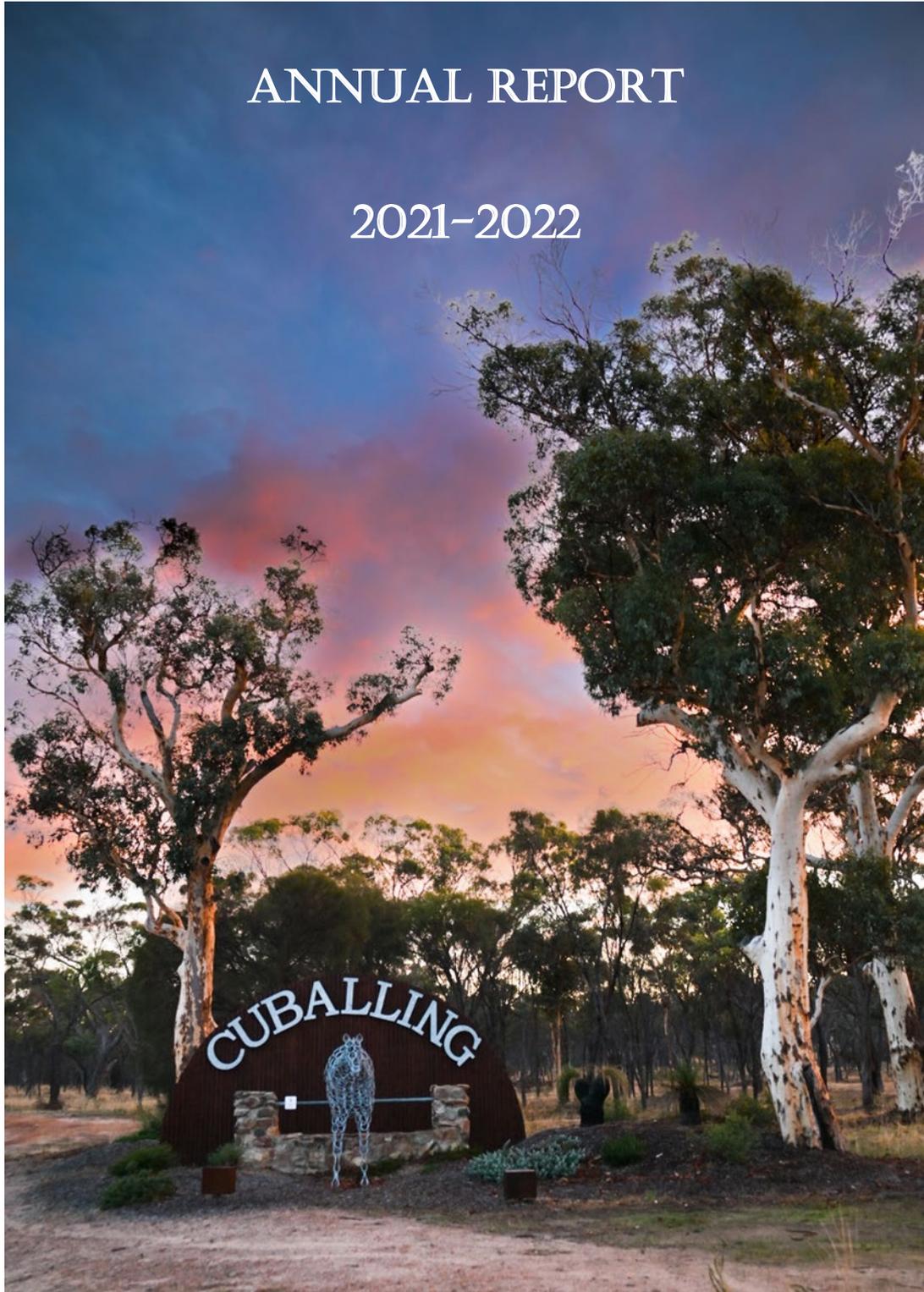




ANNUAL REPORT

2021-2022





186 Campbell Street (PO Box 13)

Cuballing WA 6311

PH: 9883 6031

E-mail; enquiries@cuballing.wa.gov.au

Website: www.cuballing.wa.gov.au

Introduction

Council is pleased to present the Annual Report of the Shire of Cuballing for the Financial Year ending 30 June 2022. The report is prepared in accordance with the requirements of Section 5.53 of the Local Government Act 1995, relevant standards and Regulations.

Council is required to, in its Annual Report, include more on its operations and activities and it is hoped that you will find the information of interest.

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.



Historic Cuballing

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Elected Members

CR. E Dowling – President

Elected to Office: 2013

Term Expires: 2025

Address: PO Box 2, Popanyinning WA 6309

Phone: 0488 775 095

Email: president@cuballing.wa.gov.au

CR. R Harris – Deputy President

Elected to Office: 2019

Term Expires: 2023

Address: PO Box 28, Cuballing WA 6311

Phone: 0458 939 097

Email: cubyeast@gmail.com

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. J Christensen - Councillor

Elected to Office: 2021

Term Expires: 2025

Address: PO Box 36, Cuballing WA 6311

Phone: 0427 836 220

Email: camjul@westnet.com.au

CR. A Kowald - Councillor

Elected to Office: 2021

Term Expires: 2025

Address: PO Box 55, Popanyinning WA 6309

Phone: 0408 953 337

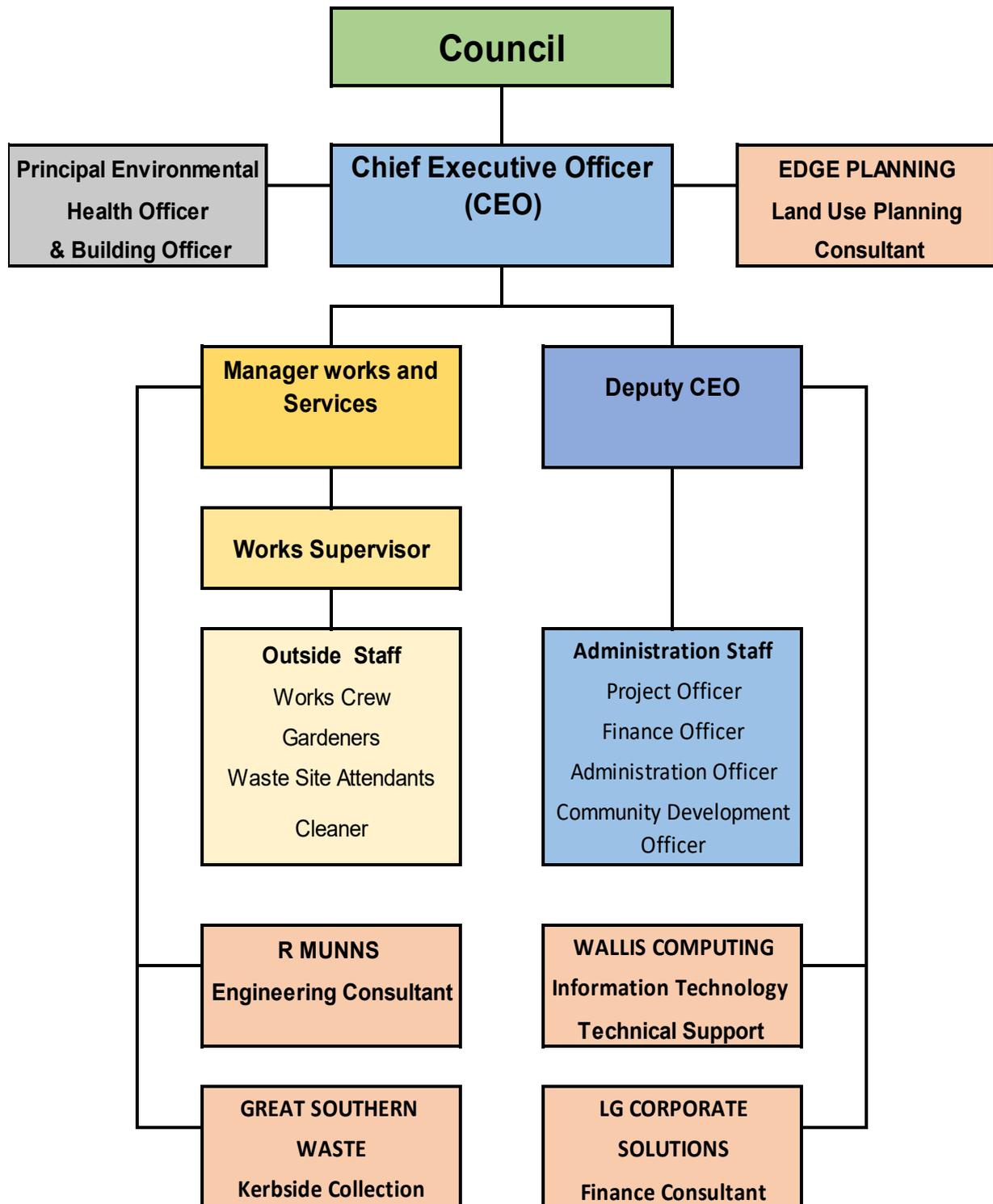
Email: adrianpoppo@outlook.com

CR. P Dowdell - Councillor

Elected to Office: 2021

Resigned Jan 2023

Organisational Structure & Staff



Vision, Mission and Values

Vision

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

Mission

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

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

Dedication

In the continual pursuit of excellence.

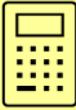
Proactivity

Through forward thinking and being positive.

Cohesiveness

Through teamwork, unity and shared ownership.

Shire Statistics

| | | |
|---|--|--|
|  <p>902</p> <p>Population *Based on 2021 Census</p> |  <p>\$759</p> <p>Minimum Rates-Residential</p> |  <p>21</p> <p>Number of Staff</p> |
|  <p>192km's</p> <p>Distance from Perth</p> |  <p>\$1,376,719</p> <p>Operating Grant Revenue</p> |  <p>\$ 1,294,771</p> <p>Rates Levied</p> |
|  <p>\$ 2,901,902</p> <p>Operating Revenue</p> |  <p>\$ 1,175,096</p> <p>Capital Grant Revenue</p> |  <p>\$1023</p> <p>Minimum Rates – Rural</p> |
|  <p>465Km's</p> <p>Length of Unsealed Roads</p> |  <p>485 Number of Dwellings *Based on 2021 Census</p> |  <p>1195</p> <p>Area (sq. KM)</p> |
|  <p>\$76,916,606</p> <p>Total Assets</p> |  <p>636</p> <p>Number of Electors</p> |  <p>176 KM's</p> <p>Length of Sealed Roads</p> |

Shire Presidents Report



Looking back on the 2021/22 financial year, what stands out most is the amount of change we went through as a Shire.

There were changes in senior staff as we farewelled our CEO of eight years, Gary Sherry, in December 2021 and then our Acting CEO and Deputy CEO, Bronwyn Dew in February 2022. We welcomed our new CEO, Stan Scott, who brought a wealth of experience and enthusiasm to the role and, with his wife Laurel, has made Cuballing their home. In April we also saw Fred Steer take on the role of Deputy CEO.

There were changes in Council as our longstanding President, Mark Conley, hung up his local government boots at the October elections to be replaced by me. Rob Harris took on the role of Deputy President and we welcomed new councillors Julie Christensen, Adrian Kowald and Peter Dowdell. We farewelled Scott Ballantyne who had served on council for eight years, having sadly accepted the resignation of Deb Hopper two months earlier. A new council and more rigorous training requirements meant that all of us had to complete various training units to serve on council and to learn to work together.

The Works Crew too have been through staff changes but, under the leadership of Bruce Brennan and Anthony Mort, they have continued to work as a united and highly professional team which does our shire proud. Staff shortages plague the whole of Western Australia and it is a show of good leadership in our Works Crew and the cultivation of a positive working environment by the whole crew that has kept the team relatively complete.

A major challenge came on February 6th 2022 with the Narrogin Wickepin fires that started on Cuballing's eastern border. These were the worst fires that many of us had experienced and were devastating for those farmers in their path. The Cuballing and Popanyinning Fire Brigades and our bushfire volunteers were pivotal in the containment of the fires and of coordinating with DFES to finally get them under control. They also played a major part in the clean up afterwards with many volunteers taking their machinery and tools out to help clear roads and refence boundaries. Stan Scott, Rob Harris and I attended almost all of the fire recovery meetings with Narrogin and Wickepin, of which there were many, to see how and where we could help. We hope and pray that this kind of bushfire event will never happen again but we have tried to learn from it and use this information to shape our Local Emergency Management Plans so we are prepared for the future.

On an operational level, the Shire has been affected by the rising costs of pretty much everything post-covid and long delays in accessing parts, materials and machinery. It has

been frustrating but the shire staff should be congratulated for how much they have managed to get done and for keeping to budget.

Our local events – the Popanyinning Bonfire night, movie nights, Kids Day out, Thank a Volunteer Day, the Australia Day breakfast, the Music Festival and Anzac Day service – have all been very successful and the Shire will continue to actively support them and our community groups, the Popanyinning Progress Association and the Cuballing Volunteer Action Group. These groups are pivotal in making Cuballing a great place to live. Our sporting clubs –cricket, golf, tennis, shooting and equestrian – make Cuballing a great place to play and we will continue to give them our full support.

Cr Eliza Dowling

SHIRE PRESIDENT



Dryandra Regional Equestrian Centre

Chief Executive Officer's Report



I would like to say that 2021-22 saw the last of the pandemic that has cast a shadow over all aspects of community life over the last 3 years. Unfortunately, that is not the case, and some impacts still linger.

I started as CEO on 11 February 2022 following Gary Sherry's move to Brookton. For the first couple of months, I am not sure I would have recognised most of my staff outside the office as were all wearing masks. It was not until late in the financial year that the borders were finally opened to the rest of Australia and masks were tentatively removed. We still had to manage COVID leave, staff absences and periods of remote working.

This financial year also saw Deputy CEO Bronwyn Dew leave to take a position with the Facey Group. This saw the Shire welcome me as new CEO and Fred Steer as Deputy CEO in the space of 6 weeks.

I also arrived in Cuballing immediately following what has become known as the Narrogin East fire, and the worst fire in this area for 25 years. Even though the fire started in the Southeast corner of the Cuballing Shire it quickly jumped the boundary into Wickepin and Narrogin. While there was minimal damage in the Shire of Cuballing, local fire fighters were involved in battling the blaze for the duration of the emergency and the mop up. I thank the volunteers for their efforts and recognise that the long term impacts of major incidents also affect first responders.

In October 2021 Council held its biennial Local Government Elections. Mark Conley did not contest the 2021 election after having served for 12 years on Council including 8 years as president. This service was recognised by a Local Government Merit Award from the WA Local Government Association in 2022. Cr Deb Hopper resigned due to ill health in 2021 and passed away several months later. Cr Scott Ballantyne contested his third election and was narrowly defeated. He had served 8 years on Council. We thank all Councillors for their service to the Cuballing community.

The elections saw 3 new Councillors elected: Cr Peter Dowdell, Cr Julie Christensen and Cr Adrian Kowald. Cr Eliza Dowling was elected as Shire President and Cr Rob Harris was elected as Deputy Shire President. The new Councillors were almost immediately faced with the task of selecting a new CEO. CEO interviews took place outdoors with social distancing in place.

Given that half of the Council and two thirds of the management team were replaced in the space of a few months things have progressed remarkably smoothly.

Council has a substantial program of works for 2021-22. The largest of these projects was the first stage of the upgrade of Cuballing East Road funded under the Wheatbelt Secondary Freight Network Program. Work on this project was held up by the time taken to obtain clearing permits. Ironically Cuballing has been recognised for its best practice approach to clearing permits and already had permits in place for scheduled works for the next 10 years.

The scope of the proposed project exceeded the extent of permitted clearing which meant a new application and substantial delays.

The Shire successfully completed the balance of its works program. This was important because of the scale of proposed works of 2022-23 and the lack of capacity for additional carry over works. This included works on:

- Stratherne Road
- Wandering Narrogin Road
- Popanyinning West Road
- Popanyinning East Road

Capital projects saw a refurbishment of the Shire offices and the installation of compliant disabled access. With Cuballing's aging population there are already a number of residents who have complimented the ease of access. There are also substantial improvements to business processes and building aesthetics, making it a far more pleasant place for staff and members of the public.

All over Australia, and in regional WA in particular, there has been significant pressure and substantial delays in the building industry. Cuballing is no different, and it took a long time for work to start on the Independent Living Units. 2021-22 saw work start in earnest and it has continued into the current year.

The upgrade of the reserve at Yornaning Dam with the support of the Peel Harvey Catchment Council and the Wheatbelt Cycling Collective saw the Shire of Cuballing recognised with an environmental rehabilitation award from Tidy Towns.

The Shire also delivered an extensive program of community events. Fortunately, these were mostly outdoor events which allowed us to navigate sanitising, social distancing and mask mandates and still run successful community events.

I would like to thank the Council, Shire staff and the Cuballing community for making me and my wife Laurel welcome. I would also like to recognise the efforts of former Councillors, former CEO Gary Sherry and former Deputy CEO Bronwyn Dew for their contributions as much of the work underpinning this annual report was theirs.

Stan Scott
Chief Executive Officer



**Numbat in the wild
Dryandra Woodland
National Park
Cuballing**

Highlights of the Year

Anzac Day

The 2022 Shire of Cuballing Anzac Day Service was well attended on a crisp morning.

Shire President Cr Eliza Dowling made a moving tribute to those who served followed by the Prayer of Remembrance. Mrs Robin Newman and Mrs Pat McDougall then led us in singing the hymn “O God Our Help in Ages Past”

The wreaths were laid by Mr Ries Chattillon, and Cr Robert Harris. Mr Chattillon spoke The Ode which was followed by Emily Ballantyne playing The Last Post. Local lads Sam and Lucas Grieve raised and lowered the Australian and New Zealand flags.

After the One Minute Silence and The Rouse played by Emily, the flags were raised by Libby & Davey.

Mrs Newman and Mrs McDougall then led the group in singing the National Anthems of New Zealand and Australia.

Grace and Adam from the Cuballing Tavern had prepared a morning tea of scones for all to enjoy at the completion of the service.



Blue Light Disco

On July 7th the PCYC, in conjunction with the Shire of Cuballing held a Blue light Disco in the Cuballing Agricultural Hall.

Youth danced the night away to some bopping beats dressed to theme, “retro” with glow in the dark sticks glasses, necklaces and rings.

Senior Sergeant John Bouwman who had a great time playing games of Limbo, Sergeant Heidi Melia who came

off annual leave to help host the disco and the other wonderful volunteers who made the night a success.



Music Festival



On Saturday the 12th February approximately 200 people attended the Cuballing Music Festival at the Cuballing Recreation Centre.

This year saw a different genre of music with Kevin Lansdell and family donning the stage to sing country and western. The night was concluded by local band "Trip".



Kids Day

The Shire of Cuballing held another very successful Go for 2&5 Cuballing Kid's Day on Wednesday 29th September 2021. Approx. 250 kids attended to fun filled morning.

- This year we saw an interactive games such as searching for fossils, Old Mac's Petting Zoo, balloon animals, face painting, obstacle course, bouncy castles, merry go round and Morty with the Cuballing Bush Fire Brigade fire truck.
- Fruit packs and water were supplied under the grant guidelines.
- This event still fell under covid restrictions and required a ticket to enter the event.

Cuballing Kid's Day was supported by Healthways and the Shire of Cuballing



Australia Day

On Australia Day 2022 the Shire of Cuballing hosted their annual community BBQ Breakfast at the Popanyinning Hall, with approximately 50 people in attendance. At the breakfast Shire President, Eliza Dowling, presented the 2022 Shire of Cuballing Citizen of the Year Award to Dianne Ferguson of Popanyinning. Dianne was selected in recognition of outstanding community volunteering within the Shire of Cuballing. Di has been instrumental in projects around Popanyinning such as the restoration of the Railway Station building and the War Memorial along with holding a position on the Popanyinning Progress Association for the past 16years.



Australia's Biggest Morning Tea

The rain stayed away just long enough for the Shire of Cuballing to host a Cancer's Biggest Morning Tea at the Cuballing Roadhouse on the 19th May.

Boosting hot cups of tea or coffee, with delicious cakes from Bill & Ben's bakery and Robyn's home-made profiteroles the morning tea was a warming success!

Rugged up against the chill and the threatening sky nothing was going to keep those who attended at home.

Thank you for all who donated we raised \$347.10, and that total raised goes directly to Cancer Council Australia.



Youth Day

Removing tubes, patching leaks, greasing chains, adjusting brakes, and popping wheelies were some of the exciting things all 22 enthusiastic kids learnt on April 14th, 2022, at the Cuballing Youth Day. Taking place at the Cuballing Rec Centre the day took off with a lot of excitement when the kids learnt Joseph from the Wheatbelt Cycle Collective and push bike mechanic extraordinaire would show them how to pop a wheelie, jump jumps and other general skills all which are useful in navigating the new bike tracks at the Yornaning Dam (or which ever bike tracks they wish to tackle)

Once the kids had learnt some ripper bike riding skills it was onto learning how to maintain their push bikes. While some gained the knowledge to maintain their own bikes, the rest settled into stripping down and rebuilding push bikes donated by Michael Chin from the Wheatbelt Cycle Collective. 3 hours of fun filled push bike tear down and rebuild. By gee it was a busy morning and I think a lot of knowledge was gained by all who attended.

Carry Van Empel & Peter Sinclair from the Cuballing Men's Shed assisted on the day by passing on many years of knowledge, Gavin Atwell for his tyre patching and changing expertise and Michael Chin & Joseph from the Wheatbelt Cycle Collective Without these community volunteer's worthy workshops like this are not possible.



Thank A Volunteer Day



The 2021 Thank a Volunteer day was held at the Popanyinning railway reserve on December 6th and was open to all residents and volunteers from surrounding towns. After a welcome speech and thank you to all volunteers from Shire of Cuballing President, Eliza Dowling it was time to tuck into a bbq dinner and drinks.

This event was proudly supported by the Shire of Cuballing and Government of Western Australia Department of Communities

Works Program

The Shire's works program remains the Shire's most significant investment. Maintaining and improving the standard of the roads infrastructure that supports local agriculture and lifestyle is an important priority. The Shire receives support for its roads program from:

- Commonwealth Financial Assistance Grants
- Commonwealth Roads to Recovery Program
- Joint Commonwealth (80%), State (13.5%) and Local Government funding under the Wheatbelt Secondary Freight Network Program
- Direct Grant from Main Roads WA
- State funded Regional Roads Group

Projects during the 21-22 Financial year included:

- Extensive work on Stratherne Road
- Continued investment in Wandering Narrogin Road
- Upgrade to Popanyinning West Road
- Gravel re-sheeting of Popanyinning East Road
- Upgrade to Francis Street in Popanyinning.



Fleet Replacements

Quality road maintenance and construction requires responsible investment in fleet and construction equipment. The Shire maintains a 10 year plant replacement plan to allow us to manage timely replacement of equipment. Our significant purchases for this year were a steel drum roller and a prime mover.



Construction Projects

Construction Projects



This year so some long overdue improvements to the Shire Offices. Externally this included the installation of ramps to provide improved access for mobility impaired customers. With an aging population easy access will only become more important. Similarly an automatic door was installed for the same reason.

Internally the layout was improved to provide a clearly separated reception area better designed internal office layout. This became more important with the impact of COVID and the need to accommodate social distancing.

Council has been working for several years on providing suitable accommodation for retirees in Cuballing so that local residents would no longer need to move somewhere else to retire. Cuballing participated in a joint project with several other Shires to gain funding from Royalties for Regions to build a complex of 4 Independent Living Units. Work was well under way by June 2022, with work expected to be completed in 2022-23.



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 2021 was audited by AMD Chartered Accountants and endorsed by the Office of the Auditor General. A copy of the Annual Financial return and Audit Report is tabled later in this report.

Required Disclosures

Local Government (Administration) Regulations 1996 require certain information in relation to remuneration, Councillor behaviour and levels of participation to be disclosed in the Annual Report.

Employee Remuneration

Local Government Administration Regulation 19B requires Council’s employee remuneration over \$130,000, and in every \$10,000 increment above \$130,000 to be disclosed in the Annual Report.

| Salary Range | Number of Employees |
|---------------------|---------------------|
| \$130,000 – 139,999 | |
| \$139,999 – 149,999 | 1 |

Payment to Members of the Standards Panel

Regulation 19B(c) requires disclosure of any remuneration and allowances paid by the local government under Schedule 5.1 clause 9 during the financial year. There were no such allowances paid by the Shire of Cuballing.

Financial Penalties

Regulation 19B(d) any amount ordered under section 5.110(6)(b)(iv) to be paid by a person against whom a complaint was made under section 5.107(1), 5.109(1) or 5.114(1) to the local government during the financial year. No Cuballing Councillors were the subject of any complaint to the Standards Panel.

CEO Remuneration

Regulation 19B(e) requires disclosure of the remuneration paid or provided to the CEO during the financial year. Three different Officers performed the role of CEO during the financial year, and their remuneration was as follows:

Mr Garry Sherry (Including accumulated leave entitlements) \$115,561.65

Ms Bronwyn Dew

\$72,621.35

Mr Stan Scott

\$46,315.70

Councillor Attendance

Regulation 19B(f) the number of council and committee meetings attended by each council member during the financial year.

| Councillor | Council Meetings | Committee Meetings |
|------------------------------------|------------------|--------------------|
| Cr Mark Conley (to Oct 21) | 3 | |
| Cr Scott Ballantyne (to Oct 21) | 3 | |
| Cr Deb Hopper (to Oct 21) | 1 | |
| Cr Eliza Dowling | 15 | 3 |
| Cr Rob Harris | 15 | 4 |
| Cr Dawson Bradford | 13 | 2 |
| Cr Julie Christensen (from Oct 21) | 9 | 2 |
| Cr Adrian Kowald (from Oct 21) | 12 | 2 |
| Cr Peter Dowdell | 10 | 2 |

Councillor Demographics

Regulation 19B(g), (h) and (i) require the reporting of demographic information on Councillors' if known, including gender, Country of birth, linguistic background and whether or not Councillors Identify as Aboriginal or Torres Strait Islander, as well as the ages of Councillors. Where the information is known it is reported below. During 2021-22 the Shire of Cuballing had a total of 9 Councillors occupy the 6 positions on Council including 3 new Councillors elected in October 2021. The information available is based on the information known to the Shire of Cuballing

| | |
|--|---|
| Total Councillors | 9 |
| Male | 6 |
| Female | 3 |
| Identify as Aboriginal or Torres Strait Islander | 0 |

Integrated Planning and Reporting

Regulation 19B(j) and (k) require the disclosure of any significant changes to the Strategic Community Plan or Corporate Business Plan. There are no substantial changes to report.

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. Long Term Financial Plan 2020-2034

- Long Term Financial Plan 2020-2034;
- Corporate Business Plan 2020-2024;
- Community Strategic Plan 2017-2027; and
- Asset Management Plan 2021-2035.

The Strategic Community Plan will be reviewed in 2023 – 24 which will result in changes to the other plans.

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 2020/21 there were 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 2020-2021 financial year, the Shire of Cuballing processed one application.

Elections

Elections are held biennially 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.

In October 2021, the Shire of Cuballing Conducted an in-person election. There were 3 Ordinary vacancies and one extraordinary vacancy. There were 5 Candidates for the four vacancies. The vote resulted in the following outcome:

| Councillor | Expiry of term |
|--------------------|-----------------|
| DOWLING, Eliza | 18 October 2025 |
| CHRISTENSEN, Julie | 18 October 2025 |
| KOWALD, Adrian | 18 October 2025 |
| DOWDELL, Pete | 21 October 2023 |

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 2020/21 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 ensuring 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 July 2021, and is due for review prior to July 2026.

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 an introduction to Council's 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. As a result the front entry to the administration office for the Shire of Cuballing was modified. This work included:



- Modified entry with new ramp for compliant access for mobility impaired customers;
- Automatic entry doors



- Modified reception including wheelchair accessible customer service station.

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.

Plans are in place to provide an accessible staff entry for use by staff and Councillors which should eliminate any physical barriers to participation for potential candidates for employment or election.

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

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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 2022**

**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 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Cuballing at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 18th day of APRIL 2023



Stan Scott
Chief Executive Officer



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

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|------------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 25(a),2(a) | 1,294,771 | 1,241,412 | 1,172,623 |
| Operating grants, subsidies and contributions | 2(a) | 1,376,719 | 702,067 | 1,227,523 |
| Fees and charges | 24(c),2(a) | 172,616 | 143,279 | 267,755 |
| Interest earnings | 2(a) | 9,536 | 10,575 | 15,572 |
| Other revenue | 2(a) | 48,260 | 45,750 | 72,010 |
| | | 2,901,902 | 2,143,083 | 2,755,483 |
| Expenses | | | | |
| Employee costs | | (974,274) | (1,027,922) | (839,681) |
| Materials and contracts | | (930,630) | (865,829) | (796,023) |
| Utility charges | | (71,315) | (62,565) | (84,086) |
| Depreciation | 9(a) | (2,047,840) | (2,060,628) | (2,072,341) |
| Finance costs | 2(b) | (5,111) | (23,708) | (5,383) |
| Insurance | | (143,575) | (159,902) | (146,251) |
| Other expenditure | 2(b) | (57,423) | (59,245) | (52,195) |
| | | (4,230,168) | (4,259,799) | (3,995,960) |
| | | (1,328,266) | (2,116,716) | (1,240,477) |
| Capital grants, subsidies and contributions | 2(a) | 1,175,096 | 2,360,758 | 1,691,211 |
| Profit on asset disposals | 9(b) | 14,272 | 0 | 874 |
| Loss on asset disposals | 9(b) | (12,633) | (42,073) | (158,333) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 3,291 | 0 | 0 |
| | | 1,180,026 | 2,318,685 | 1,533,752 |
| Net result for the period | 24(b) | (148,240) | 201,969 | 293,275 |
| Changes in asset revaluation surplus | 16 | 3,496,970 | 0 | 0 |
| Total other comprehensive income for the period | 16 | 3,496,970 | 0 | 0 |
| Total comprehensive income for the period | | 3,348,730 | 201,969 | 293,275 |

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



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

| | NOTE | 2022 | 2021 |
|--------------------------------------|-------|-------------------|-------------------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 3,007,541 | 2,907,935 |
| Trade and other receivables | 5 | 308,314 | 214,662 |
| Inventories | 6 | 13,432 | 5,613 |
| TOTAL CURRENT ASSETS | | 3,329,287 | 3,128,210 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 4(b) | 38,902 | 35,611 |
| Property, plant and equipment | 7 | 8,881,286 | 6,413,715 |
| Infrastructure | 8 | 62,877,431 | 62,367,604 |
| Right-of-use assets | 10(a) | 1,789,700 | 881,858 |
| TOTAL NON-CURRENT ASSETS | | 73,587,319 | 69,698,788 |
| TOTAL ASSETS | | 76,916,606 | 72,826,998 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 67,344 | 116,443 |
| Other liabilities | 12 | 694,224 | 694,224 |
| Borrowings | 13 | 84,310 | 44,358 |
| Employee related provisions | 14 | 270,754 | 260,765 |
| TOTAL CURRENT LIABILITIES | | 1,116,632 | 1,115,790 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 13 | 881,262 | 115,572 |
| Employee related provisions | 14 | 4,614 | 30,268 |
| Other provisions | 15 | 72,424 | 72,424 |
| TOTAL NON-CURRENT LIABILITIES | | 958,300 | 218,264 |
| TOTAL LIABILITIES | | 2,074,932 | 1,334,054 |
| NET ASSETS | | 74,841,674 | 71,492,944 |
| EQUITY | | | |
| Retained surplus | | 19,614,195 | 19,763,619 |
| Reserve accounts | 28 | 1,078,080 | 1,076,896 |
| Revaluation surplus | 16 | 54,149,399 | 50,652,429 |
| TOTAL EQUITY | | 74,841,674 | 71,492,944 |

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



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

| | NOTE | RETAINED SURPLUS \$ | RESERVE ACCOUNTS \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2020 | | 19,230,835 | 1,316,405 | 50,652,429 | 71,199,669 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 293,275 | 0 | 0 | 293,275 |
| Total comprehensive income for the period | | 293,275 | 0 | 0 | 293,275 |
| Transfers from reserves | 28 | 254,180 | (254,180) | 0 | 0 |
| Transfers to reserves | 28 | (14,671) | 14,671 | 0 | 0 |
| Balance as at 30 June 2021 | | 19,763,619 | 1,076,896 | 50,652,429 | 71,492,944 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | (148,240) | 0 | 0 | (148,240) |
| Other comprehensive income for the period | 16 | 0 | 0 | 3,496,970 | 3,496,970 |
| Total comprehensive income for the period | | (148,240) | 0 | 3,496,970 | 3,348,730 |
| Transfers from reserves | 28 | 83,139 | (83,139) | 0 | 0 |
| Transfers to reserves | 28 | (84,323) | 84,323 | 0 | 0 |
| Balance as at 30 June 2022 | | 19,614,195 | 1,078,080 | 54,149,399 | 74,841,674 |

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



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

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 1,272,423 | 1,299,412 | 1,151,444 |
| Operating grants, subsidies and contributions | | 1,342,666 | 752,067 | 1,513,682 |
| Fees and charges | | 172,616 | 143,279 | 267,755 |
| Interest received | | 9,536 | 10,575 | 15,572 |
| Goods and services tax received | | 131,730 | 0 | 274,451 |
| Other revenue | | 48,260 | 45,750 | 72,010 |
| | | 2,977,231 | 2,251,083 | 3,294,914 |
| Payments | | | | |
| Employee costs | | (955,902) | (1,027,922) | (801,030) |
| Materials and contracts | | (1,021,585) | (865,829) | (800,512) |
| Utility charges | | (71,315) | (62,565) | (84,086) |
| Finance costs | | (5,111) | (23,708) | (5,383) |
| Insurance paid | | (143,575) | (159,902) | (146,251) |
| Goods and services tax paid | | (168,981) | 0 | (274,400) |
| Other expenditure | | (57,423) | (59,245) | (52,195) |
| | | (2,423,892) | (2,199,171) | (2,163,857) |
| Net cash provided by (used in) operating activities | 17(b) | 553,339 | 51,912 | 1,131,057 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 7(a) | (1,160,018) | (3,107,847) | (620,269) |
| Payments for construction of infrastructure | 8(a) | (1,393,757) | (2,245,878) | (1,682,654) |
| Payments for right of use assets | | 0 | 0 | (42,122) |
| Non-operating grants, subsidies and contributions | | 1,175,096 | 2,360,758 | 1,691,211 |
| Proceeds from sale of property, plant & equipment | 9(b) | 119,304 | 115,000 | 163,203 |
| Net cash provided by (used in) investing activities | | (1,259,375) | (2,877,967) | (490,631) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 27(a) | (44,358) | (77,812) | (57,073) |
| Payments for principal portion of lease payments | 27(d) | 0 | (1,500) | 0 |
| Proceeds from new borrowings | 27(a) | 850,000 | 850,000 | 0 |
| Net cash provided by (used in) financing activities | | 805,642 | 770,688 | (57,073) |
| Net increase (decrease) in cash held | | 99,606 | (2,055,367) | 583,353 |
| Cash at beginning of year | | 2,907,935 | 2,534,476 | 2,324,582 |
| Cash and cash equivalents at the end of the year | 17(a) | 3,007,541 | 479,109 | 2,907,935 |

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

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

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| NET CURRENT ASSETS - At start of financial year - surplus/(deficit) | 26(b) | 1,240,647 | 1,904,205 | 678,211 |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities (excluding general rate) | | | | |
| Rates (excluding general rate) | 25(b) | 176 | 0 | 309 |
| Operating grants, subsidies and contributions | | 1,376,719 | 702,067 | 1,227,523 |
| Fees and charges | | 172,616 | 143,279 | 267,755 |
| Interest earnings | | 9,536 | 10,575 | 15,572 |
| Other revenue | | 48,260 | 45,750 | 72,010 |
| Profit on asset disposals | 9(b) | 14,272 | 0 | 874 |
| Fair value adjustments to financial assets at fair value through profit or loss | | 3,291 | 0 | 0 |
| | | 1,624,870 | 901,671 | 1,584,043 |
| Expenditure from operating activities | | | | |
| Employee costs | | (974,274) | (1,027,922) | (839,681) |
| Materials and contracts | | (930,630) | (864,329) | (796,023) |
| Utility charges | | (71,315) | (62,565) | (84,086) |
| Depreciation | | (2,047,840) | (2,060,628) | (2,072,341) |
| Finance costs | | (5,111) | (23,708) | (5,383) |
| Insurance | | (143,575) | (159,902) | (146,251) |
| Other expenditure | | (57,423) | (59,245) | (52,195) |
| Loss on asset disposals | 9(b) | (12,633) | (42,073) | (158,333) |
| | | (4,242,801) | (4,300,372) | (4,154,293) |
| Non-cash amounts excluded from operating activities | 26(a) | 2,027,245 | 2,102,701 | 2,226,445 |
| Amount attributable to operating activities | | (590,686) | (1,296,000) | (343,805) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 1,175,096 | 2,360,758 | 1,691,211 |
| Proceeds from disposal of assets | 9(b) | 119,304 | 115,000 | 163,203 |
| Purchase of property, plant and equipment | 7(a) | (1,160,018) | (3,107,847) | (620,269) |
| Purchase and construction of infrastructure | 8(a) | (1,393,757) | (2,245,878) | (1,682,654) |
| | | (1,259,375) | (2,877,967) | (448,509) |
| Amount attributable to investing activities | | (1,259,375) | (2,877,967) | (448,509) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 27(a) | (44,358) | (77,812) | (57,073) |
| Proceeds from borrowings | 27(a) | 850,000 | 850,000 | 0 |
| Payments for principal portion of lease liabilities | 27(d) | 0 | (1,500) | 0 |
| Transfers to reserves (restricted assets) | 28 | (84,323) | (93,911) | (14,671) |
| Transfers from reserves (restricted assets) | 28 | 83,139 | 353,507 | 254,180 |
| Amount attributable to financing activities | | 804,458 | 1,030,284 | 182,436 |
| Surplus/(deficit) before imposition of general rates | | 195,044 | (1,239,478) | 68,333 |
| Total amount raised from general rates | 25(a) | 1,294,595 | 1,241,412 | 1,172,314 |
| Surplus/(deficit) after imposition of general rates | 26(b) | 1,489,639 | 1,934 | 1,240,647 |

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

SHIRE OF CUBALLING
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF CUBALLING

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with 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.

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

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/Warranties | Timing of revenue recognition |
|--|---|--------------------------------------|--|---|--|
| Rates - General Rates | General Rates | Over Time | Payment dates are adopted by Council during the year | None | When rates notice is issued |
| Waste collection service | Kerbside collection service | Over Time | Payment on an annual basis in advance | None | 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 | 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 | On payment of the licence, registration or approval |
| Other revenue | Commissions on Licensing | Over Time | Payment in full on sale | None | When assets are controlled |
| Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | 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 | 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 | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |

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

Revenue Recognition

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

For the year ended 30 June 2022

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 1,294,771 | 0 | 1,294,771 |
| Operating grants, subsidies and contributions | 206,565 | 0 | 0 | 1,170,154 | 1,376,719 |
| Fees and charges | 100,207 | 0 | 14,720 | 57,689 | 172,616 |
| Interest earnings | 0 | 0 | 7,502 | 2,034 | 9,536 |
| Other revenue | 9,401 | 0 | 1,950 | 36,909 | 48,260 |
| Non-operating grants, subsidies and contributions | 0 | 1,175,096 | 0 | 0 | 1,175,096 |
| Total | 316,173 | 1,175,096 | 1,318,943 | 1,266,786 | 4,076,998 |

For the year ended 30 June 2021

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 1,172,623 | 0 | 1,172,623 |
| Operating grants, subsidies and contributions | 289,916 | 0 | 0 | 937,607 | 1,227,523 |
| Fees and charges | 98,878 | 0 | 67,535 | 101,342 | 267,755 |
| Interest earnings | 0 | 0 | 10,109 | 5,463 | 15,572 |
| Other revenue | 11,041 | 0 | 1,400 | 59,569 | 72,010 |
| Non-operating grants, subsidies and contributions | 0 | 1,691,211 | 0 | 0 | 1,691,211 |
| Total | 399,835 | 1,691,211 | 1,251,667 | 1,103,981 | 4,446,694 |

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

2. REVENUE AND EXPENSES (Continued)

| | Note | 2022 Actual | 2022 Budget | 2021 Actual |
|--|-------|----------------|----------------|----------------|
| (a) Revenue (Continued) | | \$ | \$ | \$ |
| Interest earnings | | | | |
| Interest on reserve funds | | 1,184 | 5,000 | 5,159 |
| Rates instalment and penalty interest (refer Note 25(e)) | | 7,502 | 5,075 | 10,109 |
| Other interest earnings | | 850 | 500 | 304 |
| | | 9,536 | 10,575 | 15,572 |
| (b) Expenses | | | | |
| Auditors remuneration | | | | |
| - Audit of the Annual Financial Report | | 16,800 | 17,600 | 15,200 |
| - Other services | | 1,920 | 0 | 800 |
| | | 18,720 | 17,600 | 16,000 |
| Finance costs | | | | |
| Borrowings | 27(a) | 5,111 | 23,708 | 5,383 |
| | | 5,111 | 23,708 | 5,383 |
| Other expenditure | | | | |
| Write down of inventories to net realisable value | 6 | 0 | 0 | 5,613 |
| Sundry expenses | | 57,423 | 59,245 | 46,582 |
| | | 57,423 | 59,245 | 52,195 |

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

3. CASH AND CASH EQUIVALENTS

| Note | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash at bank and on hand | 3,007,541 | 1,831,039 |
| Term deposits | 0 | 1,076,896 |
| Total cash and cash equivalents | 3,007,541 | 2,907,935 |
| Held as | | |
| - Unrestricted cash and cash equivalents | 822,503 | 1,136,481 |
| - Restricted cash and cash equivalents | 2,185,038 | 1,771,454 |
| | 3,007,541 | 2,907,935 |

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

| | | |
|--|------------------|------------------|
| Reserves - cash backed | 1,078,080 | 1,076,896 |
| Contract liabilities from contracts with customers | 694,224 | 694,224 |
| Unspent Loans | 411,876 | 0 |
| Bonds & Deposits | 858 | 334 |
| Total restricted assets | 2,185,038 | 1,771,454 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 17.

4. OTHER FINANCIAL ASSETS

(b) Non-current assets

Financial assets at fair value through profit and loss

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$ | \$ |
| | 38,902 | 35,611 |
| | 38,902 | 35,611 |
| | 38,902 | 35,611 |
| | 38,902 | 35,611 |

Financial assets at fair value through profit and loss

Units in Local Government House Trust

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates.

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

5. TRADE AND OTHER RECEIVABLES

| Note | 2022 | 2021 |
|-----------------------------|---------|---------|
| | \$ | \$ |
| Current | | |
| Rates receivable | 144,603 | 122,255 |
| Trade and other receivables | 126,460 | 92,407 |
| GST receivable | 37,251 | 0 |
| | 308,314 | 214,662 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 21.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

| Note | 2022 | 2021 |
|--------------------|--------|-------|
| | \$ | \$ |
| Current | | |
| Fuel and materials | 13,432 | 5,613 |
| | 13,432 | 5,613 |

The following movements in inventories occurred during the year:

| | | | |
|---|------|-----------|-----------|
| Balance at beginning of year | | 5,613 | 6,061 |
| Inventories expensed during the year | | (254,624) | (115,856) |
| Write down of inventories to net realisable value | 2(b) | 0 | (5,613) |
| Reversal of write down of inventories to net realisable value | | 0 | 5,613 |
| Additions to inventory | | 262,443 | 115,408 |
| Balance at end of year | | 13,432 | 5,613 |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

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

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

| | Note | Land & Buildings \$ | Total land and buildings \$ | Furniture and equipment \$ | Plant and equipment \$ | Total property, plant and equipment \$ |
|--|------|---------------------------|--------------------------------------|-------------------------------------|------------------------------|--|
| Balance at 1 July 2020 | | 3,969,510 | 3,969,510 | 14,926 | 2,473,214 | 6,457,650 |
| Additions | | 177,898 | 177,898 | 0 | 442,371 | 620,269 |
| Disposals | | (930) | (930) | (8,060) | (292,759) | (301,749) |
| Depreciation | 9(a) | (93,361) | (93,361) | (3,413) | (265,681) | (362,455) |
| Balance at 30 June 2021 | | 4,053,117 | 4,053,117 | 3,453 | 2,357,145 | 6,413,715 |
| Comprises: | | | | | | |
| Gross balance amount at 30 June 2021 | | 4,367,436 | 4,367,436 | 31,626 | 2,823,074 | 7,222,136 |
| Accumulated depreciation at 30 June 2021 | | (314,319) | (314,319) | (28,173) | (465,929) | (808,421) |
| Balance at 30 June 2021 | | 4,053,117 | 4,053,117 | 3,453 | 2,357,145 | 6,413,715 |
| Additions | | 661,822 | 661,822 | 0 | 498,196 | 1,160,018 |
| Disposals | | 0 | 0 | 0 | (117,665) | (117,665) |
| Revaluation increments / (decrements) transferred to revaluation surplus | | 1,788,789 | 1,788,789 | 0 | 0 | 1,788,789 |
| Depreciation | 9(a) | (80,281) | (80,281) | (1,744) | (281,546) | (363,571) |
| Balance at 30 June 2022 | | 6,423,447 | 6,423,447 | 1,709 | 2,456,130 | 8,881,286 |
| Comprises: | | | | | | |
| Gross balance amount at 30 June 2022 | | 6,818,047 | 6,818,047 | 31,626 | 3,153,590 | 10,003,263 |
| Accumulated depreciation at 30 June 2022 | | (394,600) | (394,600) | (29,917) | (697,460) | (1,121,977) |
| Balance at 30 June 2022 | | 6,423,447 | 6,423,447 | 1,709 | 2,456,130 | 8,881,286 |

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---------------------------|-----------------------------|--|-----------------------------|-------------------------------|--|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land & Buildings | Level 3 | Cost approach using depreciated replacement cost | Independent Licensed Valuer | June 2022 | 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.

(ii) Cost

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 was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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

8. INFRASTRUCTURE

(a) Movements in Balances

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

| | Note | Infrastructure - Roads \$ | Infrastructure - Bridges \$ | Infrastructure - Recreation \$ | Infrastructure - Parks, Ovals & Playgrounds \$ | Infrastructure - Other \$ | Total Infrastructure \$ |
|---|------|---------------------------------|-----------------------------------|--------------------------------------|---|---------------------------------|-------------------------------|
| Balance at 1 July 2020 | | 55,035,890 | 5,836,543 | 727,972 | 250,693 | 541,534 | 62,392,632 |
| Additions | | 1,555,885 | 15,720 | 9,000 | 33,416 | 68,633 | 1,682,654 |
| (Disposals) | | 0 | 0 | (1,920) | (3,440) | (13,552) | (18,912) |
| Depreciation | 9(a) | (1,502,379) | (121,592) | (33,734) | (14,687) | (16,378) | (1,688,770) |
| Balance at 30 June 2021 | | 55,089,396 | 5,730,671 | 701,318 | 265,982 | 580,237 | 62,367,604 |
| Comprises: | | | | | | | |
| Gross balance at 30 June 2021 | | 58,905,654 | 6,095,301 | 795,800 | 303,886 | 619,188 | 66,719,829 |
| Accumulated depreciation at 30 June 2021 | | (3,816,258) | (364,630) | (94,482) | (37,904) | (38,951) | (4,352,225) |
| Balance at 30 June 2021 | | 55,089,396 | 5,730,671 | 701,318 | 265,982 | 580,237 | 62,367,604 |
| Additions | | 1,077,621 | 23,587 | 0 | 0 | 292,549 | 1,393,757 |
| Revaluation increments / (decrements) transferred to revaluation surplus | | 0 | 0 | 50,430 | 315,055 | 415,663 | 781,148 |
| Depreciation | 9(a) | (1,472,641) | (121,906) | (36,547) | (15,838) | (18,146) | (1,665,078) |
| Balance at 30 June 2022 | | 54,694,376 | 5,632,352 | 715,201 | 565,199 | 1,270,303 | 62,877,431 |
| Comprises: | | | | | | | |
| Gross balance at 30 June 2022 | | 59,983,276 | 6,118,888 | 846,230 | 618,942 | 1,327,399 | 68,894,735 |
| Accumulated depreciation at 30 June 2022 | | (5,288,900) | (486,536) | (131,029) | (53,743) | (57,096) | (6,017,304) |
| Balance at 30 June 2022 | | 54,694,376 | 5,632,352 | 715,201 | 565,199 | 1,270,303 | 62,877,431 |

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

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---|----------------------|--|-----------------------------|------------------------|--|
| (i) Fair Value | | | | | |
| Infrastructure - Roads | Level 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Bridges | Level 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Recreation | Level 3 | Cost approach using depreciated replacement cost | Independent Licensed Valuer | June 2022 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Parks, Ovals & Playgrounds | Level 3 | Cost approach using depreciated replacement cost | Independent Licensed Valuer | June 2022 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Other | Level 3 | Cost approach using depreciated replacement cost | Independent Licensed Valuer | June 2022 | Construction costs and current condition, residual values and remaining useful life assessments inputs |

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

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

SHIRE OF CUBALLING
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FOR THE YEAR ENDED 30 JUNE 2022

9. FIXED ASSETS

(a) Depreciation

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Land & Buildings | 7(a) | 80,281 | 97,488 | 93,361 |
| Furniture and equipment | 7(a) | 1,744 | 5,861 | 3,413 |
| Plant and equipment | 7(a) | 281,546 | 259,800 | 265,681 |
| Infrastructure - Roads | 8(a) | 1,472,641 | 1,499,922 | 1,502,379 |
| Infrastructure - Bridges | 8(a) | 121,906 | 120,990 | 121,592 |
| Infrastructure - Recreation | 8(a) | 36,547 | 32,070 | 33,734 |
| Infrastructure - Parks, Ovals & Playgrounds | 8(a) | 15,838 | 13,000 | 14,687 |
| Infrastructure - Other | 8(a) | 18,146 | 11,367 | 16,378 |
| Right-of-use assets - vested buildings | 10(a) | 19,191 | 20,130 | 21,116 |
| | | 2,047,840 | 2,060,628 | 2,072,341 |

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 | 50 years |
| Other Infrastructure | 20 to 50 years |
| Parks and Ovals | 20 to 50 years |
| Recreation | 20 to 50 years |
| Water supply piping and drainage systems | 75 years |
| Right of Use Assets | 50 years |

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

9. FIXED ASSETS (Continued)

(b) Disposals of assets

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss | 2022 Budget Net Book Value | 2022 Budget Sale Proceeds | 2022 Budget Profit | 2022 Budget Loss | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land & Buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 930 | 0 | 0 | (930) |
| Furniture and equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,060 | 0 | 0 | (8,060) |
| Plant and equipment | 117,665 | 119,304 | 14,272 | (12,633) | 157,073 | 115,000 | 0 | (42,073) | 292,759 | 163,203 | 874 | (130,430) |
| Infrastructure - Recreation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,920 | 0 | 0 | (1,920) |
| Infrastructure - Parks, Ovals & Pl | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,440 | 0 | 0 | (3,440) |
| Infrastructure - Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,552 | 0 | 0 | (13,552) |
| | 117,665 | 119,304 | 14,272 | (12,633) | 157,073 | 115,000 | 0 | (42,073) | 320,661 | 163,203 | 874 | (158,332) |

The following assets were disposed of during the year.

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss |
|----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Transport | | | | |
| Bomag Roller | 39,151 | 26,518 | 0 | (12,633) |
| Isuzu Prime Mover | 55,007 | 56,422 | 1,415 | 0 |
| Holden Colorado Crew Cab | 23,507 | 36,364 | 12,857 | 0 |
| | 117,665 | 119,304 | 14,272 | (12,633) |

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a)

SHIRE OF CUBALLING
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10. LEASES

(a) Right-of-Use Assets

| Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year. | Note | Right-of-use assets - vested buildings | Right-of-use assets Total |
|--|------|--|---------------------------|
| | | \$ | \$ |
| Balance at 1 July 2020 | | 860,852 | 860,852 |
| Improvements | | 42,122 | 42,122 |
| Depreciation | | (21,116) | (21,116) |
| Balance at 30 June 2021 | | 881,858 | 881,858 |
| Revaluation increments / (decrements) transferred to revaluation surplus | | 927,033 | 927,033 |
| Depreciation | 9(a) | (19,191) | (19,191) |
| Balance at 30 June 2022 | | 1,789,700 | 1,789,700 |

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

| | | 2022 Actual | 2021 Actual |
|---|------|-----------------|-----------------|
| | | \$ | \$ |
| Depreciation on right-of-use assets | 9(a) | (19,191) | (21,116) |
| Total amount recognised in the statement of comprehensive income | | (19,191) | (21,116) |

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Right-of-use assets - valuation measurement

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

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Accrued interest on borrowings

| | 2022 | 2021 |
|--|--------|---------|
| | \$ | \$ |
| | 19,769 | 105,300 |
| | 24,032 | 10,809 |
| | 20,814 | 0 |
| | 858 | 334 |
| | 1,871 | 0 |
| | 67,344 | 116,443 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

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12. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

| | 2022 | 2021 |
|---|---------|---------|
| | \$ | \$ |
| Capital grant/contributions liabilities | 694,224 | 694,224 |
| | 694,224 | 694,224 |
| Opening balance | 694,224 | 428,777 |
| Additions | 0 | 265,447 |
| | 694,224 | 694,224 |

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

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FOR THE YEAR ENDED 30 JUNE 2022

13. BORROWINGS

| | Note | 2022 | | | 2021 | | |
|---------------------------------|-------|---------|-------------|---------|---------|-------------|---------|
| | | Current | Non-current | Total | Current | Non-current | Total |
| Secured | | \$ | \$ | \$ | \$ | \$ | \$ |
| Loans | | 84,310 | 881,262 | 965,572 | 44,358 | 115,572 | 159,930 |
| Total secured borrowings | 27(a) | 84,310 | 881,262 | 965,572 | 44,358 | 115,572 | 159,930 |

Secured liabilities and assets pledged as security

Loans are secured by a fixed charge over the assets of the Shire of Cuballing.

The Shire of Cuballing has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

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

Details of individual borrowings required by regulations are provided at Note 27(a).

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14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

| | 2022 | 2021 |
|------------------------------------|----------------|----------------|
| Current provisions | \$ | \$ |
| Employee benefit provisions | | |
| Annual Leave | 95,340 | 108,129 |
| Long Service Leave | 175,414 | 152,636 |
| | <u>270,754</u> | <u>260,765</u> |
| Non-current provisions | | |
| Long Service Leave | 4,614 | 30,268 |
| | <u>4,614</u> | <u>30,268</u> |
| | <u>275,368</u> | <u>291,033</u> |

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

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

Amounts are expected to be settled on the following basis:

| | 2022 | 2021 |
|--|----------------|----------------|
| Less than 12 months after the reporting date | 240,316 | 152,637 |
| More than 12 months from reporting date | 35,052 | 138,396 |
| | <u>275,368</u> | <u>291,033</u> |

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

| Note | 2022 | 2021 |
|------|----------------|----------------|
| | \$ | \$ |
| | 240,316 | 152,637 |
| | 35,052 | 138,396 |
| | <u>275,368</u> | <u>291,033</u> |
| | 5 | (6,540) |
| | (6,540) | (6,540) |

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

SHIRE OF CUBALLING
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15. OTHER PROVISIONS

| | Note | Provision for Remediation Costs | Total |
|---------------------------------------|------|---------------------------------------|--------|
| | | \$ | \$ |
| Opening balance at 1 July 2021 | | | |
| Non-current provisions | | 72,424 | 72,424 |
| | | 72,424 | 72,424 |
| Balance at 30 June 2022 | | 72,424 | 72,424 |
| Comprises | | | |
| 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 waste landfill site, 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 obligations 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 reflected 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.

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16. REVALUATION SURPLUS

| | 2022 Opening Balance | 2022 Revaluation Increment | 2022 Revaluation (Decrement) | Total Movement on Revaluation | 2022 Closing Balance | 2021 Opening Balance | 2021 Revaluation Increment | 2021 Closing Balance |
|---|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|----------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land & Buildings | 2,102,073 | 1,788,789 | 0 | 1,788,789 | 3,890,862 | 2,102,073 | 0 | 2,102,073 |
| Revaluation surplus - Plant and equipment | 672,794 | 0 | 0 | 0 | 672,794 | 672,794 | 0 | 672,794 |
| Revaluation surplus - Infrastructure - Roads | 40,416,514 | 0 | 0 | 0 | 40,416,514 | 40,416,514 | 0 | 40,416,514 |
| Revaluation surplus - Infrastructure - Bridges | 6,638,303 | 0 | 0 | 0 | 6,638,303 | 6,638,303 | 0 | 6,638,303 |
| Revaluation surplus - Infrastructure - Recreation | 605,731 | 50,430 | 0 | 50,430 | 656,161 | 605,731 | 0 | 605,731 |
| Revaluation surplus - Infrastructure - Parks, Ovals & Playgrounds | 167,789 | 315,055 | 0 | 315,055 | 482,844 | 167,789 | 0 | 167,789 |
| Revaluation surplus - Infrastructure - Other | 49,225 | 415,663 | 0 | 415,663 | 464,888 | 49,225 | 0 | 49,225 |
| Revaluation surplus - Right of Use Assets | 0 | 927,033 | 0 | 927,033 | 927,033 | 0 | 0 | 0 |
| | 50,652,429 | 3,496,970 | 0 | 3,496,970 | 54,149,399 | 50,652,429 | 0 | 50,652,429 |

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.

SHIRE OF CUBALLING
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17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Cash and cash equivalents | 3 | 3,007,541 | 479,109 | 2,907,935 |
| Restrictions | | | | |
| The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: | | | | |
| - Cash and cash equivalents | 3 | 2,185,038 | 817,299 | 1,771,454 |
| | | <u>2,185,038</u> | <u>817,299</u> | <u>1,771,454</u> |
| The restricted financial assets are a result of the following specific purposes to which the assets may be used: | | | | |
| Restricted reserve accounts | 28 | 1,078,080 | 817,299 | 1,076,896 |
| Contract liabilities from contracts and customers | | 694,224 | 0 | 694,224 |
| Bonds & Deposits | | 858 | 0 | 334 |
| Unspent loans | 27(c) | 411,876 | 0 | 0 |
| Total restricted financial assets | | <u>2,185,038</u> | <u>817,299</u> | <u>1,771,454</u> |
| (b) Reconciliation of Net Result to Net Cash Provided By Operating Activities | | | | |
| Net result | | (148,240) | 201,969 | 293,275 |
| Non-cash items: | | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | | (3,291) | 0 | 0 |
| Depreciation/amortisation | | 2,047,840 | 2,060,628 | 2,072,341 |
| (Profit)/loss on sale of asset | | (1,639) | 42,073 | 157,458 |
| Changes in assets and liabilities: | | | | |
| (Increase)/decrease in trade and other receivables | | (93,652) | 108,000 | (416) |
| (Increase)/decrease in inventories | | (7,819) | 0 | 448 |
| Increase/(decrease) in trade and other payables | | (49,099) | 0 | (5,053) |
| Increase/(decrease) in employee related provisions | | (15,665) | 0 | 38,767 |
| Increase/(decrease) in other liabilities | | 0 | 0 | 265,447 |
| Non-operating grants, subsidies and contributions | | (1,175,096) | (2,360,758) | (1,691,211) |
| Net cash provided by/(used in) operating activities | | <u>553,339</u> | <u>51,912</u> | <u>1,131,056</u> |
| (c) Undrawn Borrowing Facilities | | | | |
| Credit Standby Arrangements | | | | |
| Bank overdraft limit | | 100,000 | | 100,000 |
| Bank overdraft at balance date | | 0 | | 0 |
| Credit card limit | | 20,000 | | 30,000 |
| Credit card balance at balance date | | (1,247) | | (613) |
| Total amount of credit unused | | <u>118,753</u> | | <u>129,387</u> |
| Loan facilities | | | | |
| Loan facilities - current | | 84,310 | | 44,358 |
| Loan facilities - non-current | | 881,262 | | 115,572 |
| Total facilities in use at balance date | | <u>965,572</u> | | <u>159,930</u> |
| Unused loan facilities at balance date | | 0 | | |

Unused loan facilities at balance date

0

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18. CONTINGENT LIABILITIES

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

- Shire of Cuballing Depot

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess 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 the remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

19. CAPITAL COMMITMENTS

| | 2022 | 2021 |
|--------------------------------|-----------|--------|
| | \$ | \$ |
| Contracted for: | | |
| - capital expenditure projects | 1,080,689 | 17,372 |
| | 1,080,689 | 17,372 |
| Payable: | | |
| - not later than one year | 1,080,689 | 17,372 |

The capital expenditure project outstanding at the end of the end of the current reporting period represents the construction of the new Aged Person Accommodation units.

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20. RELATED PARTY TRANSACTIONS

| (a) Elected Member Remuneration | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Councillor Dowling | | | | |
| President's annual allowance | | 5,333 | 0 | 0 |
| Deputy President's annual allowance | | 667 | 2,000 | 2,000 |
| Meeting attendance fees | | 2,335 | 2,015 | 1,860 |
| | | 8,335 | 4,015 | 3,860 |
| Councillor Harris | | | | |
| Deputy President's annual allowance | | 1,000 | 0 | 0 |
| Meeting attendance fees | | 1,240 | 2,015 | 2,325 |
| | | 2,240 | 2,015 | 2,325 |
| Councillor Bradford | | | | |
| Meeting attendance fees | | 1,860 | 3,255 | 1,085 |
| | | 1,860 | 3,255 | 1,085 |
| Councillor Dowdell | | | | |
| Meeting attendance fees | | 1,550 | 0 | 0 |
| Travel and accommodation expenses | | 307 | 0 | 0 |
| | | 1,857 | 0 | 0 |
| Councillor Kowald | | | | |
| Meeting attendance fees | | 1,805 | 0 | 0 |
| Travel and accommodation expenses | | 407 | 0 | 0 |
| | | 2,212 | 0 | 0 |
| Councillor Christensen | | | | |
| Meeting attendance fees | | 465 | 0 | 0 |
| | | 465 | 0 | 0 |
| Councillor Conley | | | | |
| President's annual allowance | | 2,333 | 8,000 | 8,000 |
| Meeting attendance fees | | 630 | 2,730 | 3,150 |
| | | 2,963 | 10,730 | 11,150 |
| Councillor Ballantyne | | | | |
| Meeting attendance fees | | 465 | 2,015 | 2,170 |
| | | 465 | 2,015 | 2,170 |
| Councillor Hopper | | | | |
| Meeting attendance fees | | 0 | 2,015 | 2,325 |
| Travel and accommodation expenses | | 0 | 500 | 555 |
| | | 0 | 2,515 | 2,880 |
| | | 20,397 | 24,545 | 23,470 |
| Fees, expenses and allowances to be paid or reimbursed to elected council members. | | | | |
| | | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
| President's annual allowance | | 7,666 | 8,000 | 8,000 |
| Deputy President's annual allowance | | 1,667 | 2,000 | 2,000 |
| Meeting attendance fees | | 10,350 | 14,045 | 12,915 |
| Travel and accommodation expenses | | 714 | 500 | 555 |
| | 20(b) | 20,397 | 24,545 | 23,470 |
| (b) Key Management Personnel (KMP) Compensation | | | | |
| The total of compensation paid to KMP of the Shire during the year are as follows: | | | | |
| | | 2022 Actual \$ | 2021 Actual \$ | |
| Short-term employee benefits | | 370,757 | 342,830 | |
| Post-employment benefits | | 41,997 | 51,083 | |
| Employee - other long-term benefits | | 4,212 | 33,329 | |
| Council member costs | 20(a) | 20,397 | 23,470 | |
| | | 437,363 | 450,712 | |

Short-term employee benefits

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

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20. RELATED PARTY TRANSACTIONS (continued)

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

(c) Transactions with related parties

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

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

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

| | 2022 Actual | 2021 Actual |
|--|----------------|----------------|
| | \$ | \$ |
| Sale of goods and services | 0 | 1,137 |
| Purchase of goods and services | 24,173 | 46,731 |
| Amounts outstanding from related parties: | | |
| Trade and other receivables | 36 | 36 |
| Amounts payable to related parties: | | |
| Trade and other payables | 0 | 4,680 |

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

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21. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

| | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing |
|---------------------------|---------------------------------------|-------------------------|----------------------------|-------------------------------|-----------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Cash and cash equivalents | 0.07% | 3,007,541 | 0 | 2,209,233 | 798,308 |
| 2021 | | | | | |
| Cash and cash equivalents | 0.00% | 2,907,935 | 1,076,896 | 0 | 1,831,039 |

Sensitivity

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

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 30,075 | 29,079 |

* 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 27(a).

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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

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

| | Less than 1 year past due | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total | Note |
|-----------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|---------|------|
| 30 June 2022 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 926 | 24,914 | 54,479 | 64,284 | 144,603 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |
| 30 June 2021 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 409 | 51,790 | 30,531 | 39,525 | 122,255 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |

The loss allowance as at 30 June 2022 and 30 June 2021 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 2022 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 6,760 | 116,946 | 0 | 2,754 | 126,460 |
| 30 June 2021 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 87,219 | 0 | 598 | 4,590 | 92,407 |

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21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

| | Rates receivable | | Trade and other receivables | | Contract Assets | |
|---|------------------|----------------|-----------------------------|----------------|-----------------|----------------|
| | 2022 Actual | 2021 Actual | 2022 Actual | 2021 Actual | 2022 Actual | 2021 Actual |
| Opening loss allowance as at 1 July | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Additional provision / (unused amount reversed) | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing loss allowance at 30 June | 0 | 0 | 0 | 0 | 0 | 0 |

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

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

Contract Assets

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

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21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|--------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| <u>2022</u> | | | | | |
| Trade and other payables | 67,344 | 0 | 0 | 67,344 | 67,344 |
| Borrowings | 124,625 | 498,499 | 569,469 | 1,192,593 | 965,572 |
| Lease liabilities | 0 | 0 | 0 | 0 | 0 |
| | <u>191,969</u> | <u>498,499</u> | <u>569,469</u> | <u>1,259,937</u> | <u>1,032,916</u> |
| <u>2021</u> | | | | | |
| Trade and other payables | 116,443 | 0 | 0 | 116,443 | 116,443 |
| Borrowings | 47,599 | 71,540 | 53,655 | 172,794 | 159,930 |
| Lease liabilities | 1,500 | 0 | 0 | 1,500 | 0 |
| | <u>165,542</u> | <u>71,540</u> | <u>53,655</u> | <u>290,737</u> | <u>276,373</u> |

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22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no significant events to report after the reporting period ended 30 June 2022.

23. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

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

New accounting standards for application in future years

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

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

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

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

24. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

| Objective | Description |
|---|---|
| <p>Governance Administration and operation of facilities and services to members of council, other costs that relate to the tasks of elected members and ratepayers on matters which do not concern specific council activities.</p> | Complete Council meetings, Complete all Administration activities, Lobby other levels of government to support the aims of the Shire of Cuballing. |
| <p>General purpose funding Rates, general purpose government grants and interest revenue</p> | Manage Rates and collection. Maintain Property Data |
| <p>Law, order, public safety Supervision of various local laws, fire prevention, emergency services and animal control.</p> | 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. |
| <p>Health Inspections of septics and food control</p> | Inspect food premises. |
| <p>Education and welfare Support school activities</p> | Provide activities of support of local schools |
| <p>Housing Provision and maintenance of staff housing</p> | Provide 2 staff houses |
| <p>Community amenities Operation of refuse sites, noise control and administration of Town Planning Scheme</p> | 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 |
| <p>Recreation and culture Maintenance of halls, recreation centre and various reserves. Support library services in Narrogin.</p> | Maintain halls & Civic buildings. Maintain parks & gardens Provide Cuballing Recreation centre & oval Manage lease of Dryandra Equestrian Centre |
| <p>Transport Construction and maintenance of streets, roads, bridges, footpaths, drainage works, traffic signs, bus shelters and depot maintenance.</p> | Maintain and protect local environmentally significant areas. Maintain council roads and footpaths. Provide vehicle licencing agency services. |
| <p>Economic services The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.</p> | 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 |
| <p>Other property and services Private works operation, plant repairs and operation costs.</p> | Compare private civil construction works |

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

24. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

| | 2022 Actual | 2022 Budget | 2021 Actual |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Income excluding grants, subsidies and contributions | | | |
| Governance | 31,097 | 44,950 | 34,945 |
| General purpose funding | 1,330,122 | 1,229,427 | 1,232,879 |
| Law, order, public safety | 4,488 | 3,750 | 5,277 |
| Health | 967 | 800 | 1,173 |
| Housing | 0 | 0 | 3,960 |
| Community amenities | 80,990 | 75,516 | 125,045 |
| Recreation and culture | 9,544 | 7,773 | 7,901 |
| Transport | 16,479 | 9,800 | 19,544 |
| Economic services | 30,897 | 34,000 | 52,015 |
| Other property and services | 38,162 | 35,000 | 46,095 |
| | 1,542,746 | 1,441,016 | 1,528,834 |
| Grants, subsidies and contributions | | | |
| Governance | 0 | 0 | 7,796 |
| General purpose funding | 726,435 | 912,607 | 900,260 |
| Law, order, public safety | 103,920 | 129,362 | 231,697 |
| Education and welfare | 0 | 2,500 | 105,982 |
| Community amenities | 0 | 0 | 38 |
| Recreation and culture | 19,333 | 20,156 | 74,820 |
| Transport | 1,666,973 | 1,983,500 | 1,591,465 |
| Economic services | 3,500 | 4,700 | 3,970 |
| Other property and services | 31,654 | 10,000 | 2,706 |
| | 2,551,815 | 3,062,825 | 2,918,734 |
| Total Income | 4,094,561 | 4,503,841 | 4,447,568 |
| Expenses | | | |
| Governance | (201,030) | (138,957) | (156,820) |
| General purpose funding | (91,250) | (88,500) | (102,595) |
| Law, order, public safety | (311,589) | (298,263) | (281,857) |
| Health | (42,813) | (45,907) | (44,748) |
| Education and welfare | (19,189) | (45,708) | (20,218) |
| Housing | (44,494) | (40,711) | (30,654) |
| Community amenities | (346,298) | (353,068) | (374,961) |
| Recreation and culture | (369,501) | (378,844) | (375,172) |
| Transport | (2,621,497) | (2,715,047) | (2,374,621) |
| Economic services | (153,267) | (162,367) | (202,334) |
| Other property and services | (41,873) | (34,500) | (190,313) |
| Total expenses | (4,242,801) | (4,301,872) | (4,154,293) |
| Net result for the period | (148,240) | 201,969 | 293,275 |

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

24. FUNCTION AND ACTIVITY (Continued)

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|----------------|----------------|----------------|
| (c) Fees and Charges | \$ | \$ | \$ |
| Governance | 3,053 | 1,450 | 4,294 |
| General purpose funding | 20,574 | 2,990 | 43,283 |
| Law, order, public safety | 4,488 | 3,750 | 5,277 |
| Health | 967 | 800 | 1,173 |
| Community amenities | 80,990 | 75,516 | 125,045 |
| Recreation and culture | 9,544 | 7,773 | 7,901 |
| Transport | 7,078 | 2,000 | 8,503 |
| Economic services | 30,896 | 34,000 | 52,015 |
| Other property and services | 15,026 | 15,000 | 20,264 |
| | 172,616 | 143,279 | 267,755 |

| | 2022 \$ | 2021 \$ |
|-----------------------------|-------------------|-------------------|
| (d) Total Assets | | |
| Governance | 843,537 | 460,587 |
| General purpose funding | 2,122,126 | 3,122,596 |
| Law, order, public safety | 926,474 | 750,109 |
| Education and welfare | 559,146 | 121,022 |
| Housing | 807,316 | 602,500 |
| Community amenities | 1,199,905 | 752,020 |
| Recreation and culture | 6,663,656 | 3,844,457 |
| Transport | 63,114,560 | 62,996,698 |
| Economic services | 104,412 | 45,208 |
| Other property and services | 575,474 | 131,801 |
| | 76,916,606 | 72,826,998 |

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

25. RATING INFORMATION

(a) General Rates

| RATE TYPE Rate Description | Rate in \$ | Number of Properties | 2021/22 Actual Rateable Value * | 2021/22 Actual Rate Revenue | 2021/22 Actual Interim Rates | 2021/22 Actual Back Rates | 2021/22 Actual Total Revenue | 2021/22 Budget Rate Revenue | 2021/22 Budget Interim Rate | 2021/22 Budget Back Rate | 2021/22 Budget Total Revenue | 2020/21 Actual Total Revenue |
|--|---------------|----------------------------|--|--------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| GRV Cuballing | 0.083965 | 188 | 2,369,718 | 198,973 | 12 | 0 | 198,985 | 198,973 | 0 | 0 | 198,973 | 180,888 |
| UV Cuballing | 0.006846 | 182 | 134,494,000 | 920,747 | 0 | 0 | 920,747 | 920,746 | 0 | 0 | 920,746 | 835,231 |
| Sub-Total | | 370 | 136,863,718 | 1,119,720 | 12 | 0 | 1,119,732 | 1,119,719 | 0 | 0 | 1,119,719 | 1,016,119 |
| Minimum payment | | | | | | | | | | | | |
| GRV Cuballing | 759 | 142 | 613,332 | 107,778 | 0 | 0 | 107,778 | 107,778 | 0 | 0 | 107,778 | 97,980 |
| UV Cuballing | 1023 | 155 | 13,769,600 | 158,565 | 0 | 0 | 158,565 | 158,565 | 250 | 0 | 158,815 | 146,010 |
| Sub-Total | | 297 | 14,382,932 | 266,343 | 0 | 0 | 266,343 | 266,343 | 250 | 0 | 266,593 | 243,990 |
| | | 667 | 151,246,650 | 1,386,063 | 12 | 0 | 1,386,075 | 1,386,062 | 250 | 0 | 1,386,312 | 1,260,109 |
| Discounts on general rates (Refer note 25(d)) | | | | | | | (90,799) | | | | (85,000) | (87,795) |
| Concessions on general rates (Refer note 25(d)) | | | | | | | (681) | | | | (1,000) | 0 |
| Total amount raised from general rates | | | | | | | 1,294,595 | | | | 1,300,312 | 1,172,314 |
| * Rateable value is based on the value of properties at the time the rate is raised. | | | | | | | | | | | | |
| (b) Rates (excluding general rates) | | | | | | | | | | | | |
| Ex-gratia Rates | | | | | | | | | | | | |
| Other | | | | 516 | 0 | 0 | 516 | 0 | 0 | 0 | 0 | 469 |
| Sub-Total | | 0 | 0 | 516 | 0 | 0 | 516 | 0 | 0 | 0 | 0 | 469 |
| Rates written off | | | | | | | (340) | | | | (58,900) | (160) |
| (c) Total Rates | | | | | | | 1,294,771 | | | | 1,241,412 | 1,172,623 |

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

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

25. RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee Discount Granted | Type | Discount % | Discount \$ | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ | Circumstances in which Discount is Granted |
|------------------------------|------|------------|-------------|----------------|----------------|----------------|--|
| Early Payment Incentive | Rate | 8.00% | Varies | 90,799 | 85,000 | 87,795 | A discount of 8% of the current rates levied will be offered to ratepayers whose payment of the full amount owing including arrears, is received on or before 35 days after the date of service appearing on the rates notice. |
| | | | | 90,799 | 85,000 | 87,795 | |

Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Waiver/Concession | Discount % | Discount \$ | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|------|-------------------|------------|-------------|----------------|----------------|----------------|
| Covid Subsidy | Rate | Concession | N/A | Varies | 681 | 1,000 | 3,095 |
| Waiver | Rate | Waiver | N/A | Varies | 340 | 58,900 | 160 |
| | | | | | 1,021 | 59,900 | 3,255 |
| Total discounts/concessions (Notes 25a,b & c) | | | | | 91,820 | 144,900 | 91,050 |

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

25. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge | Instalment Plan Interest Rate | Unpaid Rates Interest Rate |
|---------------------------|-----------------|-------------------------------------|--------------------------------------|-----------------------------------|
| | | \$ | % | % |
| Option One | | | | |
| Single full payment | 9/09/2021 | N/A | N/A | N/A |
| Option Two | | | | |
| First instalment | 9/09/2021 | \$0 | N/A | N/A |
| Second instalment | 9/11/2021 | \$10 | 1.00% | 5.00% |
| Third instalment | 10/01/2022 | \$10 | 1.00% | 5.00% |
| Fourth instalment | 10/03/2022 | \$10 | 1.00% | 5.00% |

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Interest on unpaid rates | 7,193 | 5,000 | 9,697 |
| Interest on instalment plan | 309 | 75 | 412 |
| Charges on instalment plan | 1,950 | 1,500 | 1,400 |
| | 9,452 | 6,575 | 11,509 |

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

26. RATE SETTING STATEMENT INFORMATION

| | 2021/22 (30 June 2022 Carried Forward) | 2021/22 Budget (30 June 2022 Carried Forward) | 2020/21 (30 June 2021 Carried Forward) |
|--|---|---|---|
| Note | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to operating activities | | | |
| Less: Profit on asset disposals | 9(b) (14,272) | 0 | (874) |
| Less: Movement in liabilities associated with restricted cash | 9,989 | 0 | 64,222 |
| Less: Fair value adjustments to financial assets at fair value through profit and loss | (3,291) | 0 | 0 |
| Add: Loss on disposal of assets | 9(b) 12,633 | 42,073 | 158,333 |
| Add: Depreciation | 9(a) 2,047,840 | 2,060,628 | 2,072,341 |
| Non-cash movements in non-current assets and liabilities: | | | |
| Employee benefit provisions | (25,654) | 0 | (25,455) |
| Movement in right of use assets | 0 | 0 | (42,122) |
| Non-cash amounts excluded from operating activities | 2,027,245 | 2,102,701 | 2,226,445 |
| (b) Surplus/(deficit) after imposition of general rates | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | |
| Adjustments to net current assets | | | |
| Less: Reserve accounts | 28 (1,078,080) | (817,299) | (1,076,896) |
| Add: Current liabilities not expected to be cleared at end of year | | | |
| - Current portion of borrowings | 13 84,310 | 1,622,188 | 44,358 |
| - Employee benefit provisions | 270,754 | 286,072 | 260,765 |
| Total adjustments to net current assets | (723,016) | 1,090,961 | (771,773) |
| Net current assets used in the Rate Setting Statement | | | |
| Total current assets | 3,329,287 | 964,841 | 3,128,210 |
| Less: Total current liabilities | (1,116,632) | (2,053,868) | (1,115,790) |
| Less: Total adjustments to net current assets | (723,016) | 1,090,961 | (771,773) |
| Net current assets used in the Rate Setting Statement | 1,489,639 | 1,934 | 1,240,647 |

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

27. BORROWINGS

(a) Borrowings

| Purpose | Note | Actual | | | | | | | Budget | | | |
|--------------------------------|------|--------------------------|--------------------------|-------------------------------------|---------------------------|--------------------------|-------------------------------------|---------------------------|--------------------------|--------------------------|-------------------------------------|---------------------------|
| | | Principal at 1 July 2020 | New Loans During 2020-21 | Principal Repayments During 2020-21 | Principal at 30 June 2021 | New Loans During 2021-22 | Principal Repayments During 2021-22 | Principal at 30 June 2022 | Principal at 1 July 2021 | New Loans During 2021-22 | Principal Repayments During 2021-22 | Principal at 30 June 2022 |
| Loan 63 - Graders | | \$ 71,494 | \$ 0 | \$ (42,266) | \$ 29,228 | \$ 0 | \$ (29,228) | \$ 0 | \$ 29,228 | \$ 0 | \$ (29,228) | \$ 0 |
| Loan 64 - Lot 74 Austral St | | 145,509 | 0 | (14,807) | 130,702 | 0 | (15,130) | 115,572 | 130,702 | 0 | (15,130) | 115,572 |
| Loan 65 - Aged Persons Housing | | 0 | 0 | 0 | 0 | 850,000 | 0 | 850,000 | 0 | 850,000 | (33,454) | 816,546 |
| Total | | 217,003 | 0 | (57,073) | 159,930 | 850,000 | (44,358) | 965,572 | 159,930 | 850,000 | (77,812) | 932,118 |

| Purpose | Note | Function and activity | Loan Number | Institution | Interest Rate | Actual for year ending | Budget for year ending | Actual for year ending |
|----------------------------------|------|-----------------------|-------------|-------------|---------------|------------------------|------------------------|------------------------|
| | | | | | | 30 June 2022 | 30 June 2022 | 30 June 2021 |
| Loan 63 - Graders | | Transport | 63 | WATC* | 4.50% | \$ (504) | \$ (485) | \$ (2,305) |
| Loan 64 - Lot 74 Austral St | | Economic services | 64 | WATC* | 2.18% | (3,509) | (2,755) | (3,078) |
| Loan 65 - Aged Persons Housing | | Education and welfare | 65 | WATC* | 4.55% | (1,098) | (20,468) | 0 |
| Total Interest Repayments | 2(b) | | | | | (5,111) | (23,708) | (5,383) |

(b) New Borrowings - 2021/22

| Particulars/Purpose | Institution | Loan Type | Term Years | Interest Rate % | Amount Borrowed | | Amount (Used) | | Total Interest & Charges | Actual Balance Unspent |
|----------------------|-------------|-----------|------------|-----------------|-----------------|-------------|---------------|--------------|--------------------------|------------------------|
| | | | | | 2022 Actual | 2022 Budget | 2022 Actual | 2022 Budget | | |
| Aged Persons Housing | WATC* | Fixed | 10 years | 4.55% | \$ 850,000 | \$ 850,000 | \$ (438,124) | \$ (850,000) | \$ 1,067,398 | \$ 411,876 |
| | | | | | 850,000 | 850,000 | (438,124) | (850,000) | 1,067,398 | 411,876 |

(c) Unspent Borrowings

| Particulars | Institution | Date Borrowed | Unspent Balance 1 July 2021 | Borrowed During Year | Expended During Year | Unspent Balance 30 June 2022 |
|-------------|-------------|---------------|-----------------------------|----------------------|----------------------|------------------------------|
| | | | | | | |
| | | | 0 | 850,000 | (438,124) | 411,876 |

(d) Lease Liabilities

| Purpose | Note | Actual | | | | | | | Budget | | | |
|--------------------------------|-------|--------------------------|---------------------------|-------------------------------------|---------------------------|---------------------------|-------------------------------------|---------------------------|--------------------------|---------------------------|-------------------------------------|---------------------------|
| | | Principal at 1 July 2020 | New Leases During 2020-21 | Principal Repayments During 2020-21 | Principal at 30 June 2021 | New Leases During 2021-22 | Principal Repayments During 2021-22 | Principal at 30 June 2022 | Principal at 1 July 2021 | New Leases During 2021-22 | Principal Repayments During 2021-22 | Principal at 30 June 2022 |
| Sprinhill Dam | | \$ 3,000 | \$ 0 | \$ (1,500) | \$ 1,500 | \$ 0 | \$ (1,500) | \$ 0 | \$ 1,500 | \$ 0 | \$ (1,500) | \$ 0 |
| Total Lease Liabilities | 10(b) | 3,000 | 0 | (1,500) | 1,500 | 0 | (1,500) | 0 | 1,500 | 0 | (1,500) | 0 |

* WA Treasury Corporation

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

28. RESERVE ACCOUNTS

| | 2022 Actual Opening Balance | 2022 Actual Transfer to | 2022 Actual Transfer (from) | 2022 Actual Closing Balance | 2022 Budget Opening Balance | 2022 Budget Transfer to | 2022 Budget Transfer (from) | 2022 Budget Closing Balance | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual Transfer (from) | 2021 Actual Closing Balance |
|--|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Restricted by council | | | | | | | | | | | | |
| (a) Employee Entitlements | 340,653 | 314 | 0 | 340,967 | 286,072 | 1,067 | (20,000) | 267,139 | 339,552 | 1,101 | 0 | 340,653 |
| (b) Plant and Equipment | 9,150 | 375 | 0 | 9,525 | 340,654 | 1,960 | (121,000) | 221,614 | 207,210 | 2,069 | (200,129) | 9,150 |
| (c) Administration Building, IT & Office Equipment | 286,073 | 10 | 0 | 286,083 | 9,149 | 32 | 0 | 9,181 | 283,645 | 2,428 | 0 | 286,073 |
| (d) Housing Reserve | 98,208 | 108 | 0 | 98,316 | 98,208 | 367 | (40,000) | 58,575 | 97,840 | 368 | 0 | 98,208 |
| (e) Recreation & Community Facility | 178,046 | 196 | 0 | 178,242 | 178,046 | 792 | (85,368) | 93,470 | 191,187 | 801 | (13,942) | 178,046 |
| (f) Refuse Site | 45,422 | 50 | 0 | 45,472 | 45,422 | 205 | 0 | 45,627 | 45,216 | 206 | 0 | 45,422 |
| (g) Grain Freight | 83,139 | 0 | (83,139) | 0 | 83,139 | 0 | (83,139) | 0 | 82,825 | 314 | 0 | 83,139 |
| (h) Equestrian Reserve | 4,910 | 5 | 0 | 4,915 | 4,910 | 4,822 | 0 | 9,732 | 14,769 | 4,596 | (14,455) | 4,910 |
| (i) Standpipe Maintenance Reserve | 4,096 | 5 | 0 | 4,101 | 4,096 | 21 | 0 | 4,117 | 4,075 | 21 | 0 | 4,096 |
| (j) Road And Bridges Reserve | 21,883 | 83,254 | 0 | 105,137 | 21,883 | 83,625 | 0 | 105,508 | 43,361 | 176 | (21,654) | 21,883 |
| (k) Community And Sporting Club Reserve | 5,316 | 6 | 0 | 5,322 | 5,316 | 1,020 | (4,000) | 2,336 | 6,725 | 2,591 | (4,000) | 5,316 |
| | 1,076,896 | 84,323 | (83,139) | 1,078,080 | 1,076,895 | 93,911 | (353,507) | 817,299 | 1,316,405 | 14,671 | (254,180) | 1,076,896 |

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

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

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Cuballing

To the Councillors of the Shire of Cuballing

Opinion

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

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

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

Other information

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

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

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

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

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

The Chief Executive Officer of the Shire is responsible for:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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

Mark Ambrose
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 April 2023