



Council Agenda

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Shire of Pingelly Special Council Meeting 11 February 2021

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MISSION STATEMENT

To enhance the quality of life for the people of Pingelly through the provision of leadership, services and infrastructure.



Shire of Pingelly

Notice of Meeting

Notice is given that a meeting of the Council will be held in the Council Chambers, 17 Queen Street, Pingelly on Thursday 11 February 2021, commencing at 2pm.

Your attendance is respectfully requested.

Disclaimer

The recommendations contained in this agenda are officers' recommendations only and should not be acted upon until Council has resolved to adopt those recommendations. The resolutions of Council should be confirmed by perusing the minutes of the Council meeting at which these recommendations were considered. Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification of Councils decision.

A handwritten signature in black ink, appearing to read "JB", is positioned above the name and title of the Chief Executive Officer.

Julie Burton
Chief Executive Officer

PUBLIC QUESTION TIME INFORMATION

The Shire of Pingelly welcomes community participation during public question time. This document is to be read in conjunction with the *Shire of Pingelly Standing Orders Local Law 2017* and the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*.

1. A member of the public who raises a question during question time must:
 - a. be in attendance at the meeting;
 - b. first state their name and address;
 - c. direct the question to the Presiding Member;
 - d. ask the question briefly and concisely;
 - e. limit any preamble to matters directly relevant to the question; and
 - f. ensure that the question is not accompanied by any expression of opinion, statement of fact or other comment, except where necessary to explain the question.
2. Each member of the public with a question is entitled to ask up to 3 questions before other members of the public will be invited to ask their questions.
3. Where a member of the public seeks a written response to their questions to be tabled at a meeting, the member of the public must submit their questions to Council by no later than 12 noon on the day prior to the meeting date of which the response is to be tabled.
4. Where a member of the public submits their questions after 12 noon on the day prior to the meeting date of which the response is to be tabled, a written response may be provided at the discretion of the presiding member.
5. Where a member of the public submits a written question after 12 noon the day prior to the meeting at which they are to be tabled, a verbal response may be provided at the meeting.
6. A member of the public may ask questions without notice at a meeting, provided they present a written copy of their questions to Council prior to the commencement of the meeting.

Questions may be submitted by e-mail to admin@pingelly.wa.gov.au.

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1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairman to declare the meeting open.

2. ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Noongar people of this area and recognise their continuing connection to land, waters and community. We pay respect to both the Aboriginal and non-Aboriginal people past, present and emerging.

3. ANNOUNCEMENTS BY THE PRESIDING MEMBER

3.1 Council Agenda Reports

Please note that all elected members have been provided with the relevant information pertaining to each Officers reports within today's Agenda and the Officer Recommendations are based on Council Policy and or State Acts and Legislation.

4. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

5. PUBLIC QUESTION TIME

6. DISCLOSURES OF INTEREST

7. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

7.1 Audit Committee Meeting Minutes

Recommendation:

That Council receive the Minutes of the Audit Committee Meeting held on 11 February 2021.

Moved: _____ Seconded: _____

8. REPORTS OF COMMITTEES OF COUNCIL

Audit Committee

8.1 Report on Audit Regulation 17

That the Audit Committee accept and endorse the review of the appropriateness and effectiveness of the systems and procedures in relation to risk management, internal control and legislative compliance, pursuant to Regulation 17 of the Local Government (Audit) Regulations.

Moved: _____ Seconded: _____

8.2 Compliance Audit Return

Recommendation:

That Council endorse the Compliance Audit Return (CAR) for the 2020 calendar year as attached.

Moved: _____ Seconded: _____

8.3 Annual Financial Report and Audit Report 2019/20

Recommendation:

That Council accepts the 2019/20 Audit Report and notes the actions required by the Chief Executive Officer to address matters raised in the attached Final Management Letter Report.

Moved: _____ Seconded: _____

8.4 Significant Matter Raised in Audit Report 2020

Recommendation

That Council receives the report on the significant matters indicating an adverse trend in the Current Ratio and Operating Surplus Ratio, raised in the 2019/20 Audit Report.

Moved: _____ Seconded: _____

8.5 Financial Management Systems and Procedures Review December 2020

Recommendation

That Council receives the Regulation 17 - Financial Management Systems and Procedures Review December 2020, finding and recommendations.

Moved: _____ Seconded: _____

9 OFFICE OF THE CHIEF EXECUTIVE OFFICER

9.1 Adoption of 2019/20 Annual Report

File Reference:	ADM0074
Location:	Not Applicable
Applicant:	Not Applicable
Author:	Chief Executive Officer
Disclosure of Interest:	Nil
Attachments:	Attachment 1 Annual Report 2019/20
Previous Reference:	Nil

Summary

Council is requested to accept the Annual Report, inclusive of the Annual Financial Report and the Audit Report for the 2019/20 financial year, and schedule the Annual Meeting of Electors.

Background

Section 6.4 of the Local Government Act 1995 requires a Local Government to prepare an Annual Report in the manner and form prescribed, and by 30 September submit to its Auditor the accounts balanced up to the last day of the preceding year, and the annual financial report for each financial year.

Section 5.53 of the Local Government Act 1995 requires a Local Government to prepare an Annual Report for each financial year. The Annual Report is to contain a report from the President, a report from the Chief Executive Officer, the Financial Report for the Financial Year, the Auditor's Report for the Financial Year, a number of other matters in relation to principal activities and such other information as may be prescribed. Once received, Council is then required by Section 5.27 of the Local Government Act 1995 to hold a General Meeting of Electors once every financial year to discuss the contents of the Annual Report for the previous financial year and any other general business. This meeting is to be held not more than 56 days after the local government accepts the annual report for the previous year.

Section 5.54 of the Local Government Act 1995 requires Council to accept the Annual Report no later than 31 December each year. Should the auditor's report not be available in time for the Annual Report to be accepted by 31 December, then the local government is to accept the Annual Report no later than two months after the auditor's report becomes available. The Audit Report was made available by the Office of the Auditor General on 16 December 2020.

Comment

The Annual Report for the year ended 30 June 2020 is presented to Council for acceptance. The Annual Report is presented in two parts, being the Annual Report, and the Financial Report. Also included is a full set of audited annual financial statements and the Independent Auditor's report. Once formally received and accepted by Council, the Annual Report can be referred for discussion at the Annual Electors' Meeting.

This Report will be available to the Public and Electors prior to the Annual Electors Meeting, subject to its acceptance by Council.

Industry best practice is to endeavour to hold the Annual Meeting of Electors in the same calendar year that the financial year ended. This is dependent on the timing of the audit of the Shire's financial statements and the receipt of the audit statement. The timing of this important process was hampered by the late amendments to Financial Regulations which delayed the audit report, and the adjustment to the Minister for Local Government's COVID-19 order. The acceptance of the Annual Report will trigger the timeline for the Annual Meeting of Electors, necessitating it to be held by Wednesday 7 April 2021. It is proposed to hold the Annual Meeting of Electors for 2019/20 at 7:00pm, Wednesday 24 March 2021.

Consultation

The availability of the Annual Report is advertised in conjunction with the statutory advertising required for the Annual Meeting of Electors. Advertising will appear in the local paper, Shire website, social media platform, and notice boards.

Statutory advertising is required to be carried out requiring the Chief Executive Officer to convene an electors' meeting by giving at least 14 days' local public notice.

Statutory Environment

Part 5 Division 5 of the Local Government Act 1995 (the Act) specifies the legislative requirements for preparation and acceptance of the Annual Report.

Section 5.53(1) of the Act requires a local government to prepare an annual report for each financial year.

Section 5.53(2) specifies the content of the Annual Report, including a report from the Shire President, a report from the Chief Executive Officer, an overview of the plan for the future, the financial reports for the year under review, the auditor's report, and specified information including that relating to employees, disability services, and complaints.

Section 5.54(1) specifies that the Annual Report is to be accepted by Absolute Majority decision.

Section 5.55 notes that the Chief Executive Officer is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

Section 5.27 of the Local Government Act 1995 and Part 3 of the Local Government (Administration) Regulations 1996 specify the legislative requirements for annual meeting of electors, including when a meeting is to be held, the matters to be discussed (Annual Report and other General Business), who may vote and how, and the procedure at the meeting.

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Goal 5	Innovation Leadership and Governance
Outcome 5.8	A strong corporate governance framework is maintained
Strategy 5.8.2	Ensure compliance with legislative requirements and excellence in business performance

Risk Implications

Risk	The key risk is in relation to the annual report legislative process not being adhered to, including sufficient public notice being given.
Risk Rating (Prior to Treatment or Control)	Medium (6)
Principal Risk Theme	Compliance
Risk Action Plan (Controls or Treatment Proposed)	Nil

Risk Matrix

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Voting Requirements

Absolute Majority

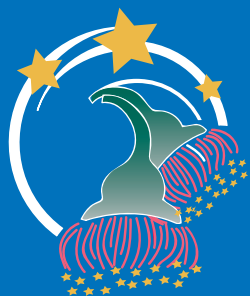
Recommendation

That Council:

1. adopt the Shire of Pingelly Annual Report for the Financial Year ended 30 June 2020, inclusive of the Annual Financial Report and Audit Report; and
2. approves the Annual Meeting of Electors to be held at 7:00pm on Wednesday 24 March 2021.

Moved: _____ Seconded: _____

Shire of
Pingelly



ANNUAL REPORT

2019/2020

Community Service Award 2020
Bruce Sewell



Sportsperson Award 2020
Eileen McCahon

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SHIRE OF PINGELLY AT A GLANCE

History of the Shire

The Moorumbine Spring land was first surveyed in 1856 and a permanent settlement established around 1860. The first settler in the area was Mr Lewis John Bayley who was granted 4,000 acres for grazing in 1846. The expanding district joined forces to build a church, school, store and gaol. The Moorumbine Townsite was gazetted on 24th April 1884.

The Great Southern Railway in 1889 resulted in an economic boom for the district along the rail line. It passed just 10km west of Moorumbine and a small settlement was established at the railway siding located there. A spring of water east of the railway crossing was named "Pingeculling," an Aboriginal name for 'Watering Place.' From this, the present name of Pingelly was derived.

The Pingelly-Moorumbine Road Board Offices were built in Pingelly in 1909. Just a few years later in 1913 'Moorumbine' was dropped from the title. In 1961, the Pingelly Road Board became the Pingelly Shire Council and new Shire Offices were built on the site on which they still stand today.

Shire Location

Pingelly is strategically located in the heart of the State's Central South 158km south-east of Perth on the Great Southern Highway. The Shire of Pingelly covers an area of 1,295km², bounded by the Shires of Wandering, Brookton, Cuballing and Wickepin. The community appreciates a Mediterranean type climate. The average yearly rainfall is 453mm, which mainly falls in winter.

The Shire of Pingelly's Council Chamber and Administration Centre is located at 17 Queen Street, Pingelly 6308. The website address is: www.pingelly.wa.gov.au.

Roads and Area of the Shire

The Shire of Pingelly has an area of 1,295km² and is responsible for 587km of roads, of which 211km are sealed.

Population

The Shire of Pingelly, with the townsites of Pingelly, Moorumbine and Dattening, has a total population of 1,146 (2016 Census). The Shire of Pingelly has 816 electors (2020 Roll), 605 dwellings and employs 30 people.


Legislative Authority

The State of Western Australia is divided into districts by the Governor, on recommendation of the Minister. When an area of the State becomes a district, a local government is established for the district.

The local government of the Shire of Pingelly is a body corporate with perpetual succession and a common seal. The Shire of Pingelly has the legal capacity of a natural person and has an elected Council as its governing body representing all electors within the Shire.

Federal & State Electoral Boundaries

The Shire of Pingelly is in the State electoral district of Wagin in the Agricultural Region and in the Federal electorate of O'Connor.

A photograph of a Numbat marsupial standing on a tree trunk. The Numbat has a brown body with dark stripes and a long, bushy tail. It is looking to the left. The background is a blurred green forest.

Numbat – iconic marsupial of the region

VISION

Pingelly, a sustainable community, where natural beauty and economic diversity provide opportunities for all.

MISSION

To enhance the quality of life for the people of Pingelly through the provision of leadership, services and infrastructure.

VALUES

Accountability, Integrity, Professionalism, Team Work, Leadership.

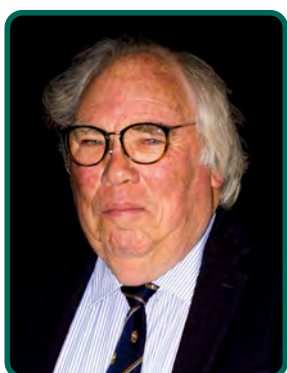
ELECTED MEMBERS OF THE SHIRE



Cr William Mulroney (President)
Term Expires 2023



Cr Jackie McBurney (Deputy President)
Term Expires 2021



Cr David Freebairn
Term Expires 2021



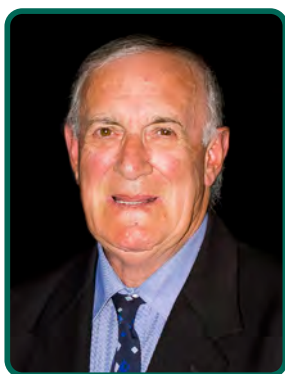
Cr Bryan Hotham
Term Expires 2021



Cr Kacey Hastings
Term Expires 2023



Cr Anthony Oliveri
Term Expires 2023



Cr Peter Narducci
Term Expires 2023



Cr Peter Wood
Term Expires 2021

SHIRE PRESIDENT'S REPORT

It is with honour that I present the Presidents report for 2019/2020 as an overview of the Council activities. This report is a snapshot of how the Shire has performed over the financial year ending 30 June 2020.

This year has been an unprecedented experience as the impact of a global pandemic hit Western Australia. The Shire of Pingelly was one of a small number of local government areas without a reported case of Covid-19, and I have an immense amount of gratitude to everyone who participated in keeping our community safe. Despite not having a reported case, our residents were still impacted by a restriction in travel, limited access to some services and an inability to freely purchase essential goods. A heartfelt thank you to our local businesses and community service providers for adapting their service delivery model to ensure Pingelly residents were able to cope well with the impact of this devastating epidemic.

Council commenced the financial year with an acting Chief Executive Officer, Mr Mark Dacombe. Council appointed Ms Julie Burton to the position of Chief Executive Officer, who commenced in the position on 1 August 2019.

COUNCILLORS: The Council commenced the new financial year with eight Councillors being Bill Mulroney, David Freebairn, Evan Hodges, Michelle Walton-Hassell, Peter Wood, Jackie McBurney, Bryan Hotham and Kacey Hastings.

The Shire administered one ordinary Council and one Extraordinary election at which Cr Walton-Hassell and Cr Hodges did not re-nominate. As a result of this election Cr Oliveri

was nominated with one position remaining vacant. An extraordinary election was held in January 2020 and as a result Cr Narducci was elected to Council. This gave the Shire of Pingelly a full complement of Councillors.

MEETINGS: Council continued with a monthly ordinary council meeting schedule, being on the third Wednesday of each month, except December, when the meeting was convened on the second Wednesday. With no Ordinary Council meeting held in January, a total of 11 Ordinary Council Meetings, 3 Special Council Meetings and 2 Audit Committee Meetings were held during 2019/20 financial year. The following table shows the Councillor attendance at these meetings.

	Ordinary Council Meetings	Special Council Meetings	Audit Committee Meetings
Cr W Mulroney	11	3	2
Cr J McBurney {Deputy Nov-June}	11	1	2
Cr D Freebairn {Deputy July- Oct}	10	1	2
Cr P Wood	9	2	1
Cr K Hastings	11	2	2
Cr B Hotham	10	3	2
Cr E Hodges {July-Oct}	3	1	1
Cr M Walton Hassell {July- Oct}	3	0	1
Cr A Oliveri {Nov- June}	7	2	1
Cr P Narducci {Feb-June}	5	1	1

Projects Undertaken in 2019/20:

- A successful contract was negotiated for the provision of medical services through to 2028 with Agape Ventures, the current medical practitioners.
- Concept plans were prepared and a grant submission for the redevelopment of Memorial Park. This was informed by strong community engagement to ensure support for the development.
- Established a free 72 hour RV Parking Area following a period of public consultation which demonstrated support for the concept. This area opened in May 2020, and has shown a gradual increase in use since this time.
- Initiated the Pingelly Gift Card concept to allow strengthening of local businesses through a closed loop gift card to be launched in 2020/21.



- Reviewed the Strategic Plans for the Shire of Pingelly, including the Strategic Community Plan and Corporate Business Plan.
- Strengthened the Shire's financial position through careful planning and management. A Long Term Financial Plan was developed to ensure a continuing improvement in the Shire's financial position. The Shire identified savings of \$120,000 at Budget Review, which provided a buffer for unexpected financial impacts during the year, and allowed a positive assessment for the conversion of \$1.2M to long term borrowings. This saving also allowed for the installation of the outdoor gym equipment purchased a number of years ago which was not included in the original budget.

- Commenced the master planning of the Pingelly Caravan Park to increase the quality and options for short term accommodation in Pingelly.
- Facilitated the discussion around opportunities for the use of the Town Hall, to be finalised in 2020/21.

As the President of a cohesive Council, it has been rewarding to be able to present this report for the future of Pingelly. I am grateful for the cooperation and assistance that has been afforded by the CEO and staff.

W.V. (Bill) Mulroney ESM
Shire President

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to provide my report for 2019/20 as Chief Executive Officer.

This past year has been very challenging for many, with the impact of COVID-19 disrupting what we know as our normal way of life. Pingelly has come through the challenge as a stronger community, and continues to demonstrate the strength of the community as a whole through the contributions of remarkable individuals. The Shire implemented a number of initiatives to minimise the impact of the virus, including an additional community grant program, support for local business, and increased communication levels. We were pleased to be able to adapt the workforce to work from alternative locations, with minimal impact to both the

workforce and the community. No employees were stood down during this time, with the majority of projects able to be delivered as normal with minor time delays.

An additional focus for the 2019/20 year has been to develop a 10 year financial plan to map out the future financial status of the Shire, in order to provide an increasingly strong foundation. The financial result this year is pleasing with a 30 June 2020 surplus of \$718,733. This is attributed to careful financial management of all capital and operating budgets.

Community engagement has increased over the past 12 months, and the councillors and staff are committed to actively achieving the values of collaborating, being proactive and respectful, and striving to always evolve and grow. This will enable us to achieve the best we can for our people and the future of our community.

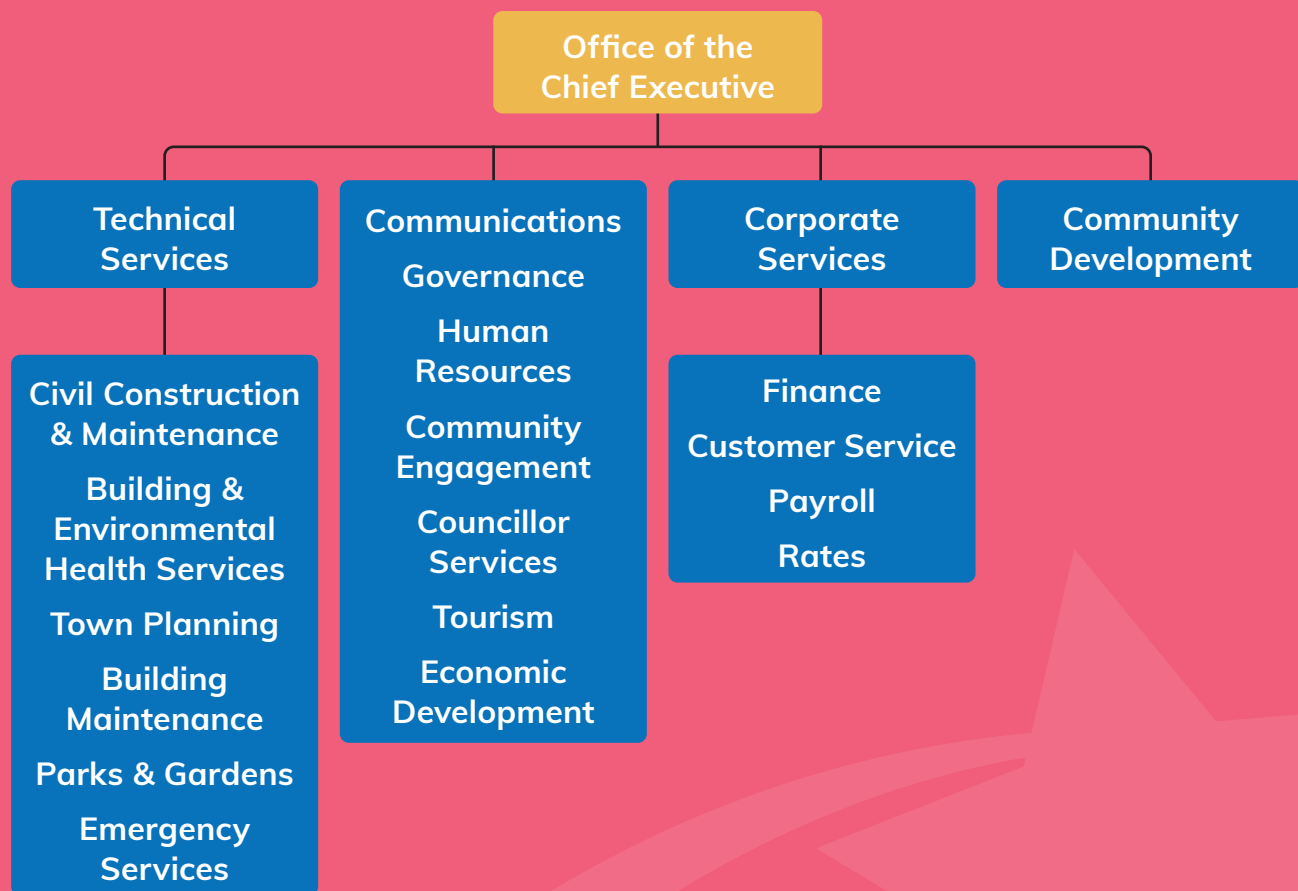
I would like to thank all Shire staff for their dedicated contributions throughout this year. It has been a challenging



year, however, the organisation has continued to provide a high standard of services to the community with an increased customer service focus. Likewise, I would like to thank Shire President Cr William (Bill) Mulroney, Deputy Shire President Cr Jackie McBurney, and their fellow Councillors. The Council and Shire Administration have an excellent collaborative relationship and have worked closely to deliver the projects and services that are identified within this report.

Julie Burton
Chief Executive Officer

ORGANISATIONAL STRUCTURE



EXECUTIVE MANAGEMENT TEAM



Julie Burton
Chief Executive Officer



Darryn Watkins
Executive Manager
Technical Services



Deanne Sweeney
Executive Manager
Corporate Services

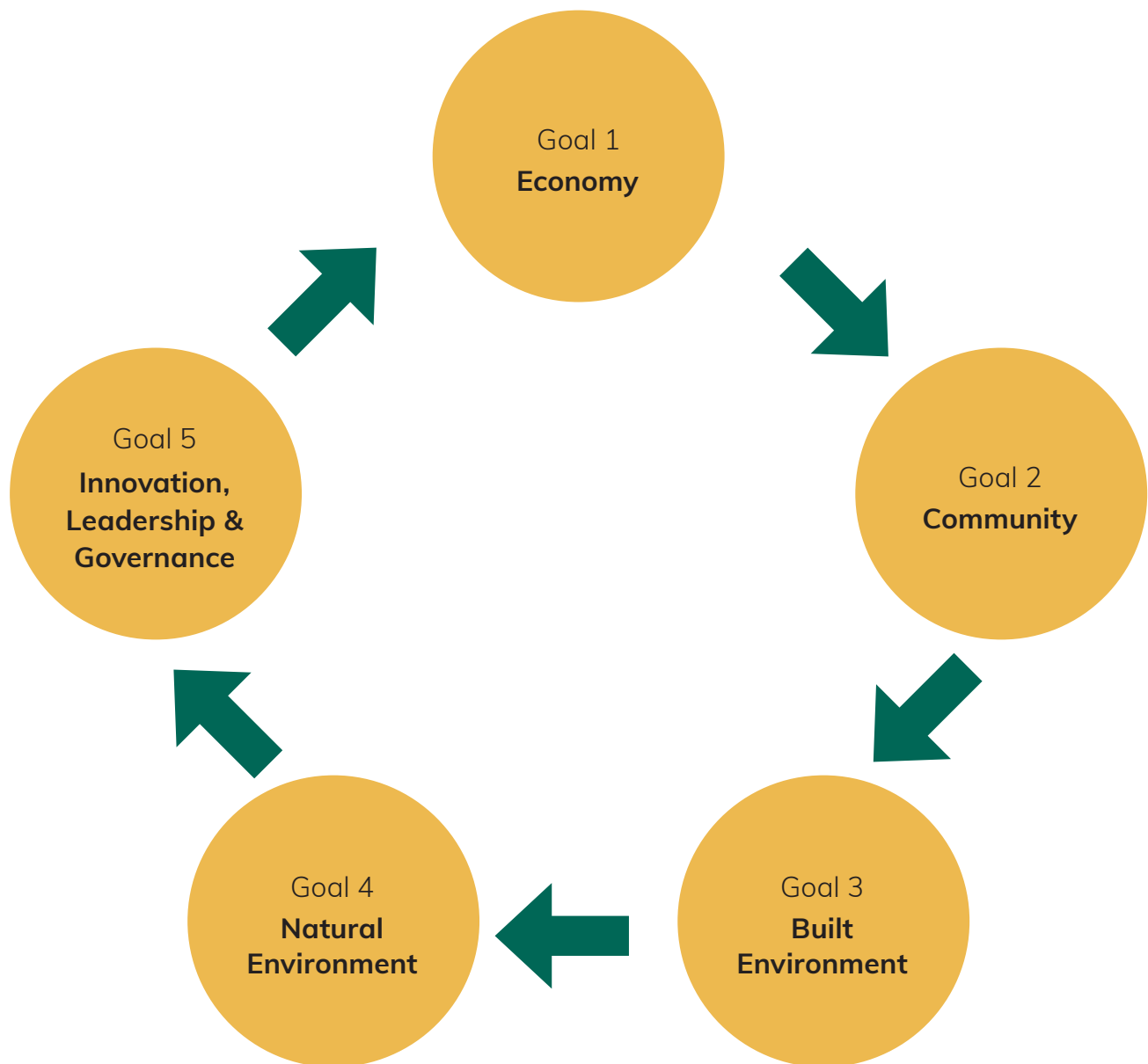




STRATEGIC COMMUNITY PLAN PROGRESS REPORT

Council undertook considerable consultation with the local community and property owners with respect to the formation of a Strategic Community Plan.

Community members invested significant time and energy into contributing to the various workshops, meetings and calls for submission that formed part of this process. The Shire of Pingelly Strategic Community Plan was adopted by Council in September 2019.



GOAL 1

ECONOMY

Pingelly Recreation and Cultural Centre

The Shire of Pingelly is proud to have supported the inaugural year of operation of the Pingelly Recreation and Cultural Centre. The strategic alignment of the Shire's goals to the services the PRACC provides is strong, with Council being committed to providing for the recreational needs of the community. The PRACC has evolved as a

hub from which to deliver a range of recreational and community activities, strengthening community resilience, mental health, physical fitness and overall wellbeing.



In June 2020 the PRACC was awarded the George Temple Poole Award. This is the most esteemed accolade from the WA Architecture Awards and in previous years has been awarded to major projects in Perth including Optus Stadium and Fiona Stanley Hospital.

The PRACC was applauded by the judges as "the ultimate nod to country life, contributing to the economy of the Wheatbelt community and long-term reconciliation". They continued to praise the PRACC as a "beautifully detailed, technically innovative, sustainable timber building that draws from Pingelly's community spirit and long history of Indigenous AFL players".

The Shire has contributed to the PRACC's operational activities through funding of \$80,000 in its first year. The Shire President continues to have active involvement with the PRACC Board, and participates as the nominated Council representative.

Landscaping was completed to create a welcoming entrance statement at the Pingelly Recreation and Cultural Centre.

Bowling Green

The Bowling Green works, managed by the Shire of Pingelly, were completed in 2018/19 with the Green officially opened in August 2019. This provided the opportunity for the Pingelly Bowling Club to commence their season in this fantastic new facility.





Tourism Plan

The Shire of Pingelly, in partnership with the Pingelly Tourism Group, came together to share ideas and discussion at a community workshop held in June. With participation from local businesses, community groups and local residents, a whole of tourism sector approach was explored by considering five key focus areas that align the emerging opportunities within the capacity of our community.

These focus areas include:

- Product and Experience Development
- Partnerships
- Infrastructure
- Marketing and Promotion
- Events

The draft Tourism Strategy will be finalised in the 2020/21 year.

Memorial Park

Planning for the redevelopment of the vacant spaces in Memorial Park has commenced, with community consultation invited to help shape the concept. The feedback received from the community was to keep the rotunda in an unaltered form, with general support for additional play spaces to be situated behind the Courthouse and adjacent to the existing playground.

The detailed design for this project will be undertaken in the 2020/21 year.

COVID

The COVID-19 pandemic has had a significant impact on communities across Australia and the world. While the Shire of Pingelly had no reported cases, there have been impacts felt by individuals and businesses. A greater impact has been felt by those with existing vulnerabilities, those who have become vulnerable or at risk as a direct or indirect result of the pandemic, and other groups. For example, there have been specific impacts on vulnerable or at risk households, women, young people, older generations, and those experiencing family violence.



The Shire had a number of key roles in this pandemic including:

- Providing information to the community. Additional, targeted communication about the pandemic was provided to enable those without access, to receive relevant information from all levels of government.
- Receiving information from the community. Councillors volunteered to contact the community by phone, to ensure that any unmet needs were identified. This exercise was well received and many expressed appreciation for the additional touchpoint by one of their elected members.
- Supporting local business. Promotion for local businesses increased during this period, with different avenues of media displaying how businesses were adapting to still operate, and also meet the restrictions required in the state of emergency. Seven-day payments for local businesses was implemented to ensure cash flow impacts were minimised.
- Supporting community recovery. An additional community grant scheme was offered during the pandemic to allow community groups to respond to emerging needs and opportunities. This scheme offered 100% funding to a maximum of \$2000 per applicant.

Residents of Pingelly have been very fortunate to have strong support from businesses who adapted their operations to ensure everyone was able to receive groceries to meet their needs. In addition our strong Community Resource Centre and the amazing volunteers continued their great service to the community during this period.

Opening of free Recreational Vehicle stay area

In March 2020, Council supported the implementation of a Recreational Vehicle (RV) parking area within the Pingelly townsite. The community provided overwhelming support for the concept, with the RV Area opening in May 2020. The site provides visitors convenient access to the local businesses, picnic, BBQ and playground facilities for a maximum stay of 72 hours.



GOAL 2

COMMUNITY

Community Grants Scheme review

In March 2020, Council endorsed an update to the Community Grant Scheme Policy. This included:

- offering two grant rounds per year instead of one to improve accessibility to funding;
- decreasing the maximum grant per group (per financial year) from \$5,000 to \$3,000; and
- increasing the Council contribution from a maximum of 50% to a maximum of 75% to allow the grant to be accessed by community groups who are not able to fund 50% of a project.

The review of the Community Grant Scheme also incorporated updates to the focus areas to align with community aspirations and expectations from the 2020-30 Strategic Community Plan engagement piece. These include:

- building capacity within local community groups, volunteers and residents;
- supporting our young people;
- supporting our older people;

- providing opportunity to be healthy and promote wellbeing;
- supporting and encouraging cultural diversity and inclusion;
- developing and attracting art projects and increasing participation;
- generally building the strength, engagement and cohesion of the community;
- encourage tourism and increase visitation;
- activate local businesses and main streets; and
- improve, conserve and promote heritage.

Cricket Nets

Following a successful application with the Department of Local Government, Sport and Cultural Industries' Community Sporting and Recreation Facilities Fund and with in-kind support from Pingelly-Noonebin Cricket Club, two cricket nets were installed at Pingelly Town Oval. As part of constructing the Pingelly Recreation and Cultural Centre (PRACC) the former nets were dismantled, so the project was an opportunity to construct a facility in line with modern infrastructure design and meet regional need in line with Cricket Australia and the Western Australian Cricket Association's advice.

Cricket nets

During March, suggestions were sought from the community as to the best location to install the outdoor gym equipment purchased a number of years ago. Following this period of feedback, Pioneer Park was chosen as an ideal location, due to the central accessibility for all residents, the shade available, and to enhance passive recreation opportunities at the park.

The outdoor gym equipment was installed in May to coincide with the WA Government's Phase 3 Roadmap to easing COVID-19 restrictions, where playgrounds and outdoor gym equipment reopened.

Events

WA Seniors Week was celebrated with a luncheon at Pingelly Recreation and Cultural Centre. In collaboration with the Pingelly Community Resource Centre the format included a welcoming address by Shire CEO, Julie Burton, and Shire President, Bill Mulroney, that acknowledged how the seniors community enhance the local lifestyle through volunteering and other in-kind contributions.

The Shire of Pingelly supported the Pingelly Development Association deliver the Community Market Day in November 2019. Increased promotional support was praised as daytrip visitors from as far south as Wagin and Kojonup enjoyed visiting Pingelly.

The Shire of Pingelly partnered with the Pingelly Tourism Group to organise a Late Night Shopping event in the lead up to Christmas 2019. The event comprised a relaxing and balmy evening for residents to spend in the CBD supporting local business in the lead up to Christmas. Stalls also lined Parade Street to facilitate an activity corridor from Sharow to Park Streets. For local children, a visit by Father Christmas proved popular, and entertainment was provided by a local musician.

Australia Day 2020 in Pingelly provided a number of activities for residents to enjoy. The community reconnected at the tail end of the summer holiday period with the annual Community Breakfast. Approximately 170 people comprising local residents and visitors attended the event at the Pingelly Recreation and Cultural Centre. Shire President, Bill Mulroney, concluded the



breakfast with the presentation of the Community Awards; Community Person of the Year was awarded to Bruce Sewell and Sportsperson of the Year awarded to Eileen McCahon. The second component of the event provided free entry to Pingelly Swimming Pool, including a community BBQ lunch and the pool inflatable was available for young enthusiasts.

For 2020 Harmony Week, the Shire partnered with the Pingelly Community Resource Centre to deliver a "yarnbombing" temporary street art project. A Community Workshop was held in Memorial Park which equipped participants with the skills to crochet yarn and design individual pieces.

The following weekend the community was enthusiastic to return with the completed artwork for the Yarnbombing Installation Day, though unfortunately, due to the acceleration of the COVID-19 pandemic, this segment of the event was postponed. With the community working on their crocheted masterpieces at home while community activities were in recess, the pieces were installed along Parade Street next to Memorial Park. Art proved to be a fantastic tool to build sense of community and inject optimism into our CBD during the pandemic. The yarnbombing installation complemented the Rainbow Trail that developed throughout Pingelly in the windows of homes and businesses.

Medical Services

In order to plan for the long term needs of the community, the Shire has secured medical services to the town through to 30 April 2028, to be delivered by the current provider.



WA Seniors Week



Community Market Day



Late Night Shopping



Harmony Week




Australia Day in Pingelly 2020









**Bullaring Road
Bridge Replacement**

GOAL 3

BUILT ENVIRONMENT

Road Projects

The Technical Services team delivered a number of road projects over the course of the year.

- Milton Road – Over 4 kilometres of gravel re-sheeting with drainage improvements.
- Zig Zag Road – 4.5 kilometres of gravel re-sheeting with drainage improvements.
- Bodey St/ Harper St realignment – State Black Spot intersection realignment and upgrade.
- Yenellin Road – pavement widening and reconstruction including new 2 coat polymer modified bitumen seal.
- Bullaring Road – 3 kilometres of bitumen reseal.
- Bullaring Road – replacement of wooden bridge structure with MRWA approved reinforced concrete culverts with new pavement constructed.
- Aldersyde Pingelly Rd – Over 5000m² of pavement failures repaired and resealed.
- Footpath project – WABN All Ages Shared Path stage 1.

The Shire of Pingelly was awarded funding by the Department of Transport to construct the All Ages Shared Path project over a two-year period. Year one saw the project progress from project scoping to concept design, public consultation and detailed design which was submitted to the Department of Transport for review and approval. The pathway will provide connectivity between the School and the PRACC building. This project is jointly funded by the Department of Transport and the Shire of Pingelly.

WANDRRA Flood Damage works

The 2019-2020 year saw the completion of flood damage restoration works from two flood events that occurred in 2017 and 2018. These works consisted of drainage reinstatement, gravel shoulder repairs, desilting and scour repairs to the road network. These remedial works were primarily carried out using the Shire's own resources with supplementary contractor hire when required.

Flood damage repair works for these two prior events are 75% reimbursable by the state government and administered by Main Roads Western Australia.

GOAL 4

NATURAL ENVIRONMENT

The Shire of Pingelly Landfill Facility continues to operate to a high level of compliance. The 2109-2020 period saw the facilities management agreement renewed with the incumbent contractor. Changes to the facility saw Council approve a reduction in opening hours from four days per week to three days per week.

Tip passes are no longer required by users of the facility, users just need to present some form of identification showing that they are a resident of the Shire.

Solar Power

In May 2020 Council approved the funding for a solar power system on the Shire Administration Building. This decision was considered to be both financially and environmentally sound, with installation to be completed in 2020/21.

Rennet Street Drainage Flume

The six month journey to install a drainage flume at Rennet Street has officially wrapped up! This project will help maximise water supplies for the reticulation of Pingelly Oval. Thankyou to the Government of Western Australia (via the Department of Water and Environmental Regulation) for making this project possible, in partnership with the Shire.



Rennet Street Drainage Flume

GOAL 5

INNOVATION, LEADERSHIP & GOVERNANCE

Community Engagement

The Shire has increased its focus on community engagement, with many opportunities for the community to comment on projects and proposals being presented. These have included the proposed RV Parking Area, Memorial Park redevelopment, Caravan Park redevelopment, outdoor gym equipment, tourism initiatives and the Town Hall future use.

Customer Service Charter

A customer service charter and associated feedback opportunities were developed in February 2020. This has provided an opportunity to ensure excellence in customer service, and provide information for stakeholders as to when a response can be expected.

Long Term Financial Plan

The Shire's Long Term Financial Plan has been finalised, generating improved information to guide Council's decisions about the mix and timing of outlays on operating activities, additional assets, and the funding implications of these. With a sound long-term financial plan, the Council, with its significant asset management responsibilities, is able to make decisions with sufficient data to determine sustainable service levels based on community priorities. The Plan will be reviewed annually to ensure the latest information is available when making annual budget decisions.

Road Asset Management Plan

The development of the Shire's Road Asset Management Plan is complete, with the Plan providing information to guide the future financial allocation requirements of Pingelly's infrastructure. The Plan covers a period of 10 years, and will be regularly reviewed to ensure its continued relevance.

Elections

Local Government elections were held on 19 October 2019. Four positions were available. At the close of nominations William (Bill) Mulroney, Kacey Hastings and Anthony Oliveri were elected unopposed. Cr Mulroney was subsequently elected as Shire President, with Cr McBurney elected as Deputy. A further extraordinary election was held on 17 January 2020. Two candidates nominated for the one position with Cr Peter Narducci being sworn in at a ceremony on 24 January 2020.

Register of Complaints

Section 5.53 (2)(hb) of the Local Government Act 1995 requires that a local government's Annual Report is to contain details of entries made under Section 5.121 of the Act during the financial year, in the register of complaints. There were no complaints of this nature received and recorded in the Register for the 2019-2020 reporting period.



Christmas Lights
Competition Winners 2019

Disability Access & Inclusion Plan

The Disability Access Inclusion Plan 2020-25 is a strategic document for the Shire of Pingelly required by the Government of Western Australia and registered with the Department of Communities. It is a public document which is implemented over five years and reported on annually to improve quality of life outcomes for people who live with a disability.

All public authorities in Western Australia are required under the Disability Services Act (1993) to develop, implement, review and report on a DAIP. The requirements of a DAIP are to ensure that people with a disability can access services, facilities, buildings, employment, complaints processes, services and information provided by public authorities in Western Australia in a way that facilitates increased independence, opportunities and inclusion within the community.

The Australian Bureau of Statistics, 2012 Survey of Disability, Ageing and Carers (SDAC) estimated that 4.2 million Australians, or 18.5% of the population, had a disability. This statistic has important implications for the Shire of Pingelly which has one of the state's highest proportion of residents aged 60 years and over (35.6%) compared to the state average of 19.3% and the national average of 21.4%. The Shire acknowledges accessibility and inclusion affects local residents and visitors.

In addition, according to the Australian Institute of Health and Welfare, the rate of disability in Aboriginal and Torres Strait Islander people is much higher than in the rest of the population across all age groups, with Aboriginal and Torres Strait Islander people 1.7 times as likely to have a disability and 1.5 times as likely for that disability

to be profound core activity limitation. The 2016 Census confirms Aboriginal and Torres Strait Islander people make up 12.47% of the Shire of Pingelly population (compared to 2.8% nationally). As a result, the Shire must be aware and proactive in providing accessible and inclusive services for First Australian people.

Some of the highlights of the Shire of Pingelly's progress achieved from the former Disability Access and Inclusion Plan 2015-19 are:

- Successful grant applicant for the Lighthouse Project, provided by Local Government Professionals WA and administrated by Department of Communities, to deliver the Pingelly and Surrounding Districts Disability in Employment Awareness Program.
- The provision of Disability, Access and Inclusion awareness training to all Shire of Pingelly staff, as well as facilitation of targeted workshops for local businesses, community groups and surrounding local government areas.
- All Shire of Pingelly Administration staff completed the Forrest Personnel Disability, Access and Inclusion short course.
- Implementation of the Shire of Pingelly Customer Service Charter which includes information for accessing the National Relay Service for people who are deaf, have a hearing impairment or speech impairment.
- Construction of the Pingelly Recreation and Cultural Centre (PRACC) to replace the former Pingelly Community Centre to current building standards.
- Corporate documents including agendas, minutes and other documents are available on request in alternative formats and are published on the Shire's website.



Late Night Shopping 2019

- Implementation of inclusive recruitment practices, including incorporation of an Equal Employment Opportunity statement on job vacancy advertisements. Job advertisements are available in an accessible format and interviews for positions are held in accessible venues.
- The Disability Access and Inclusion Plan 2020-25 will benefit people with disability and their families, the elderly, young parents and people from culturally and linguistically diverse backgrounds by ensuring our services, facilities, buildings, employment and information provided by the Shire of Pingelly are accessible and inclusive.
- During 2019-20 the Shire undertook a review of the DAIP 2015-19 and consulted with key Shire employees, community members and local agencies to draft a DAIP that guides further improvements in access and inclusion. The process included:
 - An internal review of the DAIP 2015-19 outcomes to determine what had been achieved and an evaluation on what was unaccomplished.
 - Consultation with key Shire employees, and
 - Consultation with the community, people living with a disability, their families, carers and disability service providers.

The community were informed of the new Disability Access and Inclusion Plan through a community notice, social media, local media, online via the Shire's website and at our facilities. It is available upon request in a preferred format which may include large print, braille, audio, or accessible electronic format.

Employee Remuneration

In accordance with section 5.53(2) (g) of the Local Government Act 1995 and Section 19B of the Local Government (Administration) Regulations 1996, the following information is provided with respect to employees annual salary entitlement:

Set out below, in bands of \$10,000 is the number of employees of the Shire of Pingelly remuneration with an annual salary of \$100,000 or more.

Salary Range \$	Number of Employees
110,000-119,999	2
120,000-129,999	0
130,000-139,999	1

Freedom of Information

During the 2019/20 financial year, Council received no requests for information under Freedom of Information Act 1992.

Council prides itself on being both accountable and accessible to electors and unless containing certain matters, such as personal information etc. is generally able to satisfy all requests for information on any Council related matter outside of the requirements of this Act.

National Competition Policy

In respect to Council's responsibilities in relation to National Competition Policy the Shire of Pingelly reports as follows:

- No business enterprise of the Shire has been classified by the Australian Bureau of statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private entity.

Public Interest Disclosures

As a public authority, the Shire has an obligation to provide information under the Public Interest Disclosure Act 2003. No public interest disclosure requests were received during 2019-2020.

**Outdoor Gym Equipment
Pioneer Park**

Recordkeeping Plan

Section 19 of the State Records Act 2000 requires every government organisation to have a Recordkeeping Plan (RKP) that has been approved by the State Records Commission.

The RKP sets out the matters about which records are to be created by the organisation and how it is to be kept. This document provides an accurate reflection of the RKP program within the Shire of Pingelly. The inclusion of such documentation will constitute evidence of compliance.

Staff members responsible for records management have been trained in the basic retention and disposal methods for Local Government and have attended RKP training at the Office of State Records.

In house training sessions for staff are conducted on an as needs basis, for example, when an aspect of the recordkeeping systems changes, or if responsibilities change.

In accordance with Section 28 of the State Records Act 2000, the RKP for the Shire of Pingelly was reviewed and approved by the State Records Commission in 2015 with the next review of the plan to be completed in 2020/21.

Commonwealth Government's Financial Assistance Grants Program

The Shire of Pingelly would like to acknowledge the financial assistance provided by the commonwealth government through their Financial Assistance Grants Program.



APPENDIX A

2019/2020
ANNUAL FINANCIAL REPORT

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

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COMMUNITY VISION

Pingelly, a sustainable community, where natural beauty and economic diversity provide opportunities for all.

Principal place of business:
17 Queen Street
PINGELLY WA 6308

**SHIRE OF PINGELLY
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 Pingelly 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 Pingelly 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

16th day of

December 2020



Chief Executive Officer

Julie Burton

Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	25(a)	2,094,891	2,084,538	1,983,147
Operating grants, subsidies and contributions	2(a)	1,688,212	1,038,067	1,725,761
Fees and charges	2(a)	279,738	333,001	337,708
Interest earnings	2(a)	50,739	45,285	41,194
Other revenue	2(a)	133,752	81,951	88,918
		4,247,332	3,582,842	4,176,728
Expenses				
Employee costs		(1,588,626)	(1,528,119)	(1,801,018)
Materials and contracts		(1,223,303)	(1,312,197)	(1,389,533)
Utility charges		(172,344)	(149,304)	(163,334)
Depreciation on non-current assets	11(c)	(2,564,785)	(2,472,000)	(2,360,310)
Interest expenses	2(b)	(121,107)	(199,234)	(133,155)
Insurance expenses		(178,574)	(180,846)	(166,385)
Other expenditure		(83,802)	(98,081)	(73,400)
		(5,932,541)	(5,939,781)	(6,087,135)
		(1,685,209)	(2,356,939)	(1,910,407)
Non-operating grants, subsidies and contributions	2(a)	1,033,027	2,001,730	1,199,226
Profit on asset disposals	11(a)	4,067	0	78,024
(Loss) on asset disposals	11(a)	(380,679)	(385,719)	(3,666)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	0
		657,279	1,616,011	1,273,584
Net result for the period		(1,027,930)	(740,928)	(636,823)
Total comprehensive income for the period		(1,027,930)	(740,928)	(636,823)

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		86,692	38,385	73,161
General purpose funding		3,461,809	2,742,245	3,307,593
Law, order, public safety		42,604	70,802	94,360
Health		1,776	1,636	1,526
Education and welfare		22,338	28,425	12,737
Community amenities		197,523	211,850	210,008
Recreation and culture		25,700	36,618	30,182
Transport		318,257	355,834	373,494
Economic services		52,250	45,820	25,394
Other property and services		38,383	51,227	48,273
		4,247,332	3,582,842	4,176,728
Expenses				
Governance		(266,384)	(293,458)	(539,043)
General purpose funding		(196,491)	(198,531)	(174,789)
Law, order, public safety		(236,514)	(236,557)	(232,566)
Health		(141,730)	(140,955)	(112,673)
Education and welfare		(122,876)	(103,234)	(56,110)
Community amenities		(392,607)	(417,533)	(380,608)
Recreation and culture		(1,372,804)	(1,200,831)	(1,190,078)
Transport		(2,764,104)	(2,817,866)	(2,916,697)
Economic services		(291,073)	(305,418)	(237,135)
Other property and services		(26,851)	(26,164)	(114,281)
		(5,811,434)	(5,740,547)	(5,953,980)
Finance Costs				
	2(b)			
Governance		(3,020)	0	(1,409)
Education and welfare		(10,490)	(16,129)	(11,506)
Recreation and culture		(107,597)	(183,105)	(120,240)
		(121,107)	(199,234)	(133,155)
		(1,685,209)	(2,356,939)	(1,910,407)
Non-operating grants, subsidies and contributions	2(a)	1,033,027	2,001,730	1,199,226
Profit on disposal of assets	11(a)	4,067	0	78,024
(Loss) on disposal of assets	11(a)	(380,679)	(385,719)	(3,666)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	0
		657,279	1,616,011	1,273,584
Net result for the period		(1,027,930)	(740,928)	(636,823)
Other comprehensive income				
Total comprehensive income for the period		(1,027,930)	(740,928)	(636,823)

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



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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	705,117	540,094
Trade and other receivables	6	286,922	226,736
Other financial assets	5(a)	185,356	29,300
Inventories	7	3,704	8,744
Contract assets	2(a)	180,445	0
Other assets	8	11,489	0
TOTAL CURRENT ASSETS		1,373,033	804,874
NON-CURRENT ASSETS			
Trade and other receivables	6	66,232	69,459
Other financial assets	5(b)	185,696	202,371
Property, plant and equipment	9	19,312,264	20,141,784
Infrastructure	10	66,692,599	67,451,712
Right of use assets	12(a)	63,128	0
TOTAL NON-CURRENT ASSETS		86,319,919	87,865,326
TOTAL ASSETS		87,692,952	88,670,200
CURRENT LIABILITIES			
Trade and other payables	14	137,113	217,265
Short term borrowings	15	0	1,200,000
Contract liabilities	16	331,831	0
Lease liabilities	17(a)	20,366	0
Borrowings	18(a)	169,321	167,697
Employee related provisions	19	374,554	329,150
TOTAL CURRENT LIABILITIES		1,033,185	1,914,112
NON-CURRENT LIABILITIES			
Lease liabilities	17(a)	37,137	0
Borrowings	18(a)	3,235,388	2,204,709
Employee related provisions	19	82,901	96,091
TOTAL NON-CURRENT LIABILITIES		3,355,426	2,300,800
TOTAL LIABILITIES		4,388,611	4,214,912
NET ASSETS		83,304,341	84,455,288
EQUITY			
Retained surplus		31,523,716	32,590,720
Reserves - cash backed	4	162,817	240,760
Revaluation surplus	13	51,617,808	51,623,808
TOTAL EQUITY		83,304,341	84,455,288

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		32,940,727	527,576	51,623,808	85,092,111
Comprehensive income					
Net result for the period		(636,823)	0	0	(636,823)
Total comprehensive income		(636,823)	0	0	(636,823)
Transfers from reserves	4	296,040	(296,040)	0	0
Transfers to reserves	4	(9,224)	9,224	0	0
Balance as at 30 June 2019		32,590,720	240,760	51,623,808	84,455,288
Change in accounting policy	29(c)	(117,017)	0	(6,000)	(123,017)
Restated total equity at 1 July 2019		32,473,703	240,760	51,617,808	84,332,271
Comprehensive income					
Net result for the period		(1,027,930)	0	0	(1,027,930)
Total comprehensive income		(1,027,930)	0	0	(1,027,930)
Transfers from reserves	4	101,463	(101,463)	0	0
Transfers to reserves	4	(23,520)	23,520	0	0
Balance as at 30 June 2020		31,523,716	162,817	51,617,808	83,304,341

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

SHIRE OF PINGELLY
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		2,075,135	2,034,538	2,011,211
Operating grants, subsidies and contributions		1,979,237	1,038,067	1,798,575
Fees and charges		279,738	333,001	337,708
Interest received		50,739	45,285	41,194
Goods and services tax received		236,401	0	0
Other revenue		133,752	81,951	82,767
		4,755,002	3,532,842	4,271,455
Payments				
Employee costs		(1,564,674)	(1,528,119)	(1,770,749)
Materials and contracts		(1,524,907)	(1,393,178)	(1,367,267)
Utility charges		(172,344)	(149,304)	(163,334)
Interest expenses		(195,304)	(199,234)	(133,155)
Insurance paid		(178,574)	(180,846)	(166,385)
Goods and services tax paid		(232,798)	0	78,086
Other expenditure		(83,802)	(98,081)	(73,400)
		(3,952,403)	(3,548,762)	(3,596,204)
Net cash provided by (used in) operating activities	20	802,599	(15,920)	675,251
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(298,960)	(285,364)	(2,189,082)
Payments for construction of infrastructure	10(a)	(1,167,745)	(2,109,327)	(973,936)
Non-operating grants, subsidies and contributions	2(a)	1,033,027	2,001,730	1,199,226
Proceeds from financial assets at amortised cost - self supporting loans		24,300	24,300	7,598
Proceeds from sale of property, plant & equipment	11(a)	122,082	120,430	145,417
Net cash provided by (used in) investment activities		(450,113)	(248,231)	(1,810,777)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(1,367,697)	(1,389,880)	(98,336)
Payments for principal portion of lease liabilities	17(b)	(19,766)	0	0
Proceeds from new borrowings	18(b)	1,200,000	1,200,000	700,000
Net cash provided by (used in) financing activities		(187,463)	(189,880)	601,664
Net increase (decrease) in cash held		165,023	(454,031)	(533,862)
Cash at beginning of year		540,094	531,852	1,073,956
Cash and cash equivalents at the end of the year	20	705,117	77,821	540,094

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

SHIRE OF PINGELLY
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)	26 (b)	200,532	282,356	740,012
		200,532	282,356	740,012
Revenue from operating activities (excluding rates)				
Governance		90,759	38,385	73,947
General purpose funding		1,367,996	657,947	1,305,890
Law, order, public safety		42,604	70,802	94,360
Health		1,776	1,636	1,526
Education and welfare		22,338	28,425	12,737
Community amenities		197,523	211,850	210,008
Recreation and culture		25,700	36,618	30,182
Transport		318,257	355,834	450,732
Economic services		52,250	45,820	25,394
Other property and services		38,383	51,227	48,273
		2,157,586	1,498,544	2,253,049
Expenditure from operating activities				
Governance		(639,695)	(669,607)	(544,118)
General purpose funding		(196,491)	(198,531)	(174,789)
Law, order, public safety		(236,514)	(236,557)	(232,566)
Health		(141,730)	(140,955)	(112,673)
Education and welfare		(133,366)	(119,363)	(67,616)
Community amenities		(392,607)	(417,533)	(380,608)
Recreation and culture		(1,480,401)	(1,383,936)	(1,310,318)
Transport		(2,764,104)	(2,817,866)	(2,916,697)
Economic services		(301,461)	(314,988)	(237,135)
Other property and services		(26,851)	(26,164)	(114,281)
		(6,313,220)	(6,325,500)	(6,090,801)
Non-cash amounts excluded from operating activities	26(a)	2,975,974	2,857,719	2,335,883
Amount attributable to operating activities		(979,128)	(1,686,881)	(761,857)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,033,027	2,001,730	1,199,226
Proceeds from disposal of assets	11(a)	122,082	120,430	145,417
Proceeds from financial assets at amortised cost - self supporting loans		24,300	24,300	7,598
Purchase of property, plant and equipment	9(a)	(298,960)	(285,364)	(2,189,082)
Purchase and construction of infrastructure	10(a)	(1,167,745)	(2,109,327)	(973,936)
Amount attributable to investing activities		(287,296)	(248,231)	(1,810,777)
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(1,367,697)	(1,389,880)	(98,336)
Proceeds from borrowings	18(c)	1,200,000	1,200,000	700,000
Payments for principal portion of lease liabilities	17(b)	(19,766)	0	0
Transfers to reserves (restricted assets)	4	(23,520)	(23,956)	(9,224)
Transfers from reserves (restricted assets)	4	101,463	64,650	296,040
Amount attributable to financing activities		(109,520)	(149,186)	888,480
Surplus/(deficit) before imposition of general rates		(1,375,944)	(2,084,298)	(1,684,154)
Total amount raised from general rates	25(a)	2,094,677	2,084,298	2,001,703
Surplus/(deficit) after imposition of general rates	26(b)	718,733	0	317,549

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

SHIRE OF PINGELLY
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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.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards.

Prior to 1 July 2019, Regulation (Reg) 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 2018, 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 balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet) rather than 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 vested land values by removing the land value and associated revaluation reserve as at 1 July 2019. 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.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable nonfinancial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	No refunds
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges - memberships	Pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	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	Commissions on licensing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
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 agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	9,182	0	6,155
General purpose funding	1,478,762	609,951	1,266,315
Law, order, public safety	52,607	66,282	69,120
Education and welfare	1,595	1,000	0
Recreation and culture	8,000	5,000	8,095
Transport	137,811	355,834	373,494
Economic services	0	0	1,500
Other property and services	255	0	1,082
	1,688,212	1,038,067	1,725,761
Non-operating grants, subsidies and contributions			
Governance	0	0	6,151
Recreation and culture	24,863	20,667	705,156
Transport	1,008,164	1,981,063	487,919
	1,033,027	2,001,730	1,199,226
Total grants, subsidies and contributions	2,721,239	3,039,797	2,924,987
Fees and charges			
Governance	20,547	18,000	38,248
General purpose funding	8,860	8,400	7,980
Law, order, public safety	4,322	4,520	5,694
Health	1,776	1,636	1,527
Education and welfare	2,000	3,000	3,500
Community amenities	200,217	211,850	210,008
Recreation and culture	11,395	31,518	18,692
Economic services	22,570	23,850	23,894
Other property and services	8,051	30,227	28,165
	279,738	333,001	337,708

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Non-operating grants, subsidies and contributions	1,033,027	2,001,730	1,199,226
	1,033,027	2,001,730	1,199,226
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Other revenue from performance obligations satisfied during the year	1,033,027	2,001,730	1,199,226
	1,033,027	2,001,730	1,199,226
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	65,192		0
Contract assets	180,445		0
Contract liabilities from transfers for recognisable non-financial assets	(331,831)		0

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

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

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

2,094,677	2,084,298	2,001,703
2,094,677	2,084,298	2,001,703

Other revenue

Other

133,752	81,951	88,918
133,752	81,951	88,918

Interest earnings

Financial assets at amortised cost - self supporting loans

Interest on reserve funds

Rates instalment and penalty interest (refer Note 25(c))

Other interest earnings

16,128	16,129	5,879
3,520	3,956	9,225
26,727	24,600	25,543
4,364	600	547
50,739	45,285	41,194

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

- Other services

	23,000	24,000	11,185
	22,861	23,915	16,965
	45,861	47,915	28,150

Interest expenses (finance costs)

Borrowings

Interest expense Overdraft

Lease liabilities

18(b)	118,088	199,234	131,746
	978	0	1,409
17(b)	2,041	0	0
	121,107	199,234	133,155

Other expenditure

Sundry expenses

	83,802	98,081	73,400
	83,802	98,081	73,400

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		705,117	299,334
Term deposits		0	240,760
Total cash and cash equivalents		705,117	540,094
Restrictions			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		494,648	339,983
		494,648	339,983

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

Reserves - cash backed	4	162,817	240,760
Contract liabilities from contracts with customers	16	331,831	0
Bonds and deposits held		0	8,242
Unspent grants, subsidies and contributions		0	90,981
Total restricted assets		494,648	339,983

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

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves - Leave Reserve	35,203	859	0	36,062	35,203	515	(10,000)	25,718	113,223	1,980	(80,000)	35,203
(b) Reserves - Plant Reserve	65,722	1,255	(18,000)	48,977	65,722	961	0	66,683	246,256	4,306	(184,840)	65,722
(c) Reserves - Building Reserve	3,747	20,061	0	23,808	3,747	20,006	0	23,753	31,202	545	(28,000)	3,747
(d) Reserves - Electronic Equipment Reserve	3,190	52	0	3,242	3,190	56	0	3,246	6,280	110	(3,200)	3,190
(e) Reserves - Community Bus Reserve	11,618	189	0	11,807	11,618	4	0	11,622	11,418	200	0	11,618
(f) Reserves - Swimming Pool Reserve	51,988	847	(30,000)	22,835	51,988	1,123	0	53,111	51,095	893	0	51,988
(g) Reserves - Joint Venture Housing Reserve	53,463	0	(53,463)	0	53,463	1,187	(54,650)	0	52,545	918	0	53,463
(h) Reserves - Refuse Site Rehab/Closure Reserve	15,829	257	0	16,086	15,829	104	0	15,933	15,557	272	0	15,829
	240,760	23,520	(101,463)	162,817	240,760	23,956	(64,650)	200,066	527,576	9,224	(296,040)	240,760

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves - Leave Reserve	Ongoing	- to be used to fund annual and long service leave requirements.
(b) Reserves - Plant Reserve	Ongoing	- to be used for the purchase of major plant.
(c) Reserves - Building Reserve	Ongoing	- to be used to fund the renovation/purchase of Shire of Pingelly buildings and Recreation Infrastructure.
(d) Reserves - Electronic Equipment Reserve	Ongoing	- to be used to fund the purchase of administration computer system equipment.
(e) Reserves - Community Bus Reserve	Bus Replacement	- to be used to fund the change-over of the community bus.
(f) Reserves - Swimming Pool Reserve	Pool Upgrade	- to be used to fund the upgrading of the swimming pool complex
(g) Reserves - Joint Venture Housing Reserve	30/06/2020	- to be used for the future maintenance of the Joint Venture units
(h) Reserves - Refuse Site Rehab/Closure Reserve	Site closure	- to be used to facilitate the rehabilitation/closure of the town refuse site.

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost	180,356	24,300
Financial assets at fair value through profit and loss	5,000	5,000
	185,356	29,300

Other financial assets at amortised cost

Term deposits	162,817	0
Self supporting loans	17,539	24,300
	180,356	24,300

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss Bendigo Bank Shares	5,000	5,000
	5,000	5,000

(b) Non-current assets

Financial assets at amortised cost	132,281	149,820
Financial assets at fair value through profit and loss	53,415	52,551
	185,696	202,371

Financial assets at amortised cost

Self supporting loans	132,281	149,820
	132,281	149,820

Financial assets at fair value through profit and loss

Units in Local Government House Trust	53,415	52,551
	53,415	52,551

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 18(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 27.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable

Non-current

Pensioner's rates and ESL deferred

2020	2019
\$	\$
203,378	180,395
65,192	24,386
18,352	21,955
286,922	226,736
66,232	69,459
66,232	69,459

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 27.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	3,704	8,744
	3,704	8,744
	8,744	8,380
Inventories expensed during the year	(105,513)	(105,775)
Additions to inventory	100,473	106,139
	3,704	8,744

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8. OTHER ASSETS

Other assets - current

Prepayments

Accrued income

	2020	2019
	\$	\$
Prepayments	9,417	0
Accrued income	2,072	0
	11,489	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.

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

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	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Works In Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	681,506	6,000	687,506	1,840,432	3,716,985	5,557,417	6,244,923	44,875	1,629,722	10,516,851	18,436,371
Additions	0	0	0	0	0	0	0	0	300,539	1,888,543	2,189,082
(Disposals)	0	0	0	0	0	0	0	0	(71,059)	0	(71,059)
Depreciation (expense)	0	0	0	(37,546)	(184,024)	(221,570)	(221,570)	(16,439)	(174,601)	0	(412,610)
Transfers	0	0	0	1,838,316	10,567,078	12,405,394	12,405,394	0	0	(12,405,394)	0
Carrying amount at 30 June 2019	681,506	6,000	687,506	3,641,202	14,100,039	17,741,241	18,428,747	28,436	1,684,601	0	20,141,784
Comprises:											
Gross carrying amount at 30 June 2019	681,506	6,000	687,506	3,716,308	14,360,978	18,077,286	18,764,792	99,757	2,192,504	0	21,057,053
Accumulated depreciation at 30 June 2019	0	0	0	(75,106)	(260,939)	(336,045)	(336,045)	(71,321)	(507,903)	0	(915,269)
Carrying amount at 30 June 2019	681,506	6,000	687,506	3,641,202	14,100,039	17,741,241	18,428,747	28,436	1,684,601	0	20,141,784
Additions	0	0	0	0	27,264	27,264	27,264	0	156,868	114,828	298,960
(Disposals)	(48,506)	0	(48,506)	(111,452)	(221,029)	(332,481)	(380,987)	0	(117,707)	0	(498,694)
Change in accounting policy (a)	0	(6,000)	(6,000)	0	0	0	(6,000)	0	0	0	(6,000)
Depreciation (expense)	0	0	0	(60,467)	(330,530)	(390,997)	(390,997)	(12,430)	(177,199)	0	(580,626)
Transfers	0	0	0	0	71,668	71,668	71,668	0	0	(114,828)	(43,160)
Carrying amount at 30 June 2020	633,000	0	633,000	3,469,283	13,647,412	17,116,695	17,749,695	16,006	1,546,563	0	19,312,264
Comprises:											
Gross carrying amount at 30 June 2020	633,000	0	633,000	3,599,315	14,224,911	17,824,226	18,457,226	99,757	2,212,793	0	20,769,776
Accumulated depreciation at 30 June 2020	0	0	0	(130,032)	(577,499)	(707,531)	(707,531)	(83,751)	(666,230)	0	(1,457,512)
Carrying amount at 30 June 2020	633,000	0	633,000	3,469,283	13,647,412	17,116,695	17,749,695	16,006	1,546,563	0	19,312,264

(a) As a result of changes to the Local Government (Financial Management) Regulations effective 1 July 2019, vested lands are treated as right of use assets measured at zero cost. The Shire has accounted for the removal of vested land values previously recognised by removing the land value and associated revaluation reserve at 1 July 2019. The comparatives have not been restated.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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 properties	Independent registered valuers	June 2017	price per hectare
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 3) , residual values and remaining life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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 Kerbs & Drainage	Other infrastructure Other	Other infrastructure Bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	52,669,811	960,719	5,352,996	4,928,050	4,513,900	68,425,476
Additions	682,809	0	0	120,406	170,721	973,936
Depreciation (expense)	(1,116,999)	(37,499)	(214,907)	(308,521)	(269,774)	(1,947,700)
Carrying amount at 30 June 2019	52,235,621	923,220	5,138,089	4,739,935	4,414,847	67,451,712
Comprises:						
Gross carrying amount at 30 June 2019	67,645,382	1,499,948	9,037,311	8,882,606	16,503,221	103,568,468
Accumulated depreciation at 30 June 2019	(15,409,761)	(576,728)	(3,899,222)	(4,142,671)	(12,088,374)	(36,116,756)
Carrying amount at 30 June 2019	52,235,621	923,220	5,138,089	4,739,935	4,414,847	67,451,712
Additions	970,078	11,761	85,538	0	100,368	1,167,745
Depreciation (expense)	(1,134,161)	(37,523)	(215,069)	(310,554)	(272,711)	(1,970,018)
Transfers	0	0	0	43,160	0	43,160
Carrying amount at 30 June 2020	52,071,538	897,458	5,008,558	4,472,541	4,242,504	66,692,599
Comprises:						
Gross carrying amount at 30 June 2020	68,615,459	1,511,709	9,122,849	8,925,766	16,603,589	104,779,372
Accumulated depreciation at 30 June 2020	(16,543,921)	(614,251)	(4,114,291)	(4,453,225)	(12,361,085)	(38,086,773)
Carrying amount at 30 June 2020	52,071,538	897,458	5,008,558	4,472,541	4,242,504	66,692,599

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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 cost	Independent Valuation	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure Kerbs & Drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure Other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure Bridges	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF PINGELLY
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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 no 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 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 on a five year cycle in accordance with the regulatory framework, or when Council is of the opinion that the fair value of an asset is materially different from its carrying amount. 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 and 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 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 in accordance with the other policies detailed in this Note.

Land under roads prior to 1 July 2019

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset. This regulation has now been deleted.

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 is not included as an asset of the Shire.

Land under roads from 1 July 2019

As a result of amendments of the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as ROU assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect on 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 balance sheet.

The Shire has accounted for the removal of vested land values by removing land value and associated revaluation reserve 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 the *Local Government (Financial Management) Regulation 17A (2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvement as part of the related ROU assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including ROU assets).

SHIRE OF PINGELLY
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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	48,506	20,000	0	(28,506)	48,506	20,000	0	(28,506)	0	0	0	0
Buildings - non-specialised	111,452	0	0	(111,452)	115,043	0	0	(115,043)	0	0	0	0
Buildings - specialised	221,029	0	0	(221,029)	230,600	0	0	(230,600)	0	0	0	0
Plant and equipment	117,707	102,082	4,067	(19,692)	112,000	100,430	0	(11,570)	71,059	145,417	78,024	(3,666)
	498,694	122,082	4,067	(380,679)	506,149	120,430	0	(385,719)	71,059	145,417	78,024	(3,666)

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				
Governance	\$	\$	\$	\$
PCEO18 - CEO Vehicle	34,895	35,959	1,063	0
PCEO19 - CEO Vehicle	32,585	35,589	3,004	0
DCCS01 - DCCS Vehicle	17,487	8,182	0	(9,305)
Economic services				
Community Car	32,741	22,353	0	(10,388)
	117,708	102,083	4,067	(19,693)
Land				
Governance				
CRC Lot 2 (18) Parade Street-Land	16,000	0	0	(16,000)
Lot 602 (38) Sharow St Land	4,753	0	0	(4,753)
Lot 603(36) Sharow St Land	4,753	0	0	(4,753)
5 Webb St (Land)	23,000	20,000	0	(3,000)
	48,506	20,000	0	(28,506)
Other Asset class				
Governance				
CRC Lot 2 (18) Parade Street-Spec Bu	221,029	0	0	(221,029)
Lot 602 (38) and Lot 603 (4 Units only)	111,452	0	0	(111,452)
	332,481	0	0	(332,481)
	498,695	122,083	4,067	(380,680)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2020	2019
	\$	\$
Plant and equipment	12,085	0
	12,085	0

SHIRE OF PINGELLY
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11. FIXED ASSETS

(c) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	60,467	35,000	37,546
Buildings - specialised	330,530	160,000	184,024
Furniture and equipment	12,430	16,000	16,439
Plant and equipment	177,199	135,000	174,601
Infrastructure - Roads	1,134,161	1,340,000	1,116,999
Other infrastructure Footpaths	37,523	36,000	37,499
Other infrastructure Kerbs & Drainage	215,069	200,000	214,907
Other infrastructure Other	310,554	260,000	308,521
Other infrastructure Bridges	272,711	290,000	269,774
Right of use assets -furniture and equipment	14,141	0	0
	2,564,785	2,472,000	2,360,310

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
Land	Not depreciated
Buildings	50 to 80 years
Furniture and equipment	10 years
Plant and equipment	5 to 15 years
Earthmoving Equipment	15 years
Heavy Trucks	10 years
Light & Heavy Trucks	8 years
Sedans and Utilities	5 years
Minor Miscellaneous Plant	3 years
- Clearing and Earthworks (formation)	Not depreciated
- Construction/Road Base (pavement)	40 years
- bituminous seals	40 years
- asphalt surfaces	40 years
<u>Gravel roads</u>	
- Clearing and Earthworks (formation)	Not depreciated
- Construction/Road Base (pavement)	20 years
Gravel Sheet	20 years
Footpaths - slab	40 years
Other Infrastructure	20-50 years
Water supply piping and drainage systems	40-75 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease
Intangible assets - computer software licence	5 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.

12. RIGHT OF USE ASSETS

(a) RIGHT OF USE ASSETS

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

	Right of use assets - furniture and equipment	Right of use assets Total
	\$	
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB16	77,269	77,269
Restated opening carrying amount	77,269	77,269
Depreciation (expense)	(14,141)	(14,141)
Carrying amount at 30 June 2020	63,128	63,128
(b) Cash outflow from leases		
Interest expense on lease liabilities	2,041	2,041
Total cash outflow from leases	2,041	2,041

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

ROU assets are measured at cost. This means that all ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Leases (continued)

Refer to Note 11 that details the significant accounting policies applying to vested improvements.

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

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

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

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13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Change in Accounting Policy (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 - freehold land	4,797,665	0	0	(6,000)	(6,000)	4,791,665	4,797,665	0	0	0	4,797,665
Revaluation surplus - Infrastructure - Roads	31,459,160	0	0	0	0	31,459,160	31,459,160	0	0	0	31,459,160
Revaluation surplus - Other infrastructure Kerbs & Drainage	3,772,178	0	0	0	0	3,772,178	3,772,178	0	0	0	3,772,178
Revaluation surplus - Other infrastructure Other	7,049,925	0	0	0	0	7,049,925	7,049,925	0	0	0	7,049,925
Revaluation surplus - Other infrastructure Bridges	4,544,880	0	0	0	0	4,544,880	4,544,880	0	0	0	4,544,880
	51,623,808	0	0	(6,000)	(6,000)	51,617,808	51,623,808	0	0	0	51,623,808

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

SHIRE OF PINGELLY
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14. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
ATO liabilities	
Bonds and deposits held	
Accrued Interest on Long Term Borrowings	
Accrued Expenses	

2020	2019
\$	\$
35,127	5,172
29,830	0
15,193	23,698
29,082	37,344
6,692	8,242
417	74,614
20,772	68,195
137,113	217,265

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.

15. SHORT-TERM BORROWINGS

Unsecured

Short Term WATC Loan Funds

2020	2019
\$	\$
0	1,200,000

16. CONTRACT LIABILITIES

Current

Contract liabilities from transfers for recognisable non-financial assets

Less than 1 year

2020	2019
\$	\$
331,831	0
331,831	0
331,831	
331,831	

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

SHIRE OF PINGELLY
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17. LEASE LIABILITIES

(a) Lease Liabilities

	2020	2019
	\$	\$
Current	20,366	0
Non-current	37,137	0
	<u>57,503</u>	<u>0</u>

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2019	30 June 2020 Actual New Leases	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2019	30 June 2020 Budget New Leases	30 June 2020 Budget Lease Principal Repayments	30 June 2020 Budget Lease Principal Outstanding	30 June 2020 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2018	30 June 2019 Actual New Loans	30 June 2019 Actual Lease Principal Repayments	30 June 2019 Actual Lease Principal Outstanding	30 June 2019 Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																			
Photocopier Lease	1	Lease	2.00%	5 years	77,269	0	19,766	57,503	2,041	0	0	0	0	0	0	0	0	0	0
					<u>77,269</u>	<u>0</u>	<u>19,766</u>	<u>57,503</u>	<u>2,041</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF PINGELLY
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18. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	169,321	167,697
Non-current	3,235,388	2,204,709
	3,404,709	2,372,406

(b) Repayments - Borrowings

				Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020		30 June 2020	30 June 2020	30 June 2020	30 June 2020		30 June 2019	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual
				1 July 2019	New	Principal	Principal	Principal	Principal	New	Principal	Principal	Principal	Principal	New	Principal	Principal	Principal
				\$	Loans	repayments	repayments	repayments	\$	Loans	repayments	repayments	repayments	\$	Loans	repayments	repayments	repayments
				\$		\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$
				\$		\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$
				\$		\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$
				\$		\$	\$	\$	\$		\$	\$	\$	\$		\$	\$	\$
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Opening balance of short term loan above is presented at note 15 as short term Borrowings

(500,000)
(700,000)
2,372,406

* WA Treasury Corporation

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

SHIRE OF PINGELLY
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18. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2020 Actual \$	2020 Budget \$	2020 Actual \$	2020 Budget \$		
Loan 124 PRACC	WATC*	Deb	3	0.65%	1,200,000	1,200,000	(1,200,000)	(1,200,000)	0	0
* WA Treasury Corporation					1,200,000	1,200,000	(1,200,000)	(1,200,000)	0	0

(d) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2020 \$	2019 \$
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	(1,850)	(250)
Total amount of credit unused	513,150	514,750

Loan facilities

Loan facilities - current	169,321	1,367,697
Loan facilities - non-current	3,235,388	2,204,709
Lease liabilities - current	20,366	0
Lease liabilities - non-current	37,137	0
Total facilities in use at balance date	3,462,212	3,572,406

Unused loan facilities at balance date

	0	0
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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 27.

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

19. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Personal Leave	Provision for Long Service Leave	Total
	\$	\$	\$	\$
Opening balance at 1 July 2019				
Current provisions	147,189	46,579	135,382	329,150
Non-current provisions	0		96,091	96,091
	147,189	46,579	231,473	425,241
Additional provision	956	0	31,475	32,431
Balance at 30 June 2020	148,145	46,579	262,948	457,672
Comprises				
Current	148,145	46,362	180,047	374,554
Non-current	0	0	82,901	82,901
	148,145	46,362	262,948	457,455

	2020	2019
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	374,554	329,150
More than 12 months from reporting date	82,901	96,091
Expected reimbursements from other WA local governments	0	0
	457,455	425,241

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

20. 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	705,117	77,821	540,094
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(1,027,930)	(740,928)	(636,823)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(864)	0	(6,151)
Depreciation on non-current assets	2,564,785	2,472,000	2,360,310
(Profit)/loss on sale of asset	376,612	385,719	(74,358)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(56,959)	(50,000)	178,964
(Increase)/decrease in other assets	(11,489)	0	1,958
(Increase)/decrease in inventories	5,040	0	(364)
(Increase)/decrease in contract assets	(180,445)	0	0
Increase/(decrease) in payables	(197,169)	(171,962)	(17,243)
Increase/(decrease) in provisions	32,214	0	68,184
Increase/(decrease) in contract liabilities	331,831	0	0
Change in Accounting policies transferred to retained surplus		90,981	
Non-operating grants, subsidies and contributions	(1,033,027)	(2,001,730)	(1,199,226)
Net cash from operating activities	802,599	(15,920)	675,251

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	2,675,914	2,839,052
General purpose funding	269,610	249,854
Law, order, public safety	319,912	370,107
Health	38,978	42,967
Education and welfare	1,879,937	2,138,447
Housing	23,808	3,747
Community amenities	521,715	501,434
Recreation and culture	15,953,208	16,410,264
Transport	63,050,110	63,606,972
Economic services	822,088	909,214
Other property and services	1,070,671	1,159,713
Unallocated	1,067,001	438,429
	87,692,952	88,670,200

22. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

23. 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	37,400	38,400	38,400
President's allowance	1,200	1,200	1,200
Deputy President's allowance	300	300	300
Telecommunications allowance	0	1,000	0
	38,900	40,900	39,900

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	464,360	520,926
Post-employment benefits	65,393	78,774
Other long-term benefits	51,371	50,864
Termination benefits	12,951	45,561
	594,075	696,125

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to 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 annual leave and long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

23. 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.

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Short term employee benefits -other related parties	76,307	104,496
Amounts outstanding from related parties:		
Loans to associated entities	149,819	174,119

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.

24. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(b) Share of joint operations

The Shire of Pingelly entered into a joint operations arrangement with the Housing Authority during the 2009/10 financial year for the construction of four x 2 bedroom units. Construction was completed in the 2011/12 financial year. The provision of this housing aims to provide accommodation for singles and childless couples. The Shire of Pingelly has a 18.28% interest in the assets and liabilities of this joint operation under the agreement with the Housing Authority. All revenue and expenses of the joint operation are recognised in the relevant financial statements of Shire.

The Shire is required to set aside 1% of the current replacement cost of the properties from the rental income each year for the long term maintenance of the properties. All profits derived from the operation are to be recognised as Restricted Assets to provide for future maintenance or the provision of future housing.

Transfer of Shire's share of joint operations to the Pingelly Cottage Homes (Somerset Alliance) completed in 2019/20.

	2020	2019
	\$	\$
Lot 602 (38) and Lot 603 (36) Sharow Street Singles Units		
- Opening Balance	53,463	52,544
- Profits From Operations	3,097	6,963
- Interest Earned	0	918
- Funds Utilised	(3,097)	(6,962)
- transfer to Pingelly Cottage Homes	-53,463	0
- Closing Balance	0	53,463
Non-current assets		
Freehold land at:		
- Independent valuation 2017 - level 2	0	9506
Non-Specialised buildings at:		
- Independent valuation 2017 - level 2	0	116,992
Less: accumulated depreciation	0	(4,896)
	0	121,602
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in asset revaluation surplus	0	0
Total other comprehensive income for the period	0	0
Total comprehensive income for the period	0	0

25. RATING INFORMATION

RATE TYPE
Differential general rate / general rate

GRV GRV - Residential	0.12006	322	3,678,844	441,682	3,515	(117)	445,080	439,884	0	0	439,884	413,368
GRV GRV - Rural Residential	0.12006	66	816,816	98,067	841	14	98,922	98,067	0	0	98,067	94,233
GRV GRV - Commercial/Industrial	0.12006	29	412,252	49,495	0	0	49,495	39,744	0	0	39,744	60,266
GRV GRV - Townsites	0.12006	12	144,560	17,356	0	0	17,356	17,356	0	0	17,356	18,440
Unimproved valuations												
UV - Broadacre Rural	0.01034	247	130,804,500	1,352,519	(2,795)	0	1,349,724	1,352,519	(72)	0	1,352,447	1,291,196
Sub-Total		676	135,856,972	1,959,119	1,561	(103)	1,960,577	1,947,570	(72)	0	1,947,498	1,877,503
Minimum payment												
Gross rental valuations												
GRV - Residential	900	62	96,900	55,800	0	0	55,800	55,800	0	0	55,800	52,200
GRV - Rural Residential	900	23	52,909	20,700	0	0	20,700	20,700	0	0	20,700	18,000
GRV - Commercial/Industrial	900	11	36,200	9,900	0	0	9,900	12,600	0	0	12,600	7,200
GRV - Townsites	900	8	44,160	7,200	0	0	7,200	7,200	0	0	7,200	6,300
Unimproved valuations												
UV - Broadacre Rural	900	45	2,753,000	40,500	0	0	40,500	40,500	0	0	40,500	40,500
Sub-Total		149	2,983,169	134,100	0	0	134,100	136,800	0	0	136,800	124,200
Total amount raised from general rate		825	138,840,141	2,093,219	1,561	(103)	2,094,677	2,084,370	(72)	0	2,084,298	2,001,703
							2,094,677				2,084,298	2,001,703
Ex-gratia rates							214				240	233
Prepaid rates							0				0	(18,790)
Totals							2,094,891				2,084,538	1,983,146

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 PINGELLY
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FOR THE YEAR ENDED 30 JUNE 2020

25. RATING INFORMATION (Continued)

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

Sundry Debtors	Write off	0.00%	0	0	0	3,519
Rates Assessment	Adjustment	0.00%	0	497	0	512
Rates Assessment	Write off	0.00%	0	30	0	0
				527	0	4,031
Total discounts/concessions				527	0	4,031

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

Sundry Debtors	Review of various Sundry Debtors	Aged Sundry Debtors	Liquidated Debtors or Sundry Debtors considered now Bad Debts
Rates Assessment	A101 upon application	Assist Rural Property Owner	Minimum Rate Assessments on Shire Boundaries 5.12

25. 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	27/08/2019			11.00%
Option Two				
First instalment	27/08/2019			11.00%
Second instalment	6/01/2020	10.00	5.50%	11.00%
Option Three				
First instalment	27/08/2019			11.00%
Second instalment	28/10/2019	10.00	5.50%	11.00%
Third instalment	6/01/2020	10.00	5.50%	11.00%
Fourth instalment	9/03/2020	10.00	5.50%	11.00%

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Interest on unpaid rates	17,868	17,000	17,971
Interest on instalment plan	7,941	6,800	6,744
Charges on instalment plan	4,180	4,500	4,220
ESL Penalty Interest	918	800	828
	30,907	29,100	29,763

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

26. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	(30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(4,067)	0	(78,024)
Less: Movement in liabilities associated with restricted cash		0	25,277	25,277
Less: Fair value adjustments to financial assets at fair value through profit and loss		(864)	0	0
Less: Fair value adjustments to financial assets at amortised cost		0	(6,151)	(6,151)
Movement in pensioner deferred rates (non-current)		3,227	0	(12,100)
Movement in employee benefit provisions (non-current)		32,214	0	42,905
Add: Loss on disposal of assets	11(a)	380,679	385,719	3,666
Add: Depreciation on non-current assets	11(c)	2,564,785	2,472,000	2,360,310
Non cash amounts excluded from operating activities		2,975,974	2,335,883	2,335,883
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(162,817)	(240,760)	(240,760)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(17,539)	0	(24,300)
Less: Investments Current	5(a)	(5,000)	0	(5,000)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	18(a)	169,321	1,367,697	1,367,697
- Current portion of lease liabilities		20,366	0	0
Add back: Component of Leave Liability not required to be funded.		374,554	329,150	329,150
Total adjustments to net current assets		378,885	1,426,787	1,426,787
Net current assets used in the Rate Setting Statement				
Total current assets		1,373,033	804,874	804,874
Less: Total current liabilities		(1,033,185)	(2,031,129)	(1,914,112)
Less: Total adjustments to net current assets		378,885	1,426,787	1,426,787
Net current assets used in the Rate Setting Statement		718,733	200,532	317,549
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				804,874
- Contract assets				0
Total current assets at 1 July 2019				804,874
Total current liabilities at 30 June 2019				(1,914,112)
- Contract liabilities from transfers from recognisable non-financial assets				(90,981)
- Rates paid in advance				(26,036)
Total current liabilities at 1 July 2019				(2,031,129)

27. 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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Non Interest Bearing
	%	\$	\$	\$
2020				
Cash and cash equivalents	1.12%	705,117	392,108	313,009
Financial assets at amortised cost - term deposits	2.16%	162,817	162,817	
2019				
Cash and cash equivalents	1.81%	540,094	240,760	299,334

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 18(b).

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encouraged payment, the effect of COVID-19 needs to be considered. Financial assistance provided to Rate Payers is expected to effect the Shire's cash flows.

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

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

The expected credit loss is immaterial and therefore a provision for expected credit losses has not been brought to account.

	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					
Gross carrying amount	64,707	18,680	16,608	169,615	269,610
30 June 2019					
Rates receivable					
Gross carrying amount	1,856	96,691	52,983	98,324	249,854

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	2.64%	2.64%	2.64%	2.64%	
Gross carrying amount	55,625	567	0	9,000	65,192
Loss allowance	1,469	15	0	238	1,721
30 June 2019					
Trade and other receivables					
Expected credit loss	3.08%	3.08%	3.08%	3.08%	
Gross carrying amount	24,111	275	0	0	24,386
Loss allowance	743	8	0	0	751

27. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	137,113	0	0	137,113	137,113
Borrowings	271,953	911,295	3,016,605	4,199,853	3,404,709
Contract liabilities	331,831	0	0	331,831	331,831
Lease liabilities	57,503		0	57,503	57,503
	798,400	911,295	3,016,605	4,726,300	3,931,156
2019					
Payables	217,265	0	0	217,265	217,265
Borrowings	1,413,114	852,455	2,128,632	4,394,201	3,572,406
	1,630,379	852,455	2,128,632	4,611,466	3,789,671

28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events after balance sheet date that required disclosure.

29. 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 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.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

Note	AASB 118 and AASB 1004 carrying amount		AASB 1058 carrying amount
	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Contract liabilities - current			
Contract liabilities from transfers for recognisable non-financial assets	0	(90,981)	(90,981)
Trade and other payables			
Rates paid in advance	0	(26,036)	(26,036)
Adjustment to retained surplus from adoption of AASB 1058	29(c)	(117,017)	

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

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

AASB 15 : Revenue from Contracts with Customers

The Shire adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions, the Shire adopted the new rules retrospectively with the cumulative effect of initial application recognised on 1 July 2019. There was no impact on the balance sheet on 1 July 2019.

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29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$ Compared to AASB 118 and AASB 1004
	Note	As reported under AASB 15 and AASB 1058		
Statement of Comprehensive Income				
Revenue				
Rates	25(a)	2,094,891	29,830	2,124,721
Operating grants, subsidies and contributions	2(a)	1,688,212	331,831	2,020,043
Fees and charges	2(a)	279,738	(180,445)	99,293
Non-operating grants, subsidies and contributions	2(a)	1,033,027	0	1,033,027
Net result		(1,027,930)	181,216	(846,714)
Statement of Financial Position				
Contract assets	2(a)	180,445	(180,445)	0
Trade and other payables	14	137,113	(29,830)	107,283
Contract liabilities	16	331,831	(331,831)	0
Net assets		83,304,341	181,216	83,485,557
Statement of Changes in Equity				
Net result		(1,027,930)	181,216	(846,714)
Retained surplus		31,523,716	181,216	31,704,932

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

(b) AASB 16: Leases

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

	Note	2020 \$
Discount applied using incremental borrowing rate		77,269
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2%	17(b)	77,269
Lease liability - current		19,766
Lease liability - non-current		57,503
Right-of-use assets recognised at 1 July 2019		77,269

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(c) Impact of New Accounting Standards on Retained Surplus

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			32,590,720
Adjustment to retained surplus from adoption of AASB 1058	29(a)	(117,017)	(117,017)
Retained surplus - 1 July 2019		(117,017)	32,473,703

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30. 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.

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31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE Effective leadership and governance	Administration and operation of facilities and services to members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
GENERAL PURPOSE FUNDING A financially sustainable Shire.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY A safe community.	Fire prevention, animal control and assistance to emergency services.
HEALTH Health and family support services that are accessible and meet the needs of the community.	Food quality control, provision of doctor services and maintenance of dental equipment.
EDUCATION AND WELFARE Quality of life for the aged and disabled. Development and participation of young people.	Maintenance of a daycare centre and assistance to the provision of aged care accommodation.
COMMUNITY AMENITIES Appropriate development which is diverse in nature and protects local heritage.	Rubbish and recyclables collection and disposal services, operation of the refuse site, administration of the town planning scheme, maintenance of the cemetery, maintenance of public toilets and maintenance of storm water drainage.
RECREATION AND CULTURE Access to recreation, sporting and leisure opportunities.	Maintenance of the Town Hall, Pavilion, Community Centre, recreation ground, swimming pool complex, reserves, operation of the library together with support of cultural events.
TRANSPORT Safe and reliable transport infrastructure.	Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets and depot maintenance.
ECONOMIC SERVICES Support the promotion and marketing of local businesses and tourism initiatives.	The regulation and provision of building control, control of noxious weeds and vermin, standpipe water supplies and area promotion.
OTHER PROPERTY AND SERVICES Provide support services for works and plant operations.	Private works operations, plant repairs and operation costs.

32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	0.88	0.25	0.74
Asset consumption ratio	0.69	0.70	0.71
Asset renewal funding ratio	1.44	N/A	N/A
Asset sustainability ratio	0.41	0.83	2.89
Debt service cover ratio	2.19	2.86	2.92
Operating surplus ratio	(0.85)	(0.73)	(0.47)
Own source revenue coverage ratio	0.39	0.42	0.48

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



Shire of Pingelly

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9.2 Tender 01 – 2020/21

Moved: _____ Seconded: _____

10. CLOSURE OF MEETING

The Chairman to declare the meeting closed.