



SHIRE OF PERENJORI

EMBRACE OPPORTUNITY

2019.20

ANNUAL REPORT

Shire of Perenjori
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GENERAL INFORMATION

Appointment of the Commissioner

Commissioner Hon. Paul Omodei was appointed by the Minister of Local Government, Hon. David Templeman, on the 26th June 2019 to act as the Council and oversee the recovery of the Shire of Perenjori.

Elections are normally held biannually in October and subject to electoral procedures as governed by the Local Government Act 1995. Voting at Council elections is not compulsory, however participation by residents in elections is important for the effectiveness of local government. Residents not included on the State electoral roll should contact the Australian Electoral Commission. You do not need to be a ratepayer to be on the electoral roll and to vote in Council elections.

Council Meetings are generally held on the third Thursday of every month (excluding January) and are open to the public. Meeting agendas and minutes and other documents are available on the Shire website, at the Perenjori shire office and the Latham library. An Annual Meeting of Electors is held each financial year for which notice is published in the local "Bush Telegraph", the Shire Website and Community Notice Boards.

Population	660
Distance from Perth	354 km
Number of Electors	353
Area	8,200 sq. km
Towns	Perenjori, Latham
Libraries	Perenjori, Latham
Primary Schools	Perenjori
Length of Sealed Road	243 km
Length of Unsealed Road	1,453 km
Rates Income	\$2,694,780
Total Revenue	\$7,578,878

COMMISSIONERS REPORT

HON. PAUL OMODEI



I am pleased to be presenting the Annual Report for the Shire of Perenjori for 2019/20.

Coming into my role as Commissioner I determined that a key priority was to recover the good standing of the organisation in the eyes of the public and of the government. The key to this lay in the standards of conduct and behaviour that the organisation operates by. I challenged the senior staff to revise the Code of Conduct and then focus on embedding the expectation of good behaviour – trustworthiness, respect, honesty and equity – in our workforce.

The response has been fantastic.

The Local Government Insurance Service (LGIS) came forward with strong support for Perenjori as a member local government and provided professional resources to review our Code of Conduct documentation and staff policies. They also conducted three workshops which provided training to all of our staff – indoor and outdoor – to develop their understanding and knowledge of the policies and Code.

It is my ambition to use this training as a base for the future Council, when elected.

Speaking of that future election, the proposed date was deferred from June until October 17th, due in large part to the impacts of the COVID19 pandemic and the uncertainty of being able to conduct the election successfully with the potential for lockdowns and associated restrictions. Hopefully there will be more certainty by October in terms of public health and safety.

Participation in the election by a strong field of new candidates is a high priority for me as we prepare to hand back the reconstructed organisation to the community. I encourage all residents and rate payers to consider how they might play a role in this process.

Of course, COVID19 impacted us in more ways than just the election deferral.

The loosening of community restrictions finally resulted in the re-opening of local businesses impacted by the social distancing and “lock down” requirements.

Notwithstanding, the emphasis on protecting regional locations from the spread of the virus that was present in the metropolitan area was, in my view, welcomed.

The employees of the organisation have demonstrated tremendous resilience throughout the pandemic, and I am extremely proud of their continuing efforts to support and protect our communities.

The audit of the financial year has been a difficult experience given the turnover of staff since the inquiry period and the legacy issues for which new staff must take responsibility.

Alongside the Auditor General's audit process, we have appointed Moore Stephens to carry out an overdue Financial Systems Audit as part of the ongoing effort to recover from previous poor compliance. Our economy - and indeed that of the immediate region - remains dominated by agriculture and associated supporting industries, whilst the potential of the resource sector continues to strengthen. My aim is to encourage that potential and ensure that it adds value to other industries and businesses within our communities.

The three business incubator units remain unoccupied and our efforts to provide an immediate opportunity for a qualified tradesperson - a *plumber, electrician, carpenter, etc.*, - to establish quickly and cost effectively in Perenjori remain unrewarded to date. Notwithstanding such services are critical to the improvement of our community and making effective use of these units is a priority.

If the Shire of Perenjori is to maintain the commitment it has given to residents in the Strategic Community Plan - *to embrace opportunity* - then the Council has an obligation to explore new business opportunities and scope out a proposition that might attract any new business to the town.

In a similar vein, if a service or activity is critical to the wellbeing of the community, but market failure prevents that thing from being provided in a way that meets the community's expectations, then Council should use all of its capacity to enable that thing to come to fruition. In my view, this is what it means to embrace opportunity.

Along with a compliant and active Council and an evolving economy, the enhancement of our community's wellbeing is perhaps our most important responsibility.

We need to strengthen our volunteer networks, encourage participation in our clubs, interest groups, and social activities. People need to support events like the Agricultural Show, Club Quiz Nights, School Sports Days and the like. Take advantage of the activities facilitated by the Community Resource Centre.

I encourage all of you to join a committee, volunteer at a club or a community organisation, or at the very least, participate by attending every event that you possibly can.

Looking forward, there is one thing I know for sure - our shire is full of great people. Great people who would make a great Council. It's been an honour and a pleasure to serve this community and I wish you all the best in what is undoubtedly a very challenging, but exciting, future.

Paul Omodei
Commissioner

CHIEF EXECUTIVE OFFICER'S REPORT

MARIO ROMEO



The 2019/20 year proved to be another challenging and year of change for the Shire of Perenjori's Council Workforce and Community.

The recruitment of key staff positions to stabilise the Shire's workforce and addressing legacy issues from the events leading to and outcomes arising from the "Report of the Inquiry into the Shire of Perenjori" (issued July 2019 by the Department of Local Government, Sport and Cultural Industries) were key focuses in working with the Commissioner to re-establish trust with the Community, provide an appropriate level of service across the community and prepare for the election of a new Council.

My own tenure with the Shire commenced as the Deputy CEO in mid November 2019 and then as the Acting CEO from the end of November 2019 with my appointment to the CEO's role in March 2020. Subsequent to my appointment as the Acting CEO the Shire struggled to appoint an appropriately qualified person to the role of Deputy CEO, with that position being vacant as at June 30, 2020.

The Shire was however fortunate in obtaining the services of Wayne Scheggia (former Deputy CEO of WALGA) to assist in the Shire's administrative recovery and preparation for a new Council. Mr Scheggia's experience in advocacy pertaining to the conduct of Local Government functions and his industry knowledge has provided the Shire with a reliable source of advice and guidance in dealing with legacy items and improving corporate practice. The Shire has been fortunate in having the local knowledge and stability of Ken Markham in the role of Manager Infrastructure Services with the volatility of turnover of other Senior Management Roles over the last two years.

There are significant challenges across Regional Western Australia (let alone inland rural communities) in attracting, employing and retaining qualified, skilled and experienced employees and this is seen as a major hurdle in being able to create a stable Local Government workforce in meeting the expectations of the Community and fulfilling Strategic Planning objectives. Our ability to maintain and recruit appropriately qualified, competent, skilled and experienced employees is paramount in realising the aspirations of the Perenjori community as represented in the Shires "Strategic Community Plan" (SCP).

The principal reason that this report has been tabled eleven (11) months after its submission, is due to the delay in receiving approval from the Office of the Auditor General (OAG) in releasing the Shires Financial Accounts and Annual Audit Report. The Shires Annual Financial Report was submitted by the required statutory date of September 30, 2020.

The delay in receiving the Audited report sign off reflects subsequent changes that were required to be made to the Financial report due to changes in Accounting practices subsequent to its submission to the Office of the Auditor General (OAG) and predominately the intensive scrutiny by the OAG of the financial and administrative records maintained by the Shire that can be related to previously identified poor performance in this area of activity. The Shire is continually reviewing and improving its administrative processes and the audit report findings providing the opportunity to specifically target areas identified requiring improvement.

A critically important issue in improving the performance of the organisation was ensuring that standards of behaviour are maintained at a level that is both acceptable and desirable.

Standards of behaviour have a significant impact on relationships, which are central to achieving cohesion and cooperation. Without these things it is very difficult to attain any outcomes, let alone achieve a level of quality.

The senior staff worked with the Local Government Insurance Scheme (LGIS) to achieve a complete review of our staff policies and Code of Conduct. As a consequence, we were able to secure three training sessions for staff to help educate and embed the revised Code, at no cost.

March 2020 saw the emergence of COVID 19 and a significant operational impact on our Shire. State Government directives created change in how the Shire conducted its activities especially in servicing the community. All of a sudden "COVID Plans" incorporating "social distancing" were impacting on our service delivery model and how we performed routine daily tasks, not to mention the additional reporting requirements. Fortunately our workforce (and indeed the whole Community) took it in their collective stride and need to be congratulated on their ability to adapt and continue to function appropriately within the constraints of restrictions and the ever present threat of the COVID pandemic. There is a strategic and ongoing implication for Council in terms of our public health commitment and the need for more substantial and regular cleaning and disinfecting of public places, parks, buildings, recreation facilities and other council assets.

This is further amplified by our occupational health and safety commitment to staff, particularly our public facing roles like reception, parks and gardens, cleaning, etc., who have had to adapt to new and changed ways of doing business, whilst at the same time remaining committed to the public and the ideals of customer service.

On the back of the Inquiry and the dissolution of the Council, the employees of the organisation have demonstrated tremendous resilience throughout the pandemic, and I am extremely proud of their continuing efforts.

I take this opportunity to personally thank the volunteers and community members who have dedicated their time in these challenging circumstances to maintain Community involvement in social and recreational activities, the Commissioner for his support and the dedication of the Shire's employees in maintaining the shire and performing their responsibilities under the uncertain and changing environment. You all play your part in making this Town the best it can be!

CUSTOMER SERVICE

The following services are available through the Shire:-

- Libraries in the Perenjori Shire and Latham Post Office;
- There is a vast array of books, audio and DVD'S which can be ordered through the WA Library;
- Enquiries and applications for planning, building and health services through contracted professionals;
- Vehicle licensing services on behalf of the Department of Transport;
- Community bus hire;
- Facilities hire;
- A variety of accommodation in the Caravan Park;
- Quality roads, parks and recreation facilities.

The Shire welcomes all feedback from the community and visitors.

RATES & DEBTORS

The Council adopted a rate increase of 2% in 2019/2020. Council is restricted from excessive rate increases but is also encouraged by the State Government to raise more funds internally and not be too reliant on grant funding to achieve the aims of our Strategic Community Plan. The Council also takes into consideration the increasingly difficult economic circumstances on an annual basis which may be faced by industry and the community within the Shire. The State Government continues to place increasing demands on local government in terms of bureaucratic compliance, regulations and reporting that increases local government expenditure on an annual basis, quite significantly.

Council resolved to continue to apply a 10% discount on rates paid by the due date, at a cost of \$249,652. The Shire also vigorously pursues outstanding rates and other debtors through legal processes. Ultimately it is fair and necessary that each property in the Shire contributes to the facilities, services and well-being of the Shire.

LOANS

The Shire did not raise any loans during this financial year.

At the end of the financial year the outstanding loan balances totalled \$525,206 inclusive of \$174,457 for housing, Aquatic Centre—\$84,362, Grader—\$43,759 and John Street subdivision—\$227,209.

Loans are repaid using general purpose revenue. The Shire acquires loans from the State Treasury Department therefore, having the ability to access significantly reduced interest rates.

ASSETS

The Shire has \$73,354,031 in total assets (inclusive of cash, property, plant, equipment and infrastructure) of which \$2,291,356 is restricted cash and \$2,443,787 is unrestricted cash. Maintenance of existing assets is always a financial challenge for the Shire, particularly the cost of maintaining roads and other infrastructure such as parks, gardens, footpaths, housing and buildings.

INFORMATION ON MAJOR EXPENDITURES

TRANSPORT

The maintenance of roads is the largest cost area for most local governments. Perenjori Shire has significant road infrastructure assets to maintain, in total 243 kilometres of sealed roads and 1,453 kilometres of unsealed roads. The length and type of roads (sealed or unsealed) forms a significant part of the determination of the level of road grants funding received in any given financial year. In the past year capital expenditure on roads was \$2,455,289 whilst \$716,714 was spent on general maintenance of the Shires road network. These costs generally increase each year as materials, vehicles, labour and administration costs continue to increase. Administration expenses include a significant cost for compliance which is imposed by State & Federal Governments on local governments.

RECREATION & CULTURE

Expenditure on Recreation and Culture was \$1,185,675 which encompasses all of the Shire's recreation facilities such as the swimming pool, public halls, pavilion, parks, ovals and gardens.

OTHER PROPERTY & SERVICES

Other Property & Services expenditure was \$44,198 which encompasses hire of plant and equipment, private works for external organisations, depreciation costs of plant, fuel purchases, maintenance and repairs to our vehicle fleet, and the employment expenses associated with outside employees. Much of these costs are allocated to the public works overhead and plant operational costs which are linked to our capital works program.

GOVERNANCE

Governance is the cost to local government of providing services for the elected Council members. This cost includes meeting fees, President and Deputy President allowances, provision of information to members, documents, training, conferences, insurances, various government sponsored meetings (e.g. Main Roads WA) which are critical in ensuring the Shire acquires its fair share of funding. The State Government has introduced compulsory training for new and existing Councillors. The total cost for governance for this reporting year was \$145,268 which reflects the Shire being presided over by a Commissioner for the year.

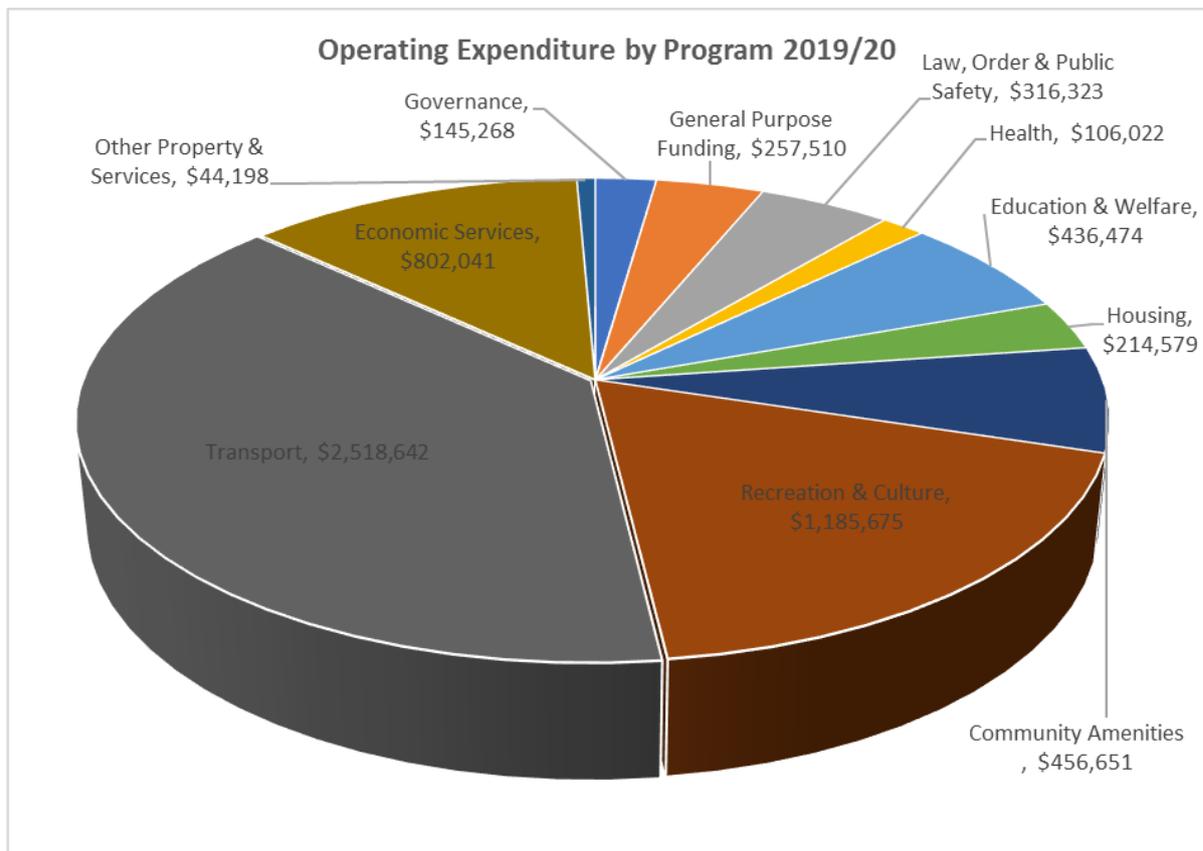
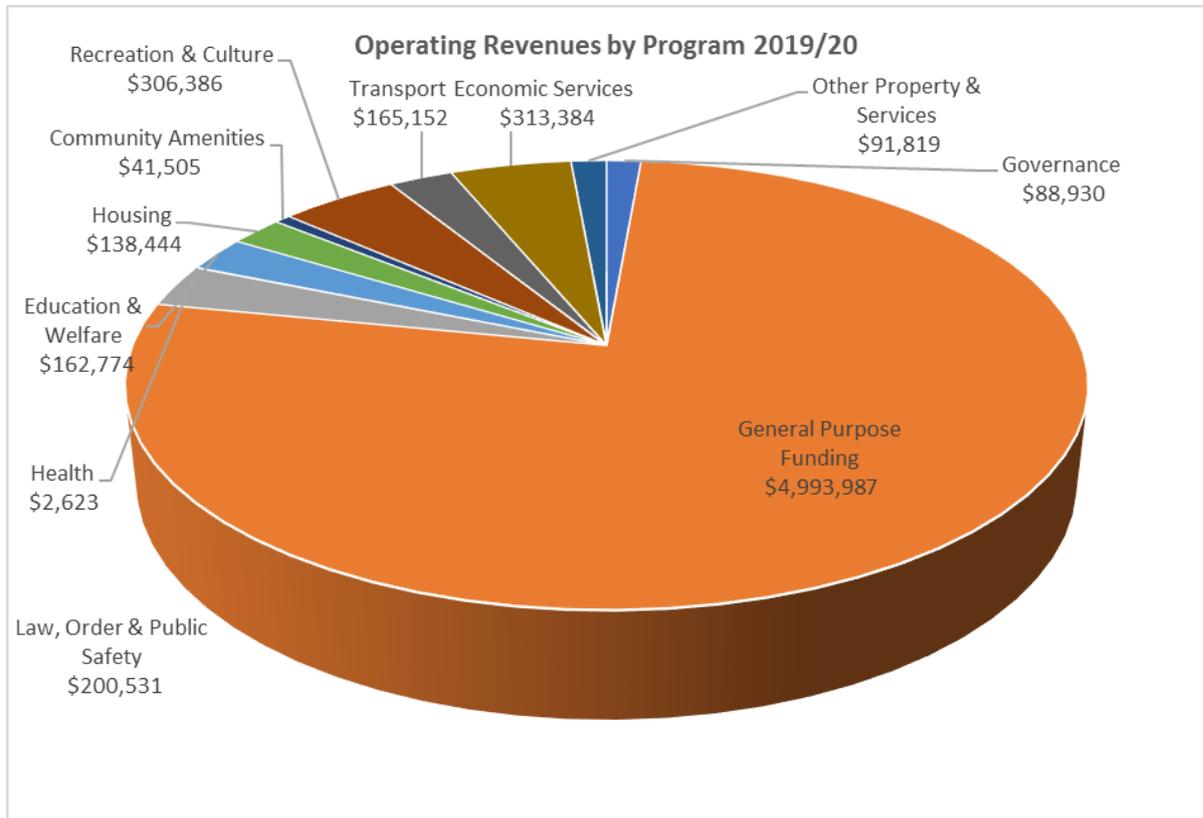
ECONOMIC SERVICES

The Economic Services costs of \$802,041 includes the cost associated with the caravan park, standpipes, dams, tourism and tourist promotion including maintenance, cleaning and wages. This program also includes expenditure associated with the caravan park accommodation village. Eighty five percent of the accommodation village income is paid to the village owners under a 10-year Agreement which will expire in July 2020.

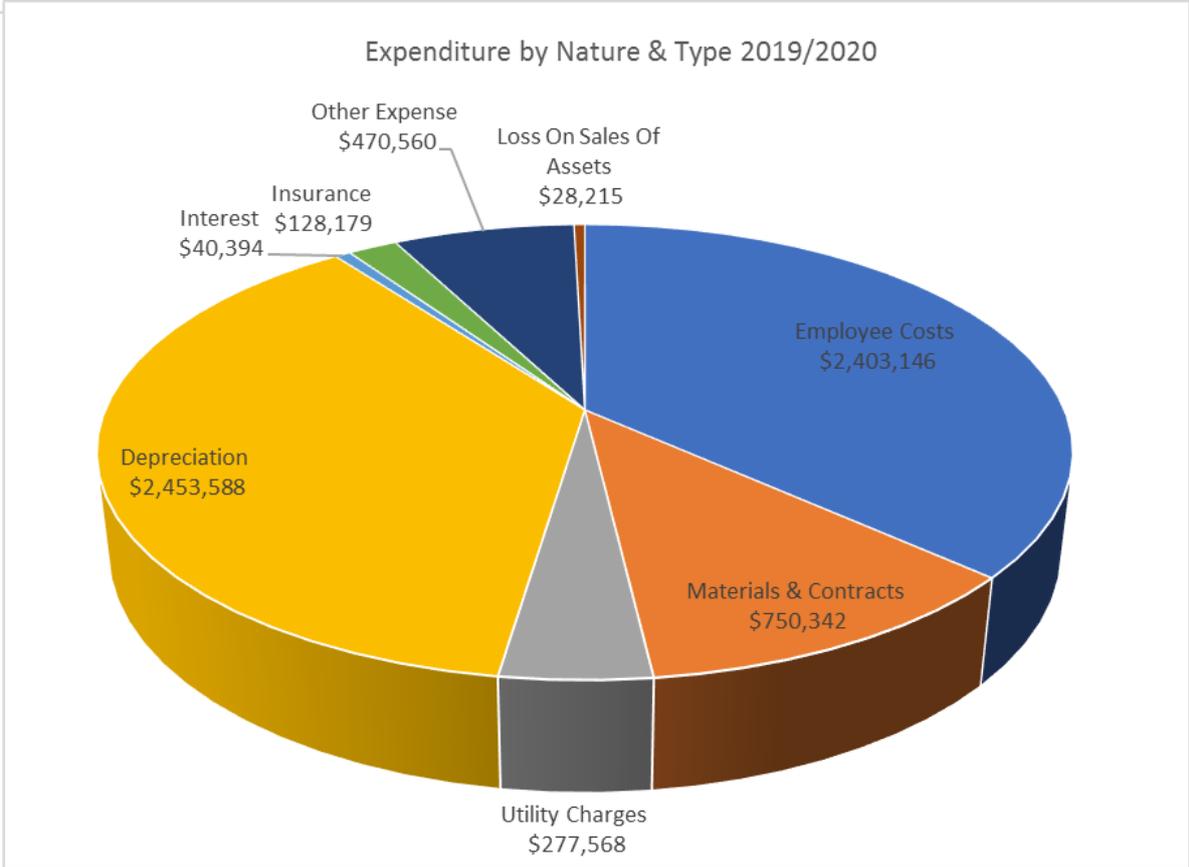
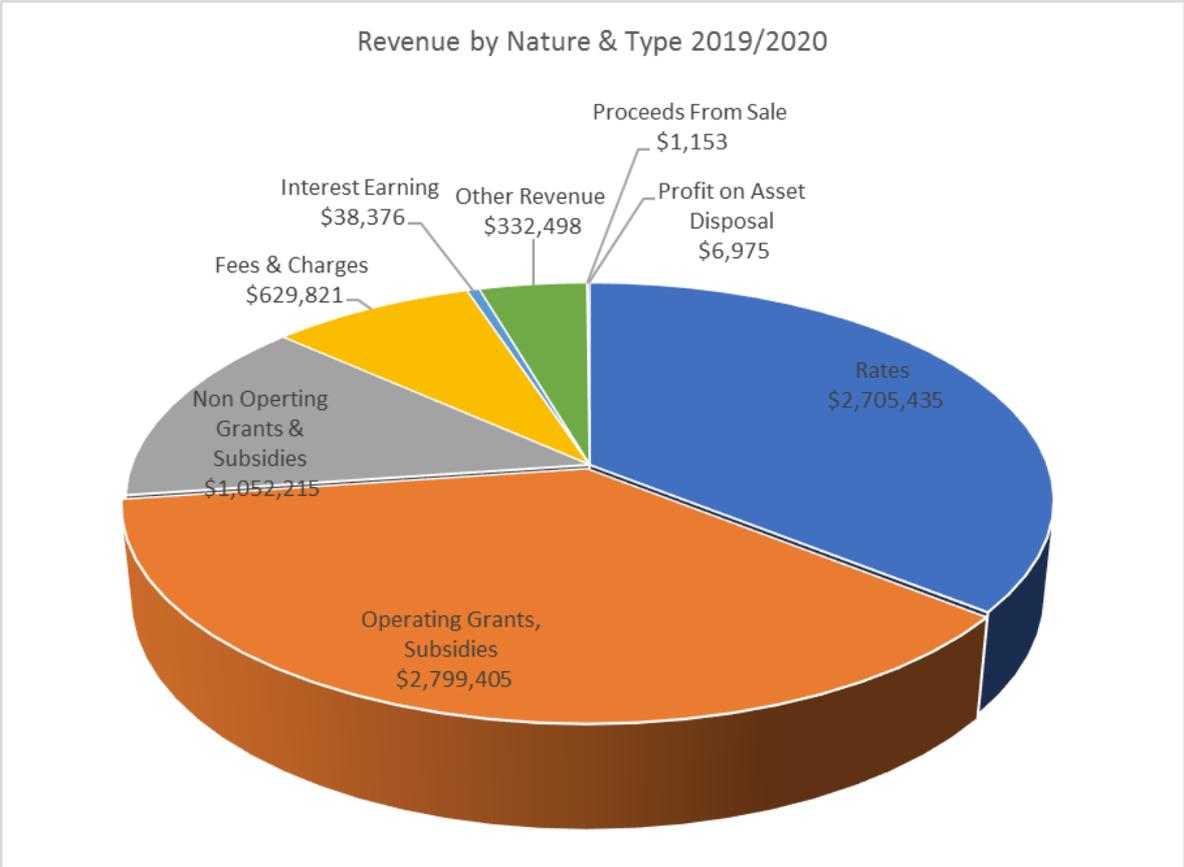
HOUSING

The expenditure on the Shire's housing was \$214,579 which is the cost of insurance, repairs and maintenance. The Shire owns a substantial housing asset of 27 houses (4 houses and 2 units in partnership with the Department of Housing). The housing costs associated with staff housing is allocated across the various programs to ensure we are able to gain accurate costings. Income from housing which is provided for employees and some private rental totalled \$138,444.

Below are graphical representations of the final income and expenditures by Programme for the year ending 30th June 2020. Grants, subsidies & contributions includes grants from Federal organisations to maintain roads and general infrastructure. Grants for roads in particular are to ensure the maintenance of vital infrastructure which no local government is expected to, nor could they, provide through local rates. A full explanation of the components of the headings is found in the financial statements.



Below is a more detailed breakdown of the Shire's revenue and expenditure by **Nature and Type** for the year ending 30th June 2020, and for which there are more details in the attached audited financial statements. The purpose of these graphs is to easily identify more detailed income and expenditure.



ENVIRONMENTAL HEALTH, BUILDING & PLANNING REPORT

CONTRACTED ENVIRONMENTAL HEALTH & BUILDING OFFICERS WILL REGULATE THE FOLLOWING FUNCTIONS:

Environmental health matters;

Environmental protection service;

- ◆ Building licence approvals;
- ◆ Town planning (statutory and strategic);
- ◆ Food safety and hygiene;
- ◆ Water quality;
- ◆ Noise abatement;
- ◆ Occupational health & safety;
- ◆ Management of the public pool;
- ◆ Swimming pool inspections;
- ◆ Public buildings;
- ◆ Waste management and recycling;
- ◆ DEP waste disposal site licences;
- ◆ Shire building construction projects.

CARAVAN PARK

The Caravan Park continues to attract new and return visitors who love the peaceful bush setting and the wonderful birdlife that we have, and we always receive great compliments about the cleanliness of the accommodation and ablution blocks. The newly completed disabled amenities are up and running, with a designated caravan bay with cement path leading from it to the ablutions for easier access. This better caters for the growing number of people with disabilities and complies with national standards.

The council has discounted rates for longer stays and large groups, to encourage people to stay longer and to use Perenjori as a base to explore our surrounding attractions.

As well as our one and two bedroom chalets, we have 24 single Village rooms with ensuites, which cater for tourists and companies alike, attracting more people to the area. We have regular customers who come to stay even though some of them work in other towns, which provides additional employment and commercial benefits to the community.

HEALTH, BUILDING & PLANNING

The responsibility for all environmental health, building and planning services rests with local government. This includes ensuring buildings and health matters meet legislative requirements. The shire acquires these specialists services from external providers and this is managed by the Deputy Chief Executive Officer.

The Shire aims to provide excellent service to its customers through direct liaison with the customer and the service providers. The Shire prefers to use a cooperative approach to health, building and planning issues but is still bound by legislation and at times, enforcement is necessary.

Unfortunately, the service providers can be exceptionally busy and there can be delays in providing the service standards we would like.

WASTE MANAGEMENT

The current waste management practices are under review with the Shire currently going through the process for the expansion of the existing Perenjori Landfill Site. This includes clearing of vegetation to allow for development of new cells.

In the meantime the Shire is actively managing its residential and business waste removal contract with Avon Waste and is identifying the optimum solution to incorporate all forms of waste disposal into the minimisation of landfill. This includes identifying the best use of resources in the movement and storage of waste between the Latham and Perenjori townsites.

MANAGER INFRASTRUCTURE SERVICES

MR KEN MARKHAM



TRANSPORT

The Shire of Perenjori services an area of over 8,200 square kilometres through a network of over 243 kilometres of sealed roads and 1453 kilometres of unsealed roads.

Works completed for the 2019/20 financial year include:

- Gravel 2 kilometres Lochada Road
- Construct and seal 3 kilometres of Perenjori Rothsay Road
- Gravel 6 kilometres of Koolanooka Road and replace culvert
- Gravel 4 kilometres of Griffith Road
- Reconstruction and asphaltting of the Oversby/ Wubin Mullewa Roads intersection
- Asphaltting of the Crossing/ Loading and Wubin Mullewa Road Intersection
- Gravel 2 kilometres of Warriedar Coppermine Road
- Gravel 4 kilometres of Syson Road
- Sealing of Perenjori Sports Club carpark

Funding from several sources make up the budget to allow Council to undertake these works including:

- Roads to Recovery- \$534,000
- Regional Road Group- \$638,000
- Federal Untied Road Grant- \$915,000
- Council- \$360,000

The Shire replaced several items of plant during the financial year including:

- Chief Executive Officers vehicle
- Manager Corporate Development Services vehicle
- Manager Infrastructure Services vehicle
- Team Leader utilities
- Purchase of new Hitachi loader
- Replacement of 5 ton flatbed tip truck

BUILDING & HOUSING

Expenditure on the Shire's housing was \$214,579 which includes the cost of insurance, repairs, maintenance, pest control, annual testing of RCD's and smoke alarms, painting and other small upgrades. The Shire owns a substantial housing asset of 28 houses of which several are joint venture and a mix between 1 bedroom to 4 bedroom.

PERENJORI AQUATIC CENTRE REPORT DI RICKARD



The Perenjori Aquatic Centre was opened for the season on the 1st October 2019.

On the 6th February 2020 the Centre was endorsed by the Water Corporation as a Waterwise Aquatic Centre. This was fantastic news to see our centre recognised for doing its bit to save water in Western Australia's dry climate.

Numerous events over the season in our community were held at our magnificent facility to encourage patrons and build on attendance figures.

These included:

- Australia Day bbq breakfast and pool party which was run in conjunction with the Shire and Perenjori CRC with free pool entry for all. It was an amazing morning had by all who attended on a very hot summer's day.
- Midwest Wheat Bin Splash—33 members of our community signed up to attempt to swim from Perenjori to Albany and every wheat bin in between throughout the pool season. The accumulative goal was 800km!
- Virtual Rottnest Swim
- Aqua Aerobics was made available for three times a week with many interested community members attending.
- Perenjori Primary School Swimming Carnival, Vacation Swimming and Interim Swimming.

ATTENDANCE NUMBERS

Attendance numbers were again lower than the previous season with just over 2783 patrons attending, but numerous closures due to weather (storms and lightning) and the early closure of the pool due to the Corona Virus pandemic contributed to this.

2019/20 Figures	SEP 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	Total 2018/19	Total 2019/20
Adult	0	163	216	203	292	168	116	0	1297	1158
Child	0	194	316	268	416	111	84	0	1866	1389
Conces- sion	0	27	6	28	53	38	36	0	54	188
Under 2	0	3	8	3	0	1	2	0	78	17
Spectator	0	13	7	5	4	2	0	0	94	31
2018/19	76	175	381	806	491	623	828	9		
Total 2019/20	0	400	553	507	765	320	238	0	3389	2783

COMMUNITY DEVELOPMENT OFFICER

EMILY EAKINS

POLICE GARDEN

Early November 2019 the Shire of Perenjori, along with our local police officers and the primary school got together to help restore a bit of pride back into our police station. The day was very well received from members of the community, we had a great turn out of helpers and the students from the primary school got involved with digging holes, moving mulch and planting. This project was about supporting our local organisations, coming together as a united group of people and restoring pride, not only in the station but in our town as well. This is an important message to remember, our community is made up of so many wonderful organisations and people and together we make the town great, it is not just one individual or one group.



SENIOR CITIZEN'S DINNER

Our Senior Citizen's Dinner went off with a huge bang this year! With over 80+ attendees it was a massive night for all involved. This year we changed the night slightly making it more about our senior citizens, everyone who attended received a certificate of appreciation as their name tag on their allocated seat. We had fantastic live entertainment from one of our talented schoolteachers and the P&C put on a great three course dinner again! I feel it is important to remember that nights like these highlight those who have made our town great over the years and although we appreciate our volunteers, we dedicate a week to them earlier in the year. The Perenjori Sports Club supplied us with a bartender for the night and waived the fees for hiring the venue which is always very much appreciated. There was a lot of external help from Julie and the Community Resource Centre who helped to decorate and made sure the evening ran smoothly and also from Narelle King from Desert Blue Connect. Of course the set up of these events need some brute strength from our outdoor crew at the shire and Ethan Hardingham did not bat an eyelid when he was asked to take a trip to Geraldton to move Juke Boxes and chair covers, and he even turned up early the next morning to get on top of the packing up. This is a great example of how coming together as a united team really impacts our community events for the better.

PERENJORI COMMUNITY BENEFIT FUND

More than \$64,000 has been awarded throughout the year to clubs and organisations working to improve their facilities and activities for our community. A massive thank you to Mt Gibson Iron for their generous contribution to the fund each year. The following groups have been supported:

Round 15

Perenjori Community Resource Centre
Perenjori R.S.L
Perenjori Sports Club

AUSTRALIA DAY

This year we held Australia Day at the swimming pool and it was such a great hit with the locals! We had over 60 people attend the celebration which was fantastic to see as we have some very deserving locals receive citizenship awards. Well done to Donaldda Spencer who received Senior Citizen of the Year, Terina Campbell - Citizen of the Year, Courtney Salmeri - Junior Citizen of the Year and The Community Garden who won Community Group of the year.

The morning was spent with our community members socialising around the pool while the kids had a quick swim, breakfast by the pool, followed by the presentations, more swimming and then we finished the morning off with fruit platters and lamingtons. It goes without saying that these events need helpers and it couldn't have been done without our pool manager Diane Rickard and many other community members who grabbed a pair of tongs to help cook the bacon or to flip an egg so it is greatly appreciated.

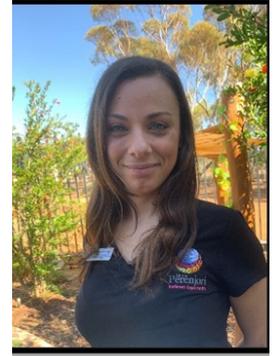


ANZAC DAY

This ANZAC Day was a little different than any we have held before due to the COVID19 pandemic. Early in the year the Shire worked very closely with the RSL to help restore a bit of pride back into the building. A busy bee was organised, and the building was given a fresh coat of paint, some memorabilia was hung inside the building and it was given a very good clean up, in hope that we would be able to run part of the ANZAC day out of the RSL hall. However, COVID had other plans and saw the entire nation commemorating our ANZACS from their driveways. The Australian and New Zealand Flags were raised, and a wreath was laid at dawn so that we could pay our respects for those who have paid the ultimate price for our country. We also commemorated those members of our community who have had loved one's service in any of our forces. It is a great honour to know so many of our community members are proud of their loved ones.



PERENJORI EARLY CHILDHOOD CENTRE REPORT MISS LAURA LONGO



Attendance numbers during the financial year of 2019/2020

Month	Number of attendances
July 2019	190
August 2019	243
September 2019	200
October 2019	173
November 2019	214
December 2019	306
January 2020	0
February 2020	179
March 2020	208
April 2020	156
May 2020	167
June 2020	161
Total :	2197

Throughout this financial year we have noticed a decrease within the number of attendances from the last part of 2019 to the initial part of 2020 with a significant number of attendance registered in March 2020 and a subsequent decrease most likely due to Covid-19.

Changes at PECC

During this financial year the centre, children and families have witnessed a change in the staff members and centre's coordinators in a short timeframe since the previous coordinator Andrijana Dobrov left her position in December last year. This may be the reason why I noticed a lack of consistency within the educational program, children's observations, daily accounts and records reflected in a lack of consistency within the learning experiences offered to the different age groups of children attending the centre.

From July 2020, in order to implement all the educational programs that are in line with the EYLF (Early Years Learning Framework) and the NQS (National Quality Standard) and to comply with current and ongoing regulations by providing the children with opportunities to thrive and prepare for all challenges awaiting for them in the future decision:

- I reorganised the centre's resources according to different age groups;
- I rearranged the room's layout by setting proper corners such as art & crafts corner, role play and home corner, quiet corner, literacy and numeracy corner, construction corner and baby corner;
- I made the routine more structured introducing sleep-time which was absent when I started;
- I designed a program which reflects the children's developmental milestones and interests by gaining information throughout ongoing observations and the latter by engaging the children and their families in meaningful conversations which helped me get to know the children I care for;
- I made the use of the Kindy Hub platform consistent in order to give parents information in regards of their children's day at PECC on a daily basis, an overview of the week throughout a weekly template journal delivered to parents each Friday and displayed on paper at the entrance of the centre and feedback about the children's learning progresses throughout monthly observations also delivered to parents through the same platform;
- I created new and implemented the already designed daily, weekly and monthly checklists such as: children/educators ratios, children's daily sheets, nappy change sheets, sleep chart for babies, but also operational checklists (opening and closing checklists, outdoor safety checklists, daily weather records, sunscreen log, toy cleaning checklists, laundry checklists and cleaning checklists together with the PECC cleaners); I also updated the children's emergency contacts list.



Babies corner



Construction corner



Dolls corner



Cognitive activities corner



Quiet/mat sessions corner



Arts & Craft corner



Home/Role play corner



Paper weekly journal

Educational programs offered to the children at PECC

The program I chose to plan for the children attending the centre mostly relates their interests and their developmental milestones. It foresees learning opportunities which foster the holistic development of the children which includes:

- cognitive skills
- motor skills (gross and fine motor)
- emotional and social skills

I have been creating a fortnightly program due to the lack of qualified staff members but since Miss Nathalia Ferreira Guimaraes joined the team (September 2020) there has been a weekly program connected with a weekly staff reflection template which is a tool for the educators to effectively plan for the following weeks considering what has worked and what has not.



Fine motor skills experiences

Scientific experiences



Sensory and cooking experiences



Gross motor experiences



Bonding together



Celebrations

School readiness program at PECC

As part of the school readiness program, I introduced the Jolly Phonics mat sessions. Jolly phonics is a fun and child centred approach to teaching literacy through synthetic phonics. With actions for each of the 25 letter sounds, the multi-sensory method is very motivating for children and teachers/educators, who can see their children's achievements. Following the daily phonics mat sessions we dedicate two weeks for each alphabet letter in order to reinforce the children's knowledge about each letter and the exploration of its phonics. Each child aged 4 years of age has their own book where all the alphabet letter's craft are displayed and linked to the photo evidence of the child doing the school readiness activity.

I tried to incorporate numeracy topics within the school readiness program. Cutting, shapes and colour recognition activities which were topics of the school readiness program designed by the previous acting coordinator, are planned and implemented on an ongoing basis within the weekly program.



Staffing structure at PECC

In the last three months there were significant changes to the arrangement at the PECC.

I have been appointed as the PECC Coordinator and I started my role on 7th July, 2020. The acting Coordinator Mary Baker left her position soon after on the 17th July, 2020. My team was made by myself as the PECC Coordinator and Qualified Educator, Tegan Heard as the full time trainee studying towards the Certificate III in Early Childhood Education and Care and Bree Golby as the casual staff member who was required to work consistent hours. On the 8th August, 2020 Tegan Heard handed her resignation in and my team consisted of myself and Bree Golby until the 21st September, 2020 when Nathalia Ferreira Guimaraes started working as the new PECC Qualified Educator/Room leader/2IC. On 26th October, 2020 Casey Desmond started working at the centre as the new trainee in Certificate III in Early Childhood Education and Care. Bree Golby no longer works at PECC since 14th October 2020.

My future plans at PECC

I would like to enrich the children's program with four topics to be implemented on an ongoing basis:

- children's resilience and emotions managing and conflict resolution
- staying healthy (importance of the personal hygiene)
- respect for the environment and sustainability
- fostering children emerging skills (walking, holding spoon, sitting at the table, emerging skills)

My aim is to build a strong team which is genuinely passionate about the children and their education and that always delivers the work practice at high standards. I would also like to create a network of staff members including the childcare centres of the surrounding towns in order to create a pool of staff members who can work as relief as I have found it very difficult to contact local Australian workers (from WA) willing to move to Perenjori to work.

STATUTORY REPORTS

1. Complaints Lodged Under Provisions of the Local Government Act 1995

In accordance with Section 5.121 of the Local Government Act 1995, no complaints were recorded in the register of complaints during the 2019/20 financial year.

2. Strategic Community Plan 2017 - 2027

The Shire of Perenjori Strategic Community Plan reflects the vision for the future and is the principal strategic guide for future planning and activities. Based on community engagement, the Shire has set out a vision for the future and captured the community's aspirations and values.

A strategic objective has been developed for each of the four key areas of community interest being economic, environmental, social and civic leadership. Desired outcomes have been determined to achieve each of the four objectives after considering the Shire's current and future resources along with demographic trends.

Strategic plans are only effective if resourced adequately to ensure an outcome. The strategies are prioritised and actions applied (after an assessment of available resources) through the Corporate Business Plan and subsequently the Annual Budget.

A major review was conducted in 2017 with extensive community consultations guiding the development of new projects.

Copies of the Strategic Community Plan 2017 – 2027 are available on the shire website.

3. Freedom of information

The Shire of Perenjori has a requirement to comply with the Freedom of Information Act 1992. During the 2019/20 financial year, no applications were received for information under the terms of this legislation.

4. Public Interest Disclosure

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

Council has complied with all obligations under the Act including:

- a) Appointing the Chief Executive Officer as the PID Officer for the organisation and publishing an internal procedure relating to the Shire's obligations.
- b) Providing protection from detrimental action, or the threat of detrimental action, for any employee of the Shire who makes an appropriate disclosure of public interest information. There were no matters raised or reported during the year under review.

During the 2019/20 reporting period, no Public Interest Disclosures were lodged.

STATUTORY REPORTS

5. Disability Services Act 1993

The Shire of Perenjori Disability Services Plan contains the following five major objectives: -

- ◆ Existing functions, facilities and services are to meet the needs of people with disabilities.
- ◆ Access to buildings and facilities are improved.
- ◆ Information about functions, facilities and services is provided in formats which meet the communication requirements of people with disabilities and skills in delivering advice and services.
- ◆ Opportunities for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes are provided.

This Disability Services Management Plan, as required by the Act, has been reviewed and updated during the 2019/20 financial year.

6. State Records Act 2000

The Shire of Perenjori is committed to accessible and efficient record keeping practices and complies with relevant legislation including *the State Records Act 2000*.

Council established a Record Keeping Plan which was adopted by Council and submitted to the State Records Commission in 2006. Council staff with the assistance of the City of Greater Geraldton conducted a review of the plan in 2016.

The Records Management Procedures Manual is designed to adequately address all records management issues and identifies staff roles and responsibilities in the system.

7. Employee Payments

Payments to employees in accordance with the Local Government (Administration) Regulations 1996 (s19B) and for the purposes of s.5.53 (2g) of the Local Government Act 1995, the Shire had two employees entitled to an annual cash salary of \$100,000 or more. One employee fell into the \$100,000—\$110,000 band and one employee fell into the \$150,000—\$160,000 band.

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

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COMMUNITY VISION

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

Principal place of business:
56 Fowler Street
PERENJORI WA 6620



**SHIRE OF PERENJORI
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the seventh day of July 2021



Chief Executive Officer

Mario Romeo

Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	21(a)	2,705,435	2,772,324	2,708,201
Operating grants, subsidies and contributions	2(a)	2,799,405	1,726,688	2,789,426
Fees and charges	2(a)	629,821	805,430	777,169
Interest earnings	2(a)	38,376	39,113	65,384
Other revenue	2(a)	332,498	313,050	403,533
		6,505,535	5,656,605	6,743,713
Expenses				
Employee costs		(2,403,146)	(3,854,210)	(2,372,668)
Materials and contracts		(750,342)	(317,866)	(1,338,097)
Utility charges		(277,568)	(55,600)	(313,102)
Depreciation on non-current assets	11(b)	(2,453,588)	(2,609,882)	(2,538,922)
Interest expenses	2(b)	(40,394)	(37,277)	(53,070)
Insurance expenses		(128,179)	(60,586)	(221,177)
Other expenditure	2(b)	(470,560)	(300,689)	(315,076)
		(6,523,777)	(7,236,110)	(7,152,112)
		(18,242)	(1,579,505)	(408,399)
Non-operating grants, subsidies and contributions	2(a)	1,052,215	1,046,009	750,401
Profit on asset disposals	11(a)	6,975	26,671	13,250
(Loss) on asset disposals	11(a)	(28,215)	0	(100,247)
Fair value adjustments to financial assets at fair value through profit or loss		1,153	0	8,202
		1,032,128	1,072,680	671,606
Net result for the period		1,013,886	(506,825)	263,207
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	13,000	0	111,846
Total other comprehensive income for the period		13,000	0	111,846
Total comprehensive income for the period		1,026,886	(506,825)	375,053

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		88,930	41,013	76,544
General purpose funding		4,993,987	3,844,418	4,765,520
Law, order, public safety		200,531	200,620	193,575
Health		2,623	2,700	2,457
Education and welfare		162,774	223,500	222,588
Housing		138,444	155,000	165,699
Community amenities		41,505	60,280	56,323
Recreation and culture		306,386	218,900	411,313
Transport		165,152	399,174	285,728
Economic services		313,384	388,000	356,768
Other property and services		91,819	123,000	207,198
		6,505,535	5,656,605	6,743,713
Expenses				
	2(b)			
Governance		(145,268)	(328,160)	(172,451)
General purpose funding		(257,510)	(135,159)	(139,186)
Law, order, public safety		(316,323)	(312,121)	(319,032)
Health		(106,022)	(105,322)	(80,265)
Education and welfare		(436,474)	(592,820)	(479,684)
Housing		(214,579)	(223,228)	(279,592)
Community amenities		(456,651)	(514,046)	(392,846)
Recreation and culture		(1,185,675)	(1,144,590)	(1,457,954)
Transport		(2,518,642)	(2,792,051)	(2,625,105)
Economic services		(802,041)	(945,459)	(805,895)
Other property and services		(44,198)	(105,877)	(347,032)
		(6,483,383)	(7,198,833)	(7,099,042)
Finance Costs				
	2(b)			
Housing		(14,042)	(11,836)	(15,874)
Community amenities		(17,660)	(16,638)	(18,546)
Recreation and culture		(6,281)	(6,696)	(14,353)
Transport		(2,411)	(2,107)	(4,297)
		(40,394)	(37,277)	(53,070)
		(18,242)	(1,579,505)	(408,399)
Non-operating grants, subsidies and contributions	2(a)	1,052,215	1,046,009	750,401
Profit on disposal of assets	11(a)	6,975	26,671	13,250
(Loss) on disposal of assets	11(a)	(28,215)	0	(100,247)
Fair value adjustments to financial assets at fair value through profit or loss		1,153	0	8,202
		1,032,128	1,072,680	671,606
Net result for the period		1,013,886	(506,825)	263,207
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	13,000	0	111,846
Total other comprehensive income for the period		13,000	0	111,846
Total comprehensive income for the period		1,026,886	(506,825)	375,053

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



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

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,735,143	3,382,691
Trade and other receivables	6	88,492	251,857
Other financial assets	5(a)	700,000	700,000
Inventories	7	8,562	36,330
Other assets	8	3,508	0
TOTAL CURRENT ASSETS		5,535,705	4,370,878
NON-CURRENT ASSETS			
Other financial assets	5(b)	71,221	70,068
Inventories	7	104,000	104,000
Property, plant and equipment	9	17,345,462	18,290,713
Infrastructure	10	50,297,643	50,517,558
TOTAL NON-CURRENT ASSETS		67,818,326	68,982,339
TOTAL ASSETS		73,354,031	73,353,217
CURRENT LIABILITIES			
Trade and other payables	13	112,935	308,931
Borrowings	14(a)	175,267	241,080
Employee related provisions	15	298,001	251,092
TOTAL CURRENT LIABILITIES		586,203	801,103
NON-CURRENT LIABILITIES			
Borrowings	14(a)	349,939	506,942
Employee related provisions	15	44,981	39,150
TOTAL NON-CURRENT LIABILITIES		394,920	546,092
TOTAL LIABILITIES		981,123	1,347,195
NET ASSETS		72,372,908	72,006,022
EQUITY			
Retained surplus		21,190,187	20,972,440
Reserves - cash/financial asset backed	4	2,991,356	2,346,664
Revaluation surplus	12	48,191,365	48,686,918
TOTAL EQUITY		72,372,908	72,006,022

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



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

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
		\$	\$	\$	
				TOTAL EQUITY	
				\$	
Balance as at 1 July 2018		20,955,511	2,100,386	48,575,072	71,630,967
Comprehensive income					
Net result for the period		263,207	0	0	263,207
Other comprehensive income	12	0	0	111,846	111,846
Total comprehensive income		263,207	0	111,846	375,053
Transfers to reserves	4	(246,278)	246,278	0	0
Balance as at 30 June 2019		20,972,440	2,346,664	48,686,918	72,006,022
Change in accounting policy	25	(151,447)	0	(508,553)	(660,000)
Restated total equity at 1 July 2019		20,820,993	2,346,664	48,178,365	71,346,022
Comprehensive income					
Net result for the period		1,013,886	0	0	1,013,886
Other comprehensive income	12	0	0	13,000	13,000
Total comprehensive income		1,013,886	0	13,000	1,026,886
Transfers from reserves	4	156,072	(156,072)	0	0
Transfers to reserves	4	(800,764)	800,764	0	0
Balance as at 30 June 2020		21,190,187	2,991,356	48,191,365	72,372,908

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,694,780	2,772,324	2,708,472
Operating grants, subsidies and contributions		3,140,032	1,726,688	3,004,155
Fees and charges		629,821	805,430	777,169
Interest received		38,376	39,113	65,384
Goods and services tax received		161,235	0	600,000
Other revenue		332,498	313,050	403,533
		6,996,742	5,656,605	7,558,713
Payments				
Employee costs		(2,360,077)	(3,814,925)	(2,442,050)
Materials and contracts		(910,575)	(471,866)	(1,279,662)
Utility charges		(277,568)	(55,600)	(313,102)
Interest expenses		(40,394)	(37,277)	(56,475)
Insurance paid		(128,179)	(60,586)	(221,177)
Goods and services tax paid		(329,674)	0	(600,000)
Other expenditure		(470,560)	(300,689)	(269,347)
		(4,517,027)	(4,740,943)	(5,181,813)
Net cash provided by (used in) operating activities	16	2,479,715	915,662	2,376,900
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(584,942)	(765,000)	(737,607)
Payments for construction of infrastructure	10(a)	(1,557,638)	(1,929,102)	(1,252,104)
Non-operating grants, subsidies and contributions	2(a)	1,052,215	1,046,009	750,401
Proceeds from sale of property, plant & equipment	11(a)	185,918	187,500	63,750
Net cash provided by (used in) investment activities		(904,447)	(1,460,593)	(1,175,560)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(222,816)	(222,673)	(252,330)
Net cash provided by (used in) financing activities		(222,816)	(222,673)	(252,330)
Net increase (decrease) in cash held		1,352,452	(767,604)	949,010
Cash at beginning of year		3,382,691	4,098,240	2,433,679
Cash and cash equivalents at the end of the year	16	4,735,143	3,330,636	3,382,691

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	22 (b)	1,715,284	1,584,084	1,289,152
		1,715,284	1,584,084	1,289,152
Revenue from operating activities (excluding rates)				
Governance		90,083	41,013	84,746
General purpose funding		2,288,552	1,072,094	2,057,319
Law, order, public safety		200,531	200,620	193,575
Health		2,623	2,700	2,457
Education and welfare		162,774	223,500	222,588
Housing		138,444	155,000	165,699
Community amenities		41,505	60,280	56,323
Recreation and culture		306,386	218,900	411,313
Transport		165,152	425,845	298,978
Economic services		313,384	388,000	356,768
Other property and services		91,819	123,000	207,198
		3,801,253	2,910,952	4,056,964
Expenditure from operating activities				
Governance		(145,268)	(328,160)	(172,451)
General purpose funding		(257,510)	(135,159)	(139,186)
Law, order, public safety		(316,323)	(312,121)	(319,032)
Health		(106,022)	(105,322)	(80,265)
Education and welfare		(436,474)	(592,820)	(479,684)
Housing		(228,621)	(235,064)	(295,466)
Community amenities		(474,311)	(530,684)	(411,392)
Recreation and culture		(1,191,956)	(1,151,286)	(1,472,307)
Transport		(2,542,293)	(2,794,158)	(2,729,649)
Economic services		(802,041)	(945,459)	(805,895)
Other property and services		(44,198)	(105,877)	(346,859)
		(6,545,017)	(7,236,110)	(7,252,186)
Non-cash amounts excluded from operating activities	22(a)	2,312,428	2,575,085	2,587,321
Amount attributable to operating activities		1,283,948	(165,989)	681,251
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,052,215	1,046,009	750,401
Proceeds from disposal of assets	11(a)	185,918	187,500	63,750
Purchase of property, plant and equipment	9(a)	(584,942)	(765,000)	(737,607)
Purchase and construction of infrastructure	10(a)	(1,557,638)	(1,929,102)	(1,252,104)
Amount attributable to investing activities		(904,447)	(1,460,593)	(1,175,560)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(222,816)	(222,673)	(252,330)
Transfers to reserves (restricted assets)	4	(800,764)	(752,390)	(246,278)
Transfers from reserves (restricted assets)	4	156,072	0	0
Amount attributable to financing activities		(867,508)	(975,063)	(498,608)
Surplus/(deficit) before imposition of general rates		(488,007)	(2,601,645)	(992,917)
Total amount raised from general rates	21(a)	2,705,435	2,772,324	2,708,201
Surplus/(deficit) after imposition of general rates	22(b)	2,217,428	170,679	1,715,284

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

SHIRE OF PERENJORI
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - General	General Rates	Over Time	Dates for payment adopted by Council during the year	None	Adoption by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service Charges	Charge for specific charges	Over Time	Dates for payment adopted by Council during the year	None	Adoption 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 reporting	Over Time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligations if project not complete	Set by mutual agreement with the customer	Based on the progress of works based on performance obligations	Returns limited to repayment transaction price of terms	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 recognised non-financial assets to be controlled by the Local Government	Over Time	Fixed term transfer of funds based on agreed milestones and reporting	Contract obligations if project not complete	Set by mutual agreement with the customer	Based on the progress of works based on performance obligations	Returns limited to repayment transaction price of terms	Output method based on project milestones and or completion date matched to performance obligations as inputs are shared.
Grants subsidies or contributions with no contractual commitments	General appropriations with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash Received	On receipt of funds	Not applicable	When assets are controlled
Fees and Charges - licences, registrations and inspections	Building, 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 the issue of associated rights	No refunds	On payment of the licences registration approval
Fees and Charges - Other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to issue	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
Fees and Charges - Waste Management Collection	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 on regular weekly and fortnightly as proportionate to collection service
Fees and Charges - Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled	Adopted by Council annually	Based on timing on entry to facility	Return limited to repayment of transaction	On entry or conclusion of hire
Fees and Charges - Memberships	Gym and pool membership	Over Time	In full in advance	Refund for unused portion of application	Adopted by Council annually	Apportioned equally across the period	Return limited to repayment of transaction	Output method over months matched to access rights
Fees and Charges - For other goods and services	Cemetary services and private works	Single point in time	In full in advance	None	Adopted by Council annually	Applied fully on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and Charges - Fines	Fines issued for breaches of local law	Single point in time	Payment in full within defined time	None	Adopted by Council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other Revenue - Commissions	Commission for licensing	Single point in time, 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
Other Revenue - Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is signed	Not applicable	When claim is agreed

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	2,266,362	1,057,294	2,021,297
Law, order, public safety	26,751	143,820	70,314
Education and welfare	100,000	102,000	105,000
Recreation and culture	200,000	200,000	314,299
Transport	206,292	203,574	278,516
Economic services	0	20,000	0
	2,799,405	1,726,688	2,789,426
Non-operating grants, subsidies and contributions			
Transport	1,052,215	1,046,009	750,401
	1,052,215	1,046,009	750,401
Total grants, subsidies and contributions	3,851,620	2,772,697	3,539,827
Fees and charges			
Governance	3,598	0	0
General purpose funding	2,016	1,500	5,062
Law, order, public safety	14,949	5,100	4,411
Health	2,623	2,700	2,456
Education and welfare	61,694	120,000	115,721
Housing	130,943	152,500	163,909
Community amenities	32,928	59,530	54,955
Recreation and culture	8,264	18,000	10,133
Transport	6,600	8,100	7,232
Economic services	313,384	363,000	351,768
Other property and services	52,822	75,000	61,522
	629,821	805,430	777,169

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.

(a) Revenue

Contracts with customers and transfers for recognisable non-financial assets

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions	2,799,405	1,726,688	2,789,426
Fees and charges	629,821	805,430	777,169
Other revenue	332,498	313,050	373,483
Non-operating grants, subsidies and contributions	1,052,215	1,046,009	750,401
	4,813,939	3,891,177	4,690,479
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Other revenue from contracts with customers recognised during the year	3,761,724	2,845,168	3,940,078
Other revenue from performance obligations satisfied during the year	1,052,215	1,046,009	750,401
	4,813,939	3,891,177	4,690,479

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	2,705,435	2,772,324	2,708,201
	<u>2,705,435</u>	<u>2,772,324</u>	<u>2,708,201</u>
Other revenue			
Reimbursements and recoveries	287,082	264,840	354,005
Other	45,416	48,210	49,528
	<u>332,498</u>	<u>313,050</u>	<u>403,533</u>
Interest earnings			
Interest on reserve funds	18,201	25,813	39,108
Rates instalment and penalty interest (refer Note 0(c))	13,232	6,700	13,899
Other interest earnings	6,943	6,600	12,377
	<u>38,376</u>	<u>39,113</u>	<u>65,384</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.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

Borrowings

Other expenditure

- Sundry expenses
- Commissioner Fees

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	37,000	50,000	37,000
	0	0	2,000
	<u>37,000</u>	<u>50,000</u>	<u>39,000</u>
14(b)	40,394	37,277	53,070
	<u>40,394</u>	<u>37,277</u>	<u>53,070</u>
	324,054	300,689	315,076
	146,506	0	0
	<u>470,560</u>	<u>300,689</u>	<u>315,076</u>

SHIRE OF PERENJORI
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3. CASH AND CASH EQUIVALENTS

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	2,443,787	1,727,027
Restricted Cash	2,291,356	1,655,664
Total cash and cash equivalents	4,735,143	3,382,691

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	2,291,356	1,655,664
- Term Deposit	700,000	700,000
	2,991,356	2,355,664

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

Reserves - cash/financial asset backed	4	2,991,356	2,346,664
Unspent grants, subsidies and contributions		0	9,000
Total restricted assets		2,991,356	2,355,664

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 PERENJORI
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4. RESERVES - CASH/FINANCIAL ASSET

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	61,021	22,994	0	84,015	61,021	671	0	61,692	60,151	870	0	61,021
(b) Computer Reserve	8,797	0	(8,797)	0	8,797	31,097	0	39,894	8,672	125	0	8,797
(c) Plant Replacement Reserve	247,346	321,049	0	568,395	247,346	302,721	0	550,067	243,821	3,525	0	247,346
(d) Staff Housing Reserve	32,279	0	(32,279)	0	32,278	100,355	0	132,633	31,819	460	0	32,279
(e) Local Groups Interest Free	16,680	0	(16,680)	0	16,680	183	0	16,863	16,442	238	0	16,680
(f) Local Achievement Reserve	2,732	0	(2,732)	0	2,732	30	0	2,762	2,693	39	0	2,732
(g) Refuse Site Reserve	201,536	1,906	0	203,442	201,536	2,217	0	203,753	198,664	2,872	0	201,536
(h) Swimming Pool Reserve	87,080	823	0	87,903	87,079	958	0	88,037	85,838	1,242	0	87,080
(i) Road & Rehab Infrastructure Reserve	19,386	14,025	0	33,411	19,386	213	0	19,599	19,110	276	0	19,386
(j) Housing Reserve	301,124	135,433	0	436,557	301,125	3,312	0	304,437	296,834	4,290	0	301,124
(k) Caravan Park Reserve	8,432	0	(8,432)	0	8,433	93	0	8,526	8,312	120	0	8,432
(l) Sport & Recreation Amen Reserve	2,795	0	(2,795)	0	2,795	31	0	2,826	2,755	40	0	2,795
(m) Mt Gibson Infrastructure Reserve	947,626	201,462	0	1,149,088	947,627	206,000	0	1,153,627	721,286	226,340	0	947,626
(n) Tourist Accommodation Reserve	22,138	42,368	0	64,506	22,138	244	0	22,382	21,823	315	0	22,138
(o) Airstrip Development Reserve	3,077	0	(3,077)	0	3,076	34	0	3,110	3,033	44	0	3,077
(p) Water Reserve	143,223	20,310	0	163,533	143,222	1,575	0	144,797	141,182	2,041	0	143,223
(q) Vocal History Reserve	7,704	0	(7,704)	0	7,704	85	0	7,789	7,594	110	0	7,704
(r) Water Supply Reserve	18,779	0	(18,779)	0	18,779	207	0	18,986	18,511	268	0	18,779
(s) Community Bus Maintenance Reserve	18,534	0	(18,534)	0	18,534	204	0	18,738	18,270	264	0	18,534
(t) Road Reserve	10,636	0	(10,636)	0	10,635	117	0	10,752	10,484	152	0	10,636
(u) Community Amen Reserve	25,627	0	(25,627)	0	25,628	282	0	25,910	25,262	365	0	25,627
(v) IT Communications Reserve	160,112	40,394	0	200,506	160,112	1,761	0	161,873	157,830	2,282	0	160,112
(w) Employee Cost Reserve	0	0	0	0	0	100,000	0	100,000	0	0	0	0
	2,346,664	800,764	(156,072)	2,991,356	2,346,663	752,390	0	3,099,053	2,100,386	246,278	0	2,346,664

SHIRE OF PERENJORI
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All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets 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 long service leave requirements.
(b) Computer Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(c) Plant Replacement Reserve	Ongoing	To be used for -: purchase of major plant.
(d) Staff Housing Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(e) Local Groups Interest Free	31/05/2020	Amalgamated to other reserves as per Council Resolution
(f) Local Achievement Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(g) Refuse Site Reserve	Ongoing	To be used for -: future landfill sites.
(h) Swimming Pool Reserve	Ongoing	To be used for -: refurbishment and upgrade the swimming pool facilities.
(i) Road & Rehab Infrastructure Reserve	Ongoing	To be used for - : roads, gravel and airport infrastructure.
(j) Housing Reserve	Ongoing	To be used for - : maintenance, upgrade and additional housing requirements.
(k) Caravan Park Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(l) Sport & Recreation Amen Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(m) Mt Gibson Infrastructure Reserve	Ongoing	To be used for - : supporting the acquisition, restoration, extension or improvement of infrastructure assets limited to public buildings, recreational facilities, parks and gardens, power supply, water supply, land drainage or roads as per agreement.
(n) Tourist Accommodation Reserve	Ongoing	To be used for - : costs associated with the caravan park.
(o) Airstrip Development Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(p) Water Reserve	Ongoing	To be used for - : increasing and maintaining all aspects of water capacity within the Shire of Perenjori
(q) Vocal History Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(r) Water Supply Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(s) Community Bus Maintenance Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(t) Road Reserve	31/05.2020	Amalgamated to other reserves as per Council Resolution
(u) Community Amen Reserve	31/05/2020	Amalgamated to other reserves as per Council Resolution
(v) IT Communications Reserve	Ongoing	To be used to -: it costs associated with future requirements.
(w) Employee Cost Reserve	Budget	To be used to: Cover employee expenses.

SHIRE OF PERENJORI
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5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	700,000	700,000
	<u>700,000</u>	<u>700,000</u>
Other financial assets at amortised cost		
Term deposits	700,000	700,000
	<u>700,000</u>	<u>700,000</u>
(b) Non-current assets		
Financial assets at fair value through profit and loss	71,221	70,068
	<u>71,221</u>	<u>70,068</u>

The Shire holds 4 of 620 units in the Local Government House Trust. The total contribution by all Council's toward the purchase of the building was \$582,000.

Based on net assets of \$10,860,610 and 620 units, the value of 1 unit in Local Government House Trust at 30 June 2019 is \$17,805.27. The value of 4 units being \$71,221 has been brought to account in 2020 as shown above.

Unlisted equity Investments

Local Government House Trust	71,221	70,068
	<u>71,221</u>	<u>70,068</u>

During the year the following gains/(losses) were recognised in profit and loss:

Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services.	1,153	8,202
	<u>1,153</u>	<u>8,202</u>

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

	2020	2019
	\$	\$
	61,408	52,585
	27,084	199,272
	<u>88,492</u>	<u>251,857</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

Fuel and materials

Non-current

Land held for resale - cost

Cost of acquisition

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

	2020	2019
	\$	\$
	8,562	36,330
	8,562	36,330
	104,000	104,000
	104,000	104,000
	140,330	125,324
	(109,261)	(64,495)
	81,493	79,501
	112,562	140,330

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.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

8. OTHER ASSETS

Other assets - current

Accrued income

Land and buildings classified as held for sale

	2020	2019
	\$	\$
	3,508	0
	3,508	0

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period. Accrued Income has been accounted for as per AASB 101.51.

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value heirachy set out in Note 27(h).

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	474,222	660,000	1,134,222	14,095,358	14,095,358	15,229,580	114,554	2,317,606	17,661,740
Additions	0	0	0	294,964	294,964	294,964	0	442,643	737,607
(Disposals)	(9,222)	0	(9,222)	(1,723)	(1,723)	(10,945)	(22,110)	(75,579)	(108,634)
Carrying amount at 30 June 2019	465,000	660,000	1,125,000	14,388,599	14,388,599	15,513,599	92,444	2,684,670	18,290,713
Comprises:									
Gross carrying amount at 30 June 2019	465,000	660,000	1,125,000	15,142,164	15,142,164	16,267,164	241,309	3,721,992	20,230,465
Accumulated depreciation at 30 June 2019	0	0	0	(753,565)	(753,565)	(753,565)	(148,865)	(1,037,322)	(1,939,752)
Carrying amount at 30 June 2019	465,000	660,000	1,125,000	14,388,599	14,388,599	15,513,599	92,444	2,684,670	18,290,713
Change in accounting policy	0	(660,000)	(660,000)	0	0	(660,000)			(660,000)
Adjusted Carrying amount at 1 July 2019	0	0	465,000	14,388,599	14,388,599	14,853,599	92,444	2,684,670	17,630,713
Additions	0	0	0	46,670	46,670	46,670	0	538,272	584,942
(Disposals)	0	0	0	0	0	0	0	(207,158)	(207,158)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	13,000	13,000
Depreciation (expense)	0	0	0	(381,562)	(381,562)	(381,562)	(4,148)	(290,325)	(676,035)
Carrying amount at 30 June 2020	465,000	0	465,000	14,053,707	14,053,707	14,518,707	88,296	2,738,459	17,345,462
Comprises:									
Gross carrying amount at 30 June 2020	465,000	0	465,000	15,188,832	15,188,832	15,653,832	241,309	3,886,027	19,781,168
Accumulated depreciation at 30 June 2020	0	0	0	(1,135,125)	(1,135,125)	(1,135,125)	(153,013)	(1,147,568)	(2,435,706)
Carrying amount at 30 June 2020	465,000	0	465,000	14,053,707	14,053,707	14,518,707	88,296	2,738,459	17,345,462

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar items (Net revaluation method).	Independent Valuation	June 2017	Price per hectare/market borrowing rate.
Buildings - non-specialised	3	Market approach using recent observable market data for similar items (Net revaluation method).	Independent Valuation	June 2017	Improvements to buildings using construction costs and current conditions, residual values and remaining useful life.

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

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

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Other infrastructure Footpaths	Other infrastructure Airfield	Other infrastructure Parks & Ovals	Other infrastructure Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	45,461,766	127,722	541,455	2,609,975	566,649	49,307,567
Additions	1,193,657	0	0	58,447	0	1,252,104
(Disposals)	0	0	(522)	(27,282)	(14,309)	(42,113)
Carrying amount at 30 June 2019	46,655,423	127,722	540,933	2,641,140	552,340	50,517,558
Comprises:						
Gross carrying amount at 30 June 2019	96,705,393	611,235	637,800	2,981,165	628,808	101,564,401
Accumulated depreciation at 30 June 2019	(50,049,970)	(483,513)	(96,867)	(340,025)	(76,468)	(51,046,843)
Carrying amount at 30 June 2019	46,655,423	127,722	540,933	2,641,140	552,340	50,517,558
Additions	1,531,575	0	0	26,063	0	1,557,638
Depreciation (expense)	(1,504,932)	(16,198)	(48,159)	(168,464)	(39,800)	(1,777,553)
Carrying amount at 30 June 2020	46,682,066	111,524	492,774	2,498,739	512,540	50,297,643
Comprises:						
Gross carrying amount at 30 June 2020	98,236,968	611,235	637,800	3,007,228	628,809	103,122,040
Accumulated depreciation at 30 June 2020	(51,554,902)	(499,711)	(145,026)	(508,489)	(116,269)	(52,824,397)
Carrying amount at 30 June 2020	46,682,066	111,524	492,774	2,498,739	512,540	50,297,643

SHIRE OF PERENJORI
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10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement costs (Gross revaluation method).	Independent Valuation	June 2018	Construction costs and current conditions residual values and remaining useful life assessment inputs.
Other infrastructure Footpaths	3	Cost approach using depreciated replacement costs (Gross revaluation method).	Independent Valuation	June 2018	Construction costs and current conditions residual values and remaining useful life assessment inputs.
Other infrastructure Airfield	3	Cost approach using depreciated replacement costs (Net revaluation method).	Independent Valuation	June 2017	Construction costs/purchase costs and current conditions residual values and remaining useful life assessment inputs.
Other infrastructure Parks & Ovals	3	Cost approach using depreciated replacement costs (Net revaluation method).	Independent Valuation	June 2017	Construction costs/purchase costs and current conditions residual values and remaining useful life assessment inputs.
Other infrastructure Other	3	Cost approach using depreciated replacement costs (Net revaluation method).	Independent Valuation	June 2017	Construction costs/purchase costs and current conditions residual values and remaining useful life assessment 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.

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties 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, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

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11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	9,222	0	0	(9,222)
Buildings - non-specialised	0	0	0	0	0	0	0	0	1,723	0	0	(1,723)
Furniture and equipment	0	0	0	0	0	0	0	0	22,110	0	0	(22,110)
Plant and equipment	207,158	185,918	6,975	(28,215)	160,829	187,500	26,671	0	75,579	63,750	13,250	(25,079)
Other infrastructure Airfield	0	0	0	0	0	0	0	0	522	0	0	(522)
Other infrastructure Parks & Oval	0	0	0	0	0	0	0	0	27,282	0	0	(27,282)
Other infrastructure Other	0	0	0	0	0	0	0	0	14,309	0	0	(14,309)
	207,158	185,918	6,975	(28,215)	160,829	187,500	26,671	0	150,747	63,750	13,250	(100,247)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
General purpose funding				
Kia Sportage	20,000	17,273	0	(2,727)
Holden Captiva	18,000	10,000	0	(8,000)
Holden Trailblazer	26,499	27,273	774	0
Transport				
Mitsubishi Triton	13,990	19,091	5,101	0
Mitsubishi Triton	10,499	9,091	0	(1,409)
Mitsubishi Triton	10,170	9,091	0	(1,079)
Hitachi Wheel Loader	90,000	75,000	0	(15,000)
Mitsubishi Tip Truck	18,000	19,100	1,100	0
	207,158	185,919	6,975	(28,215)
	207,158	185,919	6,975	(28,215)

11. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	381,562	325,961	373,776
Furniture and equipment	4,148	7,839	7,626
Plant and equipment	290,325	302,150	372,011
Infrastructure - roads	1,504,932	1,714,163	1,507,899
Other infrastructure Footpaths	16,198	16,500	16,366
Other infrastructure Airfield	48,159	36,895	48,339
Other infrastructure Parks & Ovals	168,464	166,374	171,123
Other infrastructure Other	39,800	40,000	41,782
	<u>2,453,588</u>	<u>2,609,882</u>	<u>2,538,922</u>

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 30 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 - 65 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	50 years
Sewerage piping	not depreciated
Water supply piping and drainage systems	not depreciated
Airfield & Other Infrastructure	10-50 years
Parks & Ovals	10-50 years

Depreciation on revaluation

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

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

Amortisation

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

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

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

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12. REVALUATION SURPLUS

	2020 Opening Balance \$	2020 Change in Accounting Policy	2020 Revaluation Increment \$	2020 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2020 Closing Balance \$	2019 Opening Balance \$	2019 Revaluation Increment \$	2019 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2019 Closing Balance \$
Revaluation surplus - Land - vested in and under the control of Council	508,553	(508,553)	0	0	0	0	508,553	0	0	0	508,553
Revaluation surplus - Buildings - non-specialised	6,036,570	0	0	0	0	6,036,570	6,036,570	0	0	0	6,036,570
Revaluation surplus - Plant and equipment	1,160,390	0	13,000	0	13,000	1,173,390	1,048,544	111,846	0	111,846	1,160,390
Revaluation surplus - Infrastructure - roads	39,103,103	0	0	0	0	39,103,103	39,103,103	0	0	0	39,103,103
Revaluation surplus - Other infrastructure Airfield	778,034	0	0	0	0	778,034	778,034	0	0	0	778,034
Revaluation surplus - Other infrastructure Parks & Ovals	730,179	0	0	0	0	730,179	730,179	0	0	0	730,179
Revaluation surplus - Other infrastructure Other	370,089	0	0	0	0	370,089	370,089	0	0	0	370,089
	48,686,918	(508,553)	13,000	0	13,000	48,191,365	48,575,072	111,846	0	111,846	48,686,918

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
ATO liabilities	
Bonds and deposits held	
Accrued Interest on borrowings	

2020	2019
\$	\$
70,956	206,886
10,350	12,182
18,188	18,940
2,892	11,811
0	45,726
10,549	13,386
112,935	308,931

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

SHIRE OF PERENJORI
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14. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	175,267	241,080
Non-current	349,939	506,942
	<u>525,206</u>	<u>748,022</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual	Principal	Principal	Interest	Principal	Principal	Principal	Principal	Principal
				1 July 2019	repayments	repayments	outstanding	1 July 2019	repayments	repayments	outstanding	1 July 2018	repayments	repayments	outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing															
CHA Housing	96	WATC	6.54%	76,012	13,276	4,885	62,736	76,012	13,311	4,684	62,701	88,494	12,482	5,776	76,012
Flat Pack Housing	97	WATC	4.68%	76,974	24,483	3,803	52,491	76,723	24,493	3,379	52,230	100,348	23,374	4,997	76,974
Duplex Housing	101	WATC	4.68%	87,471	27,823	5,354	59,648	87,471	27,819	3,772	59,652	114,032	26,561	5,101	87,471
Community amenities															
John Street Sub Division	98	WATC	6.97%	242,905	20,696	17,660	222,209	243,662	20,124	16,638	223,538	261,770	18,865	18,517	242,905
Industrial Park Land	94	WATC	7.38%	0	0	0	0	0	0	0	0	0	0	31	0
Recreation and culture															
Acquatic Centre	99	WATC	6.09%	40,938	40,938	990	0	40,862	40,862	1,247	0	119,221	78,283	5,739	40,938
Acquatic Centre	100	WATC	5.50%	122,949	38,587	5,291	84,362	122,788	39,051	5,450	83,737	160,187	37,238	8,613	122,949
Transport															
Grader	102	WATC	2.65%	100,772	57,013	2,411	43,759	100,772	57,013	2,107	43,759	156,299	55,527	4,296	100,772
				<u>748,022</u>	<u>222,816</u>	<u>40,394</u>	<u>525,206</u>	<u>748,290</u>	<u>222,673</u>	<u>37,277</u>	<u>525,617</u>	<u>1,000,352</u>	<u>252,330</u>	<u>53,070</u>	<u>748,022</u>

* WA Treasury Corporation

SHIRE OF PERENJORI
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14. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(2,247)	(2,624)
Total amount of credit unused	22,753	22,376
Loan facilities		
Loan facilities - current	175,267	241,080
Loan facilities - non-current	349,939	506,942
Total facilities in use at balance date	525,206	748,022

Unused loan facilities at balance date

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Opening balance at 1 July 2019

Current provisions	83,643	167,449	251,092
Non-current provisions	0	39,150	39,150
	83,643	206,599	290,242

Movement in provision

Balance at 30 June 2020

Comprises

Current	201,450	96,551	298,001
Non-current	0	44,981	44,981
	201,450	141,532	342,982

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
 More than 12 months from reporting date

	2020	2019
	\$	\$
	251,089	251,092
	91,893	39,150
	342,982	290,242

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	4,735,143	3,330,636	3,382,691
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,013,886	(506,825)	263,207
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,153)	0	(8,202)
Depreciation on non-current assets	2,453,588	2,609,882	2,538,922
(Profit)/loss on sale of asset	21,240	(26,671)	86,997
Changes in assets and liabilities:			
(Increase)/decrease in receivables	163,365	(154,000)	211,906
(Increase)/decrease in other assets	(3,508)	0	0
(Increase)/decrease in inventories	27,768	0	(15,006)
Increase/(decrease) in payables	(195,996)	0	79,703
Increase/(decrease) in provisions	52,740	39,285	(30,226)
Non-operating grants, subsidies and contributions	(1,052,215)	(1,046,009)	(750,401)
Net cash from operating activities	2,479,715	915,662	2,376,900

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	2,890,193	2,718,387
General purpose funding	2,443,787	1,756,155
Law, order, public safety	477,293	482,935
Health	194,362	200,624
Education and welfare	1,392,135	1,508,019
Housing	3,927,152	3,895,989
Community amenities	384,975	396,890
Recreation and culture	5,857,364	5,957,355
Transport	49,644,001	49,764,665
Economic services	2,958,955	3,223,829
Other property and services	1,447,504	1,968,349
Unallocated	1,736,310	1,480,020
	<u>73,354,031</u>	<u>73,353,217</u>

18. CONTINGENT LIABILITIES

In compliance with the *Contaminated Sites Act 2003 Section 11*, the Shire has listed sites to be possible sources of contamination. Details of the sites are:

Landfill Sites

The Shire operates the Latham and Perenjori landfill sites under licences issued in terms of Part V of the *Environmental Protection Act 1986*. Both landfill sites are categorised as Class II putrescible landfill sites in terms of Schedule 1, Category 64 of the *Environmental Protection Regulations 1987*. The Shire's focus is maintaining the site in accordance with licensing conditions.

Contaminated Sites

The Shire of Perenjori has in compliance with Section 11 of the *Contaminated Sites Act 2003* identified the Shire of Perenjori Works Depot as a possible contaminated site.

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the Department of Water and Environmental Regulation (DWER) the need and criteria for remediation, the Shire is unable to accurately quantify the clean up liability for its landfill sites and potentially contaminated sites. The Shire is continuing to monitor the site and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with DWER guidelines.

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	0	12,852	12,852
President's allowance	0	6,304	6,304
Deputy President's allowance	0	828	828
Travelling expenses	0	2,520	2,520
Commissioner Expenses	146,506	0	0
	<u>146,506</u>	<u>22,504</u>	<u>22,504</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	291,472	329,791
Post-employment benefits	39,162	40,739
Other long-term benefits	18,031	9,432
Termination benefits	0	10,231
	<u>348,665</u>	<u>390,193</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.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

	2020 Actual	2019 Actual
	\$	\$
Purchase of goods and services	0	57,767
Short term employee benefits - other related parties	69,660	69,480
Sales to related parties	0	683
	69,660	127,930

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

20. JOINT ARRANGEMENTS

	2020	2019
	\$	\$
Carrying amount of investment in Joint operation		
<p>The Shire of Perenjori has a joint arrangement with the Housing Authority for the provision of four (4) family houses and two (2) aged care units. The assets reflect capital works carried out by Council. All revenue and expenditure, as well as the Shire's share of assets of the joint arrangement are recognised in the Shire's financial statements. The Shire of Perenjori's share in Buildings is included in the financial statements as follows:-</p>		
Buildings	128,484	128,484
Less Accumulated Depreciation	(11,704)	(9,135)
Total assets	116,780	119,349
Share of joint operation		
Shire of Perenjori Ownership		
79 Russell Street	21.00%	21.00%
Lot 58 Hesford Street	14.85%	14.85%
Lot 28 Livingstone Street	21.00%	21.00%
Statement of Comprehensive income		
Other revenue	36,388	33,906
Other expenditure	(17,372)	(48,838)
Net result for the period	19,016	(14,932)

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.

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.

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

21. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV Townsite	8.2712	106	1,301,196	107,625	0	0	107,625	107,625	0	0	107,625	101,529
GRV Mining	8.2712	1	3,144,000	260,047	(20,239)	0	239,808	260,047	0	0	260,047	254,947
Unimproved valuations												
UV Rural Pastoral	1.9	255	98,690,300	1,875,116	0	(3,585)	1,871,531	1,875,116	9,000	3,000	1,887,116	1,856,956
UV Mining	34.255	37	1,941,351	665,010	0	0	665,010	665,010	0	0	665,010	651,992
Exploration	25.5	20	119,389	30,444	0	0	30,444	30,445	0	0	30,445	19,214
Sub-Total		419	105,196,236	2,938,242	(20,239)	(3,585)	2,914,418	2,938,243	9,000	3,000	2,950,243	2,884,638
Minimum payment												
Gross rental valuations												
GRV Townsite	349	36	28,536	12,564	0	0	12,564	12,564	0	0	12,564	11,970
GRV Mining	349	1	20	349	0	0	349	349	0	0	349	342
Unimproved valuations												
UV Rural Pastoral	349	10	75,700	3,490	0	0	3,490	3,490	0	0	3,490	3,420
UV Mining	349	5	1,699	1,745	0	0	1,745	1,745	0	0	1,745	1,368
Exploration	349	17	12,506	5,933	0	0	5,933	5,933	0	0	5,933	5,472
Sub-Total		69	118,461	24,081	0	0	24,081	24,081	0	0	24,081	22,572
		488	105,314,697	2,962,323	(20,239)	(3,585)	2,938,499	2,962,324	9,000	3,000	2,974,324	2,907,210
Discounts (Note 21(b))							(249,652)				(215,000)	(212,171)
Total amount raised from general rate							2,688,847				2,759,324	2,695,039
Ex-gratia rates							16,588				13,000	13,162
Totals							2,705,435				2,772,324	2,708,201

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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

21. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Rates Discount	10.00%		249,652	215,000	212,171	A discount is offered to ratepayers who pay the full amount of rates and charges including any previous outstanding amounts on or before the due date as stated on the rates notice: this date is at least 35 days after the notice is issued. This discount does not apply to interim rates levied and those properties to which a minimum rate applies.
			249,652	215,000	212,171	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Photocopy and paper charges	Waiver	Gratis	0	Unknown	0	Unknown
Total discounts/concessions (Note 21(a))				249,652	215,000	212,171

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Photocopy and paper charges	A waiver will be granted for community groups where Council considers support for these groups is required for the benefit of the overall community.	To assist community groups with photocopying & printing facilities.	To relieve community groups of the costs associated with the printing of documents for community purposes.

21. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	30th October 2019			
Option Two				
First instalment	30th October 2019			
Second instalment	2nd January 2020	10	5.50%	11.00%
First instalment	3rd March 2020	10	5.50%	11.00%
Fourth instalment	4th May 2020	10	5.50%	11.00%
		2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Interest on unpaid rates		8,178	1,200	2,400
Interest on instalment plan		3,494	3,000	6,214
Charges on instalment plan		450	2,500	5,285
		12,122	6,700	13,899

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

(a) Interest rate risk

Cash and cash equivalents

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.02%	4,735,143	0	4,735,143	0
Financial assets at amortised cost - term deposits	0.90%	700,000	700,000	0	0
2019					
Cash and cash equivalents	1.16%	3,382,691	0	3,382,691	0
Financial assets at amortised cost	2.00%	700,000	700,000	0	0

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	47,351	33,827

* 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).

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					\$ -
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	8,823	2,823	9,913	39,849	61,408
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	2,823	9,913	3,358	36,491	52,585

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	17,979	8,901	0	204	27,084
Loss allowance	0	0	0	390	390
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.02%	
Gross carrying amount	163,286	13,917	2,550	19,520	199,273
Loss allowance	0	0	0	390	390

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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>2020</u>					
Payables	112,933	0	0	112,933	112,935
Borrowings	203,126	305,093	112,142	620,361	525,206
	316,059	305,093	112,142	733,294	638,141
<u>2019</u>					
Payables	308,931	0	0	308,931	308,931
Borrowings	259,954	507,646	112,240	879,840	748,022
	568,885	507,646	112,240	1,188,771	1,056,953

24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

As at the 30 June 2020, AASB 15 has not significantly impacted the financial year and therefore no contract liabilities were required to be recorded.

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB15.

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

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

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

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

As at 30 June 2020, AASB 1058 has not significantly impacted the financial year and therefore no contract liabilities were required to be recorded.

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB1058.

(c) AASB 16:Leases

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

As at 30 June 2020, AASB16 has not significantly impacted the financial year and therefore no lease liabilities and right of use assets have been recognised.

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

25. CHANGE IN ACCOUNTING POLICIES

Change in Accounting Policies due to regulation changes

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

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

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	18,290,713	(660,000)	17,630,713
Revaluation surplus	12	48,686,918	(508,553)	48,178,365
Retained earnings		20,972,440	(151,447)	20,820,993

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

26. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Mt Gibson Public Benefit Fund	245,698	100,798	(88,616)	257,880
	245,698	100,798	(88,616)	257,880

27. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF PERENJORI

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

28. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs. In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire of Perenjori's Community Vision, and for each of its broad activities/programs.

Council has adopted a 'Plan for the future' comprising a Strategic Community Plan and Corporate Business Plan to provide the long term community vision, aspirations and objectives.

The Strategic Community Plan defines the key objectives of the Shire as:

"Economic: A strong, resilient and balanced economy.

Environment: Our unique natural and built environment is protected and enhanced.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
-----------------------------	------------

GOVERNANCE

Expenses associated with provision of services to members of council and elections. Also included are costs associated with computer operations, corporate accounting, corporate records and asset management. Costs reported as administrative expenses are redistributed in accordance with the principle of activity based costing (ABC).

GENERAL PURPOSE FUNDING

Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on police licensing. The costs associated with raising the above mentioned revenues, eg: valuation expenses, debt collection and overheads.

LAW, ORDER, PUBLIC SAFETY

Enforcement of Local Laws, fire prevention, animal control and provision of ranger services.

HEALTH

Health inspection services, food quality control, mosquito control and contributions towards provision of medical health services.

EDUCATION AND WELFARE

Donations to local education facilities, Perenjori Early Childhood Centre .

HOUSING

Provision of maintenance for staff and private housing.

COMMUNITY AMENITIES

Rubbish collection services, operation and maintenance of refuse sites, cemetery maintenance and flood mitigation, public convenience maintenance.

RECREATION AND CULTURE

Maintenance of halls, swimming pool, recreation centres, parks and gardens, ovals and various reserves, operation of library services.

TRANSPORT

Maintenance of roads, drainage, footpaths, parking facilities, traffic control, street cleaning and maintenance of airstrip.

ECONOMIC SERVICES

Tourism, community development, pest control, building services, caravan parks and private works.

OTHER PROPERTY AND SERVICES

Plant works, plant overheads and stock of materials.

29. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	5.07	2.72	2.13
Asset consumption ratio	0.55	0.56	0.57
Asset renewal funding ratio	0.96	N/A	1.60
Asset sustainability ratio	0.78	0.69	0.91
Debt service cover ratio	9.33	6.89	6.68
Operating surplus ratio	(0.01)	(0.12)	(0.17)
Own source revenue coverage ratio	0.56	0.54	0.43

(*) The asset renewal funding ratio for 2019 has not been reported as planned capital renewals and required capital expenditure are not supported by a Council approved long-term financial plan and asset management plan respectively.

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Perenjori

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire:

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

Basis for Opinion

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

Emphasis of Matters – Basis of Accounting

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

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

Responsibilities of the CEO and Council for the Financial Report

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio as reported in Note 29 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a) A review in relation to the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal controls and legislative compliance was not completed at least once in every three financial years as required by Regulation 17 of the Local Government (Audit) Regulations 1996.
 - b) A review of the appropriateness and effectiveness of the Shire's financial management systems and procedures was not completed by the CEO at least once every three financial years, as required by section 5(2)(c) of the Local Government (Financial Management) Regulations 1996. The last review took place for the financial year ended 30 June 2017.
 - c) For approximately 23% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement and the risk of fraud or favouritism of suppliers. Additionally, from our sampling there were twelve payments made during the year where there was no evidence of appropriate approval.
 - d) The Shire has not reported the Asset Renewal Funding Ratio for 2019 in the annual financial report as required by section 50(1) of the Local Government (Financial Management) Regulations 1996 as planned capital renewals and

required capital expenditure were not supported by a Council approved long-term financial plan and asset management plan respectively.

- e) A number of non-current assets had not been depreciated in accordance with the Shire's accounting policies and the requirements of AASB 116: Property, Plant and Equipment. Although this was not material for the current year, this could result in material misstatement of property, plant and equipment and depreciation expense in subsequent years.
- (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 for 2018-2020 and the Asset Renewal Funding Ratio for 2018 and 2020 included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



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8 July 2021