



SHIRE OF BODDINGTON

# 2019/2020 ANNUAL REPORT

# Contents

About Boddington.....	3
President’s Report .....	5
Chief Executive Officer’s Report.....	6
Elected Members.....	7
Key Projects.....	8
Strategic Community Plan.....	9
Corporate Business Plan.....	9
Environmental Health / Building Services.....	10
National Competition Policy.....	11
Disability Access & Inclusion (DAIP).....	11
Public Interest Disclosure.....	12
Record Keeping.....	12
Freedom of Information.....	13
Register of Complaints.....	13
Employee Remuneration.....	13
Meeting Attendance.....	14
Appendix A: Annual Financial Report 2019/20.....	15
Appendix B: OAG Audit Report 2019/20.....	68

# About Boddington



The Shire of Boddington is situated in the Peel region of Western Australia, approximately 123 kilometres southeast of Perth and 92 kilometres southeast of Mandurah. The Shire is accessible from the north via the Albany Highway from Perth and via the Pinjarra Williams Road from Mandurah to the west. The Shire has no separate wards and all seven Shire Councillors are elected from a single, district ward. The Shire of Boddington borders the local government authorities of Collie, Harvey, Waroona, Murray, Wandering and Williams.

The Shire's main localities are Boddington, Ranford, Marradong, and Quindanning.

Boddington is a rural township with a strong community base, with a diverse range of community groups. The town owes its name to an early settler, Henry Boddington, who was a shepherd in the 1860's, later moving to Wagin. His name became associated with a pool in the Hotham River at which he frequently camped with his sheep.

The original settlement was called 'The Hotham', found 2km west of the current town, at the end of what is now known as Farmers Avenue, named after the Farmer family on whose farm a post office and school were established. The Hotham Valley Railway was constructed in 1912 to meet demand created by the local timber industry to 'Farmers Crossing'.



A townsite was chosen adjacent to the Boddington Pools on the Hotham River, and subsequently was gazetted as a town. The railway line continued to Boddington in 1916 and in 1920 a new one-roomed school was built. This was followed by further buildings including Roads Board office, Hotel, shops and an agricultural hall.

The town continued to expand with new industries including farming, timber, Tannin Extracts, and later the mining industry. A railway bridge was built over the upper reaches of the Murray River in 1949, originally known as "Asquith Bridge" and later as the Long Gully bridge. This was used for carting railway timber to the Banksiadale sawmill.



Image: Long Gully Bridge



Image: Boddington Hall

The area declined slowly over time, and the Dwellingup fires of 1961 devastated the local timber industry. By 1969, the railway had been closed and Boddington became a typical small service area for the surrounding district.

The establishment of Bauxite mining in 1979 at Boddington, continues to service Western Australia's alumina refinery at Worsley (near Collie). Further mining followed with the opening of the Boddington Gold Mine in 1987. Together the Gold & Bauxite mines create a thriving rural mining town.

## Key Statistics:

Length of Sealed Roads:	125km
Length of Unsealed Roads:	146km
Population:	1844
Distance from Perth:	123 km
Area:	190,447 square kilometres
Rates Levied 2019/20:	\$4.54 million

# From the President

It is my pleasure to introduce the Shire of Boddington's Annual Report to provide details of the Shire's operations for the 2019/2020 financial year. While I did not serve as President during this time, I have been able to reflect on the year in my role as Deputy President.

The year was most notable for a significant challenge, being the arrival of Covid-19, which altered our perspective and required adaptations that will be reflected in how we all move forward. I am very proud that, during the most challenging period, everyone came together and ensured our community was well supported throughout the regional lockdowns and the vulnerable were well serviced.

Council adopted the Annual Budget for 2019/20 in August 2019. This year was a revaluation year for all properties valued under the gross rental valuation method, and as a result some properties received a higher rate increase than others due to valuation fluctuations.

Significant achievements have also marked this year. Foremost was the construction of the Hotham Park precinct. This is a significant project that contributes to tourism growth in our region, helping to build a strong local economy and regional prosperity, one that will bring many years of enjoyment and recreation opportunities to the local community, Peel residents, and visitors alike. This amazing project leverages the natural beauty and amenity of the Hotham River foreshore, providing a skate park, pump track, nature play and fitness zone as well as extensive landscaping for wide recreational use.

The 2019/20 year was a period of change for Boddington, with the announcement in June 2020 of the retirement of the CEO, Mr Chris Littlemore. Chris had been with the Shire since 2014 and led the organisation through a number of large projects.

Two new Councillors were elected at the October Local Government Ordinary Election: Cr Erasmus and Cr Schreiber. Cr McSwain was elected President and Cr Ventris Deputy President. An extraordinary election was also held due to the resignation of Cr Glynn. Cr Smalberger was successfully elected with her term commencing in May 2020. We thank Cr Smart, Cr Manez and Cr Glynn for their contributions to Council over their terms.

As we begin to recover and emerge into a new normal, the Shire is continuing to gather momentum for a positive and vibrant future. We are very fortunate to live in this wonderful location, and as we enter the 2020/21 year we can look forward to ongoing commitment from Councillors, staff and valued partnerships with the community.

Garry Ventris  
Shire President



# Chief Executive Officer's Report

Having commenced with the Shire of Boddington subsequent to the 2019/20 year, I am pleased to provide this report detailing the activities, projects and services that took place.

The 2019/2020 financial year saw the worldwide impact of the COVID-19 pandemic beginning to take effect. The pandemic impacted the Shire operations and ability to achieve goals due to lockdowns and supply issues, however, also highlighted the unity of the community as it came together to support others in need. COVID-19 has also taught us many new lessons and ways to do business that were unexpected prior to this worldwide pandemic. This will ensure we are more resilient in the future to deal with unexpected business interruptions.

The delivery of the Hotham Park Precinct, including the skate park, pump track, playgrounds and landscaping formed the major project for the Shire of Boddington after years of planning. This project demonstrates the collaborative relationship that the Shire has with its funding partners, with the resulting project enjoyed by many residents, ratepayers and visitors.

A review of the Local Government Act 1995 saw the introduction in August 2019 of compulsory Councillor training, additional reporting obligations and other requirements. The 2019/20 year was the second year of transition to the audit processes under the Office of the Auditor General, and this, along with substantial changes to the Accounting Standards subsequent to the end of financial year, caused significant delays in finalising auditing for local governments.

I would like to thank all the staff at the Shire for their work and commitment. Their positive attitude and fantastic values contribute significantly in delivering services to the community.

Julie Burton  
Chief Executive Officer



# Elected Members



Roderick McSwain  
Shire President



Garry Ventris  
Deputy Shire President



Coert Erasmus  
Councillor



Martin Glynn  
Councillor



Jason Hoffman  
Councillor



William McGrath  
Councillor



Earl Schreiber  
Councillor



# Key Projects

Hotham Park

- Skate Park
- Pump Track
- Nature Playground
- Foreshore Development

Entry Statement and Public Art

Rodeo Grounds – New Toilet Block

Boddington Old School – Air conditioning

Old Pavilion – Refurbishments

Harvey Quindanning Road Upgrades

Newmarket Road, Farmers Ave – Reseals

Medical Centre – Solar System





# Strategic Community Plan

The Shire's Strategic Community Plan 2019 – 2029 was adopted in December 2019 following a period of community consultation. The Strategic Community Plan is built on three pillars:

- A vibrant and connected community
- A thriving and diverse economy
- A healthy, clean, green and sustainable environment

The next review of the Plan is due to be completed by December 2023.

# Corporate Business Plan

The Shire's Corporate Business Plan 2019 – 2023 was adopted in March 2020, and provides a detailed four year planning document to give effect to the first four years of the Strategic Community Plan. The Corporate Business Plan is updated every year to allow reassessment of priorities, while still maintaining strong links to the 10 year Strategic Plan.



# Environmental Health & Building Services

	2018/2019	2019/2020
Dwellings	6	5
Dwelling Additions		1
Sheds/Patios/Pergolas/Garages	19	14
Swimming Pools	6	2
Commercial	4	1
Demolitions	1	
Other	10	17
Building Approval Cert.	1	
Building Permit Extensions	2	2
<b>Total</b>	<b>49</b>	<b>42</b>



# National Competition Policy



The National Competition Policy was introduced by the Commonwealth Government in 1995, to promote competition for the benefit of business, consumers and the economy by removing unnecessary protection of monopolies of markets where competition can be enhanced. It affects local governments because factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

The Shire is required to comply with certain policies contained with the National Competition Policy Statement, and report on the progress in connection with the National Competitive Neutrality Principles and review of Local Laws. During the 2019/20 financial year the Shire met its obligations under the National Competition Policy. The Shire continues to monitor Council policies and local laws for anti-competitive practices. The Shire does not operate significant business activities which compete or could compete with private business sector business.

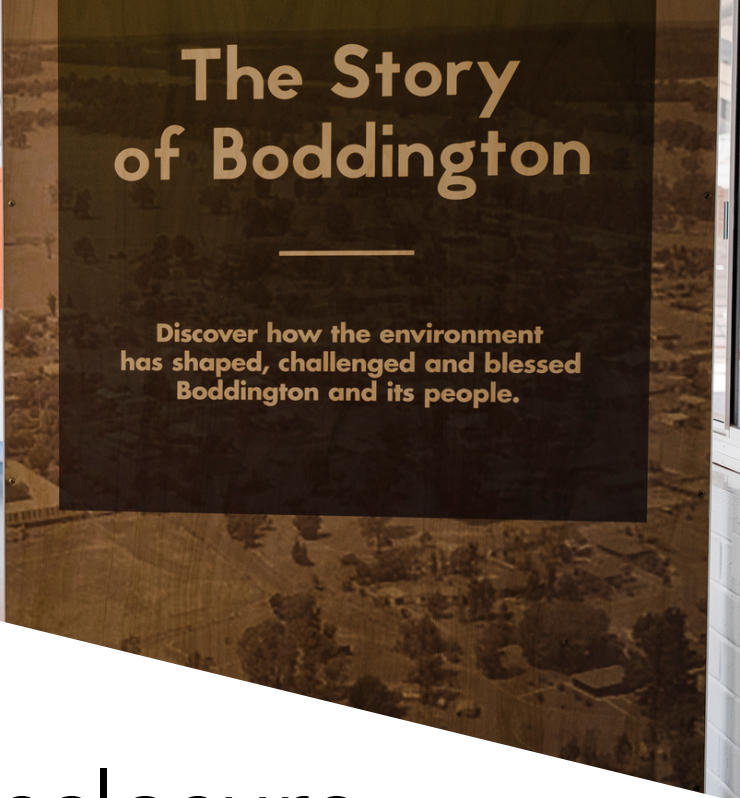
## Disability Access & Inclusion (DAIP)

The Shire of Boddington aims to improve accessibility and inclusiveness for people with disability and their carers/families through the strategies outlined in the Disability Access and Inclusion Plan (DAIP) 2019 - 2024.

The Shire's DAIP is a statutory requirement of the State Government under The Disability Services Act (1993, amended 2004). The DAIP includes strategies to address access barriers and promote inclusion, identified through the review and consultation with the community.

For further information on the Shire's DAIP, visit:

<https://www.boddington.wa.gov.au/documents/publications>



# The Story of Boddington

Discover how the environment has shaped, challenged and blessed Boddington and its people.

## Public Interest Disclosure

In accordance with the Public Interest Disclosure Act 2003, procedures have been implemented to facilitate reporting and action on public interest disclosures. During the 2019/20 reporting period, no public interest disclosures were lodged.

## Record Keeping

The Shire of Boddington is required to create, maintain and submit a Record Keeping Plan to the State Records Office every 5 years. The latest review was undertaken in 2016. The next review of the Plan is due in 2021.

The Shire's Record Keeping Plan is constantly being reviewed to ensure the Shire of Boddington remains compliant, addresses requirements stemming from technological changes and makes improvements to record keeping practices where necessary. The next major review will be undertaken in 2021/22 in accordance with regulatory requirements. All communications to and from the Shire will be captured and stored, ensuring an important information source is secure and accessible to all staff. Ongoing records management support is available to all staff from experienced administration staff.

# Freedom of Information

Access to Shire of Boddington information/documents may be granted under the Freedom of Information Act 1992. An Information Statement is available along with application forms on the Shire's website. The statement is a guide on the Freedom of Information process, and also lists the types of documents available outside of this process. During 2019/2020, the Shire received zero (0) Freedom of Information applications.

# Register of Complaints

The Shire of Boddington maintains a register of complaints on the Shire of Boddington website. There were two (2) complaints against Councillors in the 2019/20 financial year that were considered a minor breach, under section 5.121 of the Local Government Act 1995.

# Employee Remuneration

Regulation 19B of the Local Government (Administration) Regulations 1996 requires the Shire to include the following in the following information in its annual report:

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of the \$10,000 over \$100,000.

Salary Range	Number of Employees
\$100,000 - \$110,000	1
\$110,000 - \$120,000	1
\$120,000 - \$130,000	-
\$130,000 - \$140,000	1
\$140,000 - \$150,000	1

# Meeting Attendance

The Council of the Shire of Boddington meets monthly for information sessions and workshops on a variety of topics. In the third week of the month, Council convenes an Ordinary Council Meeting. Below is a table outlining individual Elected Members' attendance, for the financial year, on various Council Meetings and Committees as a member in their capacity as an Elected Member.

Councillor Name *	Ordinary Council Meetings (11)	Special Council Meetings (5)	Audit Committee (2)	CEO Performance Appraisal (1)	LEMC (7)
Cr R. Mcswain	10	4	2	1	1
Cr M. Glynn	5	2	1	1	
Cr w. McGrath	11	4	1		
Cr D. Smart	4	1			
Cr Sharan Manez	4	1			
Cr G. Ventris	10	5			
Cr J. Hoffman	11	5			
Cr C. Erasmus	8	4	2	1	
Cr E. Schreiber	8	4	1	1	7
Cr E. Smalberger	2	3			

\*

Cr M Glynn term ended February 2020

Cr D Smart term ended October 2019

Cr S Manez term ended October 2019

Cr C Erasmus term commenced November 2019

Cr Schreiber term commenced November 2019

Cr Smalberger term commenced May 2020

**SHIRE OF BODDINGTON**  
**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	54

**COMMUNITY VISION**

A vibrant and connected community, providing employment and lifestyle opportunities and a beautiful natural environment, surprisingly close to the coast and city.

Principal place of business:  
39 Bannister Road  
BODDINGTON WA 6390

**SHIRE OF BODDINGTON  
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 Boddington 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 Boddington 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 29th day of September 2021



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Chief Executive Officer

**JULIE BURTON**

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Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	21(a)	4,543,706	4,580,000	4,513,324
Operating grants, subsidies and contributions	2(a)	681,139	550,704	833,493
Fees and charges	2(a)	1,121,056	1,274,020	1,195,134
Interest earnings	2(a)	98,339	132,779	147,415
Other revenue	2(a)	146,576	56,478	80,703
		<b>6,590,816</b>	<b>6,593,981</b>	<b>6,770,069</b>
<b>Expenses</b>				
Employee costs		(2,583,325)	(2,746,307)	(2,683,401)
Materials and contracts		(1,833,883)	(1,793,894)	(1,764,986)
Utility charges		(378,422)	(339,677)	(347,629)
Depreciation on non-current assets	10(b)	(2,254,722)	(2,087,079)	(2,087,079)
Interest expenses	2(b)	(88,704)	(89,044)	(100,140)
Insurance expenses		(223,594)	(247,880)	(235,075)
Other expenditure		(149,610)	(162,795)	(123,878)
		<b>(7,512,260)</b>	<b>(7,466,676)</b>	<b>(7,342,188)</b>
		<b>(921,444)</b>	<b>(872,695)</b>	<b>(572,119)</b>
Non-operating grants, subsidies and contributions	2(a)	683,682	1,862,779	532,555
Profit on asset disposals	10(a)	36,277	0	6,750
(Loss) on asset disposals	10(a)	(12,669)	0	(61,669)
Fair value adjustments to financial assets at fair value through profit or loss		4,677	0	30,934
		<b>711,967</b>	<b>1,862,779</b>	<b>508,570</b>
<b>Net result for the period</b>		<b>(209,477)</b>	<b>990,084</b>	<b>(63,548)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	3,487,594	0	(405,696)
<b>Total other comprehensive income for the period</b>		<b>3,487,594</b>	<b>0</b>	<b>(405,696)</b>
<b>Total comprehensive income for the period</b>		<b>3,278,117</b>	<b>990,084</b>	<b>(469,245)</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		82,466	59,287	58,139
General purpose funding		4,966,888	4,931,865	4,975,669
Law, order, public safety		242,183	94,777	313,295
Health		20,212	29,538	26,996
Education and welfare		445,221	612,088	519,398
Housing		20,613	6,812	10,304
Community amenities		290,300	335,446	332,926
Recreation and culture		37,374	69,928	68,687
Transport		124,967	122,247	130,745
Economic services		249,944	299,293	274,102
Other property and services		110,648	32,700	59,808
		<b>6,590,816</b>	<b>6,593,981</b>	<b>6,770,069</b>
<b>Expenses</b>				
	2(b)			
Governance		(393,954)	9,863	(14,997)
General purpose funding		(21,583)	(34,368)	(31,454)
Law, order, public safety		(594,400)	(474,054)	(584,697)
Health		(230,830)	(210,125)	(239,370)
Education and welfare		(693,897)	(755,729)	(733,669)
Housing		(13,084)	19,972	31,022
Community amenities		(669,931)	(738,902)	(714,669)
Recreation and culture		(1,765,467)	(1,745,353)	(1,673,534)
Transport		(2,540,639)	(2,685,120)	(2,578,184)
Economic services		(616,185)	(741,507)	(628,308)
Other property and services		116,414	(22,309)	(74,188)
		<b>(7,423,556)</b>	<b>(7,377,632)</b>	<b>(7,242,048)</b>
<b>Finance Costs</b>				
	2(b)			
Governance		(26,291)	(26,285)	(31,995)
Health		(744)	(8,354)	(9,902)
Education and welfare		(7,996)	0	0
Housing		(27,387)	(28,690)	(30,551)
Recreation and culture		(26,286)	(25,715)	(27,692)
		<b>(88,704)</b>	<b>(89,044)</b>	<b>(100,140)</b>
		<b>(921,444)</b>	<b>(872,695)</b>	<b>(572,119)</b>
Non-operating grants, subsidies and contributions	2(a)	683,682	1,862,779	532,555
Profit on disposal of assets	10(a)	36,277	0	0
(Loss) on disposal of assets	10(a)	(12,669)	0	(54,919)
Fair value adjustments to financial assets at fair value through profit or loss		4,677	0	30,934
		<b>711,967</b>	<b>1,862,779</b>	<b>508,570</b>
<b>Net result for the period</b>		<b>(209,477)</b>	<b>990,084</b>	<b>(63,548)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	3,487,594	0	(405,696)
<b>Total other comprehensive income for the period</b>		<b>3,487,594</b>	<b>0</b>	<b>(405,696)</b>
<b>Total comprehensive income for the period</b>		<b>3,278,117</b>	<b>990,084</b>	<b>(469,245)</b>

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



**SHIRE OF BODDINGTON**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	5,125,842	5,052,930
Trade and other receivables	6	530,872	547,068
Other assets	7	50,313	12,067
<b>TOTAL CURRENT ASSETS</b>		<b>5,707,027</b>	<b>5,612,065</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	19,236	0
Other financial assets	5(a)	35,611	30,934
Property, plant and equipment	8	33,007,749	29,841,541
Infrastructure	9	54,740,065	53,384,328
<b>TOTAL NON-CURRENT ASSETS</b>		<b>87,802,661</b>	<b>83,256,803</b>
<b>TOTAL ASSETS</b>		<b>93,509,688</b>	<b>88,868,868</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,426,927	662,214
Contract liabilities	13	484,971	0
Borrowings	14(a)	344,397	240,532
Employee related provisions	15	245,545	323,626
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,501,840</b>	<b>1,226,372</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	12	300,000	300,000
Borrowings	14(a)	2,473,643	1,818,039
Employee related provisions	15	89,222	45,024
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,862,865</b>	<b>2,163,063</b>
<b>TOTAL LIABILITIES</b>		<b>5,364,705</b>	<b>3,389,435</b>
<b>NET ASSETS</b>		<b>88,144,983</b>	<b>85,479,432</b>
<b>EQUITY</b>			
Retained surplus		33,374,011	32,701,686
Reserves - cash backed	4	3,029,055	4,365,804
Revaluation surplus	11	51,741,917	48,411,940
<b>TOTAL EQUITY</b>		<b>88,144,983</b>	<b>85,479,432</b>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>34,156,787</b>	<b>2,974,251</b>	<b>48,817,636</b>	<b>85,948,675</b>
Comprehensive income					
Net result for the period		(63,548)	0	0	(63,548)
Other comprehensive income	11	0	0	(405,696)	(405,696)
Total comprehensive income		(63,548)	0	(405,696)	(469,245)
Transfers from reserves	4	1,474,407	(1,474,407)	0	0
Transfers to reserves	4	(2,865,960)	2,865,960	0	0
<b>Balance as at 30 June 2019</b>		<b>32,701,686</b>	<b>4,365,804</b>	<b>48,411,940</b>	<b>85,479,432</b>
Change in accounting policies	26(b)	(454,947)	0	(157,617)	(612,564)
<b>Restated total equity at 1 July 2019</b>		<b>32,246,739</b>	<b>4,365,804</b>	<b>48,254,323</b>	<b>84,866,866</b>
Comprehensive income					
Net result for the period		(209,477)	0	0	(209,477)
Other comprehensive income	11	0	0	3,487,594	3,487,594
Total comprehensive income		(209,477)	0	3,487,594	3,278,117
Transfers from reserves	4	1,396,438	(1,396,438)	0	0
Transfers to reserves	4	(59,689)	59,689	0	0
<b>Balance as at 30 June 2020</b>		<b>33,374,011</b>	<b>3,029,055</b>	<b>51,741,917</b>	<b>88,144,983</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,563,901	4,580,000	4,429,777
Operating grants, subsidies and contributions		661,576	550,704	833,493
Fees and charges		1,285,593	1,511,385	1,087,071
Interest received		103,822	132,779	143,760
Goods and services tax received		0	0	4,518
Other revenue		146,576	56,478	173,632
		<b>6,761,468</b>	<b>6,831,346</b>	<b>6,672,251</b>
<b>Payments</b>				
Employee costs		(2,684,132)	(2,746,307)	(2,657,829)
Materials and contracts		(1,056,173)	(2,031,258)	(1,833,460)
Utility charges		(378,422)	(339,677)	(347,629)
Interest expenses		(88,704)	(89,044)	(98,440)
Insurance paid		(223,594)	(247,880)	(235,075)
Goods and services tax paid		(128,109)	0	89
Other expenditure		(149,491)	(162,797)	(123,878)
		<b>(4,708,625)</b>	<b>(5,616,963)</b>	<b>(5,296,222)</b>
<b>Net cash provided by (used in) operating activities</b>	16	<b>2,052,843</b>	<b>1,214,383</b>	<b>1,376,027</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(723,349)	(893,185)	(315,812)
Payments for construction of infrastructure	9(a)	(2,885,363)	(6,052,850)	(1,263,948)
Non-operating grants, subsidies and contributions	2(a)	683,682	1,862,779	532,555
Proceeds from sale of property, plant & equipment	10(a)	185,630	184,500	1,058,250
<b>Net cash provided by (used in) investment activities</b>		<b>(2,739,400)</b>	<b>(4,898,756)</b>	<b>11,045</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(240,531)	(240,531)	(226,327)
Proceeds from new borrowings	14(b)	1,000,000	1,000,000	0
<b>Net cash provided by (used in) financing activities</b>		<b>759,469</b>	<b>759,469</b>	<b>(226,327)</b>
<b>Net increase (decrease) in cash held</b>		<b>72,912</b>	<b>(2,924,904)</b>	<b>1,160,745</b>
Cash at beginning of year		5,052,930	4,560,614	3,892,183
<b>Cash and cash equivalents at the end of the year</b>	16	<b>5,125,842</b>	<b>1,635,709</b>	<b>5,052,930</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	22 (b)	(146,266)	279,975	369,622
		(146,266)	279,975	369,622
<b>Revenue from operating activities (excluding rates)</b>				
Governance		82,466	59,287	58,139
General purpose funding		423,182	351,865	462,345
Law, order, public safety		242,183	94,777	313,295
Health		20,212	29,538	26,996
Education and welfare		445,221	612,088	519,398
Housing		20,613	6,812	10,304
Community amenities		290,300	335,446	332,926
Recreation and culture		37,374	69,928	75,437
Transport		161,244	122,247	130,745
Economic services		254,621	299,293	305,036
Other property and services		110,648	32,700	59,808
		2,088,064	2,013,981	2,294,429
<b>Expenditure from operating activities</b>				
Governance		(425,222)	(16,422)	(90,612)
General purpose funding		(21,583)	(34,368)	(31,454)
Law, order, public safety		(594,400)	(474,054)	(584,697)
Health		(231,574)	(218,479)	(249,272)
Education and welfare		(701,893)	(755,729)	(736,915)
Housing		(40,471)	(8,718)	471
Community amenities		(669,931)	(738,902)	(714,669)
Recreation and culture		(1,791,753)	(1,771,068)	(1,710,049)
Transport		(2,548,331)	(2,685,120)	(2,579,848)
Economic services		(616,185)	(741,507)	(632,624)
Other property and services		116,414	(39,109)	(74,188)
		(7,524,929)	(7,483,476)	(7,403,857)
Non-cash amounts excluded from operating activities	22(a)	2,203,136	2,103,879	2,141,998
<b>Amount attributable to operating activities</b>		(3,379,995)	(3,085,641)	(2,597,808)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	683,682	1,862,779	532,555
Proceeds from disposal of assets	10(a)	185,630	184,500	1,058,250
Purchase of property, plant and equipment	8(a)	(723,349)	(893,185)	(315,812)
Purchase and construction of infrastructure	9(a)	(2,885,363)	(6,052,850)	(1,263,948)
<b>Amount attributable to investing activities</b>		(2,739,400)	(4,898,756)	11,045
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(240,531)	(240,531)	(226,327)
Proceeds from borrowings	14(c)	1,000,000	1,000,000	0
Transfers to reserves (restricted assets)	4	(59,689)	(17,519)	(2,865,960)
Transfers from reserves (restricted assets)	4	1,396,438	2,953,482	1,474,407
<b>Amount attributable to financing activities</b>		2,096,218	3,695,432	(1,617,880)
<b>Surplus/(deficit) before imposition of general rates</b>		(4,023,177)	(4,288,965)	(4,204,643)
<b>Total amount raised from general rates</b>	21(a)	4,543,706	4,580,000	4,513,324
<b>Surplus/(deficit) after imposition of general rates</b>	22(b)	<b>520,529</b>	<b>291,034</b>	<b>308,681</b>

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

**SHIRE OF BODDINGTON**  
**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	16
Note 4	Reserves - Cash backed	17
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Other Assets	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Revaluation Surplus	28
Note 12	Trade and Other Payables	29
Note 13	Contract Liabilities	30
Note 14	Information on Borrowings	31
Note 15	Employee Provisions	33
Note 16	Notes to the Statement of Cash Flows	34
Note 17	Total Assets Classified by Function and Activity	35
Note 18	Contingent Liabilities	36
Note 19	Commitments	37
Note 20	Related Party Transactions	38
Note 21	Rating Information	40
Note 22	Rate Setting Statement Information	42
Note 23	Financial Risk Management	43
Note 24	Events occurring after the end of the Reporting Period	46
Note 25	Initial Application of Australian Accounting Standards	47
Note 26	Change in Accounting Policies	49
Note 27	Trust Funds	50
Note 28	Other Significant Accounting Policies	51
Note 29	Activities/Programs	52
Note 30	Financial Ratios	53

## 1. BASIS OF PREPARATION

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

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 27 to these financial statements.



**SHIRE OF BODDINGTON**  
**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	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
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
Service charges	Charge for specific service	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 breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract 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	Building, cemetery services, childcare services, aged accommodation services, library fees, property hire, private works, planning, development, animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Adopted by Council annually or Set by State legislation or limited by legislation to the cost of provision	Applied fully based on timing of provision/entry, or based on timing of issue of the associated rights	Not applicable	Output method based on provision of service or completion of works, or n payment and issue of the licence, registration or approval
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
Reimbursements	Insurance claims and reimbursable expenses	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed or expense is incurred	Not applicable	When claim is agreed or when expense is incurred

**SHIRE OF BODDINGTON**  
**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
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	311,864	202,664	302,681
Law, order, public safety	180,140	76,880	257,003
Health	5,058	0	0
Education and welfare	49,263	88,100	109,109
Community amenities	0	0	5,000
Recreation and culture	50	5,813	3,450
Transport	122,076	122,247	130,500
Economic services	12,688	55,000	25,750
	681,139	550,704	833,493
<b>Non-operating grants, subsidies and contributions</b>			
General purpose funding	0	664,500	97,943
Community amenities	75,000	0	0
Recreation and culture	234,883	200,000	134,412
Transport	373,799	998,279	300,200
	683,682	1,862,779	532,555
<b>Total grants, subsidies and contributions</b>	1,364,821	2,413,483	1,366,048
<b>Fees and charges</b>			
Governance	30,954	14,780	34,784
General purpose funding	4,718	10,564	15,403
Law, order, public safety	61,902	13,807	26,055
Health	14,180	28,425	26,481
Education and welfare	395,957	520,989	410,289
Housing	14,723	20,185	3,170
Community amenities	290,300	335,446	327,926
Recreation and culture	32,906	13,112	60,199
Transport	331	33,980	245
Economic services	229,191	252,969	239,553
Other property and services	45,894	29,763	51,029
	1,121,056	1,274,020	1,195,134

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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

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

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

**(a) Revenue (Continued)**

**Contracts with customers and transfers  
for recognisable non-financial assets**

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

Operating grants, subsidies and contributions	308,263	266,165	425,712
Fees and charges	1,121,056	1,274,020	1,195,134
Non-operating grants, subsidies and contributions	683,682	1,862,779	532,555

	2,113,001	3,402,964	2,153,401
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Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Contracts with customers included as a contract liability at the start of the period	454,947	0	0
Other revenue from contracts with customers recognised during the year	1,429,319	1,540,185	1,620,846
Other revenue from performance obligations satisfied during the year	228,735	1,862,779	532,555
	2,113,001	3,402,964	2,153,401

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	68,256		232,793
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**SHIRE OF BODDINGTON**  
**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**

Reimbursements and recoveries

Other

**Interest earnings**

Interest on reserve funds

Rates instalment and penalty interest

Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	4,543,706	4,580,000	4,513,324
	4,543,706	4,580,000	4,513,324
	132,681	48,778	73,424
	13,895	7,700	7,279
	146,576	56,478	80,703
	59,689	26,162	30,900
	35,364	33,996	35,033
	3,286	72,621	81,482
	98,339	132,779	147,415

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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

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

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

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report

**Interest expenses (finance costs)**

Borrowings

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	28,000	28,000	28,000
	28,000	28,000	28,000
14(b)	88,704	89,044	100,140
	88,704	89,044	100,140

**SHIRE OF BODDINGTON**  
**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	4,022,314	552,930
Term deposits	1,103,528	4,500,000
<b>Total cash and cash equivalents</b>	<b>5,125,842</b>	<b>5,052,930</b>

**Restrictions**

requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3,909,535	4,458,733
	<b>3,909,535</b>	<b>4,458,733</b>

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

Reserves - cash backed	4	3,029,055	4,365,804
Contract liabilities from contracts with customers	13	484,971	0
Bonds and deposits	12	88,823	92,929
Unspent loans	14(d)	306,686	0
<b>Total restricted assets</b>		<b>3,909,535</b>	<b>4,458,733</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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

**SHIRE OF BODDINGTON**  
**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	0	0	0	0	0	0	0	0	282,930	4,078	(287,008)	0
(b) Plant reserve	886,944	12,126	(324,603)	574,467	886,943	0	(663,185)	223,758	601,944	285,000	0	886,944
(c) Building reserve	321,078	4,390	(228,521)	96,947	321,077	0	(321,077)	0	316,516	4,562	0	321,078
(d) Local organisation assistance reserve	31,133	426	0	31,559	31,133	579	0	31,712	30,691	442	0	31,133
(e) Refuse site reserve	38,866	531	0	39,397	38,866	772	0	39,638	38,314	552	0	38,866
(f) Aged housing reserve	628,019	8,586	0	636,605	628,019	6,016	0	634,035	619,096	8,923	0	628,019
(g) High school resource sharing reserve	0	0	0	0	0	0	0	0	25,663	370	(26,033)	0
(h) Swimming pool reserve	20,684	283	0	20,967	20,684	10,152	0	30,836	10,532	10,152	0	20,684
(i) River crossing reserve	46,915	641	0	47,556	46,915	0	0	46,915	65,964	951	(20,000)	46,915
(j) Prepaid conditional grants reserve	196,506	2,687	0	199,193	195,534	0	(181,267)	14,267	212,017	183,092	(198,603)	196,506
(k) Unspent conditional grants reserve	420,265	5,746	(50,000)	376,011	286,075	0	(50,000)	236,075	528,143	769,885	(877,763)	420,265
(l) Public open space reserve	1,775,394	24,273	(793,314)	1,006,353	1,825,394	0	(1,737,953)	87,441	242,441	1,597,953	(65,000)	1,775,394
	4,365,804	59,689	(1,396,438)	3,029,055	4,280,640	17,519	(2,953,482)	1,344,677	2,974,251	2,865,960	(1,474,407)	4,365,804

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Plant reserve	Ongoing	To be used to fund the purchaser of new or second hand plant and equipment.
(c) Building reserve	Ongoing	To be used to fund the construction of buildings.
(d) Local organisation assistance reserve	Ongoing	To be used to fund local organisations projects as per Council Policy.
(e) Refuse site reserve	Ongoing	To be used to fund the establishment and operation of the refuse site. All surplus income over expenditure for Sanitation at the end of each financial year is transferred to this reserve.
(f) Aged housing reserve	Ongoing	To be used to fund future aged housing developments.
(g) High school resource sharing reserve	Ongoing	To be used to fund the ongoing maintenance and reconstruction of the resources shared. Council has entered a resource sharing agreement with the Education Department in relation to the usage of the Shire's recreational facilities by the Boddington District High School. the agreement entails the transfer of a depreciation based calculation to reserve each financial year.
(h) Swimming pool reserve	Ongoing	To be used to fund the ongoing upgrading and maintaining of the swimming pool.
(i) River crossing reserve	Ongoing	To be used to fund the ongoing upgrading and refurbishment of river crossings as decided by Council.
(j) Prepaid conditional grants reserve	Ongoing	To be used to provide a mechanism for identifying prepaid grants where the expenditure associated will be incurred in the next financial year, these mainly consist of prepaid Financial Assistance Grants and Local Road Grants.
(k) Unspent conditional grants reserve	Ongoing	To be used to provide a mechanism for identifying conditional unspent grants where the expenditure associated will be undertaken in future years, be it operating or capital in nature.
(l) Public open space reserve	Ongoing	To be used to fund the upgrade and rationalisation of Public Open Space and parklands within the Shire.

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

**5. OTHER FINANCIAL ASSETS**

**(a) Non-current assets**

Financial assets at fair value through profit and loss

	2020	2019
	\$	\$
	35,611	30,934
	<u>35,611</u>	<u>30,934</u>
	35,611	30,934
	<u>35,611</u>	<u>30,934</u>

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

Units in Local Government House Trust

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

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

**Impairment and risk**

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



## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable	268,443
Trade and other receivables	68,256
GST receivable	193,610
Allowance for impairment of receivables	(3,337)
Other sundry receivables	3,900

### Non-current

Pensioner's rates and ESL deferred	19,236
------------------------------------	--------

	2020	2019
	\$	\$
Rates receivable	268,443	268,368
Trade and other receivables	68,256	232,793
GST receivable	193,610	49,244
Allowance for impairment of receivables	(3,337)	(3,337)
Other sundry receivables	3,900	0
	530,872	547,068
Pensioner's rates and ESL deferred	19,236	0
	19,236	0

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

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

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

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

## 7. OTHER ASSETS

### Other assets - current

Prepayments  
 Accrued income

2020	2019
\$	\$
0	6,707
50,313	5,360
50,313	12,067

### 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.

#### Non-current assets held for sale

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

#### Non-current assets held for sale (Continued)

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

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 28(h).

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

**8. 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	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	3,383,210	157,617	3,540,827	1,596,887	22,233,633	23,830,520	27,371,347	129,055	2,942,153	30,442,555
Additions	0	0	0	135,477	98,335	233,812	233,812	35,072	46,928	315,812
(Disposals)	0	0	0	0	0	0	0	(3,046)	(61,623)	(64,669)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	0	(263,157)	(263,157)
Depreciation (expense)	0	0	0	(48,840)	(393,749)	(442,589)	(442,589)	(44,850)	(231,561)	(719,000)
Transfers	130,000	0	130,000	0	0	0	130,000	0	0	130,000
<b>Carrying amount at 30 June 2019</b>	<b>3,513,210</b>	<b>157,617</b>	<b>3,670,827</b>	<b>1,683,524</b>	<b>21,938,219</b>	<b>23,621,743</b>	<b>27,292,570</b>	<b>116,231</b>	<b>2,432,740</b>	<b>29,841,541</b>
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	3,513,210	157,617	3,670,827	1,789,967	22,702,490	24,492,457	28,163,284	302,587	2,617,562	31,083,433
Accumulated depreciation at 30 June 2019	0	0	0	(106,443)	(764,271)	(870,714)	(870,714)	(186,356)	(184,822)	(1,241,892)
<b>Carrying amount at 30 June 2019</b>	<b>3,513,210</b>	<b>157,617</b>	<b>3,670,827</b>	<b>1,683,524</b>	<b>21,938,219</b>	<b>23,621,743</b>	<b>27,292,570</b>	<b>116,231</b>	<b>2,432,740</b>	<b>29,841,541</b>
Change in accounting policy	0	(157,617)	(157,617)	0	0	0	(157,617)	0	0	(157,617)
<b>Carrying amount at 1 July 2019</b>	<b>3,513,210</b>	<b>0</b>	<b>3,513,210</b>	<b>1,683,524</b>	<b>21,938,219</b>	<b>23,621,743</b>	<b>27,134,953</b>	<b>116,231</b>	<b>2,432,740</b>	<b>29,683,924</b>
Additions	0	0	0	131,664	102,357	234,021	234,021	9,770	479,558	723,349
(Disposals)	0	0	0	0	0	0	0	0	(162,022)	(162,022)
Revaluation increments / (decrements) transferred to revaluation surplus	189,790	0	189,790	2,956,248	341,556	3,297,804	3,487,594	0	0	3,487,594
Depreciation (expense)	0	0	0	(52,169)	(372,222)	(424,391)	(424,391)	(31,897)	(268,808)	(725,096)
Transfers	0	0	0	0	(6,255)	(6,255)	(6,255)	6,255	0	0
<b>Carrying amount at 30 June 2020</b>	<b>3,703,000</b>	<b>0</b>	<b>3,703,000</b>	<b>4,719,267</b>	<b>22,003,655</b>	<b>26,722,922</b>	<b>30,425,922</b>	<b>100,359</b>	<b>2,481,468</b>	<b>33,007,749</b>
<b>Comprises:</b>										
Gross carrying amount at 30 June 2020	3,703,000	0	3,703,000	4,719,267	22,003,655	26,722,922	30,425,922	318,612	2,634,275	33,378,809
Accumulated depreciation at 30 June 2020	0	0	0	0	0	0	0	(218,253)	(152,807)	(371,060)
<b>Carrying amount at 30 June 2020</b>	<b>3,703,000</b>	<b>0</b>	<b>3,703,000</b>	<b>4,719,267</b>	<b>22,003,655</b>	<b>26,722,922</b>	<b>30,425,922</b>	<b>100,359</b>	<b>2,481,468</b>	<b>33,007,749</b>

## 8. 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
<b>Land and buildings</b>					
Land - freehold land	Level 2	Market approach	Independent registered valuers	June 2020	Recent observable market data for similar properties/income approach using discounted cash flow methodology
Buildings - non-specialised	Level 2	Market approach	Independent registered valuer	June 2020	Recent observable market data for similar properties/income approach using discounted cash flow methodology
Buildings - specialised	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2020	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	Level 3	Cost approach using recent observable market data/specific quotes	Management valuation	June 2016	Current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Management valuation 2019	Level 3	Cost approach using recent observable market data/specific quotes	Management valuation	June 2019	Current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

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

**9. 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 - bridges & culverts	Infrastructure - footpaths	Infrastructure - drainage, kerbs & channel	Infrastructure - parks & ovals	Infrastructure - public facilities	Infrastructure - other infrastructure	Infrastructure - foreshore infrastructure	Infrastructure - caravan park	Infrastructure - waste site	Infrastructure - water assets	Total Infrastructure
<b>Balance at 1 July 2018</b>	\$ 34,920,735	\$ 9,629,243	\$ 1,570,782	\$ 1,460,340	\$ 742,507	\$ 2,103,856	\$ 1,219,310	\$ 292,674	\$ 125,625	\$ 1,423,387	\$ 1,048,500	\$ 54,536,959
Additions	669,381	23,766	54,318	0	3,091	0	399,284	0	0	0	114,108	1,263,948
(Disposals)	0	0	0	0	0	0	0	0	0	0	(1,048,500)	(1,048,500)
Depreciation (expense)	(745,955)	(194,802)	(49,157)	(29,582)	(29,579)	(128,828)	(107,244)	(23,630)	(15,576)	(43,726)	0	(1,368,079)
<b>Carrying amount at 30 June 2019</b>	<b>34,844,161</b>	<b>9,458,207</b>	<b>1,575,943</b>	<b>1,430,758</b>	<b>716,019</b>	<b>1,975,028</b>	<b>1,511,350</b>	<b>269,044</b>	<b>110,049</b>	<b>1,379,661</b>	<b>114,108</b>	<b>53,384,328</b>
<b>Comprises:</b>												
Gross carrying amount at 30 June 2019	35,590,116	9,653,009	1,625,100	1,460,340	745,598	2,103,856	1,618,594	292,674	125,625	1,423,387	114,108	54,752,407
Accumulated depreciation at 30 June 2019	(745,955)	(194,802)	(49,157)	(29,582)	(29,579)	(128,828)	(107,244)	(23,630)	(15,576)	(43,726)	0	(1,368,079)
<b>Carrying amount at 30 June 2019</b>	<b>34,844,161</b>	<b>9,458,207</b>	<b>1,575,943</b>	<b>1,430,758</b>	<b>716,019</b>	<b>1,975,028</b>	<b>1,511,350</b>	<b>269,044</b>	<b>110,049</b>	<b>1,379,661</b>	<b>114,108</b>	<b>53,384,328</b>
Additions	701,188	19,011	28,831	173,986	16,239	0	257,055	1,689,053	0	0	0	2,885,363
Depreciation (expense)	(824,108)	(213,869)	(54,517)	(65,562)	(29,461)	(125,191)	(125,849)	(28,487)	(17,774)	(44,808)	0	(1,529,626)
Transfers	25,568	0	0	(25,568)	0	0	114,108	0	0	0	(114,108)	0
<b>Carrying amount at 30 June 2020</b>	<b>34,746,809</b>	<b>9,263,349</b>	<b>1,550,257</b>	<b>1,513,614</b>	<b>702,797</b>	<b>1,849,837</b>	<b>1,756,664</b>	<b>1,929,610</b>	<b>92,275</b>	<b>1,334,853</b>	<b>0</b>	<b>54,740,065</b>
<b>Comprises:</b>												
Gross carrying amount at 30 June 2020	36,291,299	9,672,020	1,653,931	1,634,328	761,837	2,103,856	1,989,757	1,981,727	125,625	1,423,387	0	57,637,767
Accumulated depreciation at 30 June 2020	(1,544,490)	(408,671)	(103,674)	(120,714)	(59,040)	(254,019)	(233,093)	(52,117)	(33,350)	(88,534)	0	(2,897,702)
<b>Carrying amount at 30 June 2020</b>	<b>34,746,809</b>	<b>9,263,349</b>	<b>1,550,257</b>	<b>1,513,614</b>	<b>702,797</b>	<b>1,849,837</b>	<b>1,756,664</b>	<b>1,929,610</b>	<b>92,275</b>	<b>1,334,853</b>	<b>0</b>	<b>54,740,065</b>

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

**9. INFRASTRUCTURE (Continued)**

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges & culverts	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage, kerbs & chann	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks & ovals	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - public facilities	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other infrastructure	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - foreshore infrastructure	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - caravan park	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - waste site	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

## 10. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

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

#### Revaluation

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

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control prior to 1 July 2019

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

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

#### Land under roads prior to 1 July 2019

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

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

#### Vested improvements from 1 July 2019

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

Refer to Note 10 that details the significant accounting policies applying to leases (including right of use assets).

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

**10. 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	0	0	0	0	0	0	0	0	3,046	0	0	(3,046)
Plant and equipment	162,022	185,630	36,277	(12,669)	201,300	184,500	0	(16,800)	61,623	9,750	6,750	(58,623)
Infrastructure - water assets	0	0	0	0	0	0	0	0	1,048,500	1,048,500	0	0
	162,022	185,630	36,277	(12,669)	201,300	184,500	0	(16,800)	1,113,169	1,058,250	6,750	(61,669)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
Holden Captiva	12,696	12,273	0	(423)
Subaru Forrester	12,736	8,182	0	(4,554)
<b>Transport</b>				
Massey Ferguson Tractor	10,000	18,323	8,323	0
Loader	65,000	85,000	20,000	0
Ranger Vehicle BT4	21,401	25,455	4,054	0
Toyota Hilux BT6	28,827	29,545	718	0
Old utility	0	3,182	3,182	0
Spray Unit	11,362	3,670	0	(7,692)
	162,022	185,630	36,277	(12,669)
	162,022	185,630	36,277	(12,669)



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

**10. FIXED ASSETS**

**(b) Depreciation**

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	52,169	48,840	48,840
Buildings - specialised	372,222	393,749	393,749
Furniture and equipment	31,897	44,850	44,850
Plant and equipment	268,808	231,564	231,561
Infrastructure - roads	824,108	745,951	745,955
Infrastructure - bridges & culverts	213,869	0	194,802
Infrastructure - footpaths	54,517	49,157	49,157
Infrastructure - drainage, kerbs & channel	65,562	224,385	29,582
Infrastructure - parks & ovals	29,461	29,579	29,579
Infrastructure - public facilities	125,191	128,828	128,828
Infrastructure - other infrastructure	125,849	107,244	107,244
Infrastructure - foreshore infrastructure	28,487	23,630	23,630
Infrastructure - caravan park	17,774	15,576	15,576
Infrastructure - waste site	44,808	43,726	43,726
	2,254,722	2,087,079	2,087,079

**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	10 to 100 years
Furniture and equipment	1 to 12 years
Plant and equipment	1 to 15 years
Sealed roads and streets formation	not depreciated
pavement	75 years
seal	
- bituminous seals	10 to 30 years
- asphalt surfaces	10 to 30 years
Gravel roads formation	not depreciated
pavement	6 to 15 years
Footpaths - slab	30 years
Sewerage piping	75 years
Water supply piping and drainage systems	40 to 75 years
Caravan park infrastructure	7 to 15 years
Foreshore infrastructure	10 to 25 years
Parks and ovals infrastructure	5 to 25 years
Public use facilities infrastructure	5 to 30 years
Waste site infrastructure	20 to 40 years
Other infrastructure	3 to 50 years

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

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

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

**11. 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 - freehold land	1,970,969	0	189,790	0	189,790	2,160,759	2,113,508	0	(142,539)	(142,539)	1,970,969
Revaluation surplus - Land - vested in and under the control of Council	157,617	(157,617)	0	0	0	0	157,617	0	0	0	157,617
Revaluation surplus - Buildings - non-specialised	3,826,651	0	2,956,248	0	2,956,248	6,782,899	3,826,651	0	0	0	3,826,651
Revaluation surplus - Buildings - specialised	0	0	341,556	0	341,556	341,556	0	0	0	0	0
Revaluation surplus - Plant and equipment	118,039	0	0	0	0	118,039	381,196	0	(263,157)	(263,157)	118,039
Revaluation surplus - Infrastructure - roads	27,370,687	0	0	0	0	27,370,687	27,370,687	0	0	0	27,370,687
Revaluation surplus - Infrastructure - bridges & culverts	8,876,736	0	0	0	0	8,876,736	8,876,736	0	0	0	8,876,736
Revaluation surplus - Infrastructure - footpaths	1,093,794	0	0	0	0	1,093,794	1,093,794	0	0	0	1,093,794
Revaluation surplus - Infrastructure - drainage, kerbs & channel	570,324	0	0	0	0	570,324	570,324	0	0	0	570,324
Revaluation surplus - Infrastructure - parks & ovals	409,916	0	0	0	0	409,916	409,916	0	0	0	409,916
Revaluation surplus - Infrastructure - public facilities	1,658,763	0	0	0	0	1,658,763	1,658,763	0	0	0	1,658,763
Revaluation surplus - Infrastructure - other infrastructure	704,614	0	0	0	0	704,614	704,614	0	0	0	704,614
Revaluation surplus - Infrastructure - foreshore infrastructure	261,249	0	0	0	0	261,249	261,249	0	0	0	261,249
Revaluation surplus - Infrastructure - caravan park	43,871	0	0	0	0	43,871	43,871	0	0	0	43,871
Revaluation surplus - Infrastructure - waste site	1,348,710	0	0	0	0	1,348,710	1,348,710	0	0	0	1,348,710
	48,411,940	(157,617)	3,487,594	0	3,487,594	51,741,917	48,817,636	0	(405,696)	(405,696)	48,411,940

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.

## 12. TRADE AND OTHER PAYABLES

### Current

Sundry creditors  
 Prepaid rates  
 Accrued salaries and wages  
 ATO liabilities  
 Bonds and deposits held  
 Accrued interest on loans

	2020	2019
	\$	\$
	1,153,045	373,962
	40,355	0
	16,913	107,074
	112,444	72,596
	88,823	92,929
	15,347	15,653
	<u>1,426,927</u>	<u>662,214</u>

### Non-Current

Retirement village - lease loan

	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

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

#### Prepaid rates

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

### 13. CONTRACT LIABILITIES

	2020	2019
	\$	\$
<b>Current</b>		
Contract liabilities from contracts with customers	484,971	0
	<u>484,971</u>	<u>0</u>

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

Less than 1 year

<u>484,971</u>
484,971

#### SIGNIFICANT ACCOUNTING POLICIES

##### Contract Liabilities

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

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

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

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

**14. INFORMATION ON BORROWINGS**

(a) Borrowings	2020	2019
	\$	\$
Current	344,397	240,532
Non-current	2,473,643	1,818,039
	2,818,040	2,058,571

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	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	
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Budget	Principal	Actual	Actual	Actual	Principal	Principal
				1 July 2019	New	Principal	Interest	Principal	1 July 2019	New	Principal	Interest	Principal	1 July 2018	Principal	Principal	Interest	Principal
				\$	Loans	repayments	repayments	repayments	\$	Loans	repayments	repayments	repayments	\$	\$	\$	\$	\$
<b>Governance</b>																		
Administration Centre	105	WATC*	4.01%	688,018	0	126,681	26,291	561,337	688,018	0	126,681	26,285	561,337	808,583	120,565	32,400	688,018	
<b>Health</b>																		
Doctors Residence	83	WATC*	6.47%	36,446	0	11,372	1,832	25,074	36,446	0	11,372	2,211	25,074	47,107	10,661	2,878	36,446	
<b>Education and welfare</b>																		
Childcare Centre	100	WATC*	6.42%	134,890	0	15,710	7,996	119,180	134,890	0	15,710	8,354	119,180	148,735	13,845	10,219	134,890	
<b>Housing</b>																		
3 Pecan Street Residence	94	WATC*	6.45%	207,139	0	13,437	13,057	193,702	207,139	0	13,437	13,147	193,702	219,751	12,612	13,974	207,139	
34 Hill Street Residence	97	WATC*	6.45%	210,067	0	13,627	13,241	196,440	210,067	0	13,627	13,332	196,440	222,856	12,789	14,170	210,067	
<b>Recreation and culture</b>																		
Recreation Centre	106	WATC*	3.36%	782,011	0	59,704	25,051	722,307	782,011	0	59,704	25,715	722,307	837,866	55,855	26,499	782,011	
Recreation Centre	107	WATC*	1.56%	0	1,000,000	0	1,236	1,000,000	0	1,000,000	0	0	1,000,000	0	0	0	0	
				2,058,571	1,000,000	240,531	88,704	2,818,040	2,058,571	1,000,000	240,531	89,044	2,818,040	2,284,898	226,327	100,140	2,058,571	
				2,058,571	1,000,000	240,531	88,704	2,818,040	2,058,571	1,000,000	240,531	89,044	2,818,040	2,284,898	226,327	100,140	2,058,571	

\* WA Treasury Corporation

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

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

**(c) New Borrowings - 2019/20**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Recreation Centre	WATC*	Debenture	10	1.56%	1,000,000	1,000,000	693,314	1,000,000	83,914	306,686
* WA Treasury Corporation					1,000,000	1,000,000	693,314	1,000,000	83,914	306,686

**(d) Unspent Borrowings**

Particulars	Date Borrowed	Unspent Balance 1 July 2019	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2020
Loan 107 - Recreation Centre	02-06-20	0	1,000,000	(693,314)	306,686
* WA Treasury Corporation		0	1,000,000	(693,314)	306,686

**(e) Undrawn Borrowing Facilities**

	2020	2019
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	750,000	750,000
Bank overdraft at balance date	0	0
Credit card limit	30,000	20,000
Credit card balance at balance date	(3,460)	(8,158)
<b>Total amount of credit unused</b>	<b>776,540</b>	<b>761,842</b>
<b>Loan facilities</b>		
Loan facilities - current	344,397	240,532
Loan facilities - non-current	2,473,643	1,818,039
<b>Total facilities in use at balance date</b>	<b>2,818,040</b>	<b>2,058,571</b>
<b>Unused loan facilities at balance date</b>	<b>306,686</b>	<b>0</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**Risk**

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

## 15. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions  
 Non-current provisions

Additional provision  
 Amounts used  
**Balance at 30 June 2020**

#### Comprises

Current  
 Non-current

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

Less than 12 months after the reporting date  
 More than 12 months from reporting date  
 Expected reimbursements from other WA local governments

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	182,563	141,063	323,626
Non-current provisions	0	45,024	45,024
	182,563	186,087	368,650
Additional provision	99,618	46,122	145,740
Amounts used	(105,903)	(73,720)	(179,623)
<b>Balance at 30 June 2020</b>	<b>176,278</b>	<b>158,489</b>	<b>334,767</b>
Comprises			
Current	176,278	69,267	245,545
Non-current	0	89,222	89,222
	176,278	158,489	334,767

	2020	2019
	\$	\$
Less than 12 months after the reporting date	167,209	0
More than 12 months from reporting date	132,211	333,303
Expected reimbursements from other WA local governments	35,347	35,347
	334,767	368,650

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.

## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents. 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	5,125,842	1,635,709	5,052,930

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(209,477)	990,084	(63,548)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(4,677)	0	0
Depreciation on non-current assets	2,254,722	2,087,079	2,087,079
(Profit)/loss on sale of asset	(23,608)	0	54,919
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(3,040)	0	(172,807)
(Increase)/decrease in other assets	(38,246)	0	(30,934)
Increase/(decrease) in payables	764,710	0	43,906
Increase/(decrease) in provisions	(33,883)	0	(10,034)
Increase/(decrease) in contract liabilities	30,024	0	0
Non-operating grants, subsidies and contributions	(683,682)	(1,862,779)	(532,555)
Net cash from operating activities	2,052,843	1,214,383	1,376,027



## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	3,260,408	15,010,623
General purpose funding	5,672,157	0
Law, order, public safety	2,019,708	2,146,670
Health	2,002,670	1,821,434
Education and welfare	5,204,119	1,614,065
Housing	2,055,000	1,585,713
Community amenities	1,997,243	1,643,708
Recreation and culture	20,025,893	15,016,117
Transport	49,132,118	48,139,992
Economic services	1,449,952	711,195
Other property and services	690,420	1,179,351
	<b>93,509,688</b>	<b>88,868,868</b>

## 18. CONTINGENT LIABILITIES

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

## 19. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

	2020	2019
	\$	\$
- capital expenditure projects	596,275	130,537
- plant & equipment purchases	103,510	214,000
	<u>699,785</u>	<u>344,537</u>

Payable:

- not later than one year	699,785	344,537
---------------------------	---------	---------

In 2020 the Shire had uncompleted contracted works for the foreshore development totalling \$596,275 and \$103,510 for the purchase of a new tractor and a new utility.

In 2019 the Shire had \$130,537 committed towards the renewal of the Rodeo Grounds toilet block and \$214,000 for the purchase of a new loader.

## 20. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	37,395	45,161	41,940
President's allowance	8,320	8,320	8,000
Deputy President's allowance	2,080	2,080	2,060
Travelling expenses	605	5,252	5,225
Telecommunications allowance	3,476	7,225	3,726
	<u>51,876</u>	<u>68,038</u>	<u>60,951</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	619,301	843,623
Post-employment benefits	80,643	83,180
Other long-term benefits	55,116	60,655
	<u>755,060</u>	<u>987,458</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.

## 20. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	12,862	3,850
Purchase of goods and services	29,573	39,595
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	112	1,450
<b>Amounts payable to related parties:</b>		
Trade and other payables	2,014	2,570

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

**21. RATING INFORMATION**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2019/20 Actual Rateable Value \$</b>	<b>2019/20 Actual Rate Revenue \$</b>	<b>2019/20 Actual Interim Rates \$</b>	<b>2019/20 Actual Back Rates \$</b>	<b>2019/20 Actual Total Revenue \$</b>	<b>2019/20 Budget Rate Revenue \$</b>	<b>2019/20 Budget Interim Rate \$</b>	<b>2019/20 Budget Back Rate \$</b>	<b>2019/20 Budget Total Revenue \$</b>	<b>2018/19 Actual Total Revenue \$</b>
<b>Differential general rate</b>												
<b>Gross rental valuations</b>												
GRV Townsites	0.10850	475	7,144,420	775,170	(1,699)	0	773,471	775,170	0	0	775,170	751,297
GRV Mining	0.07427	2	20,635,000	1,532,561	0	0	1,532,561	1,532,561	0	0	1,532,561	1,509,943
<b>Unimproved valuations</b>												
UV Rural	0.006716	240	97,998,000	658,154	(21,196)	0	636,958	658,155	13,398	0	671,553	679,692
UV Mining	0.031850	44	37,706,996	1,200,968	0	0	1,200,968	1,200,968	0	0	1,200,968	1,161,315
UV Non Rural	0.024812	1	703,000	17,443	0	0	17,443	17,443	0	0	17,443	21,577
<b>Sub-Total</b>		762	164,187,416	4,184,296	(22,895)	0	4,161,401	4,184,297	13,398	0	4,197,695	4,123,824
<b>Minimum payment</b>	Minimum \$											
<b>Gross rental valuations</b>												
GRV Townsites	960	155	415,564	148,800	0	0	148,800	148,800	0	0	148,800	128,250
GRV Mining	960	1	20	960	0	0	960	960	0	0	960	950
<b>Unimproved valuations</b>												
UV Rural	825	233	23,419,500	192,225	0	0	192,225	192,225	0	0	192,225	220,400
UV Mining	960	42	176,167	40,320	0	0	40,320	40,320	0	0	40,320	39,900
UV Non Rural	960	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		431	24,011,251	382,305	0	0	382,305	382,305	0	0	382,305	389,500
<b>Total amount raised from general rate</b>		1,193	188,198,667	4,566,601	(22,895)	0	4,543,706	4,566,602	13,398	0	4,580,000	4,513,324
							4,543,706				4,580,000	4,513,324

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

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

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

## 21. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	09-10-19	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	09-10-19	0.00	0.00%	11.00%
Second instalment	14-02-20	8.50	5.50%	11.00%
<b>Option Three</b>				
First instalment	09-10-19	0.00	0.00%	11.00%
Second instalment	09-12-19	8.50	5.50%	11.00%
Third instalment	14-02-20	8.50	5.50%	11.00%
Fourth instalment	17-04-20	8.50	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	29,377	27,714	30,793
Interest on instalment plan	5,987	6,282	4,240
Charges on instalment plan	1,153	0	4,944
	36,517	33,996	39,977

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

22. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
	Less: Profit on asset disposals	0	0	0
10(a)	(36,277)	0	0	0
	Less: Fair value adjustments to financial assets at fair value through profit and loss	0	0	0
	26,257	0	0	0
	Movement in pensioner deferred rates (non-current)	0	0	0
	(19,236)	0	0	0
	Movement in employee benefit provisions (non-current)	0	0	0
	44,198	0	0	0
	Movement in other sundry debtors	0	0	0
	9,633	0	0	0
	Movement in Bonds and deposits	0	0	0
	(88,830)	0	0	0
	Add: Loss on disposal of assets	16,800	54,919	54,919
10(a)	12,669	16,800	54,919	54,919
	Add: Depreciation on non-current assets	2,087,079	2,087,079	2,087,079
10(b)	2,254,722	2,087,079	2,087,079	2,087,079
	<b>Non cash amounts excluded from operating activities</b>	<b>2,103,879</b>	<b>2,141,998</b>	<b>2,141,998</b>
	2,203,136	2,103,879	2,141,998	2,141,998
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
	Less: Reserves - cash backed	(1,344,675)	(4,365,804)	(4,365,804)
4	(3,029,055)	(1,344,675)	(4,365,804)	(4,365,804)
	Less: Restricted Cash - Bonds and deposits account	0	(92,929)	(92,929)
	(88,823)	0	(92,929)	(92,929)
	Add: Current liabilities not expected to be cleared at end of year	0	226,327	226,327
	- Current portion of borrowings	0	0	0
14(a)	344,397	0	226,327	226,327
	- Current portion bonds and deposits liability	0	0	0
	88,823	0	0	0
	<b>Total adjustments to net current assets</b>	<b>(1,344,675)</b>	<b>(4,232,406)</b>	<b>(4,232,406)</b>
	(2,684,658)	(1,344,675)	(4,232,406)	(4,232,406)
<b>Net current assets used in the Rate Setting Statement</b>				
	Total current assets	1,935,709	5,660,329	5,660,329
	5,707,027	1,935,709	5,660,329	5,660,329
	Less: Total current liabilities	(300,000)	(1,574,185)	(1,119,238)
	(2,501,840)	(300,000)	(1,574,185)	(1,119,238)
	Less: Total adjustments to net current assets	(1,344,675)	(4,232,406)	(4,232,406)
	(2,684,658)	(1,344,675)	(4,232,406)	(4,232,406)
	<b>Net current assets used in the Rate Setting Statement</b>	<b>291,034</b>	<b>(146,266)</b>	<b>308,681</b>
	520,529	291,034	(146,266)	308,681
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>				
<b>Total current assets at 30 June 2019</b>				
	- Contract assets			5,660,329
25(a)				0
	<b>Total current assets at 1 July 2019</b>			<b>5,660,329</b>
<b>Total current liabilities at 30 June 2019</b>				
	- Contract liabilities from contracts with customers			(1,119,238)
25(a)				(454,947)
	<b>Total current liabilities at 1 July 2019</b>			<b>(1,574,185)</b>



## 23. FINANCIAL RISK MANAGEMENT

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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
	%	\$	\$	\$	\$
<b>2020</b>					
Cash and cash equivalents	1.2286%	5,125,842	1,103,528	4,021,374	940
<b>2019</b>					
Cash and cash equivalents	0.0164%	5,052,930	4,702,225	349,765	940

#### 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*	51,258	50,529

\* Holding all other variables constant

#### Borrowings

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

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

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

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. 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.

No expected credit loss was forecast on 1 July 2019 or 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Gross carrying amount	3,090	156,021	66,401	62,167	287,679
<b>30 June 2019</b>					
Rates receivable					
Gross carrying amount	16,686	136,058	59,737	55,887	268,368

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
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.0833%	9.96%	
Gross carrying amount	6,951	1,605	26,417	33,283	68,256
Loss allowance	0	0	22	3,315	3,337
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	1.55%	5.94%	
Gross carrying amount	60,196	115,366	1,457	55,774	232,793
Loss allowance	0	0	23	3,315	3,338

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b><u>2020</u></b>					
Payables	1,426,927	300,000	0	1,726,927	1,726,927
Borrowings	437,945	1,559,325	1,263,630	3,260,900	2,818,040
	<u>1,864,872</u>	<u>1,859,325</u>	<u>1,263,630</u>	<u>4,987,827</u>	<u>4,544,967</u>
<b><u>2019</u></b>					
Payables	662,214	300,000	0	962,214	962,214
Borrowings	240,532	1,045,943	772,096	2,058,571	2,058,571
	<u>902,746</u>	<u>1,345,943</u>	<u>772,096</u>	<u>3,020,785</u>	<u>3,020,785</u>

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

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

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

**25. 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 statement of financial position 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 \$
<b>Contract liabilities - current</b>				
Contract liabilities from contracts with customers	13	0	(454,947)	(454,947)
Adjustment to retained surplus from adoption of AASB 15	26(b)		(454,947)	

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

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

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

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

**25. 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
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Operating grants, subsidies and contributions	2(a)	681,139	(454,947)	226,192
Net result		(209,477)	(454,947)	(664,424)
<b>Statement of Changes in Equity</b>				
Net result		(209,477)	(454,947)	(664,424)
Retained surplus		33,374,011	(454,947)	32,919,064

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.

No adjustments were made as a result of the adoption of the standard.

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

**26. 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	8	29,841,541	(157,617)	29,683,924
Revaluation surplus	11	48,411,940	(157,617)	48,254,323

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 City'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			32,701,686
Adjustment to retained surplus from adoption of AASB 15	25(a)	(454,947)	
Adjustment to retained surplus from adoption of AASB 1058	25(b)	0	(454,947)
Retained surplus - 1 July 2019			32,246,739

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			48,411,940
Adjustment to revaluation surplus from deletion of FM Reg 16	26(a)	(157,617)	
Adjustment to revaluation surplus from deletion of FM Reg 17	26(a)	0	(157,617)
Revaluation surplus - 1 July 2019			48,254,323

## 27. TRUST FUNDS

The Shire held no funds at balance date which are required to be held in trust and which are not included in the financial statements.



# SHIRE OF BODDINGTON

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

### 28. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. 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 regularity 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 BODDINGTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**29. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b></p> <p>To provide a decision making process for the efficient allocation of scarce resources</p>	Administration and operation of members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
<p><b>GENERAL PURPOSE FUNDING</b></p> <p>To collect revenue to allow for the provision of services</p>	To collect revenue in the form of rates, interest and general purpose Government grants to allow for the provision of services.
<p><b>LAW, ORDER, PUBLIC SAFETY</b></p> <p>To provide services to help ensure a safer and environmentally conscious community</p>	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services
<p><b>HEALTH</b></p> <p>To provide an operational framework for environmental and community health</p>	Inspection of food outlets and their control, noise control and waste disposal compliance
<p><b>EDUCATION AND WELFARE</b></p> <p>To provide services to the elderly, children and youth</p>	The provision of childcare facilities, aged housing, and the support of youth in the community.
<p><b>HOUSING</b></p> <p>To provide and maintain staff and other housing</p>	Provision and maintenance of staff and other housing
<p><b>COMMUNITY AMENITIES</b></p> <p>To provide services required by the community</p>	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences
<p><b>RECREATION AND CULTURE</b></p> <p>To establish and effectively manage infrastructure and resource which will help the social well being of the community</p>	Maintenance of public halls, civic centres, swimming pool, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities
<p><b>TRANSPORT</b></p> <p>To provide safe, effective and efficient transport services to the community</p>	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
<p><b>ECONOMIC SERVICES</b></p> <p>To help promote the shire and its economic wellbeing</p>	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control
<p><b>OTHER PROPERTY AND SERVICES</b></p> <p>To monitor and control Shire's overheads operating accounts</p>	Private works operation, plant repair and operation costs and engineering operation costs, administration costs allocated and other unclassified works and services

### 30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.11	0.94	1.48
Asset consumption ratio	0.79	0.69	0.77
Asset renewal funding ratio	0.78	0.82	0.78
Asset sustainability ratio	0.35	0.51	1.02
Debt service cover ratio	4.41	4.87	5.65
Operating surplus ratio	(0.15)	(0.10)	(0.03)
Own source revenue coverage ratio	0.79	0.80	0.85

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 Boddington

Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of Boddington which comprises the Statement of Financial Position as at 30 June 2020, 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, and 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 Boddington:

- (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 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 financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

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

### **Responsibilities of the 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](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) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
  - a. Changes made to the supplier Masterfile were not independently reviewed and authorised.
  - b. Accounting journal adjustments were processed with no evidence of independent review and approval.
- (ii) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio as reported in Note 30 of the annual financial report is below the DLGSCI standard for the last three years; and
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

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



Grant Robinson  
Acting Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
1 October 2021