



Shire of Dardanup

APPENDICES

**COMMITTEE
MEETINGS**

**ORDINARY COUNCIL
MEETING**

To Be Held

Wednesday, 14th of December 2022

Commencing at 5.00pm

At

Shire of Dardanup - Administration Centre Eaton

1 Council Drive – EATON

SHIRE OF DARDANUP

MINUTES OF THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING HELD ON WEDNESDAY, 7TH OF DECEMBER 2022, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.00PM.

1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
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The Chairperson declared the meeting open at 2.00pm, welcomed those in attendance and referred to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

Acknowledgement of Country

The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region and pay our respects to their elders, past, present and emerging. The Shire of Dardanup also respects and celebrates all cultures of all our residents and those visitors to our Shire.

Emergency Procedure

In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, you will be directed to an appropriate Assembly Area where we will meet (and complete a roll call).

Affirmation of Civic Duty and Responsibility

Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.

2.	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED
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2.1 Attendance

Voting

Cr Tyrrell Gardiner	-	Elected Member (Chairperson)
Cr Mark Hutchinson	-	Elected Member (Deputy Chairperson)
Cr Mick Bennett	-	Elected Member [2.15pm]
Cr Janice Dow	-	Elected Member

Non-Voting

Mr André Schönfeldt	-	Chief Executive Officer
Mr Phil Anastasakis	-	Deputy CEO
Mr Theo Naudé	-	Director Infrastructure
Mrs Cathy Lee	-	Manager Governance & HR [2:50pm]
Mrs Natalie Hopkins	-	Manager Financial Services

Mr Chris Murray	-	Manager Information Services
Mr Ray Pryce	-	Accountant
Mrs Cindy Barbetti	-	Compliance Officer [Teams]
Mr Murray Connell	-	Executive Manager Development Services
Mrs Donna Bailye	-	PA – Deputy Chief Executive Officer
Mrs Rebecca Hobby	-	Governance Officer
Mrs Katherine Kaurin	-	Assistant Accountant
Mr Gary Thompson	-	Manager Recreation Centre

Visitors

Mr Suraj Karki	-	Office of the Auditor General for WA [Teams]
Ms Hayley Platt	-	Auditors – Moore Australia (WA) [Teams]
Mr Wen-Shien Chai	-	Auditors – Moore Australia (WA) [Teams]

2.2

Apologies

Cr Patricia Perks	-	Elected Member
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3. PRESENTATIONS

None.

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 [Audit & Risk Committee Meeting Held 14th September 2022](#)**AUDIT & RISK COMMITTEE RESOLUTION**

AAR: 21-22 MOVED - Cr T G Gardiner SECONDED - Cr M Hutchinson

THAT the Minutes of the Audit & Risk Committee Meeting held on 14th of September 2022, be confirmed as true and correct subject to no corrections.

CARRIED
3/0

5. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

5.1 Title: Information Systems Security Report

It is recommended that the Committee go behind closed doors toward the end of the meeting in accordance with Shire of Dardanup Standing Orders & *Local Government Act 1995 Section 5.23 (2) - Matters for Which Meeting May Be Closed*:

Standing Order and the *Local Government Act 1995* provides for the Committee to resolve to close the meeting to the public and proceed behind closed doors for matters:

- S 5.23 (1) Subject to subsection (2), the following are to be open to members of the public-*
- (a) all Council meetings; and*
 - (b) all meetings of any committee to which a local government power or duty has been delegated.*
- (2) If a meeting is being held by a Council or by a committee referred to in subsection (1) (b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following -*
- (a) a matter affecting an employee or employees;*
 - (b) the personal affairs of any person;*
 - (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;*
 - (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;*
 - (e) a matter that if disclosed, would reveal -*
 - (i) a trade secret;*
 - (ii) information that has a commercial value to a person; or*
 - (iii) information about the business, professional, commercial or financial affairs of a person,*
where the trade secret or information is held by, or is about, a person other than the local government;
 - (f) a matter that if disclosed, could be reasonably expected to -*
 - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;*
 - (ii) endanger the security of the local government's property; or*
 - (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety;*
 - (g) information which is the subject of a direction given under section 23 (1a) of the Parliamentary Commissioner Act 1971; and*
 - (h) such other matters as may be prescribed.*
- (3) A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.*

Note: The Chairperson to advise that the meeting will go behind closed doors toward the end of the meeting to discuss S.5.23 section (2)(f)(ii) a matter that if disclosed, could be reasonably expected to endanger the security of the local government's property.

6. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

7. DECLARATION OF INTEREST

Discussion:

Chairperson, Cr. T Gardiner asked the Committee members if there were any Declarations of Interest to be made.

There were no Declarations of Interest made.

8 REPORTS OF OFFICERS AND COMMITTEES**8.1** [Title: Annual Meeting – 2021/22 Draft Audit Report](#)

Reporting Department	Corporate & Governance Directorate
Responsible Officer	Mr Phil Anastasakis - Deputy CEO
Reporting Officer	Mrs Natalie Hopkins - Manager Financial Services
Legislation	Local Government Act 1995
Council Role	Executive/Strategic.
Voting Requirement	Simple Majority.
Attachments	AAR 8.1A – 2021/22 Draft Auditor Report AAR 8.1B - Risk Assessment

Overview

This report to the Audit and Risk Committee enables an Audit Exit Meeting to be conducted for the 2021/22 audit. It also provides an opportunity for the auditor to present to the Audit and Risk Committee the draft Audit Report for the 2021/22 Annual Financial Statements (Appendix 8.1A - to be provided under separate cover), together with an occasion to raise any concerns associated with the audit process.

Change to Officer Recommendation

As per *Local Government (Administration) Regulations 1996* 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

Resolution "C" was amended to reflect that Appendix AAR: 8.1A, provided under separate cover at the Committee Meeting was a confidential document.

Note: Chief Executive Officer, Mr André Schönfeldt left the room at 2.11pm and returned at 2.12pm.

PROCESS

To enable the Audit & Risk Committee and the Council Auditors to conduct a closed door session without Shire management present, it is recommended that the Committee Suspend Standing Orders and go Behind Closed Doors.

AUDIT & RISK COMMITTEE RESOLUTION "A"

AAR: 22-22 MOVED - Cr T G Gardiner SECONDED - Cr J Dow

That the Audit & Risk Committee Suspend Standing Orders and Go Behind Closed Doors [2.13pm] to discuss:

- a matter affecting an employee or employees
- legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting.

CARRIED
3/0

Note: All Non- Voting staff members left the room. The following Committee members and visitors remained in the room:

- Cr T Gardiner
- Cr J Dow
- Cr M Hutchinson
- Mr Suraj Karki – OAG [Teams]
- Ms Hayley Platt - Auditors [Teams]
- Mr Wen-Shien Chai - Auditors [Teams]

Note: All Staff that left the room at 2.13pm returned to the room at 2.17pm. Cr M Bennett joined the meeting (Behind Closed Doors) at 2.15pm.

AUDIT & RISK COMMITTEE RESOLUTION “B”

AAR: 23-22 MOVED - Cr M Hutchinson SECONDED - Cr J Dow

That the Audit & Risk Committee Resume Standing Order and Return from Behind Closed Doors [2.17pm].

CARRIED
4/0

Note: Auditors Mrs Hayley Platt & Mr When Shien Chai along with Mr Suraj Karki from OAG left the Teams meeting at 2.20pm.

AUDIT & RISK COMMITTEE RESOLUTION “C”

AAR: 24-22 MOVED - Cr T G Gardiner SECONDED - Cr M Bennett

THAT the Shire of Dardanup Audit and Risk Committee recommends that Council:

- 1. Accept the Draft Unqualified Auditor’s Report (Confidential Appendix AAR: 8.1A) as issued by the Office of the Auditor General (OAG) of the Annual Financial Statements for the 2021/22 financial year.**
- 2. Acknowledges that the 2021/22 Audit Exit meeting and Behind Closed Doors session with Council’s auditors was held at the Audit & Risk Committee meeting on the 7th of December 2022 as per the adopted 2022 Annual Audit Work Plan.**

CARRIED
4/0

Background

- *Audit Exit Meeting*

In accordance with section 7.12A (2) of the *Local Government Act* and the *Local Government (Audit) Regulation 1996*, Council is required to meet with the external auditor at least once per year. Council has delegated to the Audit & Risk Committee the power to meet with the external auditor in accordance with the provisions of the Act.

Whilst the Audit Entrance Meeting held in May 2022 provided an overview on how the audit process is undertaken, the Audit Exit Meeting provides an opportunity for the full Audit & Risk Committee to openly discuss items or concerns pertaining to the 2021/22 Annual Financial Report.

At the Ordinary Council Meeting dated 15th of December 2021 [Council Res 417-21], Council received and endorsed the *2022 Annual Audit Work Plan* document which included recommendations from the Office of the Auditor General (OAG) *Western Australian Public Sector Audit Committees – Better Practice Guide*.

Outlining the functions, responsibilities and associated activities, section 6 of the *2022 Annual Audit Work Plan* stipulates the Audit & Risk Committee is -

‘To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses’.

- *Annual Meeting – 2021/22 Draft Audit Report*

On the recommendation of its Audit & Risk Committee, Council is required to appoint an auditor per s7.3 of the *Local Government Act 1995 (LGA 1995)*. The *LGA 1995* also requires that the Local Government meet annually with the auditor.

From 1st of July 2017, the *Local Government Amendment (Auditing) Act 2017* was enacted giving the Auditor General a mandate to audit all Western Australian local governments. *The Local Government Amendment (Auditing) Act 2017* is an Act to amend the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General and for related purposes. The change in legislation effectively required all local government audits to come under the control of the Office of the Auditor General (OAG).

In 2019/20 Council received its first annual audit of the financial statements under the direction of the Office of the Auditor General (OAG) which was outsourced to Council’s previous auditors. In 2020/21 the OAG continued its standard practice by outsourcing approximately 85% of local government annual financial audits by partnering with accredited audit firms to improve its audit processes, quality and reporting. The OAG maintains an active role in quality control and engagement throughout the audit process.

In April 2021 Council received notification from the OAG advising that audit firm Moore Australia (WA) had been appointed to conduct the annual financial audit for a 3 year period, commencing with the audit for the year ended 30th of June 2021.

During the 2021/22 financial year, Council staff liaised directly with Moore Australia, who in turn, communicated directly with the OAG throughout the process. The interim audit was conducted onsite from 18th to 20th of May 2022 with the Interim Audit Results report presented to the Audit & Risk Committee on the 14th of September 2022, noting that the audit was declared satisfactory with **‘no findings issued’** - an excellent result.

The final audit was held from the 10th to 13th of October 2022. The results from the final audit are presented within this draft unqualified audit report.

The Audit and Risk Committee meeting scheduled to be held on Wednesday 7th of December 2022, provides the opportunity for the Audit and Risk Committee to meet in person with the OAG Assistant Director of Financial Audit, Mr Suraj Karki, as well as Moore Australia (WA) auditors Mr Wen-Shien Chai, and Ms Hayley Platt (via Zoom).

Legal Implications**Local Government Act 1995**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 the auditor's 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.

Local Government (Audit) Regulations 1996, Regulation 17:

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
- (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.
- [Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

Local Government (Financial Management) Regulations 1996, Regulation 5:

5. CEO's duties as to financial management

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
- (a) for the proper collection of all money owing to the local government; and
 - (b) for the safe custody and security of all money collected or held by the local government; and
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
 - (d) to ensure proper accounting for municipal or trust —
 - (i) revenue received or receivable; and
 - (ii) expenses paid or payable; and
 - (iii) assets and liabilities;
 and
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
 - (f) for the maintenance of payroll, stock control and costing records; and
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.

- (2) *The CEO is to —*
- (a) *ensure that the resources of the local government are effectively and efficiently managed; and*
 - (b) *assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
 - (c) *undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

s7.2. *Audit*

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

7.3. *Appointment of auditors*

- (1) *Subject to subsection (1A), a local government is to, from time to time whenever such an appointment is necessary or expedient, appoint* a person, on the recommendation of the audit committee, to be its auditor.*

** Absolute majority required.*

7.9. *Audit to be conducted*

- (1) *An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —*

- (a) *the mayor or president; and*
- (b) *the CEO of the local government; and*
- (c) *the Minister.*

- (2) *Without limiting the generality of subsection (1), where the auditor considers that —*

- (a) *there is any error or deficiency in an account or financial report submitted for audit; or*
- (b) *any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or*
- (c) *there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government,*

details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.

7.12AB. *Conducting a financial audit*

The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.

7.12AD. *Reporting on a financial audit*

- (1) *The auditor must prepare and sign a report on a financial audit.*

- (2) *The auditor must give the report to —*

- (a) *the mayor, president or chairperson of the local government; and*
- (b) *the CEO of the local government; and*
- (c) *the Minister.*

7.12A. *Duties of local government with respect to audits*

- (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 must —*

- aa) *examine an audit report received by the local government; and*
- (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and*
- (b) *ensure that appropriate action is taken in respect of those matters.*

Local Government (Audit) Regulations 1996**9. Performance of audit**

- (3) *An auditor must carry out the work necessary to form an opinion whether the annual financial report —*
- (a) *is based on proper accounts and records; and*
 - (b) *fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —*
 - (i) *the Act; and*
 - (ii) *the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).*

Local Government Amendment (Auditing) Act 2017

No. 5 of 2017

An Act to amend the Local Government Act 1995 to provide for the auditing of local governments by the Auditor General and for related purposes.

3. Act amended

This Act amends the Local Government Act 1995.

4. Section 1.4 amended

- (1) *In section 1.4 delete the definition of auditor and insert:*

auditor means —

- (a) *in relation to an audit, other than a performance audit —*
 - (i) *in relation to a local government that has an audit contract that is in force — a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government; and*
 - (ii) *in relation to a local government that does not have an audit contract that is in force — the Auditor General;*
- and*
- (b) *in relation to a performance audit — the Auditor General;*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

The Audit and Risk Committee has in previous years met with the Auditor to consider the audit of the Annual Financial Statements and financial position of Council.

Budget Implications

The 2022/23 budget provides an allocation \$34,600 for the conduct of the annual audit.

The Annual Financial Report presents the financial performance for the past financial year and is scrutinised by an independent auditor to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Rate Setting Statement.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:8.1B) for full assessment document.

Tier 1 – No discernible Inherent Risk has been identified (no Risk Theme or Consequence).	
Risk Event	Annual Meeting – 2021/22 Draft Audit Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<ul style="list-style-type: none"> • Legal & Compliance - Not meeting its compliance obligations pursuant to the Local Government (Audit) Regulations 1996 and Australian Accounting Standards. • Reputational – Loss of reputation through non-compliance or mismanagement of funds.

Officer Comment

Council's auditors Moore Australia (WA) visited the Council office in October 2022 to conduct the final audit, with three audit staff in attendance. Council staff had prepared the draft annual financial statements, together with all of the working files and audit material provided to the auditors during their visit. Council staff subsequently worked with the auditors to finalise the annual financial statements.

The audit did not identify any areas of concern and the auditors have provided an unqualified Audit Report (draft format). The Audit Report (Appendix AAR: 8.1A – provided under separate cover) advises that the financial report of the Shire of Dardanup gives a true and fair view of the Shire of Dardanup financial position as at 30th of June 2022 and of its performance during the year, and complies with Australian Accounting Standards.

- *Audit Closed Door Session*

At the release of OAG reports presented to Parliament, Council staff review each report to determine if any of the OAG recommendations can be made to improve Council's current processes.

The OAG report *Western Australian Public Sector Audit Committees – Better Practice Guide* provided guidance to local governments to recommend that during the financial audit exit meeting with the OAG, the audit committee has a closed-door session with the auditors without management present.

This recommendation was subsequently adopted in the Audit & Risk Committee Charter 'Terms of Reference' and forms the basis of this report. It is proposed that in order to allow the Audit & Risk Committee to meet with the Council Auditors without Shire management present, that the Committee Suspend Standing Orders and go Behind Closed Doors.

8.2 Title: 2021/22 Annual Financial Report

Reporting Department	Corporate & Governance Directorate
Responsible Officer	Mr Phil Anastasakis - Deputy CEO
Reporting Officer	Mrs Natalie Hopkins - Manager Financial Services
Legislation	Local Government Act 1995
Council Role	Executive/Strategic.
Voting Requirement	Simple Majority.
Attachments	AAR 8.2A 2021/22 Annual Financial Report AAR 8.2B Risk Assessment

Overview

This report presents the Annual Financial Report for the 2021/22 financial year to the Audit and Risk Committee and Council for consideration and adoption.

Change to Officer Recommendation – No Change.

AUDIT & RISK COMMITTEE RESOLUTION

AAR 25-22 MOVED - Cr M Bennett SECONDED - Cr M Hutchinson

THAT the Audit & Risk Committee recommends that Council receive the Shire of Dardanup 2021/22 audited Annual Financial Statements for the financial year ended 30th of June 2022 (Appendix AAR: 8.2A).

CARRIED
4/0

Note: Assistant Accountant Mrs Katherine Kaurin left the meeting at 2.32pm.

Background

Section 6.4 of the *Local Government Act 1995* requires a Local Government to prepare an Annual Financial Report each financial year. This report has been audited and is provided as (Appendix AAR: 8.2A).

The Annual Financial Report has been prepared in accordance with the *Local Government (Financial Management) Regulations 1996* and includes the following:

- Statement by the Chief Executive Officer;
- Statement of Comprehensive Income (by Nature or Type);
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Rate Setting Statement;
- Notes to and forming Part of the Financial Statements; and
- Auditor Report.

In accordance with section 5.53 of the *Local Government Act 1995*, the 2021/22 Annual Financial Report forms part of the Annual Report.

The adoption of the Annual Financial Report by Council allows for the adoption of the Annual Report and the holding of the Annual Electors Meeting which is proposed to be held on Wednesday 25th of January 2023, commencing at 6.00pm in the Eaton Council Chambers, following the completion of the monthly Council meeting.

Legal Implications

Local Government Act 1995

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 —*
 - (f) *the financial report for the financial year; and*

6.4. Financial Report

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
 - (a) *be prepared and presented in the manner and form prescribed; and*
 - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
 - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
 - (b) *the annual financial report of the local government for the preceding financial year.*

Local Government (Financial Management) Regulations 1996

4. AAS, effect of

- (1) *These regulations are in addition to and not in derogation of the requirements of the AAS.*
- (2) *If a provision of the AAS is inconsistent with a provision of these regulations, the provision of these regulations prevails to the extent of the inconsistency.*
- (3) *All words in the Act or these regulations that import revenue or expenditure are to be interpreted to permit compliance with the requirements of the AAS.*

5A. Local governments to comply with AAS

Subject to regulation 4, the annual budget, annual financial report and other financial reports of a local government must comply with the AAS.

R36. Annual financial report, content of (Act s. 6.4(2))

- (1) *The annual financial report is to include —*
 - (a) *a statement setting out all movements of money to and from reserve accounts which has not been included in the income statement but which has been included in the rate setting statement; and*
 - (b) *if the net current assets carried forward from the previous financial year for the purpose of the budget of the financial year to which the report relates is different from the net current assets shown in the audited annual financial report for the previous financial year, the amount of that difference; and*
- [(c), (d) deleted]

- (e) *in relation to the disposal of a class of assets —*
 - (i) *the net book value of that class of assets; and*
 - (ii) *the sale price of that class of assets; and*
 - (iii) *the profit or loss on the sale of that class of assets; and*
 - (f) *notes or statements containing the information set forth in regulations 37 to 50.*
 - (2) *The annual financial report is to include the following —*
 - (a) *the rate setting statement included under regulation 22(1)(d) in the annual budget for the year to which the report relates;*
 - (b) *adjacent to each item in that rate setting statement that states an amount, the end-of-year amount for the item;*
 - (c) *adjacent to each item in the income statement that states an end-of-year amount, the original or amended budget estimate for the item;*
 - (d) *adjacent to each item that states an end-of-year amount required by a provision of these regulations listed in the Table to this subregulation, the original or amended budget estimate for the item.*
- R37. *Trust fund, information about in annual financial report*
R38. *Reserve accounts, information about in annual financial report*
R39. *Rates, information about in annual financial report*
R40. *Service charges, information about in annual financial report*
R41. *Fees and charges, information about in annual financial report*
R42. *Discounts for early payment etc., information about in annual financial report*
R43. *Interest charges etc., information about in annual financial report*
R44. *Fees etc. to council members, information about in annual financial report*
R45. *Trading undertakings, information about in annual financial report*
R46. *Major land transactions, information about in annual financial report*
R47. *Completed major land transactions, information about in annual financial report*
R48. *Borrowings, information about in annual financial report*
R49. *Invested money, information about in annual financial report*
R50. *Financial ratios to be included in annual financial report*
R51. *Annual financial report to be signed etc. by CEO and given to Department*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

Each year the Council is required to receive the audited Annual Financial Report.

Budget Implications

The Annual Financial Report is produced internally and the preparation and printing costs are incorporated within the staffing, printing and stationery budgets. The Annual Financial Report presents the financial performance for the past financial year and is scrutinised by an independent auditor to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Rate Setting Statement.

Budget – Whole of Life Cost

As no asset/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

CnG CP128 – *Significant Accounting Policies* applies.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.2B) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	2021/22 Annual Financial Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Legal and Compliance - Risk of Council breaching the Local Government Act 1995 – Risk that the audited 2021/22 Annual Financial Report is not received by Council.

Officer Comment

The 2021/22 Annual Financial Report has been produced in accordance with the *Local Government Act 1995, Local Government (Financial Management) Regulations 1996*, and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The Annual Financial Statements for the year ended 30th of June 2022 have been completed, and have been audited by the Office of the Auditor General (OAG) appointed auditors, Moore Australia (WA). Council’s Auditors have issued an unqualified draft Audit Report (Appendix AAR: 8.2A). The draft Audit Report is also shown on page 57 of the Annual Financial Report and will form part of the Annual Report scheduled to be adopted at the Ordinary Council meeting on 14th of December 2022.

The financial statements includes the Index of Notes to the Finance Report which can be found on page 8 of the Annual Financial Report. Other changes relating to reduced Disclosure elements are summarised below.

- *Changes to Australian Accounting Standards Board (AASB)*

During the 2021/22 year, there were no new Australian Accounting Standards that came into effect.

Prior year AASB changes continue to impact Council’s financial resources significantly and are summarised below.

- *AASB 15 Revenue from Contracts with Customers*

AASB 15 Revenue from Contracts with Customers required Council to assess grant and other revenue for which there is a future contract performance obligation.

- *AASB 16 Leases*

Recognition Council’s Lease Liability has meant the vast majority of existing leases now require Council to capitalise each lease from the date of adopting the new standard, or on commencement of a new lease. The accounting treatment requires Council to measure and record the lease liability of all Leases at the present value of the future lease payments

(using a discount rate), and recognise a corresponding right-of-use (ROU) asset which is depreciated over the life of the ROU asset (i.e. 'over the life of the lease').

➤ *AASB 1058 Income of Not-for-Profit Entities*

Similar to AASB 15, AASB 1058 *Income of Not-for-Profit Entities* is about deciding which accounting period various items of revenue belong to. As per prior audited financial statements, Council has continued to recognise rates received in advance as 'Prepaid Rates' and revenue received in advance 'Prepaid Revenue' in the Statement of Financial Position.

- Local Government Reform

Clear and accurate financial management and reporting is critical for public confidence in local government. As a result of recent reform, changes have been made to the *Local Government (Financial Management) Regulations 1996* and the *Local Government (Audit) Regulations*. For the 2021/22 Annual Financial Report – the following two major changes occurred as a result of legislative changes:

- Removal of the Statement of Comprehensive Income by Program; and
- Removal of the financial ratios in the Annual Financial Report.

Part of the ongoing reform will be to establish new standardised templates for local government financial statements, with a reduce element on smaller Councils (eg Band 3 and 4). The Department of Local Government, Sport and Cultural Industries (DLGSCI) is focused on working with local government stakeholders towards the introduction of Model Financial Statements for the 2022/23 financial year which they hope to release to the sector in April 2023.

Officer Comment

The DLGSCI has also indicated that the financial metrics reporting on the MyCouncil website will also be reviewed and adjusted to ensure they best reflect the underlying financial position of the local government.

- Financial Summary

As at 30th of June 2022, Council's Equity (Total Assets *minus* Total Liabilities) increased by \$77,898,613 from \$205,536,402 to \$283,435,015. The increase in Total Equity is primarily due to the revaluation of Council's Infrastructure assets (excluding Bridges), which are required to be revalued no more than every 5 years in accordance with the *Local Government (Financial Management) Regulations 1996*.

Council's carry forward surplus at 30th of June 2022 is \$175,393. This was against the forecast budgeted carry forward surplus in the 2022/23 budget of \$16,552. The favourable variance of \$158,841 will be included in the mid-year budget review for consideration. The total carry forward surplus amount equates to approximately 0.3% of total adopted budgeted expenditure for 2021/22.

In summary, the Shire of Dardanup is in a sound financial position.

This result is directly attributed to:

1. Comprehensive integrated financial planning model;
2. Commitment to investment in infrastructure asset renewal;
3. Cash backed funding model for future asset obligations; and
4. Structured planning for all borrowings.

I would like to take the opportunity to thank all Corporate & Governance staff for their efforts and high service standard during the year under review.

Council is requested to consider and receive the audited Annual Financial Statements for the 2021/22 financial year.

8.3 *Title: 2023 Annual Audit Work Plan*

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mr Phil Anastasakis - Deputy CEO</i>
Reporting Officer	<i>Mr Phil Anastasakis - Deputy CEO</i>
Legislation	<i>Local Government Act 1995</i>
Council Role	<i>Executive/Strategic.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>AAR 8.3A Risk Assessment</i>

Overview

This report to the Audit and Risk Committee provides members with the Annual Audit Work Plan for 2023 for their consideration and subsequent recommendation to Council.

Change to Officer Recommendation

As per *Local Government (Administration) Regulations 1996* 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

The Annual Work Plan was presented to the Committee at the meeting as Appendix AAR: 8.3B. The Resolution was amended to reference Appendix AAR: 8.3B.

AUDIT & RISK COMMITTEE RESOLUTION

AAR 26-22 MOVED - Cr J Dow SECONDED - Cr M Hutchinson

THAT the Audit and Risk Committee recommends that Council receive and endorse the 2023 Annual Audit Work Plan (Appendix AAR: 8.3B).

CARRIED
4/0

Background

In accordance with section 7.1A of the *Local Government Act 1995* Council has established an Audit and Risk Committee. The Audit and Risk Committee operates in accordance with all relevant provisions of the Act and the *Local Government (Audit) Regulations 1996* and the *Local Government (Administration) Regulations 1996*.

Since the emergence of Regulation 17 of the *Local Government (Audit) Regulations 1996*, the operation of the Audit and Risk Committee has been expanded to not only support the local government in effective financial management but also to provide effective corporate governance. This is achieved through the review of systems and procedures in place relating to risk management, internal control and legislative compliance.

To assist and guide the Audit and Risk Committee on the functions, roles and responsibilities that are undertaken in a calendar year, and in accordance with the committee Charter, an Annual Audit Work Plan has been developed.

This reports presents to the committee the proposed 2023 Annual Audit Work Plan.

Legal Implications*Local Government Act 1995*7.1A. *Audit committee*

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

** Absolute majority required.*

- (3) *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) *An employee is not to be a member of an audit committee.*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

This is the third Annual Audit Work Plan to be considered by the Audit and Risk Committee.

Budget Implications

Setting the Annual Audit Work Plan for the Audit and Risk Committee is administered through staff time which is supported by the salaries and wages budget specific to the Corporate and Governance directorate.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:8.3A) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	2023 Annual Audit Work Plan.
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Legal and Compliance Not considering the Annual Work Plan would not be in line with the Audit and Risk Committee Charter.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.		
	Reputational	Council’s reputation could be seen in a negative light for not adhering to the Audit and Risk Committee Charter.

Officer Comment -

The following Terms of Reference within the Audit and Risk Committee Charter instructs that:

“A forward annual work plan will be agreed by the Committee each year. The forward annual work plan will cover all Committee responsibilities as detailed in this ToR”.

The Charter provides a template to assist and guide the committee on the functions and roles and responsibilities that may be undertaken in a calendar year. Staff have used this template as a guideline and the proposed ‘Annual Audit Work Plan’ for the calendar year January 2023 to December 2023 is presented as follows:

AUDIT AND RISK COMMITTEE – 2023 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	15 Mar 23	* Apr/ May 23	14 Jun 23	13 Sep 23	6 Dec 23
1. Committee Operation					
Biennial review of the Charter (Terms of Reference). <i>Next Due 2023.</i>	This will be considered at OCM pre-election date.				
Agree on the annual audit work plan; and set priority areas for the coming year.					✓
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					✓
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2023.</i>					✓
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2023.</i>					✓
2. Risk Management					
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 14-08-2019 [Res 250-19]	✓				

AUDIT AND RISK COMMITTEE – 2023 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	15 Mar 23	* Apr/ May 23	14 Jun 23	13 Sep 23	6 Dec 23
Receive the biannual dashboard report			✓		✓
3. Legislative Compliance					
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	✓				
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	✓			✓	
4. Internal Audit					
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				✓	
5. Financial Reporting					
Consider and recommend adoption of the Annual Financial Report to Council.					✓
6. External Audit (OAG)					
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		*			
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					✓
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.					✓
Audit Exit Meeting with Audit and					✓

AUDIT AND RISK COMMITTEE – 2023 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	15 Mar 23	* Apr/ May 23	14 Jun 23	13 Sep 23	6 Dec 23
Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	✓		✓	✓	✓
7. Regulation 17 Triennial Review (report next Due: March 2024)					
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	Not Applicable – next due 2024				
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not Applicable – next due 2024				
Receive an update on the action plan arising from auditor recommendations from the 2021 Regulation 17 review (until all action items are completed).	✓				
8. Financial Management Systems Triennial Review (report next Due: March 2025)					
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	Not Applicable – next due 2025				
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – next due 2025				
Receive an update on the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – next due 2025				
9. Governance Health & Financial Sustainability 4-Yearly Review (report next Due: November/December 2023)					
To consider the CEO's Governance Health and Financial Sustainability Review, and report to the Council	Not Applicable – next due 2023				

AUDIT AND RISK COMMITTEE – 2023 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	15 Mar 23	* Apr/ May 23	14 Jun 23	13 Sep 23	6 Dec 23
the results of that review.					
Set the action plan arising from the recommendations from the review.	Not Applicable – next due 2023				
Receive an update on the action plan arising from the recommendations from the review.	Not Applicable – next due 2023				
Undertake an independent external assessment of the Committee at least once in every three years. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.	Not Applicable – next due 2023				
10. Information Systems Security Audit					
Receive the audit report arising from the 2 yearly Information Systems Security Audit. <i>Report Next Due: 31-12-2024</i>	Not Applicable – next due 2024				
Set the action plan arising from the recommendations from the Information Systems Security Audit. <i>Report Next Due: 31-12-2024</i>	Not Applicable – next due 2024				
Receive an update on the action plan arising from the recommendations from the 2022 Information Systems Security Audit.	✓	✓	✓	✓	✓

** A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April/May 2022 that serves as an audit entrance meeting with Council's appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee and management.*

8.4 Title: *Biannual Risk Management Dashboard Report*

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mr Phil Anastasakis - Deputy CEO</i>
Reporting Officer	<i>Mrs Cindy Barbetti - Senior Corporate Governance Officer</i>
Legislation	<i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996, Regulation 17</i>
Council Role	<i>Legislative.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>AAR:8.4A – Risk Dashboard Report</i> <i>AAR:8.4B – Risk Assessment Tool</i>

Overview

The purpose of this report is to present the six-monthly Risk Management Dashboard Report to the Audit and Risk Committee for consideration.

Change to Officer Recommendation

As per *Local Government (Administration) Regulations 1996* 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

The Resolution was amended to reference Appendix AAR: 8.4A.

AUDIT & RISK COMMITTEE RESOLUTION

AAR: 27-22 MOVED - Cr M Bennett SECONDED - Cr M Hutchinson

THAT the Audit and Risk Committee receive the Biannual Risk Management Dashboard Report for this reporting period, and as provided for in (Appendix AAR 8.4A).

CARRIED
4/0

Background

In August 2019 Council, through the Audit and Risk Committee, adopted the revised Risk Management Governance Framework (the Framework) for the Council. The Framework has been developed to connect all of the risk management processes and methodologies and to clearly articulate the appetite for risk. This ensures Council's commitment to meeting its compliance obligations pursuant to the *Local Government (Audit) Regulations 1996*, Regulation 17.

In accordance with the reporting requirements of the Framework, the Senior Corporate Governance Officer is required to present the Audit and Risk Committee with a Risk Dashboard Report (Appendix AAR 8.4A) every six (6) months. In addition, the Terms of Reference within the Audit and Risk Committee Charter state the following as a committee objective:

- 5.8 *To consider the Shire of Dardanup Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness and progress on the relevant action plans biannually.*

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996, Regulation 17:

17. CEO to review certain systems and procedures

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

(a) risk management; and

(b) internal control; and

(c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

Council Plan

13.1 - Adopt best practice governance.

13.2 - Manage the Shire's resources responsibly.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

The Audit and Risk Committee have been presented with Risk Management Dashboard Report's at the following meetings:

Committee Meeting Date	AAR Resolution Number
4 th of December 2019	AAR 05-19
3 rd of June 2020	AAR 14-20
7 th of December 2020	AAR 26-20
16 th of June 2021	AAR 08-21
1 st of December 2021	AAR 31-21
8 th of June 2022	AAR 09-22

Budget Implications

As part of the Senior Corporate Governance Officer role, regular reporting of risk management is essential. Therefore the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost - None.

Council Policy Compliance

Risk Management Governance Framework

- Administration Policy AP023
- Procedure PR036
- Australian Standard AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR 8.4B) for full assessment document.

TIER 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Biannual Risk Management Dashboard Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</p> <p>Reputational Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.</p>

Officer Comment

It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

The Risk Management Dashboard Report for this reporting period (Appendix AAR 8.4A) summarises the risks of Council and provides the treatment plans (actions) that have been identified by management to improve certain key control ratings. Typically these control ratings have been identified as inadequate and a treatment plan (action) has been determined to improve the control effectiveness to at least adequate.

To provide a comparison between reporting periods, table 1 below indicates that there are 16 treatments/action plans in place, compared with 17 treatments last reporting period. Five new treatments have been added, with 6 being completed. As treatments are cleared or completed they are removed from the Dashboard.

Table 1 – Treatment Plan Summary

(Last reporting period)			(This reporting period)		
Total	Completed	In Progress	Total	New	In Progress
17	6	11	16	5	11

The Risk Management Dashboard Report (Appendix AAR 8.4A) also provides an indication of the value of the combined controls in mitigating levels of risk. This is summarised by the overall control rating (how effective the controls in place are operating) and the overall risk rating (the determined level of risk). From the last reporting period, there remains no change to the Overall Control Rating or the Overall Risk Rating for any of the themes. In summary, the Dashboard demonstrates that 9 combined controls are rated as ‘Adequate’ and 7 are rated as ‘Effective’.

The Audit and Risk Committee can expect the next Risk Dashboard Biannual Report at the committee meeting scheduled for June 2023.

8.5 Title: Western Australian Auditor General - Schedule of Reports

Reporting Department	Corporate & Governance Directorate
Responsible Officer	Mr Phil Anastasakis - Deputy CEO
Reporting Officer	Mrs Cindy Barbetti - Senior Corporate Governance Officer
Legislation	Local Government Act 1995 Local Government (Audit) Regulations 1996
Council Role	Executive/Strategic.
Voting Requirement	Simple Majority.
Attachments	AAR 8.5A Risk Assessment AAR 8.5B Report 8 – Forensic Audit Results 2022

Overview

This report provides the Audit and Risk Committee with a schedule of Western Australian Auditor General Reports that have been released since the September 2022 committee meeting.

Change to Officer Recommendation

As per *Local Government (Administration) Regulations 1996* 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

The Resolution was amended to reference Appendix AAR: 8.5B.

AUDIT & RISK COMMITTEE RESOLUTION

AAR: 28-22 MOVED - Cr M Bennett SECONDED - Cr J Dow

THAT the Audit and Risk Committee receive the December 2022 report on the Western Australian Auditor General – Schedule of Reports as provided for in (Appendix AAR: 8.5B).

CARRIED
4/0

Background

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on 28th of October 2017. The purpose of the Act was to make legislative changes to the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General.

The Act also provides for a category of audits known as ‘performance audit reports’ which examine the economy, efficiency and effectiveness of any aspect of a local governments operations. The findings of these audits are likely representative of issues in other local government entities that were not part of the sample. In addition, the Auditor General releases ‘guides’ to help support good governance within a local government’s operations.

The Auditor General encourages all entities, not just those audited, to periodically assess themselves against the risks and controls noted in each of the performance audit reports and guides when published. Testing our performance against the Auditor General findings and reporting the outcomes to the Audit and Risk Committee can be viewed as a vital component of managing compliance reporting under Regulation 17.

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996, r17

Reg 17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.**Precedents**

The Audit and Risk Committee previously received a report at the September 2022 meeting that responded to the reports released by the OAG from June 2022 to September 2022.

Budget Implications

As part of the Senior Corporate Governance Officer role, regular monitoring and assessment of reports released by the OAG is deemed a matter of good governance and a vital component of managing compliance under Regulation 17. Therefore the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:8.5A) for full assessment document.

Tier 2 – 'Low' or 'Moderate' Inherent Risk.	
Risk Event	Western Australian Auditor General – Schedule of Reports
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.		
Risk Category Assessed Against	Legal and Compliance	Not considering the risks, controls and recommendations arising from the Auditor General’s report could have an impact on Council not meeting its compliance requirements.
	Reputational	Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.

Officer Comment

Since the last committee meeting, the only reports released by the OAG have been specific to their business operations. These reports are reflected in the table below and are provided to members as informing documents only:

DATE	REPORT NO	REPORT	APPENDIX
27-09-2022	NA	Annual Report 2021-2022	Councillor Portal; or Web accessible: Annual Report 2021-2022 - Office of the Auditor General
16-11-2022	8	Forensic Audit Results 2022	AAR:8.5B

- *2021-2022 Annual Report*

The OAG’s 2021-2022 Annual Report outlines the operations of the OAG and presents their financial statements and performance indicators.

Due to the report being 150 pages long, it was provided to all Councillors via email on the 12th of October 2022, or alternatively can be accessed through the Councillor Portal or web.

- *Report 8 - Forensic Audit Results 2022*

The OAG has released their annual results report to Parliament on the progression of their forensic audit program being delivered by the OAG’s Forensic Audit business unit. For some context, the OAG’s Forensic Audit business unit’s purpose is to improve resilience to fraud and corruption across the WA public sector by conducting targeted, risk based, forensic audits that identify vulnerabilities to, and potential indicators of, significant fraud in State government entities.

This report essentially summarises what the OAG has been doing in the fraud awareness space throughout 2022. Any tabled reports (of relevance) mentioned within Report 8 have previously been provided to the Audit and Risk Committee.

Staff and elected members will have the opportunity to attend a Fraud Awareness Training in February 2023, which was formerly supported by Council (through the Audit and Risk Committee). This training will strengthen our current fraud and corruption risk management, and organisational culture.

- *Conclusion*

The OAG report review process will continue to be applied to future reports and guides released by the Auditor General. The analysis of these reports provides Council with a greater level of confidence in internal control practices and processes throughout Council operations.

8.6 Title: Confirmation of Completed Committee Responsibilities for 2022

Reporting Department	Corporate & Governance Directorate
Responsible Officer	Mr Phil Anastasakis - Deputy CEO
Reporting Officer	Mrs Cindy Barbetti - Senior Corporate Governance Officer
Legislation	Local Government Act 1995
Council Role	Legislative.
Voting Requirement	Simple Majority.
Attachments	AAR 8.6A – 2022 Annual Audit Work Plan AAR 8.6B – Risk Assessment

Overview

To provide Council, through the Audit and Risk Committee, with annual confirmation of the responsibilities that have been completed in accordance with the Audit and Risk Committee Charter and subsequent 2022 Annual Audit Work Plan.

Change to Officer Recommendation

As per *Local Government (Administration) Regulations 1996* 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

The Resolution was amended to reference Appendix AAR: 8.6A.

AUDIT & RISK COMMITTEE RESOLUTION

AAR: 29-22 MOVED - Cr J Dow SECONDED - Cr M Hutchinson

THAT the Audit and Risk Committee:

- 1. Receive this report confirming the Audit and Risk Committee's responsibilities that have been completed in accordance with the 2022 Annual Audit Work Plan.**
- 2. Update the pending resolution numbers noted within this report.**
- 3. Recommends that Council endorse this report confirming the Audit and Risk Committee's responsibilities that have been completed in accordance with the 2022 Annual Audit Work Plan (Appendix AAR: 8.6A).**

CARRIED
4/0

Background

In June 2020, the Auditor General released the 'Western Australian Public Sector Audit Committees - Better Practice Guide' as a beneficial resource to state and local governments when further developing the role of audit committees. The Guide takes into consideration the relevant functions, responsibilities and associated activities that a committee will undertake and has been a resourceful guide when reviewing the Charter of the Audit and Risk Committee of Council.

The Charter, which incorporates the Terms of Reference, Instrument of Appointment and Annual Audit Work Plan template, was endorsed by Council on the 29th of September 2021 [Res 295-21].

The 2022 Annual Audit Work Plan (Appendix : AAR 8.6A) that assists and guides the committee on the functions, roles and responsibilities that are undertaken throughout 2022, was endorsed by Council on 15th of December 2021 [Res 417-21].

The following committee operation function is noted within the 2022 Annual Audit Work Plan:

Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.

Scheduled: December 2022.

This report has been compiled in response to the above committee operation function, and seeks a direct decision from Council on the responsibilities that have been completed in accordance with the 2022 Annual Audit Work Plan.

Legal Implications

Local Government Act 1995

7.1A. Audit committee

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

** Absolute majority required.*

- (3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) An employee is not to be a member of an audit committee.*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

Council is required to confirm annually the Committee responsibilities that have been completed. This function was previously considered at the 15th of December 2021 Ordinary Council Meeting [416-21].

Budget Implications

This confirmation is administered through staff time which is supported by the salaries and wages budget specific to the Corporate and Governance directorate.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

- *Audit and Risk Committee Charter*

- *Western Australian Public Sector Audit Committees – Better Practice Guide*

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.6B) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Confirmation of Completed Committee Responsibilities.
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance Not confirming the committee’s responsibilities that have been completed, would not be in line with the recommendations from the Auditor General’s publication (Better Practice Guide), or the Audit and Risk Committee Charter.</p> <p>Reputational Council’s reputation could be seen in a negative light for not adhering to the functions of the Charter or the Better Practice Guide.</p>

Officer Comment

- *Committee Meetings 2022*

The committee has formally met on the following four (4) occasions throughout 2022:

- 16th of March 2022;
- 8th of June 2022;
- 14th of September 2022; and
- 7th of December 2022 (this meeting).

In addition, the Audit Entrance Meeting was held on the 5th of May 2022 (via the Microsoft Teams application) with the Audit and Risk Committee Chairperson, Deputy Chairperson, Moore Australia representative, OAG representative and Management.

- *Annual confirmation of completed committee responsibilities*

The following table provides the 2022 Annual Audit Work Plan that was endorsed for the period January 2022 to December 2022, and also provides management’s response on the completion of these functions. Where necessary, some items have been carried forward to 2023.

AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN						MANAGEMENT RESPONSE
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	16 Mar 22	* Apr/ May 22	8 Jun 22	14 Sep 22	7 Dec 22	
1. Committee Operation						
Biennial review of the Charter (Terms of Reference). <i>Next Due 2023.</i>	Not Applicable – next due 2023					
Agree on the annual audit work plan; and set priority areas for the coming year.					✓ Res: Pending	This function is occurring at this committee meeting
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					✓ Res: Pending	This function is occurring at this committee meeting
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2023.</i>	Not Applicable – next due 2023					
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2023.</i>	Not Applicable – next due 2023					
2. Risk Management						
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 14-08-2019 [Res 250-19] <i>Report Next Due: 2022</i>	Carried forward to March 2023 meeting. <i>The Risk Management Governance Framework is scheduled for an external review, with a workshop now to be held on 14 February 2023 with Executive and Management. Following the workshop, a report will be presented to the Audit and Risk Committee at the March 2023 meeting.</i>					
Receive the biannual dashboard report			✓ AAR 09-22		✓ Res: Pending	Completed
3. Legislative Compliance						
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	✓ AAR 02-22					Completed
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	✓ AAR 04-22			✓ AAR 15-22		Completed
4. Internal Audit						
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				✓ AAR 16-22		Completed
5. Financial Reporting						
Consider and recommend adoption of the Annual Financial Report to Council.					✓ Res: Pending	This function is occurring at this committee meeting
6. External Audit (OAG)						
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		* ✓ Not minuted				Completed Microsoft Teams Meeting held 5 May 2022 with Chair, Deputy Chair, Moore Australia representative, OAG representative & Management

AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN						MANAGEMENT RESPONSE
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	16 Mar 22	* Apr/ May 22	8 Jun 22	14 Sep 22	7 Dec 22	
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					✓ Res: Pending	These functions are occurring at this committee meeting
Examine the reports of the auditor to – iii.) determine if any matters raised require action to be taken by the local government; and iv.) ensure that appropriate action is taken in respect of those matters.					✓ Res: Pending	
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					✓ Res: Pending	
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	✓ AAR 06-22		✓ AAR 10-22	✓ AAR 14-22	✓ Res: Pending	Completed
7. Regulation 17 Triennial Review (report next Due: March 2024)						
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	Not Applicable – next due 2024					
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not Applicable – next due 2024					
Receive an update on the action plan arising from auditor recommendations from the 2021 Regulation 17 review (until all action items are completed).	Carried forward to March 2023 meeting. <i>A full review of Administration Policies and Procedures remains the only outstanding finding from the 2021 Regulation 17 Review. The Senior Corporate Governance Officer has commenced this process and a report will be provided to the Audit and Risk Committee at the March 2023 meeting to confirm this is complete.</i>					
8. Financial Management Systems Triennial Review (report next Due: March 2022)						
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	✓ AAR 03-22					Completed
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – all actions marked as complete					
Receive an update on the action plan arising from auditor	Not Applicable – all actions marked as complete					

AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN						MANAGEMENT RESPONSE
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	16 Mar 22	* Apr/ May 22	8 Jun 22	14 Sep 22	7 Dec 22	
recommendations from the Financial Management Systems Review.						
9. Governance Health & Financial Sustainability Four-Yearly Review (report next Due: March 2024)						
To consider the CEO's Governance Health and Financial Sustainability Review, and report to the Council the results of that review.						Not Applicable – next due 2024
Set the action plan arising from the recommendations from the review.						Not Applicable – next due 2024
Receive an update on the action plan arising from the recommendations from the review.						Not Applicable – next due 2024
Undertake an independent external assessment of the Committee at least once in every three years. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.						Not Applicable – next due 2024
10. Information Systems Security Audit (report next Due: 2022-23)						
Receive the audit report arising from the 2 yearly Information Systems Security Audit.					✓ Res: Pending	These functions are occurring at this committee meeting
Set the action plan arising from the recommendations from the Information Systems Security Audit.					✓ Res: Pending	
Receive an update on the action plan arising from the recommendations from the Information Systems Security Audit.						Not Applicable – next due March 2023

** A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April/May 2022 that serves as an audit entrance meeting with Council's appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee and management.*

9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN
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None.

10. NEW BUSINESS OF AN URGENT NATURE

[Please Note: This is Not General Business – This is for Urgent Business Approved By the Person Presiding or by Decision. In cases of extreme urgency or other special circumstance, matters may, with the consent of the person presiding, or by decision of the members present, be raised without notice and decided by the meeting.]

11. MATTERS BEHIND CLOSED DOORS
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It is recommended that the following item be heard behind closed doors.

Shire of Dardanup Standing Orders & Local Government Act 1995 Section 5.23 - Matters for Which Meeting May Be Closed:

Standing Order and the *Local Government Act 1995* provides for Council to resolve to close the meeting to the public and proceed behind closed doors for matters:

- | |
|---|
| <p>S 5.23 (1) <i>Subject to subsection (2), the following are to be open to members of the public-</i></p> <ul style="list-style-type: none"> (a) <i>all Council meetings; and</i> (b) <i>all meetings of any committee to which a local government power or duty has been delegated.</i> <p>(2) <i>If a meeting is being held by a Council or by a committee referred to in subsection (1) (b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following -</i></p> <ul style="list-style-type: none"> (a) <i>a matter affecting an employee or employees;</i> (b) <i>the personal affairs of any person;</i> (c) <i>a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;</i> (d) <i>legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;</i> (e) <i>a matter that if disclosed, would reveal -</i> <ul style="list-style-type: none"> (i) <i>a trade secret;</i> (ii) <i>information that has a commercial value to a person; or</i> (iii) <i>information about the business, professional, commercial or financial affairs of a person,</i>
<i>where the trade secret or information is held by, or is about, a person other than the local government;</i> (f) <i>a matter that if disclosed, could be reasonably expected to -</i> <ul style="list-style-type: none"> (i) <i>impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;</i> (ii) <i>endanger the security of the local government's property; or</i> (iii) <i>prejudice the maintenance or enforcement of a lawful measure for protecting public safety;</i> (g) <i>information which is the subject of a direction given under section 23 (1a) of the Parliamentary Commissioner Act 1971; and</i> (h) <i>such other matters as may be prescribed.</i> <p>(3) <i>A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.</i></p> |
|---|

AUDIT & RISK COMMITTEE RESOLUTION

AAR 30-22 MOVED - Cr T G Gardiner SECONDED - Cr M Hutchinson

THAT in accordance with the Local Government Act 1995, S 5.23, the Audit & Risk Committee go Behind Closed Doors [2.47pm] to discuss:

- **A matter that if disclosed could be reasonably expected to endanger the security of the local governments property**

CARRIED
4/0

Note: Executive Manager Development Services, Mr Murray Connell left the meeting at 2.47pm.

11.1 Title: Information Systems Security Report

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mr Phil Anastasakis - Deputy CEO</i>
Reporting Officer	<i>Mr Chris Murray - Manager Information Services</i>
Legislation	<i>Local Government Act 1995</i>
Council Role	<i>Executive/Strategic.</i>
Voting Requirement	<i>Simple Majority.</i>

REPORT UNDER SEPARATE COVER

Note: In accordance with the Local Government Act 1995 5.23 (2) this report is not available to the public. The Chairperson tables the confidential report on this matter and provides copies to each elected member. The report will be located in the Records Management System of the Council.

Note: Mrs Cathy Lee joined the meeting at 2.50pm

AUDIT & RISK COMMITTEE RESOLUTION

AAR: 31-22 MOVED - Cr T G Gardiner SECONDED - Cr M Bennett

THAT the Audit and Risk Committee recommend that Council:

- 1. Note the three reports containing the findings and recommendations from the 2022 Cyber Security Audit conducted by Zirilio (Confidential Appendix AAR:11.1B, 11.1C and 11.1D).**
- 2. Endorse the actions shown in (Confidential Appendix AAR: 11.1E) to remediate the issues that have been reported.**

CARRIED
4/0

AUDIT & RISK COMMITTEE RESOLUTION

AAR: 32-22 MOVED - Cr T G Gardiner SECONDED - Cr M Hutchinson

THAT the Audit & Risk Committee return from Behind Closed Doors [2.56pm].

CARRIED

4/0

Note: In accordance with Standing Order 5.2(6) the Presiding Officer, may cause the motion passed by the Audit & Risk Committee whilst behind closed doors to be read out.

12. CLOSURE OF MEETING

The date of the next Audit & Risk Committee Meeting will be Wednesday, 15th of March 2023.

There being no further business the Chairperson declared the meeting closed at 2.56pm.

SHIRE OF DARDANUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Certification of Financial Report	2
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The Shire of Dardanup conducts the operations of a local government with the following community vision:

The Shire of Dardanup is a healthy, self-sufficient and sustainable community, that is connected and inclusive, and where our culture and innovation are celebrated.

Principal place of business:
Shire of Dardanup
1 Council Drive
EATON WA 6232

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

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

Signed on the [redacted] day of [redacted] 2022

André Schönfeldt
Chief Executive Officer

[Appendix ORD: 12.5.1B]

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

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	26(a),2(a)	14,307,664	14,311,406	13,812,484
Operating grants, subsidies and contributions	2(a)	2,984,793	2,656,447	2,507,208
Fees and charges	25(c),2(a)	3,409,896	3,110,375	3,237,538
Interest earnings	2(a)	190,871	196,149	212,518
Other revenue	2(a)	19,439	28,652	28,096
		20,912,663	20,303,029	19,797,844
Expenses				
Employee costs		(10,564,139)	(10,840,096)	(10,661,612)
Materials and contracts		(6,550,689)	(5,791,985)	(4,278,695)
Utility charges		(573,880)	(563,170)	(589,476)
Depreciation	10(a)	(5,619,217)	(5,635,083)	(5,270,048)
Finance costs	2(b)	(108,244)	(123,418)	(106,470)
Insurance		(318,720)	(337,242)	(310,162)
Other expenditure	2(b)	(416,236)	(426,355)	(420,346)
		(24,151,125)	(23,717,349)	(21,636,809)
		(3,238,462)	(3,414,320)	(1,838,965)
Capital grants, subsidies and contributions	2(a)	7,438,890	7,805,595	5,269,566
Profit on asset disposals	10(b)	36,297	3,648,330	18,861
Loss on asset disposals	10(b)	(73,533)	(10,534)	(1,322,374)
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,587
		7,405,651	11,443,391	3,968,640
Net result for the period	25(b)	4,167,189	8,029,071	2,129,675
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	73,731,424	0	13,216,449
Total other comprehensive income for the period	17	73,731,424	0	13,216,449
Total comprehensive income for the period		77,898,613	8,029,071	15,346,124

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

SHIRE OF DARDANUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022	2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	15,051,169	14,443,059
Trade and other receivables	5	1,257,406	1,047,165
Other financial assets	4(a)	7,114,531	12,600,296
Inventories	6	14,282	12,160
Other assets	7	286,634	160,131
TOTAL CURRENT ASSETS		23,724,022	28,262,811
NON-CURRENT ASSETS			
Trade and other receivables	5	143,597	134,563
Other financial assets	4(b)	77,804	73,807
Property, plant and equipment	8	45,324,462	42,018,867
Infrastructure	9	222,583,638	146,530,101
Right-of-use assets	11(a)	447,313	533,672
TOTAL NON-CURRENT ASSETS		268,576,814	189,291,010
TOTAL ASSETS		292,300,836	217,553,821
CURRENT LIABILITIES			
Trade and other payables	12	2,831,190	3,741,597
Other liabilities	13	877,449	2,472,214
Lease liabilities	11(b)	194,754	167,440
Borrowings	14	392,533	333,977
Employee related provisions	15	1,636,069	1,693,712
TOTAL CURRENT LIABILITIES		5,931,995	8,408,940
NON-CURRENT LIABILITIES			
Other liabilities	13	261,660	778,423
Lease liabilities	11(b)	260,327	372,271
Borrowings	14	2,056,490	2,129,023
Employee related provisions	15	271,516	244,930
Other provisions	16	83,833	83,833
TOTAL NON-CURRENT LIABILITIES		2,933,826	3,608,480
TOTAL LIABILITIES		8,865,821	12,017,420
NET ASSETS		283,435,015	205,536,401
EQUITY			
Retained surplus		58,694,264	51,740,275
Reserve accounts	29	19,052,092	21,838,892
Revaluation surplus	17	205,688,659	131,957,235
TOTAL EQUITY		283,435,015	205,536,402

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

[Appendix ORD: 12.5.1B]

SHIRE OF DARDANUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2020		49,244,076	22,205,416	118,740,786	190,190,278
Comprehensive income for the period					
Net result for the period		2,129,675	0	0	2,129,675
Other comprehensive income for the period	17	0	0	13,216,449	13,216,449
Total comprehensive income for the period		2,129,675	0	13,216,449	15,346,124
Transfers from reserves	29	7,607,708	(7,607,708)	0	0
Transfers to reserves	29	(7,241,185)	7,241,185	0	0
Balance as at 30 June 2021		51,740,275	21,838,892	131,957,235	205,536,402
Comprehensive income for the period					
Net result for the period		4,167,189	0	0	4,167,189
Other comprehensive income for the period	17	0	0	73,731,424	73,731,424
Total comprehensive income for the period		4,167,189	0	73,731,424	77,898,613
Transfers from reserves	29	13,956,121	(13,956,121)	0	0
Transfers to reserves	29	(11,169,321)	11,169,321	0	0
Balance as at 30 June 2022		58,694,264	19,052,092	205,688,659	283,435,015

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

[Appendix ORD: 12.5.1B]

SHIRE OF DARDANUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		14,245,005	14,311,406	14,016,550
Operating grants, subsidies and contributions		2,631,115	2,656,447	3,084,938
Fees and charges		3,573,290	3,110,375	3,181,452
Interest received		190,871	196,149	212,518
Goods and services tax received		2,429,607	0	782,390
Other revenue		19,439	28,652	28,096
		23,089,327	20,303,029	21,305,944
Payments				
Employee costs		(10,735,655)	(10,840,096)	(10,660,067)
Materials and contracts		(7,551,093)	(5,791,985)	(3,532,992)
Utility charges		(573,880)	(563,170)	(589,476)
Finance costs		(110,003)	(123,418)	(109,543)
Insurance paid		(318,720)	(337,242)	(310,162)
Goods and services tax paid		(2,290,922)	0	(1,022,021)
Other expenditure		(416,236)	(426,355)	(420,346)
		(21,996,509)	(18,082,266)	(16,644,607)
Net cash provided by (used in) operating activities	18(b)	1,092,818	2,220,763	4,661,337
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		0	0	(4,200,296)
Payments for purchase of property, plant & equipment	8(a)	(6,621,731)	(12,458,735)	(2,633,891)
Payments for construction of infrastructure	9(a)	(4,714,844)	(6,884,503)	(4,353,160)
Non-operating grants, subsidies and contributions		5,325,508	4,751,820	3,160,370
Proceeds from financial assets at amortised cost		5,485,765	0	0
Proceeds from sale of property, plant & equipment	10(b)	243,274	5,170,384	229,045
Proceeds from sale of infrastructure		0	0	0
Net cash provided by (used in) investing activities		(282,028)	(9,421,034)	(7,797,932)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	28(a)	(333,977)	(349,517)	(250,116)
Payments for principal portion of lease liabilities	28(d)	(188,703)	(334,246)	(165,751)
Proceeds from new borrowings	28(a)	320,000	320,000	750,000
Net cash provided by (used in) financing activities		(202,680)	(363,763)	334,133
Net increase (decrease) in cash held		608,110	(7,564,034)	(2,802,462)
Cash at beginning of year		14,443,059	22,628,253	17,245,523
Cash and cash equivalents at the end of the year	18(a)	15,051,169	15,064,219	14,443,061

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

[Appendix ORD: 12.5.1B]

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

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	27(c)	961,190	169,557	474,501
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	26(b)	354,525	354,601	350,178
Operating grants, subsidies and contributions		2,984,793	2,656,447	2,507,208
Fees and charges		3,409,896	3,110,375	3,237,538
Interest earnings		190,871	196,149	212,518
Other revenue		19,439	28,652	28,096
Profit on asset disposals	10(b)	36,297	3,648,330	18,861
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,587
		6,999,818	9,994,554	6,356,986
Expenditure from operating activities				
Employee costs		(10,564,137)	(10,840,096)	(10,661,612)
Materials and contracts		(6,550,689)	(5,791,985)	(4,278,695)
Utility charges		(573,880)	(563,170)	(589,476)
Depreciation		(5,619,217)	(5,635,083)	(5,270,048)
Finance costs		(108,244)	(123,418)	(106,470)
Insurance		(318,720)	(337,242)	(310,162)
Other expenditure		(416,236)	(426,355)	(420,346)
Loss on asset disposals	10(b)	(73,533)	(10,534)	(1,322,374)
		(24,224,656)	(23,727,883)	(22,959,183)
Non-cash amounts excluded from operating activities	27(a)	5,670,008	1,818,942	4,249,214
Amount attributable to operating activities		(11,554,830)	(11,914,387)	(12,352,983)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		7,438,890	7,805,595	5,269,566
Proceeds from disposal of assets	10(b)	243,274	5,170,384	229,045
Purchase of property, plant and equipment	8(a)	(6,621,731)	(12,458,735)	(2,633,891)
Purchase and construction of infrastructure	9(a)	(4,714,844)	(6,884,503)	(4,353,160)
		(3,654,411)	(6,367,259)	(1,488,440)
Non-cash amounts excluded from investing activities	27(b)	(2,113,811)	(2,875,832)	165,151
Amount attributable to investing activities		(5,768,222)	(9,243,091)	(1,323,289)
FINANCING ACTIVITIES				
Repayment of borrowings	28(a)	(333,977)	(349,517)	(250,116)
Proceeds from borrowings	28(a)	320,000	320,000	750,000
Payments for principal portion of lease liabilities	28(d)	(188,703)	(334,246)	(165,751)
Transfers to reserves (restricted assets)	29	(11,169,321)	(10,526,326)	(7,241,185)
Transfers from reserves (restricted assets)	29	13,956,121	17,937,755	7,607,708
Amount attributable to financing activities		2,584,119	7,047,666	700,656
Surplus/(deficit) before imposition of general rates		(13,777,746)	(13,940,255)	(12,501,115)
Total amount raised from general rates	26(a)	13,953,139	13,956,805	13,462,306
Surplus/(deficit) after imposition of general rates	27(c)	175,393	16,552	961,190

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

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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 at 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 at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer

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

2. REVENUE AND EXPENSES (Continued)

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

(a) Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	13,953,139	354,525	14,307,664
Operating grants, subsidies and contributions	2,984,793	0	0	0	2,984,793
Fees and charges	0	0	200,425	3,209,471	3,409,896
Interest earnings	0	0	110,658	80,213	190,871
Other revenue	19,439	0	0	0	19,439
Non-operating grants, subsidies and contributions	0	7,438,890	0	0	7,438,890
Total	3,004,232	7,438,890	14,264,222	3,644,209	28,351,553

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	13,462,306	350,178	13,812,484
Operating grants, subsidies and contributions	2,507,208	0	0	0	2,507,208
Fees and charges	0	0	214,549	3,022,989	3,237,538
Interest earnings	0	0	51,650	160,868	212,518
Other revenue	28,096	0	0	0	28,096
Non-operating grants, subsidies and contributions	0	5,269,566	0	0	5,269,566
Total	2,535,304	5,269,566	13,728,505	3,534,035	25,067,410

Note	2022 Actual	2022 Budget	2021 Actual
	Interest earnings		
Interest on reserve funds	67,300	54,883	132,565
Interest on other funds	11,354	27,090	27,052
Rates instalment and penalty interest (refer Note 26(e))	110,658	112,915	51,650
Other interest earnings	1,559	1,261	1,251
	190,871	196,149	212,518
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	36,600	22,427	22,130
- Other services (Commonwealth certifications)	14,010	13,000	800
	50,610	35,427	22,930
Finance costs			
Borrowings	28(a) 97,541	116,967	95,322
Lease liabilities	28(d) 10,703	6,451	11,148
	108,244	123,418	106,470
Other expenditure			
Sundry expenses	416,236	426,355	420,346
	416,236	426,355	420,346

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

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Term deposits
Total cash and cash equivalents

Held as
- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	15,051,169	11,431,690
	0	3,011,369
18(a)	15,051,169	14,443,059
	3,113,608	5,204,463
18(a)	11,937,561	9,238,596
	15,051,169	14,443,059

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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 with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. 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 18.

4. OTHER FINANCIAL ASSETS

(a) **Current assets**

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

Held as

- Restricted other financial assets at amortised cost

(b) **Non-current assets**

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2022	2021
	\$	\$
	7,114,531	12,600,296
	7,114,531	12,600,296
	7,114,531	12,600,296
	7,114,531	12,600,296
18(a)	7,114,531	12,600,296
	7,114,531	12,600,296
	77,804	73,807
	77,804	73,807
	77,804	73,807
	77,804	73,807

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

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

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for credit losses of trade and other receivables	22(b)
Fuel tax credits	
Pensioner rates rebate	

Note	2022	2021
	\$	\$
	465,832	309,045
	399,598	170,111
	376,511	515,195
22(b)	(5,543)	0
	1,904	6,439
	19,104	46,375
	1,257,406	1,047,165
	143,597	134,563
	143,597	134,563

Non-current

Pensioner's rates and ESL deferred	
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SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for 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.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables 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 DARDANUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

Current

Note	2022	2021
	\$	\$
Materials - depot	7,122	6,318
Trading stock - Eaton Recreation Centre	7,159	5,842
Land held for resale		
Cost of acquisition	1	0
	14,282	12,160

The following movements in inventories occurred during the year:

Balance at beginning of year	12,160	19,227
Inventories expensed during the year	(11,598)	(7,067)
Additions to inventory	13,720	0
Balance at end of year	14,282	12,160

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

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

7. OTHER ASSETS**Other assets - current**

Prepayments
 Accrued income

	2022	2021
	\$	\$
	41,896	40,180
	244,738	119,951
	286,634	160,131

SIGNIFICANT ACCOUNTING POLICIES**Other current assets**

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

Accrued Income

Accrued income includes interest accrued on term deposits and revenue or contributions expected to be earned but has yet to be received by year end.

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

Note	Land	Buildings - non-specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	6,401,394	21,984,886	28,386,280	357,255	94,629	2,161,807	539,935	31,539,905
Additions	7,500	11,941	19,441	24,754	0	531,430	2,058,267	2,633,891
Disposals	(107,150)	(445,316)	(552,466)	0	(900)	(214,567)	(481,722)	(1,249,655)
Revaluation increments / (decrements) transferred to revaluation surplus	858,256	9,475,764	10,334,020	0	0	0	0	10,334,020
Depreciation	0	(809,126)	(809,126)	(95,188)	(11,515)	(323,467)	0	(1,239,294)
Balance at 30 June 2021	7,160,000	30,218,149	37,378,149	286,821	82,214	2,155,203	2,116,480	42,018,867
Comprises:								
Gross balance amount at 30 June 2021	7,160,000	51,436,550	58,596,550	1,576,266	188,776	4,779,642	2,116,480	67,257,714
Accumulated depreciation at 30 June 2021	0	(21,218,401)	(21,218,401)	(1,289,445)	(106,562)	(2,624,439)	0	(25,238,847)
Balance at 30 June 2021	7,160,000	30,218,149	37,378,149	286,821	82,214	2,155,203	2,116,480	42,018,867
Additions	0	3,267,870	3,267,870	58,484	404,668	823,181	2,067,528	6,621,731
Disposals	0	(70,235)	(70,235)	(3,288)	0	(206,987)	0	(280,510)
Depreciation	0	(1,240,542)	(1,240,542)	(76,057)	(38,953)	(310,832)	0	(1,666,384)
Transfers	0	475,194	475,194	0	0	0	(1,844,436)	(1,369,242)
Balance at 30 June 2022	7,160,000	32,650,436	39,810,436	265,960	447,929	2,460,565	2,339,572	45,324,462
Comprises:								
Gross balance amount at 30 June 2022	7,160,000	53,645,596	60,805,596	1,628,841	593,444	5,075,767	2,339,572	70,443,220
Accumulated depreciation at 30 June 2022	0	(20,995,160)	(20,995,160)	(1,362,881)	(145,515)	(2,615,202)	0	(25,118,758)
Balance at 30 June 2022	7,160,000	32,650,436	39,810,436	265,960	447,929	2,460,565	2,339,572	45,324,462

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2021	Price per hectare / market borrowing rate
Buildings - non-specialised	3	Market approach using recent observable market data for properties	Independent registered valuer	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
<p>Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.</p> <p>During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.</p>					
(ii) Cost					
Furniture and equipment		N/A	Cost	Not applicable	N/A
Plant and equipment		N/A	Cost	Not applicable	N/A
Motor vehicles		N/A	Cost	Not applicable	N/A

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

Note	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Infrastructure - bridges	Infrastructure - car parks	Infrastructure - lighting	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	91,654,243	7,040,159	16,893,286	6,015,002	21,836,680	0	0	143,439,370
Additions	3,061,885	566,218	0	363,538	361,520	0	0	4,353,160
(Disposals)	0	0	0	0	(282,903)	0	0	(282,903)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	2,882,429	0	0	2,882,429
Depreciation	10(a) (2,530,303)	(207,947)	(333,136)	(192,844)	(597,726)	0	0	(3,861,955)
Balance at 30 June 2021	92,185,825	7,398,430	16,560,150	6,185,696	24,200,000	0	0	146,530,101
Comprises:								
Gross balance at 30 June 2021	136,455,726	10,963,561	25,047,817	10,005,718	38,959,000	0	0	221,431,822
Accumulated depreciation at 30 June 2021	(44,269,901)	(3,565,131)	(8,487,667)	(3,820,022)	(14,759,000)	0	0	(74,901,721)
Balance at 30 June 2021	92,185,825	7,398,430	16,560,150	6,185,696	24,200,000	0	0	146,530,101
Additions	2,331,674	623,164	0	1,611,603	0	58,333	90,070	4,714,844
(Disposals)	0	0	0	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	50,847,232	6,007,356	5,988,057	7,471,741	0	1,289,053	2,127,985	73,731,424
Depreciation	10(a) (2,579,905)	(219,271)	(333,136)	(200,114)	(429,549)	0	0	(3,761,975)
Transfers	8(a) 0	0	0	713,019	0	656,225	0	1,369,244
Balance at 30 June 2022	142,784,826	13,809,679	22,215,071	15,781,945	23,770,451	2,003,611	2,218,055	222,583,638
Comprises:								
Gross balance at 30 June 2022	164,384,485	19,118,187	30,919,477	24,136,700	38,959,000	3,910,819	2,841,328	284,269,996
Accumulated depreciation at 30 June 2022	(21,599,659)	(5,308,508)	(8,704,406)	(8,354,755)	(15,188,549)	(1,907,208)	(623,273)	(61,686,358)
Balance at 30 June 2022	142,784,826	13,809,679	22,215,071	15,781,945	23,770,451	2,003,611	2,218,055	222,583,638

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using current replacement cost	Independent valuation	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - car parks	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - lighting	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Buildings - non-specialised	8(a)	1,240,542	1,348,098	809,126
Furniture and equipment	8(a)	76,057	75,433	95,188
Plant and equipment	8(a)	38,953	11,515	11,515
Motor vehicles	8(a)	310,832	345,731	323,467
Infrastructure - roads	9(a)	2,579,905	2,530,304	2,530,303
Infrastructure - footpaths	9(a)	219,271	256,546	207,947
Infrastructure - drainage	9(a)	333,136	333,135	333,136
Infrastructure - parks and ovals	9(a)	200,114	192,843	192,844
Infrastructure - bridges	9(a)	429,549	429,550	597,726
Right-of-use assets - land and buildings	11(a)	38,505	21,509	23,397
Right-of-use assets - furniture and equipment	11(a)	150,821	90,419	139,424
Right-of-use assets - motor vehicles	11(a)	1,532	0	5,978
		5,619,217	5,635,083	5,270,048

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

10. FIXED ASSETS (Continued)

(a) Depreciation rates

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

Asset Class	Useful life
Buildings - non-specialised	
- sub-structure	18 to 90 years
- super-structure	15 to 75 years
- roof	14 to 68 years
- finishing & fittings	8 to 38 years
- services	11 to 53 years
- site surround works	30 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 10 years
Motor vehicles	4 to 5 years
Work in progress	Not depreciated
Infrastructure Assets - Roads	
Sealed Roads and Streets	
- formation	Not depreciated
- pavement	30 to 80 years
- seal: bitumen	20 years
- seal: asphalt	40 years
- seal: brick paving	40 years
- kerbing	60 years
- drainage	40 years
Gravel Roads	
- formation	Not depreciated
- pavement	10 to 20 years
Infrastructure Assets - Pathways	
- concrete	50 years
- limestone	15 years
- paving	25 years
- asphalt	20 years
- timber	30 years
Infrastructure - Stormwater Drainage	50 to 75 years
Infrastructure - Parks and Reserves	
- playgrounds	15 years
- furniture	15 years
- turf	20 years
- gardens	15 years
- irrigation	12 to 40 years
- sporting infrastructure	15 to 25 years
- rubbish bin enclosures	15 years
- marine structures	20 years
- other structures	15 to 80 years
Infrastructure - Bridges	
- timber	80 years
- other	100 years
Infrastructure - Car Parks	
- formation	Not depreciated
- pavement	30 to 80 years
- seal: bitumen	20 years
- seal: asphalt	40 years
- seal: brick paving	40 years
- kerbing	60 years
- drainage	40 years
Infrastructure - Lighting	5 to 25 years
Right of use - land	Based on the remaining lease
Right of use - buildings	Based on the remaining lease
Right of use - plant and equipment	Based on the remaining lease
Right of use - furniture and fittings	Based on the remaining lease
Right of use - motor vehicles	Based on the remaining lease

10. FIXED ASSETS (Continued)

(b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	1,351,670	5,000,000	3,648,330	0	107,150	0	0	(107,150)
Buildings - non-specialised	70,235	0	0	(70,235)	0	0	0	0	445,316	0	0	(445,316)
Furniture and equipment	3,288	0	0	(3,288)	0	0	0	0	0	0	0	0
Plant and equipment	0	0	0	0	0	0	0	0	900	0	0	(900)
Motor vehicles	206,987	243,274	36,297	(10)	180,918	170,384	0	(10,534)	214,567	229,045	18,861	(4,383)
Work in progress	0	0	0	0	0	0	0	0	481,722	0	0	(481,722)
Infrastructure - bridges	0	0	0	0	0	0	0	0	282,903	0	0	(282,903)
	280,510	243,274	36,297	(73,533)	1,532,588	5,170,384	3,648,330	(10,534)	1,532,558	229,045	18,861	(1,322,374)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Plant and Equipment				
Law, order, public safety				
Bushfire Brigade Appliance	34,400	48,182	13,782	0
Ranger Services Vehicle	14,203	16,455	2,252	0
Recreation and culture				
Parks & Reserves Vehicle	19,312	19,545	233	0
Parks & Reserves Vehicle	13,866	15,989	2,123	0
Parks & Reserves Vehicle	19,605	22,818	3,213	0
Transport				
Transport Vehicle	13,700	15,989	2,289	0
Tip Truck	47,000	57,750	10,750	0
Cab Tractor	28,175	29,000	825	0
Trailer	1,647	1,637	0	(10)
Other property and services				
IT Vehicle	15,079	15,909	830	0
	206,987	243,274	36,297	(10)
Furniture and equipment				
Recreation and culture				
Coffee Machine	3,288	0	0	(3,288)
	3,288	0	0	(3,288)
Buildings				
Law, order, public safety				
Bushfire Brigade Building	70,235	0	0	(70,235)
	70,235	0	0	(70,235)
	280,510	243,274	36,297	(73,533)

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

10. FIXED ASSETS (Continued)**SIGNIFICANT ACCOUNTING POLICIES****Fixed assets**

Each class of fixed assets within either property, 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 for assets held at cost

Plant and equipment including furniture and equipment is 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.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between 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.

Revaluation

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

At the end of each period the carrying amount for each asset class 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 and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, 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.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation 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 the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

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

11. LEASES

(a) Right-of-Use Assets

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

Note	Right-of-use assets - land and buildings	Right-of-use assets - furniture and equipment	Right-of-use assets - motor vehicles	Right-of-use assets Total
	\$	\$	\$	\$
Balance at 1 July 2020	100,704	404,586	603	505,893
Additions	0	171,395	12,213	183,608
Adjustment due to subsequent changes in lease liabilities	11,132	2,442	(604)	12,970
Depreciation	(23,397)	(139,424)	(5,978)	(168,799)
Balance at 30 June 2021	88,439	438,999	6,234	533,672
Additions	113,799	0	0	113,799
Gains/(losses) from sale and leaseback transactions	(30,302)	25,704	(4,702)	(9,300)
Depreciation	10(a) (38,505)	(150,821)	(1,532)	(190,858)
Balance at 30 June 2022	133,431	313,882	0	447,313

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

		2022 Actual	2021 Actual
		\$	\$
Depreciation on right-of-use assets	10(a)	(190,858)	(168,799)
Interest expense on lease liabilities	28(d)	(10,703)	(11,148)
Short-term lease payments recognised as expense		0	(39,150)
Lease principal expense		(188,703)	(165,751)
Total amount recognised in the statement of comprehensive income		(390,264)	(384,848)
Total cash outflow from leases		(188,703)	(178,852)

(b) Lease Liabilities

Current
Non-current

28(d)

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

All contracts that are classified as short-term leases (i.e. a lease with a 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.

Details of individual lease liabilities required by regulations are provided at Note 28(d).

Right-of-use assets - valuation measurement

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

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. 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 DARDANUP
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12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
ATO liabilities	
Bonds and deposits held	
Accrued interest on long term borrowings	
Accrued expenses	
Prepaid revenue	

2022	2021
\$	\$
1,149,276	1,798,946
885,616	782,454
171,847	141,810
0	170,496
584,732	700,299
28,572	30,331
6,565	117,261
4,582	0
2,831,190	3,741,597

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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

Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are usually 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 DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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13. OTHER LIABILITIES

Current

Contract liabilities from contracts with customers - Grant Revenue
Capital grant/contributions liabilities - Developer Contributions
Other Liabilities from contracts with customers - Revenue

Non-current

Contract liabilities from contracts with customers - Grant Revenue
Capital grant/contributions liabilities - Developer Contributions

Reconciliation of changes in contract liabilities - Grant Revenue

Opening balance
Additions
Revenue from contracts with customers included as a contract liability at the start of the period

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities - Developer Contributions

Opening balance
Additions
Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year
1 to 2 years
2 to 3 years
3 to 4 years
4 to 5 years
> 5 years

	2022	2021
	\$	\$
Contract liabilities from contracts with customers - Grant Revenue	598,305	1,906,515
Capital grant/contributions liabilities - Developer Contributions	250,000	538,409
Other Liabilities from contracts with customers - Revenue	29,144	27,290
	877,449	2,472,214
Contract liabilities from contracts with customers - Grant Revenue	0	15,000
Capital grant/contributions liabilities - Developer Contributions	261,660	763,423
	261,660	778,423
Opening balance	1,921,515	2,699,261
Additions	583,305	1,338,794
Revenue from contracts with customers included as a contract liability at the start of the period	(1,906,515)	(2,116,540)
	598,305	1,921,515
Opening balance	1,301,832	2,633,282
Additions	0	99,159
Revenue from capital grant/contributions held as a liability at the start of the period	(790,172)	(1,430,609)
	511,660	1,301,832
Less than 1 year	598,305	1,933,805
1 to 2 years	0	0
2 to 3 years	0	15,000
3 to 4 years	0	0
4 to 5 years	0	0
> 5 years	0	0
	598,305	1,948,805

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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

14. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		392,533	2,056,490	2,449,023	333,977	2,129,023	2,463,000
Total secured borrowings	28(a)	392,533	2,056,490	2,449,023	333,977	2,129,023	2,463,000

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Dardanup.

SIGNIFICANT ACCOUNTING POLICIES

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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

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

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave
Long Service Leave
Other employee provisions - rostered days off

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	833,762	852,083
Long Service Leave	732,123	786,010
Other employee provisions - rostered days off	70,184	55,619
	1,636,069	1,693,712
Long Service Leave	271,516	244,930
	271,516	244,930
	1,907,585	1,938,642

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	940,423	1,693,712
More than 12 months from reporting date	967,162	244,930
	1,907,585	1,938,642

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions 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.

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

SHIRE OF DARDANUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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16. OTHER PROVISIONS

	Provision for rehabilitation on leased land (Transfer Station)	Total
Note	\$	\$
Opening balance at 1 July 2021		
Non-current provisions	83,833	83,833
	83,833	83,833
Balance at 30 June 2022		
	83,833	83,833
Comprises		
Non-current	83,833	83,833
	83,833	83,833

Provision for remediation costs

Council operates a waste transfer station on leased land at Banksia Road, Dardanup, which at the end of the lease will require rehabilitation on the site. A provision for such has been created and is based on usage of the site. The Provision for Rehabilitation on the leased site has been recorded using the Net Present Value method.

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

17. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	5,876,608	0	0	0	5,876,608	5,018,352	858,256	0	858,256	5,876,608
Revaluation surplus - Buildings - non-specialised	21,289,894	0	0	0	21,289,894	11,814,130	9,475,764	0	9,475,764	21,289,894
Revaluation surplus - Furniture and equipment	141,852	0	0	0	141,852	141,852	0	0	0	141,852
Revaluation surplus - Plant and equipment	61,467	0	0	0	61,467	61,467	0	0	0	61,467
Revaluation surplus - Motor vehicles	308,205	0	0	0	308,205	308,205	0	0	0	308,205
Revaluation surplus - Infrastructure - roads	57,347,459	50,847,232	0	50,847,232	108,194,691	57,347,459	0	0	0	57,347,459
Revaluation surplus - Infrastructure - footpaths	6,425,473	6,007,356	0	6,007,356	12,432,829	6,425,473	0	0	0	6,425,473
Revaluation surplus - Infrastructure - drainage	19,141,929	5,988,057	0	5,988,057	25,129,986	19,141,929	0	0	0	19,141,929
Revaluation surplus - Infrastructure - parks and ovals	2,216,465	7,471,741	0	7,471,741	9,688,206	2,216,465	0	0	0	2,216,465
Revaluation surplus - Infrastructure - bridges	19,147,884	0	0	0	19,147,884	16,265,455	2,882,429	0	2,882,429	19,147,884
Revaluation surplus - Infrastructure - car parks	0	1,289,053	0	1,289,053	1,289,053	0	0	0	0	0
Revaluation surplus - Infrastructure - lighting	0	2,127,985	0	2,127,985	2,127,985	0	0	0	0	0
	131,957,235	73,731,424	0	73,731,424	205,688,659	118,740,787	13,216,449	0	13,216,449	131,957,235

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

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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18. 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:

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Cash and cash equivalents	15,051,169	15,064,219	14,443,059

Restrictions

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

- Cash and cash equivalents	11,937,561	(176,779)	9,238,596
- Financial assets at amortised cost	7,114,531	12,600,296	12,600,296
	19,052,092	12,423,517	21,838,892

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

Restricted reserve accounts	19,052,092	12,423,517	21,838,892
Total restricted financial assets	19,052,092	12,423,517	21,838,892

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

Net result	4,167,189	8,029,071	2,129,675
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit and loss	(3,997)	0	(2,587)
Depreciation/amortisation	5,619,217	5,635,083	5,270,048
(Profit)/loss on sale of asset	37,236	(3,637,796)	1,303,513
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables	(219,274)	0	408,446
(Increase)/decrease in other assets	(126,503)	0	(117,324)
(Increase)/decrease in inventories	(2,122)	0	7,067
Increase/(decrease) in trade and other payables	(910,835)	0	678,985
Increase/(decrease) in employee related provisions	(31,057)	0	225,791
Non-operating grants, subsidies and contributions	(5,325,508)	(4,751,820)	(5,269,566)
Net cash provided by/(used in) operating activities	1,092,818	2,220,763	4,661,337

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Credit card limit	15,000	15,000
Total amount of credit unused	15,000	15,000

Loan facilities

Loan facilities - current	392,533	333,977
Loan facilities - non-current	2,056,490	2,129,023
Total facilities in use at balance date	2,449,023	2,463,000

Unused loan facilities at balance date

Nil

Nil

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

19. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities at year end.

20. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	115,236	1,208,345
	115,236	1,208,345
Payable:		
- not later than one year	115,236	1,208,345
Eaton Skate Park	6,690	285,661
Cadell Park Upgrade	21,273	0
Cadell Park Renewal	46,364	0
Lofthouse Park	40,909	0
Waterloo BFB Building	0	151,808
Dard Central BFB Building	0	85,820
Eaton Administration Building	0	162,450
Eaton Bowling Club Building	0	522,606
	<u>115,236</u>	<u>1,208,345</u>

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

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Elected member - Shire President (1)			
President's annual allowance	27,718	27,718	25,870
Meeting attendance fees	19,007	19,007	17,739
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	442	889	90
	49,792	50,239	46,149
Elected member - Deputy President (2)			
Deputy President's annual allowance	6,929	6,929	6,467
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	2,640
	21,829	22,718	23,014
Elected member (3)			
Meeting attendance fees	12,275	12,275	11,457
Other expenses	63	0	0
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	1,352	889	0
	16,315	15,789	13,907
Elected member (4)			
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	177	889	484
	15,077	15,789	14,391
Elected member (5)			
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	14,900	15,789	13,907
Elected member (6)			
Meeting attendance fees	12,275	12,275	11,457
Other expenses	35	0	39
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	14,935	15,789	13,946
Elected member (7)			
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	14,900	15,789	13,907
Elected member (8)			
Meeting attendance fees	12,275	12,275	11,457
Child care expenses	1,508	600	1,860
Other expenses	0	0	100
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	16,408	16,389	15,867
Elected member (9)			
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	14,900	15,789	13,907
	179,056	184,080	168,995

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

21. RELATED PARTY TRANSACTIONS (Continued)

(a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
President's annual allowance	27,718	27,718	25,870
Deputy President's annual allowance	6,929	6,929	6,467
Meeting attendance fees	117,207	117,207	109,395
Child care expenses	1,508	600	1,860
Other expenses	98	0	139
Annual allowance for ICT expenses	23,625	23,625	22,050
Travel and accommodation expenses	1,971	8,001	3,214
21(b)	179,056	184,080	168,995

(b) Key Management Personnel (KMP) Compensation

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	1,890,367	1,787,591
Post-employment benefits	216,624	198,994
Employee - other long-term benefits	46,552	40,578
Employee - termination benefits	147,760	19,085
Council member costs	179,056	168,995
21(a)	2,480,359	2,215,243

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

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

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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

21. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

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

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

(c) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

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

22. 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 rates	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. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.50%	15,051,169	0	15,051,169	0
Financial assets at amortised cost - term deposits	0.50%	7,114,531	7,114,531	0	0
2021					
Cash and cash equivalents	0.50%	14,443,059	3,011,369	11,431,690	0
Financial assets at amortised cost - term deposits	0.50%	12,600,296	12,600,296	0	0

Sensitivity

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	150,512	114,317

* 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 28(a).

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	333,855	69,377	41,182	21,418	465,832	
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	209,327	55,221	17,380	27,117	309,045	

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	Note
30 June 2022						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	5.7%		
Gross carrying amount	281,347	235	20,078	97,938	399,598	
Loss allowance	0	0	0	5,543	5,543	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	154,472	4,120	8,759	2,760	170,111	
Loss allowance	0	0	0	0	0	5

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	0	0	0	0
Unused amount reversed	0	0	5,543	0	0	0
Closing loss allowance at 30 June	0	0	5,543	0	0	0

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2022					
Trade and other payables	1,940,992	0	0	1,940,992	1,940,992
Borrowings	474,600	1,186,124	1,262,078	2,922,802	2,449,023
Lease liabilities	202,596	265,816	0	468,412	455,081
	<u>2,618,188</u>	<u>1,451,940</u>	<u>1,262,078</u>	<u>5,332,206</u>	<u>4,845,096</u>
2021					
Trade and other payables	1,798,946	0	0	1,798,946	3,741,597
Borrowings	333,977	934,232	1,194,791	2,463,000	2,463,000
Lease liabilities	167,440	363,840	8,431	539,711	539,711
	<u>2,300,363</u>	<u>1,298,072</u>	<u>1,203,222</u>	<u>4,801,657</u>	<u>6,744,308</u>

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Events may occur between the end of the reporting period and the date when financial statements are verified by the Council. The Shire is not aware of, or in receipt of, any information or events that may impact or lead to any adjustment in the financial statements after the reporting period.

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) 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.

New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

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

25. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
<p>Governance To provide a decision making process for the efficient allocation of scarce resources.</p>	Includes the activities of members of Council and the administration support available to Council for the provision of governance of the District. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.
<p>General purpose funding To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p>Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision and enforcement of various local-laws relating to the fire prevention, animal control and protection of the environment, and other aspects of public safety including emergency services.
<p>Health To provide services to achieve community and environmental health.</p>	Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.
<p>Education and welfare To provide services to children, youth, the elderly and disadvantaged persons.</p>	Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres, meals on wheels and home care services.
<p>Housing To provide and maintain staff housing and elderly residents' housing.</p>	Provision and maintenance of staff housing and elderly residents' housing.
<p>Community amenities To provide services required by the community.</p>	Rubbish collection services, operation of refuse site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.
<p>Recreation and culture To establish and effectively manage infrastructure and resources which help the social well being of the community.</p>	Maintenance of halls, civic buildings, river banks, recreation centre and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.
<p>Transport To promote safe, effective and efficient transport services to the community.</p>	Construction and maintenance of streets, roads, bridges, footpaths, cycle ways, parking facilities, traffic control and depot. Cleaning of streets and maintenance of street trees, street lighting, etc.
<p>Economic services To help promote the shire and its economic wellbeing.</p>	Tourism and area promotion, building control, provision of rural services including weed control and vermin control, standpipes.
<p>Other property and services To monitor and control Council's overheads operating accounts.</p>	Private works operations, plant repairs and operations costs, engineering operation costs.

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

25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding non-operating grants, subsidies and contributions			
Governance	4,282	800	23,980
General purpose funding	16,197,052	15,793,559	15,304,001
Law, order, public safety	520,633	513,681	647,418
Health	23,504	16,650	5,489
Education and welfare	2,550	6,000	10,017
Community amenities	1,732,986	1,770,752	1,592,566
Recreation and culture	1,854,949	1,687,284	1,638,555
Transport	224,112	157,524	156,737
Economic services	169,233	189,980	167,042
Other property and services	223,656	3,815,130	273,487
	20,952,957	23,951,360	19,819,292
Non-operating Grants, subsidies and contributions			
Law, order, public safety	790,771	865,112	451,916
Community amenities	182,246	0	0
Recreation and culture	3,191,447	3,344,918	1,387,038
Transport	3,274,426	3,595,565	3,430,612
	7,438,890	7,805,595	5,269,566
Total Income	28,391,847	31,756,955	25,088,858
Expenses			
Governance	(1,387,717)	(1,272,496)	(1,084,777)
General purpose funding	(532,978)	(530,474)	(342,959)
Law, order, public safety	(1,788,042)	(1,666,093)	(1,736,734)
Health	(531,650)	(552,267)	(508,635)
Education and welfare	(864,255)	(878,754)	(831,897)
Community amenities	(3,281,154)	(3,385,649)	(2,805,205)
Recreation and culture	(8,152,069)	(8,026,956)	(8,090,255)
Transport	(6,746,659)	(6,443,340)	(6,356,082)
Economic services	(526,260)	(563,127)	(489,366)
Other property and services	(413,874)	(408,728)	(713,273)
Total expenses	(24,224,658)	(23,727,884)	(22,959,183)
Net result for the period	4,167,189	8,029,071	2,129,675

SHIRE OF DARDANUP
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25. FUNCTION AND ACTIVITY (Continued)

(c) Fees and Charges

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Governance	104	300	205
General purpose funding	161,721	142,679	162,521
Law, order, public safety	123,399	109,750	0
Health	23,504	16,600	96,620
Education and welfare	0	0	5,171
Community amenities	1,514,465	1,433,155	1,468,810
Recreation and culture	1,384,112	1,233,911	1,292,711
Transport	5,274	2,900	3,397
Economic services	141,486	134,480	155,847
Other property and services	55,831	36,600	52,256
	3,409,896	3,110,375	3,237,538

(d) Total Assets

	2022	2021
	\$	\$
Governance	3,126	52,073
General purpose funding	23,410,580	28,054,972
Law, order, public safety	3,055,291	2,180,890
Health	20,144	26,653
Education and welfare	1,827,826	1,917,982
Community amenities	1,545,938	1,071,382
Recreation and culture	43,624,550	32,868,012
Transport	214,139,330	147,282,481
Economic services	113,839	106,471
Other property and services	4,773,132	3,992,905
	292,300,836	217,553,821

SHIRE OF DARDANUP
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26. RATING INFORMATION

(a) General Rates

RATE TYPE		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21	
Rate Description	Basis of valuation	Rate in	Number of Properties	Actual Rateable Value *	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Rates - GRV: Residential	Gross rental valuation	0.104016	3,452	61,450,720	6,391,940	15,822	86	6,407,848	6,391,857	92,600	0	6,484,457	5,709,420
General Rates - GRV: Commercial	Gross rental valuation	0.104016	60	14,621,830	1,523,068	9,573	0	1,532,641	1,520,904	0	0	1,520,904	1,464,509
General Rates - GRV: Industrial	Gross rental valuation	0.104016	73	7,983,546	830,416	14,613	1,928	846,957	830,417	0	0	830,417	785,377
General Rates - GRV: Small Holding	Gross rental valuation	0.104016	348	7,859,124	815,230	16,480	304	832,014	817,475	0	0	817,475	767,145
General Rates - UV: Broad Acre Rural	Unimproved valuation	0.006468	474	259,287,000	1,677,068	5,208	1,725	1,684,001	1,677,068	0	0	1,677,068	1,710,723
General Rates - UV: Mining	Unimproved valuation	0.006468	0	0	0	0	0	0	0	0	0	0	0
Sub-Total			4,407	351,202,220	11,237,722	61,696	4,043	11,303,461	11,237,721	92,600	0	11,330,321	10,437,174
Minimum payment													
		\$											
General Rates - GRV: Residential	Gross rental valuation	1,547.50	1,446	17,681,212	2,220,662	8,111	254	2,229,027	2,237,685	0	0	2,237,685	2,626,454
General Rates - GRV: Commercial	Gross rental valuation	1,547.50	7	61,400	13,928	0	0	13,928	10,833	0	0	10,833	9,675
General Rates - GRV: Industrial	Gross rental valuation	1,547.50	44	542,200	68,090	0	0	68,090	68,090	0	0	68,090	73,500
General Rates - GRV: Small Holding	Gross rental valuation	1,547.50	79	616,920	136,180	1,547	127	137,854	122,253	0	0	122,253	138,224
General Rates - UV: Broad Acre Rural	Unimproved valuation	1,547.50	126	17,828,600	194,985	16,955	505	212,445	194,985	0	0	194,985	185,310
General Rates - UV: Mining	Unimproved valuation	1,547.50	14	212,885	21,665	5,690	153	27,508	21,665	0	0	21,665	19,451
Sub-Total			1,716	36,943,217	2,655,510	32,303	1,039	2,688,852	2,655,511	0	0	2,655,511	3,052,614
			6,123	388,145,437	13,893,232	93,999	5,082	13,992,313	13,893,232	92,600	0	13,985,832	13,489,788
Concessions on general rates (Refer note 26(d))								(39,174)				(29,027)	(27,482)
Total amount raised from general rates								13,953,139				13,956,805	13,462,306
* Rateable value is based on the value of properties at the time the rate is raised.													
(b) Rates (excluding general rates)													
		Rate in											
		\$											
Specified Area Rates													
Bulk Waste Collection	Gross rental valuation	0.001315	4,651	77,333,344	101,693	1,200	0	102,893	101,693	2,026	0	103,719	101,301
Eaton Landscaping	Gross rental valuation	0.002925	4,459	85,360,954	249,682	1,950	0	251,632	249,681	1,201	0	250,882	248,877
Sub-Total			9,110	162,694,298	351,375	3,150	0	354,525	351,374	3,227	0	354,601	350,178
Total amount raised from rates (excluding general rates)								354,525				354,601	350,178
(c) Total Rates								14,307,664				14,311,406	13,812,484

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF DARDANUP
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26. RATING INFORMATION (Continued)

(d) Specified Area Rate

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2021/22 Actual Rate Applied to Costs	2021/22 Actual Rate Set Aside to Reserve	2021/22 Actual Reserve Applied to Costs	2021/22 Budget Rate Applied to Costs	2021/22 Budget Rate Set Aside to Reserve	2021/22 Budget Reserve Applied to Costs
Bulk Waste Collection	Bulk residential green waste and hard waste collection in townsites.	Residential improved properties within the	\$ 101,061	\$ 1,832	\$ 0	\$ 103,719	\$ 0	\$ 0
Eaton Landscaping	Maintenance of parks and reserves in Millbridge and development of	Properties within the townsite of Eaton.	251,632	0	0	159,406	91,476	0
			352,693	1,832	0	263,125	91,476	0

SHIRE OF DARDANUP
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26. RATING INFORMATION (Continued)

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/Concession	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
General rates - change from UV to GRV valuation basis	Rate	Concession			37,427	25,027	24,124
General rates - interest and prior year errors	Rate	Waiver			1,747	4,000	3,358
					39,174	29,027	27,482
Total discounts/concessions (Note 26)					39,174	29,027	27,482

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General rates - change from UV to GRV valuation basis	Increased rates after Council implemented change of valuation basis.	Assist affected property owners	Due to the immediate increased financial burden on owners.

SHIRE OF DARDANUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	8/09/2021	0.00	0.00%	7.00%
Option Two				
First instalment	8/09/2021	0.00	0.00%	7.00%
Second instalment	8/11/2021	13.00	5.50%	7.00%
Third instalment	10/01/2022	13.00	5.50%	7.00%
Fourth instalment	14/03/2022	13.00	5.50%	7.00%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	48,784	42,790	17,738
Interest on instalment plan	61,874	70,125	33,912
Charges on instalment plan	74,921	82,679	80,236
	185,579	195,594	131,886

SHIRE OF DARDANUP
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27. RATE SETTING STATEMENT INFORMATION

Note	2021/22	2021/22	2021/22	2020/21	
	(30 June 2022 Carried Forward)	Budget (30 June 2022 Carried Forward)	(1 July 2021 Brought Forward)	(30 June 2021 Carried Forward)	
	\$	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
Less: Profit on asset disposals	10(b)	(36,297)	(3,648,330)	(18,861)	(18,861)
Less: Movement in liabilities associated with restricted cash		0	(177,943)	(2,109,196)	(2,109,196)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,997)	0	(2,587)	(2,587)
Add: Loss on disposal of assets	10(b)	73,533	10,534	1,322,374	1,322,374
Add: Depreciation	10(a)	5,619,217	5,635,083	5,270,048	5,270,048
Non-cash movements in non-current assets and liabilities:					
Pensioner deferred rates		(9,034)	0	(16,500)	(16,500)
Employee benefit provisions		26,586	(402)	(30,913)	(30,913)
Contract liabilities - grant revenue		0	0	(165,151)	(165,151)
Contract liabilities - developer contributions		0	0	0	0
Non-cash amounts excluded from operating activities		5,670,008	1,818,942	4,249,214	4,249,214
(b) Non-cash amounts excluded from investing activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to investing activities					
Movement in non-current capital grant/contribution liability		(15,000)	0	0	0
Movement in non-current capital grant/contribution liability - developer contributions		(501,763)	(350,466)	0	0
Movement in non current liability from transfers to acquire or construct non-financial assets to be controlled by the entity		0	0	165,151	165,151
Movement in non-current capital expenditure provisions		(428)	0	0	0
Movement in current unspent non-operating grants associated with restricted cash		(1,308,211)	(2,525,366)	0	0
Movement in current unspent non-operating developer contributions associated with restricted cash		(288,409)	0	0	0
Non-cash amounts excluded from investing activities		(2,113,811)	(2,875,832)	165,151	165,151
(c) Surplus/(deficit) after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
Less: Reserve accounts	29	(19,052,092)	(12,423,517)	(21,838,892)	(21,838,892)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	14	392,533	298,655	333,977	333,977
- Current portion of contract liability held in reserve - developer contributions		250,000	350,466	538,409	538,409
- Current portion of contract liability held in reserve - non-operating grants held in reserve - g		598,305	71,477	1,906,515	1,906,515
- Current portion of lease liabilities	11(b)	194,754	180,000	167,309	167,309
- Adjustment to Current portion of liabilities		(133)	(402)	0	0
Total adjustments to net current assets		(17,616,633)	(11,523,321)	(18,892,682)	(18,892,682)
Net current assets used in the Rate Setting Statement					
Total current assets		23,724,022	17,030,216	28,262,811	28,262,811
Less: Total current liabilities		(5,931,995)	(5,490,346)	(8,408,940)	(8,408,940)
Less: Total adjustments to net current assets		(17,616,634)	(11,523,321)	(18,892,682)	(18,892,682)
Net current assets used in the Rate Setting Statement		175,393	16,552	961,190	961,190

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Loan Number	Actual				Budget						
			Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
Community amenities			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Wanju Developer Contribution Plan/Waterloo Ind Park	70		0	750,000	0	750,000	0	(70,249)	679,751	750,000	0	(64,443)	685,557
Waste Bins (3 Bin System)	71		0	0	0	0	320,000	0	320,000	0	320,000	(21,345)	298,655
Recreation and culture													
Eaton Recreation Centre	59		280,690	0	(88,117)	192,573	0	(93,455)	99,118	192,573	0	(93,456)	99,117
Glen Huon Oval Club Rooms	69		965,470	0	(41,174)	924,296	0	(42,771)	881,525	924,296	0	(42,771)	881,525
Transport													
Depot Land	66		503,104	0	(58,628)	444,476	0	(61,038)	383,438	444,476	0	(61,039)	383,437
Economic services													
Gravel Pit Land - Panizza Road	61		90,549	0	(23,901)	66,648	0	(25,428)	41,220	66,648	0	(25,428)	41,220
Other property and services													
Administration Building Extensions	65		123,303	0	(38,296)	85,007	0	(41,036)	43,971	85,007	0	(41,035)	43,972
Total			1,963,116	750,000	(250,116)	2,463,000	320,000	(333,977)	2,449,023	2,463,000	320,000	(349,517)	2,433,483

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
Community amenities						\$	\$	\$
Wanju Developer Contribution Plan/Waterloo Ind Park		Community amenities	70	WATC	1.44%	(15,555)	(29,743)	(1,317)
Waste Bins (3 Bin System)		Community amenities	71	WATC	1.91%	(3,384)	(4,467)	0
Recreation and culture								
Eaton Recreation Centre		Recreation and culture	59	WATC	5.87%	(9,664)	(10,983)	(15,626)
Glen Huon Oval Club Rooms		Recreation and culture	69	WATC	3.84%	(40,555)	(41,340)	(42,473)
Transport								
Depot Land		Transport	66	WATC	4.07%	(19,368)	(20,396)	(22,171)
Economic services								
Gravel Pit Land - Panizza Road		Economic services	61	WATC	6.19%	(3,859)	(4,130)	(5,550)
Other property and services								
Administration Building Extensions		Other property and services	65	WATC	7.03%	(5,156)	(5,908)	(8,185)
Total						(97,541)	(116,967)	(95,322)
Total Interest Repayments	2(b)					(97,541)	(116,967)	(95,322)

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28. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Number	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
						2022 Actual	2022 Budget	2022 Actual	2022 Budget		
Waste Bins (3 Bin System)	WATC	71	Debenture	7	1.91%	\$ 320,000	\$ 320,000	\$ 320,000	\$ 320,000	\$ 30,868	\$ 0
						320,000	320,000	320,000	320,000	30,868	0

* WA Treasury Corporation

(c) Unspent Borrowings

Particulars	Loan Number	Institution	Date Borrowed	Unspent Balance 1 July 2021	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2022
Wanju Developer Contribution Plan/Waterloo Industrial	70	WATC	1/06/2021	\$ 750,000	\$ 0	\$ (33,461)	\$ 716,539
				750,000	0	(33,461)	716,539

* WA Treasury Corporation

SHIRE OF DARDANUP
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28. BORROWING AND LEASE LIABILITIES (Continued)

(d) Lease Liabilities

Purpose	Note	Lease Number	Actual								Budget				
			Principal		Principal Repayments During 2020-21	Adjustment to Lease	Principal		Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022		
			Principal at 1 July 2020	New Leases During 2020-21			Principal at 30 June 2021	New Leases During 2021-22							
Law, order, public safety			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Vehicle Lease	17		600	12,213	(6,126)	(600)	6,087	0	(1,532)	(4,555)	0	8,278	0	(6,030)	2,248
Community amenities															
Lease of Land	2		58,186	0	(9,873)	2,345	50,658	0	(10,418)	1,390	41,630	46,990	0	(11,361)	35,629
Recreation and culture															
Photocopier/Scanner/Printer Lease	12		927	0	(927)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease ERC	26		0	0	0	0	0	0	0	0	0	0	24,000	(6,000)	18,000
Photocopier/Scanner/Printer Lease ECL	27		0	0	(732)	732	0	0	0	0	0	0	24,000	(6,000)	18,000
Cardio Fitness Equipment Lease	18		199,457	0	(38,185)	0	161,272	0	(44,197)	21,446	138,521	154,397	0	(46,784)	107,613
Transport															
Photocopier/Scanner/Printer Lease ECL	28		0	0	0	0	0	0	0	0	0	0	24,000	(6,000)	18,000
Other property and services															
Transportable Building Lease	1		43,779	0	(12,692)	8,925	40,012	0	(7,410)	(32,602)	0	29,272	0	(13,495)	15,777
IT Equipment Lease	3		9,988	0	(8,550)	6	1,444	0	(1,444)	0	0	1,651	475	(2,126)	0
IT Equipment Lease	4		23,431	0	(7,428)	0	16,003	0	(7,591)	0	8,412	15,402	0	(7,707)	7,695
IT Equipment Lease	5		11,612	0	(10,710)	0	902	0	(7,337)	6,435	0	3,081	0	(2,658)	423
IT Equipment Lease	6		10,238	0	(12,243)	3,037	1,032	0	(283)	(749)	0	41	12,115	(12,156)	0
IT Equipment Lease	7		85,569	0	(27,932)	0	57,637	0	(28,519)	0	29,118	58,252	0	(28,859)	29,393
Photocopier/Scanner/Printer Lease	8		1,804	0	(1,804)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease	9		1,554	0	(1,554)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease	10		732	0	(732)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease	13		732	0	(732)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease	14		732	0	(732)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease	15		732	0	(732)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease	16		0	0	(732)	732	0	0	0	0	0	0	0	0	0
IT Equipment Lease	19		36,876	0	(6,366)	0	30,510	0	(6,513)	0	23,997	30,376	0	(6,997)	23,379
IT Equipment Lease	20		21,804	0	(5,112)	(2,076)	14,616	0	(5,219)	0	9,397	16,804	0	(5,364)	11,440
IT Equipment Lease	21		0	18,036	(1,087)	0	16,949	0	(4,419)	(1,091)	11,439	13,500	0	(4,600)	8,900
IT Equipment Lease	22		0	62,532	(3,769)	0	58,763	0	(15,246)	0	43,517	48,000	0	(16,992)	31,008
IT Equipment Lease	23		0	17,677	(1,065)	0	16,612	0	(4,310)	0	12,302	13,500	0	(4,508)	8,992
IT Equipment Lease	24		0	0	0	0	0	0	0	0	0	0	168,000	(42,000)	126,000
IT Equipment Lease	25		0	73,150	(5,936)	0	67,214	0	(24,019)	0	43,195	68,136	36,473	(104,609)	0
Transportable Building Lease	26		0	0	0	0	0	113,799	(20,246)	0	93,553	0	0	0	0
Total Lease Liabilities	11(b)		508,753	183,608	(165,751)	13,101	539,711	113,799	(188,703)	(9,726)	455,081	507,680	289,063	(334,246)	462,497

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28. BORROWING AND LEASE LIABILITIES (Continued)

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
Law, order, public safety									
Vehicle Lease		Law, order, public safety	17	SG Fleet	2.00%	(6)	(123)	(175)	24 months
Community amenities									
Lease of Land		Community amenities	2	Company	2.70%	(1,262)	(232)	(1,495)	54 months
Recreation and culture									
Photocopier/Scanner/Printer Lease		Recreation and culture	12	N/A	2.10%	0	0	0	N/A
Photocopier/Scanner/Printer Lease ERC		Recreation and culture	26	N/A	2.10%	0	(101)	(2)	N/A
Photocopier/Scanner/Printer Lease ECL		Recreation and culture	27	N/A	2.10%	0	(101)	(2)	N/A
Cardio Fitness Equipment Lease		Recreation and culture	18	Maia Financial	2.20%	(3,542)	(955)	(3,955)	60 months
Transport									
Photocopier/Scanner/Printer Lease ECL		Transport	28	N/A	2.10%	0	(101)	0	N/A
Other property and services									
Transportable Building Lease		Other property and services	1	Onsite Rental	2.50%	(54)	(275)	(1,160)	60 months
IT Equipment Lease		Other property and services	3	Maia Financial	2.20%	(4)	(43)	(133)	60 months
IT Equipment Lease		Other property and services	4	Maia Financial	2.20%	(274)	(157)	(437)	60 months
IT Equipment Lease		Other property and services	5	Dell Financial	2.10%	(13)	(54)	(140)	36 months
IT Equipment Lease		Other property and services	6	Dell Financial	2.10%	0	(248)	(160)	36 months
IT Equipment Lease		Other property and services	7	HP Financial	2.10%	(929)	(589)	(1,516)	48 months
Photocopier/Scanner/Printer Lease		Other property and services	8	N/A	2.10%	0	0	(5)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	9	N/A	2.10%	0	0	(4)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	10	N/A	2.10%	0	0	(2)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	13	N/A	2.10%	0	0	(2)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	14	N/A	2.10%	0	0	(2)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	15	N/A	2.10%	0	0	(2)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	16	N/A	2.10%	0	0	(2)	N/A
IT Equipment Lease		Other property and services	19	HP Financial	2.30%	(627)	(143)	(774)	72 months
IT Equipment Lease		Other property and services	20	Vestone Capital	2.10%	(255)	(109)	(362)	48 months
IT Equipment Lease		Other property and services	21	Dell Financial	2.00%	(275)	(94)	(86)	48 months
IT Equipment Lease		Other property and services	22	Dell Financial	2.00%	(1,027)	(347)	(299)	48 months
IT Equipment Lease		Other property and services	23	Dell Financial	2.00%	(290)	(92)	(85)	48 months
IT Equipment Lease		Other property and services	24	N/A	2.10%	0	(1,012)	0	N/A
IT Equipment Lease		Other property and services	25	Maia Financial	2.00%	(1,116)	(1,675)	(348)	36 months
Transportable Building Lease		Other property and services	26	Onsite Rental	2.00%	(1,029)	0	0	36 months
Total Interest Repayments	2(b)					(10,703)	(6,451)	(11,148)	

SHIRE OF DARDANUP
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29. RESERVE ACCOUNTS

	2022	2022	2022	2022	2022	2022	2022	2021	2021	2021	2021	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Actual	Actual	Actual	Actual	
	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Opening	Transfer to	Transfer	Closing	
	Balance		(from)	Balance	Balance		(from)	Balance		(from)	Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Restricted by council												
(a) Information Technology Reserve	667,852	401,394	(369,789)	699,457	544,950	400,818	(504,778)	440,990	504,179	401,482	(237,809)	667,852
(b) Road Safety Programs Reserve	26,723	56	0	26,779	26,735	40	0	26,775	26,645	78	0	26,723
(c) Tourism Reserve	11,753	24	0	11,777	11,758	18	0	11,776	11,718	35	0	11,753
(d) Executive & Compliance Vehicle Reserve	202,280	56,331	(34,708)	223,903	154,041	40,231	(45,704)	148,568	243,184	715	(41,619)	202,280
(e) Employee Relief Reserve	265,073	553	0	265,626	265,175	398	0	265,573	234,384	30,689	0	265,073
(f) Employee Leave Entitlements Reserve	37,706	11,050	0	48,756	37,715	11,028	0	48,743	21,187	16,519	0	37,706
(g) Refuse Site Environmental Works Reserve	84,080	175	0	84,255	84,117	126	0	84,243	83,834	246	0	84,080
(h) Recycling Education Reserve	39,130	5,081	0	44,211	39,157	5,059	(22,684)	21,532	61,265	180	(22,315)	39,130
(i) Eaton Recreation Centre - Equipment Reserve	276,753	80,578	(53,681)	303,650	276,876	80,461	(53,681)	303,656	280,102	110,823	(114,172)	276,753
(j) Council Land Development Reserve	22,634	47	0	22,681	21,129	32	(5,000)	16,161	21,058	5,062	(3,486)	22,634
(k) Sale of Land Reserve	4,579,909	9,558	(2,247,800)	2,341,667	4,581,912	6,877	(2,000,000)	2,588,789	4,566,488	13,421	0	4,579,909
(l) Accrued Salaries Reserve	499,626	1,043	0	500,669	499,816	750	0	500,566	433,352	66,274	0	499,626
(m) Carried Forward Projects Reserve	3,532,649	1,796,345	(2,093,480)	3,235,514	2,370,259	3,564	(1,828,749)	545,074	3,291,190	946,143	(704,684)	3,532,649
(n) Strategic Planning Studies Reserve	116,764	5,244	(12,500)	109,508	116,820	5,175	(31,500)	90,495	128,885	379	(12,500)	116,764
(o) Town Planning Consultancy Reserve	37,993	20,079	(30,000)	28,072	38,036	20,057	(30,000)	28,093	97,706	5,287	(65,000)	37,993
(p) Parks & Reserves Upgrades Reserve	608,348	41,269	(503,763)	145,854	528,044	40,792	(447,867)	120,969	676,805	151,989	(220,446)	608,348
(q) Election Expenses Reserve	32,038	25,067	(45,454)	11,651	32,041	25,048	(45,454)	11,635	7,017	25,021	0	32,038
(r) Pathways Reserve	308,066	643	(134,511)	174,198	129,531	194	(95,920)	33,805	315,889	180,064	(187,887)	308,066
(s) Asset / Rates Revaluation Reserve	284,307	95,594	(195,090)	184,811	284,451	95,427	(220,476)	159,402	328,666	966	(45,325)	284,307
(t) Refuse & Recycling Bin Replacement Reserve	54,805	5,115	0	59,920	54,829	5,082	(55,000)	4,911	54,643	162	0	54,805
(u) Storm Water Reserve	158,312	25,330	0	183,642	158,381	25,238	0	183,619	157,848	464	0	158,312
(v) Fire Control Reserve	11,569	25	0	11,594	11,574	17	0	11,591	11,535	34	0	11,569
(w) Collie River (Eaton Drive) Bridge Construction Reserve	1,290,500	2,716	(778,840)	514,376	635,952	585	(352,369)	284,168	1,564,304	20,037	(293,841)	1,290,500
(x) Eaton Drive - Access Construction Reserve	0	0	0	0	152,718	229	(2,630)	150,317	154,825	43,426	(198,251)	0
(y) Eaton Drive - Scheme Construction Reserve	11,332	0	(11,332)	0	336,539	505	(183,810)	153,234	914,153	35,696	(938,517)	11,332
(z) Contribution to Works Reserve	756,143	165,664	0	921,807	672,908	1,010	0	673,918	670,642	85,501	0	756,143
(aa) Unspent Grants Reserve	3,161,706	3,324,519	(3,648,586)	2,837,639	3,856,639	753,761	(3,769,267)	841,133	3,795,446	2,087,360	(2,721,101)	3,161,706
(ab) Swimming Pool Inspection Reserve	4,501	9	0	4,509	4,503	7	0	4,510	4,488	13	0	4,501
(ac) Unspent Specified Area Rate - Bulk Waste Collection Reserve	87,647	2,015	0	89,662	80,882	121	0	81,003	80,610	7,037	0	87,647
(ad) Unspent Specified Area Rate - Eaton Landscaping Reserve	140,766	98,799	0	239,565	140,822	91,687	0	232,509	127,172	13,594	0	140,766
(ae) Plant & Engineering Equipment Reserve	871,487	104,569	(390,409)	585,647	351,863	103,273	(403,966)	51,170	924,036	208,216	(260,765)	871,487
(af) Road Construction and Major Maintenance Reserve	1,133,128	795,365	(1,127,209)	801,284	774,413	794,162	(1,256,365)	312,210	587,711	1,600,411	(1,054,994)	1,133,128
(ag) Building Maintenance Reserve	1,659,484	4,093,263	(2,202,529)	3,550,218	930,321	8,013,396	(5,923,839)	3,019,878	1,783,239	361,241	(484,996)	1,659,484
(ah) Dardanup Expansion Developer Contribution Plan Reserve	41,328	86	(41,414)	0	31,346	47	(41,000)	(9,607)	41,207	121	0	41,328
(ai) Wanju Developer Contribution Plan - Unspent Loan Reserve	750,000	1,565	(35,026)	716,539	740,000	1,111	(360,000)	381,111	0	750,000	0	750,000
(aj) Car Park Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(ak) Lighting Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(al) Eaton Public Open Space Reserve	0	0	0	0	411,961	0	(257,696)	154,265	0	0	0	0
(am) Dardanup Public Open Space Reserve	0	0	0	0	97,544	0	0	97,544	0	0	0	0
(an) Burekup Public Open Space Reserve	72,500	151	0	72,651	349,188	0	0	349,188	0	72,500	0	72,500
	21,838,892	11,169,321	(13,956,121)	19,052,092	19,834,946	10,526,326	(17,937,755)	12,423,517	22,205,416	7,241,185	(7,607,708)	21,838,892

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

29. RESERVE ACCOUNTS (Continued)

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Information Technology Reserve	As scheduled in Council's Asset Management Plan.	Established for the acquisition or lease of software and computer equipment.
(b) Road Safety Programs Reserve	As funds become available for suitable projects.	Established to hold contributions from road transport permits which are to be used for general road safety programs in the Shire.
(c) Tourism Reserve	As funds become available for suitable projects.	Established to fund the development of tourism projects including the implementation of works associated with the Gnomesville Master Plan.
(d) Executive & Compliance Vehicle Reserve	As scheduled in Council's Asset Management Plan.	To fund the purchase, replacement or lease of Council's executive and compliance vehicles.
(e) Employee Relief Reserve	As required.	To provide funds for employee related entitlements and relief staff for prolonged employee leave.
(f) Employee Leave Entitlements Reserve	As required.	To provide funds for employee purchased leave entitlements under Policy.
(g) Refuse Site Environmental Works Reserve	As required.	Established to provide funds for environmental works at the Banksia Road Refuse Site.
(h) Recycling Education Reserve	As funds become available for suitable projects.	Unspent recycling education funds for use in special education programs and as a contribution toward the shared Waste Education Officer's salary.
(i) Eaton Recreation Centre - Equipment Reserve	As scheduled in Council's Asset Management Plan.	Established for the acquisition, replacement or lease of furniture, fittings, plant or gym equipment at the Eaton Recreation Centre.
(j) Council Land Development Reserve	As required.	Established for funding the acquisition or development of Council land for resale.
(k) Sale of Land Reserve	As suitable projects are identified.	Established to hold funds from the sale of Council land.
(l) Accrued Salaries Reserve	As required.	This fund consts of cash backed salaries and wages allocation paid annually into this reserve over a period of 10 financial years to meet the additional cash flow in each eleventh year when 274 pay periods occur (all other years have 26 pay periods).
(m) Carried Forward Projects Reserve	As projects are completed.	Established to hold unspent project funds to be carried forward into future financial years. Project funds that are not expended within 2 financial years of their initial allocation to this reserve are to be reallocated to the Municipal Fund.
(n) Strategic Planning Studies Reserve	As required.	Established for funding strategic studies.
(o) Town Planning Consultancy Reserve	As funds become available for suitable projects.	Established to fund the engagement of consultants to undertake Town Planning Studies.
(p) Parks & Reserves Upgrades Reserve	As scheduled in Council's Asset Management Plan.	Established to fund the development of Parks and Reserves.
(q) Election Expenses Reserve	Council election year.	Established to fund Council elections.
(r) Pathways Reserve	As scheduled in Council's Asset Management Plan.	Established to provide funds for the creation, upgrade and renewal of the Shire's pathway infrastructure.
(s) Asset / Rates Revaluation Reserve	As required.	Established to provide funds for asset and rating revaluations.
(t) Refuse & Recycling Bin Replacement Reserve	As required.	Established to provide funds for replacement of refuse and recycling bins.
(u) Storm Water Reserve	As scheduled in Council's Asset Management Plan.	Established to ensure preservation of Council's transport storm water infrastructure network independent of grants and contributions.
(v) Fire Control Reserve	As funds become available for suitable projects.	For the purchase, construction and development of fire fighting equipment and buildings.
(w) Collie River (Eaton Drive) Bridge Construction Reserve	As the necessary funds are raised.	Established for the future construction of a bridge over the Collie River and extend Eaton Drive.
(x) Eaton Drive - Access Construction Reserve	As the growth in Eaton townsite necessitates development.	Established for the construction of Eaton Drive Access Road from developer contributions.
(y) Eaton Drive - Scheme Construction Reserve	As the growth in Eaton townsite necessitates development.	Established for the future construction of Eaton Drive from developer contributions.
(z) Contribution to Works Reserve	Year of budgeted works.	Established to account for contributions and donations received from external sources.
(aa) Unspent Grants Reserve	Year of budgeted works.	Established to identify unexpended grants and special projects funding.
(ab) Swimming Pool Inspection Reserve	On payment of swimming pool inspections every 3 years.	Established to account for unspent Swimming Pool Inspection Levy.
(ac) Unspent Specified Area Rate - Bulk Waste Collection Reserve	Next financial year.	Established to hold unspent specified area rates for bulk waste collection.
(ad) Unspent Specified Area Rate - Eaton Landscaping Reserve	Next financial year.	Established to hold unspent specified area rates for Eaton landscaping.
(ae) Plant & Engineering Equipment Reserve	As scheduled in Council's Asset Management Plan.	To fund the purchase, replacement or lease of Council's heavy plant and engineering equipment.
(af) Road Construction and Major Maintenance Reserve	Funds are not expected to be used within a set period but on a budgetary needs basis.	Established to provide funds for the upgrade and renewal of the Council's transport infrastructure.
(ag) Building Maintenance Reserve	As scheduled in Council's Asset Management Plan.	For the purchase, construction and maintenance of Council buildings.
(ah) Dardanup Expansion Developer Contribution Plan Reserve	As required.	Established to hold funds for the design and construction of community facilities in Dardanup associated with the implementation of DCA2 – Dardanup Expansion Area Developer Contribution Plan.
(ai) Wanju Developer Contribution Plan - Unspent Loan Reserve	As required.	Established to hold unspent loan funds raised for the Wanju Developer Contribution Plan planning and development costs.
(aj) Car Park Reserve	As required.	Established to provide funds for the upgrade and renewal of the Council's car parking infrastructure.
(ak) Lighting Reserve	As required.	Established to provide funds for the upgrade and renewal of the Council's lighting infrastructure.
(al) Eaton Public Open Space Reserve	As required.	Established to account for cash-in-lieu of Public Open Space contributions in Eaton in accordance with the Planning and Development Act 1995.
(am) Dardanup Public Open Space Reserve	As required.	Established to account for cash-in-lieu of Public Open Space contributions in Dardanup in accordance with the Planning and Development Act 1995.
(an) Burekup Public Open Space Reserve	As required.	Established to account for cash-in-lieu of Public Open Space contributions in Burekup in accordance with the Planning and Development Act 1995.

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30. TRUST FUNDS

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

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Eaton POS	398,305	32	(245,089)	153,248
Dardanup POS	97,566	8	0	97,574
Burekup POS	276,752	22	0	276,774
Tourism WA - Ferguson Valley Project	90,188	0	(90,188)	0
Trust Funds for Land Transaction	40,000	3	0	40,003
Auspicing Grant	0	25,000	0	25,000
	902,811	25,065	(335,277)	592,599

**SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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31. MAJOR LAND TRANSACTIONS

Council did not undertake any Major Land Transactions during the 2021/22 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

33. CORRECTION OF ERROR

Council did not have any correction of prior period errors for the year ended 30 June 2022.

AUDIT AND RISK COMMITTEE – 2023 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	15 Mar 23	* Apr/ May 23	14 Jun 23	13 Sep 23	6 Dec 23
1. Committee Operation					
Biennial review of the Charter (Terms of Reference). <i>Next Due 2023.</i>	This will be considered at OCM pre-election date.				
Agree on the annual audit work plan; and set priority areas for the coming year.					✓
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					✓
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2023.</i>					✓
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2023.</i>					✓
2. Risk Management					
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 14-08-2019 [Res 250-19]	✓				
Receive the biannual dashboard report			✓		✓
3. Legislative Compliance					
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	✓				
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	✓			✓	
4. Internal Audit					

AUDIT AND RISK COMMITTEE – 2023 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	15 Mar 23	* Apr/ May 23	14 Jun 23	13 Sep 23	6 Dec 23
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				✓	
5. Financial Reporting					
Consider and recommend adoption of the Annual Financial Report to Council.					✓
6. External Audit (OAG)					
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		*			
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					✓
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.					✓
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					✓

[Appendix ORD: 12.5.1C]

AUDIT AND RISK COMMITTEE – 2023 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	15 Mar 23	* Apr/ May 23	14 Jun 23	13 Sep 23	6 Dec 23
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	✓		✓	✓	✓
7. Regulation 17 Triennial Review (report next Due: March 2024)					
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	Not Applicable – next due 2024				
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not Applicable – next due 2024				
Receive an update on the action plan arising from auditor recommendations from the 2021 Regulation 17 review (until all action items are completed).	✓				
8. Financial Management Systems Triennial Review (report next Due: March 2025)					
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	Not Applicable – next due 2025				
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – next due 2025				
Receive an update on the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – next due 2025				
9. Governance Health & Financial Sustainability 4-Yearly Review (report next Due: November/December 2023)					
To consider the CEO's Governance Health and Financial Sustainability Review, and report to the Council the results of that review.	Not Applicable – next due 2023				

[Appendix ORD: 12.5.1C]

AUDIT AND RISK COMMITTEE – 2023 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	15 Mar 23	* Apr/ May 23	14 Jun 23	13 Sep 23	6 Dec 23
Set the action plan arising from the recommendations from the review.	Not Applicable – next due 2023				
Receive an update on the action plan arising from the recommendations from the review.	Not Applicable – next due 2023				
Undertake an independent external assessment of the Committee at least once in every three years. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.	Not Applicable – next due 2023				
10. Information Systems Security Audit					
Receive the audit report arising from the 2 yearly Information Systems Security Audit. <i>Report Next Due: 31-12-2024</i>	Not Applicable – next due 2024				
Set the action plan arising from the recommendations from the Information Systems Security Audit. <i>Report Next Due: 31-12-2024</i>	Not Applicable – next due 2024				
Receive an update on the action plan arising from the recommendations from the 2022 Information Systems Security Audit.	✓	✓	✓	✓	✓

* A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April/May 2022 that serves as an audit entrance meeting with Council's appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee and management.