

UNCONFIRMED MINUTES

PLEASE NOTE: These Minutes have yet to be confirmed by Council as a true record of proceedings.



SHIRE OF
LAVERTON
Discover the Outback Spirit

MINUTES

**FOR THE AUDIT AND RISK
COMMITTEE MEETING**

15 FEBRUARY 2024

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**MINUTES FOR AUDIT AND RISK COMMITTEE MEETING
HELD ON THURSDAY 15 FEBRUARY 2024 AT 4:46PM**

1. DECLARATION OF OPENING

The presiding Member, Cr Patrick Hill, declared the Committee Meeting open at 4:46PM.

2. RECORD OF ATTENDANCE

2.1 PRESENT

Cr P Hill	Member
Cr R Weldon	Member
Cr R Wedge	Member (via zoom)
Cr G Buckmaster	Member
Cr P Ovans	Member
Cr M Pedder	Member
Mr P Marshall	Chief Executive Officer
Mr P Kerp	Manager of Works and Services

2.2 APOLOGIES

Cr S Weldon	Member
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2.3 LEAVE OF ABSENCE

Nil

2.4 VISITORS

Nil

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

3.1 MINUTES OF AUDIT COMMITTEE MEETING HELD 16TH MARCH 2023

ATTACHMENT

ARC150224.3.1.A Minutes of Audit and Risk Committee Meeting 16th March 2023

RESOLUTION

COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr R Weldon SECONDED: Cr M Pedder

That the Minutes of the Audit and Risk Committee Meeting (Attachment ARC150224.3.1.A) held on 16th March 2023, be confirmed as a true and accurate record of proceedings.

CARRIED 6/0

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SHIRE OF
LAVERTON
Discover the Outback Spirit

MINUTES

**FOR THE AUDIT AND RISK
COMMITTEE MEETING**

16 MARCH 2023

MINUTES

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**MINUTES FOR AUDIT AND RISK COMMITTEE MEETING
HELD ON THURSDAY 16 MARCH 2023 AT 4:37PM**

1. DECLARATION OF OPENING

The presiding Member, Cr Patrick Hill, declared the Committee Meeting open at 4:37pm.

2. RECORD OF ATTENDANCE

2.1 PRESENT

Cr P Hill	Member
Cr S Weldon	Member
Cr R Weldon	Member
Cr R Prentice	Member
Cr R Wedge	Member (via zoom)
Cr G Buckmaster	Member
Mr P Marshall	Chief Executive Officer
Mr L Pervan	Deputy Chief Executive Officer
Mr P Kerp	Manager of Works and Services

2.2 APOLOGIES

Cr Jack Carmody	Member
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2.3 LEAVE OF ABSENCE

2.4 VISITORS

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

3.1 MINUTES OF AUDIT COMMITTEE MEETING HELD 21 JULY 2022

ATTACHMENT

ARC160323.3.1.A Minutes of Audit and Risk Committee Meeting 21 July 2022

RESOLUTION

COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr R Wedge SECONDED: Cr R Prentice

That the Minutes of the Audit and Risk Committee Meeting (Attachment ARC160323.3.1.A) held on 21 July 2022, be confirmed as a true and accurate record of proceedings.

CARRIED 6/0

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4. REPORTS OF COMMITTEE AND OFFICERS

4.1 AUDIT REPORTS FOR THE YEAR ENDING 30TH JUNE 2022

REPORT TO WHICH MEETING/COMMITTEE	Audit and Risk Committee, 16 th March 2023
DISCLOSURE OF INTEREST	The author has no financial interest in the matter presented to the Council
OWNER/APPLICANT	Not Applicable
AUTHOR	Lenin Pervan, Deputy Chief Executive Officer
RESPONSIBLE OFFICER	Phil Marshall, Acting Chief Executive Officer
PREVIOUS MEETING REFERENCE IF APPLICABLE	The 2021 Audit report was reported to the Committee on the 17 February 2022.

MATTER FOR CONSIDERATION BY THE COUNCIL

That the Audit and Risk Committee to receive and consider the following documents and recommend to the Council for adoption:

- Management Letter from the Office of Auditor General (OAG)
- Independent Audit report for the year ending 30 June 2022

ATTACHMENTS

ARC160323.4.1.A Independent Auditors report for the year ending 30 June 2022.

ARC160323.4.1.B Management Letter for the year ending 30 June 2022.

BACKGROUND

In accordance with section 7.9 of the Local Government Act 1995, the audit was conducted by the OAG and RSM.

STATUTORY IMPLICATIONS

Local Government Act 1995

1.3. *Content and intent*

- (2) *This Act is intended to result in —*
- (a) *better decision-making by local governments; and*
 - (b) *greater community participation in the decisions and affairs of local governments; and*
 - (c) *greater accountability of local governments to their communities; and*
 - (d) *more efficient and effective local government.*

- (3) *In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement, and economic prosperity.*

2.7. Role of council

- (1) *The council —*
- (a) *governs the local government's affairs; and*
 - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
- (a) *oversee the allocation of the local government's finances and resources; and*
 - (b) *determine the local government's policies.*

3.1. General function

- (1) *The general function of a local government is to provide for the good government of persons in its district.*
- (2) *The scope of the general function of a local government is to be construed in the context of its other functions under this Act or any other written law and any constraints imposed by this Act or any other written law on the performance of its functions.*
- (3) *A liberal approach is to be taken to the construction of the scope of the general function of a local government.*

LOCAL GOVERNMENT ACT 1995 - SECT 7.9

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.

(3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —

(a) prepare a report thereon; and

(b) forward a copy of that report to the Minister,

and that direction has effect according to its terms.

(4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government.

LOCAL GOVERNMENT ACT 1995 - SECT 7.12A

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.

(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.

(4) A local government must —

(a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and

(b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

(5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996 - REG 16

16. Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
- (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under [regulation 17\(3\)](#) (the *CEO's report*) and is to —
- (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
- (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
 - (iii) has accepted should be taken following receipt of a report of a review conducted under [regulation 17\(1\)](#); and
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the [Local Government \(Financial Management\) Regulations 1996 regulation 5\(2\)\(c\)](#);

(g) to perform any other function conferred on the audit committee by these regulations or another written law.

STRATEGIC PLAN IMPLICATIONS

Civic Leadership Objective - A financially strong and knowledgeable Shire, leading an empowered community.

- Outcome 4.3 Improved planning
- 4.3.1 Continue to review and improve organisational plans.
- 4.3.2 Seek high level of statutory compliance.

POLICY IMPLICATIONS

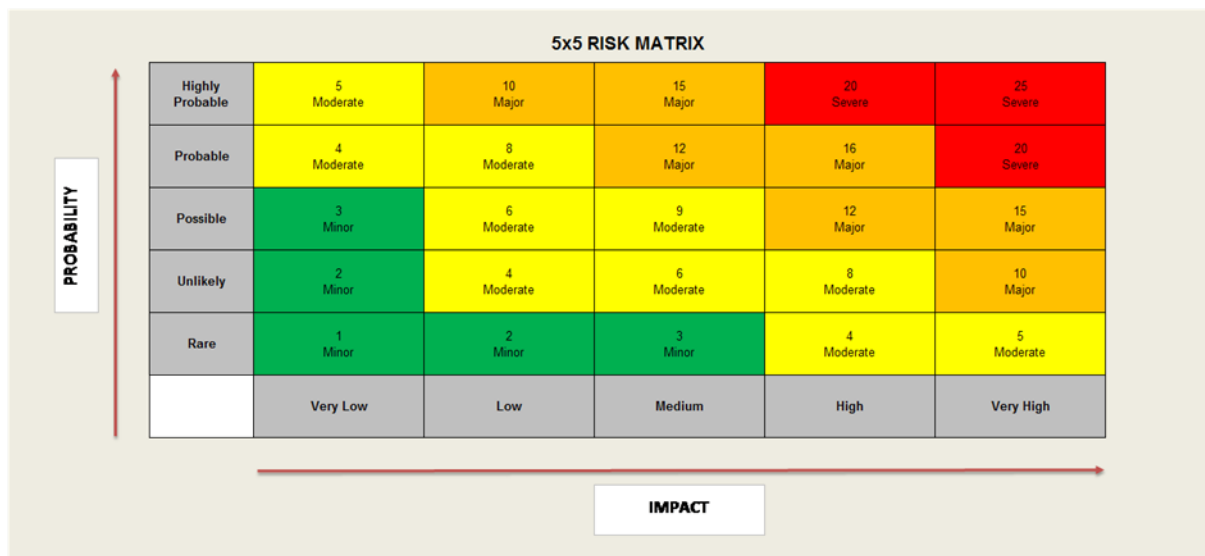
There are no policy implications to the Council.

FINANCIAL IMPLICATIONS

The recommendation of this report has no financial implications for Council.

RISK MANAGEMENT

As the Council is meeting the requirements of the Local Government Act in both the acceptance of the Auditors Report and The Management Letter, the level of Risk is considered Minor.



CONSULTATION

Chief Executive Officer

COMMENT

At the time of preparing the report, the Council has not received the attachments and cannot make comments. The Administration will address any issues raised by the OAG at the council meeting.

RESOLUTION

COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr G Buckmaster **SECONDED: Cr R Prentice**

That the Audit and Risk Committee recommends to the Council that The Annual Management Letter and The Independent Auditors report as prepared by the Office of Auditor General and RSM be accepted in accordance and that the reports and attachments ARC160323.4.1.A,B be published on the Shire of Laverton website in accordance with the Local Government Act 1995.

CARRIED 6/0



100 years of connecting people and supporting business

RSM



SHIRE OF LAVERTON

AUDITOR'S CLOSING REPORT

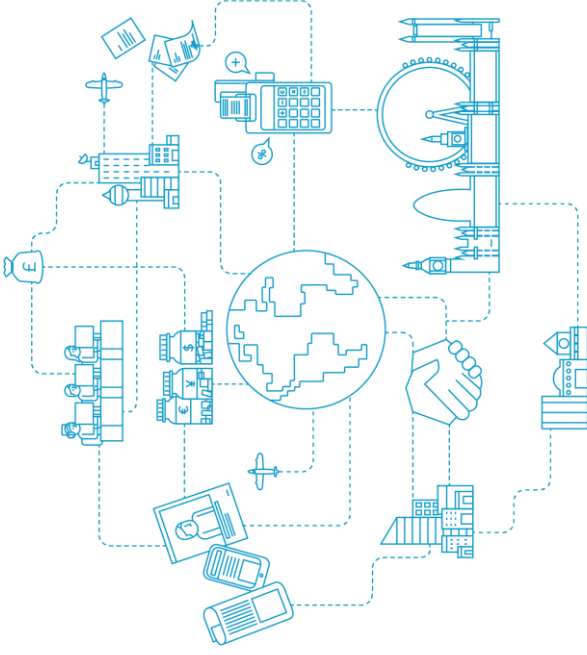
Year ended 30 June 2022

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING



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1. EXECUTIVE SUMMARY

The primary purpose of this Auditor’s Closing Report is to brief the Shire of Laverton (“the Shire” or “the Local Government”) on the results of our substantially completed audit of financial statements for the year ended 30 June 2022.

This report should be read in conjunction with our Audit Planning Memorandum (APM).

Based on RSM’s recommendation, the Office of the Auditor General (OAG) intends to issue an unmodified auditor’s report on the financial statements for the year ending 30 June 2022. The audit procedures were designed to support our auditor’s opinion and cannot be expected to identify all weaknesses or inefficiencies in your systems and working practices.

Scope and Approach

There have been no changes in the audit scope or approach set out in the APM.

Matters of significance





Under section 24(1) of the *Auditor General Act 2006*, the Auditor General is required to report on matters arising out of the performance of the Auditor General’s functions that are, in the opinion of the Auditor General, of such significance as to require reporting. We confirm that no such matters came to our attention during our audit work.

Our appreciation

We wish to express our appreciation for the cooperation provided by the Town during the audit.

AMIT KABRA
Director – Assurance & Advisory
 RSM Australia

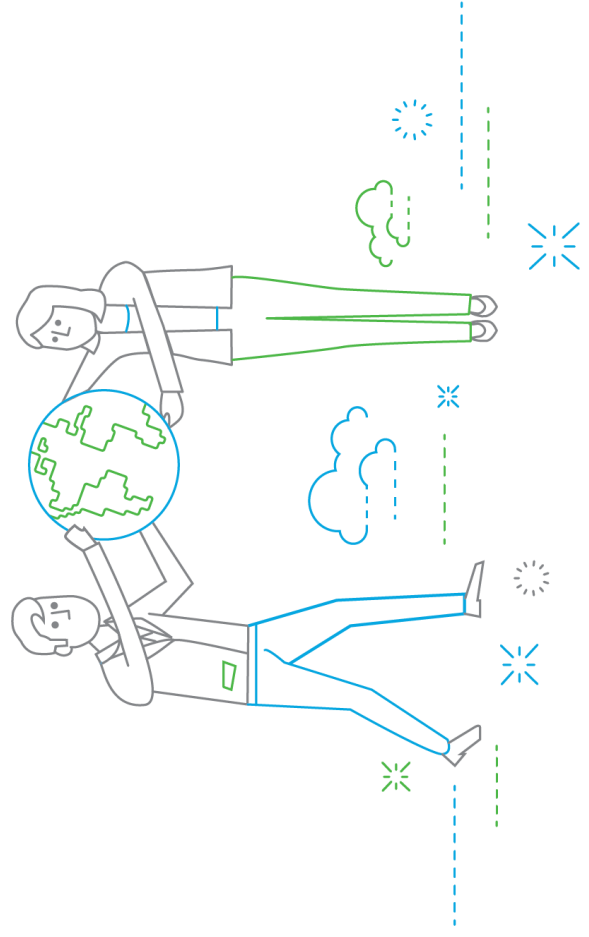
TIM SANYA
Senior Director – Financial Audit
 Office of Auditor General

OVERALL SUMMARY	
 <p>STATUS OF AUDIT 5</p> <p><i>Outstanding matters for audit completion</i></p>	 <p>KEY AREAS OF AUDIT FOCUS 5</p> <p><i>Areas assessed as key risks</i></p>
 <p>INTERNAL CONTROL OBSERVATIONS 7</p> <p><i>Improvements to the design and implementation of internal controls</i></p>	 <p>IDENTIFIED MISSTATEMENTS 2</p> <p><i>Number of adjusted and unadjusted misstatements identified during the audit</i></p>

2. STATUS OF THE AUDIT

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Action	Responsibility	Due on/by
1. Receipt of the signed certification of financial report	Management	February 2023
2. Receipt of signed management representation letter	Management	February 2023
3. Completion of subsequent events procedures to the date of signing the audit report	RSM / Management	February 2023
4. Issuing contract auditor's opinion to the Office of the Auditor General	RSM	February 2023
5. Issue of signed auditor's report to the Local Government	OAG	Within 5 business days of receiving the signed contractor's audit report from RSM



3. KEY AREAS OF AUDIT FOCUS



In performing our audit, we have identified the following areas which we consider, in our professional judgment, of most significance in the audit of the financial report for the year ended 30 June 2022:

SIGNIFICANT RISKS

1. Management override of controls

Summary of response

Our audit procedures, among other things, included:

- Testing journal entries recorded in the general ledger and adjustments on a sample basis based on data analytics to identify journal entries that exhibit characteristics of audit interest;
- Assessing accounting estimates for evidence of biases;
- Review unusual, significant transactions and related party transactions; and
- Conduct an unpredictability test.

Findings

Based on our work, nothing has come to our attention to indicate that there aren't proper processes and controls to manage the risk of management override of controls and that material key estimates and judgments are properly assessed and recognised.

3. KEY AREAS OF AUDIT FOCUS (CONTINUED)

KEY BALANCES

1. Revenue recognition – Grants, subsidies and contributions, Fees and charges

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle;

Substantive testing:

- Performing test of details, on a sample basis, over fees and charges and grants, subsidies and contributions throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the Local Government's revenue recognition policy;
- Performing calculation checks for contract liabilities related to grants, subsidies and contributions and vouching to agreements;
- Reviewing receivables balances on a sample basis and performing subsequent receipt testing;
- Performing testing on journal entries for any management override of internal controls related to revenue recognition.

Findings

Based on our procedures, we are satisfied that revenue, in all material respects, has been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the *Local Government Act 1995 (LG Act)* and the *Local Government (Financial Management) Regulations 1996 (Financial Management Regulations)*.

2. Rates revenue

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle.

Substantive testing:

- Reviewing rates receivables balances on a sample basis and performing subsequent receipt testing;
- Performing analytical procedures on rates through a detailed comparison with Landgate valuation data and approved rate in the dollar;
- Determining if the disclosures in the notes to the financial report related to revenue recognition policy are appropriate.

Findings

Based on our procedures, we are satisfied that revenue, in all material respects, has been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations.

3. KEY AREAS OF AUDIT FOCUS (CONTINUED)

3. Infrastructure and Property, Plant and Equipment

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the Infrastructure and Property, Plant and Equipment cycle.

Substantive testing:

- Performing test of details, on a sample basis, material additions to Infrastructure and Property, Plant and Equipment (which includes works in progress) to ensure they qualify for capitalisation under AASB 116 *Property, plant and equipment*;
- Testing accuracy and completeness of data sets including reviewing useful lives, condition assessments and depreciation rates;
- Performing analytical procedures over the annual depreciation charge;
- Reviewing management impairment assessment for any indication of management bias;
- Reviewing the disclosures in the notes to the financial statements to confirm appropriateness.

Findings

Based on our procedures, other than the matters noted below, we are satisfied that infrastructure and property, plant and equipment, in all material respects, have been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations.

During the audit we noted one internal control finding relating to the frequency of revaluations.

As set out in Section 4 - Internal control findings of this report, we observed a significant deficiency in the internal control relating to the frequency of revaluations. Although Regulation 17A(4)(b) of the Financial Management Regulations requires the Shire to revalue land, buildings and infrastructures no more than 5 years after the last valuation, we recommend that the administration consider assessing whether there are trigger events that would indicate movement in these assets annually. Where indicators exist a robust fair value assessment should be performed capturing the requirements of AASB 13 *Fair Value Measurement*. Where the Shire undertakes the formal valuation internally, it is recommended this assessment be peer-reviewed (i.e., review the valuation methodology, inputs and model etc for reasonableness) by an approved independent valuer.

Our analysis of the impairment indicator assessment performed by the Shire, per the requirements of AASB 136 **Impairment of Assets**, based on the Shire's internal assessment by management of the current market conditions indicated there were no impairment indicators as at 30 June 2022. We concurred with the Shire's assessment.

3. KEY AREAS OF AUDIT FOCUS (CONTINUED)

4. Materials and contracts

Summary of response

Our audit procedures, among other things, included:

Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the purchasing and procurement cycle.

Substantive testing:

- Performing test of details, on a sample basis, over materials and contracts expense. The samples were selected from transactions occurring throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in the correct period.
- Performing a search for unrecorded liabilities.

Findings

Based on our procedures, we are satisfied that Materials and contracts, in all material respects, have been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations.

3. KEY AREAS OF AUDIT FOCUS (CONTINUED)

Other critical disclosures within the financial statements

RSM has also audited the following critical disclosures in the financial statements by verifying the underlying calculations and auditing the evidence to support the amounts disclosed. Our findings are outlined in the below table.

Description of disclosure	RSM Audit response	Findings
Related party disclosures	<p>Reviewing the disclosures and supporting material to ensure compliance with AASB 124 <i>Related Party Disclosures</i>. Assessing the Local Government's internal controls around the identification and proper disclosure of related party transactions and the Elected Members' and Senior Officers' remuneration.</p>	<p>We noted certain deficiencies in the collection of information and recording of transactions with related parties. We have raised this as a management letter finding (refer Section 4 <i>Internal Control Finding</i> below).</p> <p>Except for the above, our procedures regarding related parties did not identify any significant matters.</p>
Areas subject to accounting estimates	<p>We have considered the areas of the Local Government's financial statements that are subject to estimation uncertainty, few are of sufficient quantum to be susceptible to material misstatement.</p> <p>We determined that the balances listed below include estimates that may be susceptible to material misstatement due to the measurement of the monetary amount.</p> <ul style="list-style-type: none"> ■ Financial and non-financial assets – assessment of impairment indicators; ■ Employee benefits provisions – the probability of leave vesting, discount rates, wage inflation rates and timing of future cash flows. <p>Our additional audit work encompassed performing more granular assessments regarding the risk that accounting estimates are materially misstated. In addition, we focused on appropriately responding to the levels of estimation uncertainty, complexity and subjectivity in the accounting estimate.</p>	<p>Our procedures regarding accounting estimates did not identify any significant matters.</p>
Capital and other commitments for expenditure	<p>We have checked the underlying calculations and review the evidence to support the amounts disclosed.</p>	<p>Our procedures regarding capital and other commitments for expenditure did not identify any significant matters.</p>

4. INTERNAL CONTROL FINDINGS

Based on our testing, we have included an update on the status of prior year findings as well as the following control weaknesses identified during the preliminary and final audit stages:

Prior year

At the date of this report, one recommendation noted in the prior year's audit remain open.

Findings	Rating	Status
1. Purchasing policy – obtaining quotations	Significant	Open
2. Purchase orders dated post invoice date	Significant	Resolved

Current year – financial statements audit

The following control weaknesses were identified during the financial statements audit:

Findings	Rating	Status
1. Fair Value of Infrastructure, land and building Assets - Frequency of Valuations	Significant	Open
2. Inventory management – lack of formal process	Moderate	Open
3. Related party disclosures – lack of consistent process	Moderate	Open
4. Purchasing policy – conflict of interests	Moderate	Open
5. Credit card policy – frequency of review	Moderate	Open
6. Cash count sheet – segregation of duties	Moderate	Open

A separate management letter is being issued which provides the details of the findings and management response.

5. IDENTIFIED MISSTATEMENTS

Materiality

We have not included misstatements identified that are considered by management or us to be trivial, either taken individually or in aggregate.

Adjusted Misstatements

We did not identify any material misstatements during our review that management was required to adjust.

Unadjusted Misstatements

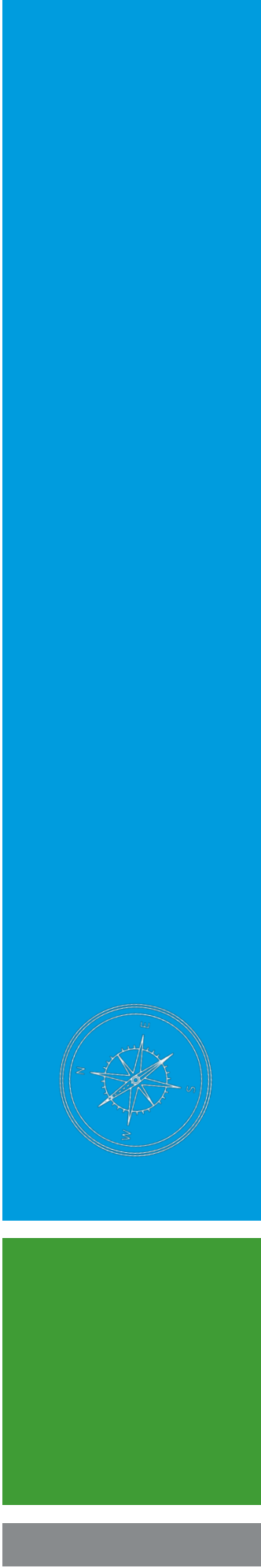
The following unadjusted amounts have been identified during the conduct of our audit. Management has determined that these amounts are immaterial and do not require adjustment to the financial report. We concur with management's determination.

Description	Assets Dr/(Cr) \$	Liabilities Dr/(Cr) \$	Equity Dr/(Cr) \$	Profit and Loss Dr/(Cr) \$
1. Being under accrual of expenses at year end	-	(20,521)	-	20,521
2. Being unrecorded liability of FY21/22 Audit fees	-	(56,700)	-	56,700
Total	-	(77,221)	-	77,221

Disclosure Deficiencies in the Financial Statements





We did not identify any disclosure deficiencies in the financial statements for the year ended 30 June 2022.




APPENDICES



APPENDIX 1 – REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Under Australian Auditing Standards, we are required to communicate the following matters to the Chief Executive Officer and the Council:

Matter	How we addressed this matter	Result
Independence	We have fully satisfied ourselves that we do not have any actual or perceived conflict of interest.	
Subsequent events	Based on our work within the scope of our engagement, nothing came to our attention to indicate the subsequent events are not adequately disclosed or adjusted for within the financial report.	
Compliance with laws and regulations	Based on our work within the scope of our engagement, nothing came to our attention to indicate the key controls around compliance with laws and regulations are ineffective.	
Responsibilities relating to fraud	We did not become aware of any fraud during our audit.	

Matter	How we addressed this matter	Result
External confirmations	There were no instances where management refused or denied us sending a request for external confirmation.	
Contingent liabilities or commitments	Based on our work within the scope of our engagement, nothing came to our attention to indicate the contingent liabilities or commitments are not adequately disclosed within the financial report.	
Going concern	No events or conditions have been identified during the audit that may cast doubt on the Local Government's ability to continue as a going concern for 12 months from the date of our auditor's report.	

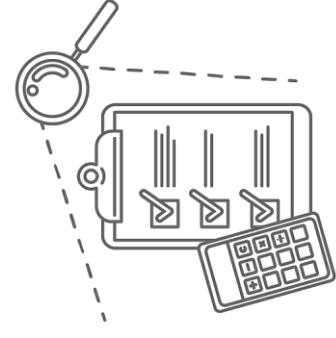
APPENDIX 2 – CHANGES IN ACCOUNTING STANDARDS

Standard or pronouncement	Description	Who does it affect	Effective date
<p>AASB 2020-1 Amendment to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current</p> <p>AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</p> <p>AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</p>	<p>This narrow-scope amendment to AASB 101 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period; and also clarifies the definition of settlement of liability.</p> <p>For example, a liability must be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.</p> <p>AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.</p> <p>This amending standard makes narrow-scope amendments to several standards:</p> <ul style="list-style-type: none"> ▪ AASB 1: to simplify its application by a subsidiary that becomes a first-time adopter after its parent concerning the measurement of cumulative translation differences; ▪ AASB 3: updating the reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations; ▪ AASB 9: clarifying which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; ▪ AASB 116: requiring an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use, and the related cost, in profit or loss, instead of deducting the amounts received from the cost of the asset; ▪ AASB 137: specifying the costs that an entity includes when assessing whether a contract will be loss-making; and ▪ AASB 141: Remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards. 	<p>All entities</p> <p>All entities</p>	<p>Annual reporting periods beginning on or after 1 January 2023</p> <p>Annual reporting periods beginning on or after 1 January 2022</p>

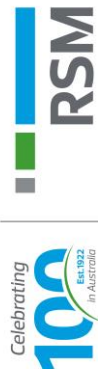
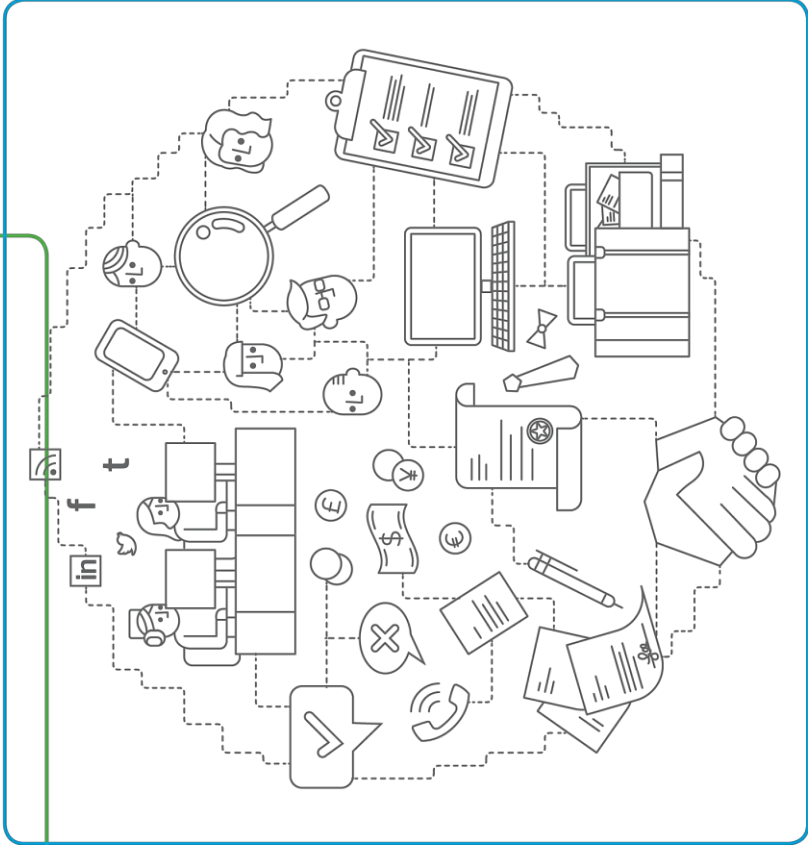
APPENDIX 2 – CHANGES IN ACCOUNTING STANDARDS (CONTINUED)

Standard or pronouncement	Description	Who does it affect	Effective date
<p>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</p>	<p>This amending Standard impacts several standards:</p> <ul style="list-style-type: none"> ▪ AASB 7: clarifying that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; ▪ AASB 101: requiring entities to disclose their material accounting policy information rather than their significant accounting policies; ▪ AASB 108: clarifying how entities should distinguish changes in accounting policies and changes in accounting estimates. ▪ AASB 134: identifying material accounting policy information as a component of a complete set of financial statements; and ▪ AASB Practice Statement 2, guides how to apply the concept of materiality to accounting policy disclosures. 	<p>All entities</p>	<p>Annual reporting periods beginning on or after 1 January 2023</p>

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ATTACHMENT

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
PRIOR YEAR FINDING			
1. Purchasing policy – obtaining quotations	✓		
CURRENT YEAR FINDINGS			
2. Fair value of Infrastructure, land and building assets - Frequency of Valuations	✓		
3. Inventory management – lack of formal process		✓	
4. Related party disclosures – lack of consistent process		✓	
5. Purchasing policy – conflict of interests		✓	
6. Credit card policy – frequency of review		✓	
7. Cash count sheet – segregation of duties		✓	

KEY TO RATINGS

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

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

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Purchasing policy – obtaining quotations

Finding

2022

During our interim audit, from a sample of 20 purchases made during the period 1 July 2021 to 30 June 2022, we noted 7 (35%) instances where there was insufficient documentation to indicate that the requisite number of quotations had been obtained and evaluated.

2021

Policies 5.5 *Purchasing Thresholds* and 5.11 *Purchasing Procedures* of the Shire's purchasing policy and procedures outline the minimum number of quotations when procuring goods or services. For example, purchases above \$5,000 require 2 verbal quotations and purchases above \$25,000 require 3 written quotations.

During our interim audit, from a sample of 30 purchases made during the period 1 July 2020 to 31 March 2021, we noted 3 (10%) instances of purchases over \$5,000 where there was insufficient documentation to indicate that the required number of quotations had been obtained and evaluated.

2020

During our interim audit, from a sample of 30 purchases made during the period 1 July 2019 to 31 March 2020, we noted 6 (20%) instances where there was insufficient documentation to indicate that the requisite number of quotations had been obtained and evaluated.

Rating: Significant

Implication:

If purchases are made without obtaining sufficient quotations, there is an increased risk that the Shire's 'Value for Money' objectives are not achieved and also potential for bias in the supplier selecting process.

Recommendation:

For purchases below the tender threshold, management should ensure that sufficient quotes are obtained and evidenced in accordance with the Shire's purchasing policy and procedures.

If instances arise where the Shire is unable to obtain the requisite number of quotations, the reasons should be recorded and attached to the purchase order at the time of the purchase being made.

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management comment:

In theory, this observation is sound. In reality, whilst the shire will always endeavour to obtain the minimum amount of quotes, the remoteness of Laverton often results in quotes being difficult to obtain, as suppliers will often up-front refuse to quote for works to be completed in Laverton.

That being said, the shire will continue to be diligent to exploring the best value for money where possible, and in the absence of providing the minimum amount of quotes, the authorising officer will ensure an explanation is recorded.

Responsible position: *Deputy CEO*

Completion date: *30 June 2023*

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Fair Value of Infrastructure, land and building Assets - Frequency of Valuations

Finding:

The Shire has not performed an annual assessment since the infrastructure, land and building assets were last revalued to determine whether these asset's reported value represent fair value. Infrastructure assets were last revalued in 2018 where land and buildings were last revalued in 2020.

Rating: Significant

Implication:

Without a robust assessment of fair value of the Shire's Infrastructure, land and building assets there is a risk that the fair value of these assets may not have been assessed adequately and in compliance with AASB 13 Fair Value Measurement, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

Recommendation:

The Shire should consider implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of Infrastructure, land and building assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of AASB 13 *Fair Value Measurements*. This process is to ensure that the Shire's infrastructure, land and buildings assets are recorded at fair value in compliance with AASB 13 Fair Value Measurement and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets is likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally the Shire may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

Management comment:

Regulation 17A(4)(b) of the Financial Management Regulations (FMR) requires the Shire to revalue land, buildings & infrastructures no more than 5 years after the last valuation date. Council has not breached this regulation with all relevant classes of assets having been revalued within the given timeframe (land and buildings last valued in 2019/20, other infrastructure in 2017/18). The auditors have made comment that council 'should' assess whether there are trigger events that would indicate movement in the assets annually. By definition, 'should' is a recommendation, and we dispute that such a recommendation could be deemed significant.

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

As council is not in breach of the regulations, we reject this finding. From a common sense perspective, if events occurred that significantly effected the market value of our assets, we would look to undertake another external valuation, regardless of whether we were required to as per the FMR. However, council does not see the value in undertaking an annual internal review if there have been no obvious changes to market conditions.

We take an economic view based upon movements and cost of products. This will be reflected in the insurance costs of our assets such as the Swimming Pool, Admin Office Building and The Great Beyond (Major Assets). This is undertaken every year. With the roads being the major asset base, council will realign its capital programs and upgrades based upon the rise and fall in costs. This will increase or decrease our timing.

This matter is closed from a Council perspective. Please note that council has engaged the services of an external valuer and will be undertaking a revaluation of its infrastructure assets in May/June 2023.

Responsible person: *Deputy CEO*

Completion Date: *15 February 2023*

Further OAG Comments:

We have taken note of management comments and reiterate that it is a requirement under the Australian Accounting Standards, for management to undertake an annual review to ensure the carrying values of infrastructure, land and building assets do not differ materially to fair values. While this is not a full valuation, the assessment should be a formally documented process to be able to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of these assets. The Australian Accounting Standards form the basis of preparation of the financial statements of the Shire under the Local Government Financial Management Regulations. We further note that this finding has been observed across a number of local government entities.

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Inventory management – lack of formal process

Finding

During our final audit, we were unable to review the reconciliation of inventory of fuel (airport and fuel stock) due to the lack of formal process for counts and recordings by the Shire. We noted the only available documents for references were email correspondence between the Works Manager and the Deputy CEO which advised the counts in writing. There was no observable evidence such as dip counts or photos to confirm the accuracy of the counts. As a result, there are differences in the closing balance of fuel against the closing dip test as at financial year ended.

In addition, we noted that the HINO & Mobile Pod do not have the ability to be dipped. Thus, the Shire is unable to accurately record the fuel held in those storages.

Rating: Moderate

Implication

There is an increased risk that internal controls are weakened due to the absence any formality to record and monitor quantity of inventory held. Although in this instance, the overall difference was not material in the context of the financial statements, inventory may be misappropriated, misused and over or understated which causes the balance sheet items to be inaccurate.

Recommendation

The Shire should improve current practices for inventory use and ensure all adequate supporting documentation is maintained by the Shire for all movements in inventory level.

Management Comment

This finding is noted. Council will implement procedures and control measures for the management of the fuel supplies.

Responsible Person: *Deputy CEO*

Completion Date: *30 June 2023*

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Related party disclosures – lack of consistent process

Finding

During our audit, we noted that the Shire does not have a formal process to request and record all related party transactions with councillors. We also noted inaccuracies in the reporting of transactions by a councillor. We observed that:

- Cr Rex Ryles' term ended on Council in October 2021 and was not sent a disclosure form. Hence, there is no formal related party disclosure form completed by Cr Rex Ryles.
- Management has informed that Cr Robert Wedge elected not to provide his related parties disclosure.
- Cr Shaneane Weldon had one transaction with the Shire, but this was not declared in the related party disclosure form.

We note the following guidance from Western Australian Local Government Association ("WALGA"):

- Elected Council members and KMP will be required to complete a Related Party Disclosures - Declaration form each quarter.
- Disclosures must be made by all Councillors immediately prior to any ordinary or extraordinary election.
- Disclosures must be made immediately prior to the termination of employment of/by a KMP.

Rating: Moderate

Implication

As two related party disclosure forms were not obtained and one disclosure was incomplete, there is a risk that related party transactions and balances are not accurately identified and disclosed in the financial statements in accordance with the applicable financial reporting framework.

Recommendation

The Shire should ensure that related party disclosure forms are completed with accurate disclosures and filed appropriately. Disclosure forms must be completed even if the councillors have served only for part year or have engaged in one-off transactions.

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management Comment

Rex Ryles is no longer a councillor and has been off council for over twelve months. There does not seem to have been a related party disclosure form completed for him for 2021/22. As Rex is no longer on council, we will not be able to provide a disclosure form for him.

Shaneane Weldon's \$1,400 transaction was a one-off transaction where she provided short term accommodation for shire staff in Kalgoorlie when no alternative commercial accommodation was available. It was not planned and will highly unlikely occur again. As such, there was no related party disclosure made at the time. This occurred well over 12 months ago (September 2021).

As such, we consider this matter closed.

Responsible Person: *Deputy CEO*

Completion Date: *15 February 2023*

Further OAG Comments:

We have taken note of management comments and reiterate that while councillors may have vacated their positions, for audit and financial reporting purposes, related party declarations for all key management personnel that presided over the relevant financial reporting period is required.

We will follow up on any matters closed in the 2023 financial year audit.

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

5. Purchasing policy – conflict of interests

Finding

We noted the Shire purchasing policy does not contain any procedures regarding the treatment of transactions with related parties for key management personnel. The purchasing policy also does not adequately illustrate the requirement of disclosure in the conflict of interest register and related party disclosure form.

Rating: Moderate

Implication

Without implementing any restrictions for purchasing services or goods from related parties, the Shire is open to the risk where the Shire does not explore alternative options for the good or services to be provided to the Shire, thus potentially having a biased approach in selecting a related party as the supplier. This may potentially result in transactions which may not be at arm's length when the related party is selected as the preferred supplier.

Recommendation

The Shire should ensure that it seeks alternative quotations from third party suppliers before considering related parties. Should related parties be selected, the Shire should ensure that all related party transactions are disclosed in conflict of interests register and related party disclosure forms.

Management Comment

In an isolated community such as Laverton, there is very little alternative to utilising related parties. The shire's purchasing policy requires a minimum quotes to be provided based on estimated cost, which means in essence we are testing the market for all options. But with the mobilisation and travel costs associated with Laverton, it is often far more cost effective to utilise related parties. As such, we are reluctant to place any restrictions on related party transactions.

The Council considers this matter closed.

Responsible Person: *Deputy CEO*

Completion Date: *15 February 2023*

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Further OAG Comments:

We have taken note of management comments and reiterate that while sufficient testing of the market may not be possible for remote local governments, like the Shire of Laverton, from an auditing standpoint the process undertaken by the Shire should be documented including how any conflict-of-interest risks have been managed.

We will follow up on any matters closed in the 2023 financial year audit.

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

6. Credit card policy – frequency of review

Finding

During the course of our final audit, we noted the Shire has not formally updated the credit card policy. We note that the Shire is required to review and evaluate the credit card policy every 2 years from the date of adoption. There has been no indications of formal review and evaluation of the policy since the initial adoption of the policy on 25 October 2018.

Rating: Moderate

Implication

Without updated and approved policies, procedures and plans, staff may be unaware of Council and management's expectations regarding how they conduct themselves and perform key transactions and activities which can lead to errors, fraud and/or non-compliance.

Recommendation

The Shire should maintain a register of policies and procedures and review policies and procedures periodically for Council's approval

Management Comment

This is noted. Council will review its Credit Card Policy in 2022/23.

Responsible Person: *Deputy CEO*

Completion Date: *30 June 2023*

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

7. Cash count sheet – segregation of duties

Finding

During our final audit fieldwork, we understand from our discussion with Lenin Pervan (Deputy Chief Executive Officer) that the same individual has prepared and self-reviewed the cash count sheet for the date of 31/03/2022.

Through our walkthrough performed during the interim audit, RSM understands that a member of the admin staff would perform a cash count in the register at the end each day. The member would complete a Daily Balancing Sheet and signs the form. A separate member would review and sign the form to ensure segregation of duties.

However, when inspecting the cash count sheet for the Great Beyond Visitor Centre, RSM noted that Morgan Hooley checked and reviewed the cash count sheet. RSM inquired Lenin and understands that Morgan prepared and performed the count sheet. This indicates that there is no segregation of duties.

Rating: Moderate

Implication

The lack of segregation of duties may lead to errors and fraud from occurring. As cash is highly liquid, this may also increase the likelihood in misappropriation of assets.

Recommendation

The Shire should ensure appropriate segregation of duties in the handling of cash and review of cash count.

Management Comment

The finding above is an isolated example. On 31/03/2022 Morgan was the only staff member at work. This will happen on rare occasions, in which case there is no alternative but for an individual to complete the daily cash count himself. What could have happened in this instance, was an alternative staff member review the cash count the next morning. In reality this is what would have occurred regardless, as the float needs to be verified and takings verified before being deposited.

As such, moving forward in instances where an employee is working by himself, he/she will be instructed to prepare the cash count individually, but not sign off on it being reviewed, with this to be performed by an alternative staff member the next morning.

The council considers this matter closed.

Responsible Person: *Deputy CEO*

Completion Date: *15 February 2023.*

SHIRE OF LAVERTON**PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****Further OAG Comments:**

We have taken note of management comments and reiterate that while sufficient segregation of duties may not be possible in remote local governments like Shire of Laverton, from an auditing standpoint the process undertaken by the Shire should be documented including how any cash handling risks have been mitigated.

We will follow up on any matters closed in the 2023 financial year audit.

4.2 COMPLIANCE AUDIT RETURN (CAR) 2022

REPORT TO WHICH MEETING/COMMITTEE	Audit and Risk Committee, 16 th March 2023
DISCLOSURE OF INTEREST	The author has no financial interest in the matter presented to the Council
OWNER/APPLICANT	Not Applicable
AUTHOR	Lenin Pervan, Deputy Chief Executive Officer
RESPONSIBLE OFFICER	Phil Marshall, Acting Chief Executive Officer
PREVIOUS MEETING REFERENCE IF APPLICABLE	Not Applicable

MATTER FOR CONSIDERATION BY THE COUNCIL

That the Audit and Risk Committee recommend the CAR to the Council for submission to the Department of Local Government, Sport and Cultural Industries.

ATTACHMENTS

ARC160323.4.2.A 2022 Compliance Audit Return

BACKGROUND

Each year, Council is required to complete an annual compliance audit return (CAR) for the calendar year immediately preceding (1st January to 31st December) as published by the Department for Local Government and Communities. The CAR is then to be reviewed by the Audit Committee and a report presented to Council prior to the adoption of the CAR.

This year, the CAR was completed by Council staff.

The CAR is one of the tools that allow Council to monitor how the organisation is functioning regarding compliance with the *Local Government Act 1995* and provides the Audit and Risk Committee the opportunity to report to Council any cases of non-compliance or where full compliance was not achieved.

This process also provides opportunity for the Audit and Risk Committee to consider matters that may require further review within ongoing risk framework assessments and actions.

Through the completion of the 2022 CAR, there were a few timings issues identified, with the late lodgement of two annual returns, and the adoption of the Code of Conduct occurring marginally after the deadline, however there were no significant issues of non-compliance raised.

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 2.7(2) – Provides that Council is to oversee the allocation of local government finances and resources and to determine the local government policies.

Section 3.1 – Provides that the general function of the local government is to provide for the good government of persons in its district.

Section 7.13(1)(i) of the *Local Government Act 1995* refers to the provisions within regulations with regard to audits.

Regulation 14 of the *Local Government (Audit) Regulations 1996* provides:

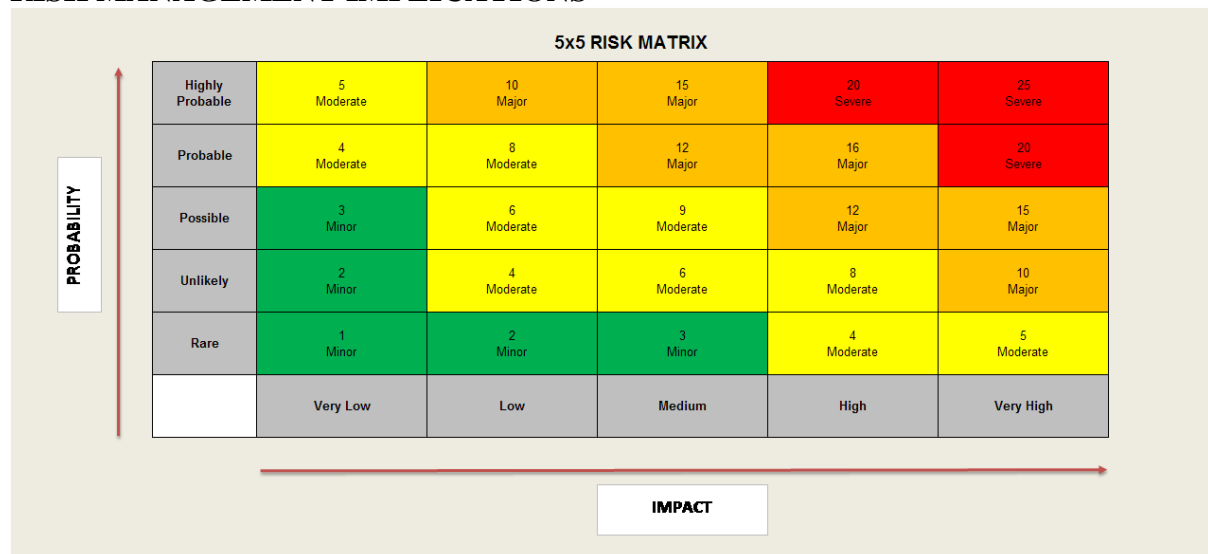
- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

Regulation 14 of the *Local Government (Audit) Regulations 1996* details the requirements about certifying the CAR and issuing to the Departmental CEO.

POLICY IMPLICATIONS

There are no policy implications to this report.

RISK MANAGEMENT IMPLICATIONS



As the Council is meeting the statutory requirements, the risk is considered low.

FINANCIAL IMPLICATIONS

There are no financial implications to this report.

STRATEGIC IMPLICATIONS

Outcome 4.2 An efficient and effective organisation

Strategy	Corporate Business Planning Action
4.2.2 Comply with statutory and legislative requirements	4.2.2.1 Seek a higher level of legislative compliance in organisational practices and effective internal controls

CONSULTATION

Chief Executive Officer

COMMENT

This report is required to be reviewed by the Audit and Risk Committee before being considered by the Council and the recommendation reflects this.

RESOLUTION

COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr R Prentice SECONDED: Cr R Wedge

That the Audit and Risk Committee recommends the adoption of the 2022 Compliance Audit Return shown as ARC160323.4.2.A and further that the Council authorises the Shire President and Acting Chief Executive Officer to sign the Compliance Audit Return on behalf of the Council and submit the signed return to the Department of Local Government, Sport and Cultural Industries in accordance with section 14 of the Local Government (Audit) Regulations 1996.

CARRIED 6/0

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Laverton – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022?	N/A	
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2022?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022?	N/A	
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	
2	s5.16	Were all delegations to committees in writing?	N/A	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	N/A	
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	



7	S5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	S5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	S5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	S5.16(3)(b) & S5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	
11	S5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	S5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	No	We are a small office with limited delegations required.
13	S5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	S5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	S5.68(2) & S5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	S5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	S5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	S5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	No	Two individuals were outstanding as at 31/08/22 but were lodged shortly after.
6	S5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	

7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	

17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	No	This was adopted on 22nd July 2021.
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employee of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	

Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	N/A	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	N/A	



Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Yes	

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	Yes	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	No	Refer to the Office of the Auditor General
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995	No	Auditors Report is still yet to be received as of 13/02/23



		required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?		
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	No	Auditors Report is still yet to be received as of 13/02/23
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	No	Auditors Report is still yet to be received as of 13/02/23
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	No	Auditors Report is still yet to be received as of 13/02/23

Local Government Employees

No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	N/A	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	

Official Conduct

No	Reference	Question	Response	Comments



1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	The CEO is designated as the complaints officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	No	No complaints have been received in the review period.
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	No	No complaints have been received in the review period.
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	No	No complaints have been received in the review period.

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	No	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	No	



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5	F&G Reg 14(5) If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	No	
6	F&G Regs 15 & 16 Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17 Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
8	F&G Reg 18(1) Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	No	
9	F&G Reg 18(4) Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19 Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22 Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes	
12	F&G Reg 23(1) & (2) Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	
13	F&G Reg 23(3) & (4) Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	
14	F&G Reg 24 Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	Yes	



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15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Yes	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A	

Integrated Planning and Reporting

No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan?	Yes	30/09/2021



		If Yes, please provide the adoption date or the date of the most recent review in the Comments section?		
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	21/04/2022
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions

No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.	Yes	21/04/2022
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report.	Yes	21/04/2022
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes	
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	



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5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	Yes	
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Chief Executive Officer

Date

Mayor/President

Date

4.3 ANNUAL REPORT FOR YEAR ENDING 30 JUNE 2022

REPORT TO WHICH MEETING/COMMITTEE	Audit and Risk Committee Meeting, 16 th March 2023
DISCLOSURE OF INTEREST	The author has no financial interest in the matter presented to the Council
OWNER/APPLICANT	Not applicable
AUTHOR	Lenin Pervan, Deputy Chief Executive Officer
RESPONSIBLE OFFICER	Phil Marshall, Acting Chief Executive Officer
PREVIOUS MEETING REFERENCE IF APPLICABLE	Last Annual Report was considered at the 17 February 2022 meeting of the Audit and Risk Committee

MATTER FOR CONSIDERATION BY THE COUNCIL

That the Audit and Risk Committee receive and consider the Annual report for the year ending 30 June 2022 and recommend to the full Council meeting for adoption of the Annual report and setting of the Annual Electors meeting date.

ATTACHMENTS

- ARC160323.4.3.A Shire of Laverton Annual Report for the 30 June 2022
- ARC160323.4.3.B Representation Letter in Respect of the Shire of Laverton Annual Financial Report (to be forwarded under separate cover)

BACKGROUND

The Audit Report for the 2021/2022 Annual Financial Statements were received from the Office of Auditor General (OAG) on the The Annual Report is to be accepted by the Shire of Laverton no later than two months after the Auditor’s Report becomes available in accordance with the Local Government Act 1995, section 5.27(2) refers.

STATUTORY IMPLICATIONS

Local Government Act 1995

1.3. Content and intent

- (2) *This Act is intended to result in —*
 - (a) *better decision-making by local governments; and*
 - (b) *greater community participation in the decisions and affairs of local governments; and*
 - (c) *greater accountability of local governments to their communities; and*
 - (d) *more efficient and effective local government.*
- (3) *In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement, and economic prosperity.*

2.7. Role of council

- (1) *The council —*

- (a) *governs the local government's affairs; and*
- (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
 - (a) *oversee the allocation of the local government's finances and resources; and*
 - (b) *determine the local government's policies.*

3.1. General function

- (1) *The general function of a local government is to provide for the good government of persons in its district.*
- (2) *The scope of the general function of a local government is to be construed in the context of its other functions under this Act or any other written law and any constraints imposed by this Act or any other written law on the performance of its functions.*
- (3) *A liberal approach is to be taken to the construction of the scope of the general function of a local government.*

LOCAL GOVERNMENT ACT 1995 - SECT 5.53

5.53 Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
 - (a) a report from the mayor or president; and
 - (b) a report from the CEO; and
 - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - (f) the financial report for the financial year; and
 - (g) such information as may be prescribed in relation to the payments made to employees; and
 - (h) the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and
 - (ha) a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993* ; and
 - (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and

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

LOCAL GOVERNMENT ACT 1995 - SECT 5.54

5.54 Acceptance of annual reports

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

** Absolute majority required.*

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

LOCAL GOVERNMENT ACT 1995 - SECT 5.55

5.55 Notice of annual reports

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

LOCAL GOVERNMENT ACT 1995 - SECT 5.27

5.27 Electors' general meetings

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.

STRATEGIC PLAN IMPLICATIONS

Civic Leadership Objective - A financially strong and knowledgeable Shire, leading an empowered community.

- Outcome 4.3 Improved planning
- 4.3.1 Continue to review and improve organisational plans.
- 4.3.2 Seek high level of statutory compliance.

POLICY IMPLICATIONS

There are no policy implications to this report.

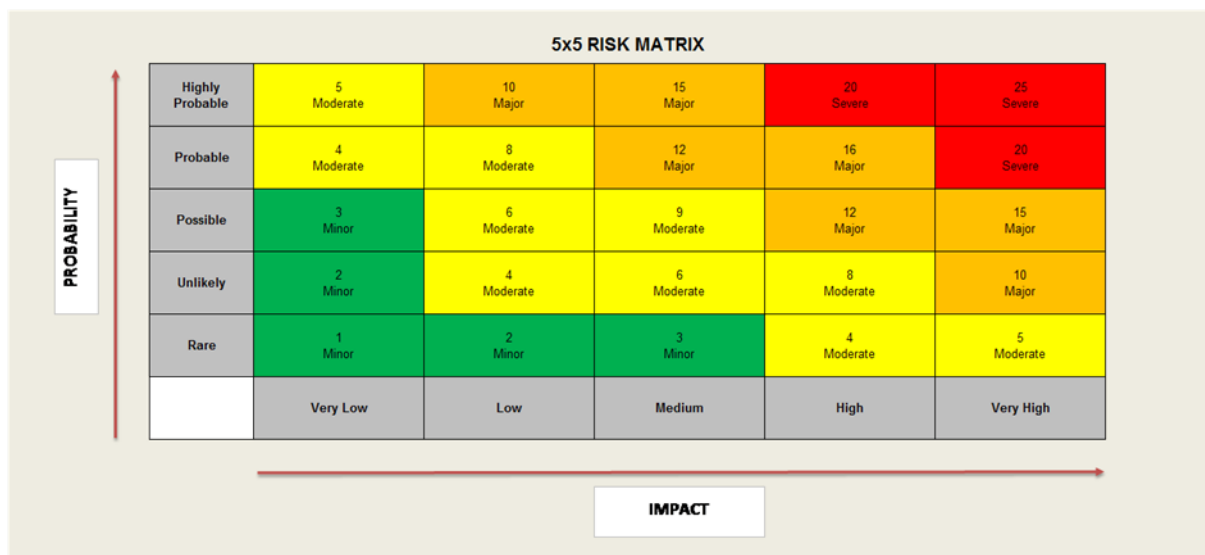
FINANCIAL IMPLICATIONS

The Council at the time of receiving the report has not received the final accounts for the audit.

Budget allocation of \$60,000 under account no 2140484 Admin- Audit Fees

RISK MANAGEMENT

As the Council is meeting the requirements of the Local Government Act in both the acceptance of the Auditors Report and the calling of the Annual Electors meeting, the level of risk is very low.



CONSULTATION

- Chief Executive officer

COMMENT

The purpose of the annual report and acceptance is to meet statutory reporting requirements and to set a date for the Annual Electors meeting to be within 56 days of the 16th March 2023, and the intended date of 16th March 2023 is well within this timeline.

RESOLUTION

COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr S Weldon SECONDED: Cr G Buckmaster

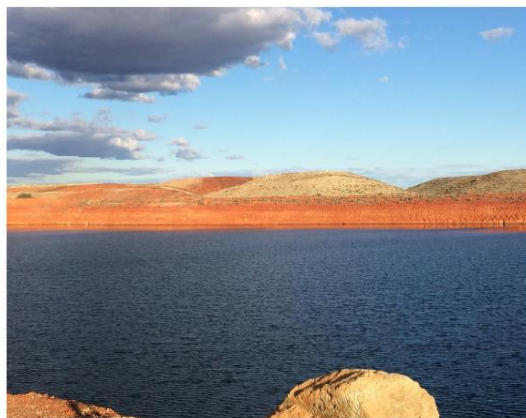
1. That the Audit and Risk Committee recommends to the Council that by an absolute majority in accordance with section 5.54 of the Local Government Act 1995 ACCEPT the Financial Statements for the year ending 30 June 2022 as shown as Attachment ARC160323.4.3.A
2. That the Audit and Risk Committee recommends to the Council to set the Electors General Meeting in accordance with section 5.27 of the Local Government Act 1995 to be held on 20 April 2023 at 4.00pm in the Council Chambers to present the Annual Report for the year ending 30 June 2022.

CARRIED 6/0

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ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2022



ABOUT US

Welcome to the Shire of Laverton – Discover the Outback Spirit!

Covering some 183,198km² of desert and pastoral country, Laverton has something for everyone, from spinifex plains, mulga woodlands and unique granite rock outcrops to rich Aboriginal and European History and Culture.

These early explorers are recognized in the Great Beyond Visitor Centre – Home of the Explorers Hall of Fame.

During the 1880's, sandalwood cutters travelled through the area looking for valuable aromatic timber and their tracks opened up much of the region. In the decades since, many tonnes of sandalwood have been exported from the Laverton district.

In 1886 gold was discovered in the area – suddenly eager prospectors arrived in droves from Coolgardie, eager to strike it rich. The rapidly growing settlement was soon called British Flag after the first successful mine.

One such keen prospector was Dr Charles Laver, a British doctor who rode his bicycle from Coolgardie to the Laverton area the same year. He soon became an enthusiastic promoter of the region and travelled back to Britain a number of times to raise funds for local mining ventures, however his priority remained to deal with the sick and injured. He had an excellent rapport with his coworkers and patients and got on very well with the local Aboriginal people.

Without his energy (and his capital) Laverton may well have faded away at this point.

By 1897 an informal town had sprung up to the west side of the Craiggimore mine. This proved an unsuitable location for the permanent settlement, so an alternate site was chosen about three kilometers away. In July 1900 the new town was gazetted as Laverton, in honour of Dr. Laver who had done so much to ensure the prosperity of the area.

Today the town is an important service Centre for a range of mines that operate in the area, for the continuing pastoral industry and for the people of the Western Desert regions. Laverton is also an important tourism hub, acting as a True gateway to Australia's outback.

OUR VISION

The Shire of Laverton will strive to work with the community to fulfil their needs and support their aspirations while acting with fairness and demonstrating leadership.

Aspirations and Values

Our community identified the following aspirations and values:

- An oasis for locals and visitors.
- Oasis in the desert.
- A harmonious and sustainable community.
- A healthy and vibrant place to live, work and visit.
- A place we are proud of.
- A memorable destination; and
- A thriving green and attractive hub



Community Strategic Plan - Summary of Objectives and Outcomes

The Shire of Laverton delivers services to its community in line with four key objectives set out within this Plan, being: social, economic, environment and civic leadership.

Each of the four objectives has several desired outcomes Council is aiming to achieve over the 10+ years of this Plan.

The following table summarizes the strategic objectives of achieving the vision and the desired outcomes of working towards these objectives.

This plan is set to guide council through a ten year period culminating in 2030 with a desktop review to be undertaken every 2 years. .

	Objectives	Outcomes
SOCIAL	<i>Proud, spirited, harmonious and connected community</i>	<ul style="list-style-type: none"> • A strong sense of community pride and ownership
ECONOMIC	<i>Prosperous local economy attracting businesses, opportunities, and people</i>	<ul style="list-style-type: none"> • Sustainable tourism • Improved economic development opportunities
ENVIRONMENT	<i>Welcoming and safe natural and built environment</i>	<ul style="list-style-type: none"> • Safe and efficient transport network • Modern, well maintained infrastructure • Clean, safe, and tidy environment
CIVIC LEADERSHIP	<i>Responsible financial management and governance, leading an empowered community</i>	<ul style="list-style-type: none"> • A strategically focused Council, demonstrating strong leadership • An efficient and effective organization

SHIRE PRESIDENTS REPORT



In opening, I would like to thank my fellow Councillors for their support and ensuring that the Shire of Laverton is seen in a positive light throughout the community. It is a pleasure to represent the Council.

The following is a brief summary of what has occurred in the last 12 months and the major issues which have impacted on the Council along with the myriad of meetings and representations made on behalf of Council.

Covid-19 has impacted upon Laverton with the restrictions of tourists travelling both intrastate and interstate and also the overseas travelers who are wanting the adventure at the start of the outback.

The Council continues with the established agreement with the Pier Street Medical practice to provide medical services to the town and district. This is essential to ensure that there is medical services at the hospital and for the community. Furthermore, the essential aspect of the new hospital only defines the importance of providing the medical service to the new hospital and the council is continuing to ensure that the hospital is built and the appropriate funding is provided for the completion of this facility.

The Outback Highway Committee is made up of local governments and through the General Manger, there is the constant trying to secure additional funding to ensure that the entire road will receive funding to complete the seal from Laverton to Winton in Queensland.

Additional investment of \$678 million has been confirmed in October 2022, with Western Australia allocated \$400 million to the Outback Way. This is a major coup for Laverton and will result in increased local job opportunities as well as increased tourism dollars coming to town.



The 2021 Sheila Laver Award was presented to Des and Shona Cannons in recognition of their service to the community of Laverton.

The Department of Social Services is responsible for the rollout of the Cashless Debit Card Program and the Council continues to provide a space at the Community Development Office and three staff members are employed on a part time basis (funded by DSS) to assist in continuation of the roll out. It has been a resounding success to date.

The Council has made contributions to various activities but not limited to:

- Murdoch Vet Microchipping and consult services
- Maintenance of the Town Oval used by the school through an agreement developed in this budget year, provides security for the school and council over the next twenty plus years.
- Support to the Race club through the maintenance of the course and getting ready for the race day.
- Youth support services for the youth of the council area and supported by the Department of Communities
- Upgrade of various facilities including council housing
- Provision of government services through the Community resource center

The Council approved the expansion of the Great Beyond with an extension of this wonderful facility with a building cost of \$2.6 million, including council contribution of \$1.3 million. The construction has been completed and will be opening to the public early in 2022/23. The goal is to capture the market as the Outback Highway continues to be sealed and the visitor numbers increase. Some pictures of the project can be seen below.

Annual Report for the Shire of Laverton, year ending 30th June 2022



Local Roads and Community Infrastructure

The Council received funding from the Commonwealth government across the various phases of LRCI funding. \$533,569.00 was funded in Phase 1 of the program, which was allocated to a variety of projects. \$387,178 was funded in Phase 2 of the program, which was allocated against road projects, notable Bandy Road. \$1,067,138 was funded in Phase 3 of the program which is allocated against the Laverton Airport upgrades which are scheduled to commence in 2022/23.

Included below are some of the outcomes achieved through Phase 1 of the program.

Approved Project - Renovation of Old Coach house at Laver Place Laverton

Rear view of Old Coach house



Annual Report for the Shire of Laverton, year ending 30th June 2022



Front view of Coach House



Interior of Coach house incorporating the library and offices

Approved Project - Installation of Solar system at the Old Coach house – Laver Place Laverton



Solar panels located on Old Coach house



Annual Report for the Shire of Laverton, year ending 30th June 2022

Approved Project – CCTV within Laverton townsite



Location Airport



Council Depot

Annual Report for the Shire of Laverton, year ending 30th June 2022



Location – to cover Old Coach house, Swimming Pool, and Town hall



Location - Augusta Street Laverton

Annual Report for the Shire of Laverton, year ending 30th June 2022

Approved Project – Upgrade of Tourist Information Bay at Beria Road



Source: Source: WA Mineral and Petroleum Statistics Digest 2021/2022

GOLDFIELDS - ESPERANCE	2021-22
Laverton	5,580,494,683
Leonora	3,641,104,068
Coolgardie	3,186,837,123
Kalgoorlie-Boulder	2,360,764,033
Menezes	1,399,009,704
Ravensthorpe	1,209,803,182
Dundas	1,184,084,583
Wiluna	1,014,558,076
Esperance	2,338,173
Goldfields-Esperance Total	19,578,993,624

The above table shows the total value of minerals and petroleum for all local government within the Goldfields-Esperance region. As illustrated, Laverton is the largest producer in the region, and the second largest producer in the state outside of the Pilbara.

The mining industry is the powerhouse of the community with the council deriving 94% of its rates income from the mining industry. The growth can be identified with Laverton being a major player within The Goldfields-Esperance Region for value of mining in each local government region.

In closing for this financial year, there is so much optimism for the future and the Council is ready and willing to lead the community into another fruitful year where the many projects being considered will come to fruition.

I again personally thank all the councilors for their support and the Acting Chief Executive Officer Phil Marshall who leads the administration to achieve for the community.

Patrick Hill

Shire President

COUNCILLOR RENUMERATION

In accordance with the Local government Act 1995 and under the guidelines of the State Salaries & Allowances Tribunal, the following allowances were paid to Councillors in 2020/2021 financial year.

President (including Presidents Allowance)	\$48,000.00
Deputy President (including Deputy Presidents Allowance)	\$23,867.00
Councillors	\$16,367.00

CHIEF EXECUTIVE OFFICERS REPORT



The 2021/22 reporting year has again been busy as we continue operating under the COVID pandemic. Whilst we have been very fortunate in that the pandemic has not had as much a physical effect as other areas around the country, it has still resulted in challenging conditions for the community. I am proud of our dedicated and hard-working team which has enabled us to meet our goals and contribute to the wonderful community that we share.

I would like to take this opportunity to thank the Shire President and councillors for their tireless efforts and support.

The following is a summary of items of interest with the Laverton Community over the last 12 months and reflects the diversified nature of work undertaken by the council for the community.

Phil Marshall

Acting Chief Executive Officer

Works and Services

The following Roadworks projects including sealing, gravel re-sheeting etc. were completed in the 2021/2022 financial year.

- Sturt Pea Drive
- Bandy Road
- Town Streets Reseal
- Lancefield Diversion Road
- Great Central Road
- Mt Weld Road



Great Beyond

Stage 2 Expansion of the Great Beyond Visitor Centre

The long-awaited expansion of the Great Beyond Visitor Centre was completed early 2022 with the Centre staff setting up the new premises over the month of June. The expansions have created a modest space for a gift shop and a welcoming location for residents and visitors to enjoy a coffee and a bite to eat. The Centre will no doubt be a location for many local events as time goes on.

Separate to the physical expansion of the building, the Great Beyond Explorer's Hall of Fame also had an upgrade. After navigating through COVID border travel restrictions, a specialised team of Audio Visual Technicians travelled to Laverton to finish the installation of new equipment to the Hall of Fame displays. Included in the upgrade was a new touch screen that will enable the Visitors to view local stories and content as they are uploaded. This display is not static and can be changed or modified at any time. This will provide the opportunity for the local community to be showcased in many different forms.



Promotional Opportunities & Tourism Initiatives

Many opportunities to positively promote our region arose throughout 2021/2022.

Staff continued to participate in the GEMS (Goldfields Esperance Must See) project. Both Shire Staff and local community members were invited to participate in the 'ARted Training' through the EyeJack program. This training taught participants to animate still images into Augmented Reality. Our GEMS also hosted a Destination Management session in Laverton. The 'Building Skilled Tourism Communities' was open to all Businesses in Laverton and was aimed at helping the local community identify local and unique Tourism opportunities that may not necessarily have been identified before. The session was well attended with 32 people taking part.

Great Beyond Staff also participated in the Tourism E-School's Visitor Servicing Bootcamp. This online training was an intense 8-week program that covered a wide range of Visitor Servicing business techniques, from Staff Recruitment to Website & Social Media training.

Visage Productions carried out another successful filming project with the 'One Road' TV series broadcasting a Northern Goldfields episode nationally on 19th December 2021. The feature on Laverton focused on Laverton being a gateway to an outback experience and featured the Laverton Art Gallery, including the making of local bush, and the unique DACA Tours experiences. The episode was well received both on TV and online.

A major update of the Northern Goldfields Travel Planner and Map was carried out by Great Beyond Staff. Working with the neighboring Northern Goldfields Shires, the planner was updated to be more relevant and provide a fresh look to the region. This planner is distributed to all Visitor Centers across WA, and at industry trade shows.

Additional to print and online marketing of the Laverton and the Great Beyond, Manager Laurinda Hill participated in a number of radio programs including Curtin Radio, ABC Goldfields Esperance and the Outback Way podcast series. Laverton also took advantage of a visit from renowned photographer Jarred Seng. Jarred was employed by Australia's Golden Outback to travel and photograph the region.

Although the Great Beyond was operating from the pop up shop throughout the year, they still hosted the regular Casey Tours coaches. Tours were provided of the Old Police Complex and tour buses still used the services of the pop up shop.

The Western Australian Museum has been aiming to launch a new tourism website to promote museums and collections across regional WA. The Great Beyond hosted a team from the WA Museum and provided a tour of the Great Beyond (during the expansion project), the Laverton Art Gallery and the Old Police Complex. Each organization will feature on the website.

The Shire continues to work with the Outback Grave Markers in their effort to locate, identify and mark graves in our Shire. With the help of Visitor Centre staff, information has been found on a number of graves with all of the small cemeteries and lonely graves now having plaques installed.

Events

Again Shire staff hosted a number of events throughout the year, the Great Beyond was proud to facilitate or host a number of these events including the town's Clean up Australia Day, NAIDOC Celebrations, Australia's Biggest Morning Tea, Seniors Christmas party, the CRC's annual community Christmas party and the Laverton Schools 'Big Picture' portfolio launch by the local high school students.

The Great Beyond took advantage of boosting business by attending a number of market days including local Easter and Christmas markets and well as the Leonora Golden Gift.

The biggest event of the year was Laverfest, which saw a huge number of people attend from surrounding areas. The Laverfest program included Cultural Food Markets, Family Fun Day & Billy Kart Race, free community concerts, fireworks, mine site tours, a gala ball and the arrival of the Perth to Laverton Cyclastic participants.

Clean Up Australia Day, March 2022



Community Resource Centre

COVID-19 restrictions had seen the Laverton CRC closed for a period of time throughout the early months of the year due to staff isolation, short staffing and sickness throughout the community as COVID-19 went through Laverton. Despite this closure over the past twelve months, the Laverton CRC managed to hold 11 training and workshop sessions, 12 information session and 12 local initiatives, including our biannual event – Laverfest which was held in September 2021.

In June 2022, Jezaire Kelly became the Laverton Community Resource Centre Co-Ordinator. From April 2022 until the end of the financial year, the Laverton Community Resource Centre has only had one staff member. This has been extremely challenging at times and despite not being able to run our weekly better beginnings program and monthly seniors program, the Laverton CRC has managed to continue annual events and initiatives and assist with community events with the help and support of other local businesses. This has tremendously strengthened and built community connections through and in Laverton.

Despite many challenges, the 2021-22 financial year was successful with all DPIRD conditions being met. The Laverton CRC is very important to the Laverton community and will continue to ensure it is doing the best it can to assist the community in moving forward.



Access to government services

- Free Government Access Computer
- Government Information Booth
- Department of Transport Agent
- Office space available for hire
- Active referral relationships with local and visiting Government agencies



Economic and business development support

- Active referral relationships with local and visiting services, agencies and organizations.
- Facilitate Business Development services, events and workshops.
- Facilitate work experience with local school



Social development support

- Active referral relationships with local and visiting services, agencies and organizations
- Coordinate and facilitate Community programs, events and workshops
- Coordinate and deliver early Literacy program
- Coordinate and deliver Seniors program



Services and products

- Secretarial services
- Education
- IT support and telecommunications
- Public Library
- Production of Local Magazine
- Department of Transport Agent



Building community connections

- Shire of Laverton
- State Library of Western Australia
- Great Beyond Visitor Centre
- Local Drug Action Group
- Laverton Cross Cultural Association
- Pakaanu Aboriginal Corporation

Year in Summary



Annual Report for the Shire of Laverton, year ending 30th June 2021



Annual Report for the Shire of Laverton, year ending 30th June 2021



Annual Report for the Shire of Laverton, year ending 30th June 2021

Swimming Pool

The Pool opened on the 3rd October 2021 with a downturn in temperature and this seemed to set the weather for the duration of the season. Hot, warm, hot, cool, hot, warm and so the season has gone. In some ways it has made it difficult to prepare for numbers as the weather would change so quickly.

The school had a Physical Education teacher in Term 4, 2021 which was brilliant as the school had 3 weeks of water activities, then they had their first Swimming Carnival in the 5 seasons I have been here. Was a great day, which I think all enjoyed. The school term finished with a Police Blue Light Disco which the children enjoyed immensely.

The Festive Break was an interesting time. There was no Swim Stars program this year and the Youth Centre was closed for 28 days out of 49 days (7 weeks), there were limited visiting services to town to keep children active. The pool was busy with the Over 10's and there were a few families that were regular visitors. I feel one of the big saves for the children was the gifting 50 times 10 Pool Entries from Granny Smith Mine for those who had participated in the Nightfields Program.

We were lucky enough to secure sponsorship from RLSSWA for Krystal to do the Pool Operators Course. Krystal went to Perth mid-February to attend the course and was able to complete assignments before attending. This meant she was signed off within a few days of attending. Not long after returning to Laverton, Krystal left to attend Murdoch University of which I am sure she will do well.

Once again the pool with the help of Youth Services ran Swim for Fruit during Term 4, 2021 and Term 1 2022. Some weeks we had really high numbers and other weeks were lucky to get 5 children turn up. The Under 10's as per usual, love to attend and become highly competitive with their friends and by Term 1, the over 10's are too cool to swim for fruit. Some still turn up as it is free entry, 4 laps and fruit. One must admit there is a fair level of cheating in both age groups either walking or pulling themselves along the side or finding some other method to cover the distance with the least amount of effort.

The Under 10's attack the whole program with heaps more gusto than the older children. Overall both groups did well for the season.

Over 10's – maximum 22 swimmers finishing 1683 laps, averaging 76.5 laps per child

Under 10's – Maximum 36 swimmers finishing 5492 laps, averaging 152.5556 laps per child

A fantastic effort by all. I would like to thank Youth Services as the program could not run without their help.

Numbers were down from the 2020/2021 season by 916, a lot is probably due to Covid as once it hit town there were people in isolation for a couple of weeks at a time. The pool was also closed for 10 days due to me been Covid positive and in isolation. Here is hoping for a busier season for 2022/2023 with no Covid.

Janine Rowe
Pool Manager

Laverton Youth Services – 2021-2022

Laverton Youth Services continue to run programs for young people aged 6 -25 years, with various programs available for all youth in town, especially youth at Risk. Laverton Youth Services focus is on a collaborative approach linking in with internal & external agencies, and especially linking in with youths families to get the best outcomes for the youth.

During the 2021 – 2022 period, Youth Services had high participation throughout all programs available. Through engaging a high number of youths through programs & the collaborative approach, we had a successful period with a low juvenile crime rate.

There have been various of activities over this period that have been key highlights to the successes of the young people in Laverton.

Listed below are some of the programs that have been a success:

- Stephen Michael Foundation – after school activities & Rising leaders’ program
- YMCA – after school activities
- Pakaanu Aboriginal Corp – Cultural / NAIDOC week celebrations
- Nightfields – sports nights with Police
- Cycling Development Foundation - Bike Program
- Intertown youth programs with Leonora
- Laverton Athletics Program



COMPLIANCE

Freedom of Information

Sections 96 and 97 of the *Freedom of Information Act 1992* require Local Governments to publish an information statement annually.

In summary, the Shire of Laverton's Statement indicates that the Shire of Laverton is responsible for the good governance of the Shire and conducts functions as required including statutory compliance and provision of services and facilities.

All Council meetings are open to the public and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time shortly after the commencement of each meeting.

The Shire of Laverton maintains records relating to the function and administration of the Shire and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements and Electoral Rolls.

These documents can be inspected free of charge at the Shire Office, 9 MacPherson place, Laverton during office hours.

Wherever possible and practical, and in line with privacy laws, the Shire of Laverton makes personal information readily available free of charge.

No Freedom of Information requests were made during the reporting period.

Record Keeping

The *State Records Act 2000* is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires each government organization to have a Record Keeping Plan that has been approved by the State Records Commission. The registration number of the recordkeeping plan is 2011029.

In May 2022, the State Records Commission approved the continuation of the Shire of completed and submitted to the State Records Office.

The objectives of the Shire of Laverton's Record Keeping Plan are to ensure:

- Compliance with Section 28 of the *State Records Act 2000*,
- Record keeping within the Local Government is moving toward compliance with State Records Commission Standards and Record Management Standard AS ISO15489,
- Processes are in place to facilitate the complete and accurate record of business transactions and decisions,
- Recorded information can be retrieved quickly, accurately, and cheaply when required; and the
- Protection and preservation of the local government's records

Register of Minor Complaints

Section 5.121 of the *Local Government Act 1995* (Register of certain complaints of minor breaches) requires the complaints officer for each local government to maintain a Register of Complaints which records all complaints that result in action under section 5.110(6) (b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) (b) of the *Local Government Act 1995* requires that details of entries made under section 5.121 during the year in the Register of Complaints, including:

- The number of complaints recorded on the Register of Complaints.
- How the recorded complaints were dealt with, and.
- Any other details that the regulations may require to be disclosed in the Annual Report.

In accordance with these requirements, a complaints register has been maintained.

As of the 30 June 2022, no complaints were recorded.

Public Interest Disclosure

The Public Interest Disclosure Code was established by the Commissioner for Public Standards under section 20 of the *Public Interest Disclosure Act 2003*.

One of the principles of the Code is not just to provide protection of those who make disclosures (and those who are the subject of disclosures), but also to encourage a system of transparency and accountability in the way government officials act and utilize public monies.

Matters that fall into the category of public interest include:

- Improper conduct (irregular or unauthorized use of public resources).
- An offence under State Law including corruption (substantial unauthorized or irregular use of, or substantial mismanagement of, public monies)
- Administration matters generally (conduct involving substantial risk of injury to public health, prejudice to public safety or harm to the environment)

Matters that relate to the Shire of Laverton should be referred to the Shire of Laverton's Public Interest Disclosure Officer. Disclosures to the Public Interest Disclosure Officer can be made not just about officers of the Shire of Laverton but also, its elected officials.

There is an obligation of the Public Interest Disclosure Officer in the *Public Interest Disclosure Act 2003* to ensure that the disclosure is confidential and that the person making a disclosure

Annual Report for the Shire of Laverton, year ending 30th June 2021

is provided adequate protection from reprisals, civil and criminal liability, or breach of confidentiality.

More information can be found at www.publicsector.wa.gov.au.

The Shire of Laverton had no Public Interest Disclosures during the reporting Period.

Disability Access and Inclusion Plan (DAIP)

The Shire of Laverton revised the Disability Access and Inclusion Plan during 2021/2022 and the Shire of Laverton DAIP was approved by the Department of Communities for the period 2019/2024.

The following are general comments regarding the DAIP activities where the council had an involvement:

- Every council department now includes a disability access ramp.
- International Day of People with a disability with a pool party to highlight the facilities available at the Aquatic Centre.

Payments to Employees

Section 5.53 (2) (g) of the *Local Government Act 1995* and Regulation 19B of The *Local Government (Administration) Regulations 1996* require all local Governments to report in their Annual Report, any employees receiving a salary more than \$130,000 per annum.

Set out below (in bands of \$10,000) is the number of Shire employees entitled to an annual salary of \$130,000 or more:

Employees with employment under the Councils Enterprise Bargaining Agreement and a fixed term contract where the salary is more than \$130,000 are:

Salary Range \$	No of Employees
\$130,000 to \$200,000	2
\$200,000 to \$250,000	1

Integrated Planning and Reporting

In October 2020, Council developed a Plan for the Future: Strategic Community Plan and Corporate Business Plan 2020-2030. Comments regarding the progress of the key outcomes are listed below.

Outcome	Strategies	Achievements
1.1 A strong sense of community pride and ownership	1.1.1 Encourage community participation	Council continues to engage with the community and actively encourages participation and input into council matters. Council has developed specific focus groups made from different community members to provide a voice into various matters. Council also looks to instill a sense of pride in the community, a prime example of this is Clean up Australia Day in which shire employees join with members of the community to tidy up the town.
	1.1.2 Enhance community safety	Continued operation of the CCTV system. Council has recently installed solar lighting from the Village to the town roundabout.
	1.1.3 Maintain and develop community spaces and resources	The council continues to expand upon parks and gardens areas with recent developments including the Information Bay at Beria Road, fencing of the Town Oval and the formation of the new Dog Park.
	1.1.4 Develop youth, family, and community services	Council continues to operate a successful Youth Services Program
2.1 Sustainable Tourism	2.1.1 Develop Tourism Strategy	Ongoing and the Council is involved through the various tourist boards.
	2.1.2 Continue to provide and enhance tourism services and infrastructure	Grant funding achieved to upgrade the Great Beyond and with council contributing 50% of the \$2.6 million dollars
2.2 Improved Economic development opportunities	2.2.1 Continue to work with industry and stakeholders for the economic development of the district	Main thrust has the mining industry through the mining related councils' meetings and opportunities as they arise such as the Laverton training Centre.

Annual Report for the Shire of Laverton, year ending 30th June 2021

	2.2.2 Develop economic development plan	The council produced an economic document in conjunction with The Northern Goldfields Councils
3.1 Safe and efficient transport network	3.1.1 Upgrade Great Central Road to all weather status	Commitment for funding by the Commonwealth and State Governments – 100 kilometers of seal completed and proceeding at approx. 50 kilometers per year.
	3.1.2 Maintain and improve road network	The Council contributes over \$1 million to the maintenance of council- controlled roads. In addition, funds are sourced through the Roads to Recovery program, Regional Road Groups, and various agreements to provide funding on the road network.
	3.1.3 Maintain and Upgrade airport	The airport continues to undergo further development. Future plans include the sealing of the runway and the replacement of the terminal which will be commenced in 2022/23.
3.2 Modern, well maintained other built infrastructure	3.2.1 Preserve significant community assets for future generations	The recent renovations to the Great Beyond Visitor Centre and the Old Coach house.
	3.2.2 Well maintained parks, gardens. Sport and recreation facilities	The Council recently supported the Laverton sports club with \$100,000 to assist in the upgrade of basketball courts. Council continues to support the Race Club with maintenance of the racecourse.
3.3 Clean, safe, and tidy environment	3.3.1 Encourage community to keep Laverton clean and tidy	Clean up Australia Day is a regular occurrence and council employees as part of their daily duties battle to stem the flow of rubbish being picked up. The containers for change have provided some respite.

Annual Report for the Shire of Laverton, year ending 30th June 2021

	3.3.2 Effective biosecurity management within the shire	This is ongoing and requires further development.
	3.3.4 Effective law, order and public safety	Council continues to operate the CCTV system in conjunction with Laverton Police.
4.1 A strategically focused Council, demonstrating strong leadership	4.1.1 Provide informed leadership on behalf of the community	Council continues to demonstrate corporate leadership through strong governance, compliance and transparency.
	4.1.2 Effectively represent, promote and advocate for the community and district	Council continues to engage with the community and develop focus groups to ensure that community feedback is received.
	4.1.3 Provide strategic leadership and governance	Council continues to demonstrate corporate leadership through strong governance, compliance and transparency.
4.2 An efficient and effective organization	4.2.1 Maintain a high level of corporate governance, responsibility and accountability	This aspect has been made mandatory through the amendments to the Local government Act and all new councillors must complete mandatory training.
	4.2.2 Comply with statutory and legislative requirements	Council continues to adhere to all statutory and legislative requirements.
	4.2.3 Provide a positive and safe workplace	Council continues to support its employees and ensures they are recognized for their hard work.
	4.3.2 Seek high level of statutory compliance	Council has experiences three consecutive positive audits with minimal issues raised. Council continues to meet all of its statutory requirements. Part of this is through the joint relationship with the Northern Goldfields Compliance Group.

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

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The Shire of Laverton conducts the operations of a local government with the following community vision:

The Shire will endeavour to provide community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:
9 MacPherson Place
PO Box 42
Laverton WA 6440

Annual Report for the Shire of Laverton, year ending 30th June 2021

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

The attached financial report of the Shire of Laverton 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 Laverton 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 _____ day of _____ 2022

Chief Executive Officer

Phillip Marshall

Name of Chief Executive Officer

Annual Report for the Shire of Laverton, year ending 30th June 2021

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

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Revenue				
Rates	24(a),2(a)	5,868,870	6,333,845	5,492,480
Operating grants, subsidies and contributions	2(a)	5,546,692	4,173,172	4,652,098
Fees and charges	23(c),2(a)	917,046	507,450	722,266
Interest earnings	2(a)	76,087	50,100	95,060
Other revenue	2(a)	283,272	161,200	236,065
		12,691,967	11,225,767	11,197,969
Expenses				
Employee costs		(3,126,426)	(3,611,133)	(3,583,799)
Materials and contracts		(2,591,355)	(5,166,000)	(2,072,951)
Utility charges		(406,852)	(355,100)	(354,095)
Depreciation	10(a)	(2,717,877)	(2,522,010)	(2,647,697)
Finance costs	2(b)	(57,690)	(54,115)	(55,306)
Insurance		(185,366)	(180,830)	(163,951)
Other expenditure	2(b)	(728,937)	129,769	(474,975)
		(9,814,503)	(11,759,419)	(9,352,774)
		2,877,464	(533,652)	1,845,195
Capital grants, subsidies and contributions	2(a)	2,168,651	3,524,078	2,766,233
Profit on asset disposals	10(d)	28,363	30,000	24,059
Loss on asset disposals	10(d)	(5,182)	(152,000)	(36,086)
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	73,807
		2,195,829	3,402,078	2,828,013
Net result for the period	23(b)	5,073,293	2,868,426	4,673,208
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		5,073,293	2,868,426	4,673,208

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

Annual Report for the Shire of Laverton, year ending 30th June 2021**SHIRE OF LAVERTON
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	12,766,303	8,300,453
Trade and other receivables	5	347,987	906,834
Inventories	6	174,482	121,574
Other assets	7	257,465	275,854
TOTAL CURRENT ASSETS		13,546,237	9,604,715
NON-CURRENT ASSETS			
Trade and other receivables	5	3,719	1,968
Other financial assets	4(a)	77,804	73,807
Property, plant and equipment	8	15,525,724	14,790,587
Infrastructure	9	138,951,818	139,340,121
TOTAL NON-CURRENT ASSETS		154,559,065	154,206,483
TOTAL ASSETS		168,105,302	163,811,198
CURRENT LIABILITIES			
Trade and other payables	12	173,182	581,850
Other liabilities	13	494,378	522,464
Borrowings	14	335,235	326,108
Employee related provisions	15	433,389	447,586
TOTAL CURRENT LIABILITIES		1,436,184	1,878,008
NON-CURRENT LIABILITIES			
Borrowings	14	1,507,041	1,842,276
Employee related provisions	15	93,813	95,943
TOTAL NON-CURRENT LIABILITIES		1,600,854	1,938,219
TOTAL LIABILITIES		3,037,038	3,816,227
NET ASSETS		165,068,264	159,994,971
EQUITY			
Retained surplus		84,827,136	82,322,976
Reserve accounts	27	6,389,061	3,819,928
Revaluation surplus	16	73,852,067	73,852,067
TOTAL EQUITY		165,068,264	159,994,971

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

Annual Report for the Shire of Laverton, year ending 30th June 2021SHIRE OF LAVERTON
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		74,718,495	2,099,103	73,852,067	150,669,665
Comprehensive income for the period					
Net result for the period		9,325,306	0	0	9,325,306
Total comprehensive income for the period		9,325,306	0	0	9,325,306
Transfers from reserves	27	2,083,959	(2,083,959)	0	0
Transfers to reserves	27	(3,804,784)	3,804,784	0	0
Balance as at 30 June 2021		82,322,976	3,819,928	73,852,067	159,994,971
Comprehensive income for the period					
Net result for the period		5,073,293	0	0	5,073,293
Total comprehensive income for the period		5,073,293	0	0	5,073,293
Transfers from reserves	27	40,000	(40,000)	0	0
Transfers to reserves	27	(2,609,133)	2,609,133	0	0
Balance as at 30 June 2022		84,827,136	6,389,061	73,852,067	165,068,264

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

Annual Report for the Shire of Laverton, year ending 30th June 2021

**SHIRE OF LAVERTON
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	5,783,273	6,333,845	5,505,436
Operating grants, subsidies and contributions	5,813,680	4,173,172	4,325,282
Fees and charges	1,225,683	507,450	753,518
Interest received	76,087	50,100	95,060
Goods and services tax received	315,094	534,683	696,086
Other revenue	283,272	161,200	236,065
	13,497,089	11,760,450	11,611,447
Payments			
Employee costs	(3,221,250)	(3,611,133)	(3,612,569)
Materials and contracts	(2,988,089)	(5,166,000)	(1,650,105)
Utility charges	(406,852)	(355,100)	(354,095)
Finance costs	(57,690)	(54,115)	(55,306)
Insurance paid	(185,366)	(180,830)	(163,951)
Goods and services tax paid	(259,797)	(534,683)	(622,634)
Other expenditure	(728,937)	129,769	(474,975)
	(7,847,981)	(9,772,092)	(6,933,635)
Net cash provided by (used in) operating activities	17(b) 5,649,108	1,988,358	4,677,812
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a) (1,398,168)	(3,573,594)	(1,754,183)
Payments for construction of infrastructure	9(a) (1,665,814)	(3,108,043)	(1,473,469)
Non-operating grants, subsidies and contributions	2,168,651	3,524,078	2,766,233
Proceeds from sale of property, plant & equipment	10(d) 38,181	370,000	190,637
Net cash provided by (used in) investing activities	(857,150)	(2,787,559)	(270,782)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a) (326,108)	(326,110)	(287,918)
Proceeds from new borrowings	26(a) 0	0	1,300,000
Net cash provided by (used in) financing activities	(326,108)	(326,110)	1,012,082
Net increase (decrease) in cash held	4,465,850	(1,125,311)	5,419,112
Cash at beginning of year	8,300,453	8,298,892	2,881,341
Cash and cash equivalents at the end of the year	17(a) 12,766,303	7,173,581	8,300,453

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

Annual Report for the Shire of Laverton, year ending 30th June 2021SHIRE OF LAVERTON
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)	25(b)	4,572,726	1,993,483	1,158,427
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Operating grants, subsidies and contributions		5,546,692	4,173,172	4,652,098
Fees and charges		917,046	507,450	722,266
Interest earnings		76,087	50,100	95,060
Other revenue		283,272	161,200	236,065
Profit on asset disposals	10(d)	28,363	30,000	24,059
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	73,807
		6,855,457	4,921,922	5,803,355
Expenditure from operating activities				
Employee costs		(3,126,426)	(3,611,133)	(3,583,799)
Materials and contracts		(2,591,355)	(5,166,000)	(2,072,951)
Utility charges		(406,852)	(355,100)	(354,095)
Depreciation		(2,717,877)	(2,522,010)	(2,647,697)
Finance costs		(57,690)	(54,115)	(55,306)
Insurance		(185,366)	(180,830)	(163,951)
Other expenditure		(728,937)	129,769	(474,975)
Loss on asset disposals	10(d)	(5,182)	(152,000)	(36,086)
		(9,819,685)	(11,911,419)	(9,388,860)
Non-cash amounts excluded from operating activities	25(a)	2,772,550	2,644,010	2,560,656
Amount attributable to operating activities		(191,678)	(4,345,487)	(1,024,849)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,168,651	3,524,078	2,766,233
Proceeds from disposal of assets	10(d)	38,181	370,000	190,637
Recognition of financial assets through profit or loss				(73,807)
Purchase of property, plant and equipment	8(a)	(1,398,168)	(3,573,594)	(1,754,183)
Purchase and construction of infrastructure	9(a)	(1,665,814)	(3,108,043)	(1,473,469)
		(857,150)	(2,787,559)	(344,589)
FINANCING ACTIVITIES				
Repayment of borrowings	26(a)	(326,108)	(326,110)	(287,918)
Proceeds from borrowings	26(a)	0	0	1,300,000
Transfers to reserves (restricted assets)	27	(2,609,133)	(948,172)	(3,804,784)
Transfers from reserves (restricted assets)	27	40,000	80,000	2,083,959
Amount attributable to financing activities		(2,895,241)	(1,194,282)	(708,743)
Surplus/(deficit) before imposition of general rates		628,657	(6,333,845)	(919,754)
Total amount raised from general rates	24(a)	5,868,870	6,333,845	5,492,480
Surplus/(deficit) after imposition of general rates	25(b)	6,497,527	0	4,572,726

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

**CITY OF SOMEWHERE
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF LAVERTON
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 held in the trust fund are excluded from the financial statements. A separate statement of these monies appears at Note 28 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
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets.

Annual Report for the Shire of Laverton, year ending 30th June 2021

SHIRE OF LAVERTON
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
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	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing fees	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance	Refund for faulty good	Output method based on goods sold
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	Output method based on works done

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

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	0	5,868,870	5,868,870
Operating grants, subsidies and contributions	5,546,892	0	0	0	5,546,892
Fees and charges	917,046	0	0	0	917,046
Interest earnings	0	0	37,038	39,049	76,087
Other revenue	0	0	0	283,272	283,272
Non-operating grants, subsidies and contributions	0	2,188,651	0	0	2,188,651
Total	6,463,738	2,188,651	37,038	6,191,191	14,880,618

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	0	5,492,480	5,492,480
Operating grants, subsidies and contributions	4,652,098	0	0	0	4,652,098
Fees and charges	722,266	0	0	0	722,266
Interest earnings	0	0	60,647	34,413	95,060
Other revenue	0	0	0	236,065	236,065
Non-operating grants, subsidies and contributions	0	2,766,233	0	0	2,766,233
Total	5,374,364	2,766,233	60,647	5,762,958	13,964,202

Annual Report for the Shire of Laverton, year ending 30th June 2021

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

2. REVENUE AND EXPENSES (Continued)

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
(a) Revenue (Continued)			
Interest earnings			
Interest on reserve funds	18,330	20,000	12,733
Rates instalment and penalty interest (refer Note 24(d))	37,038	25,100	60,847
Other interest earnings	20,719	5,000	21,880
	76,087	50,100	95,060
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	50,000	50,000	47,000
- Other services - Office of the Auditor General	3,700	10,000	4,200
- Other services - Moore DPIRD	3,000	0	1,100
- Other services - RSM - other acquittals	0	0	850
	56,700	60,000	53,150
Finance costs			
Borrowings	57,690	53,115	55,306
Other finance costs	0	1,000	0
	57,690	54,115	55,306
Other expenditure			
Sundry expenses	728,937	129,769	474,975
	728,937	129,769	474,975

Annual Report for the Shire of Laverton, year ending 30th June 2021

SHIRE OF LAVERTON
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
	\$	\$
	6,377,242	5,588,938
	6,389,061	2,711,515
17(a)	12,766,303	8,300,453
	6,377,242	4,480,525
17(a)	6,389,061	3,819,928
	12,766,303	8,300,453

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.

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

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 17.

4. OTHER FINANCIAL ASSETS

(a) 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
	\$	\$
	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 22 (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 21.

Annual Report for the Shire of Laverton, year ending 30th June 2021

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

5. TRADE AND OTHER RECEIVABLES

Current

	Note	2022 \$	2021 \$
Rates receivable		597,230	513,384
Prepaid rates		72,759	43,796
Trade and other receivables		89,064	395,037
GST receivable		51,932	119,000
Allowance for credit losses of rates receivables	21(b)	(473,020)	(164,383)
Prepayments		10,022	0
		347,987	906,834

Non-current

Pensioner's rates and ESL deferred		3,719	1,968
		3,719	1,968

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.

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.

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 21

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.

6. INVENTORIES

Current

	Note	2022 \$	2021 \$
Fuel and materials		94,635	58,839
Visitor centre stock		79,847	62,735
		174,482	121,574

The following movements in inventories occurred during the year:

Balance at beginning of year		121,574	189,717
Inventories expensed during the year		(211,392)	(176,774)
Additions to inventory		264,300	108,631
Balance at end of year		174,482	121,574

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

7. OTHER ASSETS

Contract assets - current
Accrued income

	2022	2021
	\$	\$
	257,465	275,854
	257,465	275,854

SIGNIFICANT ACCOUNTING POLICIES

Contract assets current

Other non-financial assets represent contract assets represent that part of expenditure made in one accounting period covering a term extending beyond that period.

Annual Report for the Shire of Laverton, year ending 30th June 2021

SHIRE OF LAVERTON
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	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		429,100	9,222,798	9,651,898	40,214	4,167,499	0	13,859,611
Additions		0	1,480,880	1,480,880	0	273,303		1,754,183
Disposals		(8,000)	(56,050)	(64,050)	0	(138,614)	0	(202,664)
Depreciation	10(a)	0	(224,656)	(224,656)	(16,612)	(371,466)		(612,734)
Transfers		0	0	0	135,591	(143,400)		(7,809)
Balance at 30 June 2021		421,100	10,422,972	10,844,072	159,193	3,787,322	0	14,790,587
Comprises:								
Gross balance amount at 30 June 2021		421,100	10,646,755	11,067,855	178,228	4,168,288	0	15,414,371
Accumulated depreciation at 30 June 2021		0	(223,783)	(223,783)	(19,035)	(380,966)	0	(623,784)
Balance at 30 June 2021		421,100	10,422,972	10,844,072	159,193	3,787,322	0	14,790,587
Additions		0	1,291,082	1,291,082	49,441	54,834	2,811	1,398,168
Disposals		(15,000)	0	(15,000)	0	0	0	(15,000)
Depreciation	10(a)	0	(257,990)	(257,990)	(15,812)	(374,229)	0	(648,031)
Balance at 30 June 2022		406,100	11,456,064	11,862,164	192,822	3,467,927	2,811	15,525,724
Comprises:								
Gross balance amount at 30 June 2022		406,100	11,937,837	12,343,937	227,670	4,223,122	2,811	16,797,540
Accumulated depreciation at 30 June 2022		0	(481,773)	(481,773)	(34,848)	(755,195)	0	(1,271,816)
Balance at 30 June 2022		406,100	11,456,064	11,862,164	192,822	3,467,927	2,811	15,525,724

SHIRE OF LAVERTON
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 using similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2020	Price per hectare/market borrowing rate
Buildings	2	Market approach using recent observable market data using similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2020	Price per square metre/market borrowing rate
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2020	Construction costs and current condition residual values and remaining useful life assessment inputs
Plant and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2020	Construction costs and current condition residual values and remaining useful life assessment inputs

Annual Report for the Shire of Laverton, year ending 30th June 2021

SHIRE OF LAVERTON
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	Other infrastructure - footpaths & cycleways	Other infrastructure	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2020	128,587,650	170,517	11,129,348	139,887,515
Additions	1,145,716	0	327,753	1,473,469
Depreciation	10(a) (1,690,689)	(3,415)	(340,859)	(2,034,963)
Transfers	0	0	14,100	14,100
Balance at 30 June 2021	128,042,677	167,102	11,130,342	139,340,121
Comprises:				
Gross balance at 30 June 2021	154,552,957	171,738	11,490,326	166,215,021
Accumulated depreciation at 30 June 2021	(26,510,280)	(4,636)	(359,984)	(26,874,900)
Balance at 30 June 2021	128,042,677	167,102	11,130,342	139,340,121
Additions	1,569,803	0	96,011	1,665,814
Write off negative depreciation	0	0	15,729	15,729
Depreciation	10(a) (1,719,812)	(3,415)	(346,619)	(2,069,846)
Balance at 30 June 2022	127,892,668	163,687	10,895,463	138,951,818
Comprises:				
Gross balance at 30 June 2022	156,122,760	171,738	11,586,337	167,880,835
Accumulated depreciation at 30 June 2022	(28,230,092)	(8,051)	(690,874)	(28,929,017)
Balance at 30 June 2022	127,892,668	163,687	10,895,463	138,951,818

SHIRE OF LAVERTON
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 depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessment inputs
Other infrastructure - footpaths & cycleways	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessment inputs
Other infrastructure	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessment 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 LAVERTON
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	8(a)	257,990	259,000	224,656
Furniture and equipment	8(a)	15,812	16,050	16,612
Plant and equipment	8(a)	374,229	378,500	371,466
Infrastructure - roads	9(a)	1,719,812	1,505,210	1,690,689
Other infrastructure - footpaths & cycleways	9(a)	3,415	151,110	3,415
Other infrastructure	9(a)	346,619	212,140	340,859
		2,717,877	2,522,010	2,647,697

Revision of useful lives of plant and equipment

Plant and equipment were reviewed for useful lives.

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 80 years
Furniture & equipment	4 to 10 years
Plant & equipment	5 to 15 years
Infrastructure - roads	40 to 80 years
Infrastructure - footpaths & cycleways	20 to 50 years
Infrastructure - other	10 to 75 years

(b) Temporarily Idle or retired from use assets

There are no idle or retired from use assets listed in the asset register

(c) Fully Depreciated Assets in Use

There are no assets held by the Shire which are currently in use yet fully depreciated.

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SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10. FIXED ASSETS (Continued)

(d) 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	15,000	38,181	28,363	(5,182)	0	0	0	0	8,000	8,000	0	0
Buildings	0	0	0	0	0	0	0	0	56,050	32,909	0	(23,141)
Plant and equipment	0	0	0	0	492,000	370,000	30,000	(152,000)	138,614	149,728	24,059	(12,945)
	15,000	38,181	28,363	(5,182)	492,000	370,000	30,000	(152,000)	202,664	190,637	24,059	(36,086)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	\$	\$	\$	\$
Land				
Economic services				
15 Cable Street - Land	8,000	36,363	28,363	0
8 Cable Street - Land	7,000	1,818	0	(5,182)
	15,000	38,181	28,363	(5,182)

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

At the end of each period the 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, investment properties 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 LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

11. LEASES

Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

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

	2022 Actual	2021 Actual
	\$	\$
	87,478	86,547
	88,428	87,478
	89,396	88,427
	90,383	89,396
	91,391	90,383
	0	0
	447,076	442,231

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Lease of Council buildings to Centrelink, stables at racecourse to Conway-Cox and contribution to 50% of oval costs to the Education Department

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 to allocate the consideration under the contract to each component.

SHIRE OF LAVERTON
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FOR THE YEAR ENDED 30 JUNE 2022

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Accrued salaries and wages
Accrued interest on loans
Other payables

	2022	2021
	\$	\$
Sundry creditors	81,447	417,893
Accrued payroll liabilities	3,328	985
ATO liabilities	48,640	129,480
Bonds and deposits held	300	13,684
Accrued salaries and wages	15,556	11,598
Accrued interest on loans	6,373	8,210
Other payables	17,538	0
	173,182	581,850

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.

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**SHIRE OF LAVERTON
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13. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

	2022	2021
	\$	\$
Capital grant/contributions liabilities	494,378	522,464
	<u>494,378</u>	<u>522,464</u>
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	522,464	0
Additions	494,378	522,464
Revenue from capital grant/contributions held as a liability at the start of the period	(522,464)	0
	<u>494,378</u>	<u>522,464</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	494,378	522,464
	<u>494,378</u>	<u>522,464</u>

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 22(i)) due to the unobservable inputs, including own credit risk.

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**SHIRE OF LAVERTON
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14. BORROWINGS

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
WATC borrowings		335,235	1,507,041	1,842,276	326,108	1,842,276	2,168,384
Total secured borrowings	26(a)	335,235	1,507,041	1,842,276	326,108	1,842,276	2,168,384

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 22(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 21.

Details of individual borrowings required by regulations are provided at Note 26(a).

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	255,469	222,678
Long Service Leave	177,920	224,908
	433,389	447,586
Long Service Leave	93,813	95,943
	93,813	95,943
	527,202	543,529

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	113,206	160,000
More than 12 months from reporting date	413,996	383,529
	527,202	543,529

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

5	0	0
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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.

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SHIRE OF LAVERTON
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16. REVALUATION SURPLUS

	2022 Opening Balance \$	2022 Change in Accounting Policy \$	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 - Buildings	6,201,246	0	0	0	0	6,201,246	6,201,246	0	0	0	6,201,246
Revaluation surplus - Infrastructure - roads	67,650,821	0	0	0	0	67,650,821	67,650,821	0	0	0	67,650,821
	73,852,067	0	0	0	0	73,852,067	73,852,067	0	0	0	73,852,067

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.

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**SHIRE OF LAVERTON
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17. 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	3	12,766,303	7,173,581	8,300,453
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	3	6,389,061	5,686,537	3,819,928
		<u>6,389,061</u>	<u>5,686,537</u>	<u>3,819,928</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	27	6,389,061	4,686,537	3,819,928
Contract liabilities	26(a)	0	1,000,000	0
Total restricted financial assets		<u>6,389,061</u>	<u>5,686,537</u>	<u>3,819,928</u>

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

Net result		5,073,293	2,868,426	4,673,208
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(3,997)	0	(73,807)
Adjustments to fair value of investment property		(15,729)	0	0
Depreciation/amortisation		2,717,877	2,522,010	2,647,697
(Profit)/loss on sale of asset		(23,181)	122,000	12,027
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		557,096	0	(258,411)
(Increase)/decrease in other assets		18,389	0	0
(Increase)/decrease in inventories		(52,908)	0	68,143
Increase/(decrease) in trade and other payables		(408,668)	0	318,973
Increase/(decrease) in employee related provisions		(16,327)	0	6,960
Increase/(decrease) in other liabilities		(28,086)	0	49,255
Non-operating grants, subsidies and contributions		(2,168,651)	(3,524,078)	(2,766,233)
Net cash provided by/(used in) operating activities		<u>5,649,108</u>	<u>1,988,358</u>	<u>4,677,812</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit		500,000		500,000
Credit card limit		25,000		25,000
Credit card balance at balance date		(8,602)		(2,994)
Total amount of credit unused		<u>516,398</u>		<u>522,006</u>

Loan facilities

Loan facilities - current		335,235		326,108
Loan facilities - non-current		1,507,041		1,842,276
Total facilities in use at balance date		<u>1,842,276</u>		<u>2,168,384</u>

Unused loan facilities at balance date

	0	70,972
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**SHIRE OF LAVERTON
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18. CONTINGENT LIABILITIES

The Shire of Laverton has in compliance with the Contaminated Sites Act 2003 section 11 listed sites to be possible sources of contamination:- Laverton Rubbish Tip located at Laverton Rubbish Tip, Rubbish Tip Rd, Laverton WA 6440.

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and degree with the Department of Water and Environment Regulation the need and criteria for remediation, the Shire is unable to accurately quantify its clean up liabilities for potentially contaminated sites.

The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the Department of Water and Environment regulation guidelines.

19. CAPITAL COMMITMENTS

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	0	1,370,972
	0	1,370,972
Payable:		
- not later than one year	0	1,370,972

The capital expenditure commitment at 30 June 2021 related to the outstanding expenditure for the Great Beyond Expansion project. This was to be partly funded by unspent loan funds of \$70,972.

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SHIRE OF LAVERTON
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20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Shire President - Mr Patrick Hill				
President's annual allowance		28,500	30,000	24,000
Meeting attendance fees		19,500	28,642	24,000
Travel and accommodation expenses		0	4,000	3,223
		48,000	62,642	51,223
Deputy President - Ms Shaneane Weldon				
Deputy President's annual allowance		7,500	7,500	6,000
Meeting attendance fees		16,367	14,321	12,000
Travel and accommodation expenses		0	1,000	0
		23,867	22,821	18,000
Councillor - Mr Rex Ryles				
Meeting attendance fees		4,092	14,321	12,000
Travel and accommodation expenses		0	1,000	0
		4,092	15,321	12,000
Councillor - Mr Rex Weldon				
Meeting attendance fees		16,367	14,321	12,000
Travel and accommodation expenses		0	1,000	0
		16,367	15,321	12,000
Councillor - Mrs Robin Prentice				
Meeting attendance fees		16,367	14,321	12,000
Travel and accommodation expenses		0	1,000	0
		16,367	15,321	12,000
Councillor - Mr Jack Carmody				
Meeting attendance fees		16,367	14,321	12,000
Travel and accommodation expenses		0	1,000	0
		16,367	15,321	12,000
Councillor - Mr Gary Buckmaster				
Meeting attendance fees		16,367	14,321	12,000
Travel and accommodation expenses		0	1,000	523
		16,367	15,321	12,523
Councillor - Rob Wedge				
Meeting attendance fees		12,275	0	0
		12,275	0	0
		153,702	162,068	129,746
Fees, expenses and allowances to be paid or reimbursed to elected council members.				
		2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance		28,500	30,000	24,000
Deputy President's annual allowance		7,500	7,500	6,000
Meeting attendance fees		117,702	114,568	96,000
Travel and accommodation expenses		0	10,000	3,746
20(b)		153,702	162,068	129,746

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

20. RELATED PARTY TRANSACTIONS

(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	586,038	643,213
Post-employment benefits	89,709	89,553
Employee - other long-term benefits	14,651	11,938
Employee - termination benefits	0	1,736
Council member costs	153,702	129,746
20(a)	844,100	876,186

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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20. RELATED PARTY TRANSACTIONS

(c) 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.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
Purchase of goods and services	230,982	78,662
Payment of Council member costs	153,702	129,746
Amounts payable to related parties:		
Trade and other payables	0	7,482

(d) 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.

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**SHIRE OF LAVERTON
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21. 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	0.018%	12,766,303	6,389,061	6,376,442	800
2021					
Cash and cash equivalents	1.50%	8,300,453	3,819,928	4,480,525	1

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*	63,764	83,005

* 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 26(a).

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21. 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%	50.00%	100.00%	100.00%		
Gross carrying amount	5,418	390,541	84,673	193,076	673,708	
Loss allowance	0	195,271	84,673	193,076	473,020	5
30 June 2021						
Rates receivable						
Expected credit loss	0.00%	62.59%	0.00%	76.02%		
Gross carrying amount	294,012	49,342	38,699	175,127	557,180	
Loss allowance	0	30,882	0	133,131	164,013	5

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%	0.00%		
Gross carrying amount	88,115	0	0	949	89,064	
Loss allowance	0	0	0	0	0	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	4.39%		
Gross carrying amount	368,356	10,073	10,187	8,421	395,037	
Loss allowance	0	0	0	370	370	5

SHIRE OF LAVERTON
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21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2022</u>					
Trade and other payables	173,182	0	0	173,182	173,182
Borrowings	85,574	95,578	1,661,124	1,842,276	1,842,276
	<u>258,756</u>	<u>95,578</u>	<u>1,661,124</u>	<u>2,015,458</u>	<u>2,015,458</u>
<u>2021</u>					
Trade and other payables	581,850	0	0	581,850	581,850
Borrowings	369,929	1,114,021	231,150	1,715,100	2,168,384
	<u>951,779</u>	<u>1,114,021</u>	<u>231,150</u>	<u>2,296,950</u>	<u>2,750,234</u>

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22. 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 LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. 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
Governance	Administration and operation facilities and services to matters of Council. Other costs that relate to the tasks of assisting members and ratepayers on matters which do not concern specific council services.
General purpose funding	Rates, general purpose government grants and interest revenue.
Law, order, public safety	Supervision of various laws, fire prevention, emergency services and animal control.
Health	Food control, maintenance of child health clinics and health administration and the retention of a full time doctor in Laverton.
Education and welfare	Maintenance of pre-school facilities, day care centre, donations to school and assistance to welfare groups and the Youth Development Program.
Housing	Provision of staff housing as well as private housing for the retention of professional staff in Laverton.
Community amenities	Rubbish collection services, operation of rubbish tip site, noise control, administration of town planning, operation of cemeteries and maintenance of public conveniences.
Recreation and culture	Provision of public halls, swimming pool, recreational facilities, various reserves, operation of library together with television and radio re-broadcasting facilities.
Transport	Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs, street cleaning and operation of Laverton Airport.
Economic services	Community development, tourism and area promotion, heritage development and maintenance, Great Beyond Visitor Centre & Explorers Hall of Fame. Community Resource Centre and building control.
Other property and services	Private works, community bus, technical services, administration, plant operations control and miscellaneous services not able to be classified elsewhere.

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Governance	58,937	100	7,050
General purpose funding	5,947,816	7,740,767	8,255,234
Law, order, public safety	4,062	10,000	13,670
Health	3,237	3,100	3,867
Education and welfare	518	240,000	237,055
Housing	53,538	25,000	51,126
Community amenities	125,188	132,600	125,677
Recreation and culture	18,832	134,000	76,666
Transport	679,294	2,586,000	1,705,008
Economic services	251,374	251,700	384,499
Other property and services	34,839	132,500	435,983
	7,177,635	11,255,767	11,295,835
Grants, subsidies and contributions			
General purpose funding	3,443,166	1,354,072	2,665,259
Law, order, public safety	15,250	9,000	217,925
Education and welfare	647,444	240,000	237,020
Housing	15,534	1,072,138	25,734
Recreation and culture	80,000	427,178	88,957
Transport	2,521,983	3,584,770	2,777,397
Economic services	812,522	884,992	1,106,443
Other property and services	179,444	125,100	299,596
	7,715,343	7,697,250	7,418,331
Total Income	14,892,978	18,953,017	18,714,166
Expenses			
Governance	(484,207)	(650,855)	(523,197)
General purpose funding	(814,142)	(718,373)	(484,040)
Law, order, public safety	(252,484)	(271,354)	(217,985)
Health	(437,684)	(348,876)	(340,075)
Education and welfare	(624,620)	(572,282)	(387,172)
Housing	(48,488)	(53,337)	(47,612)
Community amenities	(577,084)	(661,138)	(612,453)
Recreation and culture	(1,209,962)	(1,110,378)	(1,224,359)
Transport	(4,098,898)	(6,166,529)	(4,094,733)
Economic services	(1,133,384)	(1,325,014)	(1,053,186)
Other property and services	(138,732)	(33,283)	(404,048)
Total expenses	(9,819,685)	(11,911,419)	(9,388,860)
Net result for the period	5,073,293	7,041,598	9,325,306

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23. FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
(c) Fees and Charges			
General purpose funding	2,291	2,750	2,398
Law, order, public safety	1,870	1,000	675
Health	1,180	100	314
Housing	25,174	20,000	23,330
Community amenities	125,188	132,600	125,340
Recreation and culture	12,477	14,000	14,371
Transport	654,662	270,000	450,334
Economic services	73,657	59,600	75,603
Other property and services	20,547	7,400	29,901
	917,046	507,450	722,266
(d) Total Assets			
Governance	369,882	557,180	
General purpose funding	80,211	0	
Law, order, public safety	439,548	1,203	
Health	270,750	241,938	
Education and welfare	277,620	137,037	
Housing	2,408,302	2,508,000	
Community amenities	830,164	968,114	
Recreation and culture	8,130,614	8,869,659	
Transport	136,064,825	139,873,797	
Economic services	5,248,593	2,472,114	
Other property and services	1,336,240	2,085,030	
Unallocated	12,648,553	6,097,126	
	168,105,302	163,811,198	

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SHIRE OF LAVERTON
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24. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21			
				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	
GRV - Townsite	Gross rental valuation	11.81	177	2,389,980	277,477	4,215	0	0	281,692	277,477	0	0	277,477	277,454
GRV - Mining	Gross rental valuation	9.3064	14	14,530,600	1,352,266	0	0	0	1,352,266	1,352,266	0	0	1,352,266	1,303,386
UV - Pastoral	Unimproved valuation	9.79	15	649,186	63,555	(16,155)	0	0	47,400	63,555	0	0	63,555	63,555
UV - Mining	Unimproved valuation	17.181	718	22,931,326	3,939,831	134,798	3,115	0	4,077,744	3,939,831	367,715	0	4,307,546	3,721,648
UV - Shared Tenements	Unimproved valuation	17.181	46	1,285,444	220,852	1,058	0	0	221,910	220,852	0	0	220,852	212,917
Sub-Total			970	41,786,436	5,853,981	123,916	3,115	0	5,981,012	5,853,981	367,715	0	6,221,696	5,578,960
Minimum payment														
GRV - Townsite	Gross rental valuation	315	48	15,857	15,120	0	0	0	15,120	15,120	0	0	15,120	14,805
GRV - Mining	Gross rental valuation	315	1	20	315	0	0	0	315	315	0	0	315	315
UV - Pastoral	Unimproved valuation	315	3	3,000	945	0	0	0	945	945	0	0	945	945
UV - Mining	Unimproved valuation	315	296	294,953	93,240	0	0	0	93,240	93,240	0	0	93,240	97,335
UV - Shared Tenements	Unimproved valuation	158	16	4,287	2,528	0	0	0	2,528	2,529	0	0	2,529	2,212
Sub-Total			364	318,117	112,148	0	0	0	112,148	112,149	0	0	112,149	115,612
				1,334	42,104,553	5,966,129	123,916	3,115	6,093,160	5,966,130	367,715	0	6,333,845	5,694,572
Discounts on general rates (Refer note 24(c))									(224,290)				(224,290)	(202,092)
Total amount raised from general rates									5,868,870				6,108,474	5,492,480

* Rateable value is based on the value of properties at the time the rate is raised.

(c) Total Rates

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 LAVERTON
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24. RATING INFORMATION (Continued)

(a) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30 June 2022.

(b) Service Charges

The Shire did not raise service charges for the year ended 30 June 2022.

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

Rates Discounts

Rate or Fee	Type	Discount	Discount	2022 Actual	2022 Budget	2021 Actual	Circumstances in which Discount is Granted
Discount Granted		%	\$	\$	\$	\$	
Council rates	Rate	5.00%		224,290	225,371	202,092	Discount is granted if current rates and arrears are paid in full by the first instalment date.
Total discounts/concessions (Note 22)				224,290	225,371	202,092	

Waivers or Concessions

The Shire did not grant any waivers or concessions for the year ended 30 June 2022.

**SHIRE OF LAVERTON
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24. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	08-Sep-21			6%
Option Two				
First instalment	08-Sep-21			
Second instalment	08-Nov-21	5	2.5%	6%
Third instalment	10-Jan-22	5	2.5%	6%
Fourth instalment	10-Mar-22	5	2.5%	6%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	31,867	20,000	55,852
Interest on instalment plan	5,171	5,000	4,795
Charges on instalment plan	1,900	2,500	2,320
Emergency services levy-penalty interest	583	100	0
	39,521	27,600	62,967

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SHIRE OF LAVERTON
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25. RATE SETTING STATEMENT INFORMATION

		2021/22 2021/22 Budget	2021/22 2021/22 Brought Forward	2020/21 2020/21 Carried Forward
	Note	(30 June 2022 Carried Forward)	(30 June 2022 Carried 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(d)	(28,363)	(30,000)	(24,059)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,997)	0	0
Add: Loss on disposal of assets	10(d)	5,182	152,000	36,086
Add: Depreciation	10(a)	2,717,877	2,522,010	2,647,697
Non-cash movements in non-current assets and liabilities:				
Adjustment to depreciation		(15,729)	0	0
Pensioner deferred rates		(1,751)	0	1,719
Assets held for sale	7	0	0	30,324
Employee benefit provisions		(2,130)	0	(131,111)
Other provisions		101,461	0	0
Non-cash amounts excluded from operating activities		2,772,550	2,644,010	2,560,656
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	27.	(6,389,061)	(4,686,537)	(3,819,928)
- Current portion of borrowings	14	335,235	335,235	326,108
- Employee benefit provisions		441,300	339,839	339,839
Total adjustments to net current assets		(5,612,526)	(4,011,463)	(3,153,981)
Net current assets used in the Rate Setting Statement				
Total current assets		13,546,237	8,292,634	9,604,715
Less: Total current liabilities		(1,436,184)	(4,281,171)	(1,878,008)
Less: Total adjustments to net current assets		(5,612,526)	(4,011,463)	(3,153,981)
Net current assets used in the Rate Setting Statement		6,497,527	0	4,572,726

Annual Report for the Shire of Laverton, year ending 30th June 2021

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

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual				Budget			
		Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
Housing									
Executive housing	79	47,137		(31,898)	15,239		(15,239)	0	0
Burt St units	81	182,642		(42,517)	140,125		(44,546)	95,579	140,125
DCEO house	82	201,895		(22,751)	179,144		(8,209)	170,935	194,384
Recreation and culture									
Community hub	83	477,697		(50,052)	427,645		(51,586)	376,059	427,645
Economic services									
Underground power	80	246,931		(79,089)	167,842		(82,288)	85,574	167,842
Great Beyond visitor centre expansion	84	0	1,300,000	(61,611)	1,238,389		(124,260)	1,114,129	1,238,388
Total Borrowings	14	1,156,302	1,300,000	(287,918)	2,168,384	0	(326,108)	1,842,276	2,168,384

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

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
						\$	\$	\$
Housing								
Executive housing		Housing	79	WATC*	6.14%		0	(2,476)
Burt St units		Housing	81	WATC*	4.72%	(7,944)	(7,200)	(7,998)
DCEO house		Housing	82	WATC*	3.04%	(5,399)	(7,130)	(7,100)
Recreation and culture								
Community hub		Recreation and culture	83	WATC*	3.04%	(15,362)	(15,810)	(17,277)
Economic services								
Underground power		Economic services	80	WATC*	3.98%	(6,858)	(7,465)	(10,538)
Great Beyond visitor centre expansion		Economic services	84	WATC*	1.12%	(22,127)	(15,510)	(9,917)
Total Interest Repayments	2(b)					(67,690)	(53,115)	(55,306)

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

27. RESERVE ACCOUNTS

	2022 Actual	2022 Actual	2022 Actual	2022 Actual	2022 Budget	2022 Budget	2022 Budget	2022 Budget	2021 Actual	2021 Actual	2021 Actual	2021 Actual
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
Restricted by council												
(a) Leave reserve	339,839	101,461	0	441,300	339,706	1,780	0	341,486	188,645	151,194	0	339,839
(b) Laverton airport reserve	93,517	365	0	93,882	155,495	65,814	0	221,309	34,554	58,963	0	93,517
(c) Plant replacement reserve	155,604	501,276	0	656,880	93,493	490	0	93,983	96,740	58,864	0	155,604
(d) Road reserve	952,019	449,049	0	1,401,068	951,449	4,984	0	956,433	376,528	575,491	0	952,019
(e) Asset development reserve	1,037,333	1,005,388	0	2,042,721	1,036,606	5,430	(80,000)	962,036	356,010	1,718,656	(1,037,333)	1,037,333
(f) Lake Wells Road reserve	1,041,616	350,544	(40,000)	1,352,160	1,041,616	668,627	0	1,710,243	0	1,041,616	0	1,041,616
(g) Community projects reserve	200,000	201,050	0	401,050	200,000	201,047	0	401,047	0	200,000	0	200,000
(h) Aquatic facilities reserve	0	0	0	0	0	0	0	0	110,013	0	(110,013)	0
(i) Community bus reserve	0	0	0	0	0	0	0	0	57,886	0	(57,886)	0
(j) Great Beyond reserve	0	0	0	0	0	0	0	0	32,233	0	(32,233)	0
(k) Town revitalisation reserve	0	0	0	0	0	0	0	0	131,486	0	(131,486)	0
(l) Community loan & grant reserve	0	0	0	0	0	0	0	0	21,466	0	(21,466)	0
(m) Economic development reserve	0	0	0	0	0	0	0	0	302,665	0	(302,665)	0
(n) Coach house renovation reserve	0	0	0	0	0	0	0	0	165,472	0	(165,472)	0
(o) GCRI/Skullcreek road reserve	0	0	0	0	0	0	0	0	225,405	0	(225,405)	0
	3,819,928	2,609,133	(40,000)	6,389,061	3,818,365	948,172	(80,000)	4,686,537	2,099,103	3,804,784	(2,083,959)	3,819,928
	3,819,928	2,609,133	(40,000)	6,389,061	3,818,365	948,172	(80,000)	4,686,537	2,099,103	3,804,784	(2,083,959)	3,819,928

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	ongoing	To be used to fund annual leave, RDO and long service leave requirements
(b) Laverton airport reserve	ongoing	To be used for the upkeep and major upgrade works to the Laverton Airport
(c) Plant replacement reserve	ongoing	To be used for the purchase of major plant
(d) Road reserve	ongoing	To be used for the upkeep and major improvements/re-sealing programs for roads within the Shire of Laverton
(e) Asset development reserve	ongoing	To be used to fund construction and maintenance of major asset projects
(f) Lake Wells Road reserve	ongoing	To be used to fund future roadworks and maintenance, renewal and construction among and adjacent to Lake Wells Road.
(g) Community projects reserve	ongoing	To be used to fund community projects

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

28. 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
	\$	\$	\$	\$
Unclaimed monies	1,778	0	(1,778)	0
Dept. of Transport	11,522	65,439	(76,961)	0
Keys, Hall and Equipment Bonds	200	80	(280)	0
	<u>13,500</u>	<u>65,519</u>	<u>(79,019)</u>	<u>0</u>



5. CLOSURE OF MEETING

The Presiding Person declared the meeting closed at 5:05pm

6. CERTIFICATION OF MINUTES

I, Patrick Hill, hereby certify that the Minutes of the Audit and Risk Committee Meeting held on 16 March 2023 are confirmed as a true and correct record, by resolution of the meeting of the Audit and Risk Committee held on

SIGNED:

.....

DATED:

.....

4. REPORTS OF COMMITTEE AND OFFICERS

4.1 AUDIT REPORTS FOR THE YEAR ENDING 30TH JUNE 2023

REPORT TO WHICH MEETING/COMMITTEE	Audit and Risk Committee, 15 th February 2024
DISCLOSURE OF INTEREST	The author has no financial interest in the matter presented to the Council
OWNER/APPLICANT	Not Applicable
AUTHOR	Phil Marshall, Chief Executive Officer
RESPONSIBLE OFFICER	Phil Marshall, Chief Executive Officer
PREVIOUS MEETING REFERENCE IF APPLICABLE	The 2022 Audit report was reported to the Committee on the 16 March 2023.

MATTER FOR CONSIDERATION BY THE COUNCIL

That the Audit and Risk Committee to receive and consider the following documents and recommend to the Council for adoption:

- Management Letter from the Office of Auditor General (OAG)
- Independent Audit report for the year ending 30 June 2023
- Findings identified during the Final Audit 30 June 2023

ATTACHMENTS

ARC150224.4.1.A	Independent Auditors report for the year ending 30 June 2023.
ARC150224.4.1.B	Management Letter for the year ending (to the Shire President and CEO) 30 June 2023.
ARC150224 4.1.C	Findings identified during the Final audit 30 June 2023

BACKGROUND

In accordance with section 7.9 of the Local Government Act 1995, the audit was conducted by the OAG and RSM.

STATUTORY IMPLICATIONS

Local Government Act 1995

1.3. *Content and intent*

- (2) *This Act is intended to result in —*
- (a) *better decision-making by local governments; and*
 - (b) *greater community participation in the decisions and affairs of local governments; and*
 - (c) *greater accountability of local governments to their communities; and*
 - (d) *more efficient and effective local government.*

- (3) *In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement, and economic prosperity.*

2.7. Role of council

- (1) *The council —*
- (a) *governs the local government's affairs; and*
 - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
- (a) *oversee the allocation of the local government's finances and resources; and*
 - (b) *determine the local government's policies.*

3.1. General function

- (1) *The general function of a local government is to provide for the good government of persons in its district.*
- (2) *The scope of the general function of a local government is to be construed in the context of its other functions under this Act or any other written law and any constraints imposed by this Act or any other written law on the performance of its functions.*
- (3) *A liberal approach is to be taken to the construction of the scope of the general function of a local government.*

LOCAL GOVERNMENT ACT 1995 - SECT 7.9

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.

(3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —

(a) prepare a report thereon; and

(b) forward a copy of that report to the Minister,

and that direction has effect according to its terms.

(4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government.

LOCAL GOVERNMENT ACT 1995 - SECT 7.12A

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.

(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.

(4) A local government must —

(a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and

(b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

(5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996 - REG 16

16. Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
- (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under [regulation 17\(3\)](#) (the *CEO's report*) and is to —
- (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
- (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
 - (iii) has accepted should be taken following receipt of a report of a review conducted under [regulation 17\(1\)](#); and
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the [Local Government \(Financial Management\) Regulations 1996 regulation 5\(2\)\(c\)](#);

(g) to perform any other function conferred on the audit committee by these regulations or another written law.

STRATEGIC PLAN IMPLICATIONS

Civic Leadership Objective - A financially strong and knowledgeable Shire, leading an empowered community.

- Outcome 4.3 Improved planning
- 4.3.1 Continue to review and improve organisational plans.
- 4.3.2 Seek high level of statutory compliance.

POLICY IMPLICATIONS

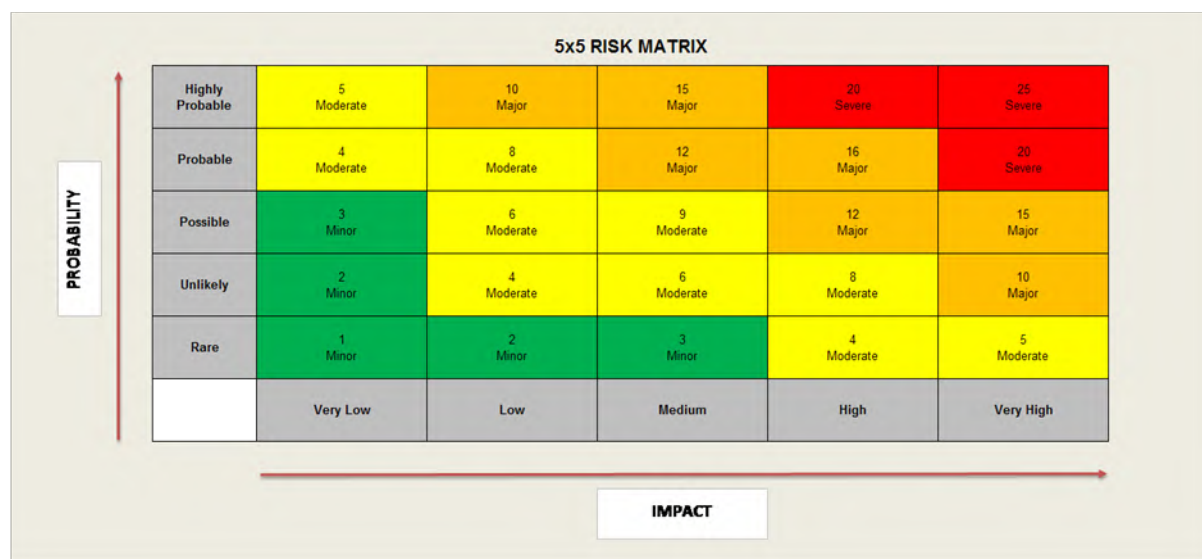
There are no policy implications to the Council.

FINANCIAL IMPLICATIONS

The cost of the audit for 2023 was \$58,280.00 with a budget allocation of \$60,000.00

RISK MANAGEMENT

As the Council is meeting the requirements of the Local Government Act in both the acceptance of the Auditors Report and The management Letter and with a non qualified audit, the level of Risk is considered Minor.



CONSULTATION

Nil

COMMENT

The findings identified during the audit and of importance is that there were no significant findings. The administration is mindful of several moderate issues including:

- Portable and attractive assets, this is an administration issue and not completed when requested. This is being undertaken now to ensure completeness.
- Accounts payable cut off issues, as described in the comments, the council held the creditors open to ensure payments could be directed to the 22/23 financial year. As a risk result, the comments are appropriate.
- Inventory Management accepted and this is being addressed and the diesel is being managed appropriately now.

The overall audit picture is good and whilst the administration will beg to disagree with the auditors opinions, at some point the need to move forward to the next audit year.

The staff involved in the audit and through the council's consultancy has been strong in their endeavours to clarify and provide all relevant information.

I recommend the auditors report to the Audit and Risk committee for recommendation to the council for adoption.

RESOLUTION

COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr R Wedge SECONDED: Cr P Ovans

That the Audit and Risk Committee recommends to the Council that:

ARC150224.1.A Independent Auditors report for the year ending 30 June 2023.

ARC150224.1.B Management Letter for the year ending (to the Shire President and CEO) 30 June 2023.

ARC150224 4.1.C Findings identified during the Final audit 30 June 2023

as prepared by the Office of Auditor General and RSM be accepted in accordance and that the reports be published on the Shire of Laverton website in accordance with the Local Government Act 1995.

CARRIED 6/0



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Laverton

To the Council of the Shire of Laverton

Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibilities for the audit of the financial report

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

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

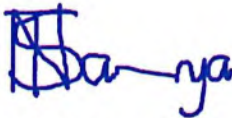
A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Laverton for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Tim Sanya
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
15 December 2023



Our Ref: 7942

Mr Patrick Hill
President
Shire of Laverton
PO Box 42
LAVERTON WA 6440

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

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

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

Email: crphill@laverton.wa.gov.au

Dear President

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Office has completed the audit of the annual financial report for your local government. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the CEO and the Minister for Local Government, as required by the Act.

The CEO is required to publish the annual report, including the auditor's report and the audited financial report, on your Shires official website within 14 days after the annual report has been accepted by your Council.

Management control issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

Unresolved matters from prior audits

We also draw your attention to the Matters Outstanding from Prior Audits issues set out in the attachment. We would appreciate your attention to these matters before next year's audit.

The date that entities provided their annual financial report to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 12 September 2023. These were considered audit ready.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7547 if you would like to discuss these matters further.

Yours faithfully

Subha Gunalan

Subha Gunalan
Director
Financial Audit
15 December 2023

Attach



Our Ref: 7942

Mr Phil Marshall
Chief Executive Officer
Shire of Laverton
PO Box 42
LAVERTON WA 6440



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

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

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

Email: ceo@laverton.wa.gov.au

Dear Mr Marshall

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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Yours sincerely

Subha Gunalan

Subha Gunalan
Director
Financial Audit
15 December 2023

Attach

ATTACHMENT

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Inventory management	No		✓		✓
2. Accounts payable cut-off issues	No		✓		
3. Maintenance of attractive assets register	No		✓		
4. Timeliness of review of bank reconciliations	No			✓	
5. Timeliness of report generation	No			✓	
6. Incorrect calculation of on-costs for annual leave	No			✓	

Key to ratings

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

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Inventory management

Finding

During the course of our final audit, we were unable to review the reconciliation of inventory for fuel. We understand that there are no formal processes for inventory management of fuel. We noted the only available documents for reference were email correspondences between the Depot & Town Services Co-Ordinator and Deputy CEO, advising the counts in writing. We also additionally note that the HINO service truck does not have the ability for the fuel being held to be measured. Thus, the Shire is unable to accurately record the fuel held in those storages.

Rating: Moderate

Implication

There is an increased risk that internal controls are weakened due to the absence any formality to record and monitor quantity of inventory held. Further, inventory may be misappropriated, misused and over or understated which causes the balance sheet items to be inaccurate.

Recommendation

The Shire should improve current practices for inventory use and ensure all adequate supporting documentation is maintained by the Shire for all movements in inventory level.

Management comment

The observation is noted and accepted.

Responsible person: CEO
Completion date: 30 June 2024

ATTACHMENT

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Accounts payable cut-off issues

Finding

During the course of the final audit, from our procedures and testing over unrecorded liabilities, we noted that there were issues with cut-off for subsequent payables as at 30 June 2023.

RSM initially tested 25 samples, from bank payments subsequent for the period 1st July 2023 to 31st August 2023, and have noted that three samples have not been recorded correctly. The invoices for the samples were for services provided during June 2023. However, no accruals were made to record the payables as at 30 June 2023. The total value of the samples that were not recorded as at 30 June 2023 was 54,927.

Rating: Moderate

Implication

There is an increased risk that the accounts payable balance being materially misstated as at 30 June 2023.

Recommendation

It is recommended that formal review and closing-off procedures for monthly payables are introduced to ensure there are no inappropriate exclusions of payables as at 30 June 2023.

Management comment

The Council kept the creditors open for approx. six weeks to ensure clarity for the 22/23 financial year and a clear determination was made that amounts under a \$10,000 limit was in material within the council's finances. The Council has noted the observation and will work with the auditors during the interim audit in 23/24 to ensure consistency.

Responsible person: CEO
Completion date: 30 June 2024

ATTACHMENT

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Maintenance of Attractive Assets Register

Finding

During the course of our audit, it's noted that the Attractive Assets Register was neither maintained or produced for the year ending 30 June 2023.

Rating: Moderate

Implication

Failure to maintain an assets register can result in the increased risk in unauthorized movement and misappropriation of assets valued below \$5000.

Management comment

The observation is noted and accepted.

Responsible person: CEO
Completion date: 30 June 2024

ATTACHMENT

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Timeliness of review of bank reconciliation

Finding

During the Course of the audit, it's observed that the bank reconciliations provided to the audit team for the month of June 2023, there was no evidence of a secondary reviewer. The "reviewer date" of the reconciliations were thereafter back-dated on 19 November 2023 (5-month period from month end).

Rating: Moderate

Implication

Without formal reviews, errors and omissions can go undetected. This may lead to potential misappropriation of cash and cash equivalents.

Recommendation

It is recommended that all bank reconciliations should be prepared and reviewed in a timely manner, signed and dated by both the preparer and reviewer to reinforce the assignation of responsibilities.

Management comment

The observation is noted and accepted.

Responsible Person: CEO
Completion Date: 30 June 2024

ATTACHMENT

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

5. Timeliness of report generation

Finding

When performing testing over accounts receivable, we noticed that the Overdue Rates Report and the Rates Outstanding Debtors (Non-pensioners) Report could not be produced as at 30 June 2023. Instead, these reports were produced as at 03 July 2023 and 04 July 2023, respectively. Small variances are observed when compared.

Rating: Minor

Implication

As these reports could not be produced as at 30 June 2023, the figures illustrated in the subsequent year ended reports could not be tied back to the Trial Balance as at 30 June 2023.

Recommendation

We recommend that the finance staff be reminded to run the reports at COB on the last day of the year or in the new financial year prior to new transactions being processed.

Management comment

The observation is noted, however, the council will not be exploring or purchasing another accounting package. The facts are that the 30th of June 2023 was a Friday, the receipting was completed on the 3rd of July, the reports were run on the 3 / 4 July at the earliest opportunity. The amounts involved were immaterial.

Responsible Person: CEO
Completion Date: 30 June 2024

ATTACHMENT

SHIRE OF LAVERTON

PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

6. Incorrect calculation of oncosts for annual leave

Finding

When performing testing over the provisions for annual leave, we noticed that the on-costs calculations have been calculated incorrectly.

We understand that the correct formula to calculate oncosts for annual leave is "Hourly Rate X Closing Leave Balance at year-end X Oncosts Rate".

We observed that the Shire has accounted their annual leave calculations using "Accrued Hours X Hourly Rate X Inflation Factor X Discount Rate X Oncosts Rate".

Rating: Minor

Implication

There is a risk that the provision for annual leave could be understated.

Recommendation

RSM recommends that the Shire adopts the correct formula in calculating oncosts for annual leave commencing next financial year ended.

Management comment

The Council has noted the observation and will review the formula in line with the auditors during the interim audit for 23/24 to determine a way forward for the annuals.

As such, we consider this matter closed.

Responsible Person: CEO
Completion Date: 20 November 2023

4.2 ANNUAL REPORT FOR YEAR ENDING 30TH JUNE 2023

Report to which meeting/committee	Audit and Risk Committee Meeting, 15 February 2024
Disclosure of interest	The author has no financial interest in the matter presented to the Council
Owner/applicant	Not applicable
Author	Phil Marshall Chief Executive Officer
Responsible Officer	Phil Marshall Chief Executive Officer
Previous meeting Reference if Applicable	Last Annual Report was considered at the 16 February 2023 meeting of the Audit and Risk Committee

MATTER FOR CONSIDERATION BY THE COUNCIL

That the Audit and Risk Committee receive and consider the Annual report for the year ending 30 June 2023 and recommend to the full Council meeting for adoption of the Annual report and setting of the Annual Electors meeting date.

ATTACHMENTS

ARC150224.4.2.A	Shire of Laverton Financial Statements for the 30 June 2023
ARC150224.4.2.B	Representation Letter in Respect of the Shire of Laverton Annual Financial Report

BACKGROUND

The Audit Report for the 2022/2023 Annual Financial Statements were received from the Office of Auditor General (OAG) on the 14th of December 2023. The Annual Report is to be accepted by the Shire of Laverton no later than two months after the Auditor's Report becomes available in accordance with the Local Government Act 1995, section 5.27(2) refers. The council is out by one day and unavoidable.

STATUTORY IMPLICATIONS

Local Government Act 1995

1.3. Content and intent

- (2) *This Act is intended to result in —*
- (a) *better decision-making by local governments; and*
 - (b) *greater community participation in the decisions and affairs of local governments; and*
 - (c) *greater accountability of local governments to their communities; and*
 - (d) *more efficient and effective local government.*
- (3) *In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement, and economic prosperity.*

2.7. Role of council

- (1) *The council —*
 - (a) *governs the local government's affairs; and*
 - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
 - (a) *oversee the allocation of the local government's finances and resources; and*
 - (b) *determine the local government's policies.*

3.1. General function

- (1) *The general function of a local government is to provide for the good government of persons in its district.*
- (2) *The scope of the general function of a local government is to be construed in the context of its other functions under this Act or any other written law and any constraints imposed by this Act or any other written law on the performance of its functions.*
- (3) *A liberal approach is to be taken to the construction of the scope of the general function of a local government.*

LOCAL GOVERNMENT ACT 1995 - SECT 5.53

5.53 Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
 - (a) a report from the mayor or president; and
 - (b) a report from the CEO; and
 - (c) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - (d) the financial report for the financial year; and
 - (e) such information as may be prescribed in relation to the payments made to employees; and
 - (f) the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and
 - (g) a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993* ; and

- (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require;and
 - (i) such other information as may be prescribed.

LOCAL GOVERNMENT ACT 1995 - SECT 5.54

5.54 Acceptance of annual reports

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

** Absolute majority required.*

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

LOCAL GOVERNMENT ACT 1995 - SECT 5.55

5.55 Notice of annual reports

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

LOCAL GOVERNMENT ACT 1995 - SECT 5.27

5.27 Electors' general meetings

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.

STRATEGIC PLAN IMPLICATIONS

Civic Leadership Objective - A financially strong and knowledgeable Shire, leading an empowered community.

- Outcome 4.3 Improved planning
- 4.3.1 Continue to review and improve organisational plans.
- 4.3.2 Seek high level of statutory compliance.

POLICY IMPLICATIONS

There are no policy implications to this report.

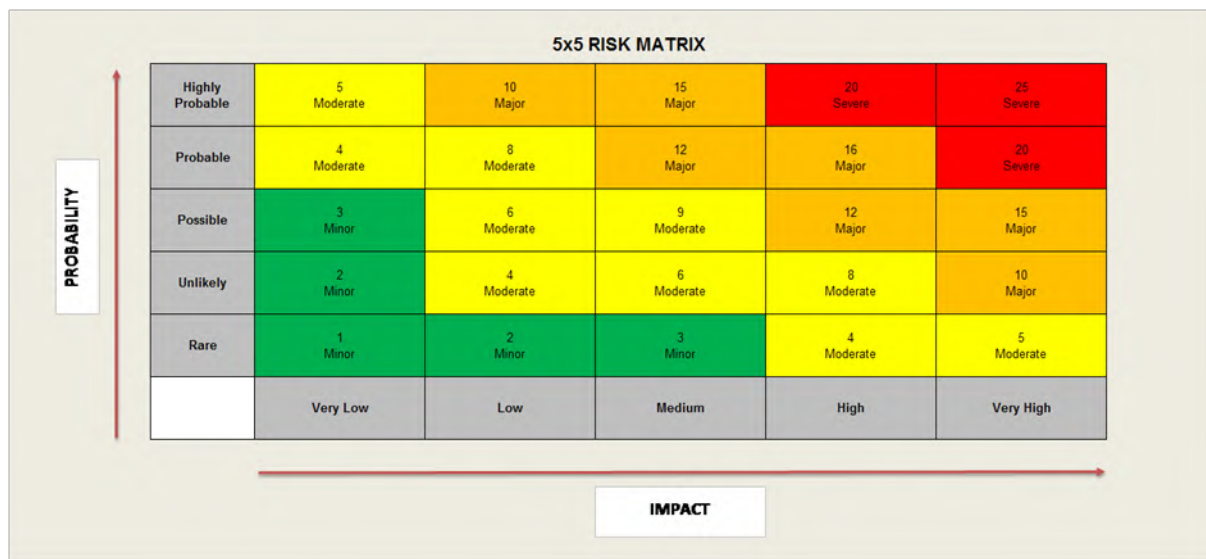
FINANCIAL IMPLICATIONS

The Council at the time of receiving the report has not received the final accounts for the audit.

Budget allocation of \$60,000 under account no 2140484 Admin- Audit Fees

RISK MANAGEMENT

As the Council is meeting the requirements of the Local Government Act in both the acceptance of the Auditors Report and the calling of the Annual Electors meeting, the level of risk is very low.



CONSULTATION

Nil

COMMENT

The purpose of the annual report and acceptance is to meet statutory reporting requirements and to set a date for the Annual Electors meeting to be within 56 days of the 15th of February 2024, and the intended date of 20th March 2024 is well within this timeline.

RESOLUTION

COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr G Buckmaster **SECONDED:** Cr P Ovans

- 1. That the Audit and Risk Committee recommends to the Council that by an absolute majority in accordance with section 5.54 of the Local Government Act 1995 ACCEPT the Financial Statements for the year ending 30 June 2023 as shown as Attachment ARC150224.4.2.A**
- 2. That the Audit and Risk Committee recommends to the Council to set the Electors General Meeting in accordance with section 5.27 of the Local Government Act 1995 to be held on 20th March 2024 at 4.00pm in the Council Chambers to present the Annual Report for the year ending 30 June 2023.**

CARRIED 6/0

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SHIRE OF LAVERTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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The Shire of Laverton conducts the operations of a local government with the following community vision:

The Shire will endeavour to provide community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:
9 MacPherson Place
PO Box 42
Laverton WA 6440

**SHIRE OF LAVERTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

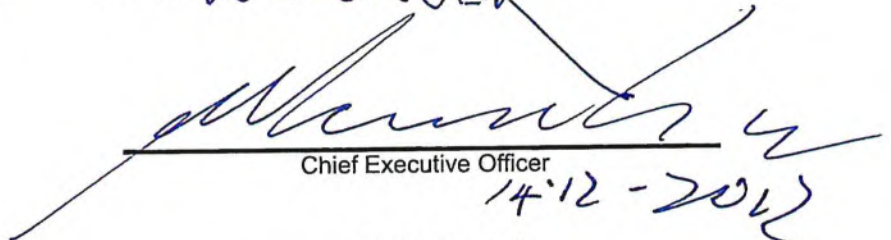
*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CEO

The accompanying financial report of the Shire of Laverton has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 14th day of DECEMBER, 2023



Chief Executive Officer
14.12.2023

Phillip Marshall
Name of Chief Executive Officer



**SHIRE OF LAVERTON
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates				
Grants, subsidies and contributions	2(a),24	6,477,731	6,527,625	5,868,870
Fees and charges	2(a)	4,903,731	4,047,345	5,546,692
Interest revenue	2(a)	1,041,516	954,680	917,046
Other revenue	2(a)	609,481	31,200	76,087
		464,611	300,937	283,272
		<u>13,497,070</u>	<u>11,861,787</u>	<u>12,691,967</u>
Expenses				
Employee costs	2(b)	(3,491,126)	(3,657,263)	(3,126,426)
Materials and contracts		(1,865,379)	(5,659,861)	(2,591,355)
Utility charges		(391,576)	(293,600)	(406,852)
Depreciation		(2,870,536)	(2,402,226)	(2,717,877)
Finance costs	2(b)	(45,323)	(44,694)	(57,690)
Insurance		(176,942)	(172,160)	(185,366)
Other expenditure	2(b)	(595,893)	0	(728,937)
		<u>(9,436,775)</u>	<u>(12,229,804)</u>	<u>(9,814,503)</u>
		4,060,295	(368,017)	2,877,464
Capital grants, subsidies and contributions	2(a)	757,132	4,943,922	2,168,651
Profit on asset disposals		28,947	23,584	28,363
Loss on asset disposals		(71,242)	(153,957)	(5,182)
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	3,686	0	3,997
		<u>718,523</u>	<u>4,813,549</u>	<u>2,195,829</u>
Net result for the period	23(b)	4,778,818	4,445,532	5,073,293
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	24,281,928	0	0
Total other comprehensive income for the period	16	24,281,928	0	0
Total comprehensive income for the period		29,060,746	4,445,532	5,073,293

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



**SHIRE OF LAVERTON
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	18,283,973	12,766,303
Trade and other receivables	5	960,848	347,987
Inventories	6	109,489	174,482
Other assets	7	51,810	257,465
TOTAL CURRENT ASSETS		<u>19,406,120</u>	<u>13,546,237</u>
NON-CURRENT ASSETS			
Trade and other receivables	5	4,680	3,719
Other financial assets	4(a)	81,490	77,804
Property, plant and equipment	8	14,883,277	15,525,724
Infrastructure	9	163,395,868	138,951,818
TOTAL NON-CURRENT ASSETS		<u>178,365,315</u>	<u>154,559,065</u>
TOTAL ASSETS		<u>197,771,435</u>	<u>168,105,302</u>
CURRENT LIABILITIES			
Trade and other payables	12	538,453	173,182
Other liabilities	13	1,074,677	494,378
Borrowings	14	255,669	335,235
Employee related provisions	15	418,857	433,389
TOTAL CURRENT LIABILITIES		<u>2,287,656</u>	<u>1,436,184</u>
NON-CURRENT LIABILITIES			
Borrowings	14	1,251,372	1,507,041
Employee related provisions	15	103,397	93,813
TOTAL NON-CURRENT LIABILITIES		<u>1,354,769</u>	<u>1,600,854</u>
TOTAL LIABILITIES		<u>3,642,425</u>	<u>3,037,038</u>
NET ASSETS		<u>194,129,010</u>	<u>165,068,264</u>
EQUITY			
Retained surplus		89,258,779	84,827,136
Reserve accounts	27	6,736,236	6,389,061
Revaluation surplus	16	98,133,995	73,852,067
TOTAL EQUITY		<u>194,129,010</u>	<u>165,068,264</u>

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



**SHIRE OF LAVERTON
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		82,322,976	3,819,928	73,852,067	159,994,971
Comprehensive income for the period					
Net result for the period		5,073,293	0	0	5,073,293
Transfers from reserve accounts	27	40,000	(40,000)	0	0
Transfers to reserve accounts	27	(2,609,133)	2,609,133	0	0
Balance as at 30 June 2022		84,827,136	6,389,061	73,852,067	165,068,264
Comprehensive income for the period					
Net result for the period		4,778,818	0	0	4,778,818
Other comprehensive income for the period	16	0	0	24,281,928	24,281,928
Total comprehensive income for the period		4,778,818	0	24,281,928	29,060,746
Transfers from reserve accounts	27	599,561	(599,561)	0	0
Transfers to reserve accounts	27	(946,736)	946,736	0	0
Balance as at 30 June 2023		89,258,779	6,736,236	98,133,995	194,129,010

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

**SHIRE OF LAVERTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		6,478,579	5,783,273
Grants, subsidies and contributions		4,670,999	5,813,680
Fees and charges		785,303	1,225,683
Interest revenue		609,481	76,087
Goods and services tax received		336,931	315,094
Other revenue		464,611	283,272
		<u>13,345,904</u>	<u>13,497,089</u>
Payments			
Employee costs		(3,458,541)	(3,221,250)
Materials and contracts		(1,350,234)	(2,988,089)
Utility charges		(391,576)	(406,852)
Finance costs		(45,323)	(57,690)
Insurance paid		(176,942)	(185,366)
Goods and services tax paid		(379,415)	(259,797)
Other expenditure		(595,893)	(728,937)
		<u>(6,397,924)</u>	<u>(7,847,981)</u>
Net cash provided by (used in) operating activities	16(b)	<u>6,947,980</u>	<u>5,649,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(281,907)	(1,398,168)
Payments for construction of infrastructure	9(a)	(2,306,528)	(1,665,814)
Capital grants, subsidies and contributions		1,337,431	2,168,651
Proceeds from sale of property, plant & equipment		155,929	38,181
Net cash provided by (used in) investing activities		<u>(1,095,075)</u>	<u>(857,150)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(335,235)	(326,108)
Net cash provided by (used in) financing activities		<u>(335,235)</u>	<u>(326,108)</u>
Net increase (decrease) in cash held		5,517,670	4,465,850
Cash at beginning of year		12,766,303	8,300,453
Cash and cash equivalents at the end of the year	16(a)	<u>18,283,973</u>	<u>12,766,303</u>

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

SHIRE OF LAVERTON
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	24	6,477,731	6,527,625	5,868,870
Grants, subsidies and contributions		4,903,731	4,047,345	5,546,692
Fees and charges		1,041,516	954,680	917,046
Interest revenue		609,481	31,200	76,087
Other revenue		464,611	300,937	283,272
Profit on asset disposals through profit or loss	4(a)	28,947 3,686	23,584 0	28,363 3,997
		<u>13,529,703</u>	<u>11,885,371</u>	<u>12,724,327</u>
Expenditure from operating activities				
Employee costs		(3,491,126)	(3,657,263)	(3,126,426)
Materials and contracts		(1,865,379)	(5,659,861)	(2,591,355)
Utility charges		(391,576)	(293,600)	(406,852)
Depreciation		(2,870,536)	(2,402,226)	(2,717,877)
Finance costs		(45,323)	(44,694)	(57,690)
Insurance		(176,942)	(172,160)	(185,366)
Other expenditure		(595,893)	0	(728,937)
Loss on asset disposals		(71,242)	(153,957)	(5,182)
		<u>(9,508,017)</u>	<u>(12,383,761)</u>	<u>(9,819,685)</u>
Non-cash amounts excluded from operating activities	25(a)	2,903,236	2,532,599	2,764,639
Amount attributable to operating activities		<u>6,924,922</u>	<u>2,034,209</u>	<u>5,669,281</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		757,132	4,943,922	2,168,651
Proceeds from disposal of assets		155,929	440,000	38,181
		<u>913,061</u>	<u>5,383,922</u>	<u>2,206,832</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(281,907)	(4,418,000)	(1,398,168)
Purchase and construction of infrastructure	9(a)	(2,306,528)	(7,551,855)	(1,665,814)
		<u>(2,588,435)</u>	<u>(11,969,855)</u>	<u>(3,063,982)</u>
Amount attributable to investing activities		<u>(1,675,374)</u>	<u>(6,585,933)</u>	<u>(857,150)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	27	599,561	1,600,354	40,000
		<u>599,561</u>	<u>1,600,354</u>	<u>40,000</u>
Outflows from financing activities				
Repayment of borrowings	26(a)	(335,235)	(335,236)	(326,108)
Transfers to reserve accounts	27	(946,736)	(780,000)	(2,609,133)
		<u>(1,281,971)</u>	<u>(1,115,236)</u>	<u>(2,935,241)</u>
Amount attributable to financing activities		<u>(682,410)</u>	<u>485,118</u>	<u>(2,895,241)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	6,489,616	4,066,606	4,572,726
Amount attributable to operating activities		6,924,922	2,034,209	5,669,281
Amount attributable to investing activities		(1,675,374)	(6,585,933)	(857,150)
Amount attributable to financing activities		(682,410)	485,118	(2,895,241)
Surplus or deficit after imposition of general rates	25(b)	<u>11,056,754</u>	<u>0</u>	<u>6,489,616</u>

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

**SHIRE OF LAVERTON
FOR THE YEAR ENDED 30 JUNE 2023
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**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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 28 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 of fair values of land and buildings, and infrastructure.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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
Grants, subsidies and contributions	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	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - 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	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	0	6,477,731	6,477,731
Grants, subsidies and contributions	4,903,731	0	0	0	4,903,731
Fees and charges	1,041,516	0	0	0	1,041,516
Interest revenue	0	0	0	609,481	609,481
Other revenue	0	0	0	464,611	464,611
Capital grants, subsidies and contributions	0	757,132	0	0	757,132
Total	5,945,247	757,132	0	7,551,823	14,254,202

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	0	5,868,870	5,868,870
Grants, subsidies and contributions	5,546,692	0	0	0	5,546,692
Fees and charges	917,046	0	0	0	917,046
Interest revenue	0	0	37,038	39,049	76,087
Other revenue	218,403	0	0	64,869	283,272
Capital grants, subsidies and contributions	0	2,168,651	0	0	2,168,651
Total	6,682,141	2,168,651	37,038	5,972,788	14,860,618

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023 Actual \$	2022 Actual \$
Interest revenue		
Interest on reserve account funds	223,973	18,330
Trade and other receivables overdue interest	53,450	37,038
Other interest revenue	332,058	20,719
	<u>609,481</u>	<u>76,087</u>

The 2023 original budget estimate in relation to:
Trade and other receivables overdue interest was \$38,200.

Fees and charges relating to rates receivable

Charges on instalment plan	2,090	1,900
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The 2023 original budget estimate in relation to:
Charges on instalment plan was \$2,000.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	58,200	50,000
- Other services – grant acquittals	3,000	6,700
	<u>61,200</u>	<u>56,700</u>

Employee Costs

Employee benefit costs	3,444,920	2,896,022
Other employee costs	46,206	230,404
	<u>3,491,126</u>	<u>3,126,426</u>

Finance costs

Interest and financial charges paid/payable for financial liabilities not at fair value through profit or loss	45,323	57,690
	<u>45,323</u>	<u>57,690</u>

Other expenditure

Sundry expenses	595,893	728,937
	<u>595,893</u>	<u>728,937</u>

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

3. CASH AND CASH EQUIVALENTS

	Note	2023 \$	2022 \$
Cash at bank and on hand		11,547,737	6,377,242
Term deposits		6,736,236	6,389,061
Total cash and cash equivalents	16(a)	18,283,973	12,766,303
Held as			
- Unrestricted cash and cash equivalents		10,473,060	5,882,864
- Restricted cash and cash equivalents	16(a)	7,810,913	6,883,439
		18,283,973	12,766,303

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.

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

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 reserve accounts, 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.

4. OTHER FINANCIAL ASSETS

	2023 \$	2022 \$
(a) Non-current assets		
Financial assets at fair value through profit or loss	81,490	77,804
	81,490	77,804
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	77,804	73,807
Movement attributable to fair value increment	3,686	3,997
Units in Local Government House Trust - closing balance	81,490	77,804

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

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 23 (f)) 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 or loss

The Shire has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

5. TRADE AND OTHER RECEIVABLES

	Note	2023	2022
		\$	\$
Current			
Rates and statutory receivables		678,662	597,230
Trade receivables		404,577	89,064
GST receivable		94,416	51,932
Allowance for credit losses of rates and statutory receivables		(215,858)	(473,020)
Allowance for credit losses of trade receivables		(949)	0
Prepaid rates		0	72,759
Prepayments		0	10,022
		<u>960,848</u>	<u>347,987</u>
Non-current			
Rates and statutory receivables		4,680	3,719
		<u>4,680</u>	<u>3,719</u>

Disclosure of opening and closing balances related to contracts with customers

	Note	30 June 2023	30 June 2022	1 July 2021
		Actual	Actual	Actual
		\$	\$	\$
Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:				
Trade and other receivables from contracts with customers		328,891	24,128	395,037
Contract assets	7	0	0	0
Allowance for credit losses of trade receivables	5	(949)	0	(164,313)
Allowance for impairment of contract assets	7	0	0	0
Total trade and other receivables from contracts with customers		<u>327,942</u>	<u>24,128</u>	<u>230,724</u>

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

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 LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

6. INVENTORIES

Current	Note	2023	2022
		\$	\$
Fuel and materials		20,543	94,635
Visitor centre stock		<u>88,946</u>	<u>79,847</u>
		109,489	174,482

The following movements in inventories occurred during the year:

Balance at beginning of year	174,482	121,574
Inventories expensed during the year	(246,685)	(211,392)
Additions to inventory	<u>181,692</u>	<u>264,300</u>
Balance at end of year	109,489	174,482

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. OTHER ASSETS

	<u>2023</u>	<u>2022</u>
	\$	\$
Other assets - current		
Accrued income	51,810	257,465
	<u>51,810</u>	<u>257,465</u>

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.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value heirachy set out in Note 23(i).

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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.

	Land	Buildings	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Buildings - work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	421,100	10,422,972	10,844,072	10,844,072	159,193	3,787,322	0	14,790,587
Additions	0	1,291,082	1,291,082	1,291,082	49,441	54,834	2,811	1,398,168
Disposals	(15,000)	0	(15,000)	(15,000)	0	0	0	(15,000)
Depreciation	0	(257,990)	(257,990)	(257,990)	(15,812)	(374,229)	0	(648,031)
Balance at 30 June 2022	406,100	11,456,064	11,862,164	11,862,164	192,822	3,467,927	2,811	15,525,724
Comprises:								
Gross balance amount at 30 June 2022	406,100	11,937,837	12,343,937	12,343,937	227,670	4,223,122	2,811	16,797,540
Accumulated depreciation at 30 June 2022	0	(481,773)	(481,773)	(481,773)	(34,848)	(755,195)	0	(1,271,816)
Accumulated impairment loss at 30 June 2022	0	0	0	0	0	0	0	0
Balance at 30 June 2022	406,100	11,456,064	11,862,164	11,862,164	192,822	3,467,927	2,811	15,525,724
Additions	0	126,179	126,179	126,179	0	155,408	320	281,907
Disposals	0	0	0	0	0	(198,224)	0	(198,224)
Depreciation	0	(297,444)	(297,444)	(297,444)	(22,618)	(406,068)	0	(726,130)
Transfers	11,791	(11,791)	0	0	0	0	0	0
Balance at 30 June 2023	417,891	11,273,008	11,690,899	11,690,899	170,204	3,019,043	3,131	14,883,277
Comprises:								
Gross balance amount at 30 June 2023	417,891	12,052,225	12,470,116	12,470,116	227,670	4,122,530	3,131	16,823,447
Accumulated depreciation at 30 June 2023	0	(779,217)	(779,217)	(779,217)	(57,466)	(1,103,487)	0	(1,940,170)
Balance at 30 June 2023	417,891	11,273,008	11,690,899	11,690,899	170,204	3,019,043	3,131	14,883,277

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
Land		2	Market approach using recent observable market data using similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2020	Price per hectare/market borrowing rate
Buildings		2	Market approach using recent observable market data using similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2020	Price per square metre/market borrowing rates
<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						
Buildings - work in progress		3	Cost approach not including depreciation until asset is completed and capitalised	Management valuation	June 2020	Construction costs

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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.

	Infrastructure - roads	Infrastructure cycleways & Footpaths	Other infrastructure	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2021	128,042,677	167,102	11,130,342	139,340,121
Additions	1,569,803	0	96,011	1,665,814
Write off negative depreciation	0	0	15,729	15,729
Depreciation	(1,719,812)	(3,415)	(346,619)	(2,069,846)
Balance at 30 June 2022	127,892,668	163,687	10,895,463	138,951,818
Comprises:				
Gross balance at 30 June 2022	156,122,760	171,738	11,586,337	167,880,835
Accumulated depreciation at 30 June 2022	(28,230,092)	(8,051)	(690,874)	(28,929,017)
Balance at 30 June 2022	127,892,668	163,687	10,895,463	138,951,818
Additions	2,258,933	0	47,595	2,306,528
Revaluation increments / (decrements) transferred to revaluation surplus	7,595,402	498,567	16,187,959	24,281,928
Depreciation	(1,759,310)	(3,433)	(381,663)	(2,144,406)
Balance at 30 June 2023	135,987,693	658,821	26,749,354	163,395,868
Comprises:				
Gross balance at 30 June 2023	135,987,693	658,821	27,821,891	164,468,405
Accumulated depreciation at 30 June 2023	0	0	(1,072,537)	(1,072,537)
Balance at 30 June 2023	135,987,693	658,821	26,749,354	163,395,868

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition residual values and remaining useful life assessment inputs
	Other infrastructure Footpaths & cycleways	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition residual values and remaining useful life assessment inputs
	Other infrastructure	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2020	Construction costs and current condition residual values and remaining useful life assessment 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 LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. FIXED ASSETS

(a) Depreciation

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
Land - freehold land	no limit
Buildings	30 to 80 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Buildings - work in progress	no depreciation
Infrastructure - roads	40 to 80 years
Other infrastructure Footpaths & cycleways	20 to 50 years
Other infrastructure	10 to 75 years

Revision of useful lives of plant and equipment

The useful lives of property plant and equipment is reviewed annually by management.

Temporarily Idle or retired from use assets

There are no assets held by the Shire which are temporarily idle or retired from active use or classified as held for sale.

Fully Depreciated Assets in Use

There are no assets held by the Shire which are currently in use yet fully depreciated.

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 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.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties 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 asset classes 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.

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.
- (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).

Impairment

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 or losses on disposal

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.

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. LEASES

Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year

1 to 2 years

2 to 3 years

3 to 4 years

4 to 5 years

	2023	2022
	Actual	Actual
	\$	\$
	49,358	87,478
	51,332	88,428
	53,385	89,396
	55,521	90,383
	<u>57,742</u>	<u>91,391</u>
	267,338	447,076

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income

44,739

45,333

Lease of Council buildings to Centrelink and stables at racecourse to Conway- Cox.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 16 to allocate the consideration under the contract to each component.

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

12. TRADE AND OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Current		
Sundry creditors	337,547	81,447
Prepaid rates	83,241	0
Accrued payroll liabilities	0	3,328
ATO liabilities	89,501	48,640
Bonds and deposits held	705	300
Accrued salaries and wages	16,790	15,556
Accrued interest on loans	3,487	6,373
Other payables	7,182	17,538
	<u>538,453</u>	<u>173,182</u>

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 any 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 income for the prepaid rates that have not been refunded.

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. OTHER LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$	\$
Current		
Capital grant/contributions liabilities	1,074,677	494,378
	<u>1,074,677</u>	<u>494,378</u>

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$1,074,677 (2022: \$494,378)

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance	494,378	522,464
Additions	580,299	494,378
Revenue from capital grant/contributions held as a liability at the start of the period	0	(522,464)
	<u>1,074,677</u>	<u>494,378</u>

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year	1,074,677	494,378
1 to 2 years	(1,074,677)	0
	<u>0</u>	<u>494,378</u>

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 by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, 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 23(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		255,669	1,251,372	1,507,041	335,235	1,507,041	1,842,276
Total secured borrowings	26(a)	255,669	1,251,372	1,507,041	335,235	1,507,041	1,842,276

Secured liabilities and assets pledged as security

Debentures are secured by a floating charge over the assets of the Shire of Laverton.

The Shire of Laverton has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

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 23(i)) due to the unobservable inputs, including own credit risk.

Borrowing costs (continued).

Details of individual borrowings required by regulations are provided at Note 026..

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	<u>2023</u>	<u>2022</u>
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	218,703	255,469
Long service leave	116,641	177,920
Other employee leave provisions	83,513	0
	<u>418,857</u>	<u>433,389</u>
Total current employee related provisions	<u>418,857</u>	<u>433,389</u>
Non-current provisions		
Employee benefit provisions		
Long service leave	103,397	93,813
	<u>103,397</u>	<u>93,813</u>
Total non-current employee related provisions	<u>103,397</u>	<u>93,813</u>
Total employee related provisions	<u>522,254</u>	<u>527,202</u>

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. actual settlement of the liabilities is expected to occur as follows:

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		218,703	113,206
More than 12 months from reporting date		303,551	413,996
		<u>522,254</u>	<u>527,202</u>

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 LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

16. REVALUATION SURPLUS

	2023 Opening Balance \$	2023 Change in Accounting Policy \$	Total Movement on Revaluation \$	2023 Closing Balance \$	2022 Opening Balance \$	Total Movement on Revaluation \$	2022 Closing Balance \$
Revaluation surplus - Buildings	6,201,246	0	0	6,201,246	6,201,246	0	6,201,246
Revaluation surplus - Infrastructure - roads	67,650,821	0	24,281,928	91,932,749	67,650,821	0	67,650,821
	73,852,067	0	24,281,928	98,133,995	73,852,067	0	73,852,067

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

17. RESTRICTIONS OVER FINANCIAL ASSETS

	<u>Note</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
		\$	\$
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	3	7,810,913	6,883,439
		<u>7,810,913</u>	<u>6,883,439</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	6,736,236	6,389,061
Capital grant liabilities	13	1,074,677	494,378
Total restricted financial assets		<u>7,810,913</u>	<u>6,883,439</u>

**18. UNDRAWN BORROWING FACILITIES AND CREDIT
STANDBY ARRANGEMENTS**

Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	<u>(19,094)</u>	<u>(8,602)</u>
Total amount of credit unused	505,906	516,398
Loan facilities		
Loan facilities - current	255,669	335,235
Loan facilities - non-current	1,251,372	1,507,041
Total facilities in use at balance date	<u>1,507,041</u>	<u>1,842,276</u>
Unused loan facilities at balance date	0	0

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19. CONTINGENT LIABILITIES

The Shire of Laverton has in compliance with the Contaminated Sites Act 2003 section 11 listed sites to be possible sources of contamination:- Laverton Rubbish Tip located at Laverton Rubbish Tip, Rubbish Tip Road, Laverton WA 6440.

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and degree with the Department of Water and Environment Regulation the need and criteria for remediation, the Shire is unable to accurately quantify its clean up liabilities for potentially contaminated sites.

The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the Department of Water and Environment regulation guidelines.

20. CAPITAL COMMITMENTS

No capital commitments apply at 30 June 2023

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
President's annual allowance	36,117	36,957	28,500
President's meeting attendance fees	16,395	15,500	19,500
President's annual allowance for travel and accommodation expenses	0	4,000	0
	<u>52,512</u>	<u>56,457</u>	<u>48,000</u>
Deputy President's annual allowance	9,029	9,239	7,500
Deputy President's meeting attendance fees	16,776	14,679	16,367
Deputy President's annual allowance for travel and accommodation expenses	0	1,500	0
	<u>25,805</u>	<u>25,418</u>	<u>23,867</u>
All other council member's meeting attendance fees	82,736	87,253	81,835
All other council member's annual allowance for travel and accommodation expenses	0	4,500	0
	<u>82,736</u>	<u>91,753</u>	<u>81,835</u>
21(b)	<u>161,053</u>	<u>173,628</u>	<u>153,702</u>

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	691,068	586,038
Post-employment benefits	105,239	89,709
Employee - other long-term benefits	37,082	14,651
Council member costs	21(a) <u>161,053</u>	<u>153,702</u>
	<u>994,442</u>	<u>844,100</u>

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.

Council member costs

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

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

21. RELATED PARTY TRANSACTIONS

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.

In addition to KMP compensation above the following transactions occurred with related parties:

	<u>2023 Actual</u> \$	<u>2022 Actual</u> \$
Purchase of goods and services	191,393	230,982
Payment of council member costs (Refer to Note 23(a))	161,053	153,702
Amounts payable to related parties:		
Trade and other payables	39,035	0

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 and are detailed in Notes 21(a) and 21(b)

ii. Other Related Parties

During the previous year, three local companies controlled by 3 council members, were awarded a contract for works and services under the selective procurement process on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement process policy.

The contracts involved electrical, catering and property maintenance in the Shire respectively, and amounted to \$191,393 in the current year (\$230,982 in the prior year).

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

**SHIRE OF LAVERTON
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22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the reporting period which would be of material impact to the financial statements for the year ended 30 June 2023.

**SHIRE OF LAVERTON
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FOR THE YEAR ENDED 30 JUNE 2023**

23. 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 report 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 revenue

Interest revenue 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 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.

SHIRE OF LAVERTON
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24. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2022/23		2022/23 Actual Rate Revenue	2022/23 Actual Reassessed Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Reassessed Rate	2022/23 Budget Total Revenue	2021/22 Total Revenue
				Actual Rateable Value*	Actual Rate							
GRV - Townsite	Gross rental valuation	0.119583	169	2,888,170	\$ 345,376	\$ (598)	344,778	267,293	0	267,293	281,692	
GRV - Mining	Gross rental valuation	0.095856	14	13,122,500	1,257,870		1,257,870	1,257,870	0	1,257,870	1,352,266	
GRV - Miscellaneous	Gross rental valuation	0.119583	1	14,919	1,784		1,784	1,784	0	1,784	0	
UV - Pastoral	Unimproved valuation	0.100837	15	484,483	48,854		48,854	48,854	0	48,854	47,400	
UV - Mining	Unimproved valuation	0.187153	798	26,297,253	4,921,610	(228,247)	4,693,363	4,921,610	0	4,921,610	4,077,744	
UV - Shared Tenements	Unimproved valuation	0.187153	52	1,409,991	263,884		263,884	263,884	0	263,884	221,910	
Total general rates			1,049	44,217,316	6,839,378	(228,845)	6,610,533	6,761,295	0	6,761,295	5,981,012	
Minimum payment												
GRV - Townsite	Gross rental valuation	335	57	14892	19,095		19,095	20,100	0	20,100	15,120	
GRV - Mining	Gross rental valuation	335	1	20	335		335	335	0	335	315	
GRV - Miscellaneous	Gross rental valuation	335	0	0	0		0	0	0	0	0	
UV - Pastoral	Unimproved valuation	335	3	3000	1,005		1,005	1,005	0	1,005	945	
UV - Mining	Unimproved valuation	335	255	244259	85,425		85,425	85,425	0	85,425	93,240	
UV - Shared Tenements	Unimproved valuation	168	18	5399	3,024		3,024	3,024	0	3,024	2,528	
Total minimum payments			334	267,570	108,884	0	108,884	109,889	0	109,889	112,148	
Total general rates and minimum payments			1,383	44,484,886	6,948,262	(228,845)	6,719,417	6,871,184	0	6,871,184	6,093,160	
Discounts							(241,686)				(343,559)	(224,290)
Total Rates							6,477,731				6,527,625	5,868,870
Rate instalment interest							6,212				3,000	5,171
Rate overdue interest							46,678				10,000	31,867

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

25. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23	2022/23	2021/22
		Budget	Budget	
		(30 June 2023)	(30 June 2023)	(30 June 2022)
		Carried Forward)	Carried Forward)	Carried Forward)
Note				
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
		(28,947)	(23,584)	(28,363)
		(3,686)	0	(3,997)
		71,242	153,957	5,182
		2,870,536	2,402,226	2,717,877
		(961)	0	(1,751)
		(4,948)	0	(10,041)
		0	0	101,461
		0	0	(15,729)
		2,903,236	2,532,599	2,764,639

(b) Surplus or deficit after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets				
		(6,736,236)	(5,568,707)	(6,389,061)
		255,669	0	335,235
		418,857	0	441,300
		(6,061,710)	(5,568,707)	(5,620,437)
Net current assets used in the Statement of Financial Activity				
		19,406,120	7,135,827	13,546,237
		(2,287,656)	(1,567,120)	(1,436,184)
		(6,061,710)	(5,568,707)	(5,620,437)
		11,056,754	0	6,497,527

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual			Budget		
		Principal at 1 July 2021	New Loans During 2021-22	Principal at 30 June 2022	Principal Repayments During 2022-23	New Loans During 2022-23	Principal at 30 June 2023
Housing							
Burt Street Units	81	140,125	(44,546)	95,579	(46,674)	95,578	(46,674)
DCEO House	82	194,383	(23,446)	170,935	(24,166)	170,936	(24,166)
Recreation and culture							
Community hub	83	427,645	(51,586)	376,059	(53,166)	376,059	(53,166)
Economic services							
Underground power	80	167,842	(82,266)	85,574	(85,574)	85,575	(85,575)
Great Beyond visitor centre expansion	84	1,238,389	(124,260)	1,114,129	(125,655)	1,114,128	(125,655)
Total		2,168,384	0	1,842,276	(335,235)	1,842,276	(335,236)
Total Borrowings	14	2,168,384	0	1,842,276	(335,235)	1,842,276	(335,236)

All loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023
Housing							
Burt Street Units		79	WATC	6.14%	1/05/2021	0	0
DCEO House		81	WATC	4.72%	10/02/2024	(4,686)	(3,967)
Recreation and culture		82	WATC	3.04%	2/11/2018	(4,379)	(5,014)
Community hub		83	WATC	3.04%	2/11/2028	(13,358)	(11,031)
Economic services							
Underground power		80	WATC	3.98%	10/05/2023	(3,049)	(2,563)
Great Beyond visitor centre expansion		84	WATC	1.12%	20/11/2030	(19,851)	(12,119)
Total						(45,323)	(34,694)
Total Finance Cost Payments						(45,323)	(34,694)

* WA Treasury Corporation

SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

27. RESERVE ACCOUNTS

	2023 Actual		2023 Actual		2023 Budget		2023 Budget		2022 Actual		2022 Actual		2022 Actual	
	Opening Balance	Transfer to (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to (from)	Budget Closing Balance	Budget Transfer to (from)	Budget Closing Balance	Opening Balance	Transfer to (from)	Actual Closing Balance	Transfer to (from)	Actual Closing Balance	
Restricted by council	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
(a) Leave reserve	441,300	15,470	456,770	441,299		441,299		441,299	339,839	101,461	441,300		441,300	
(b) Laverton airport reserve	93,882	3,292	97,174	93,883		93,883		93,883	93,517	365	93,882		93,882	
(c) Plant replacement reserve	656,880	345,790	1,002,670	656,880		656,880		656,880	155,604	501,276	656,880		656,880	
(d) Road reserve	1,401,068	49,115	1,450,183	1,401,068		1,401,068		1,401,068	952,019	449,049	1,401,068		1,401,068	
(e) Asset development reserve	2,042,721	71,609	2,114,330	2,042,721		1,792,721	(250,000)	1,792,721	1,037,333	1,005,388	2,042,721		2,042,721	
(f) Lake Wells Road reserve	1,352,160	47,401	800,000	1,352,160		381,806	(1,350,354)	381,806	1,041,616	350,544	1,352,160	(40,000)	1,352,160	
(g) Community projects reserve	401,050	414,059	815,109	401,050		801,050		801,050	200,000	201,050	401,050		401,050	
	6,389,061	946,736	6,736,236	6,389,061		5,568,707	(1,600,354)	5,568,707	3,819,928	2,609,133	6,389,061	(40,000)	6,389,061	
	6,389,061	946,736	6,736,236	6,389,061		5,568,707	(1,600,354)	5,568,707	3,819,928	2,609,133	6,389,061	(40,000)	6,389,061	

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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 account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	To be used to fund annual leave, rostered days off and long service leave requirements
(b) Laverton airport reserve	To be used for the upkeep and major upgrade works to the Laverton Airport
(c) Plant replacement reserve	To be used for the purchase of major plant
(d) Road reserve	To be used for the upkeep and major improvements - sealing programs for roads within the Shire of Laverton
(e) Asset development reserve	To be used to fund construction and maintenance of major asset projects
(f) Lake Wells Road reserve	To be used to fund future roadworks and maintenance, renewal and construction amounting and adjacent to Lake Wells Road
(g) Community projects reserve	To be used to fund community projects

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

28. 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:

	<u>1 July 2022</u>	<u>Amounts Received</u>	<u>Amounts Paid</u>	<u>30 June 2023</u>
	\$	\$	\$	\$
Department of Transport	100	75,053	(74,655)	498
	<u>100</u>	<u>75,053</u>	<u>(74,655)</u>	<u>498</u>

**SHIRE OF LAVERTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

29 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	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	18,283,973	12,766,303

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	3	7,810,913	6,883,439
		<u>7,810,913</u>	<u>6,883,439</u>

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

Restricted reserve accounts	27	6,736,236	6,389,061
Capital grant liabilities	13	1,074,677	494,378
Total restricted financial assets		<u>7,810,913</u>	<u>6,883,439</u>

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

Net result		4,778,818	5,073,293
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(3,686)	(3,997)
Adjustments to fair value of investment property		0	(15,729)
Depreciation/amortisation		2,870,536	2,717,877
(Profit)/loss on sale of asset		42,295	(23,181)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(613,822)	557,096
(Increase)/decrease in other assets		205,655	18,389
(Increase)/decrease in inventories		64,993	(52,908)
Increase/(decrease) in trade and other payables		365,271	(408,668)
Increase/(decrease) in employee related provisions		(4,948)	(16,327)
Increase/(decrease) in other liabilities		580,299	(28,086)
Capital grants, subsidies and contributions		<u>(1,337,431)</u>	<u>(2,168,651)</u>
Net cash provided by/(used in) operating activities		6,947,980	5,649,108



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INDEPENDENT CONTRACT AUDITOR'S REPORT

To the Auditor General in relation to the Shire of Laverton

Report on the financial report

Opinion

We have audited the annual financial report of Shire of Laverton (**Shire**), which comprises the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the annual financial report of the Shire is:

- (i) based on proper accounts and records; and
- (ii) presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period in accordance with the *Local Government Act 1995 (the Act)* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

We conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Chief Executive Officer (**CEO**) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and our auditor's report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. We did not receive the other information prior to the date of this auditor's report.

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

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

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

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

Auditor's responsibility for the audit of the financial report

The objectives of our audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

Auditor's independence and quality control relating to the report on the financial report

We are independent of the Shire in accordance with the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (**Code**) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, RSM maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A handwritten signature in black ink that reads 'Amit Kabra' with a horizontal line underneath.

AMIT KABRA
Director
RSM AUSTRALIA PTY LTD
Perth, Western Australia
14 December 2023

4.3 COMPLIANCE AUDIT RETURN (CAR) 2023

Report to which meeting/committee	Audit and Risk Committee Meeting, 15 th February, 2024
Disclosure of interest	The author has no financial interest in the matter presented to the Council
Owner/applicant	Not applicable
Author	Phil Marshall Chief Executive Officer
Responsible Officer	Phil Marshall Chief Executive Officer
Previous meeting Reference if Applicable	Last considered by the council was the 2022 review on the 16 th of March 2023 Audit and Risk Committee

MATTER FOR CONSIDERATION BY THE COUNCIL

That the Audit and Risk Committee recommend the CAR to the Council for submission to the Department of Local Government, Sport and Cultural Industries.

ATTACHMENTS

ARC150224.4.3.A 2023 Compliance Audit Return

BACKGROUND

Each year, Council is required to complete an annual compliance audit return (CAR) for the calendar year immediately preceding (1st January to 31st December) as published by the Department for Local Government and Communities. The CAR is then to be reviewed by the Audit Committee and a report presented to Council prior to the adoption of the CAR.

This year, the CAR was completed by Council staff.

The CAR is one of the tools that allow Council to monitor how the organisation is functioning regarding compliance with the *Local Government Act 1995* and provides the Audit and Risk Committee the opportunity to report to Council any cases of non-compliance or where full compliance was not achieved.

This process also provides opportunity for the Audit and Risk Committee to consider matters that may require further review within ongoing risk framework assessments and actions.

Through the completion of the 2023 CAR, however there was one outstanding matter not addressed at Financial Management Review Reg 5 (2) (c) and this will be undertaken prior to December 2024.

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 2.7(2) – Provides that Council is to oversee the allocation of local government finances and resources and to determine the local government policies.

Section 3.1 – Provides that the general function of the local government is to provide for the good government of persons in its district.

Section 7.13(1)(i) of the *Local Government Act 1995* refers to the provisions within regulations with regard to audits.

Regulation 14 of the *Local Government (Audit) Regulations 1996* provides:

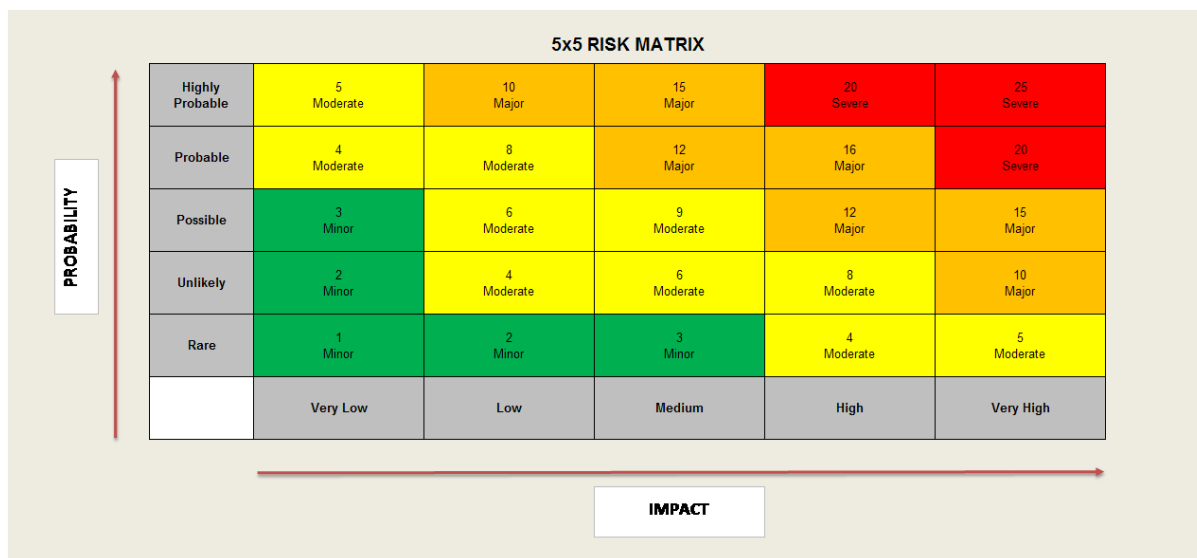
- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

Regulation 14 of the *Local Government (Audit) Regulations 1996* details the requirements about certifying the CAR and issuing to the Departmental CEO.

POLICY IMPLICATIONS

There are no policy implications to this report.

RISK MANAGEMENT IMPLICATIONS



As the Council is meeting the statutory requirements, the risk is considered low.

FINANCIAL IMPLICATIONS

There are no financial implications to this report.

STRATEGIC IMPLICATIONS

Outcome 4.2 An efficient and effective organisation

Strategy	Corporate Business Planning Action
4.2.2 Comply with statutory and legislative requirements	4.2.2.1 Seek a higher level of legislative compliance in organisational practices and effective internal controls

CONSULTATION

Not Applicable

COMMENT

This report is required to be reviewed by the Audit and Risk Committee before being considered by the Council and the recommendation reflects this.

RESOLUTION

COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr R Wedge SECONDED: Cr G Buckmaster

That the Audit and Risk Committee recommends the adoption of the 2023 Compliance Audit Return shown as ARC150224.4.3.A and further that the Council authorises the Shire President and Chief Executive Officer to sign the Compliance Audit Return on behalf of the Council and submit the signed return to the Department of Local Government, Sport and Cultural Industries in accordance with section 14 of the Local Government (Audit) Regulations 1996 noting under Section 5 (2) (c) of the Regulations that a Financial management review will be undertaken by December 2023.

CARRIED 6/0

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Department of
Local Government, Sport
and Cultural Industries

Laverton – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	N/A	
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	N/A	
2	s5.16 (2)	Were all delegations to committees in writing?	N/A	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	N/A	
6	s5.42(1) & s5.43 Admin Reg.18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	

7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	N/A	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	



Department of
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and Cultural Industries

6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	No	Nil declared
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	



16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	No
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes

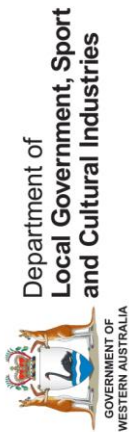
Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	N/A	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A	

Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	No	

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	N/A	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	

4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	



Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	N/A	



4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	N/A	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	N/A	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	N/A	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	N/A	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	

14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A
16	F&G Reg 24AD(6)	if the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A

Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	20/07/2023
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	20/07/2023
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	No	To be completed by December 2024
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	21/04/2022
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt	N/A	

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		of the gift? Did the disclosure include the information required by section 5.87C of the Act?		
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	N/A	
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Chief Executive Officer

Date

Mayor/President

Date



5. CLOSURE OF MEETING

The presiding person declared the meeting closed at 4:59pm.

6. CERTIFICATION OF MINUTES

I, Patrick Hill, hereby certify that the Minutes of the Audit and Risk Committee Meeting held on 15 February 2024 are confirmed as a true and correct record, by resolution of the meeting of the Audit and Risk Committee held on

SIGNED:

DATED:

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