

# Shire of Pingelly Annual Report 2020/2021





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# 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 24<sup>th</sup> 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 "Pingeulling," 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 Statistics

## 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 1,294km<sup>2</sup>, bounded by the Shires of Wandering, Brookton, Cuballing and Wickpin. 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](http://www.pingelly.wa.gov.au).

## 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 27 people.

## Roads and Area

The Shire of Pingelly has an area of 1,223km<sup>2</sup> and is responsible for 587km of roads, of which 211km are sealed.

## 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 Central Wheatbelt in the Agricultural Region and in the Federal electorate of O'Connor.



# Shire Identity

## Vision

**Growing** - To achieve population and economic growth that enables the community we want, including a healthy economy, and the services and quality of life we desire.

**Inclusive** - To be a community designed for all

**Resilient** - To have a resilient and adaptable community and economy, with an asset base which is fit for purpose, now and for the future

## Values

**Accountable** – being transparent and open, meeting commitments and expectations, being responsible for yourself, your actions and results.

**Competence** – consistent use of skills suitable for the role and task at hand, delivery on goals and commitments, making appropriate decisions and problem solving, maintaining high professional standards and skills.

**Integrity** – being honest, ethical, reliable, authentic in communication, actions and decision making.

**Teamwork** – complete our own tasks in a professional manner, willingly assist others, support the team and overall organisational team. Positive attitude and contributions to the workplace culture.

**Respect** – having care and due regard for all others, considering how your words and/or actions will impact them personally and professionally (including their reputation). Communication is open and civil, and conflict is addressed early and with empathy.

**Adaptability** – open, willing and able to adjust to change, learn new skills and approaches.

## Mission

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

# Elected Members 2020 - 2021

Row 1: Cr William Mulroney (President),  
Cr David Freebairn

Row 2: Cr Jackie McBurney (Deputy President),  
Cr Kacey Camilleri, Cr Anthony Oliveri

Row 3: Cr Peter Narducci, Cr Bryan Hotham,  
Cr Peter Wood





# Organisational Structure 2020 - 2021

## Elected Members

## Chief Executive Officer



Ms Julie Burton

### Office of the CEO

Communications  
Governance  
Human Resources  
Community Engagement  
Councillor Services  
Tourism  
Economic Development  
Community Development



Ms Deanne Sweeney

### Corporate Services

Finance  
Customer Service  
Payroll  
Rates



Mr Darryn Watkins

### Technical Services

Civil Construction and Maintenance  
Building and Environmental Health Services  
Town Planning  
Building Maintenance  
Parks and Gardens  
Emergency Services



## Shire President's Report



It is with honour that I present the Presidents report for 2020/2021 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 2021.

This year continues on from where the previous year left off with unprecedented challenges caused by the global pandemic. The Shire of Pingelly completed another year 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 emergency.

Council commenced the year with Ms Julie Burton as the Chief Executive Officer, who resigned her position during the year to perform the same role in another local government. Council recruited and appointed an Acting Chief Executive Officer, Mr Paul Sheedy while the position was being filled on a permanent basis. I would like to thank these CEOs, and Councillors for their work for the community over the past year.

**Cr W.V. (Bill) Mulroney ESM**  
Shire President





## Chief Executive Officer's Report



The 2020/2021 financial year has been one of financial consolidation and recovery following the construction of the Pingelly Recreation and Cultural Centre (PRACC) – the Shire's largest investment to date. The construction of the PRACC left the Shire with significant debt and low reserves. This was compounded by the 0% rate increase as a stimulus response to the pandemic and higher than expected expenses in some areas due to global supply chain issues.

Despite this, the Shire delivered a high quality of service to the community in a 'business as usual' approach apart from the instances of lockdown. Even during these periods, Shire business was carried on where possible and measures were put in place to ensure that services were provided in

innovative ways. The capital works program was delivered as were events and community programs. Notably Memorial Park was redeveloped in the heart of Pingelly. This is a significant achievement and milestone for the town.

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.

**Andrew Dover**  
Chief Executive Officer

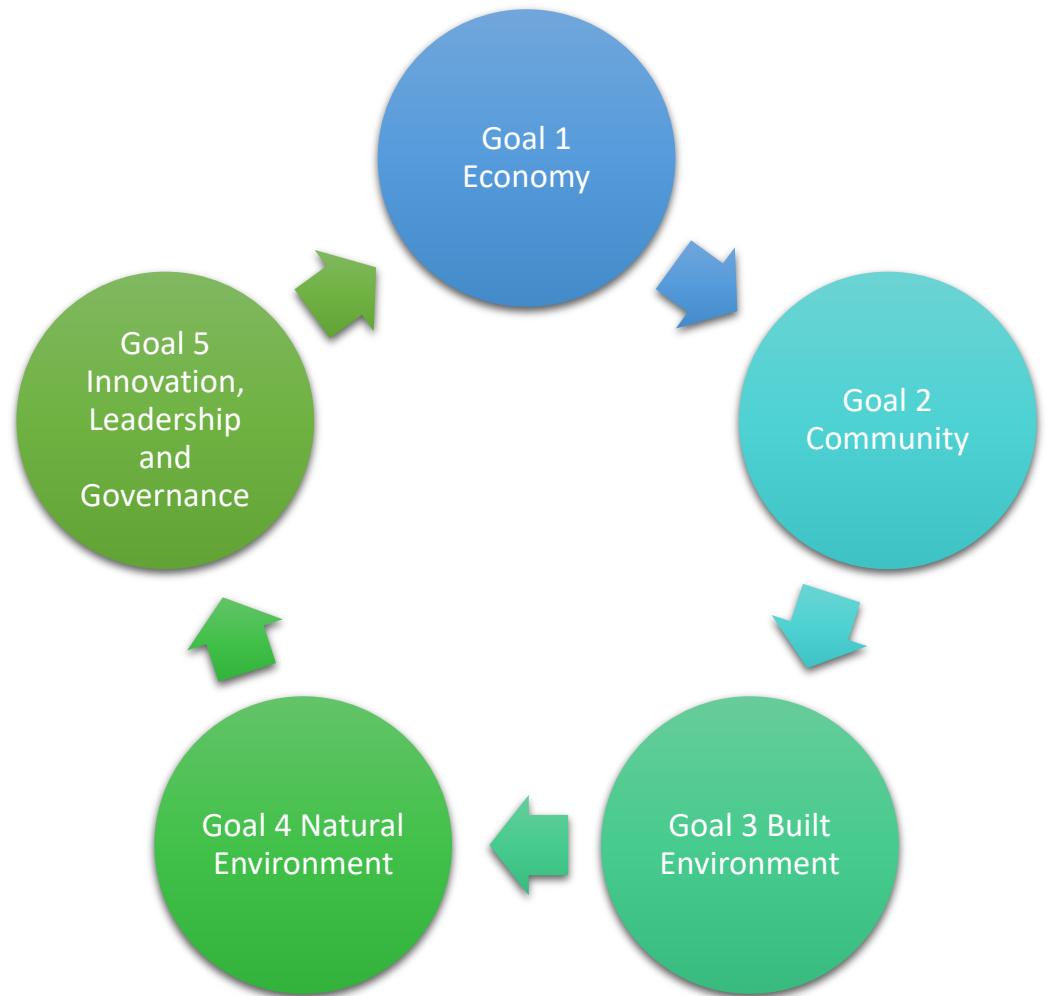
# Strategic Community Plan - Progress Report

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.

The Plan will be used to:

- guide Council decision-making and priority setting
- engage local residents and ratepayers, local businesses, community groups, and other local stakeholders that contribute to the future of our community
- inform decision-making with respect to other partners and agencies, including the Federal and State Governments, regional bodies and other local governments in our region
- provide a clear avenue to pursue funding and grant opportunities by demonstrating how projects align with the aspirations and strategic direction of our community and Council
- inform future partners of our key priorities, and the ways in which we seek to grow and develop
- provide a framework for monitoring progress against the community's vision and aspirations

This Strategic Community Plan and the accompanying Corporate Business Plan set the direction for the Shire's future and the Council's service levels and projects. The following section outlines the significant achievements arising from this Plan over the past year.





# Goal 1 – Economy (1/3)

## Pingelly Gift Card

Local businesses are the heartbeat of Pingelly. Choosing to purchase products or services locally, supports the employment of local people and an active main street. The Pingelly Gift Card is a special form of community currency to use at participating stores. It's a Shire of Pingelly initiative to encourage local spending, as well as strengthening the connection between businesses.

The Shire's commitment to buying local is central to our efforts to develop the local economy, both by ensuring the Shire's own purchases are sourced locally where possible (formalised through the Shire's Purchasing Policy) and the implementation of the 'Pingelly Gift Card' to maximise the local spending in local businesses.

## Tourism Strategy

Council has endorsed the Pingelly Tourism Strategy 2020-24, following an extensive six month program of consultation with the community. The Shire of Pingelly, in partnership with the Pingelly Tourism Group, has developed the contents of the Strategy based on the ideas and discussions captured from the community workshops.

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; and Events

The delivery of the outcomes will take place in a staged approach with updates shared with the wider community as milestones are achieved.



# Goal 1 – Economy (2/3)

## Pingelly Town Hall Project

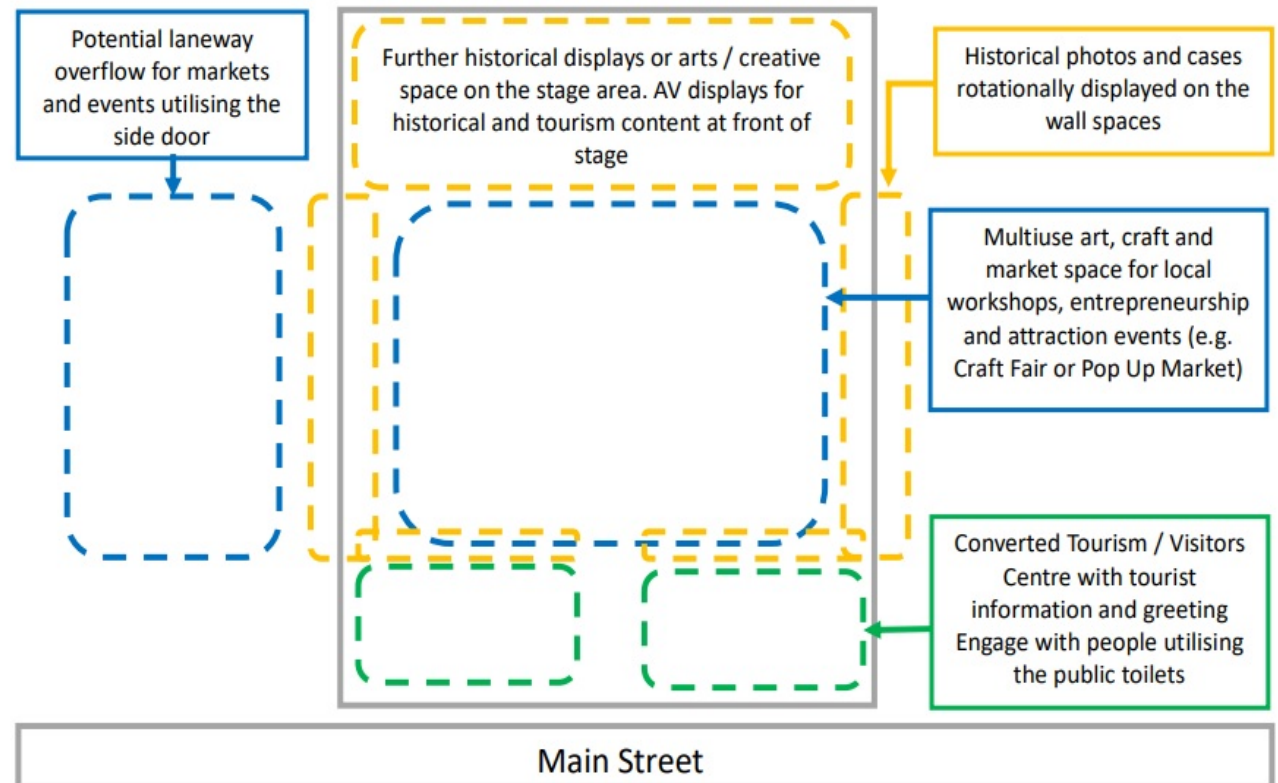
In 2020 a series of community workshops were held to identify potential future uses for the Town Hall. Residents, local business owners and community group representatives identified three options which could co-exist together:

- Undertake community based historical projects to capture and display the Town's diverse history on the wall spaces and potentially the stage area utilising photos, physical displays and audio-visual displays. Regularly rotate the displays to provide variety and ongoing dialogue for residents, visitors and tourists. Initial displays were suggested as including the Higgins War Photos, selected historical records, Aboriginal culture/history and an agricultural display.
- A flexible space in the central hall space, focused on rotations of art and craft, workshops, additional historical displays, community pop up markets and stalls, and tourism or community events.
- Incorporate a Tourism / Visitors Centre at the front of the Hall in a converted kitchen

The community verified the feedback was captured correctly during a period of community comment. The Town Hall Reference Group has now been established to plan the design and identify the costs for the proposed uses.

The Shire has been successful with the Australian Government's Driver Reviver Upgrade Grant, and the WA Government's Small Grants Program to progress the first stage of the Town Hall Future Use Project encompassing the tourism function.

The funding will provide visitors with a comfortable space at the front of the Town Hall to rest and recharge to reduce fatigue-induced road trauma, while also housing visitor information, free WiFi, coffee-making facilities and upgrades to the current toilet facilities to improve accessibility and amenity.





# Goal 1 - Economy (3/3)

## Caravan Park Masterplan

There is a high demand for short term accommodation within Pingelly, both for workers and visitors. To address this demand, the Shire has developed a Masterplan for the existing Caravan Park.

- **Chalets** Five sites are provided in the south west of the site. Two of the chalets are 1 bedroom and three contain 2 bedrooms. One of the five chalets is to be a disabled access chalet.
- **Sites** A total of 22 sites are provided for 17 sites have power available with 5 being unpowered. The unpowered sites can be transitioned to powered if sufficient demand arises.
- **Ablutions and Camp Kitchen** Upgrades to the existing ablutions and kitchen / BBQ area are proposed to provide additional space and allow all weather access.
- **Internal roads** The existing internal roadway with a width of approximately six metres will be retained, with an additional one way road (five metre width) providing an added exit point to the north west of the site.
- **Landscaping** Retention of existing trees, planting of additional local species that once established will not require too much attention and additional watering to provide screening, particularly from the public road network and residential dwellings. Landscaping is also specified between campsites to provide further privacy.
- **Fencing** Perimeter fencing is proposed, to provide security. Open style fencing is considered appropriate to ensure high levels of visual amenity for both occupants of the Park and neighbouring residents.

The Master Plan has been prepared, having regard for the Caravan and Camping Regulations and the opportunities and constraints of the existing Caravan Park site. The Master Plan is not a detailed design and doesn't represent specific funding or staging commitments. Rather, it establishes a roadmap to guide future improvements.

Following a period of public comment in August 2020, Council endorsed the final version of the Master Plan in October 2020. Delivery of the Master Plan would be progressed over a number of years, through seeking external funding for major stages, and also through Council's annual budgeting process. The preparation of the Master Plan provides the ability to progress components of the Plan as funding becomes available, and ensures these components are integrated into a strategic plan for the entire site.



# Goal 2 – Community (1/2)

## Sukies and Buggies Collection

Mr Neil and Mrs Yvonne Gill have signed a Memorandum of Understanding (MOU) to donate a collection of historical items to the Shire of Pingelly on the provision that they will be displayed to the public within two years. The majority of the Collection are sulkies and buggies ranging from 1910 to 1925.

Mr Gill has, over a period of 35 years, collected and restored carts, buggies, gigs, sulkies and horse drawn wagons. He originally made contact with the Shire in 2020 to determine if there was interest in the Shire obtaining the collection. This unique opportunity was considered by Council to align with the value of preserving history to shape unique visitor experiences in Pingelly.

## PRACC Works

The development of the PRACC into a high quality venue for use by locals as well as attracting visitors has continued. The following improvements have been made:

- Installation of the shade structures at the bowling green
- Asphalt sealing of the carpark from the southernmost boundary of the existing carpark to the end of the bowling green
- Overlay of gravel on the northern carpark to the north of the bowling green
- Associated kerbing works
- Pathway access from Somerset Street to the PRACC carpark

Work at the PRACC is still ongoing to continue to respond to emerging issues and to improve the facility for the benefit of the community





# Goal 2 – Community (2/2)

## Large Events

The Shire organised and facilitated several events for the community. These included:

- Pingelly Country Collective on Anzac Day 2021. This event featured the annual Pingelly Shears, the first Sheep Dog Trials, as market stalls, agricultural and engine displays, interactive exhibits by local emergency services, as well as a pop up café and children's entertainment.
- Party on the Oval 2020. This event was largely for the local young people after the closure of school for the summer holidays. Activities included inflatable slides, fireworks a visit by Santa Claus and live entertainment.
- AstroFest 2021. Organised in conjunction with UWA, Lotterywest and the Pingelly Tourism Group to attract over 500 astronomy enthusiasts to the PRACC to view the spectacular dark skies of Pingelly.
- WAFL Game between South Fremantle V Peel Thunder. This event showcased the fantastic facilities in Pingelly to the region and to the WAFL organisers. It was an exciting opportunity for our community to welcome high profile players to regional Western Australia, inspire our youth with skill development clinics and attract WAFL fans from surrounding communities to Pingelly. It attracted over 1,000 spectators.

## Australia Day, Pingelly

The Shire hosted a breakfast with live entertainment. The Community Service Award 2021 presented to Shondelle Beard and the Sportsman Award 2021 presented to Sheree Blechynden.



# Goal 3 – Built Environment (1/2)

## Shared Pathway Project

The 2.5m wide asphalt pathway connects the town of Pingelly across the east-west axis. It connects the Pingelly Primary School to the Town Centre, the PRACC, Memorial Park, Pioneer Park, Pingelly Health Centre and Pingelly Age Appropriate Accommodation. This pathway provides safe access for both old and young including for bikes, gophers and pedestrians.

## Roads Maintenance/Upgrades

The Shire of Pingelly recognises that many of the local roads are currently in a poor position. The Shire has prioritised a number of capital improvement roadworks for the 20/21 Financial Year based on usage and condition. These include: Wickepin-Pingelly Road; North Bannister Road; Review Street; Bullaring Road; and Milton Road. These, and the gravel roads maintenance program have been completed.

## Wheatbelt Secondary Freight Network

Planning has commenced for the Wheatbelt Secondary Freight Network which will provide increased funding from the Commonwealth Government for important freight connections across local government areas in the Wheatbelt. It is planned for Pingelly to have improved connections through to the Brookton Highway at Aldersyde and the Albany Highway at Wandering. This is an exciting project for the Shire as it:

- Improves road safety;
- Will provide employment within the Shire;
- Maintains and upgrades currently roads in need of repair;
- Provides high quality access, particularly for heavy vehicles;
- Increases accessibility across the region including for tourists; and
- Saves the ratepayers of Pingelly approximately \$3,000,000 when compared to existing road upgrade programs.

This project represents value for money for ratepayers and the Shire of Pingelly's focus on road maintenance and upgrades over the next number of years.





# Goal 3 – Built Environment (2/2)

## Memorial Park

Following a \$1 million redevelopment from the Federal Government and significant work from the Shire, local residents and visitors can now enjoy the new playgrounds, BBQs and community spaces.

Funding from the Commonwealth Government's Drought Affected Communities Programme enabled the closure of Scudds Lane as a through-road and closure of the former carpark to integrate and expand the available park space within the precinct. This facilitated the construction of purpose-built play spaces encompassing an early year's playground, an adventure and nature playground for all-ages, and an expansion of the existing playground.

The amenity of the park has also been improved with new park furniture, BBQ facilities, toilet facilities, a dedicated market space with power access for the bi-annual Community Markets, as well as a central amphitheatre for community gatherings. The existing memorial space was also retained. While the park can be now enjoyed by all, some minor work is still to be completed including the installation of WiFi and some finishing touches are still to be applied.

The project outcomes reflect the broader community's input into the original concept plan, as well as the contributions made by the Memorial Park Redevelopment Working Group to inform the detailed design elements. An official launch is being planned in the coming months.

The redevelopment will enhance the character of Pingelly, encourage activity, longer visitation and a diverse range of formal and informal activities including events.





# Goal 4 – Natural Environment

## Roadside Vegetation Control

A large portion of community feedback on an ongoing basis is the lack of resources allocated to control of roadside vegetation. The vegetation is impacting on large vehicles travelling throughout the Shire. The Shire spent \$71,314 to control approximately roadside vegetation for a distance of approximately 20kms. This includes control of non-native vegetation and significant quantities of wild oats.

## Bushfire Risk Management Plan

The BRMP has been adopted by Council and the Office of Bushfire Risk Management (OBRM). This Plan is a strategic document that identifies bushfire risks and priorities treatment to ensure that bushfires are controlled appropriately rather than causing widespread devastation including to the natural environment.

Treatment under this Plan involves the installation of firebreaks, parkland clearing and mosaic controlled burning of leaf litter and undergrowth. This controlled burning is carried out in a way which preserves the flora and fauna through cool burns which do not impact on the tree canopy and stimulates new growth. Fire is an integral part of the native ecosystem. The BRMP incorporates this without risk to assets and without undue damage to the natural environment.





## Goal 5 – Innovation, Leadership & Governance (1/2)

### Working Groups

The Youth Strategy was developed through engagement with the newly formed Pingelly Youth Network which consists of representatives from:

- Moorditj Youth Foundation Aboriginal Corporation
- Pingelly Early Years Network
- Pingelly Primary School
- Pingelly Recreation & Cultural Centre
- Shire of Pingelly
- WA Police

The Shire also formed Working Groups for consultation on the Memorial Park Redevelopment and the Pingelly Town Hall Future Use.

### Youth Strategy 2020-2025

Previous consultation undertaken by the Shire indicated the community ranked 'youth engagement' as the most critical issue facing Pingelly into the next decade. In response the Shire is preparing the Youth Strategy 2021-25 to formally acknowledge its commitment to supporting young people in Pingelly.

For the first time, a whole of community, structured framework will be developed to guide the Shire's involvement in youth service provision and ensure young people are formally considered in decision making and future planning.

The Shire has a leadership role in understanding and responding to the needs of young people in the community and representing their interests to other spheres of Government and the broader community. The priorities outlined in the Strategy will be used to inform the program of work undertaken by the Shire and local youth service providers.

# Goal 5 – Innovation, Leadership & Governance (2/2)

## Advocacy – Telecommunications

Following advocacy from the Shire, Telstra constructed a new mobile phone tower under their 'Black Spot' program. This initiative will ensure equity across the region and provide the ability to contact emergency services if required.

## Review of Strategic Community Plan

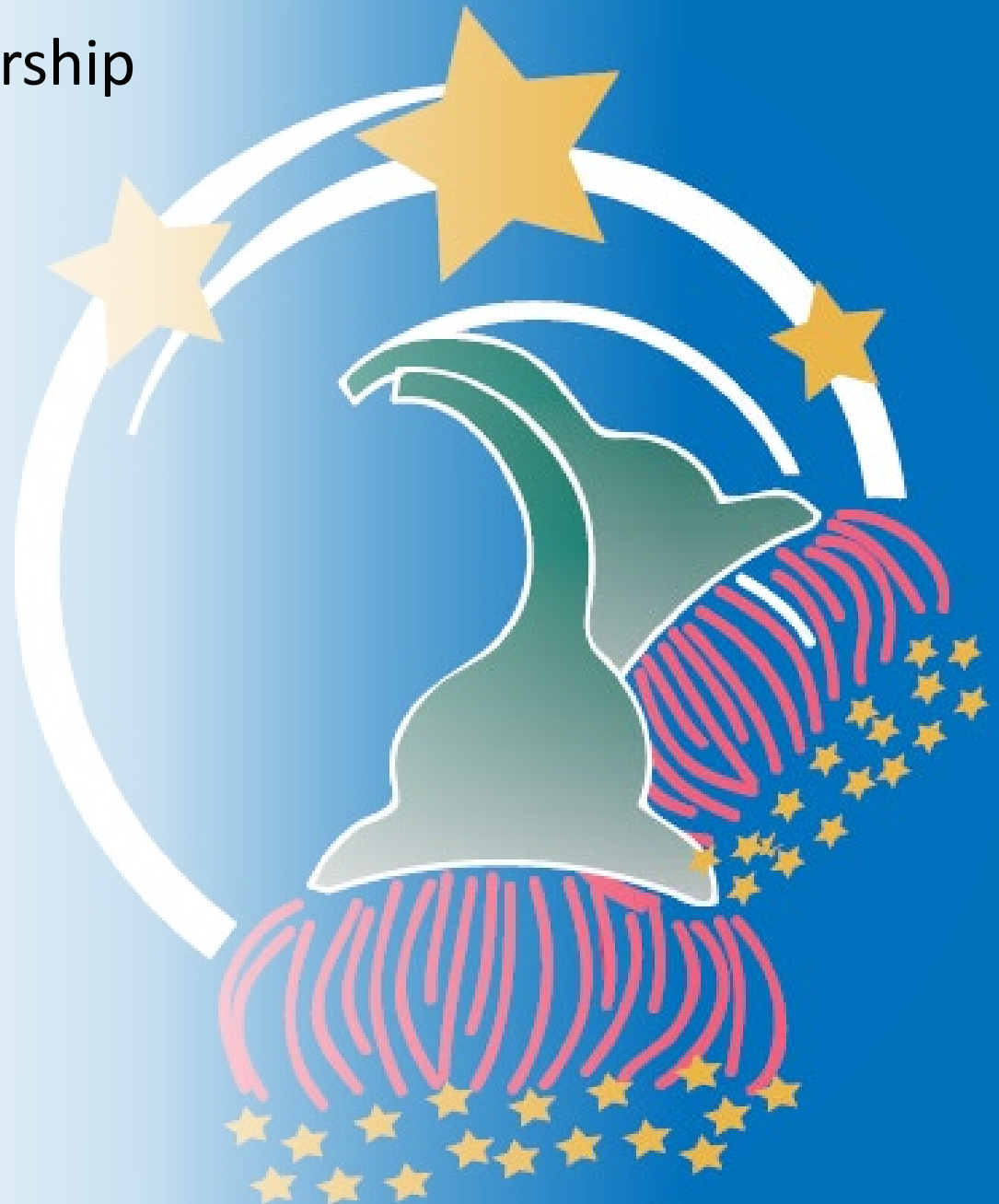
This Plan has a major review every 4 years and a minor review every 2 years. A minor review was undertaken at a Council and Executive workshop in February 2021. This review recognised the need to:

- Increase the focus on youth engagement and retention, which was not clearly articulated previously; and
- Note the concern around the supply of water, for future development, agricultural and community infrastructure purposes.

A major review will be undertaken in 2023 following extensive community consultation.

## 0% Rate Increase for 20/21 FY

Council has adopted a 2020/21 annual budget that features a 0% increase in rate income and a freeze on all fees and charges including the waste service charge for kerbside domestic and recycling service. The decision to maintain overall rates at the same level as the previous financial year, reflects Council's focus on helping the community and economy recover from the financial impact of COVID-19.





# Statutory Disclosures

## 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	1
120,000 - 129,999	
130,000- 139,999	1

## Council Meetings

Council continued with a monthly ordinary council meeting schedule, except January. A total of 11 Ordinary Council Meetings (OCM), 5 Special Council Meetings (SCM) and 2 Audit Committee Meetings (ACM) were held. The following table shows the Councillor attendance at these meetings:

	OCM	SCM	ACM
Cr W Mulroney	10	5	1
Cr J McBurney	10	1	1
Cr D Freebairn	10	5	2
Cr P Wood	10	5	1
Cr K Camilleri	9	3	2
Cr B Hotham	11	5	2
Cr A Oliveri	10	2	1
Cr P Narducci	11	5	2

## Freedom of Information

During the 2020/21 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.

## 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 2020-21.

## 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 2020-2021 reporting period.

## 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.

# 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. This document is reported on annually to improve quality of life outcomes for people who live with a disability.

The Shire has achieved the following objectives:

- Incorporate the objectives of the DAIP into Council's Corporate Business Plan
- Ensure Shire staff, agents and contractors are aware of the DAIP and the requirements for providing access and inclusion to services and events
- Installed an all access pathway connecting the school through the town centre to the PRACC
- Improved access to public parks in the redevelopment of Memorial Park including the installation of accessible play equipment, soft fall, toilets and pathways
- Ensure that information from the Shire website is accessible
- Improve Executive Management's awareness of the importance of the DAIP as an instrument for improving access and inclusion within the Shire

The Shire of Pingelly has taken significant strides forward to make our community more accessible, however much more must be done to provide equal access and opportunity for all.





# 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 2021 with the next review of the plan to be completed in 2025/26.



# Appendix A –2020/2021 Annual Financial Report



Shire of  
**Pingelly**

17 Queen Street, Pingelly, WA, 6308  
[pingelly.wa.gov.au](http://pingelly.wa.gov.au) | 08 9887 1066  
[admin@pingelly.wa.gov.au](mailto:admin@pingelly.wa.gov.au)





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

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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 2021**

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

Signed on the 15<sup>TH</sup> day of DECEMBER 2021



\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Andrew Dover





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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	24(a)	2,092,830	2,093,429	2,094,891
Operating grants, subsidies and contributions	2(a)	1,535,199	743,227	1,688,212
Fees and charges	2(a)	369,815	319,818	279,738
Interest earnings	2(a)	33,294	36,447	50,739
Other revenue	2(a)	167,846	54,004	133,752
		<u>4,198,984</u>	<u>3,246,925</u>	<u>4,247,332</u>
<b>Expenses</b>				
Employee costs		(1,303,159)	(1,701,628)	(1,588,626)
Materials and contracts		(1,118,087)	(1,084,488)	(1,223,303)
Utility charges		(160,012)	(147,800)	(172,344)
Depreciation on non-current assets	11(c)	(2,592,567)	(2,577,232)	(2,564,785)
Interest expenses	2(b)	(107,033)	(114,996)	(121,107)
Insurance expenses		(167,200)	(165,661)	(178,574)
Other expenditure		(94,522)	(105,580)	(83,802)
		<u>(5,542,580)</u>	<u>(5,897,385)</u>	<u>(5,932,541)</u>
		<u>(1,343,596)</u>	<u>(2,650,460)</u>	<u>(1,685,209)</u>
Non-operating grants, subsidies and contributions	2(a)	2,556,752	2,907,667	1,033,027
Profit on asset disposals	11(a)	24,162	57,000	4,067
(Loss) on asset disposals	11(a)	(13,968)	(20,500)	(380,679)
Fair value adjustments to financial assets at fair value through profit or loss		1,940	0	864
		<u>2,568,886</u>	<u>2,944,167</u>	<u>657,279</u>
<b>Net result for the period</b>		<b>1,225,290</b>	<b>293,707</b>	<b>(1,027,930)</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>1,225,290</b>	<b>293,707</b>	<b>(1,027,930)</b>

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 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Governance		68,685	38,685	86,692
General purpose funding		3,427,726	2,732,800	3,461,809
Law, order, public safety		77,139	59,829	42,604
Health		1,992	1,636	1,776
Education and welfare		22,872	13,713	22,338
Community amenities		207,969	199,740	197,523
Recreation and culture		66,740	23,290	25,700
Transport		173,957	91,455	318,257
Economic services		48,489	45,550	52,250
Other property and services		103,415	40,227	38,383
		4,198,984	3,246,925	4,247,332
<b>Expenses</b>				
Governance		(501,285)	(513,139)	(266,384)
General purpose funding		(160,139)	(149,696)	(196,491)
Law, order, public safety		(230,095)	(204,950)	(236,514)
Health		(140,383)	(135,345)	(141,730)
Education and welfare		(58,618)	(49,310)	(122,876)
Community amenities		(371,738)	(379,875)	(392,607)
Recreation and culture		(1,339,429)	(1,201,891)	(1,372,804)
Transport		(2,310,563)	(2,853,496)	(2,764,104)
Economic services		(245,408)	(286,465)	(291,073)
Other property and services		(77,889)	(8,222)	(26,851)
		(5,435,547)	(5,782,389)	(5,811,434)
<b>Finance Costs</b>				
Governance	2(b)	(2,319)	(3,139)	(3,020)
Health		0	(9,414)	0
Education and welfare		(9,408)	0	(10,490)
Recreation and culture		(93,202)	(93,219)	(107,597)
Other property and services		(2,104)	(9,224)	0
		(107,033)	(114,996)	(121,107)
		(1,343,596)	(2,650,460)	(1,685,209)
Non-operating grants, subsidies and contributions	2(a)	2,556,752	2,907,667	1,033,027
Profit on disposal of assets	11(a)	24,162	57,000	4,067
(Loss) on disposal of assets	11(a)	(13,968)	(20,500)	(380,679)
Fair value adjustments to financial assets at fair value through profit or loss		1,940	0	864
		2,568,886	2,944,167	657,279
<b>Net result for the period</b>		<b>1,225,290</b>	<b>293,707</b>	<b>(1,027,930)</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>1,225,290</b>	<b>293,707</b>	<b>(1,027,930)</b>

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





**SHIRE OF PINGELLY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,321,736	705,117
Trade and other receivables	6	678,635	286,922
Other financial assets	5(a)	218,782	185,356
Inventories	7	13,378	3,704
Contract assets	2(a)	0	180,445
Other assets	8	9,662	11,489
<b>TOTAL CURRENT ASSETS</b>		<b>2,242,193</b>	<b>1,373,033</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	76,541	66,232
Other financial assets	5(b)	168,944	185,696
Property, plant and equipment	9	19,204,961	19,312,264
Infrastructure	10	67,173,997	66,692,599
Right-of-use assets	12(a)	430,265	63,128
<b>TOTAL NON-CURRENT ASSETS</b>		<b>87,054,708</b>	<b>86,319,919</b>
<b>TOTAL ASSETS</b>		<b>89,296,901</b>	<b>87,692,952</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	309,130	137,113
Other liabilities	15	394,718	331,831
Lease liabilities	16(a)	95,007	20,366
Borrowings	17(a)	175,091	169,321
Employee related provisions	18	417,295	374,554
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,391,241</b>	<b>1,033,185</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(a)	305,424	37,137
Borrowings	17(a)	3,060,299	3,235,388
Employee related provisions	18	10,306	82,901
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,376,029</b>	<b>3,355,426</b>
<b>TOTAL LIABILITIES</b>		<b>4,767,270</b>	<b>4,388,611</b>
<b>NET ASSETS</b>		<b>84,529,631</b>	<b>83,304,341</b>
<b>EQUITY</b>			
Retained surplus		32,716,734	31,523,716
Reserves - cash/financial asset backed	4	195,089	162,817
Revaluation surplus	13	51,617,808	51,617,808
<b>TOTAL EQUITY</b>		<b>84,529,631</b>	<b>83,304,341</b>

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 2021**

		RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS
		\$	\$	\$
				TOTAL EQUITY
		\$		\$
<b>Balance as at 1 July 2019</b>		<b>32,473,703</b>	<b>240,760</b>	<b>51,617,808</b>
Comprehensive income				
Net result for the period		(1,027,930)	0	0
Total comprehensive income		(1,027,930)	0	0
Transfers from reserves	4	101,463	(101,463)	0
Transfers to reserves	4	(23,520)	23,520	0
<b>Balance as at 30 June 2020</b>		<b>31,523,716</b>	<b>162,817</b>	<b>51,617,808</b>
<b>Balance at 1 July 2020</b>		<b>31,523,716</b>	<b>162,817</b>	<b>51,617,808</b>
Comprehensive income				
Net result for the period		1,225,290	0	0
Total comprehensive income		1,225,290	0	0
Transfers from reserves	4	141,005	(141,005)	0
Transfers to reserves	4	(173,277)	173,277	0
<b>Balance as at 30 June 2021</b>		<b>32,716,734</b>	<b>195,089</b>	<b>51,617,808</b>

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 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,088,603	2,113,429	2,075,135
Operating grants, subsidies and contributions		1,182,752	441,396	1,979,237
Fees and charges		550,260	319,818	279,738
Interest received		33,294	36,447	50,739
Goods and services tax received		417,705	236,401	236,401
Other revenue		167,846	54,004	133,752
		4,440,460	3,201,495	4,755,002
<b>Payments</b>				
Employee costs		(1,313,985)	(1,701,628)	(1,564,674)
Materials and contracts		(973,758)	(744,043)	(1,524,907)
Utility charges		(160,012)	(147,800)	(172,344)
Interest expenses		(107,033)	(114,996)	(195,304)
Insurance paid		(167,200)	(165,661)	(178,574)
Goods and services tax paid		(399,353)	(236,401)	(232,798)
Other expenditure		(94,522)	(105,580)	(83,802)
		(3,215,863)	(3,216,109)	(3,952,403)
<b>Net cash provided by(used in) operating activities</b>	19	1,224,597	(14,614)	802,599
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost		(32,272)		(162,817)
Payments for purchase of property, plant & equipment	9(a)	(617,720)	(447,024)	(298,960)
Payments for construction of infrastructure	10(a)	(2,485,536)	(3,031,227)	(1,167,745)
Non-operating grants, subsidies and contributions	2(a)	2,556,752	2,907,667	1,033,027
Proceeds from financial assets at amortised cost - self supporting loans		17,538	17,539	24,300
Proceeds from sale of property, plant & equipment	11(a)	170,457	195,000	122,082
<b>Net cash provided by(used in) investment activities</b>		(390,781)	(358,045)	(450,113)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(169,319)	(169,320)	(1,367,697)
Payments for principal portion of lease liabilities	16(b)	(47,878)	(96,540)	(19,766)
Proceeds from new borrowings	17(b)	0	0	1,200,000
<b>Net cash provided by(used in) financing activities</b>		(217,197)	(265,860)	(187,463)
<b>Net increase(decrease) in cash held</b>		616,619	(638,519)	165,023
Cash at beginning of year		705,117	867,937	540,094
<b>Cash and cash equivalents at the end of the year</b>	19	1,321,736	229,418	705,117

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

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	25 (b)	718,733	718,736	200,532
		718,733	718,736	200,532
<b>Revenue from operating activities (excluding rates)</b>				
Governance		68,685	38,685	90,759
General purpose funding		1,337,466	639,371	1,367,996
Law, order, public safety		77,139	59,829	42,604
Health		1,992	1,636	1,776
Education and welfare		22,872	13,713	22,338
Community amenities		207,969	199,740	197,523
Recreation and culture		66,740	30,290	25,700
Transport		198,119	141,455	318,257
Economic services		48,489	45,550	52,250
Other property and services		103,415	40,227	38,383
		2,132,886	1,210,496	2,157,586
<b>Expenditure from operating activities</b>				
Governance		(506,955)	(519,278)	(639,695)
General purpose funding		(160,139)	(149,696)	(196,491)
Law, order, public safety		(230,095)	(204,950)	(236,514)
Health		(140,383)	(144,759)	(141,730)
Education and welfare		(68,026)	(49,310)	(133,366)
Community amenities		(371,738)	(379,875)	(392,607)
Recreation and culture		(1,432,631)	(1,295,110)	(1,480,401)
Transport		(2,321,180)	(2,870,996)	(2,764,104)
Economic services		(245,408)	(286,465)	(301,461)
Other property and services		(79,993)	(17,446)	(26,851)
		(5,556,548)	(5,917,885)	(6,313,220)
Non-cash amounts excluded from operating activities	25(a)	2,540,270	2,540,732	2,975,974
<b>Amount attributable to operating activities</b>		(164,659)	(1,447,921)	(979,128)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	2,556,752	2,907,667	1,033,027
Proceeds from disposal of assets	11(a)	170,457	195,000	122,082
Proceeds from financial assets at amortised cost - self supporting loans		17,538	17,539	24,300
Purchase of property, plant and equipment	9(a)	(617,720)	(447,024)	(298,960)
Purchase and construction of infrastructure	10(a)	(2,485,536)	(3,031,227)	(1,167,745)
		(358,509)	(358,045)	(287,296)
<b>Amount attributable to investing activities</b>		(358,509)	(358,045)	(287,296)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(169,319)	(169,320)	(1,367,697)
Proceeds from borrowings	17(b)	0	0	1,200,000
Payments for principal portion of lease liabilities	16(b)	(47,878)	(96,540)	(19,766)
Transfers to reserves (restricted assets)	4	(173,277)	(173,803)	(23,520)
Transfers from reserves (restricted assets)	4	141,005	152,200	101,463
<b>Amount attributable to financing activities</b>		(249,469)	(287,463)	(109,520)
<b>Surplus/(deficit) before imposition of general rates</b>		(772,637)	(2,093,429)	(1,375,944)
<b>Total amount raised from general rates</b>	24(a)	2,092,200	2,093,429	2,094,677
<b>Surplus/(deficit) after imposition of general rates</b>	25(b)	<b>1,319,563</b>	<b>0</b>	<b>718,733</b>

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 2021**

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

**1. BASIS OF PREPARATION**

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

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

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. No monies were held in the Trust Fund during this financial year.

**INITIAL APPLICATION OF ACCOUNTING STANDARDS**

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

These were:

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

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

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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



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

**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:

	<b>2021 Actual</b>	<b>2021 Budget</b>	<b>2020 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>			
Governance	25	0	9,182
General purpose funding	1,278,537	593,518	1,478,762
Law, order, public safety	69,579	55,254	52,607
Health	1,000	1,000	
Education and welfare			1,595
Recreation and culture	7,000	2,000	8,000
Transport	173,958	91,455	137,811
Economic services	5,100	0	0
Other property and services			255
	<b>1,535,199</b>	<b>743,227</b>	<b>1,688,212</b>
<b>Non-operating grants, subsidies and contributions</b>			
Governance	0	0	24,863
Recreation and culture	834,003	1,000,000	0
Transport	1,722,749	1,907,667	1,008,164
	<b>2,556,752</b>	<b>2,907,667</b>	<b>1,033,027</b>
<b>Total grants, subsidies and contributions</b>	<b>4,091,951</b>	<b>3,650,894</b>	<b>2,721,239</b>
<b>Fees and charges</b>			
Governance	35,700	18,300	20,547
General purpose funding	9,540	8,600	8,860
Law, order, public safety	7,560	4,575	4,322
Health	1,991	1,636	1,776
Education and welfare	2,273	2,000	2,000
Community amenities	207,969	199,740	200,217
Recreation and culture	19,752	19,190	11,395
Economic services	43,389	45,550	22,570
Other property and services	41,641	20,227	8,051
	<b>369,815</b>	<b>319,818</b>	<b>279,738</b>

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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

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

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	1,535,199	743,227	1,688,212
Fees and charges	369,815	319,818	279,738
Other revenue	167,846	54,004	133,752
Non-operating grants, subsidies and contributions	2,556,752	2,907,667	1,033,027
	4,629,612	4,024,716	3,134,729

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue included as grant liability at the start of the period	318,224	0	331,831
Revenue from contracts with customers recognised during the year	1,754,636	1,117,049	1,769,871
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	2,556,752	2,907,667	1,033,027
	4,629,612	4,024,716	3,134,729

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	480,526		65,192
Contract assets	0		180,445
Grant liabilities	(318,224)		(331,831)
Contract liability	(76,494)		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 2021**

**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**

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	2,092,200	2,093,429	2,094,677
	2,092,200	2,093,429	2,094,677
<b>Other revenue</b>			
Other	167,846	54,004	133,752
	167,846	54,004	133,752
<b>Interest earnings</b>			
Financial assets at amortised cost - self supporting loans	9,414	9,414	16,128
Interest on reserve funds	1,183	2,803	3,520
Rates instalment and penalty interest (refer Note 24(b))	21,124	20,480	26,727
Other interest earnings	1,573	3,750	4,364
	33,294	36,447	50,739

**Other revenue**

**Interest earnings**

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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

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

**2. REVENUE AND EXPENSES (Continued)**

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report
- Other services

**Interest expenses (finance costs)**

- Borrowings
- Interest expense Overdraft
- Lease liabilities

Sundry expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	23,500	23,000	23,000
	17,510	18,500	22,861
	41,010	41,500	45,861
17(b)	102,610	102,633	118,088
	0	0	978
16(b)	4,423	12,363	2,041
	107,033	114,996	121,107
	94,522	105,580	83,802
	94,522	105,580	83,802



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

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	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 price	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 price	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 licencing 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

**FOR THE YEAR ENDED 30 JUNE 2021**



**SHIRE OF PINGELLY**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

**4. RESERVES - CASH/FINANCIAL ASSET BACKED**

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	36,062	233	0	36,295	36,061	799	(10,000)	26,860	35,203	859		36,062
(b) Reserves cash backed - Plant Reserve	48,977	119,318	(135,000)	33,295	48,977	120,085	(133,500)	35,562	65,722	1,255	(18,000)	48,977
(c) Reserves cash backed - Building Reserve	23,808	154	0	23,962	23,808	348	0	24,156	3,747	20,061		23,808
(d) Reserves cash backed - Electronic Equipment Reserve	3,242	35,107	(6,005)	32,344	3,242	35,006	(8,700)	29,548	3,190	52		3,242
(e) Reserves cash backed - Community Bus Reserve	11,807	12,107	0	23,914	11,807	12,086	0	23,893	11,618	189		11,807
(f) Reserves cash backed - Swimming Pool Reserve	22,835	5,160	0	27,995	22,835	5,320	0	28,155	51,988	847	(30,000)	22,835
(g) Reserves cash backed - Refuse Site Rehab/closure Reserve	16,086	104	0	16,190	16,086	159	0	16,245	15,829	257		16,086
(h) Reserves cash backed - Tutanning Nature Reserve	0	1,094	0	1,094	0	0	0	0	0	0		0
(i) Reserves cash backed - Joint Venture Housing Reserve	0	0	0	0	0	0	0	0	53,463	0	(53,463)	0
	162,817	173,277	(141,005)	195,089	162,816	173,803	(152,200)	184,419	240,760	23,520	(101,463)	162,817

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

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

## 5. OTHER FINANCIAL ASSETS

### (a) Current assets

Financial assets at amortised cost  
Financial assets at fair value through profit and loss

#### Other financial assets at amortised cost

Term deposits  
Self supporting loans

#### Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss Bank Shares

### (b) Non-current assets

Financial assets at amortised cost  
Financial assets at fair value through profit and loss

#### Financial assets at amortised cost

Self supporting loans

#### Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
Financial assets at amortised cost	213,782	180,356
Financial assets at fair value through profit and loss	5,000	5,000
	218,782	185,356
Other financial assets at amortised cost		
Term deposits	195,090	162,817
Self supporting loans	18,692	17,539
	213,782	180,356
Financial assets at fair value through profit and loss		
Financial assets at fair value through profit and loss Bank Shares	5,000	5,000
	5,000	5,000
Financial assets at amortised cost		
Financial assets at amortised cost	113,589	132,281
Financial assets at fair value through profit and loss	55,355	53,415
	168,944	185,696
Financial assets at amortised cost		
Self supporting loans	113,589	132,281
	113,589	132,281
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	55,355	53,415
	55,355	53,415

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(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 26.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable
Trade and other receivables
GST receivable

### Non-current

Pensioner's rates and ESL deferred
------------------------------------

2021	2020
\$	\$
198,109	203,378
480,526	65,192
0	18,352
678,635	286,922
76,541	66,232
76,541	66,232

### 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 26.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

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



## 7. INVENTORIES

### Current

Fuel and materials

The following movements in inventories occurred during the year:

### Balance at beginning of year

Additions to inventory

### Balance at end of year

	2021	2020
	\$	\$
	13,378	3,704
	13,378	3,704
	3,704	3,704
	9,674	
	13,378	3,704

## 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.

## 8. OTHER ASSETS

### Other assets - current

Prepayments  
Accrued income

2021	2020
\$	\$
1,525	9,417
8,137	2,072
9,662	11,489

### 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.

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Works In Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	687,506	3,641,202	14,100,039	18,428,747	28,436	1,684,601	0	20,141,784
Additions			27,264	27,264		156,868	114,828	298,960
(Disposals)	(48,506)	(111,452)	(221,029)	(380,987)	0	(117,707)	0	(498,694)
Revaluation increments / (decrements) transferred to revaluation surplus	(6,000)			(6,000)				(6,000)
Depreciation (expense)	0	(60,467)	(330,530)	(390,997)	(12,430)	(177,199)		(580,626)
Transfers			71,668	71,668			(114,828)	(43,160)
<b>Balance at 30 June 2020</b>	633,000	3,469,283	13,647,412	17,749,695	16,006	1,546,563	0	19,312,264
<b>Comprises:</b>								
Gross balance amount at 30 June 2020	633,000	3,599,315	14,224,911	18,457,226	99,757	2,212,793	0	20,769,776
Accumulated depreciation at 30 June 2020	0	(130,032)	(577,499)	(707,531)	(83,751)	(666,230)	0	(1,457,512)
<b>Balance at 30 June 2020</b>	633,000	3,469,283	13,647,412	17,749,695	16,006	1,546,563	0	19,312,264
Additions	26,275	0	325,422	351,697	25,068	240,955	0	617,720
(Disposals)	(26,275)	0	0	(26,275)	(100)	(133,888)	0	(160,263)
Depreciation (expense)	0	(59,913)	(331,498)	(391,411)	(3,919)	(169,430)		(564,760)
Transfers		4,965	(4,965)	0				0
<b>Balance at 30 June 2021</b>	633,000	3,414,335	13,636,371	17,683,706	37,055	1,484,200	0	19,204,961
<b>Comprises:</b>								
Gross balance amount at 30 June 2021	633,000	3,604,281	14,545,368	18,782,649	58,987	2,251,765	0	21,093,401
Accumulated depreciation at 30 June 2021	0	(189,946)	(908,997)	(1,098,943)	(21,932)	(767,565)	0	(1,888,440)
<b>Balance at 30 June 2021</b>	633,000	3,414,335	13,636,371	17,683,706	37,055	1,484,200	0	19,204,961



## 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
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
<p>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.</p> <p>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.</p>					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		Cost	Cost	June 2016	Purchase cost
<b>Plant and equipment</b>		Cost	Cost	June 2016	Purchase cost

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

SHIRE OF PINGELLY  
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## 10. INFRASTRUCTURE

### (a) Movements in Balances

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

	Infrastructure - roads	Other infrastructure Footpaths	Other infrastructure Kerbs and Drains	Other infrastructure Other	Other infrastructure Bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	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				43,160		43,160
<b>Balance at 30 June 2020</b>	52,071,538	897,458	5,008,558	4,472,541	4,242,504	66,692,599
<b>Comprises:</b>						
Gross balance 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)
<b>Balance at 30 June 2020</b>	52,071,538	897,458	5,008,558	4,472,541	4,242,504	66,692,599
Additions	1,416,960	188,766	0	879,810	0	2,485,536
Depreciation (expense)	(1,162,572)	(38,180)	(216,942)	(312,429)	(274,015)	(2,004,138)
<b>Balance at 30 June 2021</b>	52,325,926	1,048,044	4,791,616	5,039,922	3,968,489	67,173,997
<b>Comprises:</b>						
Gross balance at 30 June 2021	70,032,419	1,700,475	9,122,848	9,805,576	16,603,588	107,264,906
Accumulated depreciation at 30 June 2021	(17,706,493)	(652,431)	(4,331,232)	(4,765,654)	(12,635,099)	(40,090,909)
<b>Balance at 30 June 2021</b>	52,325,926	1,048,044	4,791,616	5,039,922	3,968,489	67,173,997

**SHIRE OF PINGELLY**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

**10. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>(i) Fair Value</b>	<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
	<b>Infrastructure - roads</b>	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
	<b>Other infrastructure Footpaths</b>	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
	<b>Other infrastructure Kerbs and Drains</b>	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
	<b>Other infrastructure Other</b>	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
	<b>Other infrastructure Bridges</b>	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.



## **11. FIXED ASSETS**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Fixed assets**

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

#### **Initial recognition and measurement between mandatory revaluation dates**

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

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

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

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

#### **Revaluation**

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

### **Revaluation (Continued)**

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

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

### **AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

#### **Land under roads from 1 July 2019**

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

#### **Vested improvements from 1 July 2019**

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

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).

**SHIRE OF PINGELLY**  
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**11. FIXED ASSETS**

**(a) Disposals of Assets**

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	26,275	26,275	0	0	30,000	30,000	0	0	48,506	20,000	0	(28,506)
Buildings - non-specialised	0	0	0	0	0	0	0	0	111,452	0	0	(111,452)
Buildings - specialised	0	0	0	0	0	0	0	0	221,029	0	0	(221,029)
Furniture and equipment	100	0	0	(100)	0	0	0	0	0	0	0	0
Plant and equipment	133,888	144,182	24,162	(13,868)	128,500	165,000	36,500	0	117,707	102,082	4,067	(19,692)
	160,263	170,457	24,162	(13,968)	158,500	195,000	36,500	0	498,694	122,082	4,067	(380,679)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
PDOC8 - EMCS Vehicle	15,978	12,727	0	(3,251)
<b>Transport</b>				
PG6 - Motor Grader	65,600	79,091	13,491	0
PMOW12 - Mitsubishi Triton Ute	20,000	13,364	0	(6,636)
PT17 - 2010 Isuzu Crew Cab Tray	18,708	14,727	0	(3,981)
PT15 - 2008 Isuzu Tip Truck	13,602	24,273	10,671	0
	133,888	144,182	24,162	(13,868)
<b>Land</b>				
<b>Economic services</b>				
Lot 856 (2) Stone Street Pingelly	26,275	26,275	0	0
	26,275	26,275	0	0
<b>Other Asset class</b>				
<b>Program</b>				
Governance	100	0	0	(100)
	100	0	0	(100)
	160,263	170,457	24,162	(13,968)

**(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.

	2021	2020
	\$	\$
Plant and equipment	26,211	12,085
Other infrastructure Bridges	2,002,000	0
	2,028,211	12,085

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**11. FIXED ASSETS**

**(c) Depreciation**

	<b>2021 Actual</b>	<b>2021 Budget</b>	<b>2020 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings - non-specialised	59,913	35,000	60,467
Buildings - specialised	331,498	160,000	330,530
Furniture and equipment	3,919	16,000	12,430
Plant and equipment	169,430	135,000	177,199
Infrastructure - roads	1,162,572	1,340,000	1,134,161
Other infrastructure Footpaths	38,180	36,000	37,523
Other infrastructure Kerbs and Drains	216,942	200,000	215,069
Other infrastructure Other	312,429	284,383	310,554
Other infrastructure Bridges	274,015	290,000	272,711
Right-of-use assets - Plant and Equipment	3,400	72,812	0
Right-of-use assets - furniture & equipment	20,269	8,037	14,141
	<b>2,592,567</b>	<b>2,577,232</b>	<b>2,564,785</b>

**Revision of useful lives of plant and equipment**

At the financial year end the estimated useful lives of plant and equipment were revised, with no changes required.

**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:

<b>Asset Class</b>	<b>Useful life</b>
Buildings - non-specialised	5 to 60 years
Buildings - specialised	5 to 50 years
Furniture and equipment	1 to 10 years
Plant and equipment	2 to 50 years
Infrastructure - roads	15 to 80 years
Infrastructure -footpaths	20 to 80 years
Other infrastructure Kerbs and Drains	8 to 100 years
Other Infrastructure	up to 75 years
Other infrastructure Bridges	10 to 65 Years
Right of use - buildings	remaining lease
Right of use - plant and equipment	remaining lease
Right of use - furniture and fittings	remaining lease

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

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

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**12. LEASES**

**(a) Right-of-Use Assets**

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

	Right-of-use assets - Plant and Equipment \$	Right-of-use assets - plant and equipment \$	Right-of-use assets - furniture & equipment \$	Right-of-use assets Total
Balance at 1 July 2019	0	0	77,269	77,269
Depreciation (expense)	0	0	(14,141)	(14,141)
Balance at 30 June 2020	0	0	63,128	63,128
Additions	13,900	310,000	66,906	390,806
Depreciation (expense)	(1,723)	(1,677)	(20,269)	(23,669)
Balance at 30 June 2021	12,177	308,323	109,765	430,265

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2021 Actual \$	2020 Actual \$
Depreciation expense on lease liabilities	(23,669)	(14,141)
Interest expense on lease liabilities	(4,424)	(2,041)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>(28,093)</b>	<b>(16,182)</b>
Total cash outflow from leases	(52,301)	(21,807)

The Shire has five leases, three to furniture and equipment and two plant and equipment. The lease terms for furniture and equipment are all 5 years, and plant and equipment one is 4 years and one is 5 years. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed.

**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.

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.

**Right-of-use assets - valuation**

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

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

**Right-of-use assets - depreciation**

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.



### 13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Closing Balance	2020 Opening Balance	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	4,791,665	4,791,665	4,797,665	(6,000)	(6,000)	4,791,665
Revaluation surplus - Infrastructure - roads	31,459,160	31,459,160	31,459,160	0	0	31,459,160
Revaluation surplus - Other infrastructure Kerbs and Drains	3,772,178	3,772,178	3,772,178	0	0	3,772,178
Revaluation surplus - Other infrastructure Other	7,049,925	7,049,925	7,049,925	0	0	7,049,925
Revaluation surplus - Other infrastructure Bridges	4,544,880	4,544,880	4,544,880	0	0	4,544,880
	51,617,808	51,617,808	51,623,808	(6,000)	(6,000)	51,617,808

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.

## 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	

2021	2020
\$	\$
190,104	35,127
30,643	29,830
63,303	15,193
0	29,082
13,143	6,692
393	417
11,544	20,772
309,130	137,113

### 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. OTHER LIABILITIES

2021	2020
\$	\$
318,224	331,831
76,494	0
394,718	331,831

Current

Grant Liabilities  
Contract liabilities

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

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

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

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16. LEASE LIABILITIES

(a) Lease Liabilities	2021	2020
	\$	\$
Current	95,007	20,366
Non-current	305,424	37,137
	400,431	57,503

(b) Movements in Carrying Amounts

					Actual	30 June 2021 Actual	30 June 2021 Actual	30 June 2021 Actual	30 June 2021 Actual		Budget	30 June 2021 Budget	30 June 2021 Budget	30 June 2021 Budget	30 June 2021 Budget	Actual	30 June 2020 Actual	30 June 2020 Actual	30 June 2020 Actual
Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Lease Principal 1 July 2020	Actual New Leases	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments		Lease Principal 1 July 2020	New Leases	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments	Lease Principal 1 July 2019	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments
					\$	\$		\$			\$	\$	\$	\$	\$				\$
Governance																			
Photocopier Lease	1	Classic Funding Group	3.00%	5 years	57,502	0	(20,366)	37,136	(1,617)		57,502	0	(20,366)	37,136	(1,442)	77,269	(19,766)	57,503	(2,041)
Computer Server	2	Vestone Capital	5.40%	5 years	0	45,749	(4,595)	41,154	(548)		0	40,187	(7,566)	32,621	(1,117)	0	0	0	0
Solar System - Admin	3	Vestone Capital	5.40%	4 years	0	13,900	(1,743)	12,157	(154)		0	21,279	(5,084)	16,195	(580)	0	0	0	0
CCTV Server	5	Vestone Capital	6.00%	5 years	0	21,157	(1,215)	19,942	0		0	0	0	0	0	0	0	0	0
Motor Grader	4	Komatsu Finance	3.10%	5 years	0	310,000	(19,959)	290,041	(2,104)		0	337,468	(63,524)	273,944	(9,224)	0	0	0	0
					57,502	390,806	(47,878)	400,431	(4,423)		57,502	398,934	(96,540)	359,896	(12,363)	77,269	(19,766)	57,503	(2,041)



**SHIRE OF PINGELLY**  
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**17. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2021	2020
	\$	\$
Current	175,091	169,321
Non-current	3,060,299	3,235,388
	3,235,390	3,404,709

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Principal	Actual	Actual	Actual	Actual
				1 July 2020	Principal	Interest	Principal	1 July 2020	Principal	Interest	Principal	1 July 2019	New	Principal	Interest	Principal
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>																
Recreation and Cultural Centre	123	WATC	4.20%	2,054,890	(100,699)	(85,450)	1,954,191	2,054,890	(100,699)	(85,462)	1,954,191	2,198,287	0	(143,397)	(92,380)	2,054,890
Recreation and Cultural Centre	124	WATC	0.70%	1,200,000	(51,082)	(7,752)	1,148,918	1,200,000	(51,082)	(7,757)	1,148,918	0	1,200,000	0	0	1,200,000
S/T Borrowing Rec & Cultural Centre	S/T	WATC	2.36%	0	0	0	0	0	0	0	0	1,200,000	0	(1,200,000)	(15,217)	0
				3,254,890	(151,781)	(93,202)	3,103,109	3,254,890	(151,781)	(93,219)	3,103,109	3,398,287	1,200,000	(1,343,397)	(107,597)	3,254,890
<b>Self Supporting Loans</b>																
<b>Education and welfare</b>																
SSL Pingelly Cottage Homes	120	WATC	6.47%	149,819	(17,538)	(9,408)	132,281	149,819	(17,539)	(9,414)	132,280	174,119	0	(24,300)	(10,490)	149,819
				149,819	(17,538)	(9,408)	132,281	149,819	(17,539)	(9,414)	132,280	174,119	0	(24,300)	(10,490)	149,819
				3,404,709	(169,319)	(102,610)	3,235,390	3,404,709	(169,320)	(102,633)	3,235,389	3,572,406	1,200,000	(1,367,697)	(118,087)	3,404,709

\* WA Treasury Corporation

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

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**17. INFORMATION ON BORROWINGS (Continued)**

	2021	2020
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	15,000
Credit card balance at balance date	17	(1,850)
<b>Total amount of credit unused</b>	<b>520,017</b>	<b>513,150</b>
<b>Loan facilities</b>		
Loan facilities - current	175,091	169,321
Loan facilities - non-current	3,060,299	3,235,388
Lease liabilities - current	95,007	20,366
Lease liabilities - non-current	305,424	37,137
<b>Total facilities in use at balance date</b>	<b>3,635,821</b>	<b>3,462,212</b>
<b>Unused loan facilities at balance date</b>	<b>0</b>	<b>0</b>

**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 26.

**SHIRE OF PINGELLY**  
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**18. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

**Opening balance at 1 July 2020**

Current provisions

Non-current provisions

Additional provision/(Amounts Used)

**Balance at 30 June 2021**

**Comprises**

Current

Non-current

	Provision for Annual Leave	Provision for Personal Leave	Provision for Long Service Leave	Total
	\$		\$	\$
Opening balance at 1 July 2020				
Current provisions	148,145	46,362	180,047	374,554
Non-current provisions	0	0	82,901	82,901
	148,145		262,948	457,455
Additional provision/(Amounts Used)	(29,253)	(20,619)	20,018	(29,854)
<b>Balance at 30 June 2021</b>	<b>118,892</b>	<b>25,743</b>	<b>282,966</b>	<b>427,601</b>
<b>Comprises</b>				
Current	118,892	25,743	272,660	417,295
Non-current	0	0	10,306	10,306
	118,892	25,743	282,966	427,601

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2021	2020
	\$	\$
Less than 12 months after the reporting date	417,295	374,554
More than 12 months from reporting date	10,306	82,901
Expected reimbursements from other WA local governments	0	0
	427,601	457,455

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

**Other long-term employee benefits (Continued)**

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

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

**Provisions**

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

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

## 19. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	1,321,736	229,418	705,117
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	1,225,290	293,707	(1,027,930)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,940)	0	(864)
Depreciation on non-current assets	2,592,567	2,577,232	2,564,785
(Profit)/loss on sale of asset	(10,194)	(36,500)	376,612
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(402,022)	50,000	(56,959)
(Increase)/decrease in other assets	1,827		(11,489)
(Increase)/decrease in inventories	(9,674)	0	5,040
(Increase)/decrease in contract assets	180,445	180,445	(180,445)
Increase/(decrease) in payables	172,017	160,000	(197,169)
Increase/(decrease) in employee provisions	(29,854)	0	32,214
Increase/(decrease) in other liabilities	62,887	(331,831)	331,831
Non-operating grants, subsidies and contributions	(2,556,752)	(2,907,667)	(1,033,027)
Net cash from operating activities	1,224,597	(14,614)	802,599



## 20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	2,387,544	2,675,914
General purpose funding	274,650	269,610
Law, order, public safety	284,050	319,912
Health	23,000	38,978
Education and welfare	1,604,783	1,879,937
Housing	23,962	23,808
Community amenities	1,283,935	521,715
Recreation and culture	16,302,383	15,953,208
Transport	64,241,840	63,050,110
Economic services	892,799	822,088
Other property and services	70,903	1,070,671
Unallocated	1,907,052	1,067,001
	89,296,901	87,692,952

## 21. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure at the end of the reporting period.

## 22. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Elected member Councillor W Mulroney</b>			
President's annual allowance	1,200	1,200	1,200
Meeting attendance fees	10,000	10,000	10,000
ICT expenses	0	1,000	0
	11,200	12,200	11,200
<b>Elected member Councillor J McBurney</b>			
Deputy President's annual allowance	300	300	300
Meeting attendance fees	4,400	4,400	4,267
	4,700	4,700	4,567
<b>Elected member Councillor D Freebairn</b>			
Meeting attendance fees	4,000	4,000	4,133
	4,000	4,000	4,133
<b>Elected member Councillor B Hotham</b>			
Meeting attendance fees	4,000	4,000	4,000
	4,000	4,000	4,000
<b>Elected member Councillor P Wood</b>			
Meeting attendance fees	4,000	4,000	4,000
	4,000	4,000	4,000
<b>Elected member Councillor K Camilleri</b>			
Meeting attendance fees	4,000	4,000	4,000
	4,000	4,000	4,000
<b>Elected member Councillor A Oliveri</b>			
Meeting attendance fees	4,000	4,000	2,667
	4,000	4,000	2,667
<b>Elected member Councillor P Narducci</b>			
Meeting attendance fees	4,000	4,000	1,667
	4,000	4,000	1,667
<b>Former Elected member Councillor E Hodges</b>			
Meeting attendance fees	0	0	1,333
	0	0	1,333
<b>Former Elected member Councillor M Walton-Hassell</b>			
Meeting attendance fees	0	0	1,333
	0	0	1,333
	39,900	40,900	38,900
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	1,200	1,200	1,200
Deputy President's allowance	300	300	300
Meeting attendance fees	38,400	38,400	37,400
ICT expenses	0	1,000	0
	39,900	40,900	38,900

## 23. RELATED PARTY TRANSACTIONS

### Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual \$	2020 Actual \$
Short-term employee benefits	469,231	464,360
Post-employment benefits	58,938	65,393
Other long-term benefits	53,601	51,371
	581,770	581,124

#### *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.



## **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.

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

The following transactions occurred with related parties:	<b>2021 Actual</b>	<b>2020 Actual</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services - KMP/other related parties	14,032	0
Purchase of goods and services - other related parties	1,398	0
Short term employee benefits - other related parties	18,618	76,307
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables - other related parties	28,009	0
Loans to associated entities - other related parties	132,281	149,819

### **Related Parties**

#### **The Shire's main related parties are as follows:**

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

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

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

##### *iii. Entities subject to significant influence by the Shire*

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

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

**24. RATING INFORMATION**

**(a) Rates**

**RATE TYPE**

Differential general rate / general rate

**Gross rental valuations**

GRV - Residential

GRV - Rural Residential

GRV - Commercial/Industrial

GRV - Townsites

**Unimproved valuations**

UV - Broadacre Rural

**Sub-Total**

**Minimum payment**

**Gross rental valuations**

GRV - Residential

GRV - Rural Residential

GRV - Commercial/Industrial

GRV - Townsites

**Unimproved valuations**

UV - Broadacre Rural

**Sub-Total**

Discounts/concessions (Note 24(b))

**Total amount raised from general rate**

Ex-gratia rates

**Totals**

	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
<b>Gross rental valuations</b>												
GRV - Residential	0.121390	316	3,592,992	436,154	1,332	5	437,491	438,868	0	0	438,868	445,080
GRV - Rural Residential	0.121390	66	817,596	99,248	1,034	0	100,282	99,248	0	0	99,248	98,922
GRV - Commercial/Industrial	0.121390	29	412,252	50,043	(126)	(723)	49,194	50,043	0	0	50,043	49,495
GRV - Townsites	0.121390	12	144,560	17,548		0	17,548	17,548	0	0	17,548	17,356
<b>Unimproved valuations</b>												
UV - Broadacre Rural	0.009704	234	138,100,000	1,340,122	747	(154)	1,340,715	1,340,122	0	0	1,340,122	1,349,724
<b>Sub-Total</b>		657	143,067,400	1,943,115	2,987	(872)	1,945,230	1,945,829	0	0	1,945,829	1,960,577
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
GRV - Residential	900	62	96,900	55,800	0	0	55,800	55,800	0	0	55,800	55,800
GRV - Rural Residential	900	24	52,909	21,600	0	0	21,600	21,600	0	0	21,600	20,700
GRV - Commercial/Industrial	900	11	36,200	9,900	0	0	9,900	9,900	0	0	9,900	9,900
GRV - Townsites	900	8	44,160	7,200	0	0	7,200	7,200	0	0	7,200	7,200
<b>Unimproved valuations</b>												
UV - Broadacre Rural	900	59	2,753,000	53,100	0	0	53,100	53,100	0	0	53,100	40,500
<b>Sub-Total</b>		164	2,983,169	147,600	0	0	147,600	147,600	0	0	147,600	134,100
		821	146,050,569	2,090,715	2,987	(872)	2,092,830	2,093,429	0	0	2,093,429	2,094,677
							(630)				0	0
							2,092,200				2,093,429	2,094,677
							217				220	214
							2,092,417				2,093,649	2,094,891

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

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

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

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

24. RATING INFORMATION (Continued)

(b) Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
Rates Assessment	Adjustment	0.00%	0	497	0	497
Rates Assessment	Write off	0.00%	0	133	0	30
				630	0	527
Total discounts/concessions (Note 24(a))				630	0	527

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
Rates Assessment	A101 upon application	Assist Rural Property Owner	Minimum Rate Assessments on Shire Boundaries 5.12
Rates Assessment	Review of various Rate Debtors	Write off small balances	Write off of small bad debts on 1.13 Register of Delegation

## 24. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	28/08/2020			8.00%
<b>Option Two</b>				
First instalment	28/08/2020			8.00%
Second instalment	7/01/2021	10.00	5.50%	8.00%
<b>Option Three</b>				
First instalment	28/08/2020			8.00%
Second instalment	30/10/2020	10.00	5.50%	8.00%
Third instalment	7/01/2021	10.00	5.50%	8.00%
Fourth instalment	8/03/2021	10.00	5.50%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	12,712	12,180	17,868
Interest on instalment plan	7,795	7,500	7,941
Charges on instalment plan	4,470	4,500	4,180
ESL Penalty Interest	617	800	918
	25,594	24,980	30,907



## 25. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2019/20
	(30 June 2021)	(30 June 2021)	(30 June 2020)
	Carried Forward)	Carried Forward)	Carried Forward
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
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> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	11(a)	(24,162)	(57,000)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(1,940)	0
Movement in pensioner deferred rates (non-current)		(10,309)	0
Movement in employee benefit provisions		(29,854)	0
Add: Loss on disposal of assets	11(a)	13,968	20,500
Add: Depreciation on non-current assets	11(c)	2,592,567	2,577,232
<b>Non cash amounts excluded from operating activities</b>		2,540,270	2,540,732
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
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.			
<b>Adjustments to net current assets</b>			
Less: Reserves - cash/financial asset backed	4	(195,089)	(184,419)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(18,692)	(18,692)
Less: Investments Current		(5,000)	(5,000)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	17(a)	175,091	169,910
- Current portion of lease liabilities		95,007	20,366
Add back: - Component of Leave Liability not required to be funded		417,294	374,554
<b>Total adjustments to net current assets</b>		468,611	356,719
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets		2,242,193	490,108
Less: Total current liabilities		(1,391,241)	(846,827)
Less: Total adjustments to net current assets		468,611	356,719
<b>Net current assets used in the Rate Setting Statement</b>		1,319,563	0

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

**26. 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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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.

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2021</b>					
Cash and cash equivalents	0.12%	1,321,736	0	437,814	883,922
Financial assets at amortised cost - term deposits	0.61%	195,090	195,090	0	0
<b>2020</b>					
Cash and cash equivalents	1.12%	705,117	392,108	0	313,009
Financial assets at amortised cost	2.16%	162,817	162,817	0	0

**Sensitivity**

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

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

\* Holding all other variables constant

<b>2021</b>	<b>2020</b>
<b>\$</b>	<b>\$</b>
4,378	0

**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 17(b).

## 26. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### **Trade and Other Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors.

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2020 or 30 June 2021 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 for trade and other receivables 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
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss					
Gross carrying amount	85,645	46,475	28,904	113,626	274,650
Loss allowance					0
<b>29 June 2020</b>					
Rates receivable					
Expected credit loss					
Gross carrying amount	64,707	18,680	16,608	169,615	269,610
Loss allowance					0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	1.07%	1.07%	1.07%	1.07%	
Gross carrying amount	437,001	36,363	59	7,104	480,526
Loss allowance	4,676	389	1	76	5,142
<b>29 June 2020</b>					
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

## 26. 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 17(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2021</b>					
Payables	309,131	0	0	309,131	309,130
Borrowings	271,953	2,012,383	1,915,518	4,199,854	3,235,390
Other liabilities	394,718	0	0	394,718	0
Lease liabilities	52,301	379,669	53,336	485,306	400,431
	1,028,103	2,392,052	1,968,854	5,389,009	3,944,951
<b>2020</b>					
Payables	137,113	0	0	137,113	137,113
Borrowings	271,953	911,295	3,016,605	4,199,853	3,404,709
Other liabilities	331,831	0	0	331,831	331,831
Lease liabilities	57,503	0	0	57,503	57,503
	798,400	911,295	3,016,605	4,726,300	3,931,156

## 27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events after the end of the reporting period that required disclosure in the financial report.



# SHIRE OF PINGELLY

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

## 28. 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.

### 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 end of the reporting period.

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

**29. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b> To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administration support available to the Council for the provision of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b> To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control, waste disposal compliance and provision of doctor services.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of a daycare centre and assistance to the provision of aged care accommodation.
<b>COMMUNITY AMENITIES</b> To provide services required by the community.	Rubbish and recyclables collection services, operation of rubbish disposal site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b> To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Maintenance of the Town Hall, Pingelly Recreation and Cultural Centre, recreation ground, swimming pool complex and reserves. Provision and maintenance of parks, gardens and playgrounds. Operations of library together with support of cultural events.
<b>TRANSPORT</b> To provide safe, effective and efficient transport infrastructure to the community.	Construction and maintenance of streets, roads, bridges, footpaths and depots. Cleaning of streets and providing street lighting.
<b>ECONOMIC SERVICES</b> To help promote the local government and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
<b>OTHER PROPERTY AND SERVICES</b> To monitor and control operating accounts.	Private works operations, plant repairs and operation costs.

### 30. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.22	0.88	0.25
Asset consumption ratio	0.67	0.69	0.70
Asset renewal funding ratio	1.29	1.44	N/A
Asset sustainability ratio	1.13	0.41	0.83
Debt service cover ratio	4.22	2.19	2.86
Operating surplus ratio	(0.50)	(0.85)	(0.73)
Own source revenue coverage ratio	0.48	0.39	0.42

The above ratios are calculated as follows:

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



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2021 Shire of Pingelly

To the Councillors of the Shire of Pingelly

## Report on the audit of the annual financial report

### Opinion

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

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

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Basis for opinion

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's responsibility for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

## **Report on other legal and regulatory requirements**

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a) The Operating Surplus Ratio as reported in Note 30 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law was identified during the course of my audit:
  - a) The Shire has not reported the Asset Renewal Funding Ratio for 2019 in the annual financial report, refer Note 30, as required by section 50(1) of the Local Government (Financial Management) Regulations 1996, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure in the long-term financial plan and asset management plan respectively.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, except as note in (ii) a) above, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.



## **Other information**

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

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

## **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Pingelly for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
17 December 2021



**Shire of Pingelly Annual Report 2020 - 2021**