ANNUAL REPORT
2019/20

SHIRE
OF
CUBALLING

SHIRE OF CUBALLING

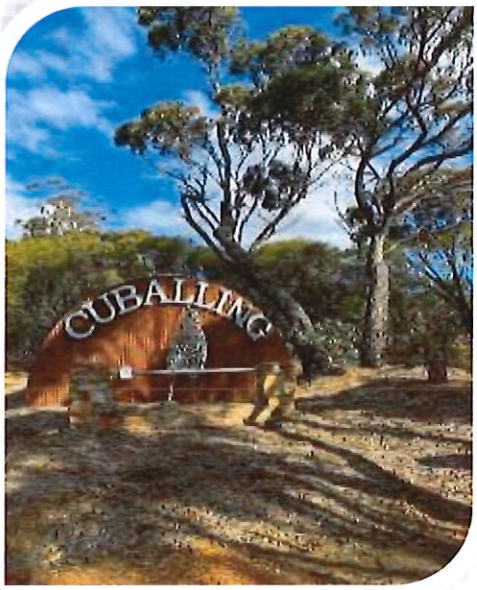
186 Campbell Street (PO Box 13)
Cuballing WA 6311
PH: 9883 6031
enquiries@cuballing.wa.gov.au
www.cuballing.wa.gov.au

INTRODUCTION

The Shire of Cuballing is pleased to present the Annual Report of the Shire of Cuballing for the Financial Year ending 30 June 2020.

The Annual Report is prepared in accordance with the requirements of Section 5.53 of the Local Government Act 1995, relevant standards and Regulations.

Copies of the report are available at the Shire Offices in Campbell Street, Cuballing. Council welcomes any comment from ratepayers and residents of the Shire.



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Mission

To provide the leadership, facilities, infrastructure and services that will serve the needs of our community.

Vision

A progressive, diverse and caring community, with access to modern services and infrastructure, in a unique part of the world.

Core Values

Transparency – by being open and accountable.

Honesty – by acting with integrity and building trust.

Respect – by being tolerant, helpful and showing empathy and care for others.

Dedication – in the continual pursuit of excellence.

Proactivity – through forward thinking and being positive.

Cohesiveness – through teamwork, unity and shared ownership.

Shire Statistics

863 Population *Based on 2016 Census	**$690** Minimum Rates-Residential	**17** Number of Staff
192km's Distance from Perth	**$1,090,630** Operating Grant Revenue	**$1,184,618** Rates Levied
$2,748,954 Operating Revenue	**$850,455** Capital Grant Revenue	**$930** Minimum Rates – Rural
465Km's Length of Unsealed Roads	**407** Number of Dwellings	**1000** Area (sq. KM)
$72,003,812 Total Assets	**0.83** Asset Sustainability Ratio	**176 KM's** Length of Sealed Roads

Attractions

Yornaning Dam

Dryandra Woodlands & Barna Mia

Dryandra Regional Equestrian Centre

Elected Members

CR. M Conley – Shire President

Elected to Office: 2009
Term Expires: 2021
Address: PO Box 172, Narrogin WA 6312
Phone: 0417 503 343
Email: president@cuballing.wa.gov.au

CR. E Dowling – Deputy President

Elected to Office: 2013
Term Expires: 2021
Address: PO Box 2, Popanyinning WA 6309
Phone: 0488 775 095
Email: t.w.dowling@bigpond.com

CR. S Ballantyne – Councillor

Elected to Office: 2013
Term Expires: 2021
Address: PO Box 201, Cuballing WA 6311
Phone: 0418 814 761
Email: cr.ballantyne@cuballing.wa.gov.au

CR. D Bradford – Councillor

Elected to Office: 2013
Term Expires: 2023
Address: Hillcroft Farms, Popanyinning WA 6309
Phone: 0427 877 055
Email: hillcroftbradford@gmail.com

CR. R Harris – Councillor

Elected to Office: 2019
Term Expires: 2023
Address: PO Box 28, Cuballing WA 6311
Phone: 0458 939 097
Email: cubyeast@gmail.com

CR. D Hopper JP - Councillor

Elected to Office: 2019
Term Expires: 2023
Address: PO Box 57, Popanyinning WA 6309
Phone: 0419 941 512
Email: dhopper@westnet.com.au

Election 2019

The October 2019 elections saw a changing of the guard with Roger Newman retiring after 21 years of service and Tim Haslam retiring after 12 years of service.

Both Roger and Tim were dedicated and knowledgeable Councillors. We thank them for their valuable contribution to the Community.

Shire President Mark Conley presenting Cr Roger Newman with his Certificate of Service

Shire President Mark Conley presenting Cr Tim Haslam with his Certificate of Service

After a strongly contested election Councillor Dawson Bradford was re-elected for another term with the remaining two seats being won by Councillors Robert Harris, Cuballing and Deb Hopper, Popanyinning.

Cr Hopper, Cr Bradford and Cr Harris were duly sworn in at the Special Meeting of Council held on Monday 21st October 2019 in the presence of Mr Jurgen Brandner JP.

Cr Deb Hopper, Cr Dawson Bradford & Cr Robert Harris taking the oath/affirmation of office at the Special Meeting of Council on Monday 21st October 2019.

Council Executive Team

Chief Executive Officer – Gary Sherry

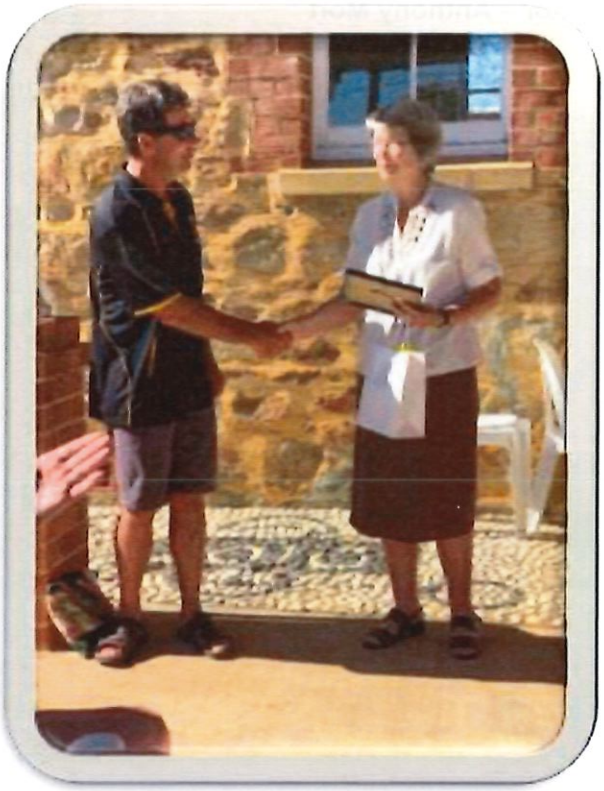
Deputy Chief Executive Officer – Bronwyn Dew

Manager of Works & Services – Bruce Brennan

Environmental Health Officer/Building – Tim Jurmann

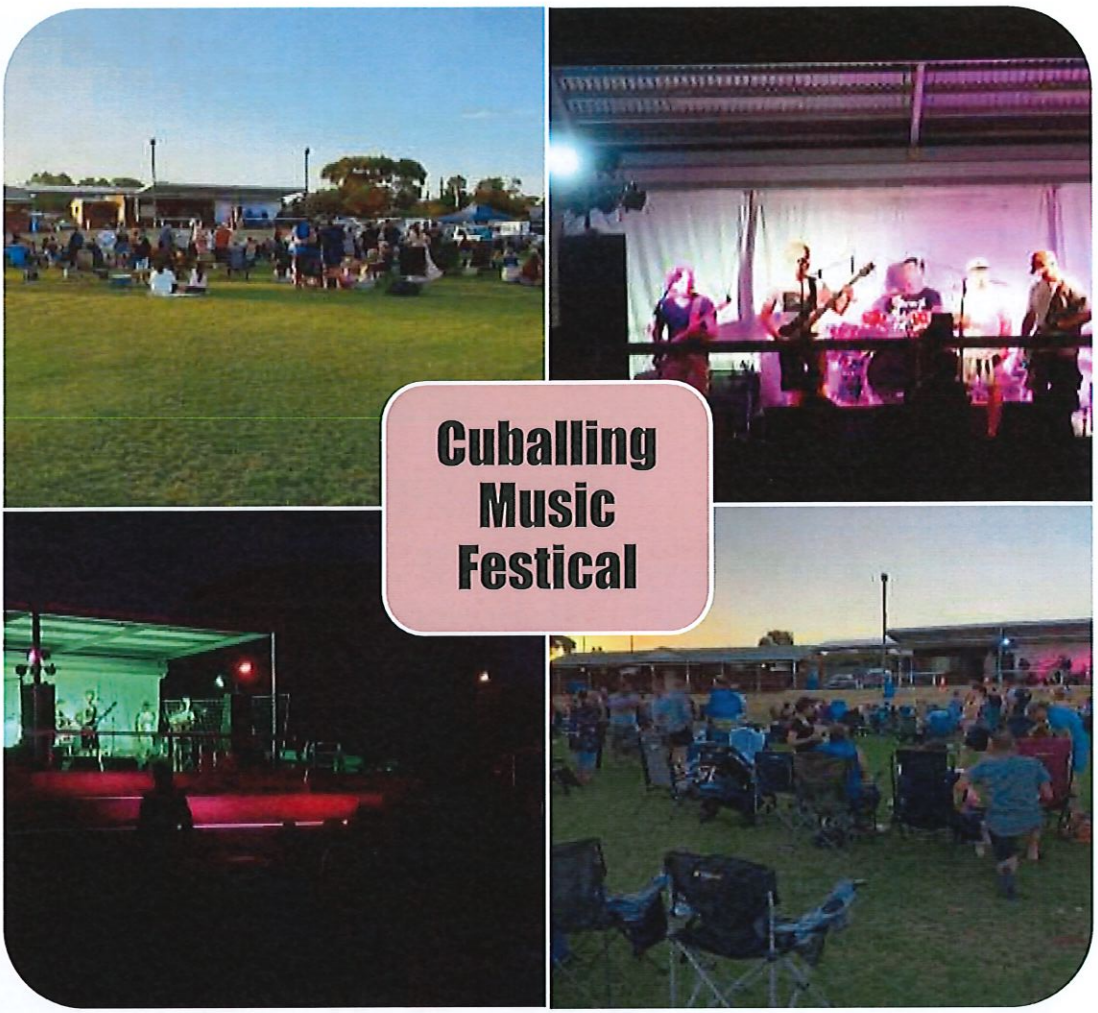
Works Supervisor – Anthony Mort

Highlights of the Year



Australia Day Awards

Councillor Robert Harris presenting the 2020 Shire of Cuballing Citizen of the Year Award to Anne Lyneham for her involvement in the design and construction of the Popanyinning walk trails and her long time involvement with the Popanyinning Progress Association.



Congratulations to Mrs Nicole Clayton, Mrs Stacey Hobson and Miss Kayla Hobson who had their Citizenship ceremony on the 19th February 2020 and to Mr Jeremy Almario and Master Vien Almario who had their citizenship ceremony on the 19th December 2019 at the Shire of Cuballing Council Chambers.

Popanyinning Heritage Walk & Town Hall Front Entrance Opening

Shire Presidents Report

The 2019/2020 financial year was a year of two halves.

The first six months was business as usual with road construction and community projects tracking well. This included commencement of a two-year project to realign the Springhill Road and Narrogin/Wandering Road intersection. Preliminary works began to enable further road widening work on Statherne Road and Narrogin/Wandering Road. We also extended the Cuballing Fire Station, installed solar panels to the Shire offices and agreed a development plan for 74 Austral Street which incorporated provision for 10 housing units for the aged. A sediment dam was installed at the Cuballing Waste Transfer Station and further to the Shire's commitment to environmental sustainability Councillor Eliza Dowling was re-appointed as a representative to the Peel Harvey Catchment Council.

Council elections were held during October 2019 and we welcomed new Councillors Rob Harris and Deb Hopper. Congratulations to both as they bring enthusiasm and commitment to their roles. This follows the retirement of long serving Councillors Roger Newman and Tim Haslam who had represented their community for a combined 32 years. An exceptional commitment over so many years. Thank you for your contribution to our community.

During the summer months several large bushfires were burning in various places in the State and our volunteer firefighter made themselves available to assist. Fire units from Cuballing and Popanyinning were involved. My thanks and appreciation to those volunteers in representing the Shire of Cuballing.

The second half of the year did not start well with a severe thunderstorm removing the roof of the Cuballing Hall. This resulted in roof, ceiling and floor repairs totalling approximately $160,000. Fortunately, this was covered by insurance but leaving the building unusable for a lengthy period.

The advent of Covid-19 and ensuing global pandemic followed shortly after causing extraordinary disruption and uncertainty . In hindsight, it is with some pride that we can reflect on the professional and compassionate role that the Shire of Cuballing staff performed during so many unknowns. A register of vulnerable people was established, the Shire co-ordinated a project to obtain PPE for regional Local Governments when supplies were scarce. The Shire of Cuballing was pro-active leading the Local Emergency Management Committee which was meeting weekly for some months and the office remained open throughout with some staff working from home. The professional response to the pandemic did not reflect the size of our workforce but the commitment that each employee demonstrated towards helping our community.

With so much disruption some projects were delayed, and several community events were cancelled. However, four important strategic plans were updated or implemented. The Community Strategic Plan was updated with only minor changes however as part of the Integrated Planning Reporting Framework, new Long Term Financial Plan, Asset Management Plan and Corporate Business Plans were adopted. These plans give strength to our financial management and guidance to longer term projections.

During the financial year the Wheatbelt Secondary Freight Network project began gaining traction as a source of new Federal Government road construction funding. As the project developed in became clear that the Shire of Cuballing has two of the highest traffic volume roads in the wheatbelt region and as such are well placed to receive early funding for these roads. This is good news for the Cuballing East Road and the Narrogin/Wandering Road.

Although a tough year, it has been satisfying in hindsight at what we have achieve in a challenging and adverse time. I look forward to the coming year with optimism.

Cr Mark Conley
SHIRE PRESIDENT

Chief Executive Officer's Report

The year 2020 was one like we have never experienced before. Thankfully COVID did not impact on the Shire's delivery of projects but unfortunately some of our local business's suffered. I encourage everyone to continue to support our local business's as best we can during these troubling times.

The Shire staff continued to work during the pandemic with some administration staff working from home, others remaining in the office and the outside crew carrying on with business as usual with some modifications to their activities as per the health guidelines.

I would like to thank the staff for adapting and continuing to deliver services to the community during a difficult time filled with great uncertainty.

Council meetings also changed to online meetings for a short time, Zoom became the new normal for many. The return of in person meetings was welcomed with all Councillors adapting to social distancing rules, elbow bumps and temperature checks so they could meet and address Council business in person.

Significant events of the 2019/20 year included a strongly contested election held in October 2019 for 3 vacant positions on Council. Two of the Shire's long standing Councillors Roger Newman and Tim Haslam retired with Councillor Dawson Bradford being re-elected. The two remaining vacancies were filled by Robert Harris and Deb Hopper.

Cuballing townsite was hit by a severe storm in February 2020 which caused significant damage to the Cuballing Town Hall. Part of the roof was lost allowing rain to damage the main hall ceiling beyond repair and cause damage to the floors. The Shire's insurance covered the cost to repair the hall including roof repairs, replacement of the main hall ceiling, repainting the water damaged areas and have the floors being sanded and resealed. The hall is now looking magnificent.

During 2019/20 Council assisted with a number of very successful community events.

Council supported the Popanyinning Bonfire in August and the Cuballing Christmas tree in December.

The annual Kids day in October was well supported with kids coming from far & wide to enjoy the day.

In January, Council conducted the Australia Day Breakfast Popanyinning, with Anne Lynham being awarded the Citizen of the year Award.

February saw a large crowd enjoying the Cuballing Music Festival before the onset of the pandemic.

The 2020 Anzac Day service was cancelled due to COVID restrictions, instead the Shire President, Mark Conley, recorded an Anzac day message video for residents to watch on the day. Along with many others in Australia residents paid their respects from their own driveways.

During the 2019/20 year the following projects were completed including:

- Upgrade to the Popanyinning Town Hall front entrance and the installation of a disabled access.
- Installation of a boardwalk and playground at the Yornaning Dam along with a new shade shelter and picnic tables & chairs.
- Solar panels were installed on the Shire Administration building reducing the power accounts significantly.
- The administration office replaced a photocopier and shredder.
- Cuballing Town Hall had new septics installed.
- The Cuballing Fire Station was extended and larger doors installed to allow easier access for the fire trucks.
- The Shire depot had new electronic gates installed making access easier for staff and increasing security by limiting access to non Shire staff.
- Major road works projects were carried out including:
  - Reseal on Popanyinning West Road;
  - Widening sections of Narrogin Wandering Road;
  - Widening sections of Stratherne Road;
  - Stage one of the Black spot project on the Narrogin Wandering Road; and
  - Bridge improvements.
- Plant items purchased include
  - Isuzu prime mover
  - tri-axle side tipper
  - tri-axle water tanker, and
  - two utilities for the works department

I would like to thank Councillors, fellow staff and the community for their efforts and support throughout the year.

Gary Sherry MLGP
CHIEF EXECUTIVE OFFICER

Council

Council Meetings are held on the third Wednesday of every month except in January where no meeting is planned. All Ordinary Council Meetings commence at 2.00pm. All Council meetings are open to the public, except for matters raised by Council under "confidential items"

Members of the public may ask a question at an ordinary council meeting during 'Public Question Time'

Minutes of the meetings are available at the Council offices or by visiting our website www.cuballing.wa.gov.au

Annual Financial and Audit Report

The Shire of Cuballing Annual Financial report for 30 June 2020 was audited by the Office of the Auditor General. A copy of the Annual Financial return and Audit Report is tabled later in this report.

Employees Remuneration

Local Government Administration Regulation 19B requires Council's employee remuneration over $100,000 to be disclosed in the Annual Report.

Salary Range	2019	2020
$100,000 – 109,999	1	1
$109,999 – 119,999		
$119,999 - 129,999		
$130,000 - 139,999	1	1

Plan for the Future

Local Government Act 1995 Section 5.51(2) (e) and section 5.56 requires a local government to plan for the future of the district. The following plans are available from the Shire Administration Office. The Long Term Financial Plan & the Corporate Business plan were reviewed during 2019/20.

- Long Term Financial Plan 2020-2034
- Corporate Business Plan 2020-2024.
- Community Strategic Plan 2017-2027

Register of Complaints

Section 5.121 of the Local Government Act 1995 requires Council to maintain a register of complaints which records all complaints that result in an action under the Local Government Act s5.121(6)(b) or (c)

The register of complaints is to include, for each recorded complaint;

- Name of Council Member or person about whom the complaint is made;
- Name of the person who makes the complaint;
- A description of the minor breach that the standards Panel finds has occurred; and
- Details of the action taken under LGA s5.110(6)(b) or (c)

During 2019/20 there was no reportable complaints.

Freedom of Information

The Freedom of Information (FOI) Act 1992 gives the public the right to apply for access to information held by the Shire of Cuballing. In the event that a request for information goes beyond the scope of the usual requests received, then the Shire would consider using the FOI process.

A copy of the FOI process is contained within the Shire's FOI Information Statement, which is available at www.cuballing.wa.gov.au

In the 2019-2020 financial year, the Shire of Cuballing processed no applications.

Elections

Elections are held biannually on the second Saturday in October and are subject to electoral procedures as governed by the Local Government Act. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Public Interest Disclosure

In accordance with the Public Interest Disclosure Act 2003, procedures have been implemented to facilitate receiving, reporting and action on public interest disclosures.

During the 2019/20 reporting period, no public interest disclosures were lodged.

State Records Act

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the Government Organisations, including Local Governments, should develop and implement strategies for ensuing that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is guided by its record keeping plan to maintain compliance with the State Records Commission. The Shire of Cuballing's Record Keeping Plan was endorsed by the Commission in August 2016, and is due for review prior to August 2021.

Staff continually work on implementing the strategies outlined in the Record Keeping Plan.

Councils Administration Officer/ Executive Officer is delegated the responsibility of maintaining the filing and record system of the Shire. The officer attends appropriate training courses to build knowledge in this area. All staff are trained to use the system as well as being trained in their record keeping responsibilities. Staff training and development in this area is ongoing to ensure best case practise.

The Shire of Cuballing's Induction Program for new employees includes and introduction to Councils record keeping system and program, and information on their record keeping responsibilities.

Equal Opportunity

Under the Western Australian Equal Opportunity Act, 1984 (PART IX) it is the responsibility of Local Government Authorities to prepare and implement an equal opportunity management plan in order to achieve the objects of the Act. These objects are:

A. to eliminate and ensure the absence of discrimination in employment on the ground of sex, marital status, pregnancy, family responsibility or family status, sexual orientation, race, religious or political conviction, impairment or age;

B. to eliminate and ensure the absence of discrimination in employment against gender reassigned persons on gender history grounds; and

C. to promote equal employment opportunity for all persons.

The Shire of Cuballing Adopted its Equal Employment Opportunity Management Plan on 19th August 2020. Copies of this document are available from Council's Administration Office.

National Competition Policy

The Clause 7 Statement on the application of National Competition Policy to local government requires certain information to be provided in the Annual Report.

Competitive Neutrality

Council has reviewed all areas of operations to determine the existence or otherwise of significant business activities.

A significant business activity is defined as an activity with an income in excess of $200,000 pa, which is not a regulatory service (community service obligation) and which is not already contracted out.

Accordingly, it has been determined that Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 Statement.

Structural Reform

As required by the Australian Accounting Standards and the Financial Management Regulations, an activity based costing system has been implemented. This assists the regulatory functions of Council to be separately identified from the service delivery functions, with a proper record of cost of provision of those functions.

Due to the compactness of the staff and range of activities undertaken by the Shire, there is little scope for further change.

Disability Access and Inclusion Plan

The Shire of Cuballing first adopted a Shire of Cuballing Disability Access and Inclusion Plan in 1995. The Shire of Cuballing Disability Access and Inclusion Plan 2019-2024 was adopted on 19th June 2019.

The Disability Services Amendment Act 1999 requires local governments to report annually on their Disability Access and Inclusion Plan achievements. The achievements for the year ended 30th June 2020 are listed below and grouped into the outcome areas addressed in the Shire of Cuballing's Disability Access and Inclusion Plan.

Outcome 1 **People with disability have the same opportunity as other people to access the services of, and any events organised in the Shire of Cuballing**

Council is responsive to the needs of the community in relation to the adaptation of services to suit particular needs. During the year no areas of service delivery were identified as requiring modification.

Outcome 2 **People with disability have the same opportunity as other people to access the buildings and other facilities of the Shire of Cuballing**

Council owned buildings are reviewed annually to see what modifications are required to improved access for members of the community that have difficulty with mobility.

Commercial enterprises are encouraged to address this problem and are gradually making their shop entrances easier for members of the public to access.

Outcome 3 **People with disability receive information pertaining to Council functions facilities and services in a format that will enable them to access the information as readily as other people are able to access it**

Information about the functions, facilities and services provided by the Shire is prepared using clear and concise language. If necessary, this information can be made in alternative formats i.e. large print, verbal etc on request. During the year no such requests were received.

Outcome 4 **People with disability will receive the same level and quality of service from the staff of the Shire of Cuballing as other people receive.**

Staff training is reviewed annually and where a need for training is identified, the staff are given the appropriate training.

Outcome 5 **People with disability have the same opportunities as other people to make complaints to the Shire of Cuballing**

All grievance procedures are accessible and staff are available to assist where required to ensure diverse needs are met to ensure grievances and complaints can be made known to the Shire. Procedures are reviewed regularly and staff are provided with training as required.

Outcome 6 **People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Cuballing**

Venues which are utilised for community participation in Council process are selected with the objective of ensuring access for all members of the community.

Outcome 7 **People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Cuballing**

Council or staff responsible for recruitment will ensure that the right person is selected for the position regardless of disability. At all stages of the recruitment process, staff will ensure that the position description, interviews and the workplace are accessible to all.

SHIRE OF CUBALLING

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

A progressive, diverse and caring community, with access to modern services and infrastructure, in a unique part of the world.

Principal place of business:
Campbell Street
Cuballing WA 6311

SHIRE OF CUBALLING
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 Cuballing 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 Cuballing 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 18th day of February 2021

Gary Sherry
Name of Chief Executive Officer

OAG AUDITED

BUTLER SETTINERI (AUDIT) PTY LTD

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

	NOTE	2020 Actual $	2020 Budget $	2019 Actual $
Revenue				
Rates	23(a)	1,184,618	1,175,270	1,125,644
Operating grants, subsidies and contributions	2(a)	1,090,630	733,442	1,124,369
Fees and charges	2(a)	332,051	347,392	396,324
Interest earnings	2(a)	30,532	32,887	44,719
Other revenue	2(a)	111,122	41,500	52,104
		2,748,953	2,330,491	2,743,160
Expenses				
Employee costs		(1,080,392)	(1,139,925)	(1,050,415)
Materials and contracts		(726,650)	(2,142,057)	(731,596)
Utility charges		(91,389)	(64,076)	(54,784)
Depreciation on non-current assets	10(d)	(1,690,424)	(1,500,557)	(1,673,905)
Interest expenses	2(b)	(8,108)	(10,294)	(6,372)
Insurance expenses		(146,749)	(143,652)	(131,415)
Other expenditure		(130,570)	(83,370)	(58,178)
		(3,874,282)	(5,083,931)	(3,706,665)
		(1,125,329)	(2,753,440)	(963,505)
Non-operating grants, subsidies and contributions	2(a)	850,455	1,650,739	527,827
(Loss) on asset disposals	10(a)	(38,362)	(24,437)	(44,535)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	35,611
		812,093	1,626,302	518,903
Net result for the period		**(313,236)**	**(1,127,138)**	**(444,602)**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus	12	0	0	324,093
Total other comprehensive income for the period		**0**	**0**	**324,093**
Total comprehensive income for the period		**(313,236)**	**(1,127,138)**	**(120,509)**

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

OAG AUDITED

BUTLER SETTINERI (AUDIT) PTY LTD

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

	NOTE	2020 Actual $	2020 Budget $	2019 Actual $
Revenue	2(a)			
Governance		64,329	1,295	37,032
General purpose funding		1,785,559	1,497,676	1,738,765
Law, order, public safety		44,645	28,018	51,683
Health		13,936	800	1,148
Education and welfare		0	2,500	3,500
Housing		4,680	4,680	4,680
Community amenities		87,705	77,383	68,029
Recreation and culture		13,150	84,877	31,805
Transport		484,780	310,632	460,945
Economic services		70,375	38,250	31,747
Other property and services		179,794	284,380	313,826
		2,748,953	2,330,491	2,743,160
Expenses	2(b)			
Governance		(156,914)	(149,640)	(143,157)
General purpose funding		(86,666)	(75,915)	(63,159)
Law, order, public safety		(175,084)	(186,043)	(165,052)
Health		(63,829)	(41,600)	(37,533)
Education and welfare		(14,019)	(1,237,800)	(14,293)
Housing		(29,829)	(43,610)	(48,531)
Community amenities		(433,531)	(355,510)	(343,745)
Recreation and culture		(357,490)	(376,688)	(321,908)
Transport		(2,178,622)	(2,193,061)	(2,221,784)
Economic services		(187,444)	(174,705)	(181,491)
Other property and services		(182,746)	(239,065)	(159,640)
		(3,866,174)	(5,073,637)	(3,700,293)
Finance Costs	2(b)			
Education and welfare		(3,394)	(2,774)	0
Transport		0	(4,126)	0
Other property and services		(4,714)	(3,394)	(6,372)
		(8,108)	(10,294)	(6,372)
		(1,125,329)	(2,753,440)	(963,505)
Non-operating grants, subsidies and contributions	2(a)	850,455	1,650,739	527,827
(Loss) on disposal of assets	10(a)	(38,362)	(24,437)	(44,535)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	35,611
		812,093	1,626,302	518,903
Net result for the period		(313,236)	(1,127,138)	(444,602)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus	12	0	0	324,093
Total other comprehensive income for the period		0	0	324,093
Total comprehensive income for the period		(313,236)	(1,127,138)	(120,509)

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

SHIRE OF CUBALLING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	2,324,583	691,425
Trade and other receivables	6	214,246	106,908
Other financial assets	5(a)	0	1,574,151
Inventories	7	6,061	8,986
TOTAL CURRENT ASSETS		2,544,890	2,381,470
NON-CURRENT ASSETS			
Other financial assets	5(b)	35,611	35,611
Property, plant and equipment	8	6,457,651	7,328,918
Infrastructure	9	62,392,633	62,726,303
Right of use assets	11(a)	860,852	0
TOTAL NON-CURRENT ASSETS		69,746,747	70,090,832
TOTAL ASSETS		72,291,637	72,472,302
CURRENT LIABILITIES			
Trade and other payables	13	121,497	163,502
Capital grant liability	14	428,777	0
Borrowings	15(a)	57,073	54,937
Employee related provisions	16	196,543	209,084
TOTAL CURRENT LIABILITIES		803,890	427,523
NON-CURRENT LIABILITIES			
Borrowings	15(a)	159,930	217,003
Employee related provisions	16	55,723	64,870
Provision for remediation	17	72,424	0
TOTAL NON-CURRENT LIABILITIES		288,077	281,873
TOTAL LIABILITIES		1,091,967	709,396
NET ASSETS		71,199,670	71,762,906
EQUITY			
Retained surplus		19,230,837	19,286,326
Reserves - cash/financial asset backed	4	1,316,404	1,574,151
Revaluation surplus	12	50,652,429	50,902,429
TOTAL EQUITY		71,199,670	71,762,906

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

OAG AUDITED

BUTLER SETTNERI (AUDIT) PTY LTD

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

	NOTE	RETAINED SURPLUS	RESERVES CASH/FINANCIAL ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		$	$	$	$
Balance as at 1 July 2018		19,762,088	1,542,991	50,578,336	71,883,415
Comprehensive income					
Net result for the period		(444,602)	0	0	(444,602)
Other comprehensive income	12	0	0	324,093	324,093
Total comprehensive income		(444,602)	0	324,093	(120,509)
Transfers from reserves	4	134,225	(134,225)	0	0
Transfers to reserves	4	(165,385)	165,385	0	0
Balance as at 30 June 2019		19,286,326	1,574,151	50,902,429	71,762,906
Adjustment due to the change in regulations	26(a)	0	0	(250,000)	(250,000)
Restated total equity at 1 July 2019		19,286,326	1,574,151	50,652,429	71,512,906
Comprehensive income					
Net result for the period		(313,236)	0	0	(313,236)
Total comprehensive income		(313,236)	0	0	(313,236)
Transfers from reserves	4	289,104	(289,104)	0	0
Transfers to reserves	4	(31,357)	31,357	0	0
Balance as at 30 June 2020		19,230,837	1,316,404	50,652,429	71,199,670

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

OAG AUDITED

BUTLER SETTINERI (AUDIT) PTY LTD

SHIRE OF CUBALLING
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		1,147,243	1,175,270	1,102,734
Operating grants, subsidies and contributions		1,438,551	733,442	1,182,896
Fees and charges		332,051	347,392	396,324
Interest received		30,532	32,887	44,719
Goods and services tax received		(51)	0	
Other revenue		111,122	41,500	52,104
		3,059,448	2,330,491	2,778,777
Payments				
Employee costs		(1,109,681)	(1,139,925)	(1,052,267)
Materials and contracts		(674,761)	(958,867)	(632,615)
Utility charges		(91,389)	(64,076)	(54,784)
Interest expenses		(8,108)	(10,294)	4,572
Insurance paid		(146,749)	(143,652)	(131,415)
Other expenditure		(130,570)	(83,370)	(58,178)
		(2,161,258)	(2,400,184)	(1,924,687)
Net cash provided by (used in) operating activities	18	898,190	(69,693)	854,090
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(709,514)	(2,179,570)	(425,112)
Payments for construction of infrastructure	9(a)	(1,021,309)	(1,007,382)	(913,310)
Non-operating grants, subsidies and contributions	2(a)	850,455	1,650,739	527,827
Proceeds from financial assets at amortised cost - term deposits		1,574,150	0	(1,574,151)
Proceeds from sale of property, plant & equipment	10(a)	96,123	94,000	48,475
Net cash provided by (used in) investment activities		789,905	(1,442,213)	(2,336,271)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(54,937)	(69,160)	(38,715)
Proceeds from new borrowings	15(b)	0	310,000	160,000
Net cash provided by (used In) financing activities		(54,937)	240,840	121,285
Net increase (decrease) in cash held		1,633,158	(1,271,066)	(1,360,896)
Cash at beginning of year		691,425	2,290,923	2,052,321
Cash and cash equivalents at the end of the year	18	2,324,583	1,019,857	691,425

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

OAG AUDITED

BUTLER SETTINERI (AUDIT) PTY LTD

SHIRE OF CUBALLING
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)	24 (b)	643,807	687,002	618,593
		643,807	687,002	618,593
Revenue from operating activities (excluding rates)				
Governance		64,329	1,295	37,032
General purpose funding		600,941	322,406	613,121
Law, order, public safety		44,645	28,018	51,683
Health		13,936	800	1,148
Education and welfare		0	2,500	3,500
Housing		4,680	4,680	4,680
Community amenities		87,705	77,382	68,029
Recreation and culture		13,150	84,877	31,805
Transport		484,781	310,631	460,945
Economic services		70,375	38,250	31,747
Other property and services		179,794	284,380	313,826
		1,564,336	1,155,219	1,617,516
Expenditure from operating activities				
Governance		(156,914)	(149,640)	(143,157)
General purpose funding		(86,666)	(75,915)	(63,159)
Law, order, public safety		(175,084)	(186,043)	(165,052)
Health		(63,829)	(41,600)	(37,533)
Education and welfare		(17,413)	(1,240,574)	(14,293)
Housing		(29,829)	(43,610)	(48,531)
Community amenities		(433,531)	(355,510)	(343,745)
Recreation and culture		(357,490)	(376,688)	(348,677)
Transport		(2,216,984)	(2,221,624)	(2,239,550)
Economic services		(187,445)	(174,705)	(208,260)
Other property and services		(187,460)	(242,458)	(166,012)
		(3,912,645)	(5,108,367)	(3,751,200)
Non-cash amounts excluded from operating activities	24(a)	1,779,522	2,718,207	1,705,240
Amount attributable to operating activities		75,020	(547,939)	190,149
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	850,455	1,650,739	527,827
Proceeds from disposal of assets	10(a)	96,123	94,000	48,475
Purchase of property, plant and equipment	8(a)	(709,514)	(2,179,570)	(425,112)
Purchase and construction of infrastructure	9(a)	(1,021,309)	(1,007,382)	(913,310)
Amount attributable to investing activities		(784,245)	(1,442,213)	(762,120)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(54,937)	(69,160)	(38,715)
Proceeds from borrowings	15(b)	0	310,000	160,000
Transfers to reserves (restricted assets)	4	(31,357)	(4,545)	(165,385)
Transfers from reserves (restricted assets)	4	289,104	563,826	134,225
Amount attributable to financing activities		202,810	800,121	90,125
Surplus/(deficit) before imposition of general rates		(506,415)	(1,190,031)	(481,846)
Total amount raised from general rates	23(a)	1,184,618	1,175,270	1,125,644
Surplus/(deficit) after imposition of general rates	24(b)	**678,203**	**(14,761)**	**643,798**

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

OAG AUDITED

BUTLER SETTINERI (AUDIT) PTY LTD

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.

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	General Rates	Over Time	Payment dates are adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not Applicable	When rates notice is issued
Service charges	Charge for a specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not Applicable	When rates notice is issued
Waste collection service	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 regularly weekly and fortnightly period as proportionate to collection service
Fee & Charges	Cemetery service, private works, standpipe charges	Single point in time	Payment once the service has been provided	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
Fees & charges	Building, planning, developments 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 issues of the associated rights	No refunds	On payment of the licence, registration or approval
Other revenue	Commissions on Licensing	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
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 & reporting	Contract obligation if contract not met	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	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 Local Government	Over Time	Fixed terms transfer of funds based on agreed milestones & reporting	Contract obligation if contract not met	Set by mutual agreement with funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared

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			
Governance	30,000	595	35,799
General purpose funding	535,483	285,073	563,235
Law, order, public safety	39,939	24,769	45,737
Education and welfare	0	2,500	3,500
Housing	180	4,680	4,680
Community amenities	7,366	6,362	21,690
Recreation and culture	4,900	77,332	2,500
Transport	472,762	300,631	446,228
Economic services	0	6,500	1,000
Other property and services	0	25,000	0
	1,090,630	733,442	1,124,369
Non-operating grants, subsidies and contributions			
Law, order, public safety	37,593	0	6,545
Education and welfare	0	872,000	0
Recreation and culture	80,924	0	0
Transport	731,938	778,739	521,282
	850,455	1,650,739	527,827
Total grants, subsidies and contributions	1,941,085	2,384,181	1,652,196
Fees and charges			
Governance	2,217	3,147	3,246
General purpose funding	13,157	1,000	2,847
Law, order, public safety	4,705	3,250	5,946
Health	13,936	800	1,149
Community amenities	73,726	71,020	67,699
Recreation and culture	8,250	7,545	7,615
Transport	108	2,000	5,137
Economic services	70,375	31,250	29,165
Other property and services	145,578	227,380	273,522
	332,052	347,392	396,324

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.

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	1,090,630	733,442	1,124,369
Fees and charges	332,051	347,392	396,324
Other revenue	111,122	41,500	52,104
Non-operating grants, subsidies and contributions	850,455	1,650,739	527,827
	2,384,258	2,773,073	2,100,624
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:			
Other revenue from contracts with customers recognised during the year	1,533,804	1,122,334	1,572,797
Other revenue from performance obligations satisfied during the year	850,455	1,650,739	527,827
	2,384,259	2,773,073	2,100,624
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	113,119		

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	1,183,335	1,181,970	1,125,644
	1,183,335	1,181,970	1,125,644
Other revenue			
Other	111,122	41,500	52,104
	111,122	41,500	52,104
Interest earnings			
Interest on reserve funds	17,642	15,000	22,259
Rates instalment and penalty interest (refer Note 23(c))	12,244	7,887	9,169
Other interest earnings	646	10,000	13,291
	30,532	32,887	44,719

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.

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	Note	2020 Actual $	2020 Budget $	2019 Actual $
Auditors remuneration				
- Audit of the Annual Financial Report		18,000	17,000	15,200
		18,000	17,000	15,200
Interest expenses (finance costs)				
Borrowings	15(b)	8,108	10,294	6,372
		8,108	10,294	6,372

3. CASH AND CASH EQUIVALENTS

	NOTE	2020	2019
		$	$
Cash at bank and on hand		2,324,583	691,425
Total cash and cash equivalents		2,324,583	691,425

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		1,318,535	0
- Financial assets at amortised cost		0	1,597,447
		1,318,535	1,597,447

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

Reserves - cash/financial asset backed	4	1,316,404	1,574,151
Bonds and deposits held	13	2,131	23,296
Total restricted assets		1,318,535	1,597,447

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.

4. RESERVES - CASH/FINANCIAL ASSET

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
(a) Employee Entitlements Reserve	303,438	3,526	(21,992)	284,972	303,437	0	0	303,437	308,356	22,810	(27,730)	303,438
(b) Admin Building, IT & Office Equipment Reserve	21,068	199	(14,546)	6,721	21,068	0	(15,675)	5,393	17,414	5,454	(1,800)	21,068
(c) Housing Reserve	96,817	1,023	0	97,840	96,817	0	(43,000)	53,817	89,482	7,335	0	96,817
(d) Recreations & Community Reserve	291,198	5,967	(105,978)	191,187	291,199	0	(261,151)	30,048	308,217	13,041	(30,060)	291,198
(e) Refuse Site Reserve	58,763	1,142	(14,689)	45,216	58,763	0	0	58,763	99,864	2,605	(43,706)	58,763
(f) Grain Freight Reserve	81,912	913	0	82,825	81,912	0	0	81,912	79,829	2,083	0	81,912
(g) Equestrian reserve	10,166	4,603	0	14,769	10,166	4,545	0	14,711	5,035	5,132	0	10,166
(h) Roads & Bridges Reserve	42,542	819	0	43,361	42,542	0	0	42,542	71,603	1,868	(30,929)	42,542
(i) Plant & Equipment Reserve	664,195	6,417	(131,899)	538,713	664,195	0	(244,000)	420,195	561,189	103,005	0	664,195
(j) Standpipe Maintenance Reserve	4,052	23	0	4,075	4,052	0	0	4,052	2,000	2,052	0	4,052
(k) Community & Sporting Club Reserve	0	6,725	0	6,725	0	0	0	0	0	0	0	0
	1,574,151	31,357	(289,104)	1,316,404	1,574,151	4,545	(563,826)	1,014,870	1,542,990	165,385	(134,225)	1,574,151

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) Employee Entitlements Reserve	As Required	To be used to fund employee entitlements.
(b) Admin Building, IT & Office Equipment Reserve	As Required	To be used to maintain the administration building and for the purchase of new and/ or replacement of office equipment or furniture.
(c) Housing Reserve	As Required	To be used to fund maintenance or construction of new housing.
(d) Recreations & Community Reserve	As Required	To be used to upgrade the oval and associated facilities.
(e) Refuse Site Reserve	As Required	To be used to fund the upgrade of the refuse sites.
(f) Grain Freight Reserve	As Required	To be used to maintain the grain freight route through the district.
(g) Equestrian reserve	As Required	To be used to maintain and upkeep the equestrian centre.
(h) Roads & Bridges Reserve	As Required	To be used to maintain and fund road and bridge projects through the district.
(i) Plant & Equipment Reserve	As Required	To be used to maintain and fund plant replacement program.
(j) Standpipe Maintenance Reserve	As Required	To be used to maintain and upkeep the standpipe network.
(k) Community & Sporting Club Reserve	As Required	To be used to fund Community and Sporting Club Small Grants (LEAP)

5. OTHER FINANCIAL ASSETS

	2020	2019
	$	$
(a) Current assets		
Financial assets at amortised cost	0	1,574,151
	0	1,574,151
Other financial assets at amortised cost		
Term deposits	0	1,574,151
	0	1,574,151
(b) Non-current assets		
Financial assets at fair value through profit and loss	35,611	35,611
	35,611	35,611
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	35,611	35,611
	35,611	35,611

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15(b) as self supporting loans.

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 25.

6. TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
Current		
Rates receivable	101,076	74,645
Trade and other receivables	113,119	32,263
GST receivable	51	0
	214,246	106,908

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 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

	2020	2019
	$	$
Current		
Fuel and materials	6,061	8,986
	6,061	8,986

The following movements in inventories occurred during the year:

Carrying amount at beginning of period	8,986	8,391
Inventories expensed during the year	(125,291)	(142,472)
Write down of inventories to net realisable value	6,061	0
Reversal of write down of inventories to net realisable value	(6,061)	0
Additions to inventory	122,366	143,067
Carrying amount at end of period	6,061	8,986

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.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Total land and buildings	Furniture & Equipment	Plant & Equipment	Total property, plant and equipment
	$	$	$	$
Balance at 1 July 2018	4,785,145	36,003	2,185,517	7,006,665
Additions	257,568	0	167,544	425,112
Change in accounty policy - assets expensed	(4,693)		(5,745)	(10,438)
(Disposals)	0	0	(65,041)	(65,041)
Revaluation increments / (decrements) transferred to revaluation surplus	0	(18,458)	342,551	324,093
Depreciation (expense)	(92,995)	(5,145)	(253,333)	(351,473)
Carrying amount at 30 June 2019	4,945,025	12,400	2,371,493	7,328,918
Comprises:				
Gross carrying amount at 30 June 2019	5,131,111	34,006	2,398,807	7,563,924
Accumulated depreciation at 30 June 2019	(186,086)	(21,606)	(27,314)	(235,006)
Carrying amount at 30 June 2019	4,945,025	12,400	2,371,493	7,328,918
Change in accounting policy (refer Note 10)	(1,130,714)	0	0	(1,130,714)
Adjusted carrying amount at 1 July 2019	3,814,311	12,400	2,371,493	6,198,204
Additions	230,495	8,720	470,299	709,514
(Disposals)	0	(2,200)	(124,632)	(126,832)
Revaluation increments / (decrements) transferred to revaluation surplus	(250,000)	0	0	(250,000)
Depreciation (expense)	(75,296)	(3,994)	(243,945)	(323,235)
Carrying amount at 30 June 2020	3,969,510	14,926	2,473,215	6,457,651
Comprises:				
Gross carrying amount at 30 June 2020	4,194,188	40,526	2,716,837	6,951,551
Accumulated depreciation at 30 June 2020	(224,678)	(25,600)	(243,622)	(493,900)
Carrying amount at 30 June 2020	3,969,510	14,926	2,473,215	6,457,651

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land & Buildings	Level 2	Independent Valuation	Independent Licensed Valuer	June 2017	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Furniture & Equipment	Level 2	Independent Valuation	Independent Licensed Valuer	June 2019	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Plant & Equipment					
Plant & Equipment	Level 2	Independent Valuation	Independent Licensed Valuer	June 2019	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties

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.

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads & Footpaths	Bridges	Recreation	Parks, Ovals & Playgrounds	Other Infrastructure	Total Infrastructure
	$	$	$	$	$	$
Balance at 1 July 2018	55,572,933	6,048,961	798,100	247,900	485,062	63,152,956
Additions	913,310	0	0	0	0	913,310
(Disposals)	0	0	(6,239)	(3,634)	(7,658)	(17,531)
Depreciation (expense)	(1,147,510)	(121,519)	(32,075)	(11,409)	(9,919)	(1,322,432)
Carrying amount at 30 June 2019	55,338,733	5,927,442	759,786	232,857	467,485	62,726,303
Comprises:						
Gross carrying amount at 30 June 2019	56,486,243	6,048,961	791,600	244,100	477,061	64,047,965
Accumulated depreciation at 30 June 2019	(1,147,510)	(121,519)	(31,814)	(11,243)	(9,576)	(1,321,662)
Carrying amount at 30 June 2019	55,338,733	5,927,442	759,786	232,857	467,485	62,726,303
Additions	863,526	30,620	0	38,870	88,293	1,021,309
(Disposals)	0	0	0	(7,653)	0	(7,653)
Depreciation (expense)	(1,166,369)	(121,519)	(31,814)	(13,381)	(14,243)	(1,347,326)
Carrying amount at 30 June 2020	55,035,890	5,836,543	727,972	250,693	541,535	62,392,633
Comprises:						
Gross carrying amount at 30 June 2020	57,349,769	6,079,581	791,600	274,770	565,355	65,061,075
Accumulated depreciation at 30 June 2020	(2,313,879)	(243,038)	(63,628)	(24,077)	(23,820)	(2,668,442)
Carrying amount at 30 June 2020	55,035,890	5,836,543	727,972	250,693	541,535	62,392,633

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads & Footpaths	Level 3	Independent Valuation	Replacement Cost	June 2018	Condition based valuation of the Road Asset Network
Bridges	Level 3	Independent Valuation	Replacement Cost	June 2018	Condition based valuation of the Bridge Asset Network
Recreation	Level 3	Independent Valuation	Replacement Cost	June 2018	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Parks, Ovals & Playgrounds	Level 3	Independent Valuation	Replacement Cost	June 2018	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Other Infrastructure	Level 3	Management Valuation	Replacement Cost	June 2018	Condition based valuation

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

At the end of each period the 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 11.

10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	$	$	$	$	$	$	$	$	$	$	$	$
Land & Buildings	0	0	0	0	0	0	0	0	4,693	0	0	(4,693)
Furniture & Equipment	2,200	0	0	(2,200)	0	0	0	0	0	0	0	0
Plant & Equipment	124,632	96,123	0	(28,509)	118,436	94,000	0	(24,437)	70,786	48,475	0	(22,311)
Recreation	0	0	0	0	0	0	0	0	6,239	0	0	(6,239)
Parks, Ovals & Playgrounds	7,653	0	0	(7,653)	0	0	0	0	3,634	0	0	(3,634)
Other Infrastructure	0	0	0	0	0	0	0	0	7,658	0	0	(7,658)
	134,485	96,123	0	(38,362)	118,436	94,000	0	(24,437)	93,010	48,475	0	(44,535)

The following assets were disposed of during the year.

Plant and Equipment	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Governance	$	$	$	$
Fuji Xerox Copier	2,200	0	0	(2,200)
Recreation and culture				
Yornaning Dam Old Playground	7,653	0	0	(7,653)
Transport				
Holden Colorado Utility 4x4 (CN0)	34,000	24,862	0	(9,138)
UD Nissan GW400 (CN047)	80,000	57,273	0	(22,727)
Economic services				
Holden Colorado Utility (CN027)	38,270	13,988	0	(24,282)
	162,123	96,123	0	(66,000)
	162,123	96,123	0	(66,000)

(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 & Equipment	22,906	0
	22,906	0

(c) Temporarily Idle Assets

The carrying value of assets held by the Shire which are temporarily idle or retired from active use and not classified as held for sale are shown in the table below.

	2020	2019
	$	$
Other Infrastructure	14,400	0
	14,400	0

10. FIXED ASSETS

(d) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	$	$	$
Land & Buildings	75,296	93,082	92,995
Furniture & Equipment	3,994	5,160	5,145
Plant & Equipment	243,945	260,960	253,333
Infrastructure - Roads & Footpaths	1,166,370	1,099,617	1,147,510
Bridges	121,519	0	121,519
Recreation	31,814	0	32,075
Parks, Ovals & Playgrounds	13,381	0	11,409
Other Infrastructure	14,243	41,738	9,919
Right of use assets - buildings	19,862	0	0
	1,690,424	1,500,557	1,673,905

Revision of useful lives of plant and equipment

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	30 to 50 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	50 years
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Bridges	40 years
Other Infrastructure	20 to 50 years
Parks and Ovals	50 years
Recreation	50 years
Water supply piping and drainage systems	75 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.

11. LEASES

(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 - buildings	Right of use assets Total
	$	
Carrying amount at 30 June 2019	880,714	880,714
Restated total equity at the beginning of the financial year	880,714	880,714
Depreciation (expense)	(19,862)	(19,862)
Carrying amount at 30 June 2020	860,852	860,852

SIGNIFICANT ACCOUNTING POLICIES

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 10 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.

12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	$	$	$	$	$	$	$	$	$	$
Revaluation surplus - Land & Buildings	2,363,803	0	(250,000)	(250,000)	2,113,803	2,363,803	0	0	0	2,363,803
Revaluation surplus - Furniture & Equipment	(11,730)	0	0	0	(11,730)	6,728	0	(18,458)	(18,458)	(11,730)
Revaluation surplus - Plant & Equipment	672,794	0	0	0	672,794	330,243	342,551	0	342,551	672,794
Revaluation surplus - Parks, Ovals & Playgrounds	167,789	0	0	0	167,789	167,789	0	0	0	167,789
Revaluation surplus - Recreation	605,731	0	0	0	605,731	605,731	0	0	0	605,731
Revaluation surplus - Infrastructure - Roads & Footpaths	40,416,514	0	0	0	40,416,514	40,416,514	0	0	0	40,416,514
Revaluation surplus - Other infrastructure [describe]	49,225	0	0	0	49,225	49,225	0	0	0	49,225
Revaluation surplus - Bridges	6,638,303	0	0	0	6,638,303	6,638,303	0	0	0	6,638,303
	50,902,429	0	(250,000)	(250,000)	50,652,429	50,578,336	342,551	(18,458)	324,093	50,902,429

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.

13. TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Current		
Sundry creditors	108,441	110,655
Prepaid rates	0	10,944
Accrued salaries and wages	10,925	6,924
ATO liabilities	0	11,602
Bonds and deposits held	2,131	23,296
ESL Levy	0	81
	121,497	163,502

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.

14. CAPITAL GRANT LIABILITIES

	2020	2019
	$	$
Current		
Capital grant liabilities for recognisable non financial assets	428,777	0
	428,777	0

SIGNIFICANT ACCOUNTING POLICIES

Capital Grant Liabilities

Capital grant liabilities represent the the Shire's obligation to construct recognisable non financial assets for which the Shire has received consideration from the grant provider.

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

15 INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	$	$
Current	57,073	54,937
Non-current	159,930	217,003
	217,003	271,940

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal 1 July 2019	30 June 2020 Actual Principal repayments	30 June 2020 Actual Interest repayments	30 June 2020 Actual Principal outstanding	Budget Principal 1 July 2019	30 June 2020 Budget New Loans	30 June 2020 Budget Principal repayments	30 June 2020 Budget Interest repayments	30 June 2020 Budget Principal outstanding	Actual Principal 1 July 2018	30 June 2019 Actual New Loans	30 June 2019 Actual Principal repayments	30 June 2019 Actual Interest repayments	30 June 2019 Actual Principal outstanding
				$	$	$	$	$	$	$	$	$	$	$	$	$	$
Education and welfare																	
Aged Persons Accommodation		WATC		0	0	0	0	0	310,000	14,223	2,774	295,777	0	0	0	0	0
Transport																	
Grader	63	WATC		111,940	40,446	4,714	71,494	111,951	0	40,446	4,126	71,505	150,655	0	38,715	6,372	111,940
				0	0	0	0	0	0	0	0	4,126					0
Economic services																	
Lot 74 Austral Street	64	WATC		160,000	14,491	3,394	145,509	160,000	0	14,491	3,394	145,509	0	160,000	0	0	160,000
				271,940	54,937	8,108	217,003	271,951	310,000	69,160	10,294	516,917	150,655	160,000	38,715	6,372	271,940
				271,940	54,937	8,108	217,003	271,951	310,000	69,160	10,294	516,917	150,655	160,000	38,715	6,372	271,940

* WA Treasury Corporation

15 INFORMATION ON BORROWINGS (Continued)

(c) Undrawn Borrowing Facilities	2020 $	2019 $
Credit Standby Arrangements		
Bank overdraft limit	130,000	30,000
Bank overdraft at balance date	0	0
Credit card limit	30,000	20,000
Credit card balance at balance date	(559)	0
Total amount of credit unused	159,441	50,000
Loan facilities		
Loan facilities - current	57,073	54,937
Loan facilities - non-current	159,930	217,003
Total facilities in use at balance date	217,003	271,940
Unused loan facilities at balance date		

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 25.

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	$	$	$
Opening balance at 1 July 2019			
Current provisions	137,520	71,564	209,084
Non-current provisions	0	64,870	64,870
	137,520	136,434	273,954
Additional provision	78,306	23,415	101,721
Amounts used	(101,417)	(21,992)	(123,409)
Balance at 30 June 2020	114,409	137,857	252,266
Comprises			
Current	114,409	82,134	196,543
Non-current	0	55,723	55,723
	114,409	137,857	252,266

Amounts are expected to be settled on the following basis:	2020	2019
	$	$
Less than 12 months after the reporting date	80,372	84,000
More than 12 months from reporting date	167,893	175,958
Expected reimbursements from other WA local governments	4,001	13,996
	252,266	273,954

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 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.

Other long-term employee benefits (Continued)

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.

17. OTHER PROVISIONS

	Provision for Remediation Costs	Total
	$	$
Opening balance at 1 July 2019		
Current provisions	0	0
Non-current provisions	0	0
	0	0
Additional provision	72,424	72,424
Balance at 30 June 2020	72,424	72,424
Comprises		
Current	0	0
Non-current	72,424	72,424
	72,424	72,424

Provision for remediation costs

Under the licence for the operation of the Shire of Cuballing's two waste landfill sites, the Shire has a legal obligation to restore the site.

A provision for remediation is recognised when:

- there is a present obligation as a result of waste activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligation include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are relected in the present value of the remediation provision at each reporting date.

Amounts which are reliably expected to be paid within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on the remaining life of the waste facility.

18. 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	2,324,583	1,019,857	691,425
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(313,236)	(1,127,138)	(444,602)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(35,611)
Depreciation on non-current assets	1,690,424	1,500,557	1,673,905
(Profit)/loss on sale of asset	38,362	24,437	44,535
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(107,338)	(10,023)	35,617
(Increase)/decrease in inventories	2,925	0	(595)
Increase/(decrease) in payables	(470,783)	0	121,868
Increase/(decrease) in provisions	50,737	0	(13,200)
Increase/(decrease) in capital grant obligations	857,554	1,193,213	0
Non-operating grants, subsidies and contributions	(850,455)	(1,650,739)	(527,827)
Net cash from operating activities	898,190	(69,693)	854,090

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	$	$
Governance	453,703	801,681
General purpose funding	2,538,829	588,962
Law, order, public safety	787,786	813,503
Education and welfare	15,040	0
Housing	610,625	715,567
Community amenities	728,086	746,462
Recreation and culture	3,835,944	4,292,989
Transport	62,839,222	64,107,697
Economic services	45,377	53,268
Other property and services	149,200	352,173
Unallocated	287,825	0
	72,291,637	72,472,302

20. CONTINGENT LIABILITIES

In compliance with the *contaminated sites Act 2003 Section 11,* the Shire of Cuballing has listed sites to be possible sources of contaminations.
Details of those sites are;

Shire of Cuballing Depot

Until the Shire conducts an investigation to determine the presence and scope of contamination, assesses the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

21. LEASING COMMITMENTS

(a) 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	1,500	1,500
- later than one year but not later than five years	1,500	3,000
	3,000	4,500

SIGNIFICANT ACCOUNTING POLICIES

Leases

On the adoption of AASB16, leases which had previously been classified as an operating lease under AASB117 are recognised as a lease liability.
However all contracts that are classified as short term leases and leases of low value assets are recognised as operating expenses.

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.	2020 Actual $	2020 Budget $	2019 Actual $
Meeting fees	12,140	12,805	12,000
President's allowance	8,000	8,000	7,500
Deputy President's allowance	2,000	2,000	1,875
Travelling expenses	234	0	0
	22,374	22,805	21,375

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:	2020 Actual $	2019 Actual $
Short-term employee benefits	341,305	323,939
Post-employment benefits	49,810	29,835
Other long-term benefits	8,000	7,652
	399,115	361,426

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.

22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual $	2019 Actual $
Sale of goods and services	5,402	11,563
Purchase of goods and services	24,480	14,855
Amounts outstanding from related parties:		
Trade and other receivables	171	380
Amounts payable to related parties:		
Trade and other payables	0	3,300

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.

23 RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in $	Number of Properties	2019/20 Actual Rateable Value $	2019/20 Actual Rate Revenue $	2019/20 Actual Interim Rates $	2019/20 Actual Back Rates $	2019/20 Actual Total Revenue $	2019/20 Budget Rate Revenue $	2019/20 Budget Interim Rate $	2019/20 Budget Back Rate $	2019/20 Budget Total Revenue $	2018/19 Actual Total Revenue $
Gross rental valuations												
GRV Cuballing	0.07697	187	2,350,114	180,881	0	0	180,881	180,881	0	0	180,881	152,468
Unimproved valuations												
UV Cuballing	0.00729	188	115,229,000	839,905	0	0	839,905	839,904	0	0	839,904	787,518
Sub-Total		375	117,579,114	1,020,786	0	0	1,020,786	1,020,785	0	0	1,020,785	939,986
Minimum payment	Minimum $											
Gross rental valuations												
GRV Cuballing	690	140	622,278	96,600	0	0	96,600	96,600	0	0	96,600	111,780
Unimproved valuations												
UV Cuballing	930	152	13,308,900	141,360	0	0	141,360	141,360	0	0	141,360	146,940
Sub-Total		292	13,931,178	237,960	0	0	237,960	237,960	0	0	237,960	258,720
		667	131,510,292	1,258,746	0	0	1,258,746	1,258,745	0	0	1,258,745	1,198,706
Discounts (Note 23(b))							(75,411)				(76,775)	(73,062)
Total amount raised from general rate							1,183,335				1,181,970	1,125,644
Interim Rates							1,380					
Rates Written Off							(97)				(6,700)	0
Totals							1,184,618				1,175,270	1,125,644

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.

23 RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount	Discount	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
	%	$	$	$	$	
Option 1 only	8.00%	N/A	75,411	76,775	73,062	A discount of 8% of the current rates levied will be offered to ratepayers
Total discounts/concessions (Note 23(a))			75,411	76,775	73,062	

23 RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		$	%	%
Option Three				
First instalment	11/09/2019	30.00	0.00%	11.00%
Second instalment	11/11/2019	0.00	5.50%	11.00%
Third instalment	13/01/2020	0.00	5.50%	11.00%
Fourth instalment	13/03/2020	0.00	5.50%	11.00%

	2020 Actual	2020 Budget	2019 Actual
	$	$	$
Interest on unpaid rates	10,615	6,887	7,458
Interest on instalment plan	1,629	1,000	1,711
Charges on instalment plan	2,020	1,500	2,220
	14,264	9,387	11,389

24. RATE SETTING STATEMENT INFORMATION

	Note	2019/20 (30 June 2020 Carried Forward)	2019/20 Budget (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)	2018/19 (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 *Financial Management Regulation 32.*					
Adjustments to operating activities					
Less: Movement in liabilities associated with restricted cash		0	1,193,213	0	0
Movement in employee benefit provisions (current)		(12,541)	0	(36,937)	(36,937)
Movement in employee benefit provisions (non-current)		(9,147)	0	23,737	23,737
Movement in other provisions (non-current)		72,424			
Add: Loss on disposal of assets	10(a)	38,362	24,437	44,535	44,535
Add: Depreciation on non-current assets	10(d)	1,690,424	1,500,557	1,673,905	1,673,905
Non cash amounts excluded from operating activities		1,779,522	2,718,207	1,705,240	1,705,240
(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	(1,316,404)	(1,014,870)	(1,574,151)	(1,574,151)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	15(a)	57,063	69,160	54,927	54,927
- Employee benefit provisions	16(a)	196,543	246,020	209,084	209,084
Total adjustments to net current assets		(1,062,798)	(699,690)	(1,310,140)	(1,310,140)
Net current assets used in the Rate Setting Statement					
Total current assets		2,544,890	1,157,122	2,381,470	2,381,470
Less: Total current liabilities		(803,890)	(472,193)	(427,522)	(427,522)
Less: Total adjustments to net current assets		(1,062,798)	(699,690)	(1,310,140)	(1,310,140)
Net current assets used in the Rate Setting Statement		678,203	(14,761)	643,807	643,807
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards					
Total current assets at 30 June 2019					2,381,470
- Contract assets	27(a)				0
Total current assets at 1 July 2019					2,381,470
Total current liabilities at 30 June 2019					(427,522)
Total current liabilities at 1 July 2019					(427,522)

25. 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 risk arise from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	$	$	$	$
2020					
Cash and cash equivalents	0.10%	2,324,583	0	2,324,583	0
Financial assets at amortised cost - term deposits	0.80%	0	0	0	0
2019					
Cash and cash equivalents	0.10%	691,425	0	668,129	23,296
Financial assets at amortised cost	1.76%	1,574,151	1,574,151	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*	23,246	6,681

* 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 15(b).

25. 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. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment, the effect of COVID-19 needs to be considered. Financial assistance provided to ratepayers is expected to adversely affect the Shire's cash flows. 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 for rates receivable was determined as follows and takes into consideration the impact of COVID-19. No expected credit loss was forecast on 1 July 2019 or 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,590	51,923	11,779	35,784	101,076
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,114	23,677	19,572	30,282	74,645

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	0.00%	0.00%	0.00%	0.20%	
Gross carrying amount	111,843	0	30	1,246	113,119
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	50.00%	
Gross carrying amount	31,356	41	393	473	32,263
Loss allowance	0	0	0	236	236

25. 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 14c

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	121,497	0	0	121,497	(307,280)
Borrowings	62,456	101,254	71,540	235,250	217,003
Lease liabilities	1,500	1,500	0	3,000	0
	185,453	102,754	71,540	359,747	(90,277)
2019					
Payables	163,503	0	0	163,503	163,503
Borrowings	62,456	145,826	89,425	297,707	271,940
	225,959	145,826	89,425	461,210	435,443

26. 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. The Shire of Cuballing did not have any adjustments at 1 July 2019.

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

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019, no adjustments were made on the initial application of the standard.

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

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

Volunteer services in relation to Fire and other services were not recognised as the fair value of the services can't be reliably estimated.

26. 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.

	Note	2020 $ As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	2020 $ Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	23(a)	1,184,618	0	1,184,618
Operating grants, subsidies and contributions	2(a)	1,090,630	0	1,090,630
Fees and charges	2(a)	332,051	0	332,051
Non-operating grants, subsidies and contributions	2(a)	850,455	428,777	1,279,232
Net result		(313,236)	428,777	115,541
Statement of Financial Position				
Capital grant liability	14	0	0	0
Contract liabilities	14	428,777	(428,777)	0
Net assets		71,199,670	0	71,199,670
Statement of Changes in Equity				
Net result		(313,236)	0	115,541
Retained surplus		19,230,837	0	19,230,837

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

On adoption of AASB 16, the Shire did not recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases) as all leases were low value leases.

On adoption of AASB 16 the Shire recognised a right-of-use asset 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.

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 for which 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.

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(d) Impact of New Accounting Standards on Retained Surplus

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

	Note	Adjustments	2019
			$
Retained surplus - 30 June 2019		0	19,286,326
Retained surplus - 1 July 2019		0	19,286,326

27. 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 10.

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

	Note	Carrying amount 30 June 2019	Reclassification	Carrying amount 01 July 2019
		$	$	$
Property, plant and equipment	8	7,328,918	(1,130,714)	6,198,204
Revaluation surplus	12	50,902,429	(250,000)	50,652,429

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

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

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

	Note	Adjustments	2019
			$
Revaluation surplus - 30 June 2019			50,902,429
Adjustment to revaluation surplus from deletion of FM Reg 16	27(a)	0	(250,000)
Adjustment to revaluation surplus from deletion of FM Reg 17	27(b)	0	0
Revaulation surplus - 1 July 2019			50,652,429

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model ,such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory 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.

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE Administration and operation of facilities and services to members of council, other costs that relate to tasks of elected members and ratepayers on matters which do not concern specific council activities	Complete Council meetings, Complete all Administration activities, Lobby other levels of government to support the aims of the Shire of Cuballing
GENERAL PURPOSE FUNDING Rates, general purpose government grants and interest revenue	Manage Rates and collection. Maintain Property Data
LAW, ORDER, PUBLIC SAFETY Supervision of various local laws, fire prevention, emergency services and animal control.	Provide a visiting ranger service. Support Cuballing Popanyinning Volunteer Bush Fire Brigade. Complete fire prevention activities. Provide bushfire response activities. Oversee local emergency management planning.
HEALTH Inspections of septics and food control	Inspect food premises.
EDUCATION AND WELFARE Support school activities	Provide activities of support of local schools
HOUSING Provision and maintenance of staff housing	Provide 2 staff houses
COMMUNITY AMENITIES Operation of refuse sites, noise control and administration of Town Planning Scheme	Operate Cuballing transfer station Operate Popanyinning transfer station Provide kerbside waste & recycling services Provide town planning approvals Complete town planning enforcement Complete town planning amendments and reviews Provide Cuballing cemetery Provide Popanyinning cemetery
RECREATION AND CULTURE Maintenance of halls, recreation centre and various reserves. Support library services in Narrogin.	Maintain halls & Civic buildings. Maintain parks & gardens Provide Cuballing Recreation centre & oval Manage lease of Dryandra Equestrian Centre
TRANSPORT Construction and maintenance of streets, roads, bridges, footpaths, drainage works, traffic signs, bus shelters and depot maintenance.	Maintain and protect local environmentally significant areas. Maintain council roads and footpaths. Provide vehicle licencing agency services.
ECONOMIC SERVICES The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.	Control of noxious weeds on council property. Support Dryandra Country Visitors Centre Provide Drum Muster Service Promote the Shire of Cuballing Provide building registration services to the Shire of Cuballing Provide potable water sales Inspect swimming pools
OTHER PROPERTY AND SERVICES Private works operation, plant repairs and operation costs.	Compare private civil construction works

30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.02	3.59	8.22
Asset consumption ratio	0.96	0.97	0.99
Asset renewal funding ratio	0.97	N/A	N/A
Asset sustainability ratio	0.97	0.62	0.48
Debt service cover ratio	8.48	15.70	5.72
Operating surplus ratio	(0.75)	(0.62)	(0.79)
Own source revenue coverage ratio	0.40	0.42	0.40

The above ratios are calculated as follows:

Current ratio

$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$$

Asset consumption ratio

$$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$$

Asset renewal funding ratio

$$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

Asset sustainability ratio

$$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$$

Debt service cover ratio

$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

Operating surplus ratio

$$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$$

Own source revenue coverage ratio

$$\frac{\text{own source operating revenue}}{\text{operating expense}}$$

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Cuballing

Report on the Audit of the Financial Report

Opinion
I have audited the annual financial report of the Shire of Cuballing 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 Cuballing:
(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 Matter – Basis of Accounting
I draw attention to Notes 1 and 10 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.

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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 30 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries basic standard for the past three 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 30 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 Cuballing 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
24 February 2021