



Shire of
Serpentine
Jarrahdale

Annual Report

2019-2020



Acknowledgement of Country and Indigenous History

The Shire of Serpentine Jarrahdale acknowledges that the land of the district is the traditional country of the Noongar people. We recognise their cultural heritage, beliefs, and continuing relationship with the land, and pay our respects to elders past, present and emerging.



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Our Annual Report

The Shire of Serpentine Jarrahdale is pleased to present our 2019–20 Annual Report, which details our activities and achievements throughout the 2019–20 financial year.

With an emphasis on best practice and continual improvement, the information in these pages sets out to provide a snapshot of the Shire's progress over this period with a focus on community, infrastructure, environment and strategic direction.

It is organised to align with our Strategic Community Plan 2017– 2027, which outlines the strategic vision for Serpentine Jarrahdale based on the following themes:

People:

a connected, thriving, active and safe community.



Place:

a protected and enhanced natural, rural and built environment.



Prosperity:

an innovative, commercially diverse and prosperous economy.



Progressive:

a resilient organisation demonstrating unified leadership and governance.



Our Annual Report focuses on the key projects and services delivered in the 2019-20 financial year under each theme as we work towards realising our community vision – City living offering a rural lifestyle for a diverse community with abundant opportunities.

Copies of the Strategic Community Plan 2017-2027 can be downloaded from our website.

Our financial statements have been certified by an independent auditor.



Shire President's report



Cr Michelle Rich
Shire President

I am pleased to present the 2019-20 Annual Report.

The second half of the financial year presented the world with the biggest health and economic challenge we have ever faced, COVID-19.

At a local level, we were not immune to these challenges at Serpentine Jarrahdale, with the Federal and State Government restrictions implemented to keep our communities safe.

As WA begins to emerge from restrictions and we commence our social and economic recovery, I would like to say thank you to the Serpentine Jarrahdale community.

The resilience you have demonstrated and the community spirit you have shown is something we can all be proud of, and provides us with the strength to grow back stronger from COVID-19, together.

While we have tackled the challenges of COVID-19, I am pleased that as a Council, administration and community we have continued to work together over the past 12 months to deliver significant social,

environmental and economic outcomes for the benefit of our residents, ratepayers and businesses.

The past year saw the completion of a number of key projects for our community, including the \$19 million Abernethy Road upgrade, \$3.9 million Briggs Park upgrade and the opening of Byford Bark Park.

The past year saw the completion and progress of a number of key projects for our community, including the \$3.9 million Briggs Park upgrade and the opening of Byford Bark Park, while significant progress was made with the \$19 million Abernethy Road upgrade.

The duplication of Abernethy Road from the South Western Highway to Gordin Way and the improved road conditions to Kardan Boulevard has eased congestion and improved traffic flow through Byford.

The Shire acknowledges that this project was made possible due to funding contributions from the National Stronger Regions Fund and Main Roads WA.



The past year saw the completion and progress of a number of key projects for our community, including the \$3.9 million Briggs Park upgrade and the opening of Byford Bark Park, while significant progress was made with the \$19 million Abernethy Road upgrade.

Following extensive community consultation, Byford has its first designated dog park, with Byford Bark Park officially opened in January.

The park has proved a huge success with hundreds of dogs and their owners using the facility each week.

It is fantastic to see the range of sports being played at Briggs Park, following upgrades to the upper and lower ovals, including repairs and improvements to aging drainage infrastructure, as well as the installation of new floodlights and facilities for the local sporting clubs.

These projects are critical to support our growing community and we look forward to continuing to partner with the State and Federal Governments to deliver the infrastructure required for the benefit of our residents.

Despite interruptions between March and June, the Shire was still able to offer a range of events and programs throughout the year.

Highlights include:

- Hosting the SJ Community Fair
- Inaugural SJ Garden Week activities
- A Christmas Extravaganza along Abernethy Road
- Opening of the Byford Bark Park
- Australia Day Citizenship and Awards ceremony
- Summer Splash and Concert Weekend
- Opera at the Mill event at the Jarrahdale Heritage Mill
- Anzac Day online video

It promises to be an exciting year as we continue to welcome nearly two new families to the Shire each day.

We look forward to seeing key infrastructure projects progress, including Byford Metronet and the Tonkin Highway extension.

With the next State election due in March 2021, the Shire will continue to advocate to the major political parties for commitments to support the delivery of key projects and infrastructure to support our rapid population growth.

On behalf of Council, I would like to thank the staff for the work they have undertaken throughout the year. Their work ethic, commitment and enthusiasm throughout the year can be seen throughout this report.

To outgoing councillors Samuel Piipponen, Dave Gossage and Jacqui See, thank you for contribution and your commitment to our community during your time on Council.

Welcome to incoming Councillors Lauren Strange, Dean Strautins and Michael Dagostino, as well as our new Chief Executive Officer, Paul Martin.

I look forward to a successful year ahead as we continue to make Serpentine Jarrahdale the best place to live, work and play.

Cr Michelle Rich
Shire President

Chief Executive Officer's report

Paul Martin
Chief Executive Officer



I am pleased to present my first report after joining the Shire in September 2019.

Like every organisation, we had to adapt and respond to the ongoing COVID-19 pandemic.

From the outset, the health and wellbeing of our community, councillors and staff has been our key focus and priority, and I am proud at how we responded to relevant Federal and State Government directions to keep our community and organisation safe.

While responding to the changing COVID-19 event, I am proud of how the organisation responded, and adapted, to the rapidly changing situation to ensure we were able to deliver business continuity across our 18 service teams.

Considering the speed and volume of the change that was required, staff continue to demonstrate a commitment and willingness to embrace technology and new ways of working, while keeping the community front and centre in the delivery of our services and programs.

COVID-19 has provided us with the opportunity of exploring new ways of working and we will continue to explore and implement technology and new initiatives as a growing and maturing organisation.

We know that the social and economic impacts of COVID-19 will be long-lasting, which presents us with the dual challenge of supporting our local recovery while ensuring we continue to keep up with the pace of the Shire's population growth.

The major review of our Corporate Business Plan provided Council the opportunity to prioritise the many strategic planning documents prepared over recent years into tangible Shire's services, programs and projects to ensure they deliver upon the needs of our community, while also being achievable and affordable.

The Corporate Business Plan 2020-24, adopted in June 2020, provides the administration with clear direction on the Council's aspirations over the next four years. This is also the first time as an organisation we have integrated the Corporate Business Plan with the Long Term financial plan, as well as a renewed focus on the financial sustainability of the Council so we can deliver more projects within our capital works program.

Investment in our Technology One software will continue as we implement new modules and systems to support greater integration and efficiencies in our processes, systems and workflows, particularly during the COVID-19 pandemic.

Together with our investment in Technology One, and the Shire's ongoing commitment to identify efficiencies, over the past two years we have increased our capital works expenditure by 38 per cent, while our expenditure on workforce remains unchanged over the same period.

We also underwent a mini organisational structural review in March to better align certain roles to upcoming projects and operations to enhance the service the Shire provides to the community.

The Shire now has 18 service teams across five directorates, with service team plans developed to outline their key functions and measurements to demonstrate their impact upon our Strategic Community Plan and the delivery of the Corporate Business Plan.

The Council has identified three key strategic projects for the future, which include the development of the Keirnan Park Recreation Precinct, Trails Development, and an upgrade and long term planning of the Shire's Administration Building and Operations Centre.

These three projects will ensure we meet the need for increased access to modern sport and recreation

facilities, enhance our economic development and tourism opportunities and provide the required facilities to meet our current and future staff accommodation requirements.

It is an exciting time for our community and the Shire will continue to collaborate with our community and other levels of government to deliver against the four pillars of the Strategic Community Plan – People, Place, Prosperity and Progressive.

Thank you to our passionate community for being engaged with the organisation.

Thanks to the Councillors for your support, guidance and direction you have provided over the past 12 months.

And a particular thanks to the staff of the Shire – without your efforts, professionalism and drive we would not have been able to deliver these outcomes.

I look forward to continuing to leading the organisation to deliver the projects and initiatives that the Council and community desire over the coming years.

Paul Martin
Chief Executive Officer



It is an exciting time for our community and the Shire will continue to collaborate with our community and other levels of government to deliver against the four pillars of the Strategic Community Plan – People, Place, Prosperity and Progressive.

COVID-19

The safety, health and wellbeing of our local community, our customers, our Councillors and our staff was the Shire's main priority during the COVID-19 pandemic.

We actively followed the advice received from government and health authorities, and implemented the relevant measures and restrictions, throughout the pandemic.

The Shire held a Local Emergency Management Committee meeting in March and established a Local Recovery Coordination Group. The group included representation from the Council, Shire staff, government agencies and local not-for-profit service providers to plan and coordinate the local response to the pandemic.

With a State of Emergency declared the rapid escalation of the response to the COVID-19 pandemic resulted in the preparation of the Shire's COVID-19 Business Continuity Plan to ensure we could provide core services to our community.

A Local Recovery Coordination Group met regularly to work with our community and businesses to assess and respond to community needs.

Individual Economic and Community Recovery Sub Committees were also established to discuss in more detail issues relating to these areas and develop solutions, which was reported back to the Coordination Group and Council.

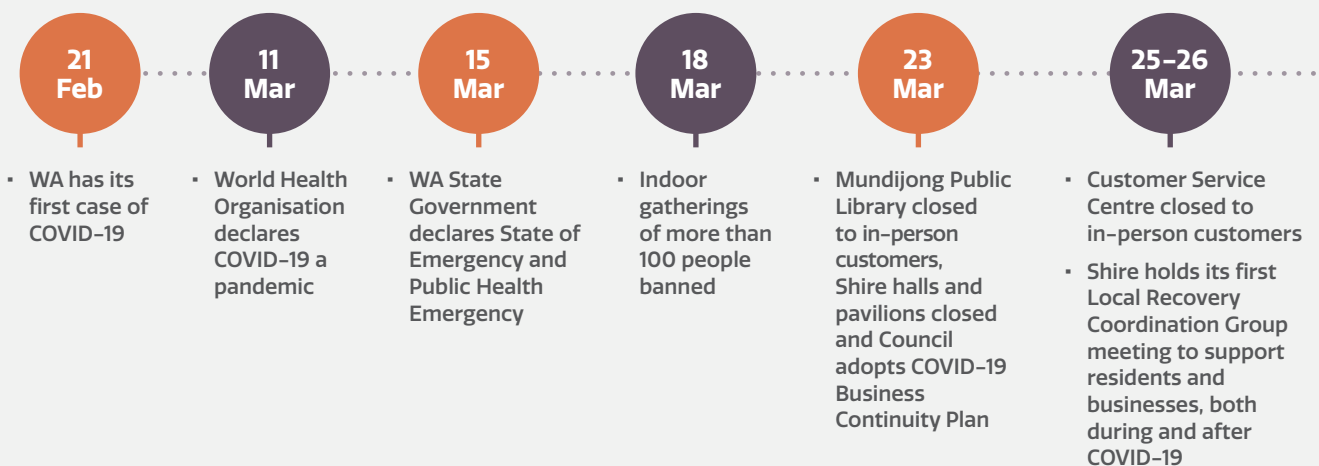
The Shire developed a stand-alone COVID-19 information webpage and implemented a number of programs to assist the community, including SJ Helping Hands SJ program as well as dedicated business support through a webpage and business promotion campaign.

The way the Shire conducted business also changed with services moving online as well as Shire staff working from home to meet Government health regulations.

In response to the pandemic, the 2020/21 Budget was also delivered with a 0% rate increase in the rate burden to offer relief and certainty to the community.

The Shire is committed to assisting the community through all aspects of the pandemic into the future.

COVID-19 timeline



COVID-19 Response in focus

16

businesses utilised free small business support service



18 people registered to offer support and

16 requested assistance through Helping Hands SJ campaign



Change of workplace

Majority of Shire staff worked from home during height of pandemic while still delivering core business.



15

online events supported through restrictions

18

Businesses highlighted through digital small Business Shout Out Campaign



Anzac Day recognised with online video

3,697

page views on dedicated COVID-19 webpages

532

library books delivered to people's homes during COVID-19 lockdown



37

online library program videos



30
Mar

- Public playgrounds and skate ramps closed
- Gatherings of more than two people banned
- Regional travel banned in WA

6
Apr

- Council endorses 2020/21 Budget to be developed with 0% increase in rate burden to community
- WA border closed

27
Apr

- Gatherings eased to a maximum of 10 people

18
May

- Customer Service Centre, Mundijong Public Library, Byford Bark Park and Jarrahdale RV Park re-opened.
- Gatherings eased to a maximum of 20 people.

6
Jun

- Public playgrounds and skate ramps re-opened
- Gatherings eased to a 300 outdoor/100 indoor limit
- Regional travel ban lifted

26
Jun

- Gatherings eased to two-square-metre rule.

Our Shire

The Shire of Serpentine Jarrahdale is home to more than 30,000 people.

Forested hills and coastal flats make up our 905 square kilometres. Our natural environment features many outstanding attractions for locals and visitors. Serpentine Jarrahdale is a 45-minute drive from the Perth CBD and the gateway to the bustling Peel region.

Outstanding landscapes, unrivalled business investment and development opportunities await our visitors. With continued growth, Serpentine Jarrahdale is one of Australia's most exciting localities.

Fast Facts

**Shire of Serpentine
Jarrahdale area:**
905km²

**Shire of Serpentine
Jarrahdale gazetted:**
July 1961

**Estimated residential
population*:**
32,711

**Number of rateable
residential properties:**
11,995

Total length of roads:
801km

**Total area of reserves and
public open space:**
11,02 hectares

**Number of, parks, reserves and
public open space we manage:**
241

Number of Shire facilities:
90

Council composition:
9 councillors

Ward Structure:
3 wards – North,
North West & South

**Total capital works value
for 2019–20:**
\$25,743,411 – Includes gifted
assets totalling \$12,695,958

**Total operating revenue
for 2019–20:**
\$35,786,284

**Total non-operating revenue
for 2019–20:**
\$7,167,441 – Excluding
gifted assets

**Population data provided by id community.*

Our Elected Members



Cr Michelle Rich
Shire President
Southern Ward
m: 0438 252 109
e: mrich@sjshire.wa.gov.au
Term expires: October 2023



Cr Dave Atwell
Deputy Shire President
Southern Ward
m: 0417 974 131
e: datwell@sjshire.wa.gov.au
Term expires: October 2023



Cr Keira McConkey
Southern Ward
m: 0401 445 338
e: kmccconkey@sjshire.wa.gov.au
Term expires: October 2021



Cr Rob Coales
North Ward
m: 0425 031 976
e: rcoales@sjshire.wa.gov.au
Term expires: October 2021



Cr Bill Denholm
North Ward
m: 0401 691 380
e: bdenholm@sjshire.wa.gov.au
Term expires: October 2021



Cr Lauren Strange
North Ward
m: 0437 801 637
e: lstrange@sjshire.wa.gov.au
Elected: October 2019
Term expires: October 2023



Cr Morgan Byas
North West Ward
m: 0437 661 776
e: mbyas@sjshire.wa.gov.au
Term expires: October 2021



Cr Michael Dagostino
North West Ward
m: 0412 284 616
e: mdagostino@sjshire.wa.gov.au
Elected: October 2019
Term expires: October 2023



Cr Dean Strautins
North West Ward
m: 0488 992 966
e: dstrautins@sjshire.wa.gov.au
Elected: October 2019
Term expires: October 2023

Outgoing Councillors



Cr Sam Piipponen
North West Ward
Term expired:
October 2019



Cr Jacqui See
North West Ward
Term expired:
October 2019



Cr Dave Gossage
North Ward
Term expired:
October 2019

Shire of Serpentine Jarrahdale Councillor attendance

1 July 2019 – 19 October 2019

| Councillor | Ordinary Council Meeting (4) | Special Council Meeting (1) | Access and Inclusion Advisory Committee (1) | Arts, Culture and Heritage Advisory Committee (1) | Audit, Risk and Governance Committee (1) | CEO Employment Committee (Nil meetings held during this period) | Economic Development Advisory Committee (1) |
|-------------------|------------------------------|-----------------------------|---|---|--|---|---|
| Cr Michelle Rich | 4 | 1 | | 1** | 1** | ** | 1** |
| Cr Dave Atwell | 4 | 1 | | | | ** | |
| Cr Morgan Byas | 4 | 1 | | | 1** | ** | |
| Cr Rob Coales | 3 | 1 | 1** | | 1** | | |
| Cr Bill Denholm | 4 | 1 | 1** | | | *** | |
| Cr Dave Gossage | 3 | 0 | | | | | |
| Cr Keira McConkey | 3 | 1 | | 1** | 1** | ** | |
| Cr Sam Piipponen | 1 | 0 | | | | | |
| Cr Jacqui See | 4 | 1 | | | 1** | ** | 0** |

** Committee Member

*** Deputy Committee Member

19 October 2019 – 30 June 2020

| Councillor | General Meeting of Electors (1) | Ordinary Council Meeting (7) | Special Council Meeting (6) | Audit, Risk and Governance Committee – 28/10/19 to 31/03/20 (3) | Audit, Risk and Governance Committee – 01/04/20 to 30/06/20 (1) | CEO Employment Committee – 28/10/19 to 31/03/20 (3) | CEO Employment Committee – 01/04/20 to 30/06/20 (Nil Meetings held during this period) |
|----------------------|---------------------------------|------------------------------|-----------------------------|---|---|---|--|
| Cr Michelle Rich | 1 | 7 | 6 | 3** | 1** | 3** | ** |
| Cr Dave Atwell | 1 | 7 | 5 | | | 2** | ** |
| Cr Morgan Byas | 1 | 7 | 6 | 3** | 1** | 3** | ** |
| Cr Rob Coales | 0 | 7 | 6 | 2** | 1** | 2** | ** |
| Cr Michael Dagostino | 1 | 7 | 5* | *** | | 2** | ** |
| Cr Bill Denholm | 1 | 7 | 6 | | 1** | | |
| Cr Keira McConkey | 1 | 7 | 6 | 2** | 0** | 2** | *** |
| Cr Lauren Strange | 1 | 7 | 6 | 3** | | | |
| Cr Dean Strautins | 1 | 7 | 6 | 1*** | 1*** | | |

* Councillor Dagostino was an apology for the Special Council Meeting on 22 June 2020, but attended the resumed Special Council Meeting on 29 June 2020 from 7.00pm to 7.05pm, before Declaring an Interest and leaving the meeting.

** Committee Member

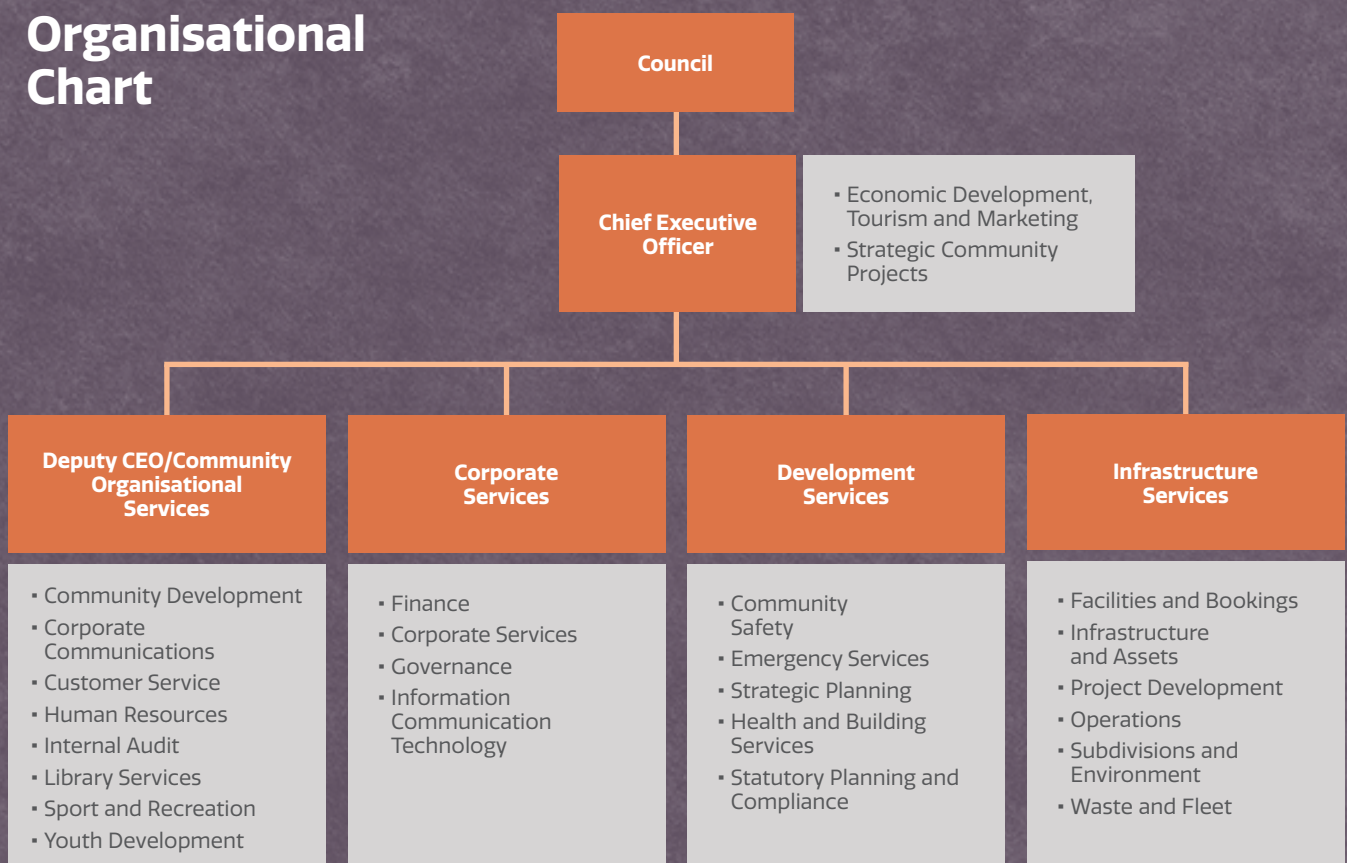
*** Deputy Committee Member

Our organisation

Our staff come from a diverse range of backgrounds, and provide a wealth of knowledge across both local government and the private sectors. Many of our employees are local to the area, meaning they know what it's like to live, work, and enjoy the lifestyle Serpentine Jarrahdale has to offer.

| | |
|-------------------------|------------|
| Development Services | 39 |
| Community Services | 34 |
| Infrastructure Services | 65 |
| Corporate Services | 38 |
| Executive Services | 4 |
| Total FTE | 180 |

Organisational Chart



Our Executive Management Team



Paul Martin
Chief Executive Officer

Paul is responsible for:

- Elected Members and Council matters
- Economic Development, Tourism and Marketing
- Strategic Projects



Helen Sarcich
Deputy CEO/ Director
Community and
Organisational
Development

Helen is responsible for:

- Community Development
- Corporate Communications
- Customer Service
- Human Resources
- Internal Audit
- Library Services
- Sport and Recreation
- Youth Development



Frazer Sullivan
Director Corporate
Services

Frazer is responsible for:

- Corporate Services
- Governance
- Financial Services
- Information Communication Technology



Andrew Trosic
Director Development
Services

Andrew is responsible for:

- Community Safety
- Emergency Services
- Health and Building Services
- Statutory Planning and Compliance
- Strategic Planning



Steven Harding
Director Infrastructure
Services

Steven is responsible for:

- Facilities and Bookings
- Infrastructure and Assets
- Project Development
- Operations
- Subdivisions and Environment
- Waste and Fleet

Reporting against our Strategic Community Plan



Integrated Planning and Reporting Framework

All Western Australian local governments are required to prepare a Plan for the Future for their district under Section 5.56(1) of the *Local Government Act 1995*. The Plan for the Future comprises the following two key strategic documents, which a local government is required to have regard for when forming its annual budget.

Strategic Community Plan

As part of the Integrated Planning and Reporting cycle, a major review of the Plan was undertaken in 2017, following extensive community consultation.

In June 2019, a minor review of the Plan was undertaken, following the results of the 2018 Community Perceptions Survey.

This process identified four new focus areas for the community which are highlighted and summarised within the Strategic Community Plan as follows:

1. Safety and improvement of roads

While the community has always had a desire for improved transport networks in the Shire, emphasis on the safety and improvement of local roads was a greater focal point in the feedback received. The community would like to see roads upgraded to manage the current population and for the quality and maintenance of road surfaces to be improved. This area is a priority for 40% of the community.

2. Playgrounds, parks and reserves

The community feels that there are not enough local parks in the Shire and that there is a lack of play equipment. The community would like the number of parks and open spaces to increase.

3. Public transport

Investment in infrastructure that supports greater transportation choices was a key visionary outcome for SJ2050. More specifically however, the 2018 survey results demonstrate a desire from the community for improved public transport connectivity throughout the Shire. This is a priority for 12% of the community.

4. Streetscapes

Beautifying suburb entrances, increasing verge maintenance and litter management was identified as a priority for 11% of the community.

It was determined that the Shire's Strategic Objectives, Outcomes and Strategies within the Strategic Community Plan remain relevant to the needs and aspirations of the Community and as such no amendments were made in this regard. The period of the Strategic Community Plan remains 2017 to 2027.

The revised Strategic Community Plan is available electronically on the Shire's website and hard copies are available at the Mundijong Public Library or the Shire's Administration building.



Corporate Business Plan

The Corporate Business Plan is Council's four-year planning document. The Corporate Business Plan – 1 July 2020 – 30 June 2024 was adopted by Council in June 2020 and will guide the Shire's operations over the next four years. Achieving the community's vision and the Shire's strategic objectives required the development of actions within the Corporate Business Plan to address each strategy contained within the Strategic Community Plan.

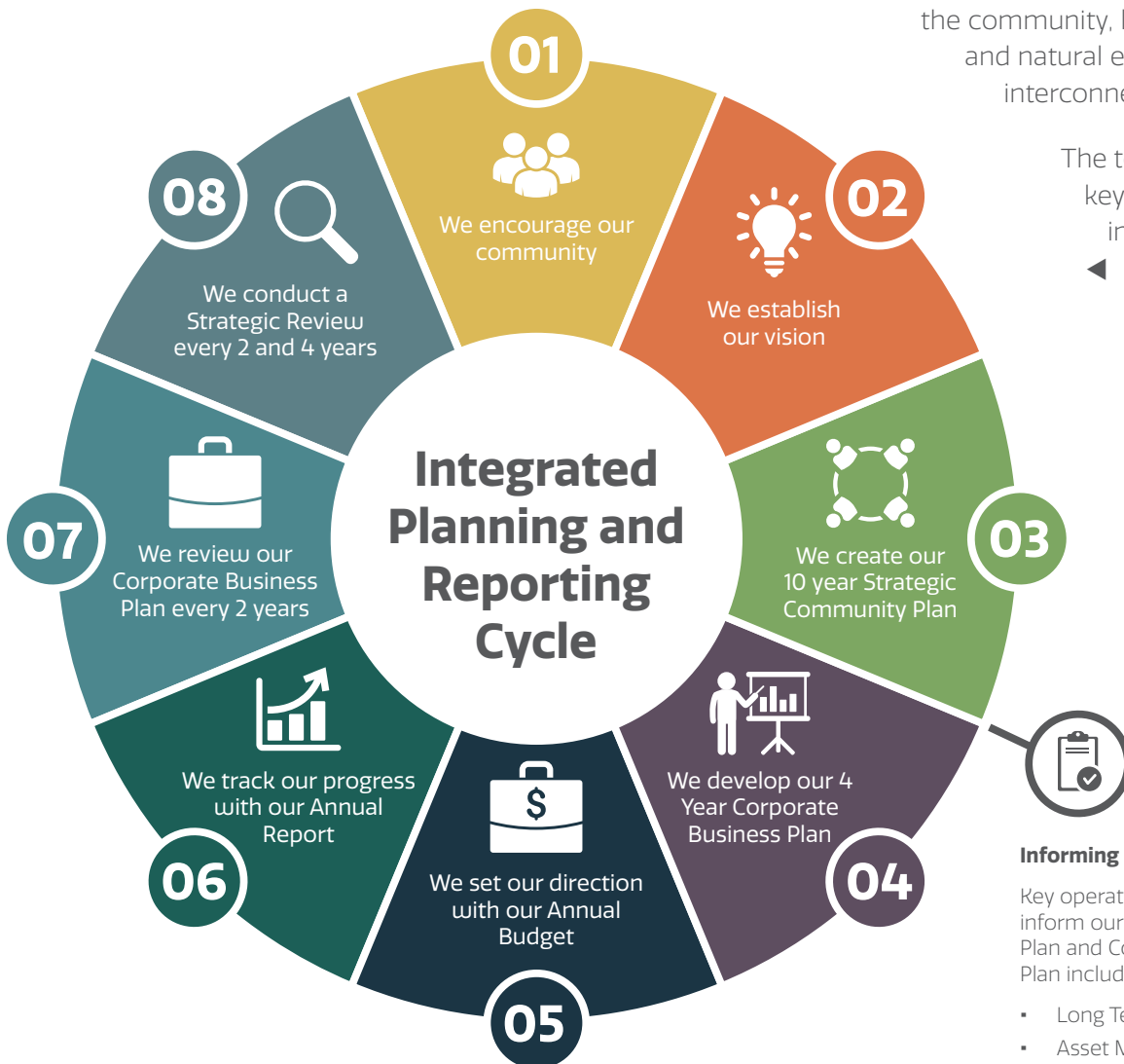
Actions requiring funding will only be undertaken once approved within the statutory budget and subject to funding availability.

Integrated Planning reporting cycle

The Strategic Community Plan is Council's principal 10-year strategy and planning tool. In 2013, the Shire of Serpentine Jarrahdale adopted its first Strategic Community Plan, following extensive community engagement and consultation. The

Plan sets out a vision for the community to be 'a sustainably developed Shire, where the community, local economy and natural environment are interconnected and thriving.'

The term of each key plan is shown in the following infographic.



Informing strategies

Key operational documents that inform our Strategic Community Plan and Corporate Business Plan include:

- Long Term Financial Plan
- Asset Management Plan
- Workforce Plan
- Issue and area specific plans

The following pages of this document outlines our achievements against our Strategic Community Plan.

Our Vision

Shire of Serpentine Jarrahdale:

City living offering a rural lifestyle with abundant opportunities for a diverse community.



People

A connected, thriving, active and safe community.



Place

A protected and enhanced natural, rural and built environment.



Prosperity

An innovative, commercially diverse and prosperous economy.



Progressive

A resilient organisation demonstrating unified leadership and governance.



Strategic outcome: People

A connected, thriving, active and safe community.

The community wants to retain its strong sense of community and country lifestyle. Maintaining the level of safety and where possible increasing this aspect of the Shire is a desired outcome.

A healthy and active lifestyle is highly valued, with potential to further develop facilities and services. Increased engagement and integration was identified as essential to maintain the connected and inclusive community lifestyle as the population grows.



Outcome 1.1: A healthy, active, connected and inclusive community

More than **12,000**
people attended a range
of community events,
sport and recreation
activities and programs



More than **500**
people attended
Opera at the Mill



Installation of
an **Audio Loop**
in the Civic Centre



164
youth drop-in
sessions held

**Helping
Hands SJ
and Small
Business
Shout Out**

campaign launched
in response to the
COVID-19 pandemic



Community Programs

Community, sport and recreation facilities

In addition to our seasonal sporting hire, the Shire hired its facilities out 1474 times.

The Sporting Travel Grant program supported 31 local athletes, to a value of \$6,200.

The Sport and Recreation Team also delivered 19 workshops and programs targeted at community engagement and club development in sport and recreational activities.

Volunteer support

During the year, 13 volunteers from a variety of community and sporting groups were recognised through our Volunteer Recognition Program with a \$100 voucher to a local restaurant of their choice.

In December we acknowledged 140 local volunteers at a lunch to celebrate Thank a Volunteer Day.

National Volunteer Week was also celebrated in May through short videos that recognised local community groups efforts in response to COVID-19.

Seniors

The Shire continues to deliver a range of community programs for the benefit of our older residents. These included major events such as a Spring into Life SJ Lifestyle Expo in September featuring displays from more than 40 businesses and service providers as well as a SJ Garden Week Program in November.

Events

The Community Barbecue Series was delivered over several weeks in the lead up to Christmas. The focus of these events was to promote community safety and provide residents the opportunity to talk informally with Police about local issues in a relaxed setting.

The local Neighbourhood Watch volunteers, Bushfire Awareness Team, volunteer fire brigades and the Shire's Rangers also attended. The events also encouraged residents to interact with their neighbours, meet new people and establish meaningful connections with those who live nearby.

In August, the Shire delivered the SJ Community Fair with approximately 12,000 people enjoying a range of market stalls, entertainment and activities at Mundijong Oval.

Other events delivered included Australia Day, Summer Splash Weekend and Concert, youth and school holiday activities, Seniors Week, Garden Week, Wellness Expo, Thank a Volunteer Day, the official opening of the Byford Bark Park, and Opera at the Mill.

Youth development

Youth Development Officers continue to build strong relationships with service providers, schools and Police. Over the past year, 164 drop-in sessions were held during the school term with an average of 25 young people in attendance at each session. There was an additional 22 school holiday sessions carried out with an average of 23 young people in attendance at each activity.

Eight excursions/incursions were delivered with an average of nine attendees at each activity.

Community grants

The Shire supported a range of community groups via grant funding to a total value of \$66,832.

Grant recipients included:

- Hugh Manning Tractor and Machinery Museum received \$35,538 for upgrades at the Museum. The group were able to replace kitchen cabinetry and wiring, upgrade the plumbing as well as new flooring to the kitchen and office area.
- Keysbrook Community Group received \$682 to run snake awareness workshops to residents.
- Byford Bushrangers received \$1235 to purchase equipment for their club.
- The Lightweight Motorcycle Club were awarded \$5000 towards replacing the existing boundary fence and internal fences at the AX and MX track.
- The SJ Men's Shed received \$500 towards the purchase of new power tools to help cater for the growing number of members at the Shed.

A new funding policy and schemes, including a Neighbourhood Grant Program, were also developed.

KidSport

There were 284 KidSport vouchers approved for a total value of \$40,819.00. The recipients were made up of 190 boys and 94 girls with Australian Rules Football the most common sport that parents and guardians used the KidSport voucher on.

Library Services



4,439
library members



35,167
customer visits



63,246
items borrowed



102 programs delivered
and **1336** participants



1586
Facebook followers

The Mundijong Public Library continues to run new activities and develop connections and partnerships within the community to offer a variety of activities for all age groups.

The SJ Library Friends play an important role in assisting the library, which included fundraising for a joint event with the library and SJ Community Resource Centre for Paint the Town Teal as well as volunteering and advocating the library services. The groups' book sales gain positive community feedback with the funds raised used to purchase two sets of virtual reality goggles, assist with guest speaker events and support the production of more oral history interviews and transcriptions.

Library programs expanded during 2019/20 with the introduction of the Live @ the Library, a Tuesday evening event focusing on local talent such as a Ukulele Group and poetry reading. School holiday activities included science events, coding, robotics workshops, and the development of the popular Baby Sensory sessions. A great session with Story Dogs helped to support the library's literacy campaign alongside the Book Bugs and Bookworm programs. The SJ Writers Group brought like-minded people together to enhance their writing. SJ Creators provided opportunities for local residents to meet like-minded people and learn or develop new skills. To support programs, the library have acquired bilingual books, a Nintendo Switch, light board, Strawbees, Sphero coding robots, Sprocket and an iPad to access the catalogue.

Internally, the library had a layout change to create space for studying or using IT and media. The adult fiction and non-fiction collection are now also arranged by genre. These changes aim to make resources more accessible. Terracycle options have expanded and has a strong following from the community in reducing waste. The library were pleased to support a regular volunteer JP service and offer digital support programs for the community including a well-received Safer Internet Day session. A defibrillator was installed on the outside of the building.

In response to COVID-19, the library provided a click and collect option to loan library resources during the closure. During the period, some regular programs moved online with the introduction of Rhyme Time, Story Time, SJ Creators and book reviews uploaded to the Shire's YouTube channel and library Facebook and Instagram pages. Other services were conducted by email or phone such as SJ Writers, Book Club and Book Bugs and Bookworm Club. Library staff also delivered the Books On Wheels service to housebound people.

Health and Wellbeing



311 food safety assessments completed



137 other health premises assessments completed



151 Health Application assessments processed



13 event application assessments processed



130 internal referrals



522 general enquiries and service requests



Input into the development of the Shire's Local Planning Policy for Licensed Premises.

The Environmental Health Team provided support and assistance to the community and State Government during the various phases of the COVID-19 roadmap, while continuing to deliver core public health and environmental protection services for the district.

The team worked to ensure that core service levels were maintained at all times, such as health inspection regimes, monitoring, compliance and responding to complaints to reduce additional public health impacts in our community.

Environmental Health Officers also continued to support local businesses impacted by COVID-19 directions, by raising awareness about the requirements to complete COVID Safety Plans, and assisting State Government authorised officers and WA Police as necessary. Joint Light Industry Program inspections ceased in March due to COVID-19, but resumed officially in April, with changes to field hygiene practice and vehicle disinfection.

A key achievement was the development of the Shire's Health and Wellbeing Strategy 2020-2024 (Public Health Plan). Preparation of the Strategy included detailed local community and data input, to form the community health profile. This then informed formulation of the plan to address the most significant health and wellbeing issues relevant to our local community.

The Environmental Health Team also compiled the following:

- Managing lodging house health risks in WA - Discussion Paper
- Air Handling and Water Systems of Commercial Buildings Review - Part 2
- Foodborne Illness Reduction Strategy Across Government Advisory Group Working Group
- Primary Production Processing Project Working Group: Implementation of Project Plan



- On-site Wastewater System Working Group: Review of Draft Wastewater Consultation Paper
- Septics Working Group: Review of wastewater Discussion Paper - Draft 16

Compliance and Regulatory Services

The Shire's Environmental Health Team continued to provide a range of important regulatory functions.

This included food safety assessments, other registered premises assessments, event applications, general customer service enquiries and investigations.

Members of the Shire's Environmental Health Team are involved in a number of industry improvement working groups on various topics including foodborne illness, on-site waste water systems and the light industry audit program.

Outcome 1.2: A recognised culture and heritage

The Shire's Public Art Strategy and Public Art Masterplan 2019–2023 was adopted by Council in August.

The Public Art Strategy presents the guiding vision for public art in the Shire, as well as the primary and supporting principles for public art design. Furthermore, the Public Art Masterplan identifies a range of public art opportunities across the Shire based on a range of consultation undertaken throughout the development of the Strategy.

In line with the Strategy, Western Australian artist Sioux Tempestt had one of her designs installed on a new bus shelter on Abernethy

Road, Byford in April. The artist's colourful design, titled Flourish, was based on the native flora of the area and signifies the vibrancy and energy of life.

The Shire also received submissions from artists to design and create a new entry statement for Jarrahdale, however, following community feedback, the Shire elected to refurbish the existing entry sign.

The Shire will continue to deliver projects against the Public Art Strategy and Public Art Masterplan 2019–2023 in the next financial year.



Outcome 1.3: A safe place to live

18,226 first and second firebreak inspections completed



847 parking,
108 dog,
101 dust and building,
56 bushfires act,
7 litter and **2** cat
infringements/
cautions issued



Registered
1,349 dogs
and **167** cats



2 successfully completed prosecutions



Licensed
3 kennels/
cattery



14
Community
Safety Events



944 pool inspections completed with 75% compliance rate upon first inspection and 99% of all pools inspected



3 school
education visits

Compliance services

The Shire's mandatory four-year pool inspection regime continued, with all swimming pools registered in the district being inspected. In the final quarter, the next four year cycle of inspections commenced. As more people were working from home, availability and response for an inspection to occur was greatly improved and enabled a high degree of compliance to be achieved.

Community Safety Services

The Shire adopted its Community Safety and Crime Prevention Plan 2020-2022, which aims to guide crime prevention initiatives for local government, local community groups and key government agencies in collaboration with the community and key government agencies.

In response to COVID-19, Neighbourhood Watch Volunteers assisted in the Shire's Helping Hands (S) campaign, which supported community members in need. We also monitored and referred homeless persons and itinerant

travellers during the COVID-19 crisis with 73 contacts and referrals made.

The Emergency Services Team completed 18,226 first and second firebreak inspections. These included 216 Work Orders - first inspections, 47 infringements - first inspection, 41 infringements - second inspection and 7 contractors were required on second inspection.

The Shire was also a key participant for WA's first Animals in Emergencies Plan Program and the testing of the State Emergency Management Committee (SEMC) Emergency Management Plans in conjunction with the SEMC, Department of Primary Industries and Regional Development and Department of Fire and Emergency Services. This including testing of the Shire's Animals in Emergency Plans in conjunction with the Shire of Serpentine Jarrahdale Local Emergency Management Committee.

An audit of the Disability Parking Facilities was undertaken to update disability parking facilities under the Shire's control, as well as liaising with landowners to upgrade facilities on private landholdings.



Strategic outcome: Place

A protected and enhanced natural, rural and built environment.

The community recognises that planning for the future is important for solving existing and future issues. They recognise the value of good design and hope future developments positively respond to the natural environment.

Conservation of natural vegetation is important as the landscape offers an opportunity to promote the Shire as a 'trails hub'.



Outcome 2.1: A diverse, well planned built environment



476 development applications determined valued collectively at **\$60.3 million**



Project plan for the Mundijong Town Centre local structure plan **adopted**

924 building permits issued



411 Uncertified Building Applications received



Activity Centre Plan for Whitby **approved**



Provided engineering and environmental advice on **696** planning applications

513 Certified Building Applications received



Byford Metronet passenger station planning **progressed**



Prepared the Shire's new Equine Engagement Portal



\$1.9 Million worth of gifted assets received through subdivision development

Finalised the Shire's new Local Planning Strategy and Scheme and Community Infrastructure Development Contribution Plan and presented both to the WAPC and Minister for final approval



Land use planning

The Shire has achieved significant milestones on the path to having one of the most contemporary planning frameworks in Western Australia.

Council recommended support of the Draft Local Planning Strategy to the Western Australian Planning Commission (WAPC) in June 2020. The WAPC will consider the Strategy as per the Planning and Development (Local Planning Schemes) Regulations 2015 and advise the Shire of its decision.

Council also endorsed the Draft Local Planning Scheme No. 3 to the WAPC in June 2020. The WAPC will finalise Scheme No.3 as per the Planning and Development (Local Planning Schemes) Regulations 2015 and advise the Shire of its decision. The updated draft Byford and Mundijong District Structure Plans, adopted by Council for advertising, started formal advertising in May 2020. These structure plans will be finalised early in the new financial year.

The scheme amendment to enable substantial modifications to the Byford development contribution scheme (amendment 208), to be included in the local planning scheme, started formal advertising in May 2020 and will close early in the new financial year. The Development Contribution Area No. 1 update (DCP No. 5) for Byford was also finalised.

The scheme amendment to enable the Mundijong Development Contribution Scheme to be included into the Local Planning Scheme started formal advertising in May 2020 and will close early in the new financial year.

Council recommended support for Scheme Amendment 207, the Community Infrastructure Development Contribution Plan. This will enable the Shire, based on principles of need, nexus and accountability, to jointly deliver through municipal and development contributions,

community infrastructure that will meet the needs of our community as it continues to grow from development. The Amendment was presented to the WAPC for final approval.

Council adopted a project plan for the Mundijong Town Centre Local Structure Plan with planning to start in 2021. Council also approved the Activity Centre Plan for Whitby providing the impetus for the development of the two activity nodes in Mundijong and Whitby.

Planning was also progressed for the West Mundijong Industrial Area Structure Plan.

The Byford Metronet passenger station planning progressed in partnership with State Government departments and agencies.

The Shire continued to progress scheme amendments and local plans in accordance with the strategic framework.

The Shire also determined one amendment scheme, two new structure plans, nine local development plans and 33 subdivision applications. Lot creation resulting from subdivision continued at a rapid rate.

Subdivisions

Our Subdivision Team carried out the following activities throughout each phase of construction:

| | |
|--------------------------------|--|
| Approval Phase | Assessment and approval of drawings and plans. |
| Construction Phase | Attend meetings, inspections and manage public complaints. |
| Post Construction Phase | Assess clearance applications, manage fees and bonds, manage quality control and as-built data and attend defect liability period inspections. |

The Subdivision Team assessed 33 engineering drawings, 31 subdivision clearances, 11 local water management strategy/urban water management plans and six Environmental Management Plans and approved 10 engineering drawings and three landscaping drawings.

Planning applications and compliance

Our Statutory Planning Team determined 476 development applications, valued collectively at \$60,337,973.82. The Joint Development Assessment Panel determined two of these applications. The Shire also dealt with 10 State Administrative Tribunal appeals of which two went to a final hearing.

The annual Local Planning Policy (LPP) review was undertaken whereby four LPPs were reviewed and two new LPPs were prepared.

The Building Services Team approved more than \$100 million (\$100,076,890.00) of building work within the Shire. This included major stages of the Salvado Catholic College and the new Salvation Army development on Abernethy Road.

There has been an increase of home renovations and minor residential projects due to COVID-19 and an overall reduction in new dwelling constructions with 924 building permits issued.

The Shire continued to deliver regulatory and enforcement services in compliance with legislative requirements. Our Statutory Enforcement Team dealt with a number of matters during the reporting period, with 147 compliance applications received and 151 successfully dealt with (some of which were carried forward from the previous year). There are 94 cases still under investigation.

During this period, five prosecutions for unauthorised development commenced under the *Criminal Procedures Act 2004*. For fines and penalties, a total of \$34,812.35 has been received.

The Compliance Team has also completed the Annual Extractive Industry Audit, whereby operations of an extractive industry are assessed against the conditions of planning approval for the respective sites. This has generated income of \$108,300.

Parks and Reserves Management

Yangedi, Old Byford Rifle Range and Brickwood Reserve were treated for dieback and a further three reserves treated for feral animals including Oakford and Brickwood Reserves, Peel Horse and Pony Club and Serpentine Sports reserves. Ten reserves also received revegetation across the whole Shire and 21 reserves and over 10 road reserves were treated for a variety of weeds.

As part of the free verge plants program, 166 residents received approximately 3900 seedlings to beautify verges and create an improved habitat.

The Shire received a State Natural Resource Management grant for the protection of bushland in Serpentine Sports Reserve to the value of \$21,889 for feral animal control, fencing of Banksia woodland, revegetation, dieback treatment and signage and weed control.

Fire mitigation works, including limestone firebreaks and controlled burning, was undertaken at selected Shire reserves.

Opportunities for alternative energy

The Shire continued to participate in the South East Regional Energy Group, which oversees the Switch your thinking program. The Shire participated in consultation sessions on the new Switch your thinking five-year business plan (2020/21-24/25) which was adopted in April.

Switch your thinking community education programs delivered in the Shire included:

- Young Re-inventor of the Year competition

Outcome 2.2: A sustainable natural environment



\$5,132 from the Water Corporation's Waterwise Greening Scheme for the free verge plants program with **3,900** seedlings distributed



State of the Environment Report 2019 **adopted**



Local Biodiversity Strategy Update Report 2019 **adopted**



Weed control carried out on **21 reserves** and more than **10 road reserves**



Initiation of inaugural SJ Garden Competition, with sponsorship from local garden businesses



3 reserves treated for dieback and for feral animals



Awarded **Gold Status** as a Waterwise Council



Commenced **update and revision** of Reserve Management Plans



Commenced update of **Significant Tree Register**



Verge policies for urban and rural areas adopted



Continued collaboration with Landcare SJ Inc. to deliver the "Healthy Habitats" biodiversity stewardship program, with site visits to **10 new members**



Weed control carried out on **21 reserves** and more than **10 road reserves**



Implementation commenced of Urban and Rural Forest Strategy

- Modern cloth Nappy rental subsidy
- Rewards for residents and business
- Sustainability webinars for the public covering modern cloth nappies, energy efficiency and de-cluttering
- Energy Smart SMS tips
- A Plastic Free July kit for staff to order reusable products
- Portable water fountains for events (to avoid disposable plastic bottle use)
- National Science Week Sustainability in the Suburbs event series

The Shire also continue to participate in the Cities Power Partnership, a nationwide local government climate change program.

Water Efficiency

The Shire was recognised as a 2020 Gold Waterwise Council in February for its commitment to water conservation and supporting waterwise communities. As a Gold Waterwise Council, the Shire had to meet five mandatory actions and complete 10 key activities in the past 12 months set out by the Waterwise Council Program.

As part of the mandatory actions, the Shire demonstrated Waterwise verge best practice, implemented proactive engagement with local schools and developers to encourage participation in the Waterwise Program and is working towards creating a cross functional Water Management Team.

Other actions completed by the Shire over the past year include drainage initiatives to Abernethy Road and Briggs Park and the adoption of an Integrated Water Management Strategy.

The Shire also initiated an investigation for a water source in Jarrahdale to create developments that require higher water demands.

Waste management and recycling



965 tonnes of green waste collected



962 tonnes of bulk waste and **288** tonnes of scrap metal collected



8,469 tonnes of household and commercial waste collected



2,500 tonnes of reusable waste recycled



567,038 residential waste bins and **277,960** residential recycling bins collected



19,292 commercial waste bins and **9,596** commercial recycling bins collected



9,798 tonnes of waste taken to landfill

The Shire developed the Waste Management Strategy 2020–2024 which was adopted by Council in June. As part of the Strategy, the proposal to reopen the Watkins Road Transfer Station in lieu of the verge collection events was confirmed.

Successful open days were conducted for collection of free mulch for Shire residents and a free e-waste drop off event. The Shire appointed Cleanaway as the waste management, collection provider for a term of five years, commencing July 2020.

A full review of the Shire's waste activities was completed and service adjustments have been made, providing savings and efficiency in the waste area.

Community partnerships

The Environmental Team continued working with Landcare SJ for positive environmental outcomes across the Shire.

They have also continued to liaise with State Government agencies such as Department of Biodiversity, Conservation and Attractions, Department of Water Environment and Regulation, Perth Transit Association, Department of Primary Industries and Regional development and Arc infrastructure for the benefit of the Shire.

The Shire has provided support to six community environmental groups and have been involved with, and participated in programs from, the Peel Trails Group, Peel Trails Technical Group, Trails Horse Riding Implementation Strategy of WA, SJ Trails Group, Reserves Advisory Group, Cemeteries Working Group, Peel Harvey Biosecurity Group, Darling Downs Residents Association, Darling Range Community Advisory Committee.

Outcome 2.3: A productive rural environment

Rural investment

The Shire continue to work with industry groups and businesses to attract and support rural investment into the Shire. We continue to target agricultural and associated industries to encourage relocation to the Shire. These discussions will continue in 2020/21.



Strategic outcome: Prosperity

An innovative, commercially diverse and prosperous economy.

The community has a desire for improved transport networks and linkage with both Perth and the Peel region. Improved connectivity with the wider region expands access to employment and education opportunities for local residents; this in turn promotes personal and economic growth within the Shire.

The community is open to new technologies and embracing innovation. The Shire has an opportunity to be progressive and embrace change by applying creative thinking.



Outcome 3.1: A commercially diverse and prosperous economy

Economic Development

COVID-19 has dominated the economic and business sectors in the first six months of 2020 bringing a range of economic and social challenges.

The Shire responded swiftly by providing strategic assistance to the business community. We collaborated with business and tourism service organisations such as the Peel Chamber of Commerce and Industry Inc., Business SJ, Small Business Development Corporation, Destination Perth, Tourism WA, Committee for Economic Development Australia, Business Foundations and Business Advisory South West and Peel, to deliver services and provide help and advice to support businesses through the pandemic.

Key networks and strategic relationships played a big part in the Shire's ongoing growth and investment success. Over the past year, the Shire

hosted more than 230 face to face meetings with external investors and business owners looking to relocate. Serpentine Jarrahdale continues to attract attention as a desirable new business investment destination from state and national companies and organisations.

Key milestones included the confirmation of a \$74 million investment by Baptistcare in a large integrated Aged Care and Independent Living Complex for Byford. This complex will also include a new Byford Baptist Church and Community Hall.

The Shire have been active in the private sector investment attraction space, and have carried out 15 large prospective new business investment projects. We are working with the proponents on early activation of some of these projects, which include agriculture, industrial, tourism, commercial, retail, infrastructure and education.

The Shire remains active in working with regional Councils within the Peel region and have received strong support from the Peel Development Commission and the State Government across many areas of business and tourism activity throughout the year.



Outcome 3.2: A vibrant tourist destination experience



Delivered the Opera at the Mill event at Jarrahdale Heritage Mill in March with more than **500 people attending**



70 people attended the virtual Tourism Recovery Forum



Sponsored local community events included the Jarrahdale Log Chop and SJ Lions Country Fair, Food and Farm Fest, Byford Carols, Byford Multicultural Festival and the SJ Community Fair.

Tourism

Local tourism was showing good signs of steady growth and development in 2019 until COVID-19 hit. Many local tourism operators were beginning to emerge from closure or restrictions in late-June.

The Shire held an online Tourism Recovery Forum to assist local tourism businesses recover from COVID-19. Supported by Tourism WA and Destination Perth together with the Peel Chamber of Commerce and Industry, the virtual forum was attended by more than 70 people.

The Shire and its partners in the Perth Hills Tourism Alliance are close to completing the Perth Hills Destination Marketing Plan. This plan will be activated prior to the end of 2020 and is designed to showcase and activate Perth Hills as an exciting and diverse tourist destination for the two-million plus people who live within an hour's drive.

Tourism facilities

Work continues on researching possible Visitor Centre locations as a part of the Harvest Highway Strategy. Jarrahdale is still the key to tourism activation for the area and the Shire have been working with private sector tourism operators as well as the National Trust to deliver tourism facilities and attractions in and around the township, with the development of a Trails Town Strategy planned.

Partnerships

The Shire is working with the Shires of Murray, Waroona and Harvey on a project to lift the tourism profile of the South Western Highway from Byford to Harvey. Previously known as the Harvest Highway, this scenic route is a great alternative way to get to and from the South West and the objective is to lift its profile to attract more visitors to the participating local government areas.

Events

The Shire provided sponsorship for the Jarrahdale Log Chop and SJ Lions Country Fair, SJ Food and Farm Fest, Byford Carols, Byford Multicultural Festival, RSL Anzac Day activities and the SJ Community Fair.

Opera at the Mill was again hosted at the No. 1 Jarrahdale Heritage Mill in March, with more than 500 people attending. Feedback received post event was positive and highlighted that many patrons had returned to Jarrahdale following the inaugural event in 2019.

Outcome 3.3: An innovative, connected transport network

Capital Works Program

In accordance with the Capital Works Program, the following major reconstruction/rehabilitation road works were undertaken:

- Blackspot project works – Jarrahdale Road, Kingsbury Drive, Wright Road
- 590m of Mundijong Road
- 775m of Rowley Road
- 125m of Park Road
- 2,460m of Hopkinson Road
- 335m of North Road
- 3,350m of Elliot Road
- 505m of Gossage Road
- Hopeland Road and Karnup Road intersection
- Abernethy Road upgrade from Kardan Boulevard to South Western Highway

Asset Management Plans

The Draft Asset Management Strategy 2020–2024 was completed and scheduled to go to Council in July 2020 for endorsement. The Strategy addresses the Improvement Plan tasks from the Asset Management Plans and outlines how the Shire will implement and integrate best practice Asset Management Planning into Shire operations to ensure systems and processes are robust and focus on continuous quality improvement.

The Shire is currently developing a new information system and includes an Asset Lifecycle Management module that has integration to Financials and Geographic Information System.

The system will hold the Asset Register, Works Management and Capital Projects Management (for infrastructure) providing the costs for better financial reporting, levels of service and understanding of the lifecycle costs.

Plant Replacement Program

The Plant Replacement Program is 96% complete. One asset has been rolled over to 2020/21 to be completed.

The Shire continued working towards fleet standardisation and further established the long-term financial plan for fleet renewals for the next 10 years.

Innovative transport initiatives

The Hypergrowth Network Implementation project has been developed to advocate for funding to improve the safety and standard of 129km of the Shire's road network.

The estimated cost of the project is \$79million to be staged over 10 years. In addition, the Shire is advocating with the State Government to fund Thomas Road to be a dual carriageway between South Western Highway and Kwinana Freeway, as well as for Main Roads WA to take over control of the remaining section of Thomas Road (Tonkin Highway and South Western Highway).

The Shire is working collaboratively with the State Government, Metronet and our community to progress with the future Byford Train Station that will be built adjacent to the emerging Byford Town Centre.

Outcome 3.4: An innovation centre of excellence

Innovation and education opportunities

The Shire has been working on a concept for a local Innovation Centre with several groups and individuals. Some progress has been made, with more work to still be carried out to make this project a reality.



Strategic outcome: Progressive

An innovative, commercially diverse and prosperous economy.

The community would like the Shire to continue to service the needs of the district through the provision and delivery of a high level of governance and accountability.

The Council is committed to strategic forward thinking, strong representation and providing the community with leadership. This is aligned to the aspirations of the community. Opportunities exist to leverage existing and future partnerships through greater collaboration.

A primary aim is to continually enhance community capacity and investment whilst maximising efforts to advocate and lobby for more funding, resources and better services.



Outcome 4.1: A resilient, efficient and effective organisation



Two staff members

successfully completed a nationally accredited Certificate III in Business Administration through our Traineeship Program



12,641 customer interactions with Customer Service Team



No incidences of non-compliance

identified in the Compliance Audit Report



More than **480,000** page views on our website



1,878 new likes on our Facebook page, with **8,786** total likes



Connected with more than **5,500** subscribers through our e-newsletters

Workforce

The Traineeship Program completed its second year, with two additional staff members successfully completing a nationally accredited Certificate III in Business Administration.

The focus of the traineeship program will be for operational roles, specifically in parks and gardens with three positions approved for recruitment during the 2020/2021 financial year.

The Shire further encourages internship projects and work experience opportunities by partnering with local schools and universities.

The Shire have continued to invest in our people through organisational development training and initiatives. The Shire implemented a coping with change and emotional intelligence program, with continued focus on the implementation of Technology One.

Enterprise Resource Planning System

The Enterprise Resource Planning (ERP) project went live in February with Phase 1, with the Human Resources, Occupational Health and Safety, Payroll, Finance and Asset (Fleet) modules being moved into production.

Phase 2 will introduce Performance Planning, Assets (All Assets), Work Orders (including Mobility) which is expected to go live in November 2020.

The ERP project is on schedule and budget, with the Customer Request Module expected to be in production by April 2021, which will provide greater accessibility and streamline the services provided to our community.

Customer Service

The Customer Service Team is the first point of contact for many of the enquiries coming in to the Shire.

To increase the customer service levels the options on the phone lines were removed. All incoming calls are now answered by the Customer Service Team and are transferred through to relevant sections if the query is unable to be resolved by Customer Service Officers.

The Shire's After Hours provider received a total of 2612 calls. 608 of these calls were escalated for urgent response, 177 were for Operations and 431 were for Rangers.

The Customer Service Team had 12,641 customer interactions with 5580 resolved by the team, 4503 calls transferred, 2201 requests for service raised and 357 times Officers were requested to the counter.

Customer Service also process all payments for building and development applications, animal registrations, rates, new bin applications, facility hire, infringements and food businesses.

Record management

Content Manager 9.3 is the Shire's Electronic Document Records Management System and is currently used for best practice record management services compliant to ISO 15489-1:2016. This is operating effectively as part of business as usual. The system will be superseded by OneComm Records Management as part of Phase 4 of the Enterprise Resource Planning project.

The Shire registered 77,860 new records, which included 894 building applications, 558 planning applications, 66 subdivision applications and 366 new property files were created.

Information Communication Technology

Projects completed included a cloud based Backup Archive and Recovery service, a new server room and the successful implementation of Microsoft Teams and SharePoint, which was ready in time for the organisation to use during the COVID-19 pandemic.

Information Communication Technology migrated our Microsoft licensing to an Enterprise Licensing Agreement, which will see a further rollout of new technology that will allow the Shire to capitalise on the lessons learnt during COVID-19 where we implemented a digital Transformation Strategy within five business days, which would normally take 12-15 months.

Governance

Quarterly reporting against the Shire's Corporate Business Plan continued, with 97.5% of actions proceeding as planned or completed at the end of the financial year.

The Compliance Audit Return was completed in February and adopted by Council in March. The Compliance Audit Return reported one incidence of non-compliance. In accordance with the strict legally binding reporting requirements. This non-compliance was referred to the Department of Local Government, Sport and Cultural Industries and the Corruption and Crime Commission. Neither integrity agency has deemed the non-compliance worthy of further action. The return was submitted to the Department of Local Government in March.

The Shire held 11 Ordinary Council Meetings, 11 Committee Meetings, seven Special Council Meetings and one Annual General Meeting of Electors with all agenda and minutes released within statutory timeframes. The holding of meetings was challenged in April-June in response to the COVID-19 pandemic, which resulted in one meeting being held electronically and other meetings being held in-person in strict accordance with the evolving public health requirements. Governance provided advice to ensure state public health directions were complied with in order to legally facilitate the holding of Council meetings in line with the COVID-19 pandemic response.

Council adopted the Public Places and Local Government Property Local Law and Repeal Local Law, which were subsequently accepted by the Joint Standing Committee.

The annual review of the Shire's Register of Delegations was undertaken and involved a systematic approach that considered head of powers, instruments, conditions and overall alignment to good governance, risk and efficient practice. Council adopted the review in June.

The implementation of the new register has been supported by the rollout of training to every officer with a delegation or authorisation under legislation to strengthen organisation understanding of the responsibilities and powers drawn from legislation.

Communications

In October, Council endorsed the Shire's new Strategic Communications Plan 2019-2023.

The Plan is a five-year outcome-based strategy to guide the Shire's efforts to implement consistent, innovative and targeted communications. It was developed following the results of the 2018 Community Perceptions Survey and several focus group workshops held with Councillors and staff.

To accompany the Plan, a Brand Style Guide and positioning statement, Growing Together, were developed. The Growing Together statement and Brand Style Guide aims to facilitate understanding and acceptance of our values, and by bringing unity and advocacy with our diverse community by using a common theme across all communications material.

In December, the Shire launched a new website to give residents a better user experience. The website was developed following consultation with staff and the community and was designed using the Shire's updated Brand Style Guide and positioning statement.

The Shire also communicates through a range of e-newsletters including general news, sport and recreation, library events and school holiday activities and publishes The Scarp Voice, a monthly newsletter in the Examiner Newspaper.

We also began creating videos for key projects and announcements to better engage with the local community. These videos were published on the Shire website and across our digital channels. Ordinary Council Meeting wrap-up videos with the Shire President are produced monthly with other videos created for Byford Bark Park opening, Abernethy Road opening, Anzac Day, Opera at the Mill, National Volunteer Week and SJ Community Fair throughout the year.

Our Corporate Communications Team also promoted the Shire's work, achievements and consultations through 36 media releases and responded to 63 media enquiries during the year. Communication plans were developed and implemented for all major Shire projects and events.

Campaigns delivered included:

- Back to Byford Christmas Extravaganza
- National Volunteer Week videos
- Men's Health Week photo campaign
- Helping Hands SJ initiative

Outcome 4.2: A strategically focused Council



Adopted the **new** Corporate Business Plan 2020-24



Four new Council Policies adopted



8 Council Policies Updated



Tonkin Highway extension **planning progressed**

Strategic relationships

The Chief Executive Officer, Shire President and Council continued to meet with Federal and State Government Ministers, Members of Parliament and government agencies to advocate for local projects and initiatives within their respective portfolios.

Planning has progressed on the Tonkin Highway extension from Thomas Road to South Western Highway after \$505 million of State and Federal government funding was secured for the extension in 2019. Discussions also continued in regards to the Byford Metronet Station.

We continued our work to build the profile of Serpentine Jarrahdale in the Peel Region through meetings with the Peel Development Commission, Peel Regional Leaders Forum and the Peel Chamber of Commerce and Industry.

Long term strategic and operational planning

In November, Council agreed to undertake a major review of the Shire's Corporate Business Plan by prioritising and selecting strategically aligned and affordable projects for delivery over the 2020-21 to 2023-24 period.

In June, Council adopted the new Corporate Business Plan 2020-24. This Plan is a significant revision to the prior version, being more strategically integrated, structured and specific in its content. It also represents the Shire's first Corporate Business Plan that is fully costed and aligned to the Shire's Long Term Financial Plan and integrated with all components of the State Government's Integrated Planning and Reporting Framework. The delivery program of the plan is now divided into the following five areas:

1. Advocacy Projects - the projects that the Shire will focus its advocacy efforts towards over the next four years.
2. Major Capital Projects - capital projects to be delivered over the next four years that are considered 'Major'. A Capital Project is considered 'Major' if:
 - it is a new construction;
 - it is a significant expansion, renovation or replacement project (i.e. upgrade) of existing infrastructure;
 - it is a renewal project with a value over \$50,000; or
 - the project increases the level of service provided to the community, is important to the community or significantly reduces environmental and legal risk.

3. Capital Works Program – planned capital expenditure on our assets over the next four years, excluding Major Capital Projects.
4. Strategic Operational Projects – projects funded from the operating budget considered 'Strategic' in nature because they demonstrate a strong link to the objectives, outcomes and strategies of the Strategic Community Plan.
5. Service Plan Summary – A summary of the Shire's day-to-day service levels and activities over the next four years that sit outside of the other above-mentioned projects.

The Corporate Business Plan 2020–24 outlines several new initiatives for implementation over the four-year period. These include:

People

Advocating for and shaping the design of State Government infrastructure to benefit our local community of which some include:

- Metronet
- Tonkin Highway extension
- Freight Rail Realignment
- Business plans / feasibility studies for a new Cemetery, Byford TAFE and Byford Health Hub

Strengthening the connections, health and wellbeing of our growing community by:

- the development of a Reconciliation Action Plan
- supporting volunteering within the community
- implementation of a new program of events and activities
- moving to a place making model for Byford and Jarrahdale town centres

Prosperity

Responding to growth by:

- commencing the development of the Keirnan Park Recreation Precinct

- fit for purpose road upgrades and rehabilitations to suit changing needs
- enhancing the Developer Contribution Framework to create shared and equitable partnerships towards infrastructure delivery

Growing the economy by:

- tourism development in the Shire
- supporting the development of our equine community and industry
- promoting the delivery of the West Mundijong Industrial Area and Cardup Business Park
- trails development and implementation including Jarrahdale Trails Town, Byford Trail Centre, Bibbulmun track loop and the Serpentine Heritage Precinct

Place

Establish Serpentine Jarrahdale as leaders in the waste management area by providing best value for money and sustainable waste manage in the shire:

- reopening of the Waste Transfer Station and Tip Shop in Mundijong
- implementation of FOGO
- continuation of major strategic planning projects including the local planning strategy and scheme and various structure, place and local area plans

Progressive

Planning for the future through continuing to modernise and develop the organisation to become more efficient, responsive and sustainable:

- continuation of the Shire's Enterprise Resource Planning system
- improving community engagement
- upgrade and long term planning for the Shire's Administration Building and Operations Centre



People: A connected, thriving, active and safe community

Advocating for and shaping the design of state government infrastructure to benefit our local community of which some include:

- METRONET
- Tonkin Highway
- Freight Rail Realignment

- Business plans / feasibility studies for a new Cemetery, Byford TAFE and Byford Health Hub

Strengthening the connections, health and wellbeing of our growing community by:

- the development of a Reconciliation Action Plan

- supporting volunteering within the community
- implementation of a new program of events and activities
- moving to a place making model for Byford and Jarrahdale town centres



Prosperity: An innovative, commercially diverse and prosperous economy

Responding to growth by:

- commencing the development of the Keirnan Park Recreation Precinct
- fit for purpose road upgrades and rehabilitations to suit changing needs
- enhancing the Developer Contribution Framework to

create shared and equitable partnerships towards infrastructure delivery

Growing the economy by:

- tourism development in the Shire
- supporting the development of our equine community and industry

- promoting the delivery of the West Mundijong Industrial Area and Cardup Business Park

- trails development and implementation including Jarrahdale Trails Town, Byford Trail Centre, Bibbulmun track loop and the Serpentine Heritage Precinct



Place: A protected and enhanced natural, rural and built environment

Establish Serpentine Jarrahdale as leaders in the waste management area by providing best value for money and sustainable waste management in the shire:

- reopening of the Waste Transfer Station and Tip Shop in Mundijong
- implementation of FOGO

- continuation of major strategic planning projects including the local planning strategy and scheme and various structure, place and local area plans



Progressive: A resilient organisation demonstrating unified leadership and governance

Planning for the future through continuing to modernise and develop the organisation to become more efficient, responsive and sustainable:

- continuation of the Shire's Enterprise Resource Planning system
- improving community engagement

- upgrade and long term planning for the Shire's Administration Building and Operations Centre

The Shire's Corporate Business Plan 2020–24 is available on the Shire's website.



Governance

The Local Government elections were held on 19 October with the subsequent swearing in ceremony held on 21 October. Following the election, Councillors were appointed to Committees at a Special Council Meeting in October. New Councillor training requirements (as per recent amendments to the Local Government Act 1995) were presented to Council at the November meeting and arrangements were undertaken to facilitate the required training.

A comprehensive review of the Shire's committees and related groups was undertaken to streamline the operation of committees, establish more agile and responsive advisory groups, clarify appointment processes and review terms of references for consistency. Council adopted the findings of this review in December 2019.

The following new Council Policies were adopted by Council and published on the Shire's website:

- Councillor Training and Continuing Professional Development;
- Community Funding;
- COVID-19 Leave;
- Permissible Verge Treatments – Urban.

The following reviewed Council Policies were adopted by Council in 2019-20 and published on the Shire's website:

- Purchasing – Procurement of Goods or Services up to \$250,000;
- Procurement of Goods or Services through Public Tendering;
- General Compliance and Enforcement;
- Waiving and Refunding of Fees;
- Proceedings before the State Administrative Tribunal;
- Acceptable Building / Planning Minor Modifications;
- Council Delegates and Representation on External Organisations, Including Community Groups;
- Councillor Fees and Entitlements.

Looking forward: 2020/21

Our community will benefit in a number of ways over the next 12 months, as we focus on improving our buildings, community facilities, infrastructure, and public open spaces.

We will also be working hard on a number of plans and strategies that will provide direction and guidance for the future.

Major projects and initiatives include:

- Tonkin Highway extension planning
- Byford Metronet Station planning
- Finalising the new District Structure Plans and Developer Contribution Frameworks for Byford and Mundijong
- Reopening the Waste Transfer Station
- Keirnan Park Recreational Precinct Master Plan
- Mundijong Road/Kargotich Road – roundabout construction
- Implementation of a new online community engagement platform

Buildings and facilities

We will invest \$480,000 to refurbish and upgrade buildings and facilities, and renew existing ones. We will also spend \$3.91m on planning and building applications, development compliance, pool inspections and strategic planning.

Parks and gardens

The major project planned for 2020–21 is the planning of the Keirnan Park Recreational Precinct.

In addition, \$4.66m is budgeted on routine maintenance programs, ensuring that we maintain the natural beauty of our parks, ovals, gardens and public open spaces.

Infrastructure – roads, footpaths and drainage

Serpentine Jarrahdale has a road network of approximately 801km and services 13 localities. In 2020/21, we will invest \$9.7m in roads, footpaths and drainage, and spend \$720,000 on lighting our local roads.

Community activation

This year, \$120,000 will be invested in community events, ensuring that there is something happening in our community that everyone can enjoy.

We will continue to support community groups and individuals in the Shire through a range of grants. This financial year there is \$280,000 available in grants to assist our community. Grants can assist with, major events as well as travel costs for individuals chosen to represent their sport at a national or international level, and there are opportunities for sponsorship for youth leadership and training.

Protection of the environment

Our environment is important to our community with \$340,000 budgeted for 2020/21. We will continue to protect the biodiversity of significant areas of bush land, as well as supporting Landcare SJ who continue to carry out important environmental projects in our community. We will also continue the free verge plant scheme.

We look forward to reporting on these achievements and more in 2020/21.

Statutory Reports

Record Keeping Statement

Annual reviews are conducted on all record keeping procedures and policies, any resulting amendments are authorised and communicated to staff and Councillors. Audits are completed on a regular basis of all documents recorded to ensure compliance with the Shire of Serpentine Jarrahdale titling and naming conventions and correct registration. Staff are advised of amendments to records and offered additional assistance or training if required.

The Chief Executive Officer must instigate a comprehensive review of the Shire of Serpentine Jarrahdale's Record Keeping Plan a minimum of once every five years, evaluating effectiveness and efficiency. A full copy of the resulting report must be provided to all relevant stakeholders and made available to all staff. This document is due to be revised in January 2022 but we will be updating in the coming year to include the plan to digitise our records.

As part of staff induction, the roles and responsibilities of every employee, in relation to compliance with the record keeping plan, are addressed. New staff are provided with relevant literature regarding compliance to the State Records Act and within five days of commencement participate in induction sessions on the correct recording of all documents.

Ongoing training sessions are conducted by Information Services, which are able to be more detailed and focused on the needs and work practices of the user. Refresher one-on-one training is also available on request. Future training offered will be more comprehensive with the inclusion of a dedicated trainer to cover all aspects of system and compliance training requirements.

Freedom of Information

As a public authority, the Shire has an obligation to provide certain information under the provisions of the *Freedom of Information Act 1992* (FOI). During the 2019/2020 year, six requests were received for information under FOI and processed under the Act. There were no requests for internal or external review during this period.

Register of Complaints

During 2019-20, there were no complaints of minor breaches that resulted in action as per Section 5.121 of the *Local Government Act 1995*.

National Competition Policy Statement

The application of National Competition Policy (NCP) to the Shire of Serpentine Jarrahdale is guided by Clause 7 of the *Competition Principles Agreement* agreed to by the Commonwealth, State and Territory Governments on 11 April 1995.

This agreement extends the requirements for the implementation, application and effects of NCP principles as well as structural reform of public monopolies to all local governments.

Competitive Neutrality

There are several tests to apply that assist in determining if there is a 'significant business enterprise':

1. Does the activity receive revenue from external sources that exceeds \$200,000 per annum? (In determining this amount, Council has been advised to disregard grant income, internal charges, and statutory fees.)
2. Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the revenue statement of the Shire for the preceding period, there is no activity that satisfies this first part of the test, and accordingly the principles of competitive neutrality do not apply to any Council activities.

Structural Reform of Public Monopolies

In this area, Council has no monopoly activities. What is basic to the function of restructuring public monopolies is the splitting or division of the regulatory role from the service provision role.

To address the question of monopoly, the following test has been applied to each activity:

1. Definition: In regards to this service, does Council have 'exclusive or near exclusive control of the market supply of this service?'
2. Dual function: Does Council have both a regulatory and supply function in this area of activity?

Council does not have a dual function role in any of the following service areas:

- Parks and gardens
- Roads
- Recreation services
- Cemetery management

When reviewed, these functions appeared to have substance to the sole provider argument, however it is considered that only in parks and gardens maintenance it is likely that there would be willing local competitors. On balance, therefore, it was concluded that a monopoly does not exist.

Legislation Review

Local Laws

Legislation permits Western Australian local governments to make local laws considered necessary for the good governance of their districts. The Shire of Serpentine Jarrahdale is required to review its Local Laws, in accordance with section 3.16 of the *Local Government Act 1995*. Local Laws are to be reviewed within an eight-year period after their commencement to assess their currency.

During 2019-20, Council continued with implementing the review of its existing local laws and adopted the following local laws that were subsequently accepted by the Joint Standing Committee:

- Public Places and Local Government Property Local Law. This local law consolidates and replaces several existing local laws related to the management of Shire land and public property.
- Repeal Local Law. This local law repeals redundant local laws dating back more than 50 years.

Disability Access and Inclusion

A key outcome of the Shire's Strategic Community Plan 2017 – 2027 is a healthy, active, connected and inclusive community.

The Shire aims to provide the opportunity for all residents and visitors to our Shire to be able to engage with our events, services and activities and have ease of access to our facilities.

The Access and Inclusion Advisory Committee met once during the 2019/20 year to oversee the progress and achievements of the Access and Inclusion Implementation Plan. The Committee meetings also provide opportunities for the community to comment on the Disability Access and Inclusion Plan and disability issues. In December of 2019, Council resolved to establish an Access and Inclusion Advisory Group to replace the Access and Inclusion Advisory Committee. An Expression of Interest process commenced but was interrupted due to COVID 19. This process will recommence in the new financial year.

In 2019/20, new activities were commenced or progressed across the seven outcome areas.

Highlights include:

- A Priority Works Plan was endorsed by Council in October which will enable to creation of a schedule of works against budget allocation for this and future financial years.
- The Shire applied and was accepted to partner with Inclusion Solutions to instigate a program of training, mentoring and advocacy for the Shire and community groups around access and inclusion. One community group and one sporting club has been confirmed as a part of the mentoring program.
- Completion of a new corporate website. The project ensures website accessibility.

- A project to increase accessibility to the Lower Briggs Park oval by providing a concrete ramp to allow for wheel chair access has been initiated.
- Staff training was provided on the Principles of Social Inclusion.

We have fulfilled our obligations under the *Disability Services Act 1993* by reporting on new activities commenced and existing activities progressed for each of the seven outcome areas in 2019/20.

Statement of Salaries

| | 2020 | 2019 | 2018 |
|-------------------|------|------|------|
| 220,000 – 229,999 | 1 | | |
| 210,000 – 219,999 | | 1 | |
| 200,000 – 209,999 | | | 1 |
| 190,000 – 199,999 | 1 | | |
| 180,000 – 189,999 | 1 | | |
| 170,000 – 179,999 | 3 | | |
| 160,000 – 169,999 | | 4 | 3 |
| 150,000 – 159,999 | | | |
| 140,000 – 149,999 | | | 1 |
| 130,000 – 139,999 | 4 | 1 | |
| 120,000 – 129,999 | 9 | 7 | 6 |
| 110,000 – 119,999 | 5 | 5 | 8 |
| 100,000 – 109,999 | 3 | 3 | 1 |

Shire of Serpentine Jarrahdale

Financial Report

FOR THE YEAR ENDED
30 JUNE 2020

SHIRE OF SERPENTINE - JARRAHDALÉ
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

City living offering a rural lifestyle with abundant opportunities for a diverse community

Principle place of business:
 6 Paterson Street
 Mundijong WA 6123

**SHIRE OF SERPENTINE - JARRAHDALÉ
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 14 day of December 2020



Chief Executive Officer



Name of Chief Executive Officer

SHIRE OF SERPENTINE - JARRAHDALÉ
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 25(a) | 24,052,373 | 23,628,000 | 23,169,149 |
| Operating grants, subsidies and contributions | 2(a) | 3,957,960 | 3,428,134 | 3,659,699 |
| Fees and charges | 2(a) | 6,512,459 | 6,408,623 | 6,311,762 |
| Interest earnings | 2(a) | 749,151 | 894,000 | 1,118,182 |
| Other revenue | 2(a) | 514,341 | 403,578 | 601,092 |
| | | <u>35,786,284</u> | <u>34,762,335</u> | <u>34,859,884</u> |
| Expenses | | | | |
| Employee costs | | (16,420,494) | (17,228,232) | (14,784,468) |
| Materials and contracts | | (9,892,075) | (10,949,831) | (10,958,191) |
| Utility charges | | (1,021,181) | (990,215) | (976,149) |
| Depreciation on non-current assets | 11(c) | (8,683,236) | (8,327,798) | (7,877,094) |
| Interest expenses | 2(b) | (165,607) | (237,000) | (142,125) |
| Insurance expenses | | (391,164) | (401,544) | (413,578) |
| Other expenditure | 2(b) | (715,680) | (881,547) | (1,124,811) |
| | | <u>(37,289,437)</u> | <u>(39,016,167)</u> | <u>(36,276,416)</u> |
| | | (1,503,153) | (4,253,832) | (1,416,532) |
| Non-operating grants, subsidies and contributions | 2(a) | 19,863,399 | 8,358,698 | 13,592,873 |
| Profit on asset disposals | 11(a) | 33,796 | 50,136 | 7,765 |
| (Loss) on asset disposals | 11(a) | (91,810) | (68,494) | (161,357) |
| Fair value adjustments to financial assets at fair value through profit or loss | | (1,296) | 0 | 41,901 |
| | | <u>19,804,089</u> | <u>8,340,340</u> | <u>13,481,182</u> |
| | | <u>18,300,936</u> | <u>4,086,508</u> | <u>12,064,650</u> |
| Net result for the period | | | | |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Re-classification to profit and loss due to application of AASB 9 | | 0 | 0 | 14,340 |
| Total other comprehensive income for the period | | <u>0</u> | <u>0</u> | <u>14,340</u> |
| Total comprehensive income for the period | | <u>18,300,936</u> | <u>4,086,508</u> | <u>12,078,990</u> |

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

SHIRE OF SERPENTINE - JARRAHDALE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Governance | 2(a) | 320 | 0 | 0 |
| General purpose funding | | 27,892,503 | 27,425,440 | 27,401,236 |
| Law, order, public safety | | 871,356 | 523,720 | 614,470 |
| Health | | 188,265 | 199,721 | 187,595 |
| Education and welfare | | 1,933 | 800 | 1,455 |
| Community amenities | | 5,421,417 | 5,168,738 | 4,984,283 |
| Recreation and culture | | 391,229 | 412,580 | 617,231 |
| Transport | | 402,473 | 357,614 | 400,129 |
| Economic services | | 579,030 | 639,920 | 626,259 |
| Other property and services | | 37,758 | 33,802 | 27,226 |
| | | <u>35,786,284</u> | <u>34,762,335</u> | <u>34,859,884</u> |
| Expenses | | | | |
| Governance | 2(b) | (2,274,972) | (2,466,251) | (2,167,430) |
| General purpose funding | | (804,590) | (776,954) | (717,631) |
| Law, order, public safety | | (3,299,411) | (3,241,357) | (3,450,665) |
| Health | | (900,793) | (965,532) | (842,538) |
| Education and welfare | | (39,812) | (26,125) | (31,747) |
| Community amenities | | (8,263,916) | (9,911,322) | (8,364,567) |
| Recreation and culture | | (8,162,510) | (9,897,665) | (9,311,826) |
| Transport | | (11,226,371) | (8,911,003) | (8,900,205) |
| Economic services | | (1,521,975) | (2,381,657) | (2,303,809) |
| Other property and services | | (629,480) | (201,301) | (43,873) |
| | | <u>(37,123,830)</u> | <u>(38,779,167)</u> | <u>(36,134,291)</u> |
| Finance Costs | | | | |
| Governance | 2(b) | (25,858) | (22,000) | (31,328) |
| Law, order, public safety | | (724) | 0 | 0 |
| Recreation and culture | | (39,173) | (59,000) | (13,837) |
| Transport | | (99,852) | (156,000) | (96,960) |
| | | <u>(165,607)</u> | <u>(237,000)</u> | <u>(142,125)</u> |
| | | <u>(1,503,153)</u> | <u>(4,253,832)</u> | <u>(1,416,532)</u> |
| Non-operating grants, subsidies and contributions | 2(a) | 19,863,399 | 8,358,698 | 13,592,873 |
| Profit on disposal of assets | 11(a) | 33,796 | 50,136 | 7,765 |
| (Loss) on disposal of assets | 11(a) | (91,810) | (68,494) | (161,357) |
| Fair value adjustments to financial assets at fair value through profit or loss | | (1,296) | 0 | 41,901 |
| | | <u>19,804,089</u> | <u>8,340,340</u> | <u>13,481,182</u> |
| Net result for the period | | 18,300,936 | 4,086,508 | 12,064,650 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Re-classification to profit and loss due to application of AASB 9 | | 0 | 0 | 14,340 |
| Total other comprehensive income for the period | | 0 | 0 | 14,340 |
| Total comprehensive income for the period | | 18,300,936 | 4,086,508 | 12,078,990 |

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

SHIRE OF SERPENTINE - JARRAHDALÉ
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | NOTE | 2020 \$ | Restated* 2019 \$ |
|--|-------|--------------------|-------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 22,627,305 | 18,423,980 |
| Trade and other receivables | 6 | 3,814,251 | 4,099,302 |
| Other financial assets | 5(a) | 247,959 | 3,781,288 |
| Inventories | 7 | 21,141 | 34,886 |
| Contract assets | 2(a) | 211,048 | 0 |
| Other assets | 8 | 39,998 | 75,085 |
| TOTAL CURRENT ASSETS | | 26,961,702 | 26,414,541 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 6 | 197,980 | 164,590 |
| Other financial assets | 5(b) | 72,830 | 74,126 |
| Property, plant and equipment | 9 | 41,823,618 | 41,723,636 |
| Infrastructure | 10 | 389,639,413 | 373,367,371 |
| Investment property | 15 | 747,182 | 747,182 |
| Intangible assets | 13 | 2,338,059 | 1,564,222 |
| Right of use assets | 12(a) | 226,226 | 0 |
| TOTAL NON-CURRENT ASSETS | | 435,045,308 | 417,641,127 |
| TOTAL ASSETS | | 462,007,010 | 444,055,668 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 16 | 4,378,573 | 5,241,468 |
| Contract liabilities | 17 | 1,757,531 | 0 |
| Lease liabilities | 18(a) | 164,265 | 0 |
| Borrowings | 19(a) | 3,657,869 | 3,493,339 |
| Employee related provisions | 20 | 1,946,595 | 1,697,805 |
| TOTAL CURRENT LIABILITIES | | 11,904,833 | 10,432,612 |
| NON-CURRENT LIABILITIES | | | |
| Contract liabilities | 17 | 2,961,422 | 0 |
| Lease liabilities | 18(a) | 66,195 | 0 |
| Borrowings | 19(a) | 3,526,752 | 2,687,415 |
| Employee related provisions | 20 | 642,023 | 468,578 |
| TOTAL NON-CURRENT LIABILITIES | | 7,196,392 | 3,155,993 |
| TOTAL LIABILITIES | | 19,101,225 | 13,588,605 |
| NET ASSETS | | 442,905,785 | 430,467,063 |
| EQUITY | | | |
| Retained surplus | | 127,246,526 | 112,657,036 |
| Reserves - cash/financial asset backed | 4 | 11,152,850 | 12,543,618 |
| Revaluation surplus | 14 | 304,506,409 | 305,266,409 |
| TOTAL EQUITY | | 442,905,785 | 430,467,063 |

* See Note 30 for further details on the prior year adjustment relating to the classification of intangible assets.

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

SHIRE OF SERPENTINE - JARRAHDALÉ
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH/FINANCIAL ASSET BACKED \$ | REVALUATION SURPLUS \$ | FINANCIAL ASSETS REVALUATION SURPLUS | TOTAL EQUITY \$ |
|--|-------|---------------------------|--|------------------------------|---|--------------------|
| Balance as at 1 July 2018 | | 95,912,567 | 17,223,437 | 305,266,409 | (14,340) | 418,388,073 |
| Comprehensive income | | | | | | |
| Net result for the period (restated) | | 12,064,650 | 0 | 0 | 0 | 12,064,650 |
| Re-classification to profit or loss due to application of AASB 9 | | 0 | 0 | 0 | 14,340 | 14,340 |
| Total comprehensive income | | 12,064,650 | 0 | 0 | 14,340 | 12,078,990 |
| Transfers from reserves | 4 | 7,003,523 | (7,003,523) | 0 | 0 | 0 |
| Transfers to reserves | 4 | (2,323,704) | 2,323,704 | 0 | 0 | 0 |
| Balance as at 30 June 2019 | | 112,657,036 | 12,543,618 | 305,266,409 | 0 | 430,467,063 |
| Change in accounting policies | 29(b) | (5,102,214) | 0 | (760,000) | 0 | (5,862,214) |
| Restated total equity at 1 July 2019 | | 107,554,822 | 12,543,618 | 304,506,409 | 0 | 424,604,849 |
| Comprehensive income | | | | | | |
| Net result for the period | | 18,300,936 | 0 | 0 | 0 | 18,300,936 |
| Total comprehensive income | | 18,300,936 | 0 | 0 | 0 | 18,300,936 |
| Transfers from reserves | 4 | 2,891,903 | (2,891,903) | 0 | 0 | 0 |
| Transfers to reserves | 4 | (1,501,135) | 1,501,135 | 0 | 0 | 0 |
| Balance as at 30 June 2020 | | 127,246,526 | 11,152,850 | 304,506,409 | 0 | 442,905,785 |

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

SHIRE OF SERPENTINE - JARRAHDALÉ
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

| NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Rates | 24,185,648 | 23,822,080 | 23,215,953 |
| Operating grants, subsidies and contributions | 4,056,366 | 3,428,134 | 3,177,537 |
| Fees and charges | 6,512,459 | 6,408,623 | 6,311,762 |
| Interest received | 749,151 | 894,000 | 1,118,182 |
| Goods and services tax received | 1,998,544 | 200,000 | 1,719,161 |
| Other revenue | 514,341 | 403,578 | 601,092 |
| | <u>38,016,509</u> | <u>35,156,415</u> | <u>36,143,687</u> |
| Payments | | | |
| Employee costs | (15,998,259) | (17,287,744) | (14,567,938) |
| Materials and contracts | (11,258,175) | (9,664,831) | (8,741,141) |
| Utility charges | (1,021,181) | (990,215) | (976,149) |
| Interest expenses | (167,025) | (237,000) | (139,322) |
| Insurance paid | (391,164) | (401,544) | (413,578) |
| Goods and services tax paid | (2,019,418) | 0 | (1,996,591) |
| Other expenditure | (630,283) | (881,547) | (1,124,811) |
| | <u>(31,485,505)</u> | <u>(29,462,881)</u> | <u>(27,959,530)</u> |
| Net cash provided by (used in) operating activities | 21 | 6,531,004 | 8,184,157 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for financial assets at amortised cost | 0 | 0 | (3,781,288) |
| Payments for purchase of property, plant & equipment | 9(a) | (2,983,267) | (4,649,833) |
| Payments for construction of infrastructure | (10,064,186) | (17,048,394) | (13,600,520) |
| Payments for intangible assets | 13(a) | (963,683) | 0 |
| Non-operating grants, subsidies and contributions | 7,167,441 | 8,358,698 | 6,092,765 |
| Proceeds from financial assets at amortised cost - term deposits | 3,533,329 | 0 | 0 |
| Proceeds from sale of property, plant & equipment | 11(a) | 269,951 | 281,001 |
| Net cash provided by (used in) investment activities | | <u>(3,040,415)</u> | <u>(13,058,528)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | 19(b) | (3,502,133) | (769,000) |
| Payments for principal portion of lease liabilities | 18(b) | (291,131) | 0 |
| Proceeds from new borrowings | 19(b) | 4,506,000 | 1,532,000 |
| Net cash provided by (used in) financing activities | | <u>712,736</u> | <u>763,000</u> |
| Net increase (decrease) in cash held | | 4,203,325 | (6,601,994) |
| Cash at beginning of year | | 18,423,980 | 18,373,326 |
| Cash and cash equivalents at the end of the year | 21 | <u><u>22,627,305</u></u> | <u><u>18,423,980</u></u> |

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

**SHIRE OF SERPENTINE - JARRAHDALE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

| NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ | |
|--|----------------------|----------------------|----------------------|--------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 26 (b) | 6,704,551 | 4,778,920 | 1,126,999 |
| | | 6,704,551 | 4,778,920 | 1,126,999 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 320 | 0 | 5,818 |
| General purpose funding | | 3,840,130 | 3,797,440 | 4,273,989 |
| Law, order, public safety | | 871,356 | 523,720 | 614,470 |
| Health | | 188,265 | 199,721 | 187,595 |
| Education and welfare | | 1,933 | 800 | 1,455 |
| Community amenities | | 5,421,417 | 5,168,738 | 4,984,283 |
| Recreation and culture | | 393,218 | 458,516 | 618,996 |
| Transport | | 426,198 | 357,614 | 400,129 |
| Economic services | | 579,030 | 642,220 | 626,441 |
| Other property and services | | 45,840 | 35,702 | 27,225 |
| | | 11,767,707 | 11,184,471 | 11,740,401 |
| Expenditure from operating activities | | | | |
| Governance | | (2,311,539) | (2,488,251) | (2,199,249) |
| General purpose funding | | (804,590) | (776,954) | (717,631) |
| Law, order, public safety | | (3,322,589) | (3,258,957) | (3,463,103) |
| Health | | (903,711) | (965,532) | (846,938) |
| Education and welfare | | (39,812) | (26,125) | (31,747) |
| Community amenities | | (8,280,598) | (9,940,322) | (8,373,485) |
| Recreation and culture | | (8,215,740) | (9,970,359) | (9,348,718) |
| Transport | | (11,351,213) | (9,067,003) | (9,018,552) |
| Economic services | | (1,521,975) | (2,381,657) | (2,320,001) |
| Other property and services | | (630,776) | (209,501) | (118,349) |
| | | (37,382,543) | (39,084,661) | (36,437,773) |
| Non-cash amounts excluded from operating activities | 26(a) | 8,882,601 | 8,101,589 | 8,185,379 |
| Amount attributable to operating activities | | (10,027,684) | (15,019,681) | (15,384,994) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 19,863,399 | 8,358,698 | 13,592,873 |
| Proceeds from disposal of assets | 11(a) | 269,951 | 281,001 | 434,749 |
| Purchase of property, plant and equipment | 9(a) | (2,983,267) | (4,649,833) | (3,144,607) |
| Purchase and construction of infrastructure | 10(a) | (22,760,144) | (17,048,391) | (21,100,628) |
| Transfer of PPE WIP to intangible assets | 15 | (1,564,222) | 0 | 0 |
| Payments for intangible assets | 13(a) | (963,683) | 0 | 0 |
| Amount attributable to investing activities | | (8,137,966) | (13,058,525) | (10,217,613) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 19(b) | (3,502,133) | (769,000) | (510,609) |
| Proceeds from borrowings | 19(c) | 4,506,000 | 1,532,000 | 2,974,000 |
| Payments for principal portion of lease liabilities | 18(b) | (291,131) | 0 | 0 |
| Increase in financial assets & revaluation surplus | | 0 | 0 | 14,340 |
| Transfers to restricted cash | | 0 | 0 | (2,516,194) |
| Transfers from restricted cash | | 0 | 0 | 2,143,516 |
| Transfers to reserves (restricted assets) | 4 | (1,501,135) | (1,539,252) | (2,323,704) |
| Transfers from reserves (restricted assets) | 4 | 2,891,903 | 5,226,458 | 7,003,523 |
| Amount attributable to financing activities | | 2,103,504 | 4,450,206 | 6,784,872 |
| Surplus/(deficit) before imposition of general rates | | (16,062,146) | (23,628,000) | (18,817,734) |
| Total amount raised from general rates | 25(a) | 24,052,373 | 23,628,000 | 23,169,149 |
| Surplus/(deficit) after imposition of general rates | 26(b) | 7,990,227 | 0 | 4,351,415 |

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

**SHIRE OF SERPENTINE - JARRAHDALÉ
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 to these financial statements.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/Warranties | Determination of transaction price | Allocating transaction price | Measuring obligations for returns | Timing of revenue recognition |
|---|--|--------------------------------------|--|---|---|---|---|--|
| Rates | General Rates | Over time | Payment dates adopted by Council during the year | None | Adopted by council annually | When taxable event occurs | Not applicable | When rates notice is issued |
| Grant contracts with customers | Community events, minor facilities, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants, subsidies or contributions for the construction of non-financial assets | Construction or acquisition of recognisable non-financial assets to be controlled by the local government | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants with no contract commitments | General appropriations and contributions with no reciprocal commitment | No obligations | Not applicable | Not applicable | Cash received | On receipt of funds | Not applicable | When assets are controlled |
| Licences/ Registrations/ Approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming. | Single point in time | Full payment prior to issue | None | Set by State legislation or limited by legislation to the cost of provision | Based on timing of issue of the associated rights | No refunds | On payment and issue of the licence, registration or approval |
| Pool inspections | Compliance safety check | Single point in time | Equal proportion based on an equal annually fee | None | Set by State legislation | Apportioned equally across the inspection cycle | No refunds | After inspection complete based on a 4 year cycle |
| Other inspections | Regulatory Food, Health and Safety | Single point in time | Full payment prior to inspection | None | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection | Not applicable | Revenue recognised after inspection event occurs |
| Waste management collections | Kerbside collection service | Over time | Payment on an annual basis in advance | None | Adopted by council annually | Apportioned equally across the collection period | Not applicable | Output method based on regular weekly and fortnightly period as proportionate to collection service |
| Property hire and entry | Use of halls and facilities | Single point in time | In full in advance | Refund if event cancelled within 7 days | Adopted by council annually | Based on timing of entry to facility | Returns limited to repayment of transaction price | On entry or at conclusion of hire |
| Memberships | Gym and pool membership | Over time | Payment in full in advance | Refund for unused portion on application | Adopted by council annually | Apportioned equally across the access period | Returns limited to repayment of transaction price | Output method Over 12 months matched to access right |
| Fees and charges for other goods and services | Cemetery services, library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Adopted by council annually | Applied fully based on timing of provision | Not applicable | Output method based on provision of service or completion of works |
| Commissions | Commissions on licencing and ticket sales | Over time | Payment in full on sale | None | Set by mutual agreement with the customer | On receipt of funds | Not applicable | When assets are controlled |
| Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | Set by mutual agreement with the customer | When claim is agreed | Not applicable | When claim is agreed |

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | | | |
| General purpose funding | 2,712,504 | 2,625,300 | 2,630,133 |
| Law, order, public safety | 650,549 | 390,120 | 399,930 |
| Health | 0 | 12,500 | 0 |
| Community amenities | 225,764 | 0 | 0 |
| Recreation and culture | 104,226 | 150,100 | 356,330 |
| Transport | 258,537 | 242,114 | 263,384 |
| Economic services | 5,630 | 8,000 | 9,922 |
| Other property and services | 750 | 0 | 0 |
| | 3,957,960 | 3,428,134 | 3,659,699 |
| Non-operating grants, subsidies and contributions | | | |
| Law, order, public safety | 0 | 0 | 481,278 |
| Community amenities | 8,804,309 | 0 | 2,612,241 |
| Recreation and culture | 1,675,782 | 1,766,000 | 3,972,200 |
| Transport | 9,383,308 | 6,592,698 | 6,527,154 |
| | 19,863,399 | 8,358,698 | 13,592,873 |
| | 23,821,359 | 11,786,832 | 17,252,572 |
| Fees and charges | | | |
| Governance | 1,185 | 0 | 0 |
| General purpose funding | 183,428 | 184,590 | 188,414 |
| Law, order, public safety | 181,564 | 132,100 | 211,787 |
| Health | 73,699 | 71,294 | 70,465 |
| Education and welfare | 1,507 | 800 | 1,455 |
| Community amenities | 5,312,972 | 5,167,738 | 4,984,283 |
| Recreation and culture | 205,666 | 115,480 | 108,745 |
| Transport | 167,268 | 115,500 | 136,536 |
| Economic services | 384,252 | 615,820 | 604,000 |
| Other property and services | 918 | 5,301 | 6,077 |
| | 6,512,459 | 6,408,623 | 6,311,762 |

There were no changes to fees and charges during the year.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

| (a) Revenue (Continued) | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Contracts with customers and transfers for recognisable non-financial assets | | | |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services: | | | |
| Operating grants, subsidies and contributions | 208,984 | 0 | 0 |
| Non-operating grants, subsidies and contributions | 19,863,399 | 8,358,698 | 13,592,873 |
| | 20,072,383 | 8,358,698 | 13,592,873 |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of: | | | |
| Contracts with customers included as a contract liability at the start of the period | | | |
| | 83,184 | 0 | 0 |
| Other revenue from contracts with customers recognised during the year | | | |
| | 208,984 | 0 | 0 |
| Transfers intended for acquiring or constructing recognisable non-financial assets included as a contract liability at the start of the period | | | |
| | 5,019,030 | 0 | 0 |
| Other revenue from performance obligations satisfied during the year | | | |
| | 14,761,185 | 8,358,698 | 13,592,873 |
| | 20,072,383 | 8,358,698 | 13,592,873 |
| Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is: | | | |
| Trade and other receivables from contracts with customers | 275,040 | | 0 |
| Contract assets | 211,048 | | 0 |
| Contract liabilities from contracts with customers | (208,053) | | 0 |
| Financial assets held from transfers for recognisable financial assets | 4,510,900 | | 0 |
| Contract liabilities from transfers for recognisable non-financial assets | (4,510,900) | | 0 |

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

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

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

2. REVENUE AND EXPENSES (Continued)

| (a) Revenue (Continued) | 2020 Actual | 2020 Budget | 2019 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Revenue from statutory requirements | | | |
| Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services: | | | |
| General rates | 24,052,373 | 23,628,000 | 23,169,149 |
| Statutory permits and licences | 1,025,144 | 998,394 | 922,676 |
| Fines | 125,975 | 67,000 | 127,361 |
| Developer contributions | 290,702 | 0 | 516,058 |
| | 25,494,194 | 24,693,394 | 24,735,244 |
| Assets and services acquired below fair value | | | |
| Contributed assets | 12,695,958 | 0 | 7,500,108 |
| | 12,695,958 | 0 | 7,500,108 |
| Other revenue | | | |
| Reimbursements and recoveries | 463,731 | 403,578 | 565,245 |
| Other | 50,610 | 0 | 35,847 |
| | 514,341 | 403,578 | 601,092 |
| Interest earnings | | | |
| Interest on reserve funds | 155,380 | 276,000 | 395,116 |
| Rates instalment and penalty interest (refer Note 25(c)) | 506,551 | 405,000 | 512,957 |
| Other interest earnings | 87,220 | 213,000 | 210,109 |
| | 749,151 | 894,000 | 1,118,182 |

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

| (b) Expenses | 2020 Actual | 2020 Budget | 2019 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Auditors remuneration | | | |
| - Audit of the Annual Financial Report | 50,000 | 50,000 | 50,000 |
| - Other services | 2,600 | 5,650 | 8,752 |
| | 52,600 | 55,650 | 58,752 |
| Interest expenses (finance costs) | | | |
| Borrowings | 158,345 | 237,000 | 142,125 |
| Lease liabilities | 7,262 | 0 | 0 |
| | 165,607 | 237,000 | 142,125 |
| Other expenditure | | | |
| Impairment loss on trade and other receivables | 40,000 | 0 | 40,000 |
| Sundry expenses | 675,680 | 881,547 | 1,084,811 |
| | 715,680 | 881,547 | 1,124,811 |

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

3. CASH AND CASH EQUIVALENTS

| | NOTE | 2020 \$ | 2019 \$ |
|--|------|-------------------|-------------------|
| Cash at bank and on hand | | 9,371,970 | 9,783,197 |
| Term deposits | | 13,255,335 | 8,640,783 |
| Total cash and cash equivalents | | 22,627,305 | 18,423,980 |

Restrictions

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

| | | | |
|--------------------------------------|--|-------------------|-------------------|
| - Cash and cash equivalents | | 17,036,306 | 12,574,677 |
| - Financial assets at amortised cost | | 247,959 | 3,781,288 |
| | | 17,284,265 | 16,355,965 |

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

| | | | |
|---|-------|-------------------|-------------------|
| Reserves - cash/financial asset backed | 4 | 11,152,850 | 12,543,618 |
| Contract liabilities from contracts with customers | 17 | 208,053 | 0 |
| Contract liabilities from transfers for recognisable non financial assets | 17 | 4,510,900 | 0 |
| Bonds and deposits held | 16 | 1,295,644 | 1,210,562 |
| Unspent grants, subsidies and contributions | | 0 | 248,649 |
| Unspent loans | 19(d) | 116,818 | 2,353,136 |
| Total restricted assets | | 17,284,265 | 16,355,965 |

SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalents**

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

Restricted assets

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

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

4. RESERVES - CASH/FINANCIAL ASSET BACKED

| | 2020 | | 2020 | | 2020 | | 2020 | | 2020 | | 2020 | | 2019 | | 2019 | | 2019 | | | | |
|---|------------------------|--------------------|------------------------|------------------------|------------------------|--------------------|------------------------|------------------------|------------------------|--------------------|------------------------|------------------------|------------------------|--------------------|------------------------|------------------------|------------------------|--------------------|------------------------|------------------------|---|
| | Actual Opening Balance | Actual Transfer to | Actual Transfer (from) | Actual Closing Balance | Budget Opening Balance | Budget Transfer to | Budget Transfer (from) | Budget Closing Balance | Budget Opening Balance | Budget Transfer to | Budget Transfer (from) | Budget Closing Balance | Actual Opening Balance | Actual Transfer to | Actual Transfer (from) | Actual Closing Balance | Actual Opening Balance | Actual Transfer to | Actual Transfer (from) | Actual Closing Balance | |
| (a) Reserves cash backed - Leave Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 315,607 | 0 | 0 | 315,607 | 0 | 0 | 0 | 0 | |
| (b) Reserves cash backed - Administration Building | 507,605 | 9,394 | (25,160) | 491,839 | 557,368 | 14,269 | (244,630) | 327,007 | 557,368 | 14,269 | (244,630) | 327,007 | 135,202 | 423,922 | (51,519) | 423,922 | 135,202 | 423,922 | (51,519) | 507,605 | |
| (c) Reserves cash backed - Briggs Park | 93,011 | 1,811 | 0 | 94,822 | 157,270 | 4,026 | (70,433) | 90,863 | 157,270 | 4,026 | (70,433) | 90,863 | 156,096 | 2,915 | (66,000) | 2,915 | 156,096 | 2,915 | (66,000) | 93,011 | |
| (d) Reserves cash backed - Building Asset Management | 780,740 | 15,171 | (27,520) | 768,391 | 628,106 | 15,660 | (92,473) | 551,313 | 628,106 | 15,660 | (92,473) | 551,313 | 841,035 | 15,704 | (75,989) | 15,704 | 841,035 | 15,704 | (75,989) | 780,740 | |
| (e) Reserves cash backed - Byford BMX Track | 264,352 | 5,146 | 0 | 269,498 | 263,729 | 6,751 | 0 | 270,480 | 263,729 | 6,751 | 0 | 270,480 | 273,005 | 5,097 | (13,750) | 5,097 | 273,005 | 5,097 | (13,750) | 264,352 | |
| (f) Reserves cash backed - Byford Developer Contribution Fund | 3,781,663 | 50,363 | (1,431,257) | 2,400,769 | 4,686,581 | 63,475 | (2,678,936) | 2,071,120 | 4,686,581 | 63,475 | (2,678,936) | 2,071,120 | 7,035,647 | 320,971 | (3,574,955) | 3,781,663 | 7,035,647 | 320,971 | (3,574,955) | 3,781,663 | |
| (g) Reserves cash backed - Car Parking | 88,902 | 1,731 | 0 | 90,633 | 87,273 | 2,234 | 0 | 89,507 | 87,273 | 2,234 | 0 | 89,507 | 87,272 | 1,630 | 0 | 88,902 | 87,272 | 1,630 | 0 | 88,902 | |
| (h) Reserves cash backed - Committed Works | 13,059 | 1 | (13,058) | 2 | 31,617 | 809 | (32,426) | 0 | 31,617 | 809 | (32,426) | 0 | 81,017 | 1,513 | (69,471) | 13,059 | 81,017 | 1,513 | (69,471) | 13,059 | |
| (i) Reserves cash backed - Community Facilities | 515 | 10 | 0 | 525 | 288,955 | 7,397 | (288,000) | 8,352 | 288,955 | 7,397 | (288,000) | 8,352 | 283,227 | 5,288 | (288,000) | 515 | 283,227 | 5,288 | (288,000) | 515 | |
| (j) Reserves cash backed - Community Grants | 343,449 | 4,566 | (97,951) | 250,064 | 238,376 | 6,102 | (204,000) | 40,478 | 238,376 | 6,102 | (204,000) | 40,478 | 425,400 | 7,943 | (89,894) | 343,449 | 425,400 | 7,943 | (89,894) | 343,449 | |
| (k) Reserves cash backed - Community Infrastructure | 509,336 | 529,788 | 0 | 1,039,124 | 500,000 | 522,800 | 0 | 1,022,800 | 500,000 | 522,800 | 0 | 1,022,800 | 0 | 509,336 | 0 | 509,336 | 0 | 509,336 | 0 | 509,336 | |
| (l) Reserves cash backed - Drainage Asset Management | 158,323 | 3,063 | (961) | 160,425 | 192,584 | 4,930 | (97,925) | 99,589 | 192,584 | 4,930 | (97,925) | 99,589 | 285,138 | 5,324 | (132,139) | 158,323 | 285,138 | 5,324 | (132,139) | 158,323 | |
| (m) Reserves cash backed - Emergency Management Fund | 259,292 | 5,047 | (9,260) | 255,079 | 259,083 | 6,633 | (38,000) | 227,716 | 259,083 | 6,633 | (38,000) | 227,716 | 254,539 | 4,753 | 0 | 259,292 | 254,539 | 4,753 | 0 | 259,292 | |
| (n) Reserves cash backed - Fire Asset Management | 6,472 | 126 | 0 | 6,598 | 2,855 | 73 | 0 | 2,928 | 2,855 | 73 | 0 | 2,928 | 28,307 | 529 | (22,364) | 6,472 | 28,307 | 529 | (22,364) | 6,472 | |
| (o) Reserves cash backed - Footpaths Asset Management | 41,642 | 811 | 0 | 42,453 | 40,879 | 1,046 | 0 | 41,925 | 40,879 | 1,046 | 0 | 41,925 | 40,879 | 763 | 0 | 41,642 | 40,879 | 763 | 0 | 41,642 | |
| (p) Reserves cash backed - Investment | 686,818 | 12,883 | (10,000) | 689,701 | 686,250 | 17,147 | (381,000) | 322,397 | 686,250 | 17,147 | (381,000) | 322,397 | 674,229 | 12,589 | 0 | 686,818 | 674,229 | 12,589 | 0 | 686,818 | |
| (q) Reserves cash backed - Jarrahdale Communications Tower | 195,503 | 55,724 | (50,549) | 200,678 | 186,233 | 64,018 | (40,373) | 209,878 | 186,233 | 64,018 | (40,373) | 209,878 | 179,662 | 58,510 | (42,669) | 195,503 | 179,662 | 58,510 | (42,669) | 195,503 | |
| (r) Reserves cash backed - Jarrahdale Community Infrastructure | 50,934 | 991 | 0 | 51,925 | 50,890 | 1,303 | 0 | 52,193 | 50,890 | 1,303 | 0 | 52,193 | 50,000 | 934 | 0 | 50,934 | 50,000 | 934 | 0 | 50,934 | |
| (s) Reserves cash backed - Light Fleet & Plant Acquisition | 499,121 | 677,128 | (605,619) | 570,630 | 176,473 | 622,518 | (567,000) | 231,991 | 176,473 | 622,518 | (567,000) | 231,991 | 1,271,515 | 623,741 | (1,396,135) | 499,121 | 1,271,515 | 623,741 | (1,396,135) | 499,121 | |
| (t) Reserves cash backed - Local Government Election | 21,392 | 54,094 | (70,663) | 4,823 | 21,000 | 54,538 | 0 | 75,538 | 21,000 | 54,538 | 0 | 75,538 | 0 | 21,392 | 0 | 21,392 | 0 | 21,392 | 0 | 21,392 | |
| (u) Reserves cash backed - Miscellaneous Developer Contribution | 983,000 | 11,626 | (447,724) | 546,902 | 971,829 | 23,879 | (447,724) | 547,984 | 971,829 | 23,879 | (447,724) | 547,984 | 955,321 | 27,679 | 0 | 983,000 | 955,321 | 27,679 | 0 | 983,000 | |
| (v) Reserves cash backed - Multi Use Trails | 18,097 | 352 | 0 | 18,449 | 18,082 | 463 | 0 | 18,545 | 18,082 | 463 | 0 | 18,545 | 17,765 | 332 | 0 | 18,097 | 17,765 | 332 | 0 | 18,097 | |
| (w) Reserves cash backed - Mundijong Whiteby Shire Contribution | 205,584 | 4,002 | 0 | 209,586 | 205,412 | 5,259 | 0 | 210,671 | 205,412 | 5,259 | 0 | 210,671 | 201,816 | 3,768 | 0 | 205,584 | 201,816 | 3,768 | 0 | 205,584 | |
| (x) Reserves cash backed - Parks & Gardens Asset Management | 150,793 | 2,935 | 0 | 153,728 | 148,578 | 3,804 | 0 | 152,382 | 148,578 | 3,804 | 0 | 152,382 | 199,558 | 43,726 | (92,491) | 150,793 | 199,558 | 43,726 | (92,491) | 150,793 | |
| (y) Reserves cash backed - Public Art | 77,327 | 1,505 | 0 | 78,832 | 77,311 | 1,979 | 0 | 79,290 | 77,311 | 1,979 | 0 | 79,290 | 17,500 | 59,827 | 0 | 77,327 | 17,500 | 59,827 | 0 | 77,327 | |
| (z) Reserves cash backed - Rates Revaluation | 21,392 | 114 | (15,631) | 5,875 | 21,000 | 22,538 | (43,538) | 0 | 21,000 | 22,538 | (43,538) | 0 | 0 | 21,392 | 0 | 21,392 | 0 | 21,392 | 0 | 21,392 | |
| (aa) Reserves cash backed - Renewable Energy | 33,769 | 657 | 0 | 34,426 | 33,742 | 864 | 0 | 34,606 | 33,742 | 864 | 0 | 34,606 | 33,150 | 619 | 0 | 33,769 | 33,150 | 619 | 0 | 33,769 | |
| (ab) Reserves cash backed - Road Asset Management | 221,342 | 2,857 | (75,000) | 149,199 | 65,491 | 1,677 | 0 | 67,168 | 65,491 | 1,677 | 0 | 67,168 | 776,986 | 14,508 | (570,152) | 221,342 | 776,986 | 14,508 | (570,152) | 221,342 | |
| (ac) Reserves cash backed - Serpentine Jarrahdale Locality Funding | 27,784 | 541 | 0 | 28,325 | 27,761 | 711 | 0 | 28,472 | 27,761 | 711 | 0 | 28,472 | 27,275 | 509 | 0 | 27,784 | 27,275 | 509 | 0 | 27,784 | |
| (ad) Reserves cash backed - Serpentine Jarrahdale Sporting Precinct | 319,762 | 6,225 | 0 | 325,987 | 319,449 | 8,178 | 0 | 327,627 | 319,449 | 8,178 | 0 | 327,627 | 392,837 | 5,935 | (79,010) | 319,762 | 392,837 | 5,935 | (79,010) | 319,762 | |
| (ae) Reserves cash backed - Polocrosse Grounds Redevelopment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80,410 | (80,410) | 0 | 0 | 80,410 | (80,410) | 0 | 0 |
| (af) Reserves cash backed - Tourism | 24,024 | 472 | (11,550) | 12,946 | 22,233 | 569 | 0 | 22,802 | 22,233 | 569 | 0 | 22,802 | 22,233 | 1,791 | 0 | 24,024 | 22,233 | 1,791 | 0 | 24,024 | |
| (ag) Reserves cash backed - Waste | 2,158,615 | 42,021 | 0 | 2,200,636 | 2,171,179 | 53,582 | 0 | 2,224,761 | 2,171,179 | 53,582 | 0 | 2,224,761 | 2,161,219 | 40,354 | (42,958) | 2,158,615 | 2,161,219 | 40,354 | (42,958) | 2,158,615 | |
| | 12,543,618 | 1,501,135 | (2,891,903) | 11,152,850 | 13,137,589 | 1,539,252 | (5,226,458) | 9,450,383 | 13,137,589 | 1,539,252 | (5,226,458) | 9,450,383 | 17,223,437 | 2,323,704 | (7,003,523) | 12,543,618 | 17,223,437 | 2,323,704 | (7,003,523) | 12,543,618 | |

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

4. RESERVES - CASH/FINANCIAL ASSET BACKED (Continued)

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

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) Reserves cash backed - Leave Reserve | Closed | |
| (b) Reserves cash backed - Administration Building | Ongoing | To provide for the building accommodation requirements of the Administration. |
| (c) Reserves cash backed - Briggs Park | Future Date | To provide for the future Briggs Park development as per the Briggs Park Master Plan. |
| (d) Reserves cash backed - Building Asset Management | Ongoing | To provide for asset renewal expenditure for assets that have reached the end of their useful life. |
| (e) Reserves cash backed - Byford BMX Track | Future Date | To provide for the future Byford BMX Track. |
| (f) Reserves cash backed - Byford Developer Contribution Fund | Future Date | To provide for future community infrastructure funded from the Byford Developer Contribution Plan. |
| (g) Reserves cash backed - Car Parking | Future Date | To provide for future public car parking infrastructure funded from Developer contributions for cash-in-lieu of car parking. |
| (h) Reserves cash backed - Committed Works | 2021 | To transfer unspent municipal funded expenditure on specific projects, to enable identification of carryover expenditure into the next financial year. |
| (i) Reserves cash backed - Community Facilities | 2021 | This reserve is for the establishment of additional facilities in the community. |
| (j) Reserves cash backed - Community Grants | Future Date | To provide funds for individuals and community groups to build capacity within the community, encourage volunteering and youth development, and deliver sustainable, accessible and demonstrated social, environmental and economic benefits. |
| (k) Reserves cash backed - Community Infrastructure | Future Date | To provide for future community infrastructure, matching funds from the Community Infrastructure Developer Contribution Plan. |
| (l) Reserves cash backed - Drainage Asset Management | Ongoing | To ensure minimal funding gap to asset management plan requirements. |
| (m) Reserves cash backed - Emergency Management Fund | Ongoing | To provide for unanticipated significant emergency services events or plant repairs. |
| (n) Reserves cash backed - Fire Asset Management | Ongoing | To provide for the future additions and maintenance required for fire fighting assets and mitigation strategies. |
| (o) Reserves cash backed - Footpaths Asset Management | Ongoing | To provide for asset renewal expenditure for assets that have reached the end of their useful life. |
| (p) Reserves cash backed - Investment | Future Date | To support economic, subdivision and tourism development opportunities for the Shire. |
| (q) Reserves cash backed - Jarrahdale Communications Tower | Future Date | To provide for the upgrades and maintenance of the tower when required. |
| (r) Reserves cash backed - Jarrahdale Community Infrastructure | Future Date | To provide funds for the upgrade, renewal or replacement of community assets in the Jarrahdale locality. |
| (s) Reserves cash backed - Light Fleet & Plant Acquisition | Ongoing | To provide for the replacement of Light Fleet, Plant and Equipment as required under the replacement and acquisition program. |
| (t) Reserves cash backed - Local Government Election | Ongoing | To provide for Bi-Annual, and other interim local government election expenses. |
| (u) Reserves cash backed - Miscellaneous Developer Contribution | Future Dates | To be used to fund capital works and administration as per each agreement |
| (v) Reserves cash backed - Multi Use Trails | Future Date | To allow for the construction of Multi Use Trails. |
| (w) Reserves cash backed - Mundijong Whitby Shire Contribution | Future Dates | To provide towards the future contribution requirements of the Mundijong Whitby Community Development Contribution Scheme. |
| (x) Reserves cash backed - Parks & Gardens Asset Management | Ongoing | To provide for asset renewal expenditure for assets that have reached the end of their useful life. |
| (y) Reserves cash backed - Public Art | Ongoing | To fund capital expenditure on the Polocrosse Grounds. |
| (z) Reserves cash backed - Rates Revaluation | Ongoing | To provide for the tri-ennial Gross Rental Valuation (GRV) |
| (aa) Reserves cash backed - Renewable Energy | Future Date | This reserve is to allow Council to undertake renewable energy projects. |
| (ab) Reserves cash backed - Road Asset Management | Ongoing | To provide for asset renewal expenditure for assets that have reached the end of their useful life. |
| (ac) Reserves cash backed - Serpentine Jarrahdale Locality Funding | Future Date | Council initiated townscape related projects in the Serpentine Jarrahdale Shire. |
| (ad) Reserves cash backed - Serpentine Jarrahdale Sporting Precinct | Ongoing | To provide funds for the Serpentine Jarrahdale Regional Sporting Precinct when grant applications require contribution funding. |
| (ae) Reserves cash backed - Polocrosse Grounds Redevelopment | Closed | To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy. |
| (af) Reserves cash backed - Tourism | Future Date | To fund the implementation of the tourism strategy and development of tourism throughout the district and region. |
| (ag) Reserves cash backed - Waste | Future Date | To provide for waste management requirements and future waste infrastructure. |

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

5. OTHER FINANCIAL ASSETS

| | 2020 | 2019 |
|---|---------|-----------|
| | \$ | \$ |
| (a) Current assets | | |
| Financial assets at amortised cost | 247,959 | 3,781,288 |
| | 247,959 | 3,781,288 |
| Other financial assets at amortised cost | | |
| Term deposits | 247,959 | 3,781,288 |
| | 247,959 | 3,781,288 |
| (b) Non-current assets | | |
| Financial assets at fair value through profit and loss | 72,830 | 74,126 |
| | 72,830 | 74,126 |
| Financial assets at fair value through profit and loss | | |
| Units in Local Government House Trust | 53,415 | 52,551 |
| Listed Shares | 9,390 | 11,550 |
| Unlisted Shares | 10,025 | 10,025 |
| | 72,830 | 74,126 |

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 27.

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

6. TRADE AND OTHER RECEIVABLES

Current

| | |
|---|--|
| Rates receivable | |
| Trade and other receivables | |
| GST receivable | |
| Allowance for impairment of trade and other receivables | |

Non-current

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

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| | 3,021,459 | 2,845,717 |
| | 275,040 | 756,707 |
| | 557,752 | 536,878 |
| | (40,000) | (40,000) |
| | <u>3,814,251</u> | <u>4,099,302</u> |
| | 197,980 | 164,590 |
| | <u>197,980</u> | <u>164,590</u> |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 27.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

| | 2020 | 2019 |
|--------------------|--------|--------|
| | \$ | \$ |
| Current | | |
| Fuel and materials | 12,641 | 13,110 |
| History Books | 2,321 | 2,321 |
| Inventory | 6,179 | 19,455 |
| | 21,141 | 34,886 |

The following movements in inventories occurred during the year:

| | | |
|---|-----------|-----------|
| Carrying amount at beginning of period | 34,886 | 26,947 |
| Inventories expensed during the year | (165,515) | (163,540) |
| Additions to inventory | 151,770 | 171,479 |
| Carrying amount at end of period | 21,141 | 34,886 |

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 SERPENTINE - JARRAHDALÉ
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

8. OTHER ASSETS

| | 2020 | 2019 |
|-------------------------------|--------|--------|
| | \$ | \$ |
| Other assets - current | | |
| Prepayments | 29,238 | 50,900 |
| Accrued income | 10,760 | 24,185 |
| | 39,998 | 75,085 |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

| | Land - freehold land | Land - vested in and under the control of Council | Total land | Buildings - specialised | Total buildings | Total land and buildings | Furniture and equipment | Plant and equipment | Motor Vehicles | Computer Equipment | Capital Works in Progress | Total property, plant and equipment |
|--|----------------------|---|------------|-------------------------|-----------------|--------------------------|-------------------------|---------------------|----------------|--------------------|---------------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 6,150,000 | 760,000 | 6,910,000 | 30,276,766 | 30,276,766 | 37,186,766 | 26,164 | 2,945,076 | 1,549,089 | 0 | 558,848 | 42,265,943 |
| Additions | 0 | 0 | 0 | 498,655 | 498,655 | 498,655 | 0 | 563,329 | 891,894 | 0 | 0 | 1,953,878 |
| (Disposals) | 0 | 0 | 0 | (5,280) | (5,280) | (5,280) | 0 | (14,111) | (565,400) | 0 | 0 | (584,791) |
| Depreciation (expense) | 0 | 0 | 0 | (1,029,339) | (1,029,339) | (1,029,339) | (3,271) | (357,448) | (147,843) | 0 | 0 | (1,537,901) |
| Transfers from PPE WIP to intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (373,493) | (373,493) |
| Carrying amount at 30 June 2019 | 6,150,000 | 760,000 | 6,910,000 | 29,740,802 | 29,740,802 | 36,650,802 | 22,893 | 3,136,846 | 1,727,740 | 0 | 185,355 | 41,723,636 |
| Comprises: | | | | | | | | | | | | |
| Gross carrying amount at 30 June 2019 | 6,150,000 | 760,000 | 6,910,000 | 45,762,946 | 45,762,946 | 52,672,946 | 40,876 | 4,067,138 | 2,021,103 | 1,200 | 185,355 | 58,988,618 |
| Accumulated depreciation at 30 June 2019 | 0 | 0 | 0 | (16,022,144) | (16,022,144) | (16,022,144) | (17,983) | (930,292) | (293,363) | (1,200) | 0 | (17,264,982) |
| Carrying amount at 30 June 2019 | 6,150,000 | 760,000 | 6,910,000 | 29,740,802 | 29,740,802 | 36,650,802 | 22,893 | 3,136,846 | 1,727,740 | 0 | 185,355 | 41,723,636 |
| Change in accounting policy | 0 | (760,000) | (760,000) | 0 | 0 | (760,000) | 0 | 0 | 0 | 0 | 0 | (760,000) |
| Adjusted Carrying amount at 1 July 2019 | 6,150,000 | 0 | 6,150,000 | 29,740,802 | 29,740,802 | 35,890,802 | 22,893 | 3,136,846 | 1,727,740 | 0 | 185,355 | 40,963,636 |
| Additions | 1,393,935 | 0 | 1,393,935 | 66,955 | 66,955 | 1,460,890 | 0 | 1,109,580 | 279,477 | 132,345 | 975 | 2,983,267 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (153,665) | (174,300) | 0 | 0 | (327,965) |
| Depreciation (expense) | 0 | 0 | 0 | (1,042,894) | (1,042,894) | (1,042,894) | (3,270) | (407,077) | (342,079) | 0 | 0 | (1,795,320) |
| Transfers | 140,146 | 0 | 140,146 | 10,365 | 10,365 | 150,511 | 0 | 137,392 | (137,392) | 34,474 | (184,985) | 0 |
| Carrying amount at 30 June 2020 | 7,684,081 | 0 | 7,684,081 | 28,775,228 | 28,775,228 | 36,459,309 | 19,623 | 3,823,076 | 1,353,446 | 166,819 | 1,345 | 41,823,618 |
| Comprises: | | | | | | | | | | | | |
| Gross carrying amount at 30 June 2020 | 7,684,081 | 0 | 7,684,081 | 45,840,266 | 45,840,266 | 53,524,347 | 40,876 | 5,143,420 | 1,890,026 | 168,019 | 1,345 | 60,768,033 |
| Accumulated depreciation at 30 June 2020 | 0 | 0 | 0 | (17,065,038) | (17,065,038) | (17,065,038) | (21,253) | (1,320,344) | (536,580) | (1,200) | 0 | (18,944,415) |
| Carrying amount at 30 June 2020 | 7,684,081 | 0 | 7,684,081 | 28,775,228 | 28,775,228 | 36,459,309 | 19,623 | 3,823,076 | 1,353,446 | 166,819 | 1,345 | 41,823,618 |

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---|----------------------|--|---|------------------------|--|
| Land and buildings | | | | | |
| Land - freehold land | 3 | Cost approach | Independent Valuers | June 2017 | Improvements to land using current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs. |
| Land - freehold land | 2 | Market approach using recent observable market data for similar properties | Independent Valuers | June 2017 | Price per hectare |
| Land - vested in and under the control of Council | 3 | Cost approach | Independent Valuers | June 2017 | Improvements to land using current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs. |
| Buildings - specialised | 3 | Cost approach using depreciated replacement cost | Independent Valuers/ Management Valuation | June 2017 | Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs |
| Furniture and equipment | | | | | |
| Plant and equipment | | | | | |
| - Management valuation 2016 | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2016 | Purchase costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs |
| - Independent valuation 2016 | 2 | Sales comparison approach | Independent Valuers | June 2016 | Comparison to sales of similar items that have been transacted in the market |
| Motor Vehicles | | | | | |
| Computer Equipment | | | | | |
| | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2016 | Purchase costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs |

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

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

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

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

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

| | Infrastructure - Roads \$ | Infrastructure - Footpaths \$ | Infrastructure - Drainage \$ | Infrastructure - Parks & Ovals \$ | Capital Works in Progress \$ | Total Infrastructure \$ |
|--|---------------------------------|-------------------------------------|------------------------------------|---|------------------------------------|-------------------------------|
| Balance at 1 July 2018 | 239,582,831 | 19,361,079 | 68,988,411 | 30,677,165 | 0 | 358,609,486 |
| Additions | 5,619,110 | 532,209 | 2,640,047 | 3,544,821 | 8,764,441 | 21,100,628 |
| (Disposals) | 0 | 0 | 0 | (3,550) | 0 | (3,550) |
| Depreciation (expense) | (4,143,047) | (321,436) | (924,048) | (950,662) | 0 | (6,339,193) |
| Carrying amount at 30 June 2019 | 241,058,894 | 19,571,852 | 70,704,410 | 33,267,774 | 8,764,441 | 373,367,371 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2019 | 306,798,909 | 25,515,649 | 98,243,738 | 45,379,277 | 8,764,441 | 484,702,014 |
| Accumulated depreciation at 30 June 2019 | (65,740,015) | (5,943,797) | (27,539,328) | (12,111,503) | 0 | (111,334,643) |
| Carrying amount at 30 June 2019 | 241,058,894 | 19,571,852 | 70,704,410 | 33,267,774 | 8,764,441 | 373,367,371 |
| Additions | 7,658,159 | 448,217 | 8,805,270 | 2,964,501 | 2,883,997 | 22,760,144 |
| Depreciation (expense) | (4,189,263) | (330,045) | (958,783) | (1,010,011) | 0 | (6,488,102) |
| Transfers | 6,156,309 | 42,845 | 44,833 | 2,364,577 | (8,608,564) | 0 |
| Carrying amount at 30 June 2020 | 250,684,099 | 19,732,869 | 78,595,730 | 37,586,841 | 3,039,874 | 389,639,413 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2020 | 320,613,374 | 26,006,710 | 107,093,841 | 50,708,355 | 3,039,874 | 507,462,154 |
| Accumulated depreciation at 30 June 2020 | (69,929,275) | (6,273,841) | (28,498,111) | (13,121,514) | 0 | (117,822,741) |
| Carrying amount at 30 June 2020 | 250,684,099 | 19,732,869 | 78,595,730 | 37,586,841 | 3,039,874 | 389,639,413 |

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---|----------------------|--|----------------------|------------------------|---|
| Infrastructure - Roads | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2018 | Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs |
| Infrastructure - Footpaths | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2018 | Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs |
| Infrastructure - Drainage | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2018 | Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs |
| Infrastructure - Parks & Ovals | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2018 | Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs |

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

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

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

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

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

11. FIXED ASSETS**(a) Disposals of Assets**

| | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss | 2020 Budget Net Book Value | 2020 Budget Sale Proceeds | 2020 Budget Profit | 2020 Budget Loss | 2019 Actual Net Book Value | 2019 Actual Sale Proceeds | 2019 Actual Profit | 2019 Actual Loss |
|--------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Buildings - specialised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,280 | 0 | 0 | (5,280) |
| Plant and equipment | 153,665 | 106,505 | 33,796 | (38,756) | 122,759 | 155,001 | 50,136 | (17,894) | 14,111 | 2,049 | 1,383 | (13,445) |
| Motor Vehicles | 174,300 | 163,446 | 0 | (53,054) | 176,600 | 126,000 | 0 | (50,600) | 565,400 | 432,700 | 6,382 | (139,082) |
| Infrastructure - Parks & Ovals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,550 | 0 | 0 | (3,550) |
| | <u>327,965</u> | <u>269,951</u> | <u>33,796</u> | <u>(91,810)</u> | <u>299,359</u> | <u>281,001</u> | <u>50,136</u> | <u>(68,494)</u> | <u>588,341</u> | <u>434,749</u> | <u>7,765</u> | <u>(161,357)</u> |

The following assets were disposed of during the year.

| | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss |
|---|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ |
| Plant and Equipment | | | | |
| Governance | | | | |
| SJ14 2016 Subaru Forester Stn. Sedan | 29,800 | 19,091 | 0 | (10,709) |
| Law, order, public safety | | | | |
| SJ935 2014 Toyota Hilux 4X4 Ute | 26,200 | 25,000 | 0 | (1,200) |
| SJ17 2015 Mitsubishi Challenger Stn. Sedan | 24,200 | 15,909 | 0 | (8,291) |
| SJ079 Volkswagon Amorok | 23,600 | 20,000 | 0 | (3,600) |
| SJ299 2015 Volkswagon Caddy | 18,600 | 11,950 | 0 | (6,650) |
| 1GHM108 2017 VW Amorok | 18,300 | 15,587 | 0 | (2,713) |
| Health | | | | |
| SJ106 2015 Subaru Hatchback | 16,100 | 13,182 | 0 | (2,918) |
| Community amenities | | | | |
| SJ011 2015 Hyundai Santa Fe Stn Sedan | 33,500 | 16,818 | 0 | (16,682) |
| Recreation and culture | | | | |
| SJ10764 2014 Toyota Hilux | 26,200 | 25,909 | 0 | (291) |
| Berti Swing Mower | 1,913 | 841 | 0 | (1,072) |
| SJ315 Kubota ride-on mower | 4,000 | 5,989 | 1,989 | 0 |
| Berti Mulcher | 8,040 | 1,009 | 0 | (7,031) |
| SJ134 Isuzu NPR Crew Cab Tip Truck | 30,209 | 24,545 | 0 | (5,664) |
| Transport | | | | |
| VMS Trailer-mounted message board | 15,733 | 6,700 | 0 | (9,033) |
| VMS Trailer-mounted message board | 15,733 | 6,612 | 0 | (9,121) |
| SJ21 Tray Top Truck | 29,562 | 22,727 | 0 | (6,835) |
| SJ22 Mitsubishi Tip Truck | 6,275 | 30,000 | 23,725 | 0 |
| Minor Asset Disposals (not in asset ledger) | 0 | 8,082 | 8,082 | 0 |
| | <u>327,965</u> | <u>269,951</u> | <u>33,796</u> | <u>(91,810)</u> |

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

| | 2020 \$ | 2019 \$ |
|-------------------------|---------------|---------------|
| Furniture and equipment | 14,712 | 14,712 |
| Plant and equipment | 28,324 | 22,324 |
| Computer Equipment | 1,200 | 1,200 |
| | <u>44,236</u> | <u>38,236</u> |

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

11. FIXED ASSETS**(c) Depreciation**

| | 2020 Actual | 2020 Budget | 2019 Actual |
|---|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Buildings - specialised | 1,042,894 | 1,074,378 | 1,029,339 |
| Furniture and equipment | 3,270 | 6,609 | 3,271 |
| Plant and equipment | 407,077 | 250,629 | 357,448 |
| Motor Vehicles | 342,079 | 64,774 | 147,843 |
| Infrastructure - Roads | 4,189,263 | 4,615,291 | 4,143,047 |
| Infrastructure - Footpaths | 330,045 | 327,784 | 321,436 |
| Infrastructure - Drainage | 958,783 | 925,462 | 924,048 |
| Infrastructure - Parks & Ovals | 1,010,011 | 1,062,871 | 950,662 |
| Right of use assets - plant and equipment | 125,655 | 0 | 0 |
| Right of use assets - furniture and equipment | 169,710 | 0 | 0 |
| Intangible asset - computer software | 104,449 | 0 | 0 |
| | 8,683,236 | 8,327,798 | 7,877,094 |

SIGNIFICANT ACCOUNTING POLICIES**Depreciation**

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

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

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

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

Depreciation rates

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

| Asset Class | Useful life |
|---------------------------|-----------------|
| Buildings | |
| Structural | 50 - 100 years |
| Internal Fit-Out | 15 - 25 years |
| Mechanical Services | 25 - 35 years |
| Security | 15 years |
| Fire systems | 15 years |
| Other Building Structures | 15 - 25 years |
| Plant and Equipment | 5 - 15 years |
| Motor Vehicles | 2 - 5 years |
| Furniture and Equipment | 4 - 10 years |
| Computer Equipment | 2 - 5 years |
| Roads | |
| Subgrade | Not depreciated |
| Pavement | |
| Unsealed | 5 - 10 years |
| Urban and Regional | 60 - 100 years |
| Surface | 5 - 20 years |
| Surface Water Channel | |
| Kerbing | 40 years |
| Drains | 8 - 15 years |
| Drainage | |
| Culvert | 80 years |
| Stormwater Drainage | 100 years |

| | |
|--|------------------------------|
| Footpaths | 40 - 80 years |
| Parks and Reserves | |
| Land | Not depreciated |
| Softscapes | 50 years |
| Hardscapes | 40 - 80 years |
| Reticulation | 10 - 20 years |
| Parks Furniture | 10 - 20 years |
| Lighting | 15 - 25 years |
| Other Structures | 10 - 40 years |
| Right of use (buildings) | Based on the remaining lease |
| Right of use (plant) | Based on the remaining lease |
| Intangible assets - computer software | 10 years |

Depreciation on revaluation

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

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

Amortisation

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

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

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

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

12. RIGHT-OF-USE ASSETS

(a) Right of Use Assets

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

| | Right of use assets - plant and equipment \$ | Right of use assets - furniture and equipment \$ | Right of use assets Total |
|--|--|--|------------------------------|
| Carrying amount at 30 June 2019 | 0 | 0 | 0 |
| Recognised on initial application of AASB 16 | 91,207 | 338,272 | 429,479 |
| Additions | 92,112 | 0 | 92,112 |
| Depreciation (expense) | (125,655) | (169,710) | (295,365) |
| Carrying amount at 30 June 2020 | 57,664 | 168,562 | 226,226 |
| (b) Cash outflow from leases | | | |
| Interest expense on lease liabilities | 1,977 | 5,285 | 7,262 |
| Lease principal expense | 122,917 | 168,214 | 291,131 |
| Total cash outflow from leases | 124,894 | 173,499 | 298,393 |

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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

13. INTANGIBLE ASSETS

(a) Computer Software

Non-current

Intangible asset - computer software
Less: Accumulated amortisation

| | 2020 Actual \$ | 2019 Restated \$ |
|--|----------------------|------------------------|
| | 2,442,508 | 1,564,222 |
| | (104,449) | 0 |
| | 2,338,059 | 1,564,222 |

Movements in carrying amounts of computer software during the financial year are shown as follows:

Carrying amount at beginning of period

Recognition of Intangible asset - computer software
Recognition of Intangible asset - Transfer from PPE Work-in-progress
Intangible asset written off
Amortisation expense

| | | |
|--|-----------|-----------|
| | 1,564,222 | 0 |
| | 963,683 | 1,190,729 |
| | 0 | 373,493 |
| | (85,397) | 0 |
| | (104,449) | 0 |
| | 2,338,059 | 1,564,222 |

Carrying amount at end of period

TOTAL INTANGIBLE ASSETS

| | | |
|--|-----------|-----------|
| | 2,338,059 | 1,564,222 |
|--|-----------|-----------|

SIGNIFICANT ACCOUNTING POLICIES

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the the Shire are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;

Computer software (continued)

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

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

14. REVALUATION SURPLUS

| | 2020 | | 2020 | | 2020 | | 2020 | | 2019 | | 2019 | |
|---|-----------------|-----------------------------|-----------------------|-------------------------|-------------------------------|----------------------|----------------------|-----------------------|-------------------------|----------------------|----------------------|-----------------------|
| | Opening Balance | Change in Accounting Policy | Revaluation Increment | Revaluation (Decrement) | Total Revaluation Movement on | 2020 Closing Balance | 2020 Opening Balance | Revaluation Increment | Revaluation (Decrement) | 2019 Closing Balance | 2019 Opening Balance | Revaluation Increment |
| Revaluation surplus - Land - freehold land | 4,621,214 | 0 | 0 | 0 | 0 | 4,621,214 | 4,621,214 | 0 | 0 | 0 | 4,621,214 | 0 |
| Revaluation surplus - Land - vested in and under the control of Council | 760,000 | (760,000) | 0 | 0 | 0 | 0 | 760,000 | 0 | 0 | 0 | 760,000 | 0 |
| Revaluation surplus - Buildings - specialised | 11,174,017 | 0 | 0 | 0 | 0 | 11,174,017 | 11,174,017 | 0 | 0 | 0 | 11,174,017 | 0 |
| Revaluation surplus - Furniture and equipment | 45,243 | 0 | 0 | 0 | 0 | 45,243 | 45,243 | 0 | 0 | 0 | 45,243 | 0 |
| Revaluation surplus - Plant and equipment | 17,648 | 0 | 0 | 0 | 0 | 17,648 | 17,648 | 0 | 0 | 0 | 17,648 | 0 |
| Revaluation surplus - Computer Equipment | 6,246 | 0 | 0 | 0 | 0 | 6,246 | 6,246 | 0 | 0 | 0 | 6,246 | 0 |
| Revaluation surplus - Infrastructure - Roads | 176,540,880 | 0 | 0 | 0 | 0 | 176,540,880 | 176,540,880 | 0 | 0 | 0 | 176,540,880 | 0 |
| Revaluation surplus - Infrastructure - Footpaths | 16,746,136 | 0 | 0 | 0 | 0 | 16,746,136 | 16,746,136 | 0 | 0 | 0 | 16,746,136 | 0 |
| Revaluation surplus - Infrastructure - Drainage | 67,928,039 | 0 | 0 | 0 | 0 | 67,928,039 | 67,928,039 | 0 | 0 | 0 | 67,928,039 | 0 |
| Revaluation surplus - Infrastructure - Parks & Ovals | 27,426,986 | 0 | 0 | 0 | 0 | 27,426,986 | 27,426,986 | 0 | 0 | 0 | 27,426,986 | 0 |
| | 305,266,409 | (760,000) | 0 | 0 | 0 | 304,506,409 | 305,266,409 | 0 | 0 | 0 | 305,266,409 | 0 |

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

SHIRE OF SERPENTINE - JARRAHDALÉ
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. INVESTMENT PROPERTY**Non-current assets - at fair value**

Carrying balance at 1 July
 Closing balance at 30 June

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| | 747,182 | | 747,182 |
| | 747,182 | | 747,182 |

Amounts recognised in profit or loss for investment properties

Rental income (Lot 113 Keirman St. Whitby)

| | | |
|-------|-------|-------|
| 4,333 | 5,500 | 5,200 |
|-------|-------|-------|

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year

| | | |
|-------|---|-------|
| 4,333 | 0 | 5,200 |
|-------|---|-------|

Later than one year but not later than 5 years

| | | |
|---|---|---|
| 0 | 0 | 0 |
|---|---|---|

Later than 5 years

| | | |
|-------|---|-------|
| 0 | 0 | 0 |
| 4,333 | 0 | 5,200 |

SIGNIFICANT ACCOUNTING POLICIES**Investment properties**

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the Shire. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

A management valuation was performed in June 2020 to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

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

16. TRADE AND OTHER PAYABLES

Current

| | |
|--|--|
| Sundry payables | |
| Prepaid rates | |
| Bonds and deposits held | |
| Accrued Interest on Long Term Borrowings | |

| 2020 | 2019 |
|-----------|-----------|
| \$ | \$ |
| 1,544,344 | 2,833,310 |
| 1,526,184 | 1,183,777 |
| 1,295,644 | 1,210,562 |
| 12,401 | 13,819 |
| 4,378,573 | 5,241,468 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

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

17. CONTRACT LIABILITIES

| | 2020 | 2019 |
|---|-----------|------|
| | \$ | \$ |
| Current | | |
| Contract liabilities from contracts with customers | 208,053 | 0 |
| Contract liabilities from transfers for recognisable non financial assets | 1,549,478 | 0 |
| | 1,757,531 | 0 |
| Non-current | | |
| Contract liabilities from transfers for recognisable non financial assets | 2,961,422 | 0 |
| | 2,961,422 | 0 |
| | 4,718,953 | 0 |

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

| | |
|------------------|-----------|
| Less than 1 year | 1,757,531 |
| 1 to 2 years | 400,000 |
| 2 to 3 years | 400,000 |
| 3 to 4 years | 400,000 |
| 4 to 5 years | 400,000 |
| > 5 years | 1,361,422 |
| | 4,718,953 |

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

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

18. LEASE LIABILITIES

(a) Lease Liabilities

| | 2020 | 2019 |
|-------------|------------|------|
| Current | \$ 164,265 | \$ 0 |
| Non-current | \$ 230,460 | \$ 0 |

(b) Movements in Carrying Amounts

| Purpose | Lease Number | Lease Institution | Lease Interest Rate | Lease Term | 30 June 2019 | | 30 June 2020 Actual New Leases | 30 June 2020 Actual Repayments | | 30 June 2020 Actual Lease Principal Outstanding | 30 June 2020 Budget Repayments | | 30 June 2020 Budget Lease Principal Outstanding | 30 June 2019 Actual Repayments | | 30 June 2019 Actual Lease Principal Outstanding | 30 June 2019 Actual Repayments | |
|--------------------------------|--------------|-------------------|---------------------|------------|------------------------------------|-----------------------|--------------------------------|------------------------------------|-----------------------|---|------------------------------------|-----------------------|---|--------------------------------|---|---|--------------------------------|---|
| | | | | | Actual Lease Principal 1 July 2019 | Actual Lease Interest | | Budget Lease Principal 1 July 2019 | Budget Lease Interest | | Actual Lease Principal 1 July 2018 | Actual Lease Interest | | | | | | |
| Governance | | | | | | | | | | | | | | | | | | |
| ICT Equipment (1) | E6N0160563 | Alliasing | 2.0% | 3 | 64,862 | 0 | 0 | 0 | 0 | 16,377 | 847 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Photocopiers (1) | IW8551012700 | Canon | 2.1% | 5 | 74,456 | 0 | 0 | 22,367 | 1,357 | 52,103 | 1,357 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Safety | | | | | | | | | | | | | | | | | | |
| Photocopiers - Emerg. Services | IW8551020400 | Canon | 2.1% | 5 | 38,722 | 0 | 0 | 8,804 | 724 | 28,918 | 724 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recreation and culture | | | | | | | | | | | | | | | | | | |
| Gymnasium Equip. (1) | E6N0159736 | Alliasing | 2.0% | 5 | 54,660 | 0 | 0 | 38,422 | 739 | 16,238 | 739 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gymnasium Equip. (2) | E6N0160210 | Alliasing | 2.0% | 4 | 105,638 | 0 | 0 | 50,116 | 1,638 | 55,422 | 1,638 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transport | | | | | | | | | | | | | | | | | | |
| Scania Tip Truck with Crane | E6N0159380 | MAIA | 2.0% | 2 | 71,683 | 0 | 0 | 71,683 | 772 | 0 | 772 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Patching Truck | E6N0155211 | MAIA | 2.0% | 2 | 19,524 | 0 | 0 | 19,524 | 64 | 60,402 | 64 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Patching Truck | E6R0162595 | MAIA | 2.0% | 2 | 0 | 0 | 92,112 | 31,710 | 1,141 | 230,460 | 1,141 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | 429,479 | 92,112 | 291,131 | 7,262 | 230,460 | 7,262 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

19. INFORMATION ON BORROWINGS

| (a) Borrowings | 2020 | | 2019 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | | | | | |
|-------------------------------|--------------------|----------------------|----------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|---|---|
| | 2020 | 2019 | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | Actual | Budget | | | | | |
| Current | 3,657,889 | 3,493,339 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-current | 3,526,752 | 2,687,415 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 7,184,621 | 6,180,754 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (b) Repayments - Borrowings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Particulars | Loan Number | Institution** | Interest Rate | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | Actual Principal 1 July 2019 | Actual Interest repayments | Actual Principal 30 June 2020 | Actual Interest repayments | | |
| Governance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Council Chamber Refurbishment | 117 | WATC | 4.36% | 523,872 | 23,674 | 401,252 | 401,252 | 523,872 | 0 | 122,000 | 22,000 | 401,872 | 0 | 117,444 | 0 | 117,444 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Recreation and culture | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recreation Centre | 91 | WATC | 6.02% | 159,390 | 4,798 | 0 | 0 | 159,000 | 5,000 | 159,000 | 5,000 | 0 | 0 | 154,733 | 0 | 154,733 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Briggs Park Upgrade | STL* | WATC | Variable | 2,974,000 | 30,660 | 0 | 0 | 2,974,000 | 54,000 | 249,000 | 54,000 | 2,725,000 | 0 | 2,974,000 | 0 | 2,974,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Briggs Park Upgrade | STL* | WATC | Variable | 0 | 1,338 | 1,224,000 | 1,224,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Transport | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aberneilly Road | 121 | WATC | 3.20% | 2,523,492 | 95,982 | 2,277,969 | 2,277,969 | 2,523,492 | 101,000 | 239,000 | 101,000 | 2,284,492 | 0 | 2,761,924 | 0 | 2,761,924 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Wieb Road | 122 | WATC | 0.76% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Aberneilly Road | STL* | WATC | Variable | 6,180,754 | 1,913 | 1,750,000 | 1,750,000 | 6,180,754 | 1,532,000 | 1,532,000 | 1,532,000 | 6,943,364 | 0 | 3,717,363 | 0 | 3,717,363 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | | | 6,180,754 | 1,913 | 1,750,000 | 1,750,000 | 6,180,754 | 1,532,000 | 1,532,000 | 1,532,000 | 6,943,364 | 0 | 3,717,363 | 0 | 3,717,363 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | | | 6,180,754 | 1,913 | 1,750,000 | 1,750,000 | 6,180,754 | 1,532,000 | 1,532,000 | 1,532,000 | 6,943,364 | 0 | 3,717,363 | 0 | 3,717,363 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

* Short-term loan facility (re-purposed as per budget)
 ** WA Treasury Corporation

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

19. INFORMATION ON BORROWINGS (Continued)**(c) New Borrowings - 2019/20**

| Particulars/Purpose | Institution | Loan Type | Term Years | Interest Rate | Amount Borrowed | | Amount (Used) | | Total Interest & Charges | Actual Balance Unspent |
|--------------------------------|-------------|-----------|------------|---------------|-----------------|-------------|---------------|-------------|--------------------------|------------------------|
| | | | | | 2020 Actual | 2020 Budget | 2020 Actual | 2020 Budget | | |
| Webb Road | WATC | Annuity | 5 | 0.76% | 1,532,000 | 1,532,000 | 1,532,000 | 1,532,000 | 0 | 0 |
| Briggs Park Lower Oval Upgrade | WATC | Variable | STL | Variable | 1,224,000 | 0 | 1,224,000 | 0 | 31,998 | 0 |
| Abernethy Road | WATC | Variable | STL | Variable | 1,750,000 | 0 | 1,633,182 | 0 | 1,913 | 116,818 |
| * WA Treasury Corporation | | | | | 4,506,000 | 1,532,000 | 4,389,182 | 1,532,000 | 33,911 | 116,818 |

(d) Unspent Borrowings

| Particulars | Date Borrowed | Unspent Balance 1 July 2019 | Borrowed During Year | Expended During Year | Unspent Balance 30 June 2020 |
|--------------------------------|---------------|-----------------------------|----------------------|----------------------|------------------------------|
| Briggs Park Lower Oval Upgrade | 1/05/2019 | 2,353,136 | 1,224,000 | (3,577,136) | 0 |
| Abernethy Road | 1/05/2019 | 0 | 1,750,000 | (1,633,182) | 116,818 |
| Webb Road | 29/06/2020 | 0 | 1,532,000 | (1,532,000) | 0 |
| * WA Treasury Corporation | | 2,353,136 | 4,506,000 | (6,742,318) | 116,818 |

(e) Undrawn Borrowing Facilities

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| Credit Standby Arrangements | | |
| Bank overdraft limit | 100,000 | 100,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 29,000 | 25,000 |
| Credit card balance at balance date | (309) | (4,306) |
| Total amount of credit unused | 128,691 | 120,694 |

Loan facilities

| | | |
|--|------------------|------------------|
| Loan facilities - current | 3,657,869 | 3,493,339 |
| Loan facilities - non-current | 3,526,752 | 2,687,415 |
| Lease liabilities - current | 164,265 | 0 |
| Lease liabilities - non-current | 66,195 | 0 |
| Total facilities in use at balance date | 7,415,081 | 6,180,754 |

Unused loan facilities at balance date 116,818 2,353,136

SIGNIFICANT ACCOUNTING POLICIES**Financial liabilities**

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 27.

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

20. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Provision for Sick Leave \$ | Total \$ |
|---|--|--|--------------------------------------|------------------|
| Opening balance at 1 July 2019 | | | | |
| Current provisions | 1,067,969 | 549,768 | 80,068 | 1,697,805 |
| Non-current provisions | 0 | 468,578 | 0 | 468,578 |
| | <u>1,067,969</u> | <u>1,018,346</u> | <u>80,068</u> | <u>2,166,383</u> |
| Additional provision | 338,603 | 80,295 | 3,337 | 422,235 |
| Balance at 30 June 2020 | <u>1,406,572</u> | <u>1,098,641</u> | <u>83,405</u> | <u>2,588,618</u> |
| Comprises | | | | |
| Current | 1,406,572 | 456,618 | 83,405 | 1,946,595 |
| Non-current | 0 | 642,023 | 0 | 642,023 |
| | <u>1,406,572</u> | <u>1,098,641</u> | <u>83,405</u> | <u>2,588,618</u> |
| Amounts are expected to be settled on the following basis: | <u>2020</u> | <u>2019</u> | | |
| | \$ | \$ | | |
| Less than 12 months after the reporting date | 1,368,950 | 1,263,053 | | |
| More than 12 months from reporting date | 1,073,628 | 853,330 | | |
| Expected reimbursements from other WA local governments | 146,040 | 50,000 | | |
| | <u>2,588,618</u> | <u>2,166,383</u> | | |

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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

21. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

| | 2020 Actual | 2020 Budget | 2019 Actual |
|---------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 22,627,305 | 11,771,332 | 18,423,980 |

Reconciliation of Net Cash Provided By Operating Activities to Net Result

| | | | |
|---|--------------|-------------|--------------|
| Net result | 18,300,936 | 4,086,508 | 12,064,650 |
| Non-cash flows in Net result: | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | 1,296 | 0 | (41,901) |
| Depreciation on non-current assets | 8,683,236 | 8,327,798 | 7,877,094 |
| (Profit)/loss on sale of asset | 58,014 | 18,358 | 153,592 |
| Intangible asset written off | 85,397 | 0 | 0 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | 251,661 | 394,080 | (1,300,875) |
| (Increase)/decrease in other assets | 35,087 | 0 | (31,523) |
| (Increase)/decrease in inventories | 13,745 | (15,000) | (7,939) |
| (Increase)/decrease in contract assets | (211,048) | 0 | 0 |
| Increase/(decrease) in payables | (862,895) | 1,300,000 | 2,847,402 |
| Increase/(decrease) in provisions | 422,235 | (59,512) | 216,530 |
| Increase/(decrease) in contract liabilities | (383,261) | 0 | 0 |
| Non-operating grants, subsidies and contributions | (19,863,399) | (8,358,698) | (13,592,873) |
| Net cash from operating activities | 6,531,004 | 5,693,534 | 8,184,157 |

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

22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | <u>2020</u> | <u>2019</u> |
|-----------------------------|--------------------|--------------------|
| | \$ | \$ |
| Governance | 4,794,387 | 2,178,930 |
| General purpose funding | 26,107,505 | 14,274,291 |
| Law, order, public safety | 3,511,142 | 4,195,981 |
| Health | 523,671 | 514,159 |
| Education and welfare | 0 | 31,056 |
| Community amenities | 842,504 | 11,514,807 |
| Recreation and culture | 60,200,632 | 61,250,163 |
| Transport | 358,799,647 | 340,761,591 |
| Economic services | 584,512 | 609,248 |
| Other property and services | 6,643,010 | 8,725,442 |
| | <u>462,007,010</u> | <u>444,055,668</u> |

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

23. CAPITAL AND LEASING COMMITMENTS

| | 2020 | 2019 |
|--|-----------|-----------|
| | \$ | \$ |
| (a) Capital Expenditure Commitments | | |
| Contracted for: | | |
| - capital expenditure projects | 2,732,099 | 7,446,692 |
| - property, plant & equipment purchases | 0 | 1,391,857 |
| | 2,732,099 | 8,838,549 |
| Payable: | | |
| - not later than one year | 2,732,099 | 8,838,549 |

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

| | 2020 | 2019 |
|---|--------|---------|
| | \$ | \$ |
| Payable: | | |
| - not later than one year | 31,217 | 236,109 |
| - later than one year but not later than five years | 7,762 | 255,932 |
| | 38,979 | 492,041 |

SIGNIFICANT ACCOUNTING POLICIES

Leases

Up to 30 June 2019 operating leases were expensed on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

From 1 July 2019 the Shire has recognised right-of-use assets and corresponding lease liabilities for all non-cancellable operating lease commitments apart from low-value and short-term leases.

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

24. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

| The following fees, expenses and allowances were paid to council members and/or the President. | <u>2020 Actual</u> | <u>2020 Budget</u> | <u>2019 Actual</u> |
|--|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Meeting fees | 155,049 | 168,802 | 161,131 |
| President's allowance | 52,926 | 47,516 | 47,045 |
| Deputy President's allowance | 11,761 | 11,879 | 11,761 |
| Travelling expenses | 861 | 10,000 | 316 |
| Telecommunications allowance | 31,460 | 31,815 | 31,499 |
| | <u>252,057</u> | <u>270,012</u> | <u>251,752</u> |

Key Management Personnel (KMP) Compensation Disclosure

| The total of remuneration paid to KMP of the Shire during the year are as follows: | <u>2020 Actual</u> | <u>2019 Actual</u> |
|--|------------------------|------------------------|
| | \$ | \$ |
| Short-term employee benefits | 1,070,993 | 1,068,925 |
| Post-employment benefits | 111,978 | 118,420 |
| Other long-term benefits | 17,870 | 19,589 |
| | <u>1,200,841</u> | <u>1,206,934</u> |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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

24. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

| The following transactions occurred with related parties: | 2020 Actual \$ | 2019 Actual \$ |
|---|----------------------|----------------------|
| Sale of goods and services | 0 | 2,004 |
| Purchase of goods and services | 0 | 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 elected member, are considered key management personnel.

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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

25. RATING INFORMATION

(a) Rates

RATE TYPE
Differential general rate / general rate

| RATE TYPE | Rate in \$ | Number of Properties | 2019/20 Actual | | 2019/20 Actual Rate | | 2019/20 Actual Rates | | 2019/20 Actual Rates | | 2019/20 Actual Rates | | 2019/20 Actual Rates | | 2019/19 Actual | |
|--|------------|----------------------|----------------------|-------------------|---------------------|---------------|----------------------|-------------------|----------------------|------------|----------------------|-----------|----------------------|-------------------|----------------------|---------------|
| | | | Rateable Value | Revenue | Interim Rates | Back Rates | Interim Rates | Back Rates | Interim Rates | Back Rates | Interim Rate | Back Rate | Budget Interim Rate | Budget Back Rate | Budget Total Revenue | Total Revenue |
| Gross rental valuations | | | | | | | | | | | | | | | | |
| GRV Residential | 0.091307 | 7,183 | 138,479,081 | 12,644,124 | 155,757 | 5,748 | 12,805,629 | 12,644,109 | 128,834 | 0 | 12,772,943 | 0 | 12,772,943 | 12,408,987 | | |
| GRV Vacant | 0.180787 | 409 | 4,631,198 | 837,260 | 220,135 | 33,814 | 1,091,209 | 837,260 | 0 | 0 | 837,260 | 0 | 837,260 | 1,028,451 | | |
| GRV Commercial/Industrial | 0.104674 | 125 | 15,920,162 | 1,666,427 | 58,157 | 1,292 | 1,725,876 | 1,666,427 | 0 | 0 | 1,666,427 | 0 | 1,666,427 | 1,388,436 | | |
| Unimproved valuations | | | | | | | | | | | | | | | | |
| UV Rural | 0.004034 | 2,613 | 1,523,519,588 | 6,145,878 | 31,101 | 0 | 6,176,979 | 6,945,943 | 2,000 | 0 | 6,947,943 | 0 | 6,947,943 | 6,966,209 | | |
| UV Intensive Farming | 0.007799 | 16 | 12,875,000 | 100,412 | 0 | 0 | 100,412 | 100,412 | 0 | 0 | 100,412 | 0 | 100,412 | 108,856 | | |
| UV General Farming | 0.004034 | 150 | 193,180,060 | 779,288 | 3,856 | 452 | 783,596 | 779,288 | 0 | 0 | 779,288 | 0 | 779,288 | 0 | | |
| UV General Conservation | 0.004034 | 12 | 5,150,400 | 20,778 | 0 | 0 | 20,778 | 20,778 | 0 | 0 | 20,778 | 0 | 20,778 | 0 | | |
| Sub-Total | | 10,508 | 1,893,755,489 | 22,194,167 | 469,006 | 41,306 | 22,704,479 | 22,194,151 | 130,834 | 0 | 22,324,985 | 0 | 22,324,985 | 21,900,939 | | |
| Minimum payment | \$ | | | | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | | | | | |
| GRV Residential | 1,276 | 312 | 3,796,181 | 398,112 | 5,779 | 0 | 403,891 | 398,112 | 0 | 0 | 398,112 | 0 | 398,112 | 388,080 | | |
| GRV Vacant | 972 | 399 | 1,809,707 | 387,828 | 28,295 | 10,805 | 426,928 | 387,828 | 0 | 0 | 387,828 | 0 | 387,828 | 435,840 | | |
| GRV Commercial/Industrial | 1,434 | 17 | 190,310 | 24,378 | 0 | 0 | 24,378 | 24,378 | 0 | 0 | 24,378 | 0 | 24,378 | 26,904 | | |
| Unimproved valuations | | | | | | | | | | | | | | | | |
| UV Rural | 1,383 | 530 | 142,753,055 | 732,990 | 0 | 0 | 732,990 | 732,990 | 0 | 0 | 732,990 | 0 | 732,990 | 666,120 | | |
| UV General Farming | 1,383 | 3 | 589,440 | 4,149 | 0 | 0 | 4,149 | 4,149 | 0 | 0 | 4,149 | 0 | 4,149 | 0 | | |
| Sub-Total | | 1,261 | 149,138,693 | 1,547,457 | 34,074 | 10,805 | 1,592,336 | 1,547,457 | 0 | 0 | 1,547,457 | 0 | 1,547,457 | 1,516,944 | | |
| Discounts (Note 25(b)) | | | | | | | | | | | | | | | | |
| Total amount raised from general rate | | | | | | | | 23,741,608 | 130,834 | 0 | 23,872,442 | 0 | 23,872,442 | 23,417,883 | | |
| | | | | | | | | | | | | | | (248,734) | | |
| | | | | | | | | | | | | | | 23,169,149 | | |

Discounts (Note 25(b))

Total amount raised from general rate

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

SHIRE OF SERPENTINE - JARRAHDALÉ
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25. RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee Discount Granted | Discount % | Discount \$ | 2020 | | 2019 | | Circumstances in which Discount is Granted |
|--|---------------|----------------|---------|---------|--------|---------|--|
| | | | Actual | Budget | Actual | Budget | |
| UV Rural Farmland Concession | 31.0% | \$ | 238,261 | 238,261 | \$ | 241,943 | Council provides a rate concession to properties maintaining genuine farming interests. It ensures that Council is protecting and developing appropriate agricultural and horticultural industries and pursuits within the Shire. |
| UV Rural Conservation | 50.0% | | 4,181 | 4,181 | | 4,791 | Where properties meet the council concession policy criteria. Where properties meet the conservation eligibility criteria. |
| Incentive prize | | | 2,000 | 2,000 | | 2,000 | Conservation zoning allows landowners with areas of high conservation value to receive reductions in council rates. The initiative has been established by Council to reward landowners who have retained and maintained bushland and wetland. |
| Total discounts/concessions (Note 25(a)) | | | 244,442 | 244,442 | | 248,734 | |

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25. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|-----------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 5/09/2019 | 0 | 0.00% | 0.00% |
| Option Two | | | | |
| First instalment | 5/09/2019 | 0 | 0.00% | 0.00% |
| Second instalment | 5/11/2019 | 11.00 | 5.50% | 11.00% |
| Option Three | | | | |
| First instalment | 5/09/2019 | 0 | 0.00% | 0.00% |
| Second instalment | 5/11/2019 | 11.00 | 5.50% | 11.00% |
| Third instalment | 6/01/2020 | 11.00 | 5.50% | 11.00% |
| Fourth instalment | 6/03/2020 | 11.00 | 5.50% | 11.00% |

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates | 391,145 | 280,000 | 392,805 |
| Interest on instalment plan | 115,406 | 125,000 | 120,152 |
| Charges on instalment plan | 97,582 | 105,100 | 104,968 |
| | 604,133 | 510,100 | 617,925 |

SHIRE OF SERPENTINE - JARRAHDALÉ
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26. RATE SETTING STATEMENT INFORMATION

| Note | 2019/20 | 2019/20 | 2019/20 | 2018/19 | |
|--|--------------------------------------|--|-------------------------------------|--------------------------------------|------------------|
| | (30 June 2020 Carried Forward) | Budget (30 June 2020 Carried Forward) | (1 July 2019 Brought Forward) | (30 June 2019 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 | 11(a) | (33,796) | (50,136) | (7,765) | (7,765) |
| Less: Movement in liabilities associated with restricted cash | | 0 | (244,567) | 0 | 0 |
| Less: Fair value adjustments to financial assets at fair value through profit and loss | | 1,296 | 0 | (52,551) | (52,551) |
| Movement in pensioner deferred rates (non-current) | | (33,390) | 0 | (15,086) | (15,086) |
| Movement in employee benefit provisions (non-current) | | 173,445 | 0 | 222,330 | 222,330 |
| Add: Loss on disposal of assets | 11(a) | 91,810 | 68,494 | 161,357 | 161,357 |
| Add: Depreciation on non-current assets | 11(c) | 8,683,236 | 8,327,798 | 7,877,094 | 7,877,094 |
| Non cash amounts excluded from operating activities | | 8,882,601 | 8,101,589 | 8,185,379 | 8,185,379 |

(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 *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

| | | | | | |
|--|-------|--------------------|--------------------|--------------------|---------------------|
| Less: Reserves - cash/financial asset backed | 4 | (11,152,850) | (9,450,383) | (12,522,068) | (12,522,068) |
| Less: Restricted cash - unspent borrowings | | (116,818) | 0 | 0 | (2,353,136) |
| Less: Restricted cash - unspent grants, contributions & subsidies | | 0 | 0 | 0 | (248,649) |
| Add: Current liabilities not expected to be cleared at end of year | | | | | |
| - Current portion of borrowings | 19(a) | 3,657,869 | 769,000 | 3,493,339 | 3,493,339 |
| - Current portion of contract liability held in reserve | | 380,892 | 0 | 4,853,565 | 0 |
| - Current portion of lease liabilities | | 164,265 | 0 | 0 | 0 |
| Total adjustments to net current assets | | (7,066,642) | (8,681,383) | (4,175,164) | (11,630,514) |

Net current assets used in the Rate Setting Statement

| | | | | | |
|--|--|------------------|-------------|------------------|------------------|
| Total current assets | | 26,961,702 | 14,080,882 | 26,414,541 | 26,414,541 |
| Less: Total current liabilities | | (11,904,833) | (5,399,499) | (15,534,826) | (10,432,612) |
| Less: Total adjustments to net current assets | | (7,066,642) | (8,681,383) | (4,175,164) | (11,630,514) |
| Net current assets used in the Rate Setting Statement | | 7,990,227 | 0 | 6,704,551 | 4,351,415 |

(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards

| | | | | | |
|---|-------|--|--|--|---------------------|
| Total current assets at 30 June 2019 | | | | | 26,414,541 |
| - Contract assets | 28(a) | | | | 0 |
| Total current assets at 1 July 2019 | | | | | 26,414,541 |
| Total current liabilities at 30 June 2019 | | | | | (10,432,612) |
| - Contract liabilities from contracts with customers | 28(a) | | | | (83,184) |
| - Contract liabilities from transfers for recognisable non financial assets | 28(b) | | | | (5,019,030) |
| Total current liabilities at 1 July 2019 | | | | | (15,534,826) |

SHIRE OF SERPENTINE - JARRAHDALE
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27. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. 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 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

| | Weighted Average Interest Rate % | Carrying Amounts \$ | Fixed Interest Rate \$ | Variable Interest Rate \$ | Non Interest Bearing \$ |
|--|-------------------------------------|------------------------|---------------------------|------------------------------|----------------------------|
| 2020 | | | | | |
| Cash and cash equivalents | 0.70% | 22,627,305 | 13,255,335 | 9,108,555 | 263,415 |
| Financial assets at amortised cost - term deposits | 0.91% | 247,959 | 247,959 | 0 | 0 |
| 2019 | | | | | |
| Cash and cash equivalents | 0.97% | 18,423,980 | 12,422,071 | 5,699,392 | 302,517 |
| Financial assets at amortised cost | 2.04% | 3,781,288 | 3,781,288 | 0 | 0 |

Sensitivity

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

| | 2020 \$ | 2019 \$ |
|--|------------|------------|
| Impact of a 1% movement in interest rates on profit and loss and equity* | 91,086 | 56,994 |

* 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 19(b).

SHIRE OF SERPENTINE - JARRAHDALÉ
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27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment. The effect of COVID-19 has also been considered.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors 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. Re-negotiation of repayment terms is expected due to the COVID-19 pandemic.

The loss allowance as at 30 June 2020 was determined as follows and takes into account any waiver of penalty interest due to the impact of COVID-19.

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|-----------|------------------------------|-------------------------------|-------------------------------|-----------|
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 2,152,643 | 513,122 | 171,137 | 184,557 | 3,021,459 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| 30 June 2019 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 1,078,901 | 866,270 | 525,441 | 375,105 | 2,845,717 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

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

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| 30 June 2020 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 2.80% | 4.90% | 7.50% | 19.38% | |
| Gross carrying amount | 61,625 | 9,090 | 14,920 | 189,405 | 275,040 |
| Loss allowance | 1,726 | 448 | 1,119 | 36,707 | 40,000 |
| 30 June 2019 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 1.50% | 2.10% | 5.00% | 7.50% | |
| Gross carrying amount | 260,925 | 19,453 | 1,991 | 474,338 | 756,707 |
| Loss allowance | 3,914 | 412 | 100 | 35,575 | 40,000 |

SHIRE OF SERPENTINE - JARRAHDALE
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27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

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

SHIRE OF SERPENTINE - JARRAHDALÉ
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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27. 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 19 (e).

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

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|----------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| Payables | 4,378,573 | 0 | 0 | 4,378,573 | 4,378,573 |
| Borrowings | 3,773,425 | 2,844,655 | 974,760 | 7,592,840 | 7,184,621 |
| Contract liabilities | 1,757,531 | 1,600,000 | 1,361,422 | 4,718,953 | 4,718,953 |
| Lease liabilities | 164,780 | 69,566 | 0 | 234,346 | 230,460 |
| | <u>10,074,309</u> | <u>4,514,221</u> | <u>2,336,182</u> | <u>16,924,712</u> | <u>16,512,607</u> |
| 2019 | | | | | |
| Payables | 5,241,468 | 0 | 0 | 5,241,468 | 5,241,468 |
| Borrowings | 3,598,534 | 1,735,315 | 1,299,685 | 6,633,534 | 6,180,754 |
| | <u>8,840,002</u> | <u>1,735,315</u> | <u>1,299,685</u> | <u>11,875,002</u> | <u>11,422,222</u> |

SHIRE OF SERPENTINE - JARRAHDALÉ
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

| Note | AASB 118 carrying amount 30 June 2019 \$ | Reclassification \$ | AASB 15 carrying amount 01 July 2019 \$ |
|---|---|------------------------|--|
| Contract liabilities - current | | | |
| Contract liabilities from contracts with customers | 17 | 0 | (83,184) |
| Adjustment to retained surplus from adoption of AASB 15 | 29(b) | 0 | (83,184) |

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

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

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

| Note | AASB 118 and AASB 1004 carrying amount 30 June 2019 \$ | Reclassification \$ | AASB 1058 carrying amount 01 July 2019 \$ |
|---|--|------------------------|--|
| Trade and other payables | | | |
| Rates paid in advance | 16 | 1,183,777 | 0 |
| Contract liabilities from transfers for recognisable non financial assets | 17 | 0 | (5,019,030) |
| | | 1,183,777 | (5,019,030) |
| | | | (3,835,253) |

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. In accordance with the Shire's accounting policies, prepaid rates were recognised as a liability as at 30 June 2019. Therefore, the initial application of AASB 1058 Income for Not-for-Profit entities on 1 July 2019 did not have an impact on the recognition and classification of prepaid rates.

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

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28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

| | | 2020 \$ | | 2020 \$ |
|---|-------|---|---|--|
| | Note | As reported under AASB 15 and AASB 1058 | Adjustment due to application of AASB 15 and AASB 1058 | Compared to AASB 118 and AASB 1004 |
| Statement of Comprehensive Income | | | | |
| Revenue | | | | |
| Rates | 25(a) | 24,052,373 | 1,526,184 | 25,578,557 |
| Operating grants, subsidies and contributions | 2(a) | 3,957,960 | 208,053 | 4,166,013 |
| Fees and charges | 2(a) | 6,512,459 | (211,048) | 6,301,411 |
| Non-operating grants, subsidies and contributions | 2(a) | 19,863,399 | 4,510,900 | 24,374,299 |
| Net result | | 18,300,936 | 6,034,089 | 24,335,025 |
| Statement of Financial Position | | | | |
| Contract assets | 2(a) | 211,048 | (211,048) | 0 |
| Trade and other payables | 16 | 4,378,573 | (1,526,184) | 2,852,389 |
| Contract liabilities | 17 | 4,718,953 | (4,718,953) | 0 |
| Net assets | | 442,905,785 | 6,034,089 | 448,939,874 |
| Statement of Changes in Equity | | | | |
| Net result | | 18,300,936 | 6,034,089 | 24,335,025 |
| Retained surplus | | 127,246,526 | 6,034,089 | 133,280,615 |

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

(c) AASB 16: Leases

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

| | Note | 2020 \$ |
|---|-------|------------|
| Operating lease commitments at 30 June 2019 applying AAS 117 | | 492,041 |
| Discount applied using incremental borrowing rate | | (62,562) |
| Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2.0% | 18(b) | 429,479 |
| Lease liability - current | | 259,421 |
| Lease liability - non-current | | 170,058 |
| Right-of-use assets recognised at 1 July 2019 | | 429,479 |

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

Property, plant and equipment and lease liabilities increased by \$429,479 on 1 July 2019 resulting in no impact on retained surplus.

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

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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29. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

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

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

| | Note | Carrying amount 30 June 2019 \$ | Reclassification \$ | Carrying amount 01 July 2019 \$ |
|-------------------------------|------|---------------------------------------|------------------------|---------------------------------------|
| Property, plant and equipment | 9 | 41,723,636 | (760,000) | 40,963,636 |
| Revaluation surplus | 14 | 305,266,409 | (760,000) | 304,506,409 |

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

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

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

| | Note | Adjustments | 2019 \$ |
|---|-------|-------------|-------------|
| Retained surplus - 30 June 2019 | | | 112,657,036 |
| Adjustment to retained surplus from adoption of AASB 15 | 28(a) | (83,184) | |
| Adjustment to retained surplus from adoption of AASB 1058 | 28(b) | (5,019,030) | (5,102,214) |
| Retained surplus - 1 July 2019 | | (5,102,214) | 107,554,822 |

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

| | Note | Adjustments | 2019 \$ |
|--|-------|-------------|-------------|
| Revaluation surplus - 30 June 2019 | | | 305,266,409 |
| Adjustment to revaluation surplus from deletion of FM Reg 16 | 29(a) | (760,000) | |
| Adjustment to revaluation surplus from deletion of FM Reg 17 | 29(a) | 0 | (760,000) |
| Revaluation surplus - 1 July 2019 | | | 304,506,409 |

SHIRE OF SERPENTINE - JARRAHDALÉ
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30 PRIOR YEAR ADJUSTMENT

Classification of Intangible Assets

Intangible assets with a carrying amount of \$1,564,222 relating to computer software were incorrectly classified as capital works in progress during the 2018/19 financial year.

This error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

| | 30 June 2019 Original Balance | Increase/ (Decrease) | 30 June 2019 Restated |
|--|-------------------------------------|-------------------------|--------------------------|
| | \$ | \$ | \$ |
| 2019 Statement of Financial Position | | | |
| Non Current Assets | | | |
| Property, plant and equipment | 43,287,858 | (1,564,222) | 41,723,636 |
| Intangible assets | 0 | 1,564,222 | 1,564,222 |
| Note 9 - Property, plant and equipment | | | |
| Capital Works in Progress | | | |
| Balance at 1 July 2018 | 558,848 | 0 | 558,848 |
| Additions | 1,190,729 | (1,190,729) | 0 |
| Transfers from PPE WIP to intangible assets | 0 | (373,493) | (373,493) |
| Carrying amount at 30 June 2019 | 1,749,577 | (1,564,222) | 185,355 |
| Comprises | | | |
| Gross carrying amount as at 30 June 2019 | 1,749,577 | (1,564,222) | 185,355 |
| Note 13 - Intangible Assets | | | |
| Non-current | | | |
| Intangible asset - computer software | 0 | 1,564,222 | 1,564,222 |
| Movements in carrying amount | | | |
| Carrying amount at beginning of period | 0 | 0 | 0 |
| Recognition of intangible asset - computer software | 0 | 1,190,729 | 1,190,729 |
| Recognition of intangible asset - transfer from PPE work in progress | 0 | 373,493 | 373,493 |
| Carrying amount at end of period | 0 | 1,564,222 | 1,564,222 |

SHIRE OF SERPENTINE - JARRAHDALÉ
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31 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 2019</u> | <u>Amounts Received</u> | <u>Amounts Paid</u> | <u>30 June 2020</u> |
|-----------------------------------|--------------------|-------------------------|---------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Cash in Lieu of Public Open Space | 302,517 | 1,705 | 0 | 304,222 |
| | <u>302,517</u> | <u>1,705</u> | <u>0</u> | <u>304,222</u> |

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

32. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

33. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME AND OBJECTIVES | ACTIVITIES |
|--|---|
| <p>GOVERNANCE</p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p> | <p>Members of Council and Chief Executive Office.</p> |
| <p>GENERAL PURPOSE FUNDING</p> <p>To collect revenue to allow for the provision of services.</p> | <p>Rate revenue, late payment penalty, general purpose grants, untied road grants, commissions, interest on investments, reimbursements and banking costs.</p> |
| <p>LAW, ORDER, PUBLIC SAFETY</p> <p>To provide services to help ensure a safer and environmentally conscious community.</p> | <p>Volunteer bushfire brigades, fire prevention, animal control, emergency management and public safety.</p> |
| <p>HEALTH</p> <p>To provide an operational framework for environmental and community health.</p> | <p>Health services including infant health, inspection of premises, pest control, and preventative maintenance.</p> |
| <p>EDUCATION AND WELFARE</p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p> | <p>Pre-schools, community services and family centres.</p> |
| <p>COMMUNITY AMENITIES</p> <p>To provide services required by the community.</p> | <p>Waste management including household refuse and recycling, bulk verge green and hard waste collections, environmental and sustainability, town planning, public conveniences and cemeteries.</p> |
| <p>RECREATION AND CULTURE</p> <p>To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.</p> | <p>Provision of facilities and support of organisations with leisure activities and sport including halls, sports grounds, parks and gardens, community development and the Mundijong Library.</p> |
| <p>TRANSPORT</p> <p>To provide safe, effective and efficient transport services to the community.</p> | <p>Construction and maintenance of roads, bridges, footpaths, Council depot, purchases of plant and equipment and engineering design.</p> |
| <p>ECONOMIC SERVICES</p> <p>To help promote the Shire and its economic wellbeing.</p> | <p>Rural services such as weed control of reserves, tourism and area promotion, management of building applications and economic development.</p> |
| <p>OTHER PROPERTY AND SERVICES</p> <p>To monitor and control overhead operating accounts.</p> | <p>Private works, public works overheads, plant operation, Jarrahdale Heritage Park development, finance and administration costs.</p> |

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

34. FINANCIAL RATIOS

| | <u>2020</u> Actual | <u>2019</u> Actual | <u>2018</u> Actual |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| Current ratio | 1.45 | 1.46 | 1.28 |
| Asset consumption ratio | 0.73 | 0.74 | 0.77 |
| Asset renewal funding ratio | 0.93 | 0.70 | 0.46 |
| Asset sustainability ratio | 0.85 | 1.09 | 0.66 |
| Debt service cover ratio | 10.61 | 9.94 | 7.18 |
| Operating surplus ratio* | (0.05) | (0.05) | (0.10) |
| Own source revenue coverage ratio | 0.85 | 0.86 | 0.82 |

The above ratios are calculated as follows:

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

* The Shire is required to include financial ratios in the annual financial report under section 6.4(2) of the *Local Government Act 1995* and Regulation 50 of the *Local Government (Financial Management) Regulations 1996*. It is noted that the Operating Surplus Ratio has remained below the Department of Local Government, Sport and Cultural Industries basic standard of 0.01 for the past 3 financial years. Whilst the ratio has remained below the Department's standard, as shown in the table above, we noted an improvement from (0.10) in 2018 to (0.05) in 2019 and 2020 respectively.

35 EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no material events after the end of the reporting period which need to be disclosed in the financial report.

36 CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed in the financial report.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Serpentine Jarrahdale

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of Serpentine Jarrahdale:

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

Basis for Opinion

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

Emphasis of Matters – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

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

Responsibilities of the Chief Executive Officer and Council for the Financial Report

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Operating Surplus Ratio as reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries basic standard for the past three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 34 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ended 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



MARK AMBROSE
 SENIOR DIRECTOR FINANCIAL AUDIT
 Delegate of the Auditor General for Western Australia
 Perth, Western Australia
 22 December 2020



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