



SHIRE OF BEVERLEY NOTICE OF MEETING

Dear Councillor,

Notice is hereby given that the next Audit and Risk Committee Meeting will be held in the Council Chambers, 136 Vincent Street Beverley, on Tuesday 25 October 2022.

Program

10:00am

Audit & Risk Committee Meeting

10:10am

AMD and OAG to join and hold Exit Meeting (within A&R meeting)

A handwritten signature in black ink, appearing to read "Stephen Gollan".

Stephen Gollan
Chief Executive Officer

21 October 2022



25 October 2022

**AUDIT & RISK COMMITTEE
MEETING**

AGENDA

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1. OPENING

The Chairman to declare the meeting open.

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Committee Members

Cr DC White President

Cr CJ Lawlor

Cr MH Norman

2.2 Councillors Present

2.3 Staff In Attendance

Mr SP Gollan Chief Executive Officer

Mr SK Marshall Deputy Chief Executive Officer

Mrs A Lewis Executive Assistant

2.4 Observers And Visitors

2.5 Apologies and Approved Leave of Absence

3. DECLARATIONS OF INTEREST



4. CONFIRMATION OF MINUTES

4.1 Minutes Audit and Risk Committee Meeting 22 March 2022

OFFICER'S RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held 22 March 2022 be confirmed.

5. OAG EXIT MEETING AGENDA



**SHIRE OF BEVERLEY
EXIT MEETING AGENDA**

25 OCTOBER 2022 10.10am
Shire of Beverley Offices, 136 Vincent Street, Beverley

ATTENDEES:

The Audit Committee Members:

Cr DC White	Shire President
Cr CJ Lawlor	Deputy President
Cr DW Davis	Councillor
Cr P Gogol	Councillor
Cr J Maxwell	Councillor
Cr SW Martin	Councillor
Cr M Norman	Councillor
Cr A Sattler	Councillor
Cr TWT Seed	Councillor

Support Staff/Visitors:

Mr Stephen Gollan	Chief Executive Officer
Mr Simon Marshall	Deputy Chief Executive Officer

AMD Chartered Accountants (via teams):

Maria Cavallo	Director
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Office of the Auditor General :

Sandra Labuschagne	Deputy Auditor General
Mahmoud Salahat	Assistant Director Financial Audit

AGENDA ITEMS:

- 1. Audit Approach**

Refer also attached Audit Planning Summary Dated February 2022, including Section 5 "Significant Risks and Other Audit Issues" and Section 6 "Audit Emphasis and Significant Account Balances"

 - Interim Visit / Testing Completed
 - Year End Communications
 - Final Visit / Testing Completed/Queries to be finalised.
- 2. Variations to Audit Plan (where applicable)**
 - No variations
- 3. Subsequent Events**
 - Discussion and reconfirmation regarding subsequent events.



4. Audit Issues

- Status of prior year audit issues:

30 June 2021 Interim Finding	Action by Management
No Information Technology Usage Policy in place.	The Shire has a Social Media Policy and Information Technology Policy in place.
Manual adjustment required to correct balances of CEO leave.	Synergy system set up for CEO was reviewed and correct leave entitlement is now processing automatically within the Synergy system.
No evidence of independent review of daily banking in two instances.	Daily banking independently reviewed

- Status of audit issues reported at 2022 interim:
Refer to the Interim Management Letter Attachment.
- Audit issues reported in the current audit:
Refer to the Final Management Letter Attachment.

5. Adjustments and unadjusted amounts

Unadjusted amounts:

Account balance	Original Balance \$	Actual Balance \$	Variance \$	Adjusted (Yes/No)
Infrastructure	64,135,531	64,163,592	28,061	No
Accruals	-	(28,061)	(28,061)	Not material, therefore adjustment not raised.
<i>Unrecorded accrual</i>				

Adjusted amounts:
To be tabled at the exit meeting.

6. Audit Report

Refer DRAFT Audit Report attached

- Opinion Qualification Matters (where applicable):
No qualifications to audit opinion.

7. Issues Relevant To Next Audit

- Signed Financial Reports
- Signed Management Representation Letter
- AMD sign off to OAG

8. Issues Relevant To Next Audit

None.

9. Close

6. OFFICER REPORTS

6.1 2021/22 Management Letter

Submission To:	Audit & Risk Committee Meeting 25 October 2022
Report Date:	21 October 2022
Applicant:	N/A
File Reference:	ADM 0231
Author and Position:	Simon Marshall, Deputy Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	Audit Findings for Management Letter

SUMMARY

The Audit and Risk Committee to consider receiving the Management Letter.

BACKGROUND

The final audit was conducted by AMD Chartered Accountants between 19 – 20 September 2022 and authorised by the OAG on 21 October 2022.

COMMENT

The 2021/22 Management Letter containing three moderate findings with Shire Management comment are attached for the Committee's reference.

STATUTORY ENVIRONMENT

Section 7.12A of the Local Government Act 1995 provides the following:

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with the community in an accountable and professional manner.

RISK IMPLICATIONS

Failure to approve, report and publish an Annual Report would result in non-compliance *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*. Signing the letters forms part of the Annual Report and approving this item will mitigate potential risks.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the Management Letter be received.

Attachment 6.1 – Audit Findings

ATTACHMENT

SHIRE OF BEVERLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Employee entitlements		✓	
2. Sole source of supply documentation		✓	
3. Purchase orders		✓	

KEY TO RATINGS

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

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

Attachment 6.1 – Audit Findings

ATTACHMENT

SHIRE OF BEVERLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. EMPLOYEE ENTITLEMENTS

Finding

Our testing of employees leave entitlement balances identified 1 instance where the balance of annual leave hours for a staff member was not rolled forward from 2021 to 2022. Therefore, a manual adjustment was required to rectify the opening balance.

Furthermore, it was identified that 6 employees have leave balances in excess 8 weeks as per the Shire's leave policy.

Rating: Moderate

Implication

Using incorrect leave hours entitlements will increase the risk of misstating the employee related provision disclosed on the financial report.

In addition, when staff members have excessive leave:

- The cost to the Shire is greater if annual leave is not paid out on a regular basis due to the cumulative effect of salary increases over a period of time; and
- It is a fundamental principle of good internal control that all employees take regular leave as it reduces the risk to perpetuate or conceal fraud.

Recommendation

The Shire to review the employee entitlement setup to ensure the correct accruals are being calculated.

We also recommend leave balances be managed to reduce the number of employees with excess leave hours.

Management comment

There is a known issue with the way Synergysoft (Council's accounting software) handles leave accruals.

Since April 2022 Employee entitlements within Synergysoft are monitored via multiple sources (Synergy, Excel, and manual calculations) to ensure correct entitlements are granted to employees.

Accruals are rectified at each employee's anniversary date based on hours worked in the year as instructed by IT Vision.

Any manual adjustments made to leave accruals are reviewed and signed off by the Deputy CEO or the CEO in their absence.

Regarding excess leave, employees with excessive leave balances are notified and directed by management to use their leave in a timely manner. This may go over financial years depending on timing and workloads. The recent Mainstreet Redevelopment project, which has spanned 12 months, has meant some executive staff have been unable to take extended leave.

Responsible officer: Deputy CEO

Completion date: On going

Attachment 6.1 – Audit Findings

ATTACHMENT

SHIRE OF BEVERLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. SOLE SOURCE OF SUPPLY DOCUMENTATION

Finding

Our sample testing of 25 payments identified 2 instances where the Shire has not retained the required documentation in respect of the sole source of supply as per the Shire's purchasing and procurement policy.

Rating: Moderate

Implication

Without sufficient documentation to support the reasons for not obtaining the required number of quotations, there is an increased risk of favouritism of supplier and not obtaining value for money. This is also a non-compliance with the Shire's purchasing and procurement policy.

Recommendation

Quotes and documentation should be retained for purchases in-line with the Shire's purchasing and procurement policy. Where it is impractical to obtain quotations or where there is a sole source of supply, the reasons for this should be recorded during the requisition stage prior to committing to the purchase of goods or services.

Management Comment

Compliance with Council's purchasing policy is ultimately the responsibility of those Staff with purchasing authority. The supporting documentation is monitored by the Senior Finance Officer who processes creditor payments.

Without knowing the context of the identified purchases, the purchasing supporting document requirements will be reinforced to those with the appropriate authority.

Responsible Officer: Deputy CEO

Completion Date: Immediately

Attachment 6.1 – Audit Findings

ATTACHMENT

SHIRE OF BEVERLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. PURCHASE ORDERS

Finding

Our sample testing of 25 payments identified 1 instance where a purchase order was not used to authorise the purchase of goods and services prior to placing orders with suppliers.

Rating: Moderate

Implication

There is an increased risk of unauthorised goods and services being purchased, and liabilities being incurred. This is also a non-compliance with the Shire's purchasing and procurement policy which states that ' No person shall acquire any goods and/or services without first having issued an order form to the relevant provider'

Recommendation

The Shire should ensure that purchase orders are approved prior to ordering of goods and services.

Management Comment

Noted – all purchases should be accompanied with an appropriate purchase order.

Staff with purchasing authority will be reminded to ensure purchase orders are completed as required.

Responsible Officer: Deputy CEO

Completion Date: Immediately

6.2 Draft 2021/22 Independent Auditor's Report

Submission To:	Audit & Risk Committee Meeting 25 October 2022
Report Date:	20 October 2022
Applicant:	N/A
File Reference:	ADM 0047
Author and Position:	Simon Marshall, Deputy Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	Draft 2021/22 Audit Report

SUMMARY

The Audit and Risk Committee to consider recommending to Council that the draft 2021/22 Independent Auditor's Report from the Office of the Auditor General be received.

BACKGROUND

The audit of the 2021/22 Financial Report was conducted by AMD Chartered Accountants in September 2022.

The Independent Auditor's Report was received on 21 October 2022.

COMMENT

Please see attached draft 2021/22 Independent Auditor's Report.

STATUTORY ENVIRONMENT

Section 7.12A of the Local Government Act 1995 provides the following:

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with the community in an accountable and professional manner.

RISK IMPLICATIONS

Failure to approve, report and publish an Annual Report would result in non-compliance *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*. The Independent Auditor's Report forms part of the Annual Report, approving this report reduces potential breach.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the Independent Auditor's Report be received.

Attachment 6.2



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Beverley

To the Councillors of the Shire of Beverley

Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 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 below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

Attachment 6.2

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- 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 responsibilities for the audit of the financial report

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

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

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

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Attachment 6.2

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Beverley for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
Date

6.3 2021/22 Councillors' Declaration

Submission To:	Audit & Risk Committee Meeting 25 October 2022
Report Date:	21 October 2022
Applicant:	N/A
File Reference:	ADM 0047
Author and Position:	Simon Marshall, Deputy Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	2021/22 Councillor's Declaration

SUMMARY

The Audit and Risk Committee to consider recommending to Council that the 2021/22 Councillors' Declaration be signed and received.

BACKGROUND

The Councillors' Declaration was first introduced by Council in 2012/13 to demonstrate Council's satisfaction of the appropriateness and integrity of the financial reports being presented.

COMMENT

The Councillors' Declaration is not a legislative requirement, however it gives Council a responsibility in ensuring that the contents of the annual report and annual financial report are accurate and in line with appropriate legislation and standards.

The declaration also stipulates that it is the opinion of Council that all outstanding debts will be paid when due.

STATUTORY ENVIRONMENT

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with the community in an accountable and professional manner.

RISK IMPLICATIONS

Low - The Councillor Declaration is not a requirement of the Local Government Act.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee authorise the President and Deputy President to sign the 2021/22 Councillors' Declaration and include the Declaration in the 2021/22 Annual Report.

Attachment 6.3

Councillors' Declaration

In accordance with a resolution of the Councillors of the Shire of Beverley, we state that:

1. In the opinion of the Councillors:
 - 1.1 the financial statements and notes of the Shire of Beverley are in accordance with the Local Government Act 1995 and Regulations, including:
 - (a) giving a true and fair view of the Shire of Beverley's financial position as at 30 June 2022 and of its performance for the year ended on that date; and,
 - (b) complying with applicable Australian Accounting Standards; and
 - 1.2 there are reasonable grounds to believe that the Shire of Beverley will be able to pay its debts as and when they become due and payable.

On behalf of the Council:

Cr DC White
President

Cr CJ Lawlor
Deputy President

Dated this 25th day of October 2022

6.4 Draft 2021/22 Annual Report

Submission To:	Audit & Risk Committee Meeting 25 October 2022
Report Date:	20 October 2022
Applicant:	N/A
File Reference:	ADM 0199
Author and Position:	Simon Marshall, Deputy Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	Draft 2021/22 Annual Report

SUMMARY

The Audit and Risk Committee to review and consider recommending to Council that the 2021/22 Annual Report be accepted.

BACKGROUND

The 2021/22 Annual Financial Report has been produced in-house by the Deputy Chief Executive Officer and was audited by AMD Chartered Accountants in September 2022.

COMMENT

The draft 2021/22 Annual Report is attached for the Audit Committees consideration.

Once the complete Annual Report is adopted a date for the Annual Electors Meeting can be set and the report made available for public viewing for at least 14 days before the Annual Electors Meeting.

STATUTORY ENVIRONMENT

The *Local Government Act 1995* outlines the following in relation to the Annual Report:

5.53. Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
 - (a) a report from the mayor or president; and
 - (b) a report from the CEO; and
 - [(c), (d) *deleted*]
 - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - (f) the financial report for the financial year; and
 - (g) such information as may be prescribed in relation to the payments made to employees; and
 - (h) the auditor's report for the financial year; and
 - (ha) a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*; and
 - (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and

- (ii) how the recorded complaints were dealt with;
and
- (iii) any other details that the regulations may require;
and such other information as may be prescribed.

5.54. Acceptance of annual reports

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.

* Absolute majority required.

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

5.55. Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

Local Government (Financial Management) Regulations 1996 provide:

51. Completion of financial report

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with the community in an accountable and professional manner.

RISK IMPLICATIONS

Failure to approve, report and publish an Annual Report would result in non-compliance *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*. Approval of this item will mitigate the consequence.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the draft 2021/22 Annual Report be accepted.

SHIRE OF BEVERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

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**SHIRE OF BEVERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Beverley for the financial year ended 30th June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Beverley at 30th June 2022 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 consistent with the Act, the Australian Accounting Standards.

Signed on the 28th day of July, 2022



S.P. Gollan
Chief Executive Officer

SHIRE OF BEVERLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2022

	NOTE	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
Revenue				
Rates	23(a)	2,932,607	2,940,151	2,796,908
Operating Grants, Subsidies and Contributions	29	2,074,783	1,063,533	1,637,341
Fees and Charges	28	812,987	648,180	694,412
Interest Earnings	2(a)	35,081	25,831	50,043
Other Revenue		487,763	500,874	492,457
		<u>6,343,221</u>	<u>5,178,569</u>	<u>5,671,161</u>
Expenses				
Employee Costs		(2,188,326)	(2,245,286)	(2,065,363)
Materials and Contracts		(1,474,120)	(2,000,424)	(1,539,506)
Utility Charges		(234,835)	(199,182)	(219,427)
Depreciation on Non-Current Assets	2(a)	(2,379,431)	(2,405,057)	(2,359,536)
Interest Expenses	2(a)	(85,247)	(65,273)	(65,624)
Insurance Expenses		(229,584)	(227,251)	(201,256)
Other Expenditure		(113,757)	(107,725)	(93,604)
		<u>(6,705,302)</u>	<u>(7,250,198)</u>	<u>(6,544,316)</u>
		(362,081)	(2,071,629)	(873,155)
Non-Operating Grants, Subsidies and Contributions	29	3,096,186	3,659,796	2,326,087
Profit/(Loss) on Asset Disposals	21	46,248	35,100	(21,293)
Net Result		<u>2,780,353</u>	<u>1,623,267</u>	<u>1,431,639</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	14	-	-	8,393,340
Total Other Comprehensive Income		<u>-</u>	<u>-</u>	<u>8,393,340</u>
Total Comprehensive Income		<u><u>2,780,355</u></u>	<u><u>1,623,267</u></u>	<u><u>9,824,979</u></u>

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

SHIRE OF BEVERLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2022

	NOTE	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
Revenue				
General Purpose Funding		3,941,906	3,388,968	3,707,196
Governance		8,120	3,600	23,554
Law, Order, Public Safety		294,683	242,100	264,769
Health		1,418	300	1,910
Housing		123,864	129,692	126,792
Community Amenities		226,842	211,385	225,962
Recreation and Culture		194,146	140,541	172,148
Transport		847,491	388,327	650,004
Economic Services		283,127	177,344	124,265
Other Property and Services		10,912	(1,110)	52,014
		<u>5,932,509</u>	<u>4,681,147</u>	<u>5,348,614</u>
Expenses				
General Purpose Funding		(141,460)	(162,227)	(172,081)
Governance		(269,520)	(306,541)	(244,253)
Law, Order, Public Safety		(349,151)	(432,526)	(358,407)
Health		(127,166)	(144,777)	(151,554)
Education and Welfare		(69,633)	(111,017)	(71,281)
Housing		(171,332)	(205,724)	(192,335)
Community Amenities		(626,876)	(666,749)	(695,774)
Recreation and Culture		(1,386,150)	(1,527,427)	(1,390,484)
Transport		(2,541,356)	(2,519,187)	(2,483,962)
Economic Services		(511,683)	(593,888)	(397,711)
Other Property and Services		(15,014)	(17,440)	1,698
		<u>(6,209,341)</u>	<u>(6,687,503)</u>	<u>(6,156,144)</u>
Finance Costs				
Law, Order, Public Safety		-	-	-
Housing		-	-	-
Community Amenities		-	-	(514)
Recreation and Culture		(85,247)	(65,273)	(65,110)
	2(a)	<u>(85,247)</u>	<u>(65,273)</u>	<u>(65,624)</u>
Non-Operating Grants, Subsidies and Contributions				
Recreation and Culture		77,893	77,893	1,096,073
Transport		3,018,293	3,561,903	650,013
Economic Services		-	20,000	580,000
		<u>3,096,186</u>	<u>3,659,796</u>	<u>2,326,086</u>
Profit/(Loss) on Disposal of Assets				
Governance		21,257	(1,500)	(3,025)
Health		-	(10,000)	-
Housing		(883)	-	(3,532)
Economic Services		(5,418)	-	-
Other Property and Services		31,292	46,600	(14,736)
	21	<u>46,248</u>	<u>35,100</u>	<u>(21,293)</u>
		<u>2,780,355</u>	<u>1,623,267</u>	<u>1,431,639</u>
Net Result				
Other Comprehensive Income				
Changes on revaluation of non-current assets	14	-	-	8,393,340
Total Other Comprehensive Income		<u>-</u>	<u>-</u>	<u>8,393,340</u>
Total Comprehensive Income		<u>2,780,355</u>	<u>1,623,267</u>	<u>9,824,979</u>

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

SHIRE OF BEVERLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2022

	NOTE	2021/22 Actual \$	2020/21 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	5,731,785	5,446,092
Trade and Other Receivables	4	440,166	374,613
Contract Assets	2(a)	540,382	100,000
Inventories	6	19,124	10,281
TOTAL CURRENT ASSETS		<u>6,731,457</u>	<u>5,930,986</u>
NON-CURRENT ASSETS			
Other Receivables	4	148,045	145,806
Other Financial Assets	5	58,365	55,355
Property, Plant and Equipment	7(a)	31,996,579	32,400,881
Infrastructure	8(a)	64,135,531	60,266,729
TOTAL NON-CURRENT ASSETS		<u>96,338,520</u>	<u>92,868,771</u>
TOTAL ASSETS		<u>103,069,977</u>	<u>98,799,757</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	1,194,835	450,588
Other Liabilities	10	333,560	462,862
Long Term Borrowings	11	138,425	102,055
Employee Related Provisions	12	397,892	359,518
Lease Liability	17	6,837	6,833
TOTAL CURRENT LIABILITIES		<u>2,071,549</u>	<u>1,381,856</u>
NON-CURRENT LIABILITIES			
Trade and Other Payables	9	280,078	292,066
Long Term Borrowings	11	2,118,273	1,277,172
Employee Related Provisions	12	76,311	98,416
Lease Liability	17	6,837	13,673
TOTAL NON-CURRENT LIABILITIES		<u>2,481,499</u>	<u>1,681,327</u>
TOTAL LIABILITIES		<u>4,553,048</u>	<u>3,063,183</u>
NET ASSETS		<u>98,516,929</u>	<u>95,736,574</u>
EQUITY			
Retained Surplus		47,991,699	44,609,993
Reserves - Cash Backed	13	2,229,360	2,830,711
Revaluation Surplus	14	48,295,870	48,295,870
TOTAL EQUITY		<u>98,516,929</u>	<u>95,736,574</u>

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

**SHIRE OF BEVERLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2022**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		43,427,040	2,582,025	39,902,530	85,911,595
Comprehensive Income					
Net Result		1,431,639	-	-	1,431,639
Changes on Revaluation of Non-Current Assets	14	-	-	8,393,340	8,393,340
Total Comprehensive Income		1,431,639	-	8,393,340	9,824,979
Reserve Transfers		(248,686)	248,686	-	-
Balance as at 30 June 2021		44,609,993	2,830,711	48,295,870	95,736,574
Comprehensive Income					
Net Result		2,780,355	-	-	2,780,355
Total Other Comprehensive Income		2,780,355	-	-	2,780,355
Reserve Transfers		601,351	(601,351)	-	-
Balance as at 30 June 2022		47,991,699	2,229,360	48,295,870	98,516,929

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

**SHIRE OF BEVERLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2022**

	NOTE	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,932,608	2,940,151	2,796,908
Operating Grants, Subsidies and Contributions		2,074,783	1,063,533	1,637,341
Fees and Charges		812,985	648,180	694,412
Interest Earnings		35,082	25,831	50,044
Other Revenue		(125,643)	500,872	899,350
		<u>5,729,815</u>	<u>5,178,567</u>	<u>6,078,055</u>
Payments				
Employee Costs		(2,172,057)	(2,245,286)	(2,026,781)
Materials and Contracts		(1,474,120)	(2,000,424)	(1,539,506)
Utility Charges		(234,835)	(199,182)	(219,427)
Insurance Expenses		(229,584)	(227,251)	(201,256)
Interest expenses		(78,024)	(65,273)	(66,010)
Other Expenditure		573,064	(112,963)	(87,441)
		<u>(3,615,556)</u>	<u>(4,850,379)</u>	<u>(4,140,421)</u>
Net Cash Provided By (Used In)				
Operating Activities	15(b)	<u>2,114,259</u>	<u>328,188</u>	<u>1,937,634</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment	7(b)	(1,123,988)	(1,276,873)	(2,027,351)
Payments for Construction of Infrastructure	8(b)	(5,238,520)	(6,802,098)	(1,269,914)
Non-Operating Grants, Subsidies and Contributions	29	3,096,186	3,296,934	2,326,087
Proceeds from Sale of Plant & Equipment	21	564,826	359,000	78,182
Proceeds (to) financial assets at amortised cost - Bonds		(11,988)	-	(11,988)
Payments from financial assets at amortised cost – Term Deposits		-	-	2,582,024
		<u>(2,713,484)</u>	<u>(4,423,037)</u>	<u>1,677,040</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(2,713,484)</u>	<u>(4,423,037)</u>	<u>1,677,040</u>
Cash Flows from Financing Activities				
Repayment of Debentures	22	(122,530)	(102,053)	(137,937)
Proceeds from Self Supporting Loans		14,285	14,285	17,288
Repayment of Finance Leases		(6,837)	(6,837)	20,508
Proceeds from New Debentures	22	1,000,000	1,000,000	-
		<u>884,918</u>	<u>905,395</u>	<u>(100,141)</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>884,918</u>	<u>905,395</u>	<u>(100,141)</u>
Net Increase (Decrease) in Cash Held				
Cash at Beginning of Year		5,446,092	5,142,037	1,931,559
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>5,731,785</u></u>	<u><u>1,952,583</u></u>	<u><u>5,446,092</u></u>

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

**SHIRE OF BEVERLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2022**

	NOTE	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
Revenue				
General Purpose Funding		1,009,298	448,316	910,288
Governance		29,377	2,100	23,554
Law, Order, Public Safety		294,683	242,100	264,769
Health		1,418	300	1,910
Housing		123,864	129,692	126,792
Community Amenities		226,842	211,385	225,962
Recreation and Culture		272,039	218,434	1,268,221
Transport		3,865,784	3,950,230	1,300,017
Economic Services		283,127	197,344	704,265
Other Property and Services		42,204	45,490	52,014
		<u>6,148,636</u>	<u>5,445,391</u>	<u>4,877,792</u>
Expenses				
General Purpose Funding		(141,460)	(161,727)	(172,081)
Governance		(269,520)	(306,541)	(247,278)
Law, Order, Public Safety		(349,151)	(432,526)	(358,407)
Health		(127,166)	(154,777)	(151,554)
Education and Welfare		(69,633)	(111,017)	(71,281)
Housing		(172,215)	(205,724)	(192,335)
Community Amenities		(626,876)	(666,749)	(696,288)
Recreation and Culture		(1,471,397)	(1,592,700)	(1,459,126)
Transport		(2,541,356)	(2,519,187)	(2,483,962)
Economic Services		(517,101)	(593,888)	(397,711)
Other Property and Services		(15,014)	(17,440)	(13,038)
		<u>(6,300,889)</u>	<u>(6,762,276)</u>	<u>(6,243,061)</u>
Net Result Excluding Rates		(152,253)	(1,316,885)	(1,365,269)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Movements in Non-Current to Current Items		(37,821)	-	3,330
(Profit)/Loss on Asset Disposals	21	(46,248)	(35,100)	21,293
Depreciation and Amortisation on Assets	2(a)	2,379,431	2,405,057	2,359,536
Total Non-Cash Expenditure and Revenue		2,295,364	2,369,957	2,384,159
Capital Expenditure and Revenue				
Purchase Land and Buildings	7(b)	(313,877)	(329,893)	(1,805,071)
Purchase Plant and Equipment	7(b)	(810,111)	(946,980)	(191,731)
Purchase Furniture and Equipment	7(b)	-	-	(30,549)
Purchase Infrastructure Assets - Roads	8(b)	(2,925,543)	(6,556,552)	(1,203,986)
Purchase Infrastructure Assets - Other	8(b)	(2,312,977)	(245,546)	(65,928)
Proceeds from Disposal of Assets	21	564,826	359,000	78,182
Repayment of Leases	17	(6,837)	-	-
Repayment of Debentures	22	(122,530)	(102,053)	(137,937)
Proceeds from New Debentures	22	1,000,000	1,000,000	-
Self-Supporting Loan Principal Income		14,285	14,285	17,288
Transfers to Reserves (Restricted Assets)	13	(506,455)	(122,618)	(279,356)
Transfers from Reserves (Restricted Assets)	13	1,107,806	1,283,324	30,670
Total Capital Expenditure and Revenue		(4,311,413)	(5,647,033)	(3,588,418)
ADD Surplus/(Deficit) July 1 B/Fwd.	23(b)	1,653,812	1,653,810	1,426,432
LESS Surplus/(Deficit) June 30 C/Fwd.	23(b)	2,418,115	-	1,653,812
Total (Deficit) to be covered by General Rate	23(a)	(2,932,607)	(2,940,151)	(2,796,908)

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

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

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than fair value except for 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 as fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

(b) The Local Government Reporting Entity, Judgements and Estimates

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.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to these financial statements.

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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- Estimated fair value of certain financial assets;
- Impairment of financial assets;
- Estimation of fair values of land and buildings, infrastructure and investment property;
- Estimation uncertainties made in relation to lease accounting; and
- Estimated useful life of intangible assets.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES

(c) 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, 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.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours notice with no loss of interest.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

(e) Restricted Financial 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 and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 3.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 grants, contributions, reimbursements and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Information about impairment of trade receivables and their exposure to credit risk can be found in Note 34.

Receivables which are generally due for settlement within 30 days except rates receivable which are expected to be collected within 12 months are classified as current assets. All other receivables such as deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Trade and Other Receivables (continued)

Recognition of revenue is dependent 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	N/A	When rates notice is issued
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 term transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with funding body	Based on the progress of works matched to performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	N/A	N/A	Cash received	On receipt of funds	N/A	When assets are controlled
Fees and charges-licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost provision	Base don timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Trade and Other Receivables (continued)

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
Fees and charges- Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	N/A	After inspection complete based on a four year cycle
Fees and charges- Other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost provision	Applied fully at time of inspection	N/A	After inspection complete
Fees and charges- Waste management	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally over the collection period	N/A	Output method based on regular weekly and fortnightly periods as proportionate to collection service
Fees and charges- Property hire	Use of Halls and other facilities	Single point in time	Payment in full in advance	Refund if event cancelled	Adopted by Council annually	Based on timing of entry to facility	Returned limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges- Commercial lease	Lease of office facilities	Over time	Fixed term transfer of funds based on agreed lease terms	None	As per lease agreement	Based on timing of entry to facility	N/A	Output method over lease term matched to access right

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Trade and Other Receivables (continued)

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
Fees and charges- Memberships	Community Gym and Pool Memberships	Over time	Payment in full in advance	None	Adopted by Council annually	Apportioned equally over the access period	Returned limited to repayment of transaction	Output method over 12 months matched to access right
Fees and charges- Other goods and services	Cemetery services, Library fees, private works	Single point in time	Payment in full in advance	None	Adopted by Council annually	Applied fully based on timing of provision	N/A	Output method based on provision of service or completion of works
Fees and charges- Fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by Council annually	When taxable event occurs	N/A	When fine notice is issued
Other Revenue- Commissions	Commissions on transport licencing and building levies	Single point in time	Payment in full on sale	None	Set by mutual agreement with customer	On receipt of funds	N/A	When assets are controlled
Other Revenue- Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with customer	When claim is agreed	N/A	When claim is agreed

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Inventories

General

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

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

(h) 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

All assets are initially recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

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 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 scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Fixed Assets (Continued)

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 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold and vested land) are separately and systematically depreciated over their useful lives in a manner which reflects the Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period.

Major depreciation periods are:

Land	not depreciated
Buildings	25 to 50 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 50 years
Sealed roads and streets	
- Formation	not depreciated
- Pavement	40 years
- Bituminous seals	15 years
Gravel roads	
- Formation	not depreciated
- Pavement	40 years
- Gravel sheet	20 years
Formed roads (unsealed)	
- Formation	not depreciated
- Pavement	40 years
Bridges	100 years
Footpaths - slab	48 years
Water supply piping & drainage systems	54 years
Parks and Ovals	25 years

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Fixed Assets (Continued)

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Depreciation on revaluation

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

- (i) 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 carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

(i) Fair Value of Assets and Liabilities

When performing a revaluation, Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council 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.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Fair Value of Assets and Liabilities (Continued)

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

Council 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 Council 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 an asset at its current service capacity.

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, Council 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.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of assets

In accordance with Australian Accounting Standards the Council'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). 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 amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

Prepaid Rates

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee Benefits

The Council's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for Council'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.

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. 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.

Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where Council 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.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Borrowing Costs

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

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

(o) Leases

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

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

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

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

Right of use asset - valuation

ROU assets are measured at cost. This means that all ROU assets (other than vested improvements) under zero cost concessionary lease are measured at zero cost (i.e. not included on the balance sheet). The exception is vested improvements which are reported at fair value.

Right of use asset - depreciation

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Investments in Associates

The Council has no investments held in any third party entities.

(q) Joint Venture

The Council has no interest in any Joint Venture.

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c).

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(s) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council 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 even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(u) 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.

(v) Comparative Figures

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

When the council applied an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement that has a material effect on the statement of financial position, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) 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.

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and interpretations were compiled, became mandatory and were applicable to its operations.

(y) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as current or non-current	March 2020	1 January 2022	AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as current or non-current is not expected to impact the financial report.
(ii)	AASB 2020-3 Amendments to Australian Accounting Standards – Annual improvements 2018-2020 and other amendments	June 2020	1 January 2022	AASB 2020-3 Amendments to Australian Accounting Standards – Annual improvements 2018-2020 and other amendments is not expected to impact the financial report.
(iii)	AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of accounting policies or definition of accounting estimates	February 2021	1 January 2023	AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of accounting policies or definition of accounting estimates is not expected to impact the financial report.
(iv)	AASB 2021-7 Amendments to Australian Accounting Standards – Effective date of amendments to AASB 10 and AASB 128 and editorial corrections	December 2021	1 January 2025	AASB 2021-7 Amendments to Australian Accounting Standards – Effective date of amendments to AASB 10 and AASB 128 and editorial corrections is not expected to impact the financial report.

Notes:

(*) Applicable to reporting periods commencing on or after the given date.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

2. REVENUE AND EXPENSES

	2021/22	2020/21
	Actual	Actual
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
Audit Expenses	22,810	22,810
Other Services	400	400
Depreciation		
Buildings	726,764	683,587
Furniture and Equipment	31,481	16,438
Plant and Equipment	251,468	289,793
Roads	822,389	822,389
Bridges	385,142	385,142
Footpaths	37,944	37,944
Drainage	49,658	49,658
Parks and Gardens	74,585	74,585
	<u>2,379,431</u>	<u>2,359,536</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 22(a)</i>)	85,247	65,624
	<u>85,247</u>	<u>65,624</u>

(ii) Crediting as Revenue:

	2021/22	2021/22	2020/21
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
Investments			
- Reserve Funds	7,972	2,831	12,013
- Other Funds	3,402	2,500	5,741
Other Interest Revenue (<i>refer Note 27</i>)	23,707	20,500	32,289
	<u>35,081</u>	<u>25,831</u>	<u>50,043</u>

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

2. REVENUE AND EXPENSES (Continued)	2021/22 Actual	2021/22 Budget	2020/21 Actual
	\$	\$	\$
(ii) Crediting as Revenue (Continued):			
Contracts With Customers			
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	2,074,783	1,063,533	1,637,341
Fees and charges	812,987	648,180	694,412
Other revenue	487,763	500,874	492,457
Non-operating grants, subsidies and contributions	<u>3,096,186</u>	<u>3,659,796</u>	<u>2,326,087</u>
	6,471,719	5,872,383	5,150,297

Additional detail on Fees and Charges and Grants can be found in notes 28 and 29.

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

Revenue from contracts with customers included as contract liability at the start of the period	333,560	-	462,862
Revenue from contracts with customers recognised during the year	6,138,159	5,872,383	4,687,435
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	-	-	-
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	<u>-</u>	<u>-</u>	<u>-</u>
	6,471,719	5,872,383	5,150,297

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 financial assets is:

Trade and other receivables from contracts with customers	-	-
Contract Assets	540,382	100,000
Contract Liabilities from contracts with customers	(333,560)	(462,862)
Financial assets held from transfers for recognisable financial assets	-	-
Grant liabilities from transfers for recognisable non financial assets	-	-

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2022.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this report encompass the following service orientated activities/programs:

GOVERNANCE

Member of Council Allowances and Reimbursements, Civic Functions, Election Expenses and Administration Expenses.

GENERAL PURPOSE FUNDING

Rates Levied, Interest on Late Payment of Rates, General Purpose Grants and Interest Received on Investments.

LAW, ORDER, PUBLIC SAFETY

Supervision of various Local Laws, Fire Prevention and Animal Control.

HEALTH

Subsidisation of the Beverley Medical Practice, Environmental Health, Food Control and Pest Control.

EDUCATION AND WELFARE

Pre-Schools and other Education. Care of Families and Children.

HOUSING

Aged Persons Residence and Staff Housing.

COMMUNITY AMENITIES

Refuse Collection Services, Landfill Site Operations, Protection of the Environment. Administration of the Town Planning Scheme and Urban Stormwater and Drainage Works.

RECREATION AND CULTURE

Maintenance of Halls, Swimming Pool, Recreation Ground, Reserves, Libraries and Other Culture.

TRANSPORT

Maintenance of Roads, Drainage Works, Footpaths, Street Lighting, Crossovers, Verge Maintenance and Street Sweeping.

ECONOMIC SERVICES

Weed Control, Area Promotion, Implementation of Building Controls, Swimming Pool Inspections.

OTHER PROPERTY & SERVICES

Private Works, Public Works Overheads, Plant Operations, Materials, Salaries and Wages Controls and Other Unclassified Activities.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22	2020/21
	Actual	Actual
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	2,876,799	1,848,465
Term Deposits	2,854,986	3,597,627
	<u>5,731,785</u>	<u>5,446,092</u>
Unrestricted	2,876,799	1,848,465
Restricted	2,854,986	3,597,627
	<u>5,731,785</u>	<u>5,446,092</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Reserve Funds - Cash Backed (<i>refer Note 13</i>)	2,229,360	2,830,711
Unspent Grants	333,560	462,862
ILU Retention Fees - Bond	292,066	304,054
	<u>2,854,986</u>	<u>3,597,627</u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding	266,561	257,252
Sundry Debtors	112,442	103,076
GST Receivable	50,195	-
Loans - Clubs/Institutions	10,968	14,285
	<u>440,166</u>	<u>374,613</u>

Non-Current

Rates Outstanding - Pensioners	148,045	134,838
Loans - Clubs/Institutions	-	10,968
	<u>148,045</u>	<u>145,806</u>

5. OTHER FINANCIAL ASSETS

Non-Current

Investment - Local Government House*	58,365	55,355
	<u>58,365</u>	<u>55,355</u>

*The Shire of Beverley holds three units in the Local Government House Trust.

6. INVENTORIES

Current

Fuel and Materials	19,124	10,281
	<u>19,124</u>	<u>10,281</u>

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22	2020/21
	Actual	Actual
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT		
(a) Land and Buildings		
Freehold Land at Fair Value	2,434,196	2,457,196
Total Land	2,434,196	2,457,196
Buildings at Fair Value	35,938,350	35,840,573
Less Accumulated Depreciation	(8,647,471)	(7,923,506)
Total Buildings	27,290,879	27,917,067
Total Land and Buildings	29,725,075	30,374,263
Plant and Equipment		
Plant and Equipment at Cost	4,165,780	4,048,028
Less Accumulated Depreciation	(1,987,151)	(2,145,766)
Total Plant and Equipment	2,178,629	1,902,262
Furniture and Equipment		
Furniture and Equipment at Cost	222,897	222,897
Less Accumulated Depreciation	(130,022)	(98,541)
Total Furniture and Equipment	92,875	124,356
Total Property, Plant and Equipment	31,996,579	32,400,881

Land and Buildings:

A valuation of land and building assets was undertaken by an external consultant in April 2021 and the valuation was adopted as the fair value in June 2021.

The revaluation of land and building assets resulted in an increase on revaluation of \$8,393,343 in the net value of land and buildings.

All of this increase was credited to the revaluation surplus (refer Note 13) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Plant and Equipment:

Plant and equipment assets are measured under the cost model.

Furniture and Equipment:

Furniture and equipment assets are measured under the cost model.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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.

Fair Value Hierarchy Valuation Approach Last Valued	<u>Land</u>	<u>Non- Specialised Buildings</u>	<u>Specialised Buildings</u>	<u>Total Buildings</u>	<u>Total Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Furniture and Equipment</u>	<u>Total</u>
	Level 2 Market 2021	Level 2/3 Market/Cost 2021	Level 3 Cost 2021			Level 3 Cost 2021	Level 3 Cost 2021	
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year	2,457,196	8,931,794	18,985,273	27,917,067	30,374,263	1,902,262	124,356	32,400,881
Additions	-	47,783	266,094	313,877	313,877	810,111	-	1,123,988
(Disposals)	(23,000)	(207,883)	(5,418)	(213,301)	(236,301)	(282,276)	-	(518,577)
Depreciation (Expense)	-	(203,834)	(522,930)	(726,764)	(726,764)	(251,468)	(31,481)	(1,009,713)
Carrying amount at the end of year	<u>2,434,196</u>	<u>8,567,860</u>	<u>18,723,019</u>	<u>27,290,879</u>	<u>29,725,075</u>	<u>2,178,629</u>	<u>92,875</u>	<u>31,996,579</u>

The fair value of Land and Buildings is determined at least every five years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arm's length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
(i) Fair Value					
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	June 2021	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. local land sales.
Non-specialised buildings	2/3	Market approach using recent observable market data for similar properties & Cost approach using depreciated replacement cost.	Independent Registered Valuer	June 2021	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. local property sales and Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Specialised buildings	3	Cost approach using depreciated replacement cost.	Independent Registered Valuer	June 2021	Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.

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.

(ii) Cost

Plant and Equipment	-	Deemed Cost	Deemed Cost	N/A	Purchase Cost
Furniture and Equipment	-	Deemed Cost	Deemed Cost	N/A	Purchase Cost

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22 Actual \$	2020/21 Actual \$
8. INFRASTRUCTURE		
(a) Roads - Valuation	41,797,483	38,871,940
Less Accumulated Depreciation	<u>(12,719,316)</u>	<u>(11,896,927)</u>
	29,078,167	26,975,013
Bridges - Valuation	42,227,546	42,227,546
Less Accumulated Depreciation	<u>(13,483,014)</u>	<u>(13,097,872)</u>
	28,744,532	29,129,674
Footpaths - Valuation	3,853,629	1,893,308
Less Accumulated Depreciation	<u>(1,263,314)</u>	<u>(1,225,370)</u>
	2,590,315	667,938
Drainage - Valuation	3,055,856	2,703,200
Less Accumulated Depreciation	<u>(719,949)</u>	<u>(670,291)</u>
	2,335,907	2,032,909
Parks & Ovals - Valuation	2,034,941	2,034,941
Less Accumulated Depreciation	<u>(648,331)</u>	<u>(573,746)</u>
	1,386,610	1,461,195
	<u>64,135,531</u>	<u>60,266,729</u>

Infrastructure:

A full road asset network revaluation was undertaken by external consultants in December 2017. The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and following review of current market rates were adopted as the fair value at 30 June 2018.

A full bridge asset valuation was undertaken by external consultants in December 2017. The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2018.

A full footpath asset network revaluation was undertaken by external consultants in December 2017. The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2018.

A full drainage asset network valuation was undertaken by external consultants in December 2017. The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2018.

A full parks and ovals asset valuation was undertaken by external consultants in December 2017. The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2018.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

8. INFRASTRUCTURE (Continued)

(b) 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.

	<u>Roads</u>	<u>Bridges</u>	<u>Footpaths</u>	<u>Drainage</u>	<u>Parks & Ovals</u>	<u>Total</u>
Fair Value Hierarchy	Level 3	Level 3	Level 3	Level 3	Level 3	
Valuation Approach	Cost	Cost	Cost	Cost	Cost	
Last Valued	2018	2018	2018	2018	2018	
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	26,975,013	29,129,674	667,938	2,032,909	1,461,195	60,266,729
Additions	2,925,543	-	1,960,321	352,656	-	5,238,520
Depreciation (Expense)	(822,389)	(385,142)	(37,944)	(49,658)	(74,585)	(1,369,718)
Carrying amount at the end of year	<u>29,078,167</u>	<u>28,744,532</u>	<u>2,590,315</u>	<u>2,335,907</u>	<u>1,386,610</u>	<u>64,135,531</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown at cost, given they were acquired at arm's length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

8. INFRASTRUCTURE (Continued)

(c) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
(i) Fair Value					
Roads	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Sample assessment of Road assets conducted.
Bridges	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Full pick up and condition assessment of Bridge assets conducted.
Footpaths	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Sample assessment of Footpath assets conducted.
Drainage	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Full pick up and condition assessment of Drainage assets conducted.
Parks & Ovals	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Full pick up and condition assessment of Parks & Ovals assets conducted.

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

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22	2020/21
	Actual	Actual
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	1,118,737	387,308
GST Payable	-	1,815
ILU Retention Fee - Bond	11,988	11,988
Accrued Interest on Debentures	12,463	5,238
Accrued Salaries and Wages	51,647	44,239
	<u>1,194,835</u>	<u>450,588</u>
Non-Current		
ILU Retention Fee - Bond	280,078	292,066
	<u>280,078</u>	<u>292,066</u>

10. OTHER LIABILITIES

Current		
Contract Liabilities	333,560	462,862
	<u>333,560</u>	<u>462,862</u>

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

	Contract	
	Liabilities	
Less than 1 year	333,560	
	<u>333,560</u>	

Contract liabilities represent 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 transfer 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.

11. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge		
Debentures	138,425	102,055
	<u>138,425</u>	<u>102,055</u>
Non-Current		
Secured by Floating Charge		
Debentures	2,118,273	1,277,172
	<u>2,118,273</u>	<u>1,277,172</u>

Additional detail on borrowings is provided in Note 22.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22	2020/21
	Actual	Actual
	\$	\$
12. EMPLOYEE RELATED PROVISIONS		
Analysis of Total Provisions		
Current Provisions	397,892	359,518
Non Current Provisions	76,311	98,416
	<u>474,203</u>	<u>457,934</u>
Provision for Annual Leave		
Opening balance as at 1 July 2021	252,079	198,907
Additional provisions	26,169	76,737
Amounts used	(23,565)	(23,565)
Balance at 30 June 2022	<u>254,683</u>	<u>252,079</u>
Provision for Long Service Leave		
Opening balance as at 1 July 2021	205,855	220,444
Additional provisions	74,539	46,285
Amounts used	(60,874)	(60,874)
Balance at 30 June 2022	<u>219,520</u>	<u>205,855</u>

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
13. RESERVES - CASH BACKED			
(a) Annual Leave Reserve			
<i>Purpose - to be used to fund annual leave requirements.</i>			
Opening Balance	139,689	139,689	139,052
Amount Set Aside / Transfer to Reserve	499	140	637
Amount Used / Transfer from Reserve	-	-	-
	140,188	139,829	139,689
(b) Avon River Development Reserve			
<i>Purpose - to be used to develop the Avon River pool and surrounding environment.</i>			
Opening Balance	25,960	25,959	25,842
Amount Set Aside / Transfer to Reserve	34	26	118
Amount Used / Transfer from Reserve	(25,994)	(20,115)	-
	-	5,870	25,960
(c) Building Reserve			
<i>Purpose - to be used to fund the construction of new and renovation of existing Council buildings.</i>			
Opening Balance	290,321	290,321	288,997
Amount Set Aside / Transfer to Reserve	321,109	290	1,324
Amount Used / Transfer from Reserve	(100,000)	(224,000)	-
	511,430	66,611	290,321
(d) Community Bus Reserve			
<i>Purpose - to be used for the replacement of the Community Bus.</i>			
Opening Balance	38,016	38,016	37,843
Amount Set Aside / Transfer to Reserve	1,637	1,198	173
Amount Used / Transfer from Reserve	-	-	-
	39,653	39,214	38,016
(e) Cropping Committee Reserve			
<i>Purpose - to be used to fund Community Based projects and assist Community Groups.</i>			
Opening Balance	190,703	190,702	159,096
Amount Set Aside / Transfer to Reserve	45,669	24,851	31,607
Amount Used / Transfer from Reserve	(24,000)	(44,000)	-
	212,372	171,553	190,703
(f) Emergency Services Reserve			
<i>Purpose - to be used to acquire Emergency Service support equipment.</i>			
Opening Balance	28,701	28,700	28,570
Amount Set Aside / Transfer to Reserve	103	29	131
Amount Used / Transfer from Reserve	-	-	-
	28,804	28,729	28,701
(g) LSL and Gratuity Reserve			
<i>Purpose - to be used to fund Long Service Leave and Gratuity payment obligations.</i>			
Opening Balance	-	-	30,567
Amount Set Aside / Transfer to Reserve	-	-	103
Amount Used / Transfer from Reserve	-	-	(30,670)
	-	-	-

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
13. RESERVES - CASH BACKED (Continued)			
(h) Office Equipment Replacement Reserve			
<i>Purpose - to be used for the replacement of office equipment.</i>			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	20,018	20,000	-
Amount Used / Transfer from Reserve	-	-	-
	<u>20,018</u>	<u>20,000</u>	<u>-</u>
(i) Plant Replacement Reserve			
<i>Purpose - to be used for the purchase of major plant.</i>			
Opening Balance	418,970	418,968	367,264
Amount Set Aside / Transfer to Reserve	50,900	50,419	51,706
Amount Used / Transfer from Reserve	(225,000)	(247,500)	-
	<u>244,870</u>	<u>221,887</u>	<u>418,970</u>
(j) Recreation Ground Reserve			
<i>Purpose - to be used for the upgrade or maintenance of recreation areas and buildings, including the Swimming Pool.</i>			
Opening Balance	577,460	577,461	432,413
Amount Set Aside / Transfer to Reserve	7,074	5,578	145,047
Amount Used / Transfer from Reserve	-	-	-
	<u>584,534</u>	<u>583,039</u>	<u>577,460</u>
(k) Road Construction Reserve			
<i>Purpose - to be used to fund the construction and maintenance of roads.</i>			
Opening Balance	551,030	551,030	513,661
Amount Set Aside / Transfer to Reserve	1,108	551	37,369
Amount Used / Transfer from Reserve	(385,000)	(385,000)	-
	<u>167,138</u>	<u>166,581</u>	<u>551,030</u>
(l) Airfield Emergency Lighting Reserve			
<i>Purpose - to be used for the upgrade and maintenance of the Airfield runway lighting.</i>			
Opening Balance	40,130	40,130	39,947
Amount Set Aside / Transfer to Reserve	143	40	183
Amount Used / Transfer from Reserve	-	-	-
	<u>40,273</u>	<u>40,170</u>	<u>40,130</u>
(m) Senior's Housing Reserve			
<i>Purpose - to be used for the future development and current maintenance of Senior's Housing.</i>			
Opening Balance	162,054	162,054	152,773
Amount Set Aside / Transfer to Reserve	57,536	19,129	9,281
Amount Used / Transfer from Reserve	(40,000)	(20,000)	-
	<u>179,590</u>	<u>161,183</u>	<u>162,054</u>
(n) Mainstreet Redevelopment Reserve			
<i>Purpose - to be used to fund the redevelopment of Vincent Street including undergrounding of power supply.</i>			
Opening Balance	307,402	307,402	306,000
Amount Set Aside / Transfer to Reserve	410	307	1,402
Amount Used / Transfer from Reserve	(307,812)	(307,709)	-
	<u>-</u>	<u>-</u>	<u>307,402</u>

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
13. RESERVES - CASH BACKED (Continued)			
(o) Avondale Machinery Museum Reserve			
<i>Purpose - to be used to fund Avondale Machinery Museum upgrades and special projects.</i>			
Opening Balance	60,275	60,275	60,000
Amount Set Aside / Transfer to Reserve	215	60	275
Amount Used / Transfer from Reserve	-	(35,000)	-
	<u>60,490</u>	<u>25,335</u>	<u>60,275</u>
(n) Summary			
Opening Balance	2,830,711	2,830,707	2,582,025
Amount Set Aside / Transfer to Reserve	506,455	122,618	279,356
Amount Used / Transfer from Reserve	(1,107,806)	(1,283,324)	(30,670)
Total Reserves	<u>2,229,360</u>	<u>1,670,001</u>	<u>2,830,711</u>

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in this financial report.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22	2020/21
	Actual	Actual
	\$	\$
14. ASSET REVALUATION SURPLUS		
Asset revaluation surplus have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	17,916,211	9,522,871
Revaluation Increment	-	8,393,340
	<u>17,916,211</u>	<u>17,916,211</u>
(b) Plant and Equipment		
Opening Balance	436,388	436,388
	<u>436,388</u>	<u>436,388</u>
(c) Infrastructure - Footpaths		
Opening Balance	538,684	538,684
	<u>538,684</u>	<u>538,684</u>
(d) Infrastructure - Bridges		
Opening Balance	25,921,379	25,921,379
	<u>25,921,379</u>	<u>25,921,379</u>
(e) Infrastructure - Drainage		
Opening Balance	1,798,258	1,798,258
	<u>1,798,258</u>	<u>1,798,258</u>
(f) Infrastructure - Parks & Ovals		
Opening Balance	1,684,950	1,684,950
	<u>1,684,950</u>	<u>1,684,950</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>48,295,870</u></u>	<u><u>48,295,870</u></u>

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2021/22 Actual \$	2021/22 Budget \$	2020/21 Actual \$
Cash and Cash Equivalents	<u>5,731,785</u>	<u>1,952,583</u>	<u>5,446,092</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	2,780,355	1,623,267	1,431,639
Amortisation	-	2,405,057	-
Depreciation	2,379,431	(35,100)	2,359,536
(Profit)/Loss on Sale of Asset	(46,250)	-	21,292
(Increase)/Decrease in Receivables	(597,340)	-	407,444
(Increase)/Decrease in Inventories	(8,841)	-	(937)
Increase/(Decrease) in Payables	686,823	(5,240)	6,164
Increase/(Decrease) in Employee Provisions	16,269	-	38,583
Grants/Contributions for the Development of Assets	<u>(3,096,186)</u>	<u>(3,659,796)</u>	<u>(2,326,087)</u>
Net Cash from Operating Activities	<u>2,114,261</u>	<u>328,188</u>	<u>1,937,634</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Credit Card limit	15,500	15,500
Credit Card Balance at Balance Date	<u>(2,865)</u>	<u>(11,317)</u>
Total Amount of Credit Unused	<u>12,635</u>	<u>4,183</u>

Loan Facilities

Loan Facilities - Current	138,425	102,055
Loan Facilities - Non-Current	<u>2,118,273</u>	<u>1,277,172</u>
Total Facilities in Use at Balance Date	<u>2,256,698</u>	<u>1,379,227</u>

Unused Loan Facilities at Balance Date	<u>-</u>	<u>-</u>
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16. CONTINGENT LIABILITIES

Council does not have any known contingent liabilities as at 30 June 2022.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/22	2020/21
	Actual	Actual
	\$	\$
17. LEASE LIABILITY AND CAPITAL COMMITMENTS		
(a) Lease Liabilities		
Payable:		
- Current	6,837	6,833
- Non-current	6,837	13,673
	<u>13,674</u>	<u>20,506</u>

The Shire has one lease relating to the provision of a photocopier. The lease term is three years with fixed repayments.

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	1,530,000	96,170
- plant & equipment purchases	-	506,980
	<u>1,530,000</u>	<u>603,150</u>
Payable:		
- not later than one year	1,530,000	603,150
	<u>1,530,000</u>	<u>603,150</u>

18. JOINT VENTURE

The Shire of Beverley did not participate in any joint venture in the 2021/22 financial year.

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,162,825	1,013,303
Law, Order, Public Safety	208,177	187,730
Health	647,034	466,468
Housing	3,642,303	3,312,129
Community Amenities	204,910	98,067
Recreation and Culture	23,169,054	10,962,294
Transport	63,437,997	65,063,432
Economic Services	1,351,438	570,509
Other Property and Services	2,308,376	1,861,084
Unallocated	6,937,863	15,264,741
	<u>103,069,977</u>	<u>98,799,757</u>

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

20. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

All funds held in trust are required by law or are held by agreement with fund owners.

Description	Balance 1-Jul-21 \$	Amounts Received \$	Amounts Paid (\$)	Reclassification Municipal Fund (\$)	Balance 30-Jun-22 \$
Unclaimed Monies	319	84	(84)	-	319
Nomination Deposits	-	560	(560)	-	-
Second Hand Housing Deposits	5,000	-	-	-	5,000
Housing Rental Bonds	5,092	2,300	(1,390)	-	6,002
Subdivision Bonds	10,000	-	-	-	10,000
Cat Trap Bonds	-	50	-	-	50
Key Bonds	2,350	450	(1,080)	-	1,720
Cleaning Bonds	1,650	1,350	(1,050)	-	1,950
Project Retention Fee Fund	33,963	180,537	(33,963)	-	180,537
Cornerstone Commercial Tenancy Bond	8,508	-	(3,180)	-	5,328
	<u>66,882</u>				<u>210,906</u>

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

21. DISPOSAL OF ASSETS

	2021/22 Actual Net Book Value	2021/22 Actual Sales Proceeds	2021/22 Actual Profit	2021/22 Actual (Loss)	2021/22 Budget Net Book Value	2021/22 Budget Sales Proceeds	2021/22 Budget Profit	2021/22 Budget (Loss)	2020/21 Actual Net Book Value	2020/21 Actual Sales Proceeds	2020/21 Actual Profit	2020/21 Actual (Loss)
Land	23,000	-	-	(23,000)	-	-	-	-	-	-	-	-
Buildings - Non Specialised	207,883	230,000	22,117	-	-	-	-	-	-	-	-	-
Buildings - Specialised	5,418	-	-	(5,418)	-	-	-	-	-	-	-	-
Plant and Equipment	282,277	334,826	80,273	(27,724)	323,900	359,000	80,600	(45,500)	99,475	78,182	-	(21,293)
	518,578	564,826	102,390	(56,142)	323,900	359,000	80,600	(45,500)	99,475	78,182	-	(21,293)

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
2020 Mazda CX9	45,766	50,500	54,100	41,000	8,334	(9,500)
2016 Holden SV6 Wagon	11,622	12,000	24,545	20,000	12,923	8,000
Health						
2018 Holden Commodore Sedan	-	20,000	-	10,000	-	(10,000)
Housing						
50 Dawson Street - Land	23,000	-	-	-	(23,000)	-
50 Dawson Street - Residence	207,883	-	230,000	-	22,117	-
Economic Services						
Kinetic Sculpture (demolished)	5,418	-	-	-	(5,418)	-
Other Property & Services						
2010 Holden Colorado 4x4 Utility	6,065	6,400	13,636	15,000	7,571	8,600
2013 John Deere 670GP Grader	138,555	145,000	190,000	209,000	51,445	64,000
2011 Isuzu Tip Truck	32,216	34,000	24,545	24,000	(7,671)	(10,000)
2012 Bomag Multi Tyre Roller	48,053	56,000	28,000	40,000	(20,053)	(16,000)
	518,578	323,900	564,826	359,000	46,248	35,100

	2021/22	2020/21
	Actual	Actual
	\$	\$
Profit on Asset Disposal	102,390	-
(Loss) on Asset Disposal	(56,142)	(21,293)
	<u>46,248</u>	<u>(21,293)</u>

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

22. BORROWINGS AND LEASE LIABILITIES

(a) Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal Outstanding		Interest Repayments		Principal	New Loans	Principal Repayments	Principal Outstanding	Interest Repayments					
	1-Jul-21	30-Jun-22	30-Jun-22		30-Jun-22		30-Jun-22							1-Jul-20	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21
	Actual	Actual	Actual	Budget	Actual	Budget	Actual	Budget						Actual	Actual	Actual	Actual	Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$					
Community Amenities																		
Loan 119 - Storm Water Dams <i>Loan Date: 23 June 2016</i> <i>Term: 5 Years</i> <i>Fixed Interest Rate: 2.21%</i>	-	-	-	-	-	-	-	-	31,337	-	31,337	-	514					
Recreation & Culture																		
Loan 117 - Bowling Greens* <i>Loan Date: 22 November 2006</i> <i>Term: 15 Years</i> <i>Fixed Interest Rate: 6.16%</i>	9,047	-	9,047	9,046	-	-	485	461	26,334	-	17,287	9,047	1,466					
Loan 118 - Recreation Centre <i>Loan Date: 10 May 2013</i> <i>Term: 20 Years</i> <i>Fixed Interest Rate: 4.68%</i>	698,712	-	47,103	47,103	651,609	651,609	36,994	37,000	743,686	-	44,974	698,712	36,823					
Loan 120 - Cornerstone Centre <i>Loan Date: 12 April 2018</i> <i>Term: 15 Years</i> <i>Fixed Interest Rate: 3.50%</i>	671,468	-	45,904	45,904	625,564	625,564	27,460	27,812	715,807	-	44,339	671,468	26,821					
Transport																		
Loan 121 - Vincent Street Streetscape <i>Loan Date: 10 August 2021</i> <i>Term: 20 Years</i> <i>Fixed Interest Rate: 1.99%</i>	-	1,000,000	20,476	-	979,524	1,000,000	20,308	-	31,337	-	31,337	-	514					
	1,379,227	1,000,000	122,530	102,053	2,256,697	2,277,173	85,247	65,273	1,517,164	-	137,937	1,379,227	65,624					

(*) Self supporting loan financed by payments from third parties. All other loan repayments were financed by general purpose revenue.

(b) New Borrowings

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual	Budget						Actual	Budget	
Transport										
Vincent Street Streetscape Project <i>Loan Date - 10 August 2021</i>	1,000,000	1,000,000	WATC	Fixed Term Debenture	20	217,125	1.99%	1,000,000	1,000,000	-

(c) Unspent Borrowings

Council had no unspent debentures at the balance date.

(d) Overdraft

Council did not utilise an overdraft facility in the 2021/22 financial year.

(e) Lease Liabilities

Purpose	Actual							Budget			
	Principal	New Leases	Principal Repayments	Principal Outstanding	New Leases	Principal Repayment	Principal Outstanding	Principal	New Loans	Principal Repayment	Principal Outstanding
	1-Jul-20	2020-21	2020-21	30-Jun-21	2021-22	2021-22	30-Jun-22	1-Jul-21	2021-22	2021-22	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Photocopier	-	20,511	-	20,511	-	6,837	13,674	20,511	-	6,837	13,674
	-	20,511	-	20,511	-	6,837	13,674	20,511	-	6,837	13,674

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2021/22 Rateable Value \$	2021/22 Rate Revenue \$	2021/22 Interim Rates \$	2021/22 Back Rates \$	2021/22 Total Revenue \$	2021/22 Budget Rate Revenue \$	2021/22 Budget Interim Rates \$	2021/22 Budget Back Rates \$	2021/22 Budget Total Revenue \$	2020/21 Total Revenue \$
General Rate												
General Rate - GRV	0.115782	502	5,851,422	677,489	(203)	-	677,286	677,489	1,000	-	678,489	645,332
General Rate - UV	0.008237	569	268,373,000	2,210,588	(2,028)	-	2,208,560	2,210,588	1,000	-	2,211,588	2,149,862
General Rate - UV Mining	0.008237	-	-	-	-	-	-	-	-	-	-	-
Sub-Totals		1,071	274,224,422	2,888,077	(2,231)	-	2,885,846	2,888,077	2,000	-	2,890,077	2,795,194
Minimum Rates	Minimum \$											
Minimum Rates - GRV	896	160	604,543	143,360	-	-	143,360	142,464	-	-	142,464	138,186
Minimum Rates - UV	896	161	13,477,700	144,256	-	-	144,256	144,256	-	-	144,256	110,037
Minimum Rates - UV Mining	896	18	212,625	16,128	-	-	16,128	16,128	-	-	16,128	3,412
Sub-Totals		339	14,294,868	303,744	-	-	303,744	302,848	-	-	302,848	251,635
Discounts (refer note 26)							3,189,590				3,192,925	3,046,829
Total Amount Raised from General Rate							(258,213)				(255,274)	(252,411)
							2,931,377				2,937,651	2,794,418
Ex-Gratia Rates							3,621				3,000	3,449
Rates Written Off							(2,391)				(500)	(959)
Specified Area Rate (refer note 24)							-				-	-
Total Rates							2,932,607				2,940,151	2,796,908

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

23. RATING INFORMATION (Continued)

(b) Information on Surplus/(Deficit)	2021/22	2020/21	2020/21
Brought Forward	(30 June 2022	(1 July 2021	(30 June 2021
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
Surplus/(Deficit) - Rate Setting Statement	<u>2,418,115</u>	<u>1,653,812</u>	<u>1,653,812</u>
<u>Comprises:</u>			
Cash - Unrestricted	2,876,799	1,848,468	1,848,468
Cash - Restricted Grant Funds	333,560	462,862	462,862
Cash - Restricted Reserves	2,229,360	2,830,709	2,830,709
Rates - Current	266,561	257,252	257,252
Sundry Debtors	112,442	103,076	103,076
Contract Asset	540,382	100,000	100,000
GST Receivable	50,195	-	-
Inventories			
- Fuel and Materials	19,124	10,281	10,281
Less:			
Reserves - Cash Backed	(2,229,360)	(2,830,709)	(2,830,709)
Sundry Creditors	(1,118,737)	(395,958)	(395,958)
Contract Liability	(333,560)	(462,862)	(462,862)
Lease Liability	(6,837)	-	-
Accrued Expenses	-	-	-
Accrued Interest on Debentures	(12,463)	(5,239)	(5,239)
Accrued Salaries and Wages	(51,647)	(44,239)	(44,239)
Current Employee Benefits Provision	(397,892)	(359,518)	(359,518)
Employee Benefits - Cash Backed	140,188	139,689	139,689
Surplus/(Deficit)	<u>2,418,115</u>	<u>1,653,812</u>	<u>1,653,812</u>

There was no difference between the Surplus/(Deficit) 1 July 2021 Brought Forward position used in the 2021/22 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2020/21 audited financial report.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

24. SPECIFIED AREA RATE

Council has not levied any Specified Area Rates during 2021/22 financial year.

25. SERVICE CHARGES

Council has not levied any Service Charges during the 2021/22 financial year.

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$	2020/21 Actual \$
General Rates	Discount	10.00%			
Minimum Rate	Discount	10.00%	258,213	255,274	252,411

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

27. INTEREST CHARGES AND INSTALMENTS

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$	2020/21 Actual \$
Interest on Unpaid Rates	7.00%	-	20,260	14,500	25,820
Interest on Deferred Pensioner Rates	2.26%	-	166	2,000	3,691
Interest on Instalments Plan	5.50%	-	3,281	4,000	2,778
Admin. Charge on Instalments Plan	0.00%	10	3,560	4,000	2,990
			27,267	24,500	35,279

Ratepayers had the option of paying rates in four equal instalments, due on 10th September 2021, 10th November 2021, 10th January 2022 and 10th March 2022. Administration charges and interest applied to the final three instalments.

28. FEES & CHARGES

	2021/22 Actual \$	2020/21 Actual \$
General Purpose Funding	30,244	30,855
Governance	-	4,595
Law, Order, Public Safety	10,829	18,988
Health	164	327
Housing	99,769	104,054
Community Amenities	238,627	234,859
Recreation and Culture	151,103	152,189
Transport	7,195	7,195
Economic Services	261,888	122,190
Other Property and Services	13,168	19,160
	<u>812,987</u>	<u>694,412</u>

All fees are generally set on a cost recovery basis.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

29. GRANT REVENUE

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

	2021/22	2020/21
	Actual	Actual
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions*	2,074,783	1,637,341
Non-Operating Grants, Subsidies and Contributions	3,096,186	2,326,087
	<u>5,170,969</u>	<u>3,963,428</u>
By Program:		
General Purpose Funding	943,973	829,389
Governance	2,385	2,071
Law, Order, Public Safety	283,854	159,472
Health	855	-
Education and Welfare	-	-
Housing	12,107	10,750
Community Amenities	203	3,091
Recreation and Culture	81,987	1,116,059
Transport	3,822,233	1,258,218
Economic Services	20,890	581,755
Other Property and Services	2,482	2,623
	<u>5,170,969</u>	<u>3,963,428</u>

* Operating Grants, Subsidies and Contributions total includes Reimbursements of \$268,088.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

30. ELECTED MEMBERS REMUNERATION	2021/22	2021/22	2020/21
	Actual	Budget	Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees			
Cr Don Davis	7,850	7,850	12,100
Cr Peter Gogol	3,600	3,600	3,600
Cr Chris Lawlor	3,600	3,600	3,600
Cr Matthew Norman	900	1,800	-
Cr Sue Martin	3,600	3,600	3,600
Cr John Maxwell	1,800	1,800	-
Cr Alan Sattler	1,800	1,800	-
Cr Tim Seed	3,600	3,600	3,600
Cr David White	7,850	7,850	3,600
Cr Darryl Brown	-	1,800	1,800
Cr Terrence McLaughlin	1,800	1,800	3,600
Cr Chris Pepper	1,800	1,800	3,600
	<u>38,200</u>	<u>40,900</u>	<u>39,100</u>
President's Allowance			
Cr David White	2,750	-	-
Cr Don Davis	2,750	5,500	5,500
	<u>5,500</u>	<u>5,500</u>	<u>5,500</u>
Deputy President's Allowance			
Cr Chris Lawlor	688	-	-
Cr Chris Pepper	687	1,375	1,375
	<u>1,375</u>	<u>1,375</u>	<u>1,375</u>
Travel Allowance			
Cr Terrence McLaughlin	306	5,000	2,091
	<u>306</u>	<u>5,000</u>	<u>2,091</u>
Telecommunications Allowance			
Cr Don Davis	3,248	4,239	1,122
Cr Peter Gogol	3,748	4,239	1,122
Cr Chris Lawlor	3,748	4,239	1,122
Cr Matthew Norman	3,248	4,239	-
Cr Sue Martin	3,748	4,239	1,122
Cr John Maxwell	3,248	4,239	-
Cr Alan Sattler	3,248	4,239	-
Cr Tim Seed	3,748	4,239	1,122
Cr David White	3,748	4,238	1,122
Cr Darryl Brown	-	-	500
Cr Terrence McLaughlin	500	-	1,122
Cr Chris Pepper	500	-	1,122
	<u>32,732</u>	<u>38,150</u>	<u>9,476</u>

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022**

31. EMPLOYEE NUMBERS

	2021/22 Actual \$	2020/21 Actual \$
The number of full-time equivalent employees at balance date	<u>28</u>	<u>28</u>
Number of Employees earning \$100,000+ Gross Salary per annum.	<u>2</u>	<u>2</u>

The Chief Executive Officer and Deputy Chief Executive Officer earned a gross salary of \$100,000+ in 2021/22.

32. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2021/22 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2021/22 financial year.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

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

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

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 are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021/22					
Cash and cash equivalents	0.93%	5,439,720	2,229,366	3,209,655	700
2020/21					
Cash and cash equivalents	0.18%	5,142,037	2,830,709	2,311,028	300

Sensitivity

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

	2021/22	2020/21
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	57,318	54,461

* 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 22.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade 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 a 10% rate discount incentive.

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

The loss allowance as at 30 June 2022 was determined as follows for rates and trade receivables:

No expected credit loss was forecast on 30 June 2022 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

No expected credit loss was forecast on 30 June 2022 for trade receivables.

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022**

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payable and borrowings liquidity risk

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. Council 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.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2021/22					
Payables	1,194,835	-	-	1,194,835	1,194,835
Borrowings	-	-	2,256,697	2,256,697	2,256,698
	<u>1,194,835</u>	<u>-</u>	<u>2,256,697</u>	<u>3,451,532</u>	<u>3,451,533</u>
2020/21					
Payables	450,588	-	-	450,588	450,588
Borrowings	9,047	-	1,370,180	1,379,227	1,379,227
	<u>459,635</u>	<u>-</u>	<u>1,370,180</u>	<u>1,829,815</u>	<u>1,829,815</u>

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2022								
Fixed Rate								
Debentures	-	-	-	-	-	2,256,697	2,256,697	2.36%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	2.36%		
Year Ended 30 June 2021								
Fixed Rate								
Debentures	9,047	-	-	-	-	1,370,180	1,379,227	4.07%
Weighted Average Effective Interest Rate	6.16%	0.00%	0.00%	0.00%	0.00%	4.10%		

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022

35. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

Key Management Personnel (KMP) <i>Executive Staff with decision making responsibilities regarding the allocation of Council's resources.</i>	Short Term Benefits *	Post-Employment Benefits **	Other Long Term Benefits ***	Termination Benefits ****
Executive Staff Total	486,199	61,710	75,176	-

*** Short-term employee benefits**

These amounts include all gross salary, paid leave, fringe benefits and cash bonuses awarded to KMP.

Details in respect to fees and benefits paid to Elected Members may be found at Note 30.

**** Post-employment benefits**

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

***** Other long term benefits**

These amounts represent long service benefits accruing during the year.

****** Termination benefits**

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

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022**

35. RELATED PARTY DISCLOSURES (Continued)

(b) Related Party Disclosures

i) Ordinary Citizen Transactions

Use of facilities or any other Council provided service where a discount or special terms were applied that would not otherwise be offered to any other person.

KMP/Elected Member	Related Party	Nature	Value
Chief Executive Officer	N/A	Subsidised Gym Membership	200
Deputy Chief Executive Officer	N/A	Subsidised Gym Membership	200
Manager of Works	N/A	Subsidised Gym Membership	200
Manager of Planning and Development Services	N/A	Subsidised Gym Membership	200

ii) Leasing Agreements - Domestic Residential

Use of Council owned Domestic Residential Property whether by lease agreement or provisions under any other special terms that would not otherwise be offered to any other member of the public.

KMP/Elected Member	Related Party	Nature	Value
Chief Executive Officer	N/A	Subsidised Housing Lease	13,000
Deputy Chief Executive Officer	N/A	Subsidised Housing Lease	13,000
Manager of Planning and Development Services	N/A	Subsidised Housing Lease	13,000

iii) Leasing Agreements - Commercial

Use of Council owned Commercial Property whether by lease agreement or provisions under any other special terms that would not otherwise be offered to any other member of the public.

KMP/Elected Member	Related Party	Nature	Value
Manager of Planning and Development Services	Fun 2B Kids Family Day Care	Commercial lease of Office Space.	17,698

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**SHIRE OF BEVERLEY
COUNCILLOR'S DECLARATION
FOR THE YEAR ENDED 30TH JUNE 2022**

In accordance with a resolution of the Councillors of the Shire of Beverley, we state that:

1. In the opinion of the Councillors:
 - 1.1 the financial statements and notes of the Shire of Beverley are in accordance with the Local Government Act 1995 and Regulations, including:
 - (a) giving a true and fair view of the Shire of Beverley's financial position as at 30 June 2022 and of its performance for the year ended on that date; and,
 - (b) complying with applicable Australian Accounting Standards; and
 - 1.2 there are reasonable grounds to believe that the Shire of Beverley will be able to pay its debts as and when they become due and payable.

On behalf of the Council:

Cr D W White
President

Cr C J Lawlor
Deputy President

Dated this th day of October 2022

7. NEW BUSINESS ARISING BY ORDER OF THE MEETING

New Business of an urgent matter only arising by order of the meeting.

8. CLOSURE

The Chairman to declare the meeting closed.