(128,210)	(0)	128,210	0	(12,856)	115,354
Industrial Shed		193,460	0	(21,723)	171,737		(22,384)	149,353	171,737	0	(22,384)	149,353
Industrial Land		184,772	0	(12,039)	172,733		(12,818)	159,915	172,733	0	(12,818)	159,915
Total		579,895	100,000	(86,496)	593,399	0	(203,845)	389,554	593,399	0	(88,491)	504,908
Self Supporting Loans												
Bowling Club Synthetic Turf		122,989	0	(15,966)	107,023		(107,023)	(0)	107,023	0	(107,023)	0
Williams Bowling Club		0	0	0	0	200,000	0	200,000	0	200,000	0	200,000
Total Self Supporting Loans		122,989	0	(15,966)	107,023	200,000	(107,023)	200,000	107,023	200,000	(107,023)	200,000
Total Borrowings	12	702,884	100,000	(102,462)	700,422	200,000	(310,868)	589,554	700,422	200,000	(195,514)	704,908

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
Mens Shed		Recreation and culture	71	WATC	0.72%	(641)	(681)	(204)
CAT Grader		Transport	67	WATC	3.42%	(247)	(354)	(1,545)
Industrial Shed		Economic services	66	WATC	4.17%	(6,134)	(5,214)	(5,634)
Industrial Shed		Economic services	70	WATC	3.02%	(5,017)	(5,019)	(5,678)
Industrial Land		Other property and services	65	WATC	6.37%	(10,632)	(10,802)	(11,453)
Total						(22,670)	(22,070)	(24,514)
Self Supporting Loans Interest Repayments								
Bowling Club Synthetic Turf		Recreation and culture	69	WATC	3.15%	(7,513)	(8,901)	(3,517)
Williams Bowling Club		Recreation and culture	72	WATC	3.40%	(1,755)	0	0
Total Self Supporting Loans Interest Repayments						(9,267)	(8,901)	(3,517)
Total Interest Repayments	2(b)					(31,938)	(30,971)	(28,031)
Particulars/Purpose			%	\$	\$	\$	\$	\$
Williams Bowling Club	WATC	10	3.40%	200,000	200,000	0	200,000	200,000
				200,000	200,000	0	200,000	0

* WA Treasury Corporation

(b) Unspent Borrowings

	Institution	Date Borrowed	Unspent Balance 1 July 2021	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2022
Particulars			\$	\$	\$	\$
Mens Shed	WATC	18/03/2021	21,116		(21,116)	0
			21,116	0	(21,116)	0

SHIRE OF WILLIAMS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

25. RESERVE ACCOUNTS

	2022 Actual Opening Balance \$	2022 Actual Transfer to \$	2022 Actual Transfer (from) \$	2022 Actual Closing Balance \$	2022 Budget Opening Balance \$	2022 Budget Transfer to \$	2022 Budget Transfer (from) \$	2022 Budget Closing Balance \$	2021 Actual Opening Balance \$	2021 Actual Transfer to \$	2021 Actual Transfer (from) \$	2021 Actual Closing Balance \$
Restricted by council												
(a)	25,654	5,044		30,698	25,654	5,128	0	30,782	20,591	5,063	0	25,654
(b)	156,451	44,267	(35,640)	165,078	156,451	44,782	(60,840)	140,393	179,117	40,949	(63,615)	156,451
(c)	282,393	410,127		692,520	282,393	46,412	(65,000)	263,805	291,381	21,012	(30,000)	282,393
(d)	119,927	10,204	(5,000)	125,131	119,927	10,600	(41,115)	89,412	122,825	10,494	(13,392)	119,927
(e)	8,819	515	(5,000)	4,334	8,819	544	(5,000)	4,363	8,784	35	0	8,819
(f)	115,502	10,197		125,699	115,502	10,578	(25,000)	101,080	105,127	10,375	0	115,502
(g)	24,294	41		24,335	24,294	121	0	24,415	24,197	97	0	24,294
(h)	14,073	1,846		15,919	14,073	1,892	0	15,965	12,835	1,238	0	14,073
(i)	0	60,000		60,000	0	60,000	(40,000)	20,000	0	0	0	0
	747,113	542,242	(45,640)	1,243,715	747,113	180,057	(236,955)	690,215	764,857	89,263	(107,007)	747,113

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	Ongoing	To be used to fund purchases of plant items.
(c)	Building Reserve	Ongoing	To be used for construction, refurbishment, acquisition of buildings and acquisition of land.
(d)	Recreation Facilities Reserve	Ongoing	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	Ongoing	To be used for the re-development of waste facilities.
(h)	Community Chest Reserve	Ongoing	To be used to support community initiatives and projects.
(i)	Child Care Services Reserve	Ongoing	To be used to support childcare initiatives and projects.

SHIRE OF WILLIAMS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Public Open Space contribution	20,000			20,000
				0
	20,000	0	0	20,000



SHIRE OF WILLIAMS EXIT MEETING AGENDA

Date: 15 February 2023 at 11.30am
Shire of Williams Office, 9 Brooking Street, Williams

ATTENDEES:
The Audit Committee Members:

Cr Jarrad Logie Shire President

Support Staff/Visitors:

Mr Geoff McKeown Chief Executive Officer

AMD Chartered Accountants (via MS Teams):

Tim Partridge Director

Office of the Auditor General (via MS Teams):

Suraj Karki Assistant Director, Financial Audit, Office of the Auditor General WA

AGENDA ITEMS:
1. Audit Approach

Refer also attached Audit Planning Summary Dated March 2022, including Section 5 “Significant Risks” and Section 6 “Audit Emphasis and Significant Account Balances”

- Interim Visit / Testing Completed
- Year End Communications
- Final Visit / Testing Completed

2. Variations to Audit Plan (where applicable)

- No variations

3. Subsequent Events

- Discussion and reconfirmation regarding subsequent events.

4. Audit Issues

- Refer to the 2022 Draft Management Letter for issues identified, summarised below:

30 June 2022	Action by Management
FINAL AUDIT	
1. Fair Value of PPE and infrastructure assets – frequency of valuations. - Full assessment of land and buildings, and parks and ovals was not performed to determine whether the assets represented fair value.	An independent assessment of fair value for land and buildings was last completed for the year ending 30 June 2020. The assessment of fair values between formal valuation cycles, to consider if there are factors that may impact on those valuations, has not been done. The advice that this is required is noted for action.
2. Council meeting minutes – May 2022 minutes not signed.	The May 2022 Council Meeting Minutes had been stamped in preparation for the President’s signature, but unfortunately was an oversight in not having it signed.



	This has now been rectified.
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INTERIM AUDIT	
<p>3. Daily and monthly reconciliations:</p> <ul style="list-style-type: none">- Bank reconciliations not consistently reviewed- Creditor reconciliations not completed monthly- Rateable value reconciliation not signed to evidence independent review.	<p>Trust and cash management accounts were not reconciled to bank statements for November 2021. This was at a time when the manager position was vacant after the previous officer had departed and before the new officer arrived. The importance of this area is well recognised, and, in hindsight, the new officer should have checked to ensure these reconciliations were completed.</p> <p>Creditor account balances will be reconciled to the general ledger and sundry creditor account, and checked monthly going forward.</p> <p>Rateable value reconciliations will be checked going forward.</p>

- Status of prior year audit issues:
No outstanding issues

5. Audit Report

- Draft Audit Opinion will be issued post Exit Meeting.
- Opinion Qualification Matters (where applicable):
 - No qualifications to audit opinion.
- Report on Other Matters:
 - No other matters to report.

6. Issues Relevant To Next Audit

Timeliness of the final audit.

7. Close

**INDEPENDENT AUDITOR'S REPORT
2022
Shire of Williams**

To the Councillors of the Shire of Williams

Opinion

I have audited the financial report of the Shire of Williams (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 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 below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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
- 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 responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Williams for the year ended 30 June 2022 included in the annual report 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 financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

SHIRE OF WILLIAMS

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Findings identified in Current Year			
1. Fair Value of PPE and Infrastructure Assets - Frequency of Valuations	✓		
2. Council meeting minutes			✓

KEY TO RATINGS

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

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

SHIRE OF WILLIAMS**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. FAIR VALUE OF LAND AND BUILDINGS – FREQUENCY OF VALUATIONS****Finding**

The Shire has not performed a full assessment to determine whether its land and buildings assets represent fair value. The Shire is required under *AASB 13 Fair Value Measurement* and Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations) to perform an assessment to determine if there are any trigger events requiring a more robust analysis of fair value in financial years where a formal valuation has not been undertaken.

Rating: Significant**Implication**

Without a robust assessment of fair value of the Shire's land and building assets, there is a risk that the fair value of those assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4)(a) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

Recommendation

The Shire should consider implementing as part of the preparation of financial statements each year a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of the assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of *AASB 13 Fair Value Measurement*. This process is to ensure that the Shire's land and building assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets is likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally, the Shire may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

Management Comment

An independent assessment of fair value for land and buildings was last completed for the year ending 30 June 2020. The assessment of fair values between formal valuation cycles, to consider if there are factors that may impact on those valuations, has not been done. The advice that this is required is noted for action.

Responsible Person: Geoff McKeown**Completion Date: 8 February 2023**

SHIRE OF WILLIAMS

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. COUNCIL MEETING MINUTES

Finding

We found that the Council Meeting Minutes dated 18 May 2022 had not been signed.

Rating: Minor

Implication

Non-compliance with section 5.22(3) of the *Local Government Act 1995*.

Recommendation

We recommend all Council minutes be signed by the Shire President at the subsequent Council meeting.

Management Comment

The May 2022 Council Meeting Minutes had been stamped in preparation for the President's signature, but unfortunately was an oversight in not having it signed.

This has now been rectified.

Responsible Person: Geoff McKeown

Completion Date: 8 February 2023