



ANNUAL REPORT

2020 - 2021



Shire of Williams

(08) 9885 1005

9 Brooking Street, Williams

www.williams.wa.gov.au



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The Shire of Williams

The Shire of Williams is a small rural community located within the Wheatbelt region of Western Australia. The Shire includes the localities of Boraning, Congelin, Culbin, Dardadine, Narrakine, Quindanning and Tarwonga. The economy is largely driven by the agricultural industry, tourism and agri-businesss related developments. Recent years has seen the diversification of the economy into increasing tourism related businesses and service industries, as well as businesses that support the agricultural endeavours of the region that include cropping, livestock, hay processing and grain pellet production.

Williams is conveniently located along the Albany Highway and is a popular and pleasant stopping place for travelers between Perth and the Great Southern. Boasting various successful café outlets, three service stations and a hotel, Williams is a welcoming rest stop for all who pass through.

Williams welcomes all tourist and visitors as well as new residents to the town.

Statistics



1,015

People living in the Shire of Williams



2295

Area in sq km.



230 km

Length of sealed roads in the Shire of Williams



332 km

Length of unsealed roads in the Shire of Williams



459

Dwellings in the Shire of Williams



\$1,966,778
Revenue from Rates (2020/21)



\$3,792,439
Operating Revenue (2020/21)



9

Councillors



21

Employees (FTE's)



660

Electors

Presidents Report

The last 2 years have been interesting times for Williams. The replacement bridge project and the effects of COVID19, causing many of our businesses to experience financial strain. I'm pleased that in the 2020-2021 year, the community bounced back and was again thriving. The worldwide effects of COVID19 still lingers, however with international travel being restricted, the Williams community reaped the benefits of the additional domestic travel.

The tables started slowly turning with COVID19, and suddenly there was funding available to assist the communities to return back on their feet. In January 2020, Williams received funding from the Australia Day Council to hold an event like never before. Cullen Park was filled with local food stalls with fun activities for the kids including a live band. The Community thoroughly enjoyed the free event and the Shire did it's best to include as many local businesses in the catering / organising process as possible to ensure the funds remained in the community.

During this time, the Shire was thrilled to introduce one of Jordan Sprigg's pieces of art, "the Eagle" to the Shires inventory. With a large donation from a local benefactor, the Shire was able to purchase the Eagle. The Eagle is located in the Lions park for everyone to admire.

Over the years, the Friends of the Medical Centre volunteered their time to operate the Driver Reviver on long weekends. This was both a great initiative to raise funds for equipment for the Medical Centre as well as providing a road safety message at the same time. After several years of service the Friends of the Medical Centre decided to hand over the reigns of the Driver Reviver and the Shire made the decision that it would step in and take over. The continuation of the Driver Reviver allowed for the Shire to apply for funding to upgrade the Lions Park overflow carpark. This Funding application was successful and the upgrade will begin in September.

This report outlines some of the key achievements of the past year as well as highlighting the resilience, togetherness and positivity of the Council and the Community. I would like to extend sincere thanks to my fellow Councillors. Your support and guidance over the year has been appreciated. The Shire staff for their enthusiasm and hard work during the year. Your excellent effort to address all of the challenges, which come our way, continue to make Williams a great place to live, work, play and invest. To the residents and ratepayers, thank you for making our community a great place to live. I would like to acknowledge the efforts of the many individuals and groups who work together as a community, your hard work and dedication does not go unnoticed.

Among those that live here , Williams is known for its passion, its spirit and more than anything its people. As always, it is a great privilege for me to be a part of the Williams community, I am so proud to call our little town home.

Jarrad Wayne Logie

Chief Executive Officer's Report

It is my pleasure to present this report as Chief Executive Officer of the Shire of Williams for the year ending 30 June 2021.

A continued focus for the Shire Administration is implementing the recommendations of Council which closely align with the strategies contained in the Shire of Williams Strategic Community Plan 2017-2032. This document was reviewed internally and is due for a full review in the next financial year. It is pleasing to note that many of the strategies have been completed in the first four years of the life of this document.

Several key initiatives aligned to the Plan were completed during the year, including:

- A new stimulus package was announced by the Commonwealth Government as part of its response to the COVID-19 pandemic. The Local Roads and Community Infrastructure Program directed funding to local government for infrastructure projects. During the year the first allocation of this funding was used to upgrade Marradong Road and support the Brooking Street reconstruction project. Smaller amounts were also allocated to townscape improvements in Brooking Street and the Town Hall Park.



Asphalt installation on Brooking Street



Williams Men's Shed Headquarters Under Construction

- The long-awaited Williams Men's Shed Headquarters project commenced on the corner of Brooking Street and the Narrogin Road. This site is leased from the Public Transport Authority by CBH. These agencies agreed to the excision of a small portion of land to build the new home for the Men's Shed. The project will be completed in the 2021/22 financial year. Funds to construct the shed have come from the Shire, the Williams Men's Shed and the Commonwealth Government's Stronger Community Programme.
- The refurbishing of the single bedroom units on New Street concluded. This had been an ongoing project over several years. All the units now have new kitchens, refurbished bathrooms, and new floorcoverings and window treatments throughout. The units provide an important rental option in Williams at a time when accommodation is scarce.



New Street Unit Refurbishment

- A funding opportunity became available during the year with the Department of Fire & Emergency Services being allocated \$2m by the WA State Government to stimulate economic activity in the regions and provide water tanks to support bush fire response throughout the State as part of the WA Recovery Plan. The Shire was successful with a grant under this programme and used it to engage local businesses to install a water tank and pump infrastructure at the Glenfield Fire Shed.



90kl Water Tank and Pump at Glenfield Fire Shed

The Willi Wag Tails Child Care Service has gone from strength to strength with increasing numbers of families using the service. From a time when hours were limited, due to small numbers, the service is now flat out keeping up with the demand. This high-quality service is being recognised and it is a credit to our Manager of Children's Services, Sharon Palumbo, and her enthusiastic staff for their hard work in looking after the childcare needs of our district. The other childcare service provided by the Shire is the Service Provider for family childcare educators operating in various locations in the Wheatbelt and as far away as Broome. The Shire works closely with the Williams Community Resource Centre, which operates the Shire's library service and more widely offers supports to the residents of Williams, with a focus on our younger and older age groups. Thanks go to Hazel Harris and her team for their dedication in delivering these key services and offering our residents such a welcoming community space.

The total number of full-time equivalent employees remained steady during the year. Kim Walsh left us to further her career in local government administration in Perth. Cassie Barker joined the Administration Team, bringing valuable experience in the industry. Trevor Palframan reduced his hours in the building maintenance role, and we welcomed David Read who has taken on these duties.

In conclusion, I would like to thank the Shire President, Jarrad Logie and the Councillors for their support.

Thank you also to all the employees of the Shire who help me in my role and work hard to maintain a high standard of service to our community.

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

Geoff McKeown
Chief Executive Officer

Our Council

The Shire of Williams has nine (9) elected councillors including a Council elected President. Councillors serve a 4 year term, with Local Government elections held every 2 years. There were no elections held in 2020-2021



Cr JW (Jarrad) Logie
President
Elected 2009, Retiring 2021
Born in Australia in 1982



Cr NA (Natalie) Major
Deputy President
Elected 2009, Retiring 2023
Born in Australia in 1966



Cr AA (Alex) Watt
Councillor
Elected 2017, Retiring 2021
Born in Australia in 1965



Cr BH (Bernie) Panizza
Councillor
Elected 2020, Retiring 2023
Born in Australia in 1967



Cr GH (Gilbert) Medlen
Councillor
Elected 2007, Retiring 2023
Born in Australia in 1955



Cr M (Moya) Carne
Councillor
Elected 2003, Retiring 2023
Born in Australia in 1945



Cr TA (Tracey) Price
Councillor
Elected 2019, Retiring 2023
Born in Australia in 1981



Cr SG (Simon) Harding
Councillor
Elected 2017, Retiring 2021
Born in Australia in 1968



Cr RD (Bob) Baker
Councillor
Elected 2017, Retiring 2021
Born in Australia in 1942

Elected Member Attendance

2020/2021

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

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

| | Audit Committee Meeting 16/12/20 | Jul 20 | Aug20 | Sep20 | Oct20 | Nov20 | Dec20 | Feb21 | Mar21 | Apr21 | May21 | Jun21 |
|-------------------|-------------------------------------|--------|---------|---------------------|---------|---------|---------|-------|---------|---------|-------|---------|
| Cr Jarrad Logie | Apology | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr Natalie Major | | ● | ● | ● | ● | Apology | ● | ● | ● | ● | ● | ● |
| Cr Alex Watts | | ● | ● | ● | ● | ● | ● | ● | Apology | ● | ● | Apology |
| Cr Bernie Panizza | ● | ● | ● | ● | ● | ● | ● | ● | ● | Apology | ● | ● |
| Cr Gilbert Medlen | ● | ● | ● | Apology | ● | Apology | Apology | ● | ● | Apology | ● | ● |
| Cr Moya Carne | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr Tracey Price | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr Simon Harding | ● | ● | Apology | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Cr Bob Baker | | ● | ● | Leave of Absence | Apology | ● | ● | ● | ● | ● | ● | ● |



Community Plan Strategies and Outcomes

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

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

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

The following pages summarise our progress during the 2020/2021 financial year towards achieving the actions, initiatives and priorities identified in each outcome.

Our Vision

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

Our Values

- *Community connectedness and great lifestyle*
 - *Friendly people*
 - *Safety*
 - *Ideal Location (proximity to regional centres and metropolitan area)*
 - *Relevant and well maintained facilities*
 - *Recognition of the need to care for the environment in a balanced approach*
 - *Effective communication and cooperation*
- 
- A decorative image of yellow flowers on a branch, positioned in the bottom right corner of the page. The flowers are in various stages of bloom, with some fully open and others as buds. The background is a solid blue color.

Economic

To support industry and business development through the development of sustainable infrastructure and investment opportunities.



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

The year 2020/2021 was a year for recovery. With the worldwide impacts of COVID19, the Federal government released LRCI (Local Roads & Community Infrastructure) Funding. This funding was welcomed and the Shire was able to begin projects that were scheduled for future years.

The funding was distributed throughout the Shire and a section of Brooking Street underwent a reconstruction; this included installation of subsurface drainage and stabilising of pavement layers to prevent future pavement damage. A section of Marradong Road also underwent a reconstruction to repair areas damaged by the frequent use of heavy vehicles.

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

The Willi Wag Tails Family Daycare expanded its reach and 3 additional Family Day Care Educators were assigned from Wyalkatchem, Bencubbin & Beacon. This is a fantastic support network for families throughout the Wheatbelt.



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

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

The final refurbishment of the single units was completed. The four single persons units are occupied

Social + Cultural

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



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

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

Williams is a very sport oriented town. The Shire takes pride in the sporting facilities that it provides and ensures regular maintenance and upgrades to the sporting areas. The Hockey field underwent works to improve the drainage on the field, this drainage reduced the amount of water that was previously laying on the field, making the ground safer for sporting activities.

Providing support to the Volunteer Bushfire Brigades is a high priority for the Shire of Williams. With the assistance from DFES funding, the Shire was able to build a water tank to the Glenfield Fire Brigade Shed. This is a great addition, with a pump attached, it is another option for water within the community.

The Shire of Williams worked together with the Williams Men's Shed to build a new Men's Shed Facility. This facility will provide opportunities to support Men's health and wellbeing.



Social & Cultural



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

The Shire of Williams continued the support of Local businesses throughout the Covid Pandemic. The Shire provided a one off Covid Relief Payment to local businesses to assist in the recovery of the Covid Effects. The Shire and the Community Resource Centre continued to work together to provide support for the seniors within the community.

The Shire continues to offer events for the community under the "live local love local" initiative. These events raise money, which will then be released back to the community under Community Chest Funding.



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

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

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

Land Use & Environment

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



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

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

The Shire continues to map flood prone areas and planning to mitigate or address these to ensure that valuable assets, whether public or private, are not adversely impacted. The Shire has been working with PHCC on a Hotham-Williams River restoration action plan. This will ensure the best possible outcome to minimise the spread of weeds and minimise river bank erosion.

Effective, safe and appropriate mosquito management was discussed at a Council Meeting, with the community wanting reassurance that the current mitigation methods are the most effective management tool. During the summer months the mosquitoes are fogged to ensure numbers are kept minimal. There is a mosquito register for those wanting to be notified in advance of the fogging. The Shire of Williams employs contractors to undertake road side spraying to ensure weed management measures are completed.

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

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

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

Land Use + Environment

Outcome 3. Recognising and implementing sustainability measures.

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

The Shire of Williams supports and advocates for a regional waste approach to waste management including transfer stations, recycling and waste education.



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

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

Civic Leadership

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



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

The Shire prides itself on being community minded. Through active collaboration and networking, a delegate from the Shire attends as many community consultation forums. The Shire regularly produces newsletters and community surveys to keep up with the communities wants and demands. The Shire values the communities feedback on all matters.

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

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

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

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

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

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

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

Statutory Statements

Report on Disability and Access and Inclusion Plan



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

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

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

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

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

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



Equal Opportunity

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

National Competition Policy

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

Competitive Neutrality (under the CPA)

During the financial year the Shire met its obligations under the National Competition Policy, competitive neutrality addresses potential advantages and disadvantages that public enterprises may have compared to businesses operating within the private sector. Local Government is only required to implement these principles to the extent that the benefits to be realised from implementation far outweigh the costs in respect of individual activities exceeding \$500,000 in income. The Shire of Williams did not have any major undertakings reportable under CPA in the 2020/21 Financial Year.

Complaints of Minor Breaches

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

No. of complaints 2020/21

Nil

Outcome

Action taken

Report on record keeping plan

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

Freedom of Information

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

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

Employees Remuneration

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

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

Annual Financial Report
including Independent Auditor's Report - final page

For the year ending
30 June 2021



SHIRE OF WILLIAMS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

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

Principal place of business:
9 Brooking Street
Williams WA 6391



**SHIRE OF WILLIAMS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 17TH day of NOVEMBER 2021



GEOFF McKEOWN
Chief Executive Officer

SHIRE OF WILLIAMS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 21(a) | 1,966,778 | 1,966,047 | 1,924,117 |
| Operating grants, subsidies and contributions | 2(a) | 750,270 | 445,698 | 794,053 |
| Fees and charges | 2(a) | 994,228 | 851,142 | 852,675 |
| Interest earnings | 2(a) | 16,010 | 17,579 | 34,599 |
| Other revenue | 2(a) | 65,153 | 59,100 | 77,934 |
| | | <u>3,792,439</u> | <u>3,339,566</u> | <u>3,683,378</u> |
| Expenses | | | | |
| Employee costs | | (1,654,940) | (1,638,795) | (1,611,677) |
| Materials and contracts | | (620,087) | (666,565) | (625,548) |
| Utility charges | | (223,364) | (201,800) | (202,921) |
| Depreciation on non-current assets | 10(b) | (1,275,304) | (1,267,984) | (1,274,811) |
| Interest expenses | 2(b) | (28,031) | (28,490) | (31,566) |
| Insurance expenses | | (124,159) | (122,976) | (114,472) |
| Other expenditure | 2(b) | (21,898) | (15,750) | (18,178) |
| | | <u>(3,947,783)</u> | <u>(3,942,360)</u> | <u>(3,879,173)</u> |
| | | (155,344) | (602,794) | (195,795) |
| Non-operating grants, subsidies and contributions | 2(a) | 706,323 | 805,568 | 519,082 |
| Profit on asset disposals | 10(a) | 17,273 | 0 | 47,200 |
| (Loss) on asset disposals | 10(a) | (2,000) | 0 | (8,803) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 1,940 | 0 | 865 |
| Reversal of prior year loss on revaluation of furniture and equipment | 8(a) | 0 | 0 | 985 |
| | | <u>723,536</u> | <u>805,568</u> | <u>559,329</u> |
| Net result for the period | | <u>568,192</u> | <u>202,774</u> | <u>363,534</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 11 | 0 | 0 | (343,146) |
| Total other comprehensive income for the period | | <u>0</u> | | <u>(343,146)</u> |
| Total comprehensive income for the period | | <u>568,192</u> | <u>202,774</u> | <u>20,388</u> |

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



SHIRE OF WILLIAMS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| | 2(a) | | | |
| Governance | | 20,449 | 501 | 1,917 |
| General purpose funding | | 2,490,633 | 2,208,618 | 2,502,997 |
| Law, order, public safety | | 46,835 | 30,905 | 67,214 |
| Health | | 773 | 400 | 300 |
| Education and welfare | | 399,328 | 332,801 | 273,834 |
| Housing | | 240,583 | 243,611 | 242,274 |
| Community amenities | | 200,184 | 187,183 | 192,325 |
| Recreation and culture | | 50,486 | 44,473 | 42,773 |
| Transport | | 104,990 | 111,690 | 96,578 |
| Economic services | | 152,587 | 115,154 | 147,200 |
| Other property and services | | 85,591 | 64,230 | 115,966 |
| | | 3,792,439 | 3,339,566 | 3,683,378 |
| Expenses | | | | |
| | 2(b) | | | |
| Governance | | (181,598) | (185,921) | (201,659) |
| General purpose funding | | (89,370) | (90,051) | (83,005) |
| Law, order, public safety | | (111,696) | (107,247) | (90,406) |
| Health | | (52,812) | (61,302) | (55,314) |
| Education and welfare | | (374,592) | (353,525) | (303,313) |
| Housing | | (185,345) | (194,893) | (155,572) |
| Community amenities | | (307,592) | (295,076) | (270,933) |
| Recreation and culture | | (807,631) | (766,276) | (766,009) |
| Transport | | (1,477,095) | (1,596,619) | (1,541,517) |
| Economic services | | (169,229) | (165,564) | (137,113) |
| Other property and services | | (162,792) | (97,396) | (242,766) |
| | | (3,919,752) | (3,913,870) | (3,847,607) |
| Finance Costs | | | | |
| | 2(b) | | | |
| Recreation and culture | | (3,721) | (3,749) | (4,018) |
| Transport | | (1,545) | (1,748) | (2,887) |
| Economic services | | (11,312) | (11,412) | (12,461) |
| Other property and services | | (11,453) | (11,581) | (12,200) |
| | | (28,031) | (28,490) | (31,566) |
| | | (155,344) | (602,794) | (195,795) |
| Non-operating grants, subsidies and contributions | 2(a) | 706,323 | 805,568 | 519,082 |
| Profit on disposal of assets | 10(a) | 17,273 | 0 | 47,200 |
| (Loss) on disposal of assets | 10(a) | (2,000) | 0 | (8,803) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 1,940 | 0 | 865 |
| Reversal of prior year loss on revaluation of furniture and equipment | 8(a) | 0 | 0 | 985 |
| | | 723,536 | 805,568 | 559,329 |
| Net result for the period | | 568,192 | 202,774 | 363,534 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 11 | 0 | 0 | (343,146) |
| Total other comprehensive income for the period | | 0 | 0 | (343,146) |
| Total comprehensive income for the period | | 568,192 | 202,774 | 20,388 |

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



SHIRE OF WILLIAMS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | NOTE | 2021 \$ | 2020 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 1,609,509 | 1,618,929 |
| Trade and other receivables | 6 | 189,674 | 102,688 |
| Other financial assets | 5(a) | 107,023 | 15,966 |
| Inventories | 7 | 22,190 | 27,564 |
| TOTAL CURRENT ASSETS | | 1,928,396 | 1,765,147 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 5(b) | 55,356 | 160,439 |
| Property, plant and equipment | 8 | 17,239,394 | 16,959,109 |
| Infrastructure | 9 | 62,658,116 | 62,318,848 |
| TOTAL NON-CURRENT ASSETS | | 79,952,866 | 79,438,396 |
| TOTAL ASSETS | | 81,881,262 | 81,203,543 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 261,121 | 212,616 |
| Other liabilities | 13 | 122,634 | 48,870 |
| Borrowings | 14(a) | 195,514 | 102,462 |
| Employee related provisions | 15 | 341,041 | 356,517 |
| TOTAL CURRENT LIABILITIES | | 920,310 | 720,465 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 14(a) | 504,908 | 600,422 |
| Employee related provisions | 15 | 16,306 | 11,109 |
| TOTAL NON-CURRENT LIABILITIES | | 521,214 | 611,531 |
| TOTAL LIABILITIES | | 1,441,524 | 1,331,996 |
| NET ASSETS | | 80,439,738 | 79,871,547 |
| EQUITY | | | |
| Retained surplus | | 21,110,977 | 20,525,041 |
| Reserves - cash backed | 4 | 747,113 | 764,857 |
| Revaluation surplus | 11 | 58,581,648 | 58,581,648 |
| TOTAL EQUITY | | 80,439,738 | 79,871,547 |

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 2021

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---------------------------------|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2019 | | 19,967,598 | 958,766 | 58,924,794 | 79,851,158 |
| Comprehensive income | | | | | |
| Net result for the period | | 363,534 | 0 | 0 | 363,534 |
| Other comprehensive income | 11 | 0 | 0 | (343,146) | (343,146) |
| Total comprehensive income | | 363,534 | 0 | (343,146) | 20,388 |
| Transfers from reserves | 4 | 312,641 | (312,641) | 0 | 0 |
| Transfers to reserves | 4 | (118,732) | 118,732 | 0 | 0 |
| Balance as at 30 June 2020 | | 20,525,041 | 764,857 | 58,581,648 | 79,871,546 |
| Restated balance at 1 July 2020 | | 20,525,041 | 764,857 | 58,581,648 | 79,871,546 |
| Comprehensive income | | | | | |
| Net result for the period | | 568,192 | 0 | 0 | 568,192 |
| Total comprehensive income | | 568,192 | 0 | 0 | 568,192 |
| Transfers from reserves | 4 | 107,007 | (107,007) | 0 | 0 |
| Transfers to reserves | 4 | (89,263) | 89,263 | 0 | 0 |
| Balance as at 30 June 2021 | | 21,110,977 | 747,113 | 58,581,648 | 80,439,738 |

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 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 1,974,957 | 1,961,047 | 1,943,184 |
| Operating grants, subsidies and contributions | | 645,632 | 396,828 | 1,037,584 |
| Fees and charges | | 993,959 | 851,142 | 852,675 |
| Interest received | | 16,010 | 17,579 | 34,599 |
| Goods and services tax received | | 168,840 | 108,623 | 163,540 |
| Other revenue | | 65,153 | 59,100 | 77,934 |
| | | 3,864,551 | 3,394,319 | 4,109,516 |
| Payments | | | | |
| Employee costs | | (1,649,305) | (1,667,552) | (1,592,233) |
| Materials and contracts | | (580,717) | (434,742) | (566,960) |
| Utility charges | | (223,364) | (201,800) | (202,921) |
| Interest expenses | | (28,031) | (28,990) | (31,566) |
| Insurance paid | | (124,159) | (122,976) | (114,472) |
| Goods and services tax paid | | (168,840) | (265,541) | (163,540) |
| Other expenditure | | (21,898) | (15,750) | (18,178) |
| | | (2,796,314) | (2,737,351) | (2,689,870) |
| Net cash provided by (used in) operating activities | 16 | 1,068,237 | 656,968 | 1,419,646 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 8(a) | (693,113) | (809,387) | (758,117) |
| Payments for construction of infrastructure | 9(a) | (1,253,744) | (1,273,370) | (1,094,299) |
| Non-operating grants, subsidies and contributions | 2(a) | 788,423 | 720,553 | 519,082 |
| Proceeds from financial assets at amortised cost - self supporting loans | 14(b) | 15,966 | 15,966 | 15,475 |
| Proceeds from sale of property, plant & equipment | 10(a) | 67,273 | 52,000 | 121,571 |
| Net cash provided by (used in) investment activities | | (1,075,195) | (1,294,238) | (1,196,288) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 14(b) | (102,462) | (102,462) | (112,942) |
| Proceeds from new borrowings | 14(b) | 100,000 | 100,000 | 0 |
| Net cash provided by (used in) financing activities | | (2,462) | (2,462) | (112,942) |
| Net increase (decrease) in cash held | | (9,420) | (639,732) | 110,416 |
| Cash at beginning of year | | 1,618,929 | 1,637,335 | 1,508,513 |
| Cash and cash equivalents at the end of the year | 16 | 1,609,509 | 997,603 | 1,618,929 |

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



SHIRE OF WILLIAMS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|--------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 22 (b) | 386,912 | 392,035 | 422,661 |
| | | 386,912 | 392,035 | 422,661 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 22,389 | 501 | 2,782 |
| General purpose funding | | 560,224 | 278,940 | 613,209 |
| Law, order, public safety | | 46,835 | 30,905 | 67,214 |
| Health | | 773 | 400 | 300 |
| Education and welfare | | 399,328 | 332,801 | 273,834 |
| Housing | | 240,583 | 243,611 | 242,274 |
| Community amenities | | 200,184 | 187,183 | 192,325 |
| Recreation and culture | | 50,486 | 44,473 | 42,773 |
| Transport | | 122,263 | 111,690 | 129,734 |
| Economic services | | 152,587 | 115,154 | 147,200 |
| Other property and services | | 85,591 | 64,230 | 130,010 |
| | | 1,881,243 | 1,409,888 | 1,841,655 |
| Expenditure from operating activities | | | | |
| Governance | | (181,598) | (185,921) | (201,659) |
| General purpose funding | | (89,370) | (90,051) | (83,005) |
| Law, order, public safety | | (111,696) | (107,247) | (90,406) |
| Health | | (52,812) | (61,302) | (55,314) |
| Education and welfare | | (374,592) | (353,525) | (303,313) |
| Housing | | (185,345) | (194,893) | (155,572) |
| Community amenities | | (307,592) | (295,076) | (270,933) |
| Recreation and culture | | (811,352) | (770,025) | (774,929) |
| Transport | | (1,480,640) | (1,598,367) | (1,547,284) |
| Economic services | | (180,541) | (176,976) | (149,574) |
| Other property and services | | (174,245) | (108,977) | (255,002) |
| | | (3,949,783) | (3,942,360) | (3,886,991) |
| Non-cash amounts excluded from operating activities | 22(a) | 1,268,351 | 1,273,128 | 1,235,119 |
| Amount attributable to operating activities | | (413,278) | (867,309) | (387,556) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 706,323 | 805,568 | 519,082 |
| Proceeds from disposal of assets | 10(a) | 67,273 | 52,000 | 121,571 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 15,966 | 15,966 | 15,475 |
| Purchase of property, plant and equipment | 8(a) | (693,113) | (809,387) | (758,117) |
| Purchase and construction of infrastructure | 9(a) | (1,253,744) | (1,273,370) | (1,094,299) |
| Amount attributable to investing activities | | (1,157,295) | (1,209,223) | (1,196,288) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 14(b) | (102,462) | (102,462) | (112,942) |
| Proceeds from borrowings | 14(c) | 100,000 | 100,000 | 0 |
| Transfers to reserves (restricted assets) | 4 | (89,263) | (91,540) | (118,732) |
| Transfers from reserves (restricted assets) | 4 | 107,007 | 240,856 | 312,641 |
| Amount attributable to financing activities | | 15,282 | 146,854 | 80,968 |
| Surplus/(deficit) before imposition of general rates | | (1,555,290) | (1,929,678) | (1,502,877) |
| Total amount raised from general rates | 21(a) | 1,930,409 | 1,929,678 | 1,889,788 |
| Surplus/(deficit) after imposition of general rates | 22(b) | 375,119 | 0 | 386,912 |

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

SHIRE OF WILLIAMS
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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1. BASIS OF PREPARATION

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

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

- Employee expenses
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Borrowing liabilities
- Provisions

2. REVENUE AND EXPENSES

(a) Grant revenue

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

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | | | |
| Governance | 20,449 | 0 | 0 |
| General purpose funding | 503,791 | 218,992 | 544,363 |
| Law, order, public safety | 39,338 | 27,205 | 64,464 |
| Education and welfare | 44,000 | 61,000 | 44,000 |
| Housing | 56,240 | 55,961 | 55,961 |
| Community amenities | 1,192 | 1,100 | 5,000 |
| Recreation and culture | 3,768 | 0 | 0 |
| Transport | 81,492 | 81,440 | 80,265 |
| | 750,270 | 445,698 | 794,053 |
| Non-operating grants, subsidies and contributions | | | |
| Law, order, public safety | 37,803 | 20,000 | 0 |
| Housing | 9,111 | 0 | 0 |
| Recreation and culture | 29,200 | 74,200 | 17,418 |
| Transport | 630,209 | 711,368 | 501,664 |
| | 706,323 | 805,568 | 519,082 |
| Total grants, subsidies and contributions | 1,456,593 | 1,251,266 | 1,313,135 |
| Fees and charges | | | |
| General purpose funding | 5,754 | 5,000 | 5,126 |
| Law, order, public safety | 3,057 | 2,500 | 1,505 |
| Health | 773 | 400 | 300 |
| Education and welfare | 354,453 | 270,751 | 228,564 |
| Housing | 182,442 | 186,650 | 185,338 |
| Community amenities | 194,600 | 184,383 | 184,500 |
| Recreation and culture | 37,681 | 35,274 | 32,719 |
| Transport | 21,400 | 16,050 | 16,253 |
| Economic services | 151,165 | 114,904 | 146,997 |
| Other property and services | 42,903 | 35,230 | 51,372 |
| | 994,228 | 851,142 | 852,675 |

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

2. REVENUE AND EXPENSES (Continued)

| (a) Revenue (Continued) | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Contracts with customers and transfers for recognisable non-financial assets | | | |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services: | | | |
| Fees and charges | 6,154 | 14,200 | 0 |
| Other revenue | 0 | 0 | 17,080 |
| Non-operating grants, subsidies and contributions | 706,323 | 805,568 | 519,082 |
| | 712,477 | 819,768 | 536,162 |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of: | | | |
| Revenue from contracts with customers recognised during the year | 6,154 | 14,200 | 17,080 |
| Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period | 34,200 | 34,200 | 0 |
| Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year | 672,123 | 771,368 | 519,082 |
| | 712,477 | 819,768 | 536,162 |
| Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is: | | | |
| Trade and other receivables from contracts with customers | 135,087 | | 78,744 |
| Financial assets held from transfers for recognisable financial assets | 122,634 | | 48,870 |
| Grant liabilities from transfers for recognisable non financial assets | (116,300) | | (34,200) |

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021.

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

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates
Statutory permits and licences

Assets and services acquired below fair value

Contributed assets

Other revenue

Reimbursements and recoveries
Other

Interest earnings

Financial assets at amortised cost - self supporting loans
Interest on reserve funds
Rates instalment and penalty interest (refer Note 21(b))
Other interest earnings

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| General rates | 1,930,409 | 1,929,678 | 1,889,788 |
| Statutory permits and licences | 11,051 | 14,525 | 7,057 |
| | <u>1,941,460</u> | <u>1,944,203</u> | <u>1,896,845</u> |
| Contributed assets | 0 | 0 | 14,252 |
| | <u>0</u> | <u>0</u> | <u>14,252</u> |
| Reimbursements and recoveries | 32,756 | 26,600 | 48,881 |
| Other | 32,397 | 32,500 | 29,053 |
| | <u>65,153</u> | <u>59,100</u> | <u>77,934</u> |
| Financial assets at amortised cost - self supporting loans | 3,517 | 0 | 4,018 |
| Interest on reserve funds | 3,077 | 5,354 | 10,897 |
| Rates instalment and penalty interest (refer Note 21(b)) | 8,571 | 9,725 | 16,118 |
| Other interest earnings | 845 | 2,500 | 3,566 |
| | <u>16,010</u> | <u>17,579</u> | <u>34,599</u> |

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

| Note | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Auditors remuneration | | | |
| - Audit of the Annual Financial Report | 17,000 | 17,000 | 17,000 |
| - Audit of Grant Aquittals | 800 | 1,000 | 800 |
| | <u>17,800</u> | <u>18,000</u> | <u>17,800</u> |
| Interest expenses (finance costs) | | | |
| Borrowings | 28,031 | 28,490 | 31,566 |
| | <u>28,031</u> | <u>28,490</u> | <u>31,566</u> |
| Other expenditure | | | |
| Impairment loss on trade and other receivables | 1,096 | 0 | 0 |
| Sundry expenses | 20,802 | 15,750 | 18,178 |
| | <u>21,898</u> | <u>15,750</u> | <u>18,178</u> |

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is 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 |
| Licences/ Registrations/ Approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming. | Single point in time | Full payment prior to issue | None | Set by State legislation or limited by legislation to the cost of provision | Based on timing of issue of the associated rights | No refunds | On payment and issue of the licence, registration or approval |
| Pool inspections | Compliance safety check | Single point in time | Equal proportion based on an equal annually fee | None | Set by State legislation | Apportioned equally across the inspection cycle | No refunds | After inspection complete based on a 4 year cycle |
| Other inspections | Regulatory Food, Health and Safety | Single point in time | Full payment prior to inspection | None | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection | Not applicable | Revenue recognised after inspection event occurs |
| Waste management collections | Kerbside collection service | Over time | Payment on an annual basis in advance | None | Adopted by council annually | Apportioned equally across the collection period | Not applicable | Output method based on regular weekly and fortnightly period as proportionate to collection service |
| Waste management entry fees | Waste treatment, recycling and disposal service at disposal sites | Single point in time | Payment in advance at gate or on normal trading terms if credit provided | None | Adopted by council annually | Based on timing of entry to facility | Not applicable | On entry to facility |
| Property hire and entry | Use of halls and facilities | Single point in time | In full in advance | Refund if event cancelled within 7 days | Adopted by council annually | Based on timing of entry to facility | Returns limited to repayment of transaction price | On entry or at conclusion of hire |
| Fees and charges for other goods and services | Cemetery services, library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Adopted by council annually | Applied fully based on timing of provision | Not applicable | Output method based on provision of service or completion of works |
| Commissions | Commissions on licencing | Over time | Payment in full on sale | None | Set by mutual agreement with the customer | On receipt of funds | Not applicable | When assets are controlled |
| Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | Set by mutual agreement with the customer | When claim is agreed | Not applicable | When claim is agreed |

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

3. CASH AND CASH EQUIVALENTS

| | NOTE | 2021 \$ | 2020 \$ |
|--|-------|------------|------------|
| Cash at bank and on hand | | 1,609,509 | 1,618,929 |
| Total cash and cash equivalents | | 1,609,509 | 1,618,929 |
| Restrictions | | | |
| The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: | | | |
| - Cash and cash equivalents | | 890,863 | 813,727 |
| | | 890,863 | 813,727 |
| The restricted assets are a result of the following specific purposes to which the assets may be used: | | | |
| Reserves - cash backed | 4 | 747,113 | 764,857 |
| Contract liabilities from contracts with customers | 13 | 6,334 | 14,670 |
| Grants for transfers for recognisable non financial asse | 13 | 116,300 | 34,200 |
| Unspent loans | 14(d) | 21,116 | 0 |
| Total restricted assets | | 890,863 | 813,727 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

| 4. RESERVES - CASH BACKED | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2020 | 2020 | 2020 | 2020 |
|-----------------------------------|---------|-------------|-----------|---------|---------|-------------|-----------|---------|---------|-------------|-----------|---------|
| | Actual | Actual | Actual | Actual | Budget | Budget | Budget | Budget | Actual | Actual | Actual | Actual |
| | Opening | Transfer to | Transfer | Closing | Opening | Transfer to | Transfer | Closing | Opening | Transfer to | Transfer | Closing |
| | Balance | | (from) | Balance | Balance | | (from) | Balance | Balance | | (from) | Balance |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (a) Leave Reserve | 20,592 | 5,063 | 0 | 25,655 | 20,592 | 5,144 | 0 | 25,736 | 15,472 | 5,119 | 0 | 20,592 |
| (b) Plant Replacement Reserve | 179,117 | 40,949 | (63,615) | 156,451 | 179,117 | 41,254 | (109,108) | 111,263 | 216,014 | 43,103 | (80,000) | 179,117 |
| (c) Building Reserve | 291,381 | 21,012 | (30,000) | 282,393 | 291,382 | 22,040 | (90,000) | 223,422 | 446,758 | 44,623 | (200,000) | 291,381 |
| (d) Recreation Facilities Reserve | 122,825 | 10,494 | (13,392) | 119,927 | 122,825 | 10,860 | (41,748) | 91,937 | 121,445 | 1,380 | 0 | 122,825 |
| (e) Art Acquisition Reserve | 8,783 | 35 | 0 | 8,818 | 8,783 | 61 | 0 | 8,844 | 11,651 | 132 | (3,000) | 8,783 |
| (f) Joint Venture Housing Reserve | 105,128 | 10,375 | 0 | 115,503 | 105,128 | 10,736 | 0 | 115,864 | 94,194 | 10,934 | 0 | 105,128 |
| (g) Refuse Site Reserve | 24,196 | 97 | 0 | 24,293 | 24,196 | 169 | 0 | 24,365 | 53,232 | 605 | (29,641) | 24,196 |
| (h) Community Chest Reserve | 12,835 | 1,238 | 0 | 14,073 | 12,835 | 1,276 | 0 | 14,111 | 0 | 12,835 | 0 | 12,835 |
| | 764,857 | 89,263 | (107,007) | 747,113 | 764,858 | 91,540 | (240,856) | 615,542 | 958,766 | 118,732 | (312,641) | 764,857 |

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 | 2020/2021 | To be used to fund purchase of plant items. |
| (c) Building Reserve | 2020/2021 | To be used for construction, refurbishment, acquisition of buildings and acquisition of land. |
| (d) Recreation Facilities Reserve | 2020/2021 | To be used to finance capital improvements of existing recreation facilities and to fund acquisition of new recreation facilities. |
| (e) Art Acquisition Reserve | 2021/2022 | To be used for the purchase of art pieces for the Williams Art Collection. |
| (f) Joint Venture Housing Reserve | 2021/2022 | 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. |

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$ | \$ |
| Financial assets at amortised cost | 107,023 | 15,966 |
| Other financial assets at amortised cost | 107,023 | 15,966 |
| Self supporting loans | 107,023 | 15,966 |
| Financial assets at amortised cost | 107,023 | 15,966 |
| Financial assets at amortised cost | 0 | 107,023 |
| Financial assets at fair value through profit and loss | 55,356 | 53,416 |
| Financial assets at fair value through profit and loss | 55,356 | 160,439 |
| Self supporting loans | 0 | 107,023 |
| Financial assets at fair value through profit and loss | 0 | 107,023 |
| Units in Local Government House Trust | 55,356 | 53,416 |
| Financial assets at fair value through profit and loss | 55,356 | 53,416 |

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

6. TRADE AND OTHER RECEIVABLES

Current

| | |
|---|--|
| Rates receivable | |
| Trade and other receivables | |
| Allowance for impairment of receivables from contracts with customers | |
| Accrued Revenue | |

| 2021 | 2020 |
|---------|---------|
| \$ | \$ |
| 12,116 | 21,700 |
| 135,087 | 78,744 |
| (1,096) | (1,365) |
| 43,567 | 3,608 |
| 189,674 | 102,688 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

7. INVENTORIES

Current

| | 2021 | 2020 |
|---------------|--------|--------|
| | \$ | \$ |
| Materials | 4,827 | 6,052 |
| Fuel | 4,041 | 1,569 |
| History Books | 730 | 763 |
| Gravel | 12,592 | 19,180 |
| | 22,190 | 27,564 |

The following movements in inventories occurred during the year:

| | | |
|--------------------------------------|-----------|-----------|
| Balance at beginning of year | 27,564 | 8,384 |
| Inventories expensed during the year | (102,806) | (124,247) |
| Additions to inventory | 97,432 | 143,427 |
| Balance at end of year | 22,190 | 27,564 |

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
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8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

| | 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 2019 | 2,898,143 | 2,704,794 | 10,437,943 | 16,040,880 | 30,924 | 1,273,481 | 0 | 17,345,285 |
| Additions | 200,000 | 0 | 36,128 | 236,128 | 0 | 521,989 | | 758,117 |
| (Disposals) | 0 | 0 | 0 | 0 | (1,021) | (82,153) | 0 | (83,174) |
| Revaluation increments / (decrements) transferred to revaluation surplus | (588,730) | 210,574 | (273,121) | (651,277) | 0 | (14,577) | 0 | (665,854) |
| Revaluation (loss) / reversals transferred to profit or loss | 0 | 0 | 0 | 0 | 985 | 0 | 0 | 985 |
| Depreciation (expense) | 0 | (57,368) | (158,554) | (215,922) | (11,388) | (168,940) | 0 | (396,250) |
| Balance at 30 June 2020 | 2,509,413 | 2,858,000 | 10,042,396 | 15,409,809 | 19,500 | 1,529,800 | 0 | 16,959,109 |
| Comprises: | | | | | | | | |
| Gross balance amount at 30 June 2020 | 2,509,413 | 2,858,000 | 10,042,396 | 15,409,809 | 19,500 | 1,529,800 | 0 | 16,959,109 |
| Accumulated depreciation at 30 June 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 30 June 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 | | 534,280 | 94,725 | 693,113 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | (52,000) | 0 | (52,000) |
| Depreciation (expense) | 0 | (69,687) | (147,491) | (217,178) | (3,178) | (140,472) | | (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 |
| Accumulated depreciation at 30 June 2021 | 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 |

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------|----------------------|--|--------------------------------|------------------------|---|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land | 2 | 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 using either level 2 or level 3 inputs.

(ii) Cost

| | | |
|-------------------------|------|------|
| Furniture and equipment | Cost | Cost |
| Plant and equipment | Cost | Cost |

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

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

| | Infrastructure - roads | Infrastructure - bridges | Infrastructure - drainage | Infrastructure - footpaths | Infrastructure - parks & reserves | Infrastructure - work in progress | Total Infrastructure |
|---|---------------------------|-----------------------------|------------------------------|-------------------------------|--------------------------------------|--------------------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 42,927,083 | 7,106,784 | 7,229,938 | 810,481 | 3,706,116 | 0 | 61,780,402 |
| Additions | 878,662 | 0 | 60,598 | 67,819 | 87,220 | | 1,094,299 |
| Revaluation increments / (decrements) transferred to revaluation surplus | 0 | 0 | 0 | 0 | 322,708 | 0 | 322,708 |
| Depreciation (expense) | (432,317) | (119,532) | (191,911) | (20,657) | (114,144) | 0 | (878,561) |
| Transfers | 11,888 | 0 | (11,888) | 0 | 0 | 0 | 0 |
| Balance at 30 June 2020 | 43,385,316 | 6,987,252 | 7,086,737 | 857,643 | 4,001,900 | 0 | 62,318,848 |
| Comprises: | | | | | | | |
| Gross balance at 30 June 2020 | 44,274,335 | 7,229,016 | 7,469,505 | 899,617 | 4,001,900 | 0 | 63,874,373 |
| Accumulated depreciation at 30 June 2020 | (889,019) | (241,764) | (382,768) | (41,974) | 0 | 0 | (1,555,525) |
| Balance at 30 June 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 (expense) | (435,336) | (116,917) | (181,003) | (21,153) | (160,067) | | (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) |
| Balance at 30 June 2021 | 43,989,297 | 6,870,335 | 7,021,592 | 869,629 | 3,872,998 | 34,265 | 62,658,116 |

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------------|----------------------|--|-------------------------------|------------------------|--|
| (i) Fair Value | | | | | |
| Infrastructure - roads | 3 | Current Replacement Cost | Independent Registered Valuer | June 2018 | Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments. |
| Infrastructure - bridges | 3 | Current Replacement Cost | Independent Registered Valuer | June 2018 | Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments. |
| Infrastructure - drainage | 3 | Current Replacement Cost | Independent Registered Valuer | June 2018 | Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments. |
| Infrastructure - footpaths | 3 | Current Replacement Cost | Independent Registered Valuer | June 2018 | Construction unit rates for each component and current condition (Level 2) residual values and remaining useful life assessments. |
| Infrastructure - parks & reserves | 3 | Cost Approach estimating the replacement cost for each structure, by componentising with different useful lives. | Independent Registered Valuer | June 2020 | Average cost of construction and consumption score for each component (Level 2), residual value, useful life, pattern of consumption and asset condition assessments (Level 3) inputs. |

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Individual assets that are land, buildings and infrastructure acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

SHIRE OF WILLIAMS
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10. FIXED ASSETS

(a) Disposals of Assets

| | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss | 2021 Budget Net Book Value | 2021 Budget Sale Proceeds | 2021 Budget Profit | 2021 Budget Loss | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss |
|-------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Furniture and equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,021 | 0 | 0 | (1,021) |
| Plant and equipment | 52,000 | 67,273 | 17,273 | (2,000) | 52,000 | 52,000 | 0 | 0 | 82,153 | 121,571 | 47,200 | (7,782) |
| | 52,000 | 67,273 | 17,273 | (2,000) | 52,000 | 52,000 | 0 | 0 | 83,174 | 121,571 | 47,200 | (8,803) |

The following assets were disposed of during the year.

| | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|----------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Transport | | | | |
| Isuzu Giga Tip Truck | 30,000 | 47,273 | 17,273 | 0 |
| Holden Colorado Ute | 22,000 | 20,000 | 0 | (2,000) |
| | 52,000 | 67,273 | 17,273 | (2,000) |
| | 52,000 | 67,273 | 17,273 | (2,000) |

10. FIXED ASSETS

(b) Depreciation

| | 2021 Actual | 2021 Budget | 2020 Actual |
|-----------------------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Buildings - non-specialised | 69,687 | 56,000 | 57,368 |
| Buildings - specialised | 147,491 | 174,000 | 158,554 |
| Furniture and equipment | 3,178 | 8,000 | 11,388 |
| Plant and equipment | 140,472 | 167,000 | 168,940 |
| Infrastructure - roads | 435,336 | 429,984 | 432,317 |
| Infrastructure - bridges | 116,917 | 119,000 | 119,532 |
| Infrastructure - drainage | 181,003 | 190,000 | 191,911 |
| Infrastructure - footpaths | 21,153 | 20,000 | 20,657 |
| Infrastructure - parks & reserves | 160,067 | 104,000 | 114,144 |
| | 1,275,304 | 1,267,984 | 1,274,811 |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

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11. REVALUATION SURPLUS

| | 2021 Opening Balance | 2021 Change in Accounting Policy | Total Movement on Revaluation | 2021 Closing Balance | 2020 Opening Balance | 2020 Revaluation Increment | 2020 Revaluation (Decrement) | Total Movement on Revaluation | 2020 Closing Balance |
|---|----------------------------|--|-------------------------------------|----------------------------|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land and Buildings | 9,197,420 | 0 | 0 | 9,197,420 | 9,848,697 | 210,574 | (861,851) | (651,277) | 9,197,420 |
| Revaluation surplus - Plant and equipment | 12,101 | 0 | 0 | 12,101 | 26,678 | 0 | (14,577) | (14,577) | 12,101 |
| Revaluation surplus - Infrastructure - roads | 47,865,246 | 0 | 0 | 47,865,246 | 47,865,246 | 0 | 0 | 0 | 47,865,246 |
| Revaluation surplus - Infrastructure - parks & reserves | 1,506,881 | 0 | 0 | 1,506,881 | 1,184,173 | 322,708 | 0 | 322,708 | 1,506,881 |
| | 58,581,648 | 0 | 0 | 58,581,648 | 58,924,794 | 533,282 | (876,428) | (343,146) | 58,581,648 |

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

12. TRADE AND OTHER PAYABLES

Current

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

| | 2021 | 2020 |
|--|----------------|----------------|
| | \$ | \$ |
| | 180,948 | 149,175 |
| | 14,093 | 15,498 |
| | 65,557 | 49,192 |
| | (7,824) | (7,373) |
| | 100 | 206 |
| | 5,458 | 5,918 |
| | 2,789 | 0 |
| | 261,121 | 212,616 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

13. OTHER LIABILITIES

Current

Contract liabilities
 Liabilities under transfers to acquire or construct non-
 financial assets to be controlled by the entity

| 2021 | 2020 |
|----------------|---------------|
| \$ | \$ |
| 6,334 | 14,670 |
| 116,300 | 34,200 |
| 122,634 | 48,870 |

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

| Contract liabilities | Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity |
|----------------------|---|
| \$ | \$ |
| 6,334 | 116,300 |
| 6,334 | 116,300 |

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
 Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

SHIRE OF WILLIAMS
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14. INFORMATION ON BORROWINGS

| (a) Borrowings | 2021 | 2020 |
|----------------|----------------|----------------|
| | \$ | \$ |
| Current | 195,514 | 102,462 |
| Non-current | 504,908 | 600,422 |
| | <u>700,422</u> | <u>702,884</u> |

(b) Repayments - Borrowings

| Particulars | Loan Number | Institution | Interest Rate | 30 June 2021 | | | | | 30 June 2020 | | | | | | | | |
|------------------------------|-------------|-------------|---------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------------------|-----------------------------|----------------------------|------------------------------|
| | | | | Actual Principal 1 July 2020 | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | Budget Principal 1 July 2020 | Budget New Loans | Budget Principal repayments | Budget Interest repayments | Budget Principal outstanding | Actual Principal 1 July 2019 | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding |
| | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Governance | | | | | | | | | | | | | | | | | |
| IT Computer Server | 68 | WATC* | 3.26% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,885 | (3,885) | (35) | 0 | | |
| Recreation and culture | | | | | | | | | | | | | | | | | |
| Mens Shed | 71 | WATC* | 0.72% | 0 | 100,000 | 0 | (204) | 100,000 | 0 | 100,000 | 0 | 0 | 0 | 0 | 0 | | |
| Transport | | | | | | | | | | | | | | | | | |
| CAT Grader | 67 | WATC* | 3.42% | 61,117 | 0 | (40,398) | (1,545) | 20,719 | 61,117 | 0 | (40,398) | (1,748) | 20,719 | 100,168 | (39,051) | (2,887) | 61,117 |
| Economic services | | | | | | | | | | | | | | | | | |
| Industrial Shed | 66 | WATC* | 4.17% | 140,546 | 0 | (12,336) | (5,634) | 128,210 | 140,546 | 0 | (12,336) | (5,733) | 128,210 | 152,383 | (11,837) | (6,105) | 140,546 |
| Industrial Shed | 70 | WATC* | 3.02% | 193,460 | 0 | (21,723) | (5,678) | 171,737 | 193,460 | 0 | (21,723) | (5,679) | 171,737 | 224,847 | (31,387) | (6,356) | 193,460 |
| Other property and services | | | | | | | | | | | | | | | | | |
| Industrial Land | 65 | WATC* | 6.37% | 184,772 | 0 | (12,039) | (11,453) | 172,733 | 184,772 | 0 | (12,039) | (11,581) | 172,733 | 196,079 | (11,307) | (12,165) | 184,772 |
| | | | | <u>579,895</u> | <u>100,000</u> | <u>(86,496)</u> | <u>(24,514)</u> | <u>593,399</u> | <u>579,895</u> | <u>100,000</u> | <u>(86,496)</u> | <u>(24,741)</u> | <u>593,399</u> | <u>677,362</u> | <u>(97,467)</u> | <u>(27,548)</u> | <u>579,895</u> |
| Self Supporting Loans | | | | | | | | | | | | | | | | | |
| Recreation and culture | | | | | | | | | | | | | | | | | |
| Bowling Club Synthetic Turf | 69 | WATC* | 3.15% | 122,989 | 0 | (15,966) | (3,517) | 107,023 | 122,989 | 0 | (15,966) | (3,749) | 107,023 | 138,464 | (15,475) | (4,018) | 122,989 |
| | | | | <u>122,989</u> | <u>0</u> | <u>(15,966)</u> | <u>(3,517)</u> | <u>107,023</u> | <u>122,989</u> | <u>0</u> | <u>(15,966)</u> | <u>(3,749)</u> | <u>107,023</u> | <u>138,464</u> | <u>(15,475)</u> | <u>(4,018)</u> | <u>122,989</u> |
| | | | | <u>702,884</u> | <u>100,000</u> | <u>(102,462)</u> | <u>(28,031)</u> | <u>700,422</u> | <u>702,884</u> | <u>100,000</u> | <u>(102,462)</u> | <u>(28,490)</u> | <u>700,422</u> | <u>815,826</u> | <u>(112,942)</u> | <u>(31,566)</u> | <u>702,884</u> |

* WA Treasury Corporation

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

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14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

| Particulars/Purpose | Institution | Loan Type | Term Years | Interest Rate | Amount Borrowed | | Amount (Used) | | Total Interest & Charges | Actual Balance Unspent |
|---------------------------|-------------|-----------|------------|---------------|-----------------|-------------|---------------|--------------|--------------------------|------------------------|
| | | | | | 2021 Actual | 2021 Budget | 2021 Actual | 2021 Budget | | |
| Mens Shed | WATC * | Debenture | 5 | 0.72% | \$ 100,000 | \$ 100,000 | \$ (78,884) | \$ (100,000) | \$ 1,981 | \$ (21,116) |
| * WA Treasury Corporation | | | | | \$ 100,000 | \$ 100,000 | \$ (78,884) | \$ (100,000) | \$ 1,981 | \$ (21,116) |

(d) Unspent Borrowings

| Particulars | Date Borrowed | Unspent Balance 1 July 2020 | Borrowed During Year | Expended During Year | Unspent Balance 30 June 2021 |
|---------------------------|---------------|-----------------------------|----------------------|----------------------|------------------------------|
| Mens Shed | WATC * | \$ 0 | \$ 100,000 | \$ (78,884) | \$ 21,116 |
| * WA Treasury Corporation | | \$ 0 | \$ 100,000 | \$ (78,884) | \$ 21,116 |

(e) Undrawn Borrowing Facilities

| | 2021 | 2020 |
|--|----------------|----------------|
| Credit Standby Arrangements | \$ | \$ |
| Bank overdraft limit | 100,000 | 100,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 15,000 | 15,000 |
| Credit card balance at balance date | (3,099) | (1,148) |
| Total amount of credit unused | 111,901 | 113,852 |
| Loan facilities | | |
| Loan facilities - current | 195,514 | 102,462 |
| Loan facilities - non-current | 504,908 | 600,422 |
| Total facilities in use at balance date | 700,422 | 702,884 |
| Unused loan facilities at balance date | NIL | NIL |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 23.

15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|--|--|--|----------------|
| Opening balance at 1 July 2020 | | | |
| Current provisions | 151,219 | 205,298 | 356,517 |
| Non-current provisions | 0 | 11,109 | 11,109 |
| | <u>151,219</u> | <u>216,407</u> | <u>367,626</u> |
| Additional provision | 126,788 | 16,467 | 143,255 |
| Amounts used | (130,312) | (23,222) | (153,534) |
| Balance at 30 June 2021 | <u>147,695</u> | <u>209,652</u> | <u>357,347</u> |
| Comprises | | | |
| Current | 147,695 | 193,346 | 341,041 |
| Non-current | 0 | 16,306 | 16,306 |
| | <u>147,695</u> | <u>209,652</u> | <u>357,347</u> |
| Amounts are expected to be settled on the following basis: | 2021 \$ | 2020 \$ | |
| Less than 12 months after the reporting date | 216,423 | 236,356 | |
| More than 12 months from reporting date | 151,979 | 142,325 | |
| Expected reimbursements from other WA local governments | (11,055) | (11,055) | |
| | <u>357,347</u> | <u>367,626</u> | |

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

Provisions

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|------------------|----------------|------------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 1,609,509 | 997,603 | 1,618,929 |
| Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 568,192 | 202,774 | 363,534 |
| Non-cash flows in Net result: | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | (1,940) | 0 | (865) |
| Depreciation on non-current assets | 1,275,304 | 1,267,984 | 1,274,811 |
| (Profit)/loss on sale of asset | (15,273) | 0 | (38,397) |
| Reversal of loss on revaluation of fixed assets | 0 | 0 | (985) |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | (86,987) | 18,608 | 198,230 |
| (Increase)/decrease in inventories | 5,374 | 15,100 | (19,180) |
| Increase/(decrease) in payables | 48,505 | (38,075) | 86,437 |
| Increase/(decrease) in employee provisions | (10,279) | (40,000) | 26,273 |
| Increase/(decrease) in other liabilities | 73,764 | (48,870) | 48,870 |
| Non-operating grants, subsidies and contributions | (788,423) | (720,553) | (519,082) |
| Net cash from operating activities | <u>1,068,237</u> | <u>656,968</u> | <u>1,419,646</u> |

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2021 | 2020 |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Governance | 0 | 1,393,593 |
| General purpose funding | 12,116 | 21,833 |
| Law, order, public safety | 256,015 | 210,278 |
| Health | 970,531 | 933,441 |
| Education and welfare | 1,760,883 | 1,780,787 |
| Housing | 3,950,133 | 2,106,615 |
| Community amenities | 322,377 | 268,909 |
| Recreation and culture | 11,358,802 | 7,899,608 |
| Transport | 59,644,709 | 60,626,228 |
| Economic services | 311,447 | 5,011,546 |
| Other property and services | 2,418,994 | 85,619 |
| Unallocated | 875,255 | 865,086 |
| | <u>81,881,262</u> | <u>81,203,543</u> |

18. ELECTED MEMBERS REMUNERATION

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Cr Logie (President) | | | |
| President's annual allowance | 4,606 | 4,606 | 4,516 |
| Meeting attendance fees | 3,843 | 3,800 | 3,997 |
| Travelling Expenses | 0 | 100 | 0 |
| | 8,449 | 8,506 | 8,513 |
| Cr Major (Deputy President) | | | |
| Meeting attendance fees | 1,906 | 1,900 | 1,636 |
| Travelling Expenses | 144 | 250 | 170 |
| | 2,050 | 2,150 | 1,806 |
| Cr Carne | | | |
| Meeting attendance fees | 1,823 | 1,800 | 1,710 |
| Travelling Expenses | 315 | 350 | 328 |
| | 2,138 | 2,150 | 2,038 |
| Cr Medlen | | | |
| Meeting attendance fees | 1,388 | 1,350 | 1,500 |
| Travelling Expenses | 296 | 400 | 358 |
| | 1,684 | 1,750 | 1,858 |
| Cr Price | | | |
| Meeting attendance fees | 1,747 | 1,750 | 994 |
| Travelling Expenses | 0 | 50 | 0 |
| | 1,747 | 1,800 | 994 |
| Cr Harding | | | |
| Meeting attendance fees | 1,830 | 1,800 | 1,784 |
| Travelling Expenses | 315 | 350 | 368 |
| | 2,145 | 2,150 | 2,152 |
| Cr Watt | | | |
| Meeting attendance fees | 1,457 | 1,400 | 1,636 |
| Travelling Expenses | 0 | 50 | 0 |
| | 1,457 | 1,450 | 1,636 |
| Cr Baker | | | |
| Meeting attendance fees | 1,381 | | 1,850 |
| Travelling Expenses | 0 | 50 | 0 |
| | 1,381 | 50 | 1,850 |
| Cr Panizza | | | |
| Meeting attendance fees | 1,830 | 1,800 | 784 |
| Travelling Expenses | 837 | 900 | 298 |
| | 2,667 | 2,700 | 1,082 |
| Cr Cavanagh | | | |
| Meeting attendance fees | 0 | 0 | 716 |
| Travelling Expenses | 0 | 0 | 490 |
| | 0 | 0 | 1,206 |
| | 23,718 | 22,706 | 23,135 |
| Fees, expenses and allowances to be paid or reimbursed to elected council members. | | | |
| President's allowance | 4,606 | 4,606 | 4,516 |
| Meeting attendance fees | 17,205 | 15,600 | 16,607 |
| Travelling Expenses | 1,907 | 2,500 | 2,012 |
| | 23,718 | 22,706 | 23,135 |

19. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

| | 2021 Actual | 2020 Actual |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 358,223 | 348,246 |
| Post-employment benefits | 35,062 | 41,567 |
| Other long-term benefits | 12,166 | 19,558 |
| | <u>405,451</u> | <u>409,371</u> |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

The following transactions occurred with related parties:

| | 2021 Actual | 2020 Actual |
|--|----------------|----------------|
| | \$ | \$ |
| Sale of goods and services | 60,790 | 57,005 |
| Purchase of goods and services | 112,604 | 31,107 |
| Employee benefits -other related parties | 153,621 | 160,889 |
| Amounts outstanding from related parties: | | |
| Trade and other receivables | 197 | 0 |

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

An associate person of KMP 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.

20. JOINT ARRANGEMENTS

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

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Non-current assets | | |
| Land and Buildings | | |
| Wandoo Court (2 x 2 bedroom units) @ 28.34% | 122,651 | 122,651 |
| Less: accumulated depreciation | (1,615) | 0 |
| | <u>121,036</u> | <u>122,651</u> |
| Sandalwood Court (6x2 bedroom units) @ 16.10% | 171,747 | 171,747 |
| Less: accumulated depreciation | (2,739) | 0 |
| | <u>169,008</u> | <u>171,747</u> |
| TOTAL ASSETS | <u><u>290,044</u></u> | <u><u>294,398</u></u> |
| Joint Venture Assets were fair valued 30 June 2020. | | |
| Statement of Comprehensive Income | | |
| Revenue | | |
| Housing | 2021 | 2020 |
| | \$ | \$ |
| - Wandoo Court @ 28.34% | 3,736 | 3,986 |
| - Sandalwood Court @ 16.10% | 6,935 | 7,041 |
| | <u>10,671</u> | <u>11,027</u> |
| Expenditure | | |
| Housing | | |
| - Wandoo Court @ 28.34% | (5,162) | (4,535) |
| - Sandalwood Court @ 16.10% | (9,231) | (8,200) |
| | <u>(14,393)</u> | <u>(12,735)</u> |
| NET RESULT | <u><u>(3,722)</u></u> | <u><u>(1,708)</u></u> |

The Shire manages the property and tenancy.

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

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

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21. RATING INFORMATION

(a) Rates

| RATE TYPE | Rate in \$ | Number of Properties | 2020/21 Actual Rateable Value \$ | 2020/21 Actual Rate Revenue \$ | 2020/21 Actual Interim Rates \$ | 2020/21 Actual Back Rates \$ | 2020/21 Actual Total Revenue \$ | 2020/21 Budget Rate Revenue \$ | 2020/21 Budget Total Revenue \$ | 2019/20 Actual Total Revenue \$ |
|--|---------------|----------------------------|--|--|---|--|---|--|---|---|
| Differential general rate / general rate | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | |
| Residential | 0.074721 | 145 | 1,827,614 | 136,561 | 261 | 0 | 136,822 | 136,522 | 136,522 | 133,499 |
| Industrial/Commercial | 0.074721 | 23 | 1,034,496 | 77,299 | 0 | 0 | 77,299 | 77,299 | 77,299 | 75,783 |
| Unimproved valuations | | | | | | | | | | |
| Rural/Mining | 0.006731 | 239 | 225,010,000 | 1,514,542 | 11,321 | 0 | 1,525,863 | 1,515,135 | 1,515,135 | 1,485,788 |
| Sub-Total | | 407 | 227,872,110 | 1,728,402 | 11,582 | 0 | 1,739,984 | 1,728,956 | 1,728,956 | 1,695,070 |
| Minimum payment | \$ | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | |
| Residential | 734 | 141 | 667,045 | 103,494 | 226 | 0 | 103,720 | 102,760 | 102,760 | 99,360 |
| Industrial/Commercial | 734 | 13 | 52,475 | 9,542 | 734 | 0 | 10,276 | 13,946 | 13,946 | 13,680 |
| Unimproved valuations | | | | | | | | | | |
| Rural/Mining | 944 | 90 | 7,982,851 | 84,960 | (8,531) | 0 | 76,429 | 84,016 | 84,016 | 81,678 |
| Sub-Total | | 244 | 8,702,371 | 197,996 | (7,571) | 0 | 190,425 | 200,722 | 200,722 | 194,718 |
| | | 651 | 236,574,481 | 1,926,398 | 4,011 | 0 | 1,930,409 | 1,929,678 | 1,929,678 | 1,889,788 |
| Total amount raised from general rate | | | | | | | 1,930,409 | | 1,929,678 | 1,889,788 |
| Ex-gratia rates | | | | | | | 36,369 | | 36,369 | 34,329 |
| Totals | | | | | | | 1,966,778 | | 1,966,047 | 1,924,117 |

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

21. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 11/09/2020 | 0.00 | 0.00% | 8.00% |
| Option Two | | | | |
| First instalment | 11/09/2020 | 0.00 | 3.00% | 8.00% |
| Second instalment | 13/11/2020 | 10.00 | 3.00% | 8.00% |
| Third instalment | 15/01/2021 | 10.00 | 3.00% | 8.00% |
| Fourth instalment | 19/03/2021 | 10.00 | 3.00% | 8.00% |

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates | 4,088 | 5,600 | 8,529 |
| Interest on instalment plan | 4,483 | 4,125 | 7,589 |
| Charges on instalment plan | 3,360 | 4,000 | 3,810 |
| | 11,931 | 13,725 | 19,928 |

22. RATE SETTING STATEMENT INFORMATION

| | | 2020/21 Budget | 2019/20 |
|--|---|--------------------------------------|--------------------------------------|
| | 2020/21 (30 June 2021 Carried Forward) | (30 June 2021 Carried Forward) | (30 June 2020 Carried Forward) |
| Note | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to operating activities | | | |
| Less: Profit on asset disposals | 10(a) (17,273) | 0 | (47,200) |
| Less: Reversal of prior year loss on revaluation of fixed assets | 0 | 0 | (985) |
| Less: Movement in liabilities associated with restricted cash | 5,063 | 5,144 | 5,119 |
| Less: Fair value adjustments to financial assets at fair value through profit and loss | (1,940) | 0 | (865) |
| Movement in employee benefit provisions (non-current) | 5,197 | 0 | (4,564) |
| Add: Loss on disposal of assets | 10(a) 2,000 | 0 | 8,803 |
| Add: Depreciation on non-current assets | 10(b) 1,275,304 | 1,267,984 | 1,274,811 |
| Non cash amounts excluded from operating activities | 1,268,351 | 1,273,128 | 1,235,119 |
| (b) Surplus/(deficit) after imposition of general rates | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | |
| Adjustments to net current assets | | | |
| Less: Reserves - cash backed | 4 (747,113) | (615,542) | (764,857) |
| Less: Financial assets at amortised cost - self supporting loans | 5(a) (107,023) | (16,473) | (15,966) |
| Add: Current liabilities not expected to be cleared at end of year | | | |
| - Current portion of borrowings | 14(a) 195,514 | 164,884 | 102,462 |
| - Employee benefit provisions held in a reserve | 25,655 | 25,736 | 20,591 |
| Add: Movement in provisions between current and non-current provisions | 0 | 4,564 | 0 |
| Total adjustments to net current assets | (632,967) | (436,831) | (657,770) |
| Net current assets used in the Rate Setting Statement | | | |
| Total current assets | | 1,094,413 | 1,765,147 |
| Less: Total current liabilities | (920,310) | (657,582) | (720,465) |
| Less: Total adjustments to net current assets | (632,967) | (436,831) | (657,770) |
| Net current assets used in the Rate Setting Statement | (1,553,277) | 0 | 386,912 |

23. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

| | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing |
|---------------------------|--------------------------------------|---------------------|------------------------|---------------------------|-------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| Cash and cash equivalents | 0.02% | 1,609,509 | 0 | 1,272,073 | 337,436 |
| 2020 | | | | | |
| Cash and cash equivalents | 0.03% | 1,618,929 | 0 | 1,168,152 | 450,777 |

Sensitivity

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

| | 2021 | 2020 |
|--|--------|--------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 12,720 | 11,681 |

* Holding all other variables constant

Borrowings

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

23. 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. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|--------|
| 30 June 2021 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 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 |
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 14,931 | 5,630 | 1,139 | 0 | 21,700 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

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

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| 30 June 2021 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.35% | 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 |
| 30 June 2020 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.36% | 1.14% | 3.48% | 13.35% | |
| Gross carrying amount | 69,878 | 61 | 646 | 8,160 | 78,745 |
| Loss allowance | 252 | 1 | 22 | 1,089 | 1,365 |

23. 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 14(e).

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

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|-------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| <u>2021</u> | | | | | |
| Payables | 254,566 | 0 | 0 | 254,566 | 261,121 |
| Borrowings | 226,727 | 357,951 | 208,744 | 793,422 | 700,422 |
| | 481,293 | 357,951 | 208,744 | 1,047,988 | 1,084,177 |
| <u>2020</u> | | | | | |
| Payables | 212,616 | 0 | 0 | 212,616 | 212,616 |
| Borrowings | 117,366 | 321,951 | 412,605 | 851,922 | 702,884 |
| | 329,982 | 321,951 | 412,605 | 1,064,538 | 915,500 |

24. TRUST FUNDS

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

| | 1 July 2020 | Amounts Received | Amounts Paid | 30 June 2021 |
|--------------------------------|---------------|------------------|-----------------|---------------|
| | \$ | \$ | \$ | \$ |
| Sale of Land for Rates | 60,008 | 0 | (60,008) | 0 |
| Public Open Space Contribution | 20,000 | 0 | 0 | 20,000 |
| | <u>80,008</u> | <u>0</u> | <u>(60,008)</u> | <u>20,000</u> |

SHIRE OF WILLIAMS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

decrease in accordance with that other Standard.

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

26. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME AND OBJECTIVES | ACTIVITIES |
|---|--|
| GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources. | 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. |

27. FINANCIAL RATIOS

| | 2021 Actual | 2020 Actual | 2019 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio | 1.16 | 1.36 | 1.55 |
| Asset consumption ratio | 0.70 | 0.70 | 0.69 |
| Asset renewal funding ratio | 1.32 | 1.39 | 2.53 |
| Asset sustainability ratio | 0.91 | 0.73 | 0.95 |
| Debt service cover ratio | 8.93 | 7.96 | 8.92 |
| Operating surplus ratio | (0.05) | (0.05) | (0.05) |
| Own source revenue coverage ratio | 0.77 | 0.75 | 0.73 |

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Williams

To the Councillors of the Shire of Williams

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for 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 and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibility for the audit of the financial report

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.

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio as reported in Note 27 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries basic standard for all 3 years reported in the annual financial report.
- (ii) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Following key reconciliations were not sufficiently evidenced as completed and reviewed: custom transaction detail report; rates receivable; and trade receivable. Also, reconciliations for trust and reserves bank accounts, and trade receivable account were not performed in a timely manner. We however understand that there were no transactions in trust and reserves bank accounts during those months.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

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 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Jay Teichert
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 November 2021