

ANNUAL REPORT 2019/2020



SHIRE OF
Chapman Valley
love the rural life!

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

CONTENTS

Elected Members	5
Executive Staff	7
Minutes of Previous Elector’s Meeting	8
Council Committee, Steering/Working/Advisory Group Representatives	13
President’s Annual Report to Electors	22
Chief Executive Officer’s Report	25
Audited Financial Statements, Independent Audit Report and Management Report	37

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

ELECTED MEMBERS

	NAME	POSTAL ADDRESS	CONTACT DETAILS	TERM ENDING
	PRESIDENT Anthony Farrell	RMB 660 YUNA WA 6532	Ph: 9931 1030 Fax: 9931 1031 Mobile: 0429 311 033 Email: CrFarrell@chapmanvalley.wa.gov.au	October 2023
	DEPUTY PRESIDENT Kirrilee Warr	678 Nolba Stock Route Road Via Geraldton WA 6532	Ph: 9920 3060 Fax: 9920 3066 Mob: 0407 981 709 Email: CrWarr@chapmanvalley.wa.gov.au	October 2021
	Nicole Batten	RMB 670 YUNA WA 6532	Ph: 9931 1040 Mob: 0429 311 040 Email: CrBatten@chapmanvalley.wa.gov.au	October 2021
	Beverley Davidson	22 Waterfront Circle DRUMMOND COVE WA 6530	Ph: 9938 2559 Mob: 0407 852069 Email:	October 2023
	Darrell Forth	PO Box 2410 GERALDTON WA 6531	Ph: 9965 3999 Mob: 0428 653 300 Email: CrForth@chapmanvalley.wa.gov.au	October 2021
	Peter Humphrey	12 Wittenoom Circle WHITE PEAK WA 6532	Mobile: 0427 301 195 Email: CrHumphrey@chapmanvalley.wa.gov.au	October 2023
	Trevor Royce	PO Box 866 GERALDTON WA 6531	Ph: 9925 1026 Fax: 9925 1026 Mob: 0439 251 080 Email: CrRoyce@chapmanvalley.wa.gov.au	October 2023
	Ian Maluish	311 Eliza Shaw Drive WHITE PEAK WA 6532	Mobile: 0417 949 062 Email: CrMaluish@chapmanvalley.wa.gov.au	October 2021

COUNCILLOR ATTENDANCE - ORDINARY COUNCIL MEETINGS
2019/2020

	Cr Farrell	Cr Batten	Cr Forth	Cr Humphrey	Cr Maluish	Cr Warr	Cr Royce	Cr Davidson
17/07/2019	✓	✓	✓	✓	✓	✓		
21/08/2019	✓	✓	✓	✓	✓	✓		
18/09/2019	✓	✓	✓	✓	✓	✓		
16/10/2019	✓	✓	✓	✓		✓		
20/11/2019	✓	✓		✓		✓	✓	✓
11/12/2019	✓	✓	✓	✓		✓	✓	✓
January 2020 No Meeting								
19/02/2020	✓	✓		✓	✓		✓	✓
18/03/2020	✓	✓	✓	✓	✓	✓	✓	✓
15/04/2020 Meeting Cancelled due to COVID-19								
20/05/2020	✓	✓	✓	✓	✓	✓		✓
17/06/2020	✓	✓		✓		✓	✓	✓
Total Meetings	10	10	7	10	6	9	5	6

COUNCILLOR ATTENDANCE - SPECIAL COUNCIL MEETINGS
2019/2020

	Cr Farrell	Cr Batten	Cr Forth	Cr Humphrey	Cr Maluish	Cr Warr	Cr Royce	Cr Davidson
25/07/2019 Adopt 20/21 Budget	✓	✓	✓	✓		✓		
21/10/2019 Swearing in of Councillors	✓	✓	✓	✓		✓	✓	
06/04/2020 COVID-19 Held via Webex	✓	✓	✓	✓	✓	✓	✓	✓

	No Meeting/s Held
	Apology
	Approved Leave of Absence
	Not a current Councillor

COUNCILLOR ATTENDANCE - COUNCIL COMMITTEE MEETINGS
2019/2020

COMMITTEE	Cr Farrell	Cr Batten	Cr Forth	Cr Humphrey	Cr Maluish	Cr Warr	Cr Royce	Cr Davidson
Finance Audit & Risk Management	2 of 3	NA	3 of 3	1 of 2	NA	1 of 1	1 of 2	NA
Road Infrastructure	1 of 1	1 of 1	1 of 1	1 of 1	1 of 1	1 of 1	0 of 1	1 of 1
Building & Disability Services	1 of 1	0 of 1	1 of 1	1 of 1	1 of 1	NA	NA	NA

COUNCIL SENIOR STAFF



Maurice Battilana
CHIEF EXECUTIVE OFFICER



Simon Lancaster
DEPUTY CHIEF EXECUTIVE OFFICER



Dianne Raymond
MANAGER FINANCE & CORPORATE SERVICES



Esky Kelly
MANAGER of WORKS SERVICES



Anthony Abbott
BUILDING SURVEYOR/PROJECTS OFFICER

MINUTES OF PREVIOUS ELECTORS **MEETING**



SHIRE OF
Chapman Valley
love the rural life!

CONFIRMED **MINUTES**

ANNUAL GENERAL MEETING OF ELECTORS
THURSDAY 6 FEBRUARY 2020
COUNCIL CHAMBERS NABAWA
6.00PM

DISCLAIMER



No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk. The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on written confirmation of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

A handwritten signature in black ink, appearing to read "M. Battilana", is written over a large, faint, circular watermark or background mark.

Maurice Battilana
CHIEF EXECUTIVE OFFICER

CONFIRMED MINUTES
FOR ANNUAL GENERAL MEETING OF ELECTORS
6:00PM THURSDAY 6 FEBRUARY 2020
COUNCIL CHAMBERS NABAWA

Order of Business:

1.0 Declaration of Opening / Announcements of Visitors

The President, Cr Farrell welcomed Elected Members, Staff and Visitors and declared the meeting open at 6:00pm.

2.0 Record of Attendance

2.1 Present

a. Councillors

Member
Cr Anthony Farrell (President)
Cr Kirrilee Warr (Deputy President)
Cr Nicole Batten
Cr Darrell Forth
Cr Beverley Davidson
Cr Humphrey
Cr Trevor Royce

b. Staff

Officer	Position
Maurice Battilana	Chief Executive Officer
Simon Lancaster	Deputy Chief Executive Officer
Dianne Raymond	Manager of Finance & Corporate Services
Beau Raymond	Senior Finance Officer

c. Visitors

Name
Tony Webb

2.2 Apologies

Name
Cr Ian Maluish

3.0 Public Question Time

3.1 Response to previous public questions taken on notice

Nil

3.2 Public question time

3.2.1 Tony Webb – Has the Shire’s move away from a Ward to a No-Ward structure been successful or had any adverse effect on the Shire’s operations?

Response:

Cr Farrell stated he felt the move to a No-Ward structure has been successful as it stresses the importance of all Elected Members being required to represent the whole of the district and not just a particular area.

Cr Forth stated he felt the old Ward structure had the potential to create factions within a Shire whereas the No-Ward structure helped to remove this.

Cr Forth added there is a local government industry trend in WA to move away from the Ward to No-Ward structure.

3.2.2 Tony Webb – Noted that the land adjacent to the Nabawa Cemetery possibly being subject to Native Title as part of the Shire recent road realignment. Is this the case?

Response:

Simon Lancaster (DCEO) advised that the Department of Lands required Council to indemnify the State against any claim for compensation which may arise from the taking of native title interests relevant to the area required for the realignment of Mount Erin-Nabawa Road. This requirement is standard Department practice relating to the disposal of Crown Land, and the Shire were required to agree to this in order to finalise the Mount Erin-Nabawa Road realignment to create a safer intersection.

The Shire had been advised by the Department of Lands that it was still required to provide this even though the subject land area was not being disposed of, but rather being amended from a Cemetery Reserve that currently has a management order issued to the Shire to a Local Road Reserve that will be under the management of the Shire.

However, this matter relates to the road realignment area south of the Nabawa Cemetery and does not involve the Nabawa Cemetery operations.

4.0 Disclosure of Interest

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.

Section 5.60A:

*“a person has a **financial interest** in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person.”*

Section 5.60B:

*“a person has a **proximity interest** in a matter if the matter concerns –*

(a) a proposed change to a planning scheme affecting land that adjoins the person’s land; or

(b) a proposed change to the zoning or use of land that adjoins the person’s land; or

(c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person’s land.”

Regulation 34C (Impartiality):

“interest means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.”

Item No.	Name	Type of Interest	Nature of Interest
Nil			

5.0 Confirmation of Minutes of previous Annual Electors Meeting held 31 January 2019

RESOLUTION

MOVED: CR WARR

SECONDED: CR FORTH

The Minutes of the Annual General Meeting of Electors held on 31 January 2019 be confirmed as a true and accurate record.

CARRIED

Minute Reference: AEM 01/20-1

6.0 Receiving of Annual Report 2018/2019 (Incorporates)

- 2018/2019 Annual Financial Statements
- 2018/2019 Audit Report
- President’s Report
- Chief Executive Officer’s Report

RESOLUTION:

MOVED: CR BATTEN

SECONDED: CR DAVIDSON

The 2018/2019 Annual Report including Annual Financial Statements, Audit Report, Management Report, President’s Report and Chief Executive Officer’s Report be endorsed as presented without amendments.

CARRIED

Minute Reference AEM 01/20-2

7.0 General Business

Nil

8.0 Closure

The Presiding Member thanked members, ratepayers, visitors and staff for attending and declared the electors meeting closed at 6:08pm



COUNCIL COMMITTEE, STEERING/WORKING/ADVISORY GROUP REPRESENTATIVES

Council Committees - Council Members Only – Local Government Act 1995 – Section 5.9(2)(a) (ABSOLUTE MAJORITY REQUIRED FOR COMMITTEE APPOINTMENTS) (Must be 3 or More Representatives)		
	Purpose/Delegations	Appointed Representatives
Building & Disability Services Committee	Will meet at least annually to inspect all Shire Buildings/Properties and then subsequently to: Review preliminary costings for proposed works for consideration in draft Council Budget; Review the Capital & Building Works Program; Disability Access & Inclusion Plan; and Any other building/property items referred to the Committee by Council. Delegation – Nil	<u>5 x Councillors</u> <ul style="list-style-type: none"> • Cr Farrell • Cr Humphrey • Cr Batten • Cr Maluish • Cr Forth <u>Observers:</u> <ul style="list-style-type: none"> ~ CEO ~ Building Surveyor

<p>Finance Audit & Risk Management Committee</p>	<p>Will meet on an annual basis to provide a review of Council’s ongoing financial situation, provide a forum for ongoing review of strategic management plan for Council operations and discuss the Audit System.</p> <p>Delegation – Nil</p>	<p><u>4 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Farrell • Cr Forth • Cr Davidson • Cr Warr <p><u>Observers:</u></p> <p>~ CEO</p> <p>~ Manager Finance & Corporate Services</p> <p>~ Grant Middleton (External Independent Member)</p>
<p>Road Infrastructure Committee</p>	<p>Undertake an annual review the following:</p> <p>Road Works Program;</p> <p>Road Hierarchy;</p> <p>Heavy Haulage Vehicle Permit Roads; and</p> <p>~ Any other works infrastructure item referred to the Committee by Council.</p> <p>Review the plant replacement program</p> <p>Delegation – Nil</p>	<p>All Councillors</p> <p><u>Observers:</u></p> <p>~ CEO</p> <p>~ Manager Works & Services</p> <p>~ Deputy CEO</p> <p>~ Works Leading Hand</p>

Groups - Steering, Advisory, Working, etc. (SIMPLE MAJORITY REQUIRED) (Number not legislated)		
Bush Fire Brigades Group Management Advisory Committee	<p style="text-align: center;">Meet at least annually to:</p> <ul style="list-style-type: none"> ~ Elect Office Bearers; ~ Review previous year fire season; ~ Review the Shire's Fire Notice; <p>Liaise with external organisations (e.g. DFES, DPAW);</p> <ul style="list-style-type: none"> ~ Review the DFES Capital & Operational Grants; ~ Any other bush fire related items referred to the Committee by Council. <p style="text-align: center;">Delegation – Nil</p>	<p style="text-align: center;"><u>President (Presiding Member) and 2 x Councillor</u></p> <ul style="list-style-type: none"> • Cr Farrell (President) <ul style="list-style-type: none"> • Cr Royce • Cr Humphrey ~ CBFCO ~ DCBFCO ~ All Brigade FCOs ~ Chief Executive Officer ~ Senior Ranger <p style="text-align: center;"><u>Observers</u></p> <p>1 x DFES Rep. 1 x DBCA Rep.</p>
Batavia Local Emergency Management Committee (BLEMC)	<p style="text-align: center;">Meet as required in accordance with legislation and Council endorsed Local Emergency Management Arrangements (LEMA) to:</p> <ul style="list-style-type: none"> ~ Review the LEMA & Recovery Plan; ~ Implement Emergency Exercises as required; ~ Any other emergency management related items referred to the Committee by Council. 	<p style="text-align: center;"><u>2 x Councillor</u></p> <ul style="list-style-type: none"> • Cr Humphrey (BLEMC Chair) <ul style="list-style-type: none"> • Cr Davidson <p style="text-align: center;">Chief Executive Officer</p>

	<p><i>(Note: The BLEMC Chairperson is rotated amongst the three LGAs involved. Shire of Chapman Valley will take on the Chair in October 2019.</i></p> <p><i>Appointment is recommended as being an Elected Member, yet is not legislated to be so)</i></p> <p>Delegation – Nil</p>	
<p>Landcare & Environmental Advisory Group</p>	<p>To apply for grant funding from third party sources to finance appropriate projects within the Shire of Chapman Valley:</p> <p>a) Delegate authority to the Chief Executive Officer to endorse grant applications/projects if funding resources are available within the Council’s adopted budget;</p> <p>b) If funding resources are not available within the adopted Council Budget for specific grant applications/projects, present the application to Council for endorsement, if possible, prior to the closure dates for the grant funding programs. Otherwise retrospective Council endorsement to commit funding resources will be required. All applications submitted, which require Council endorsement for additional funding resources, will be subject Council endorsement (i.e. the Committee does not have delegated authority to commit Council funding resources).</p> <p>c) Provide advice and assistance to the Chief Executive Officer and Shire staff in the managing of the Landcare Grant funds.</p> <p>d) Provide recommendations to Council on any</p>	<p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Farrell • Cr Batten <p><u>Observers</u></p> <p>Chief Executive Officer Deputy CEO NACC Rep.</p> <p>Landcare & Environment Consultant</p>

	<p>Landcare Contracts and Consultancy agreements.</p> <p>e) Provide a Draft Annual Budget for Landcare to Council for consideration as part of the Annual Budget process.</p>	
Community Growth Fund Advisory Group	<p>Evaluate application received for funding under the Shire of Chapman Valley Community Growth Fund program in accordance with guideline, policies and procedures set by Council and make recommendations to Council to allocate funds</p> <p>Delegation – Nil</p>	<p><u>President (Presiding member) & 3 x Councillors (Members)</u></p> <ul style="list-style-type: none"> • Cr Farrell • Cr Warr • Cr Maluish • Cr Davidson <p>Chief Executive Officer Manager Finance & Corp Services Comm. Develop. Officer</p>
Tourism & Events Advisory Group	<p>Purpose: Will meet on an ‘as needs’ basis only to:</p> <ul style="list-style-type: none"> ~ Evaluate annual Australia Day Award Nominations and submitting these to Council in readiness for presenting the awards at the Shire's annual Australia Day Function. ~ Assist with coordinating the annual Australia Day function(s); ~ Discuss all other item(s) in the areas of tourism and events. <ul style="list-style-type: none"> ~ Liaise with external organisations <p>Delegation – Nil</p>	<p><u>3 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Batten • Cr Warr • Cr Forth <p>CEO Deputy CEO Comm. Development Officer 2 x Community Representatives for Australia Day award nominations (recommend past winner as one rep.)</p>

<p>Coronation Beach Masterplan Steering Group</p>	<p>To review the Coronation Beach Masterplan.</p> <p>Delegation – Nil</p>	<p><u>1x Councillor</u> Cr Forth (Chairperson)</p> <p>DCEO Department of Sport & Recreations Neighbouring Landowners Community / User Group Representatives</p>
<p>CONTINUATION OF COMMITTEE CURRENTLY UNDER REVIEW</p>		
<p>Bill Hemsley Park Management Committee</p>	<p>The role of the Bill Hemsley Park Management Committee (Formerly Parkfalls Management Committee) as agreed at the 17 April 2013 Council meeting is to make recommendation to Council for its consideration as to development and expenditure within the park</p> <p>Delegation – Nil</p>	<p><u>2 x Councillors</u> Cr Royce (Chairperson) Cr Humphrey</p> <p>2 x Parkfalls Residents Assoc.</p> <ul style="list-style-type: none"> • 1x Developer <p>(Note: Developer has formally advised they have withdrawn from Committee)</p> <p><u>Observers:</u> ~ CEO ~ Deputy CEO</p>
<p>Representatives on External Organisations (SIMPLE MAJORITY REQUIRED)</p>		
<p>Sub-Regional Road Group Committee</p>	<p>Not Applicable</p> <p>Delegation – Nil</p>	<p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Farrell • Cr Royce <p>Chief Executive Officer Manager Works & Services</p>

<p>Chapman Valley Agricultural Society</p>	<p>Not Applicable</p> <p>Delegation – Nil</p>	<p><u>1 x Councillor</u></p> <ul style="list-style-type: none"> • Cr Forth <p><u>1 x Proxy</u></p> <ul style="list-style-type: none"> • Cr Davidson
<p>Mid-West Development Assessment Panel (DAP)</p>	<p>Not Applicable</p> <p>Delegation – Nil</p> <p>Note: Mandatory training must be undertaken prior to serving on panel.</p>	<p><u>2 x Councillors (Members)</u></p> <ul style="list-style-type: none"> • Cr Farrell • Cr Humphrey <p><u>2 x Councillors (Proxies)</u></p> <ul style="list-style-type: none"> • Cr Davidson • Cr Warr
<p>Moresby Range Conservation Park Visitor Plan Steering Group</p>	<p>Purpose: As determined by lead agency/organisation.</p> <p>Delegation – Nil</p>	<p>Anticipated representation to be:</p> <p><u>1 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Batten <p>Chief Executive Officer Deputy Chief Executive Officer</p>

ANNUAL REPORT 2019/2020



REPORTS

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

PRESIDENTS ANNUAL REPORT TO ELECTORS



Cr Anthony Farrell
SHIRE PRESIDENT

Introduction

It is with pleasure I present my report to the community for the 2019/2020 financial year.

The year started and was progressing as usual until late 2019 when news came out of China of a new Corona Virus. This rapidly developed into an unprecedented pandemic which has had catastrophic effect around the world. COVID-19 pandemic continues to reach all corners of the world and our Shire was not immune for the effect of the virus.

Fortunately the Shire and Mid West did not have any reported cases of COVID-19 and the State of Western Australia fair well compared to other Australian States and nations across the world. However; the economic fall-out of the pandemic has, and will continue to, affect us.

We will all live much differently post COVID-19 than we did before this event and I trust everyone continues to adhere to the health warnings so we can stay safe and remain diligent as we work through these difficult times

Council Memberships

The make-up of the Council as at 30th June 2020 was:

Cr Anthony Farrell (President)
Cr Kirrilee Warr (Deputy President)
Cr Nicole Batten
Cr Beverley Davidson
Cr Darrell Forth
Cr Peter Humphrey
Cr Ian Maluish
Cr Trevor Royce

I wish to extend my sincere appreciation to all Councillors (past & present) for their contribution to the Council and community.

I make specific mention of Pauline Forrester who decided after 18 years of dedicated service to Council and the community not to renominate at the October 2019 Election. On behalf of the Council, staff and community I thanks you Pauline for your commitment and contribution.

I would also like to welcome Cr Beverley Davidson back onto Council after a short period away and look forward to working with Beverley into the future.

It is also worth noting the State Government's introduction of Universal Training being placed on all Councillors elected on and after the October 2019 Local Government Elections. Though many may find this training an imposition I encourage Councillors to undertake the training.

Council Meetings

Council continued the practice of moving its Ordinary Monthly Council Meetings to locations within the Shire other than the traditional location of Nabawa. This year meetings were also held at the:

- Yuna Multipurpose Community Centre; and
- Bill Hemsley Park Community Centre

I believe this practice is worthy of continuing and hopefully Council will continue to conduct meetings at various locations throughout the Shire to maximise attendance by Shire constituents.

Community Growth Fund

The Community Growth Fund (CGF) continued with the following projects being supported:

- Creating a Better Yuna: Yuna Playground Shade
- Chapman Valley Men's Shed: Community Yoga & Shinema Projects
- Chapman Valley Football Club: Scoreboard Replacement

I congratulate the recipients of CGF grants in 2019/2020 and hope the program can continue well into the future to the benefit of the community.

Projects

The Shire has continued to undertake many and varied projects, all aimed at improving the amenities, infrastructure and service to the community. Some of the major projects in 2019/2020 included:

- Continued seal extension works on roads.
- Completion of a High Speed Fixed Wireless service.
- New Cemetery Toilets.
- Yuna Tennis Courts & Lighting Upgrades.
- Walk Trail & Fitness Nodes at Bill Hemsley Park.
- Improvements to Nabawa Stadium Bar.
- Continued role out of CCTV at strategic location.
- Improved disabled access to Old Road Board Office in Nanson.
- Improvements to Nanson Museum Sheds.

Volunteer Bush Fire Brigades

The work of the local bush fire brigades continues to provide the community with an assurance active and well-trained Brigades are available to assist in cases of emergency. These volunteers continue to do an excellent job and I commend them all for their efforts over the past twelve months and previous years.

I wish to again make specific mention of the commitment and efforts of Andrew Vlahov as Chief Bushfire Control Officer over many years.

As previously reported, Andrew's efforts were recognised in 2018/2019 by the Department of Fire & Emergency Services with an award being bestowed upon him in recognition of the exceptional voluntary service he has provided our Shire. Andrew was again recognised by the Shire and community by also having the Shire of Chapman Valley 2019 Australian of the Year Award bestowed upon him.

Well done and thank you Andrew for your continued service to the community

Council again called for nominations for the 2020 Australia Day Award with the following worthy nominations being successful:

- Australia Day Citizen of the Year Award – Mr Andrew Vlahov
- Australia Day Community Group/Event of the Year Award – Chapman Valley Agricultural Society
- Australia Day Young Achiever – Christopher Gray

I wish to congratulate all the award recipients in 2020 and encourage residents to continue to nominate the many worthy people in our community for these annual awards.

Conclusion

I wish to extend my appreciation to those members of the community who have co-operated with Council in the areas of supplying road building material, water, land resumption, contribution toward works, volunteer labour for community projects etc., as such co-operation is invaluable for Council to maintain and upgrade infrastructure to a more desirable standard, specifically to accommodate the ever increasing heavy haulage traffic we have on our roads today.

Finally, I wish to extend my appreciation to all Elected Members and Staff for their continued commitment to working for the Shire to help our community grow and prosper.



Anthony Farrell
SHIRE PRESIDENT

CHIEF EXECUTIVE OFFICER'S ANNUAL REPORT



Maurice Battilana
CHIEF EXECUTIVE OFFICER

Introduction

It is with pleasure I provide the following information to constituents of the Shire of Chapman Valley and include the statutory reporting requirements for the 2019/2020 financial year.

Road Works

Council continues to have an extensive road works program each year with works carried out on various roads including the following major construction works during 2019/2020:

- Valentine Road – Seal Extension.
- Dartmoor Road – Seal Extension.
- East Nabawa Road - Seal Extension.
- Wandin Rd Gravel Sheeting and Should Repairs.
- McNaught Mazzuchelli Rd – Gravel Sheeting

Roadwork projects remain Council's most significant area of expenditure and allocation of Shire resources. In the 2019/2020 year Council spent a total of approximately \$3.2m on road construction and maintenance works.

Plant & Equipment

In accordance with the ten-year plant replacement programme Council continued to update items of plant and equipment in the 2019/2020 financial year to achieve greater efficiencies and minimise plant maintenance costs. This has seen the acquisition of the following replacement and additional major plant items:

- Six Wheel Truck
- Various Light Vehicles
- Tower Along Road Broom &
- Ride on Mower

Staff

There have been minimal departures and arrivals of staff within the organisation. I wish departing staff all the very best for the future, welcome new staff to the organisation and take this opportunity to thank all staff for their dedication and loyalty to the Shire and the community.

Development/Building

The planning/building approvals issued by the Shire in 2019/2020 are as follows:

1 July 2019 – 30 June 2020		
Type	No. Approved	Value
Dwellings	3	\$181,000
Dwelling (Class 1a inside Class 10a)	2	\$50,000
Ancillary Accommodation	1	\$20,000
Outbuildings	19	\$591,449
Other Residential (patios, pools, granny flats etc.)	16	\$346,912
Industrial/Commercial	0	\$0
Events	5	N/A
Other (Relocation of Building Envelope)	0	N/A
Other (Home Occupation)	0	N/A
TOTAL	46	\$1,189,361

Building Program

Scheduled building projects completed in 2019/2020 include the following:

- Bill Hemsley Park Community Centre and Playground:
 - Installed three prefabricated aluminium & plastic exercise equipment nodes.
 - Gravel walk trails (approx. 2km) were installed around the perimeter of the park area connecting the above-mentioned exercise nodes.
 - Installed pine dome top bollards along north side of driveway, east & north boundaries to reduce vehicle access to gazebo's/playground area.
 - Installed a second automatic gas BBQ at western skillion gazebo.
 - Installed a shade cloth wind break at western end of community centre verandah.

- Yuna Multi-Purpose Community Centre:
 - Constructed steel frame single skillion roof shade structure over existing playground to east of Community Centre Building.

- Yuna Hall:
 - Installed camping fee honour cashbox to east of Hall.
 - Installed new gravel paths for improved access from Hall to Playground area.
 - Installed new basketball tower & backboard serviced by existing concrete slab, with cyclone mesh backup fence for ball return.
 - Installed timber screening to south side of existing octagonal gazebo & BBQ.

- Nabawa Shire Office / Council Chambers:
 - Electronics upgrade in Chambers.

- Nabawa Community Centre:
 - Upgraded site main switchboard to services all facilities & installed new overhead power cable.
 - Installed new upright freezer at Kitchen.

- Nabawa Stadium:
 - Installed new replacement bar & cabinets in upstairs CV Clubroom, including retiling with commercial grade non-slip floor tiles.
 - Installed new merchandise cabinet for CV Football Club.
 - Installed privacy panel cubicles in home & visitors change rooms showers.
 - Replaced old scoreboard on east side of oval with a new prefabricated steel score board tower with enclosed room accessed via external steel stairs.

- Nabawa Tennis Club:
 - Installed new Custom Orb Colorbond ceiling lining with R3 insulation batts.
 - Removed old, deteriorated vinyl floor covering in kitchen area, laid a levelling screed & installed new commercial floor vinyl through whole of building.
 - Replaced control boards on two faulty tennis court floodlight towers.

- Nabawa Depot:
 - Installed new roller door in west wall of truck shed for enhanced access to underside of large trucks & trailers via existing service pit.
 - Constructed new caged area under the existing loft area in Truck Shed for secure storage of tools & materials.

- Nabawa Cemetery:
 - Installed new reduced septic tank system.

- Nanson Museum:
 - Installed LED lights in No.1 exhibition shed to replace old metal halide units.
 - Replace old roof cladding with new Zinalume Custom Orb including the installation thermal break insulation on the No.1 exhibition shed.
 - Commenced construction of disabled access ramp to Old Roads Board Building
 - Nanson Playground shade sails replaced due to existing units deteriorating over time.

Regional Cooperation

The Shire continued to provide a regular town planning service to several Mid-West local government authorities including the Shire of Mingenew, Shire of Perenjori, Shire of Three Springs as well as the Shire of Menzies.

Council utilises the services of the Environmental Health Officer from the Shire of Northampton as required.

The Shire continues to be part of a regional waste collection and management service with the City of Greater Geraldton and the Shires of Northampton, and Irwin.

Emergency Management continues to be dealt on a regional basis with the Shire of Chapman Valley participating in the Batavia Local Emergency Management Committee with the City of Greater Geraldton and the Shire of Northampton.

Public Interest Disclosure Act 2003

In the year under review, Council received no items for the reporting period under the *Public Interest Disclosure Act 2003*.

Report on the Shire of Chapman Valley Plan For The Future – *Local Government Act 1995* - Section 5.53(2)(e)

In accordance with legislation the Shire completed the process of full review of its Integrated Planning & Reporting (IPR) documents in 2017/2018 to complement the Plan for the Future requirements of the Local Government Act, 1995, (Section 5.53(2)(e)) and associated legislation.

Below is a *Progress Report* on how Council has performed with specific aspects of the adopted Integrated Strategic Plan at the 30th June 2020:

INTEGRATED STRATEGIC PLANNING – PROGRESS REPORT at 30th JUNE 2020

CORPORATE BUSINESS PLAN

Shire of Chapman Valley Corporate Business Plan & Progress Report - Council Endorsed February 2020 (Minute Reference 02/20-16)									
Our Vision: "We are a thriving community, making the most of our coastline, ranges and rural settings to support us to grow and prosper."									
Link to Strategic Community Plan (SCP)									
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed 2017 to 2019	Status Report 2019 - 2023 Items	Short-Term June 2021	Medium-Term 2023 and beyond	Long -Term 2023 and beyond	No Timeline (Ongoing)
1 Community and Lifestyle									
1.1	Nurture the sense of community	Development of plans relevant to population needs	Review existing plans and develop new plans as required	CCO to review all existing community plans, strategies, policies, procedures, etc. to determine gaps. BHP Master Plan, Nanson Showgrounds Master Plan endorsed by Council. Coronation Beach Master Plan under review. LP Strategy & TP Scheme reviews in progress.	Local Planning Policies currently advertised for public submissions on review process underway. Mills Look Master Plan has commenced.	Work with Tourism Operators and Community organisations to develop annual community event(s) Develop (in-house) and commence implementation of a Mills Lookout Master Plan	Work with Tourism Operators and Community organisations to develop annual community event(s) Continue implementation of the Mills Lookout Master Plan	Work with Tourism Operators and Community organisations to develop annual community event(s) Continue implementation of the Mills Lookout Master Plan	Continue to promote a sense of community at every opportunity.
		Determine a whole of Shire community integration approach	Advocate a sense of community when opportunity arises.	Community Facebook established not controlled by the Shire to ensure independence exists.					
1.2	Strengthen our advocacy role and regional partnerships to support the provision of local services and facilities	Maintain close relationships with neighbouring shires and regional bodies	Participate in and advocate for regional resource sharing and cross-boundary cooperation.	Promote the most appropriate and beneficial Dongra to Northampton Transport Corridor for social, economic, cultural & heritage benefit of the Shire, regional, State & Nation. Negotiations have been undertaken & affected community members encouraged to participate in lobbying MRWA, MWDC & local parliamentarians on this matter. Regional approach successful with High Speed Fixed Wireless Project (i.e. Shires of CV & WJ).	MRWA is finalising DNIC preferred route. Continued promotion of upgrade works required on the Chapman Valley Rd	Continue to explore and participate in regional resource sharing where this is of benefit to the Shire & community. Continue to work with Main Roads to improve Chapman Valley Road.	Continue to explore and participate in regional resource sharing where this is of benefit to the Shire & community. Investigate Interpretive, Tourism & Heritage Signage (European and Aboriginal) throughout the Shire.	Continue to explore and participate in regional resource sharing where this is of benefit to the Shire & community.	Continue to explore and participate in regional resource sharing where this is of benefit to the Shire & community. Consider regional resource sharing opportunities with other Local Government Authorities. Continue to advocate for the Heavy Haulage route to be Option 6 (NWCC, DNIC, Moonyoonooka Yuna Rd)
		Be present in conversations and gatherings related to the provision of essential and desired services for Chapman Valley residents and visitors	Participate in and advocate for regional resource sharing and cross-boundary cooperation.						
1.3	Maintain and enhance safety and security for the community	Review safe roads and infrastructure for the community	Continue annual review of Road Hierarchy, Road Works Program, Plant Replacement Program	Full Policy Review undertaken along with specific annual review of Road Hierarchy Procedure.	Full Review undertaken annual and periodical review undertaken of specific Policies/Procedures				Annual Review of RW Program, Road Hierarchy & Plant Replacement Program
		Enhance community and property security	Encourage improved communications and security across the Shire	Investigate funding opportunities and Shire budget for installation of CCTV systems. Federal Government grant received. CCTV to be installed in 2019 at BHPCC, Nabawa Depot, Nabawa Refuse Site & Mills Lookout.	CCTV established and specific sites with others being investigated (e.g. Yuna Refuse Site).				Encourage State Government to police ORV use on land under State control.
2 Economic Development and Business Attraction									
2.1	Build population and business activity through targeted strategies	Support business development	Ensure Planning is in place to encourage business development	Investigate usage opportunities for Yuna Memorial Hall for Council considerations. Community and Council representatives have met with Staff to develop strategies and recommendations for Council consideration on future use of Yuna Hall. Policies & Procedures are reviewed at least annually.	Full Review undertaken annual and periodical review undertaken of specific Policies/Procedures Tourism Events Working Group recommended items for Council Budget consideration.		Council to consider the possible establishment of an Economic Strategy with recommendations for business incentives.	Review planning, policies, procedures, strategies etc. to ensure development is encouraged throughout the Shire.	Review planning, policies, procedures, strategies etc. to ensure development is encouraged throughout the Shire.
2.2	Provide support for business development and local employment	Research mixed land use opportunities	Investigate possible planning improvements			Review planning, policies, procedures, strategies etc. to ensure development is encouraged throughout the Shire.	Review planning, policies, procedures, strategies etc. to ensure development is encouraged throughout the Shire.		
		Consider business start-up incentives	Investigate possible planning improvements						
2.3	Welcome local tourism and participation in regional strategy	Encourage digital network development in the Valley	Continue advocating for improvements to existing infrastructure and introduction of new infrastructure for digital communications	Continue to develop High Speed Fixed Wireless Internet Service or alternative technologies to improve business retention and growth to as much of the Shire as possible. Application by Logic IT (Shire of CV's preferred ISP/Carrier) with State Government was successful. Internet Service now established.	Project successfully completed.				
		Research and develop local tourism plan	Encourage Tourism Operators to establish an Alliance for them to develop and implement a Local Tourism Plan. This must be industry driven, not Shire driven.	CCO to make contact with Tourism Operators within Shire to bring them together for opportunity to network, explore options to support each other and determine where shire fits in a support role. The preferred model is for the Shire to assist and support tourism in CV and for tourism to bedevine by businesses not the Shire. Survey compiled and distributed by CDO & Shire Tourist Working Group seeking feedback & data to assist with report & recommendations presented to Council for consideration.	Moresby Range Eco Tourism Master Plan underway. Item in Draft 20/21 Budget for Heritage Signage consideration. Coronation Beach Master Plan Review underway. Mills Lookout Plan being developed.	Complete Moresby Range Master Plan for Eco Tourism at DBCA Reserve & commence implementation of the Plan. Investigate Heritage, Cultural Interpretive signage throughout the Shire (European & Aboriginal) Complete Coronation Beach & commence implementation of the Plan. Continue implementation of Plans (e.g. Bill Hemley Park, Nanson Showgrounds, Mills Lookout).	Investigate a "Welcome To..." signs for CV Townsites. Continue implement installation of European & Aboriginal Interpretive signage throughout the Shire Continue implementation of Plans (e.g. Coronation Beach, Bill Hemley Park, Nanson Showgrounds, Mills Lookout). Work with Stakeholders to implement aspects of Moresby Range ECO Tourism Master Plan	Continue implement installation of European & Aboriginal Interpretive signage throughout the Shire Continue implementation of Plans (e.g. Coronation Beach, Bill Hemley Park, Nanson Showgrounds, Mills Lookout). Work with Stakeholders to implement aspects of Moresby Range ECO Tourism Master Plan	
2.4	Ensure town planning complements economic development activities	Explore support needed by local tourism industries	Encourage Tourism Operators to establish an Alliance for them to develop and implement a Local Tourism Plan. This must be industry driven, not Shire driven.	If Tourism Operators are interested in establishing an Alliance the CDO to work with this Group to develop a local Tourism Plan. Survey compiled and distributed by CDO & Shire Tourist Working Group seeking feedback & data to assist with report & recommendations presented to Council for consideration. CVHS appoints Voluntary Caretaker at Museum during peak periods.	Part of annual Budget cycle to consider items listed in the Master Plan. Implement aspects of Nanson Showgrounds Master Plan	Implement aspects of Nanson Showgrounds Master Plan	Implement aspects of Nanson Showgrounds Master Plan	Implement aspects of Nanson Showgrounds Master Plan	
		Town Planning Review/initiatives	Ensure Planning is in place to encourage economic development activities	Planning Schemes & Strategies Reviewed. BHP Master Plan, Nanson Showgrounds Master Plan, LP Strategy endorsed by Council.	Coronation Beach Master Plan under review. TP Scheme review in progress.	Review planning, policies, procedures, strategies etc. to ensure development is encouraged throughout the Shire.	Review planning, policies, procedures, strategies etc. to ensure development is encouraged throughout the Shire.	Review planning, policies, procedures, strategies etc. to ensure development is encouraged throughout the Shire.	Advocate and work with key stakeholders for the establishment of the Buller River Mouth as a day-use tourism precinct (not SDCV managed or controlled).

CORPORATE BUSINESS PLAN

Link to Strategic Community Plan (SCP)										
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed 2017 to 2019	Status Report 2019 - 2023 Items	Short-Term June 2021	Medium-Term 2023 and beyond	Long -Term 2023 and beyond	No Timeline (Ongoing)	
3 Environmental Protection and Sustainability										
3.1	Preserve the Natural Environment and address environmental risks as they arise.	Manage the impact of waste, water, weed and vermin control on the environment	Investigate option of manning the Nabawa Transfer Station.	Investigate the cost benefits and logistics of manning the Nabawa Transfer Station. This could form part of the Service Delivery Review project or done in isolation. Service Delivery Review deferred. Menshed contracted to open/close Nabawa Site Ranger undertaking random inspections of site.						
			Investigate option of improving monitoring of Nabawa Transfer Station (e.g. cameras)	Identify key hotspot locations within the Shire and investigate funding opportunities and Shire budget for installation of CCTV systems. Federal Government grant received. CCTV installed at Nabawa Refuse Site & Mills Lookout in July 2019						
			Continue to review resource allocation to control declared weeds on Shire owned/controlled land.	Service Delivery Review deferred by Council.	Ongoing. Planning services proved by SocCV to several LGAs.	Continue to explore and participate in regional resources sharing where this is of benefit to the Shire & community.				
			Lobby responsible agencies, departments and landowners to control weeds and vermin on their properties					Encourage all landowners to control, nuisance weeds and pest on their land. Work with the NRG to control or eradicate pest (e.g. dogs, pigs, etc.).		
			Monitor and manage water supply and quality	Advocate with Water Corporation to continue to manage and monitor water supply and quality	Budget consideration for installation of water to Cemetery Bore water supply installed & Operational. Grants received for \$28,000 (BBF) and acquitted. Item included in 19/20 Adopted Budget for Cemetery water supply. Tank installed.			Ongoing dialogue with Water Corporation		
	Install rainwater tanks on new and existing buildings	Encourage landowners to install rainwater tanks on new and existing buildings. Shire to lead by example by installing rainwater tanks in their buildings.		Brochure being obtained from Water Corp. for inclusion into Building Permits issued.	Encourage landowners to install rainwater tanks. Perhaps by a leaflet included with Building Permit returns.	Encourage landowners to install rainwater tanks. Perhaps by a leaflet included with Building Permit returns.				
3.2	Maintain the rural identity of the Shire	Develop the western peri-urban environment in context to our rural lifestyle	Ensure Planning is in place to encourage peri-urban development activities.							
			Ensure recreational, tourism activities on lifestyle blocks have minimal impact on sustainable farming	Ensure Planning is in place to encourage tourism activities or lifestyle blocks are developed, whilst recognising WAC State Planning policies and State direction on protecting prime agricultural land.	Moresby Range Eco Tourism Strategy underway. Being lead by DBCA.	Investigate with DBCA possibility of eco tourism trails on Reserve Land (e.g. Bella Vista Reserve).	Work with DBCA on the possibility of eco tourism trails on Reserve Land (e.g. Bella Vista Reserve).	Work with DBCA on the possibility of eco tourism trails on Reserve Land (e.g. Bella Vista Reserve).	Review planning, policies, procedures, strategies etc. to ensure development is encouraged throughout the Shire.	
4 Physical and Digital Infrastructure										
4.1	Develop, manage and maintain built infrastructure	Asset Management Plan	Review Asset Management Plan regularly and maintain integration with other Strategic Plans within the Shire	BS/PO to investigate new half court at Yuna Playground for budget consideration. Item included in 19/20 Budget for Backboard & Pole only. Half Court not endorsed.	Next Full Review due in 2021.	Full Review of Strategic Community & Corporate Business Plans				
				BS/PO to investigate upgrade to Rockwell Bore pump for budget consideration. Rockwell Bore upgrade works undertaken in 18/19.	New bore established in January 2020. Ongoing discussions with Yuna community and Yuna School on the supply of water to the community gardens and school. Grant applications submitted to upgrade: water line, solar panels & tanks.		Continue to investigate improvements to Rockwell Bore and associated infrastructure to accommodate Yuna Primary School Garden Water requirements.		Review Integrated Plans as required to ensure they are relevant and compliant.	
				BS/PO to investigate upgrade to Coronation Beach Playground for budget consideration. Project not included in Budget. Minor works undertaken only. Coronation Beach Master Plan being reviewed in 19/20.						
4.2	Manage and maintain roads, drainage and other essential infrastructure	Capital Road Works Programs	Review Road Hierarchy and Ten Year Road Works Program						Review Integrated Plans as required to ensure they are relevant and compliant.	
		Plant Replacement Programs	Review Plant Replacement Program	MWE to investigate alterations to Traffic Calming infrastructure along Eliza Shaw Drive to improve safety for budget consideration. Traffic Calming alterations undertaken at Parkfalls Estate along Eliza Shaw Rd				Annual Review of RW Program, Road Hierarchy & Plant Replacement Program		
4.3	Aspire to robust communication and digital infrastructure in the Shire	Engage with infrastructure and service providers	Continue advocating for improvements to existing infrastructure and introduction of new infrastructure for digital communications	Consider efficiency improvements as part of a Service Delivery Review. Service Delivery Review deferred.	To be considered as part of the Coronation Beach Master Plan review process. Budget item listed for 20/21 and UCLIP submissions made. Free WiFi not supported.	Investigate & implement improved Digital Online information on tourism & camping precincts (e.g. online internet services on vacancies, wind conditions, etc. at Coronation Beach. Remotely controlled vacancies notice board on NWCH advising of vacancies at Coronation Beach).	Implement improved Digital Online information on tourism & camping precincts.	Implement improved Digital Online information on tourism & camping precincts.	Continue to consider efficiency improvements	
		Lobby and advocate for the best possible services and solutions				Investigate possible free WiFi to specific locations within the Shire (e.g. Coronation Beach)				

CORPORATE BUSINESS PLAN

Link to Strategic Community Plan (SCP)									
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed 2017 to 2019	Status Report 2019 - 2023 Items	Short-Term June 2021	Medium-Term 2023 and beyond	Long -Term 2023 and beyond	No Timeframe (Ongoing)
5 Governance and Accountability									
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines	Complete current review of Council Policies and Procedures to ensure compliance and relevance. Full Review completed in 2018. All Policies & Procedures are reviewed at least annually.	Listed in 20/21 Draft Budget for Wi-Fi to specific tourism locations. Free WiFi not supported.				Ongoing review of Council Policies and Procedures to ensure compliance and relevance.
5.2	Be accountable and transparent in managing resources	Asset Management Plan	Review Asset Management Plan regularly and maintain integration with other Strategic Plans within the Shire	Establish a Master Plan for the CV Showgrounds Reserve & commence implementation of items in the Plan. Master Plan endorsed by Council.	Part of annual Budget cycle to consider items listed in the Master Plan.	Continue Implementation of CV Showgrounds Master Plan	Continue Implementation of CV Showgrounds Master Plan	Continue Implementation of CV Showgrounds Master Plan	Review Integrated Plans as required to ensure they are relevant and compliant.
				Continue implementation of Bill Hemley Park Concept Plan BHP Master Plan endorsed by Council. Plan items to be considered in future budgets. Plan implementation is ongoing.	Part of annual Budget cycle to consider items listed in the Master Plan.	Continue Implementation of Bill Hemley Park Concept Plan	Continue Implementation of Bill Hemley Park Concept Plan	Continue Implementation of Bill Hemley Park Concept Plan	
				CEO residence has been removed from Building Capital Works program by resolution of Council.					
			Review Long Term Financial Plan regularly and maintain integration with other Strategic Plans within the Shire						
	Long Term Financial Plan		Review Workforce Plan regularly and maintain integration with other Strategic Plans within the Shire						
	Workforce Planning		Effectively Engage and communicate with the community	<ul style="list-style-type: none"> - Annual Report - Website - Community Hub - Facebook 	CEO to establish a Draft SoCV Communication Procedure for Council consideration. Community Communication Procedure endorsed at May 2019 OCM.				Continued investigate improvement of communication mediums between Council and the community
5.3	Make informed decisions within resources and areas of responsibility	Council and Shire process formally incorporate integrated plans as references for decision making	Reference Strategic Community Plan, Corporate Business Plan, Asset Management Plan, Long Term Financial Plan and Workforce Plan regularly as part of decision making process	Provide a copy of CBP at each Council/lorr Chamber desk for ongoing reference. Desktop copies not practicable. Reverted to providing CBP with status comments in the monthly Staff Report for Council information.					Ongoing reference to IPR as part of decision making process.
			Regular and relevant briefings to Elected Members	Continue with Staff Information Reports and Concept Forum Sessions with Council	List for discussion with Councillors & Senior Staff options for to improve communication. Monthly Staff Information Reports provide Elected members with updated information on various internal and external matters.				
5.4	Ensure robust process for economic and infrastructure development	Town Planning Review/Initiatives	Ensure Planning is in place to encourage economic development activities	BHP Master Plan, Nanson Showgrounds Master Plan, BHPCC Master Plan & LP Strategy endorsed by Council.	Local Planning Policies currently advertised for public submissions on review process underway.	Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.	Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.	Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.	Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.

Note: Resource requirements for this Corporate Business Plan are incorporated in the Shire's Long Term Financial Plan which can be accessed through this link --

[Link to Long Term Financial Plan](#)

Any modification that was made to the Strategic Community Plan during the financial year			
Nil.			
Any significant modification made to the Corporate Business Plan during the financial year			
	Short Term	Medium/Long Term	Comment
	\$000	\$000	
Buildings			
No Changes			
Infrastructure			
No Changes			
Operating			
No Changes			

PAYMENTS TO EMPLOYEES (SECTION 5.53(2)(g) LOCAL GOVERNMENT ACT 1995)

In accordance with section 5.53(2)(g) of the *Local Government Act 1995* and Clause 19B of the *Local Government (Administration) Regulations 1996*, employee's payments equal to, or more than \$100,000.00 (cash component) are required to be recognised in the Shire's Annual Report i.e.

Range – In Increments of \$10,000	Number of employees within each Range
160,000 to 170,000	1
120,000 to 130,000	1
110,000 to 120,000	2
100,000 to 110,000	0

For the purpose of reporting in accordance with Local Government (Administration) Regulation 19B(e) the remuneration paid to the Chief Executive Officer in 2019/2020 was \$ 200,192.

National Competition Policy

Clause 7 Statement - LR3

The Shire of Chapman Valley completed a full review of all Local Laws in 2016/2017 and all new local laws maintained full compliance with the requirements of the National Competition Policy.

Clause 7 Statement – Competitive Neutrality

As none of the Shire of Chapman Valley activities derived an annual income more than \$200,000, it has not been necessary for Council to implement the Competitive Neutrality Principles of the National Competition Policy.

Disability Services

In accordance with section 29(2) of the *Disability Service Act 1993*, it is a requirement for the Shire of Chapman Valley to report on outcome-based activities highlighted in the Disability Service Plan (now known as the Disability Access and Inclusion Plan-DAIP) in this report.

Council undertook a full review of its Disability Service Plan in 2017/18 and a desktop review in 2018/2019 and 2019/2020.

Under the *Disability Services Act 1993*, and as a part of the DAIP, each Local Government Authority has an annual reporting responsibility. The following progress report was presented to the Disability Services Commission:

1. Below is a report on the Outcome Areas of our DAIP for 2019/2020:

	Number of strategies planned of 2019/2020 (Strategies planned whether implemented or not).	Number of strategies completed in 2019/2020 (Strategies that were completed. Include on-going strategies).	Number of strategies progressed through contractors in 2019/2020 (Strategies implemented by contractors. Not the number of contractors).
Outcome 1	0	0	0
Outcome 2	0	0	0
Outcome 3	0	0	0
Outcome 4	0	0	0
Outcome 5	0	0	0
Outcome 6	0	0	0
Outcome 7	0	0	0

2. Below is a report on how we informed agents and contractors of your Disability Access and Inclusion Plan for 2019/2020

Provided a copy of your agency DAIP	✓
Provided a link to the DAIP	✓
Sent a letter	
Referenced in a contract(s)	✓
Referenced in a contract variation(s)	

3. Below is a brief description of any significant DAIP initiatives undertaken by, or on behalf of your organisation by agents and contractors, in 2019/2020.

- Disabled Access the Nanson Old Road Board Office.
- Installation of Disabled Access Toilet at Nanson Showgrounds.
- Continued Website Improvements.
- Established a COVID-19 Outreach Group.
- Continued and ongoing recognition of Strategies within the DAIP.

State Records Act 2000 - Standard 2/Principal 6

In accordance with the requirements of Standard 2, Principal 6 of the *State Records Act 2000*, I hereby report on how the Shire of Chapman Valley employees are complying with the Shire's Records Keeping Plan:

Item 6.1 - Staff Training, Information Sessions, Publications

Activities to ensure staff awareness and compliance are being implemented in accordance with Council's endorsed Record Keeping Plan and will be an ongoing requirement of the organisation.

Ongoing staff training, and awareness was continued in 2019/2020.

Item 6.2 – Performance Indicators in place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Chapman Valley's record keeping system: -

A register is to be maintained by the Administration staff responsible for filing all records of:

- ~ Records that cannot be located
- ~ Files that are missing and unable to be located

Item 6.3 – Agency Evaluation

The Shire of Chapman Valley's record keeping system will be continually reviewed and improved where possible to pursue best practise for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

An electronic filing system, SynergySoft Records, continues to meet the needs of the organisation and I am pleased to report administration staff receive ongoing training on the efficient use of this system.

Register of Complaints

In accordance with section 5.121 and of the *Local Government Act 1995* states the following:

5.121. Register of certain complaints of minor breaches

- (1) *The complaints officer for each local government is required to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c).*
- (2) *The register of complaints is to include, for each recorded complaint –*
 - (a) *the name of the council member about whom the complaint is made;*
 - (b) *the name of the person who makes the complaint;*
 - (c) *a description of the minor breach that the standards panel finds has occurred; and*
 - (d) *details of the action taken under section 5.110(6)(b) or (c).*

Section 5.53 (2) (hb) of the Local Government, 1995, stipulates the following details needs to be reported:

Number of complaints recorded in the register	How complaints were dealt with	Other details that the regulations require
4	All dealt with and resolved internally	Nil

CONCLUSION

The Shire continues to review its strategic direction plans, operational policies and procedures, resource levels and assets to service the community in the most efficiency manner possible.

I look forward to working with the Elected Members, Staff and the community to meet the many challenges of the future at the Shire of Chapman Valley.

Stay safe and diligent during these extremely challenging COVID-19 pandemic times.

A handwritten signature in black ink, appearing to read 'M. Battilana', with a large, stylized flourish at the end.

Maurice Battilana
CHIEF EXECUTIVE OFFICER

ANNUAL REPORT 2019/2020



ANNUAL FINANCIAL STATEMENTS INDEPENDENT AUDIT REPORT AND MANAGEMENT REPORT

SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	55

COMMUNITY VISION

A thriving community, making the most of our coastline, ranges and rural settings to support us to grow and prosper.

Principal place of business:
3270 Chapman Valley Road
Nabawa WA 6530



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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 28th day of January 2021



Chief Executive Officer

Maurice Battilana

Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	23(a)	2,857,970	2,826,721	2,743,381
Operating grants, subsidies and contributions	2(a)	1,495,070	838,744	1,550,318
Fees and charges	2(a)	302,524	311,307	334,320
Interest earnings	2(a)	53,588	53,290	58,470
Other revenue	2(a)	19,531	11,800	45,460
		4,728,683	4,041,862	4,731,949
Expenses				
Employee costs		(1,803,506)	(1,981,847)	(1,873,191)
Materials and contracts		(1,105,426)	(1,743,290)	(1,363,031)
Utility charges		(47,320)	(54,917)	(49,226)
Depreciation on non-current assets	11(b)	(1,970,940)	(1,966,450)	(1,894,769)
Interest expenses	2(b)	(6,323)	(5,898)	(7,713)
Insurance expenses		(163,318)	(182,375)	(151,905)
Other expenditure	2(b)	(99,830)	(123,430)	(128,342)
		(5,196,663)	(6,058,207)	(5,468,177)
		(467,980)	(2,016,345)	(736,228)
Non-operating grants, subsidies and contributions	2(a)	1,514,620	1,493,953	1,138,684
Profit on asset disposals	11(a)	3,569	26,500	30,102
(Loss) on asset disposals	11(a)	(22,715)	(15,195)	(1,981)
Fair value adjustments to financial assets at fair value through profit or loss	5	52,551	0	0
		1,548,025	1,505,258	1,166,805
Net result for the period		1,080,045	(511,087)	430,577
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	477,526
Total other comprehensive income for the period		0	0	477,526
Total comprehensive income for the period		1,080,045	(511,087)	908,103

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	20,136	1,200	26,520
General purpose funding		3,986,461	3,395,696	3,734,614
Law, order, public safety		74,257	30,685	71,768
Health		3,685	5,764	6,322
Housing		0	0	4,680
Community amenities		207,999	182,727	213,312
Recreation and culture		195,156	217,464	107,955
Transport		144,170	116,056	427,247
Economic services		17,452	21,770	25,306
Other property and services		79,367	70,500	114,225
		4,728,683	4,041,862	4,731,949
Expenses				
Governance	2(b)	(314,153)	(436,944)	(412,907)
General purpose funding		(106,229)	(130,230)	(114,768)
Law, order, public safety		(220,851)	(265,058)	(188,520)
Health		(14,455)	(2,000)	(12,919)
Education and welfare		(80)	(37,110)	(160)
Housing		(974)	(71,480)	(2,811)
Community amenities		(604,216)	(726,884)	(613,315)
Recreation and culture		(800,959)	(904,257)	(706,278)
Transport		(2,757,637)	(3,065,089)	(2,982,171)
Economic services		(284,450)	(344,546)	(308,980)
Other property and services		(86,336)	(68,711)	(117,635)
		(5,190,340)	(6,052,309)	(5,460,464)
Finance Costs				
General purpose funding	2(b)	(1,843)	(500)	0
Recreation and culture		(4,176)	(4,874)	(6,096)
Transport		(304)	(524)	(1,617)
		(6,323)	(5,898)	(7,713)
		(467,980)	(2,016,345)	(736,228)
Non-operating grants, subsidies and contributions	2(a)	1,514,620	1,493,953	1,138,684
Profit on disposal of assets	11(a)	3,569	26,500	30,102
(Loss) on disposal of assets	11(a)	(22,715)	(15,195)	(1,981)
Fair value adjustments to financial assets at fair value through profit or loss	5	52,551	0	0
		1,548,025	1,505,258	1,166,805
Net result for the period		1,080,045	(511,087)	430,577
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	477,526
Total other comprehensive income for the period		0	0	477,526
Total comprehensive income for the period		1,080,045	(511,087)	908,103

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



SHIRE OF CHAPMAN VALLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	3,015,526	2,347,227
Trade and other receivables	6	94,694	101,034
Inventories	7	1,170	4,220
Other assets	8	8,382	1,344
TOTAL CURRENT ASSETS		3,119,772	2,453,825
NON-CURRENT ASSETS			
Trade and other receivables	6	5,052	5,801
Other financial assets	5(b)	52,551	0
Property, plant and equipment	9	17,758,680	19,325,549
Infrastructure	10	129,788,908	129,027,300
Right of use assets	12(a)	65,507	0
TOTAL NON-CURRENT ASSETS		147,670,698	148,358,650
TOTAL ASSETS		150,790,470	150,812,475
CURRENT LIABILITIES			
Trade and other payables	14	239,479	93,269
Lease liabilities	16(a)	8,124	0
Borrowings	17(a)	45,996	68,626
Employee related provisions	18	435,584	423,049
TOTAL CURRENT LIABILITIES		729,183	584,944
NON-CURRENT LIABILITIES			
Contract liabilities	15	158,961	0
Lease liabilities	16(a)	58,180	0
Borrowings	17(a)	42,125	88,121
Employee related provisions	18	16,683	29,998
TOTAL NON-CURRENT LIABILITIES		275,949	118,119
TOTAL LIABILITIES		1,005,132	703,063
NET ASSETS		149,785,338	150,109,412
EQUITY			
Retained surplus		32,384,738	31,384,674
Reserves - cash backed	4	839,451	832,617
Revaluation surplus	13	116,561,149	117,892,148
TOTAL EQUITY		149,785,338	150,109,412

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		30,999,837	786,850	117,414,622	149,201,309
Comprehensive income					
Net result for the period		430,577	0	0	430,577
Other comprehensive income	13	0	0	477,526	477,526
Total comprehensive income		430,577	0	477,526	908,103
Transfers from reserves	4	258,259	(258,259)	0	0
Transfers to reserves	4	(304,026)	304,026	0	0
Balance as at 30 June 2019		31,384,674	832,617	117,892,148	150,109,412
Change in accounting policy	27(b)	(73,147)	0	(1,331,000)	(1,404,147)
Restated total equity at 1 July 2019		31,311,527	832,617	116,561,148	148,705,265
Comprehensive income					
Net result for the period		1,080,045	0	0	1,080,045
Total comprehensive income		1,080,045	0	0	1,080,045
Transfers from reserves	4	62,895	(62,895)	0	0
Transfers to reserves	4	(69,729)	69,729	0	0
Balance as at 30 June 2020		32,384,738	839,451	116,561,149	149,785,310

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



**SHIRE OF CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	2,871,825	2,826,720	2,752,051
Operating grants, subsidies and contributions	1,613,516	838,744	1,617,544
Fees and charges	302,524	311,307	334,320
Interest received	53,588	53,290	58,470
Other revenue	19,531	11,800	45,460
	4,860,984	4,041,861	4,807,845
Payments			
Employee costs	(1,770,965)	(1,981,847)	(1,793,493)
Materials and contracts	(1,035,924)	(1,743,290)	(1,378,570)
Utility charges	(47,320)	(54,917)	(49,226)
Interest expenses	(6,323)	(5,898)	(7,713)
Insurance paid	(163,318)	(182,375)	(151,905)
Other expenditure	(99,830)	(123,430)	(128,342)
	(3,123,680)	(4,091,757)	(3,509,249)
Net cash provided by (used in) operating activities	19 1,737,304	(49,896)	1,298,596
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	9(a) (653,049)	(704,021)	(726,358)
Payments for construction of infrastructure	10(a) (1,933,835)	(2,120,839)	(1,430,318)
Non-operating grants, subsidies and contributions	2(a) 1,514,620	1,493,953	1,138,684
Proceeds from sale of property, plant & equipment	11(a) 82,943	78,500	85,963
Net cash provided by (used in) investment activities	(989,321)	(1,252,407)	(932,029)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	17(b) (68,625)	(68,626)	(99,136)
Payments for principal portion of lease liabilities	16(b) (11,059)	0	0
Net cash provided by (used in) financing activities	(79,684)	(68,626)	(99,136)
Net increase (decrease) in cash held	668,299	(1,370,929)	267,431
Cash at beginning of year	2,347,227	2,347,227	2,079,796
Cash and cash equivalents at the end of the year	19 3,015,526	976,298	2,347,227

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

**SHIRE OF CHAPMAN VALLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	1,346,240	1,419,387	1,367,942
		1,346,240	1,419,387	1,367,942
Revenue from operating activities (excluding rates)				
Governance		20,136	1,200	26,520
General purpose funding		1,089,089	542,839	998,977
Law, order, public safety		74,257	30,685	71,768
Health		3,685	5,764	6,322
Housing		0	0	4,680
Community amenities		207,999	182,727	213,312
Recreation and culture		195,156	217,464	107,955
Transport		147,739	142,556	457,349
Economic services		17,452	21,770	25,306
Other property and services		79,367	70,500	114,225
		1,834,880	1,215,505	2,026,414
Expenditure from operating activities				
Governance		(314,153)	(436,944)	(413,196)
General purpose funding		(108,072)	(130,730)	(114,768)
Law, order, public safety		(220,851)	(265,058)	(188,520)
Health		(14,455)	(2,000)	(12,919)
Education and welfare		(80)	(37,110)	(160)
Housing		(15,748)	(86,675)	(2,811)
Community amenities		(604,216)	(726,884)	(613,315)
Recreation and culture		(805,135)	(909,131)	(712,374)
Transport		(2,765,882)	(3,065,613)	(2,985,480)
Economic services		(284,450)	(344,546)	(308,980)
Other property and services		(86,336)	(68,711)	(117,635)
		(5,219,378)	(6,073,402)	(5,470,158)
Non-cash amounts excluded from operating activities	24(a)	1,977,520	1,955,145	1,836,484
Amount attributable to operating activities		(60,738)	(1,483,365)	(239,318)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,514,620	1,493,953	1,138,684
Proceeds from disposal of assets	11(a)	82,943	78,500	85,963
Purchase of property, plant and equipment	9(a)	(653,049)	(704,021)	(726,358)
Purchase and construction of infrastructure	10(a)	(1,933,835)	(2,110,839)	(1,430,318)
Amount attributable to investing activities		(989,321)	(1,242,407)	(932,029)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(68,626)	(68,626)	(99,136)
Payments for principal portion of lease liabilities	16(b)	(11,059)	0	0
Transfers to reserves (restricted assets)	4	(69,729)	(460,840)	(304,026)
Transfers from reserves (restricted assets)	4	62,895	402,381	258,259
Amount attributable to financing activities		(86,519)	(127,085)	(144,903)
Surplus/(deficit) before imposition of general rates		(1,136,578)	(2,852,857)	(1,316,250)
Total amount raised from general rates	23(a)	2,897,369	2,852,857	2,735,637
Surplus/(deficit) after imposition of general rates	24(b)	1,760,791	0	1,419,387

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

SHIRE OF CHAPMAN VALLEY
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	14
Note 4	Reserves - Cash backed	15
Note 5	Other Financial Assets	16
Note 6	Trade and Other Receivables	17
Note 7	Inventories	18
Note 8	Other Assets	19
Note 9	Property, Plant and Equipment	20
Note 10	Infrastructure	22
Note 11	Fixed Assets	24
Note 12	Leases	27
Note 13	Revaluation Surplus	28
Note 14	Trade and Other Payables	29
Note 15	Contract Liabilities	30
Note 16	Lease Liabilities	31
Note 17	Information on Borrowings	32
Note 18	Employee Provisions	34
Note 19	Notes to the Statement of Cash Flows	35
Note 20	Total Assets Classified by Function and Activity	36
Note 21	Contingent Liabilities	37
Note 22	Related Party Transactions	38
Note 23	Rating Information	40
Note 24	Rate Setting Statement Information	43
Note 25	Financial Risk Management	44
Note 26	Events occurring after the end of the Reporting Period	47
Note 27	Initial Application of Australian Accounting Standards	48
Note 28	Change in Accounting Policies	50
Note 29	Trust Funds	51
Note 30	Other Significant Accounting Policies	52
Note 31	Activities/Programs	53
Note 32	Financial Ratios	54

1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

VESTED IMPROVEMENTS

The Shire does not have any vested improvements.

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Rates - specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable 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, Fees and charges - pool inspections	Building, planning, development and animal management, having the same Compliance safety check	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the Set by State legislation	Based on timing of issue of the associated Apportioned equally across the inspection cycle	No refunds	On payment of the licence, registration or approval
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	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 collecti	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	Payment in full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges 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

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	19,990	1,200	26,714
General purpose funding	1,066,538	503,184	924,091
Law, order, public safety	63,113	20,635	60,058
Community amenities	26,453	8,897	23,870
Recreation and culture	109,477	108,771	20,599
Transport	139,583	137,558	422,393
Other property and services	69,916	58,500	72,593
	1,495,070	838,744	1,550,318
Non-operating grants, subsidies and contributions			
Recreation and culture	0	25,000	10,909
Transport	1,514,620	1,468,953	1,127,775
	1,514,620	1,493,953	1,138,684
	3,009,690	2,332,697	2,689,002
Total grants, subsidies and contributions			
	3,009,690	2,332,697	2,689,002
Fees and charges			
General purpose funding	8,365	12,500	8,671
Law, order, public safety	11,144	10,050	11,710
Health	3,686	5,764	6,322
Housing	0	0	4,680
Community amenities	181,545	173,830	189,442
Recreation and culture	85,680	83,693	87,357
Economic services	9,867	13,470	17,119
Other property and services	2,237	12,000	9,019
	302,524	311,307	334,320

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

Other revenue

Other

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 23(c))

Other interest earnings

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
General rates	2,897,369	2,852,857	2,735,637
	<u>2,897,369</u>	<u>2,852,857</u>	<u>2,735,637</u>
Other revenue			
Other	19,531	11,800	45,460
	<u>19,531</u>	<u>11,800</u>	<u>45,460</u>
Interest earnings			
Interest on reserve funds	921	3,290	3,258
Rates instalment and penalty interest (refer Note 23(c))	23,071	20,000	24,407
Other interest earnings	29,596	30,000	30,805
	<u>53,588</u>	<u>53,290</u>	<u>58,470</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

Interest expenses (finance costs)

Borrowings

Lease liabilities

Other expenditure

Sundry expenses

Note	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Auditors remuneration	35,000	38,000	26,258
	<u>35,000</u>	<u>38,000</u>	<u>26,258</u>
Interest expenses (finance costs)			
Borrowings	4,480	5,898	7,713
Lease liabilities	1,843	0	0
	<u>6,323</u>	<u>5,898</u>	<u>7,713</u>
Other expenditure			
Sundry expenses	99,830	123,430	128,342
	<u>99,830</u>	<u>123,430</u>	<u>128,342</u>

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

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

3. CASH AND CASH EQUIVALENTS

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	3,015,526	2,347,227
Total cash and cash equivalents	3,015,526	2,347,227

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	1,044,922	879,630
	1,044,922	879,630

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

Reserves - cash backed	4	839,451	832,617
Contract liabilities from contracts with customers	15	158,961	0
Unspent grants, subsidies and contributions	27(a)	0	47,013
Bonds and Deposits Held	14	46,510	0
Total restricted assets		1,044,922	879,630

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	115,552	126	0	115,678	115,552	30,540	(50,100)	95,992	115,054	498	0	115,552
(b) Water Strategy Reserve	14,225	15	0	14,240	14,225	60	0	14,285	14,164	61	0	14,225
(c) Plant/Light Vehicle Reserve	256,599	278	0	256,877	256,599	314,500	(255,268)	315,831	213,579	254,701	(211,681)	256,599
(d) Unspent Grant Reserve	47,013	9,534	(47,047)	9,500	47,013	0	(47,013)	0	13,617	47,013	(13,617)	47,013
(e) Computer & Office Equipment Reserve	39,708	43	0	39,751	39,708	180	(10,000)	29,888	39,537	171	0	39,708
(f) Legal Reserve	39,980	43	0	40,023	39,980	180	0	40,160	39,807	173	0	39,980
(g) Land Development Reserve	52,028	56	0	52,084	52,028	300	0	52,328	51,803	225	0	52,028
(h) Roadworks Reserve	102,060	111	0	102,171	102,060	62,370	0	164,430	101,621	439	0	102,060
(i) Building Reserve	149,618	59,509	0	209,127	149,618	52,650	(25,000)	177,268	181,902	677	(32,961)	149,618
(j) Landcare Reserve	15,834	14	(15,848)	0	15,834	60	(15,000)	894	15,766	68	0	15,834
	832,617	69,729	(62,895)	839,451	832,617	460,840	(402,381)	891,076	786,850	304,026	(258,259)	832,617

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	30/06/2021	To be used to fund annual and long service leave requirements.
(b) Water Strategy Reserve	Ongoing	To be used for the construction and operational costs of facilities for fire fighting purposes.
(c) Plant/Light Vehicle Reserve	30/06/2021	To be used for the purchase of and/or major repair of major plant and light vehicles.
(d) Unspent Grant Reserve	30/06/2021	To be used to quarantine unspent grants and loans.
(e) Computer & Office Equipment Reserve	30/06/2021	To be used to replace Information and Communications Technology equipment.
(f) Legal Reserve	Ongoing	To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.
(g) Land Development Reserve	Ongoing	To be used for further subdivisional development in the Shire of Chapman Valley.
(h) Roadworks Reserve	30/06/2021	To be used to fund road infrastructure projects.
(i) Building Reserve	30/06/2021	To be used for the construction of shire buildings or capital upgrades of existing shire buildings.
(j) Landcare Reserve	30/06/2021	To be used for further subdivisional development in the Shire of Chapman Valley.

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at fair value through profit and loss

2020	2019
\$	\$
0	0
0	0

(b) Non-current assets

Financial assets at fair value through profit and loss

52,551	0
52,551	0

Financial assets at fair value through profit and loss

Units in Local Government House Trust

52,551	0
--------	---

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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 25.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
Emergency Services Levy Receivable	
Rates Legal Fees Receivable	

Non-current

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

2020	2019
\$	\$
89,683	89,525
1,854	8,396
3,157	3,088
0	25
94,694	101,034
5,052	5,801
5,052	5,801

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 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Stock on Hand

	2020	2019
	\$	\$
	1,170	4,220
	1,170	4,220
	4,220	6,131
	(4,220)	(6,131)
	1,170	4,220
	1,170	4,220

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8. OTHER ASSETS

	2020	2019
	\$	\$
Prepayments	0	1,344
Fringe Benefits Tax Instalments	8,382	0
	8,382	1,344

Other assets - current

Prepayments
 Fringe Benefits Tax Instalments

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Tools and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	2,357,113	1,331,000	3,688,113	110,690	11,502,238	11,612,928	15,301,041	195,389	3,361,428	81,371	18,939,257
Additions	0	0	0		152,023	152,023	152,023	773	567,493	6,069	726,358
(Disposals)	0	0	0	0	0	0	0	(407)	(57,435)	0	(57,842)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	38,332	428,935	10,259	477,526
Depreciation (expense)	0	0	0	(1,345)	(232,799)	(234,144)	(234,144)	(44,394)	(440,053)	(41,159)	(759,750)
Carrying amount at 30 June 2019	2,357,113	1,331,000	3,688,113	109,345	11,421,462	11,530,807	15,218,920	189,721	3,860,368	56,540	19,325,549
Comprises:											
Gross carrying amount at 30 June 2019	2,357,113	1,331,000	3,688,113	112,230	11,863,804	11,976,034	15,664,147	192,671	3,860,368	61,580	19,778,766
Accumulated depreciation at 30 June 2019	0	0	0	(2,885)	(442,342)	(445,227)	(445,227)	(2,950)	0	(5,040)	(453,217)
Carrying amount at 30 June 2019	2,357,113	1,331,000	3,688,113	109,345	11,421,462	11,530,807	15,218,920	189,721	3,860,368	56,540	19,325,549
Change in accounting policy	0	(1,331,000)	(1,331,000)	0	0	0	(1,331,000)	0	0	0	(1,331,000)
Carrying amount at 1 July 2019	2,357,113	0	2,357,113	109,345	11,421,462	11,530,807	13,887,920	189,721	3,860,368	56,540	17,994,549
Additions	0	0	0	0	134,561	134,561	134,561	0	518,488	0	653,049
(Disposals)	(15,000)	0	(15,000)	(59,081)	0	(59,081)	(74,081)	0	(28,009)	0	(102,090)
Depreciation (expense)	0	0	0	(2,919)	(240,118)	(243,037)	(243,037)	(3,853)	(532,734)	(7,232)	(786,855)
Transfers	0	0	0	(47,345)	47,345	0	0	0	0	0	0
Carrying amount at 30 June 2020	4,699,226	0	2,342,113	0	11,363,250	11,363,250	13,705,363	185,868	3,818,113	49,308	17,758,652
Comprises:											
Gross carrying amount at 30 June 2020	2,342,113	0	2,342,113	0	12,038,915	12,038,915	14,381,028	189,749	4,344,856	56,540	18,972,173
Accumulated depreciation at 30 June 2020	0	0	0	0	(675,665)	(675,665)	(675,665)	(3,853)	(526,743)	(7,232)	(1,213,493)
Carrying amount at 30 June 2020	2,342,113	0	2,342,113	0	11,363,250	11,363,250	13,705,363	185,896	3,818,113	49,308	17,758,680

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2017	Price per square metre
Land - vested in and under the control of Council	3	Crown or other vested land will be valued at zero using the cost model effective 1 July 2019	Local Government (Financial Management) Amendment Regulations 2020	June 2020	In accordance with AASB 16 Leases, Crown or other land vested in the local government is now considered a concessionary right-of-use asset that is to be valued using the cost model
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	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement.
Furniture and equipment	2	Market approach using recent observable market data for similar assets	Management Valuation and Independent Registered Valuers	June 2019	Price per item
Plant and equipment	2	Market approach using recent observable market data for similar assets	Management Valuation and Independent Registered Valuers	June 2019	Price per item
Tools and equipment	2	Market approach using recent observable market data for similar assets	Management Valuation and Independent Registered Valuers	June 2019	Price per item

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

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

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

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

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - Footpaths	Other infrastructure - Drainage	Other infrastructure - Carpark	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2018	119,634,632	173,463	8,723,077	200,829	128,732,001
Additions	1,321,115	0	76,766	32,437	1,430,318
Depreciation (expense)	(968,153)	(5,776)	(150,915)	(10,175)	(1,135,019)
Carrying amount at 30 June 2019	119,987,594	167,687	8,648,928	223,091	129,027,300
Comprises:					
Gross carrying amount at 30 June 2019	120,955,747	173,463	8,799,843	233,266	130,162,319
Accumulated depreciation at 30 June 2019	(968,153)	(5,776)	(150,915)	(10,175)	(1,135,019)
Carrying amount at 30 June 2019	119,987,594	167,687	8,648,928	223,091	129,027,300
Additions	1,842,837	0	90,998	0	1,933,835
Depreciation (expense)	(1,002,795)	(5,777)	(151,992)	(11,663)	(1,172,227)
Carrying amount at 30 June 2020	120,827,636	161,910	8,587,934	211,428	129,788,908
Comprises:					
Gross carrying amount at 30 June 2020	122,798,584	173,463	8,890,841	233,266	132,096,154
Accumulated depreciation at 30 June 2020	(1,970,948)	(11,553)	(302,907)	(21,838)	(2,307,246)
Carrying amount at 30 June 2020	120,827,636	161,910	8,587,934	211,428	129,788,908

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Other infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Other infrastructure - Carpark	3	Cost approach using depreciated replacement cost	Management Value based on costs	June 2018	Actual construction costs, residual values, asset conditions and remaining useful life assessments

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

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

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

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.

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 and infrastructure to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

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

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

11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Land - freehold land	15,000	8,000		(7,000)					0	0	0	0
Buildings - non-specialised	59,081	51,307	0	(7,774)	67,195	52,000	0	(15,195)	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	407	118	0	(289)
Plant and equipment	28,009	23,636	3,569	(7,941)	0	26,500	26,500	0	57,435	85,612	29,869	(1,692)
Tools and equipment	0	0	0	0	0	0	0	0	0	233	233	0
	102,090	82,943	3,569	(22,715)	67,195	78,500	26,500	(15,195)	57,842	85,963	30,102	(1,981)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport				
John Deere Lawn Mower	0	1,364	1,364	0
Toyota Hilux 4x4 (2011)	7,340	9,545	2,206	0
Toyota Hilux 4x4 (2011)	10,669	8,182	0	(2,487)
Toyota Hilux Traytop (2007)	10,000	4,545	0	(5,455)
	28,009	23,636	3,569	(7,941)
Land				
Housing				
Lot 102 Chapman Valley Road	8,000	8,000	0	0
Lot 25 James Eastough Close	4,000	0	0	(4,000)
Lot 8 Chapman Valley Road	1,000	0	0	(1,000)
Lot 9 Chapman Valley Road	1,000	0	0	(1,000)
Lot 87 Chapman Valley Road	1,000	0	0	(1,000)
	15,000	8,000	0	(7,000)
Other Asset class				
Housing				
Lot 102 CV Rd - Residence	59,081	51,307	0	(7,774)
	59,081	51,307	0	(7,774)
	102,090	82,943	3,569	(22,715)

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

11. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	2,919	0	1,345
Buildings - specialised	240,118	238,544	232,799
Furniture and equipment	3,853	19,705	44,394
Plant and equipment	532,734	400,501	440,053
Tools and equipment	7,232	7,232	41,159
Infrastructure - roads	1,002,795	1,127,392	968,153
Infrastructure - Footpaths	5,777	5,776	5,776
Other infrastructure - Drainage	151,992	155,000	150,915
Other infrastructure - Carpark	11,663	12,300	10,175
Right of use assets - Land and buildings	8,103	0	0
Right of use assets - Plant and equipment	3,754	0	0
	1,970,940	1,966,450	1,894,769

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	100 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	50 years
Water supply piping and drainage systems	50-100 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the 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:

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

12. LEASES

(a) Right of Use Assets

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

	Right of use assets - Land and buildings	Right of use assets - Plant and equipment	Right of use assets Total
	\$	\$	
Carrying amount at 30 June 2019	0	0	0
Recognised on initial application of AASB 16	72,973	4,391	77,364
Restated total equity at the beginning of the financial year	72,973	4,391	77,364
Depreciation (expense)	(8,103)	(3,754)	(11,857)
Carrying amount at 30 June 2020	64,870	637	65,507
(b) Cash outflow from leases			
Interest expense on lease liabilities	1,790	53	1,843
Lease principal expense	7,301	3,758	11,059
Total cash outflow from leases	9,091	3,811	12,902

The Shire currently has two active lease agreements in place. The first lease is for the Chapman Valley fuel station and the second is the Nabawa Office Konica Minolta printer. The lease term for the fuel station is 60 months expiring in June 2023. The lease term for the Konica Minolta printer is 48 month expiring in September 2020.

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.

The Shire does not have any 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.

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

13. REVALUATION SURPLUS

	2020 Opening Balance \$	2020 Change in Accounting Policy	2020 Revaluation Increment \$	2020 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2020 Closing Balance \$	2019 Opening Balance \$	2019 Revaluation Increment \$	2019 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2019 Closing Balance \$
Revaluation surplus - Land & Buildings	9,957,534	(1,331,000)	0	0	0	8,626,534	9,957,534	0	0	0	9,957,534
Revaluation surplus - Plant and equipment	496,126	0	0	0	0	496,126	18,600	477,526	0	477,526	496,126
Revaluation surplus - Infrastructure - roads	107,438,488	0	0	0	0	107,438,488	107,438,488	0	0	0	107,438,488
	117,892,148	(1,331,000)	0	0	0	116,561,148	117,414,622	477,526	0	477,526	117,892,148

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

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

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held (Refer Note 29)
Accrued expenditure

2020	2019
\$	\$
91,975	49,299
39,399	0
38,139	14,452
17,962	8,328
46,510	0
5,494	21,190
239,479	93,269

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. CONTRACT LIABILITIES

Current

Contract liabilities from contracts

Non-current

Contract liabilities from contracts (Refer Note 29)

	2020	2019
	\$	\$
Contract liabilities from contracts	0	0
	0	0
Contract liabilities from contracts (Refer Note 29)	158,961	0
	158,961	0
	158,961	0

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year	0
1 to 2 years	0
2 to 3 years	0
3 to 4 years	0
4 to 5 years	0
> 5 years	158,961
	<u>158,961</u>

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.

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

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

16 LEASE LIABILITIES

(a) Lease Liabilities	2020	2019
	\$	\$
Current	8,124	0
Non-current	58,180	0
	66,304	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019
					Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual New Loans	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																			
Konica Minolta Printer	LE13	De lage Landen Pty Limited	2.00%	48 Months	4,391	0	3,758	634	53	0	0	0	0	0	0	0	0	0	0
Community amenities																			
Nabawa Fuel Station	LE01	Nevill & Co Pty Ltd	2.60%	120 Months	72,972	0	7,301	65,670	1,790	0	0	0	0	0	0	0	0	0	0
					77,363	0	11,059	66,304	1,843	0	0	0	0	0	0	0	0	0	0

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

17. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	45,996	68,626
Non-current	42,125	88,121
	88,121	156,747

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2019									
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture																		
Upgrade Community Centre	89	WA Treasury	5.99%	14,452	0	9,491	778	4,961	14,452	0	9,491	815	4,961	23,395	0	8,943	1,380	14,452
Bill Hemsley Park	98	WA Treasury	2.64%	123,132	0	39,972	3,398	83,160	123,132	0	39,973	4,059	83,159	162,070	0	38,938	4,716	123,132
Transport																		
Plant	96	WA Treasury	3.70%	0	0	0	0	0	0	0	0	0	0	32,561	0	32,561	909	0
Plant	97	WA Treasury	2.49%	19,163	0	19,162	304	1	19,162	0	19,162	524	0	37,857	0	18,694	708	19,163
				156,747	0	68,625	4,480	88,122	156,746	0	68,626	5,398	88,120	255,883	0	99,136	7,713	156,747

* WA Treasury Corporation

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

17. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	(184)	0
Total amount of credit unused	509,816	260,000
Loan facilities		
Loan facilities - current	45,996	68,626
Loan facilities - non-current	42,125	88,121
Lease liabilities - current	8,124	0
Lease liabilities - non-current	58,180	0
Total facilities in use at balance date	154,425	156,747

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 25.

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

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	193,910	229,139	423,049
Non-current provisions	0	29,998	29,998
	193,910	259,137	453,047
Additional provision			
Balance at 30 June 2020	29,955	(30,735)	(780)
	223,865	228,402	452,267
Comprises			
Current	223,865	211,719	435,584
Non-current	0	16,683	16,683
	223,865	228,402	452,267
Amounts are expected to be settled on the following basis:	2020	2019	
Less than 12 months after the reporting date	\$ 195,000	\$ 218,373	
More than 12 months from reporting date	257,267	234,674	
	452,267	453,047	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	3,015,526	976,298	2,347,227
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,080,045	(511,087)	430,577
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(52,551)	0	0
Depreciation on non-current assets	1,970,940	1,966,450	1,894,769
(Profit)/loss on sale of asset	19,146	(11,305)	(28,121)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	7,089	0	75,896
(Increase)/decrease in other assets	(7,038)	0	0
(Increase)/decrease in inventories	3,050	0	(2,309)
Increase/(decrease) in payables	120,075	0	(12,043)
Increase/(decrease) in provisions	(780)	0	78,511
Increase/(decrease) in contract liabilities	111,948	0	0
Non-operating grants, subsidies and contributions	(1,514,620)	(1,493,953)	(1,138,684)
Net cash from operating activities	1,737,304	(49,896)	1,298,596

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	1,107,540	1,366,799
Law, order, public safety	877,484	949,459
Housing	0	47,310
Community amenities	505,321	146,890
Recreation and culture	11,032,753	8,918,027
Transport	130,744,053	105,572,990
Economic services	33,510	91,062
Other property and services	3,312,435	3,167,853
Unallocated	3,177,374	30,552,086
	<u>150,790,470</u>	<u>150,812,475</u>

21. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liabilities as at the reporting date.

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	68,706	75,280	72,805
President's allowance	10,000	10,000	10,000
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	365	400	3,880
Telecommunications allowance	3,651	4,000	375
	<u>85,222</u>	<u>92,180</u>	<u>89,560</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	700,769	705,594
Post-employment benefits	77,448	76,655
Other long-term benefits	15,150	14,809
	<u>793,367</u>	<u>797,058</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

22. 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:	2020 Actual	2019 Actual
	\$	\$
Purchase of goods and services	18,009	17,150

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Excess Rates	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
GRV	9.50000	276	4,603,715	437,352	4,915	266	24,079	466,612	437,353	437,353	455,171
Unimproved valuations											
UV Rural	1.14200	409	181,329,999	2,070,789	(583)	(184)	15,320	2,085,342	2,070,789	2,070,789	1,971,610
UV Oakajee Industrial Estate Buffer Zone	2.28000	2	8,834,000	201,415	0	0	0	201,415	201,415	201,415	193,856
Sub-Total		687	194,767,714	2,709,556	4,332	82	39,399	2,753,369	2,709,557	2,709,557	2,620,637
Minimum payment											
Minimum \$											
Gross rental valuations											
GRV	700	196	880,939	137,200	0	0	0	137,200	136,500	136,500	108,600
Unimproved valuations											
UV Rural	400	17	136,023	6,800	0	0	0	6,800	6,800	6,800	6,400
Sub-Total		213	1,016,962	144,000	0	0	0	144,000	143,300	143,300	115,000
Total amount raised from general rate		900	195,784,676	2,853,556	4,332	82	39,399	2,897,369	2,852,857	2,852,857	2,735,637
Prepaid rates								(39,399)		(26,136)	7,744
Totals								2,857,970		2,826,721	2,743,381

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

23. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Rates	100.00%	0	0	0	0	Council has granted a waiver of rates to the Yuna CWA for the 2019/2020 rating year on the basis it is a non-profit community organisation.
Administration charge on instalment	100.00%	0	0	0	0	Council has granted a waiver of instalment charges (\$9) for any pensioner wishing to take advantage of making payment of current rates by instalments.
			0	0	0	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Venue Hire; Photocopy, Charges & Private Works	Fee	100.00%	0	0	0	0
Pool Inspections & Water Testing Charges	Fee	100.00%	0	0	0	0
Venue Hire Recreation Facilities	Fee	100.00%	0	0	0	0
				0	0	0
Total discounts/concessions (Note 23(a))				0	0	0

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 and Reasons for the Waiver or Concession
Venue Hire; Photocopy, Charges & Private Works	Council may grant a waiver to community groups who reside in the shire who wish to use the facilities in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Pool Inspections & Water Testing Charges	Council will grant a waiver to Yuna Primary School for pool inspection and water testing at the Yuna Primary School pool under the condition the school has the pool open outside of school hours during summer.	Council considers support of these groups necessary for the overall benefit of the community.
Venue Hire Recreation Facilities	Council will grant a waiver to Yuna and Nabawa Parents and Citizens Association for the use of recreation facilities within the Shire.	Council considers support of these groups necessary for the overall benefit of the community.

23. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	6/09/2019	0.00	0.0%	11.0%
Option Two				
First instalment	6/09/2019	0.00	0.0%	11.0%
Second instalment	5/11/2019	9.00	5.5%	11.0%
Option Three				
First instalment	6/09/2019	9.00	5.5%	11.0%
Second instalment	5/11/2019	9.00	5.5%	11.0%
Third instalment	7/01/2020	9.00	5.5%	11.0%
Fourth instalment	10/03/2020	9.00	5.5%	11.0%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	16,356	12,500	16,351
Interest on instalment plan	6,715	7,500	8,056
Charges on instalment plan	4,455	5,000	5,310
	27,526	25,000	29,717

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

24. RATE SETTING STATEMENT INFORMATION

	2019/20 (30 June 2020 Carried Forward)	2019/20 Budget (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)	2018/19 (30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a) (3,569)	(26,500)	(30,102)	(30,102)
Movement in pensioner deferred rates (non-current)	749	0	(123)	(123)
Movement in employee benefit provisions (non-current)	(13,315)	0	(30,041)	(30,041)
Add: Loss on disposal of assets	11(a) 22,715	15,195	1,981	1,981
Add: Depreciation on non-current assets	11(b) 1,970,940	1,966,450	1,894,769	1,894,769
Non cash amounts excluded from operating activities	1,977,520	1,955,145	1,836,484	1,836,484
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4 (839,451)	(891,076)	(832,617)	(832,617)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a) 45,996	45,996	68,626	68,626
- Current portion of lease liabilities	15(a) 8,124	0	0	0
- Employee benefit provisions	314,494	423,049	314,496	314,496
Total adjustments to net current assets	(470,837)	(422,031)	(449,495)	(449,495)
Net current assets used in the Rate Setting Statement				
Total current assets	3,119,772	723,091	2,453,825	2,453,825
Less: Total current liabilities	(729,183)	(301,060)	(658,091)	(584,944)
Less: Total adjustments to net current assets	(470,837)	(422,031)	(449,495)	(449,495)
Net current assets used in the Rate Setting Statement	1,919,752	0	1,346,240	1,419,386
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				
- Contract assets	27(a)			2,453,825
Total current assets at 1 July 2019				0
Total current liabilities at 30 June 2019				(584,944)
- Contract liabilities from contracts with customers	27(a)			(47,013)
- Rates paid in advance	27(b)			(26,134)
Total current liabilities at 1 July 2019				(658,091)

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

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.07%	3,015,526	0	3,015,526	0
2019					
Cash and cash equivalents	0.15%	2,347,227	0	2,347,227	0

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	30,155	23,472

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

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

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	44,276	17,359	9,662	18,386	89,683
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	45,355	14,147	9,001	21,022	89,525

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	98.00%	0.00%	0.00%	2.00%	
Gross carrying amount	1,764	0	0	40	1,804
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	7,633	132	0	631	8,396

25. 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 16(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
	\$	\$	\$	\$	\$
2020					
Payables	192,969	0	0	192,969	239,479
Borrowings	48,034	42,961	0	90,995	88,121
Lease liabilities	8,124	58,180	0	66,304	66,304
	249,127	101,141	0	350,268	552,865
2019					
Payables	107,815	0	0	107,815	93,269
Borrowings	72,628	90,995	0	163,623	156,747
	180,443	90,995	0	271,438	250,016

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Chapman Valley did not have any events occurring after the reporting date that have a significant effect on the financial statements.

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

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current			
Contract liabilities from contracts with customers	0	(47,013)	(47,013)
Adjustment to retained surplus from adoption of AASB 15	27(b)	(47,013)	

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

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

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

Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables			
Rates paid in advance	14	(26,134)	(26,134)
Adjustment to retained surplus from adoption of AASB 1058	27(b)	(26,134)	

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

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

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	23(a)	2,857,970	39,399	2,897,369
Operating grants, subsidies and contributions	2(a)	1,495,070	0	1,495,070
Fees and charges	2(a)	302,524	0	302,524
Non-operating grants, subsidies and contributions	2(a)	1,514,620	158,961	1,673,581
Net result		1,080,045	198,360	1,278,405
Statement of Financial Position				
Trade and other payables	14	239,479	(39,399)	200,080
Net assets		149,785,338	198,360	149,983,698
Statement of Changes in Equity				
Net result		1,080,045	198,360	1,278,405
Retained surplus		32,384,738	198,360	32,583,098

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

(c) AASB 16: Leases

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

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the AASB 108.31(e) the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.60%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		86,266
Discount applied using incremental borrowing rate		(8,902)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2.6%	16(b)	77,364
Lease liability - current		11,059
Lease liability - non-current		66,305
Right-of-use assets recognised at 1 July 2019		77,364

On adoption of AASB 16, the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Property, plant and equipment and lease liabilities increased by \$77,364 on 1 July 2019 resulting in no impact on retained surplus.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an AASB 16.C13,C10 asset in accordance with Financial Management Regulation 17A (5).

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

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

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

28 CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

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

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	1,331,000	(1,331,000)	0
Revaluation surplus	13	0	1,331,000	1,331,000

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

(b) Changes in equity due to change in accounting policies

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			31,384,674
Adjustment to retained surplus from adoption of AASB 15	26(a)	(47,013)	
Adjustment to retained surplus from adoption of AASB 1058	26(b)	(26,134)	(73,147)
Retained surplus - 1 July 2019			31,311,527

The impact on the City's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			0
Adjustment to revaluation surplus from deletion of FM Reg 16	28(a)	1,331,000	
Adjustment to revaluation surplus from deletion of FM Reg 17	28(a)	0	1,331,000
Revaluation surplus - 1 July 2019			1,331,000

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

29 TRUST FUNDS

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

	Sub- Note	1 July 2019 \$	Amounts Received \$	Amounts Paid/Transferred \$	30 June 2020 \$
Bonds - Hall Hire		3,490	11,100	(11,270)	3,320
Post Office Deposit		1,462	305	(187)	1,580
Contributions from Sub Divider	(a)	353,330	4,677	(208,274)	149,733
CTF Levy		276	1,373	(1,418)	231
Building Commission		623	3,200	(2,925)	897
Refundable Deposit		6,090	3,920	(460)	9,550
Unclaimed Monies		250	0	0	250
Standpipe Card Bond		100	0	0	100
		365,621	24,575	(224,534)	165,661

(a) Contributions from sub-divider

In previous years, contributions from sub-divider were held as trust monies. They are now shown as bonds and deposits (Note 14) and contract liabilities (Note 15) and included in Restricted Cash at Note 3. The balance at 30 June 2020 represents Cash in lieu of Public Open Spaces.

SHIRE OF CHAPMAN VALLEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	Revenue from rates levied, interest and fees on instalment arrangements and arrears, government subsidy for entitled pensioners and rates deferred, less discounts and concessions relating to rates levied. Expenditures incurred in administration and maintaining rate records, rating valuations, serving notices, postage, stationery, advertising, debt collection, printing, indirect administration costs etc. Income receivable from the WA Grants Commission and any other Government Grant of a general purpose nature. Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks. Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranger's expenses are collected here and apportioned throughout the various programs to which they relate.
<p>HEALTH To provide an operational framework for environmental and community health.</p>	Food quality and pest control, inspections of eating houses, lodging and boarding houses, itinerant food vendors, offensive trade, and any other outlays concerned with general health inspections and administration services provided by the Council.
<p>HOUSING To provide and maintain elderly residents housing.</p>	Collection of revenue and expenditure in respect of the administration and operation of residential housing for council staff. The expenditure is reallocated to the relevant programmes using staff duties as a basis.
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	Administration and operation of domestic refuse collection and disposal services, including delivery to a regional disposal site. Provision and maintenance of rubbish disposal sites. Collection and disposal of public litter bins, special rubbish clean ups, special litter enforcement and control. Includes administration and operation of foreshore protection project. Administration and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning. Costs associated with resumption of land for recreational purposes. Accommodating a Natural Resource Management Officer to assist community groups and landowners.
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.</p>	Maintenance of public halls, civic centres, aquatic centre, beaches. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets and maintenance of depots. Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges etc. Operations relating to the licensing or regulating of traffic under the control of the local government.
<p>ECONOMIC SERVICES To help promote the shire and its economic wellbeing.</p>	Attempt to control and contain weeds and vermin. The development, promotion, support etc. of tourism and area promotion to cater for tourists. Administration, inspection and operations concerned with application of the building standards including examination, processing and inspections services.
<p>OTHER PROPERTY AND SERVICES To monitor and control Shire's overheads operating accounts.</p>	Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the Council. These include road works on private property. Public Works Overheads - Overheads incurred as the result of the use of direct labour, which is subsequently apportioned to the appropriate works and services absorbing the total expenditure. Includes expenditure incurred in the maintenance and operation of plant, Council's hire rate absorbing the total expenditure of plant running costs and usage. The total salaries and wages incurred during the year is recorded here and allocated over the various works and services to which it relates.

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

32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	3.38	3.35	3.61
Asset consumption ratio	0.98	0.84	0.84
Asset renewal funding ratio	1.00	1.00	1.07
Asset sustainability ratio	0.94	1.00	0.96
Debt service cover ratio	21.10	11.18	110.89
Operating surplus ratio	(0.14)	(0.22)	(0.33)
Own source revenue coverage ratio	0.62	0.58	0.52

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Chapman Valley

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of Chapman Valley:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognize some categories of land, including land under roads, as assets in the financial report. My opinion is not modified in respect of this matter.

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years. The financial ratios are reported at Note 31 to the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2019 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2018 and 2019 in Note 31 of the audited annual financial report were included in the audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



PATRICK ARULSINGHAM
ACTING ASSISTANT AUDITOR GENERAL
TECHNICAL AND AUDIT SUPPORT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
29 January 2021

Our Ref: 8653

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mr Maurice Battilana
Chief Executive Officer
Shire of Chapman Valley
PO Box 1
NABAWA WA 6532

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Fax: 08 6557 7600
Email: info@audit.wa.gov.au

Dear Mr Battilana

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2020**

We have completed the interim audit for the year ending 30 June 2020. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management Control Issues

I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7574 if you would like to discuss these matters further.

Yours faithfully



RENUKA VENKATRAMAN
DIRECTOR FINANCIAL AUDIT
24 June 2020

Attach

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Revenue Not Recognised In Accordance With AASB 15		✓	
2. Purchase Orders Not Raised For Services Performed Or Goods Received		✓	
3. Inventory (Fuel) Reconciliations Not Performed With Sufficient Regularity		✓	

KEY TO RATINGS

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

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

1. Revenue Not Recognised In Accordance With AASB 15

Finding

Whilst the Shire has performed a revenue recognition assessment of its main sources of revenue to ensure compliance with the new revenue accounting standards effective from 1 July 2019, our sample testing of revenue transactions noted waste collection fees has not been correctly assessed and recognised in accordance with AASB 15 Revenue From Contracts with Customers.

Rating: Moderate

Implication

Non-compliance with AASB 15 Revenue from Contracts with Customers.

While this may not have a significant impact on the final revenue figures for the 2019-20 financial year, monthly financial information may not be accurate and in accordance with accounting standards.

Recommendation

The Shire should review its revenue recognition assessment of waste collection fees to ensure compliance with AASB 15 Revenue From Contracts with Customers on both an annual and a monthly basis.

Management Comment

As part of the month end review the Shire will include review of its revenue recognition to ensure compliance with AASB 15 Revenue from Contracts with Customers on a monthly basis for ease of assessment annually.

Responsible Person: Manager Finance & Corporate Services

Completion Date: 30 June 2020

2. Purchase Orders Not Raised Before The Service Is Performed Or Goods Received

Finding

Our sample testing of 12 payment transactions noted 2 instances where the purchase orders were not raised before the services were performed or goods received.

Rating: Moderate

Implication

Purchases made without authorised purchase orders increases the risk of unauthorised expenditure.

Recommendation

All authorised officers should be “reminded” of the need to ensure purchase orders are raised prior to the authorising of works/services or ordering goods. This will help to ensure works/services or goods have been appropriately authorised, which will assist with budget monitoring and responsibility.

Management Comment

Authorised officers are currently reminded of the need to ensure purchase orders are raised prior to the authorising of works/services or ordering goods. This will continue to be done as a matter of course and be monitored to help to ensure works/services or goods have been appropriately authorised.

Responsible Person: Manager Finance & Corporate Services

Completion Date: 30 June 2020

3. Inventory (Fuel) Reconciliations Not Performed With Sufficient Regularity

Finding

During our review of the Shire's inventory control procedures, we noted that a reconciliation between the fuel quantity per the inventory system and the quantity per the fuel dip was last performed in June 2019.

Rating: Moderate

Implication:

There's an increased risk of misappropriation of fuel not being detected in a timely manner.

Recommendation

To help ensure that inventory is properly controlled, the fuel quantity as per the inventory system should be reconciled to the quantity per the fuel dip every month. The reconciliation should also be reviewed by a senior staff member independent of preparation.

Management Comment

The fuel system reconciliation is currently under review to ensure the inventory is properly controlled. This is part of the monthly reconciliation cycle and performed by the Senior Finance Officer. The Manager of Works Services reviews fuel data. The fuel quantity as per the inventory system will be reconciled to the quantity per the fuel dip monthly. The reconciliation is to be reviewed by the Manager Finance & Corporate Services.

Responsible Person: Manager Finance & Corporate Services

Completion Date: 30 June 2020

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK