

SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT



ANNUAL REPORT *2019 - 2020*

Acknowledgement to Country

The Shire of Merredin would like to acknowledge the Njaki Njaki people as the Traditional Owners of the land on which the Shire stands today and pay our respects to the Njaki Njaki people and their Elders past, present and emerging.



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Our Annual Report

The Shire of Merredin would like to welcome you to the 2019/20 Annual Report. This report provides an account of the Shire's performance from 1 July 2019 to 30 June 2020, measuring against the Shire's vision and key priorities.

Under the *Local Government Act 1995* all local governments are required to prepare an Annual Report at the end of each financial year. The Annual Report is one of our key reporting devices, which provides information to the community on the work completed in the past financial year. It identifies Council priorities and major projects being undertaken or planned and includes community Indicators based on the goals and strategies outlined in the Strategic Community Plan.

The report also details the Shire of Merredin's operational performance and achievements and challenges that were experienced throughout the

year.

For the Shire of Merredin, our community always comes first, so we like to provide financial and in-kind support to a number of community groups. You can see the full report on which community groups received funds from the Shire in 2019/20 on page 31.

With a major changeover in senior staff between the months of November 2019 and March 2020, shortly followed by the various restrictions brought on as a result of the COVID-19 pandemic, the Shire's work program was somewhat delayed, taking a change in direction in response to the emergency at hand.

By the end of March 2020, all Shire Administration staff were working from home. Staff were arranged into teams ensuring that essential Shire services would continue to operate while other staff were tasked with facilitating immediate support for our Seniors and vulnerable community members; local business; and general community wellbeing. Outdoor crew were tasked with an additional sanitisation program and ensuring that our public places were compliant with the evolving restrictions.

By June 2020, staff were moved back to the office in a staged approach, as restrictions eased.

With staff returning to the office and services resuming, the Senior Management Group worked closely with the Council, conducting a series of strategic planning workshops to consider whether realignment would be needed in response to the pandemic. This resulted in a decision to carry out a major review of the Shire's strategic document framework, commencing with an intensive community consultation program which commenced at the end of June 2020.

Where to find this Report

Copies of this report can be obtained in the following ways:

- ▶ In person: Collect a hard copy from the Shire Administration Office or Library
- ▶ Online: www.merredin.wa.gov.au
- ▶ mail: admin@merredin.wa.gov.au

Comments

Council and Shire officers are keen for any feedback you may have on the Annual Report.

Feedback can be in writing and dropped off at any Shire venue, phoned through to the Shire Admin Building on (08) 9041 1611 or emailed to the Shire via admin@merredin.wa.gov.au

Strategic Community Plan

This annual report is organised to align with the Shire's Strategic Community Plan 2018—2028, which outlines the strategic direction for our area. This plan is created in consultation with the community.

The themes of this plan are;

Community and Culture:

Merredin is rich in cultural diversity, performing and fine arts , and a variety of sports available for both residents and visitors.

Economy and Growth:

Merredin seeks new opportunities for growth and strives to develop a rich and multifaceted economy.

Environment and Sustainability:

Merredin values the preservation of the natural environment and researches and implements practices to ensure sustainability.

Communication and Leadership:

Merredin Council engages with its Community and leads by example.

Places and Spaces:

Merredin is an attractive regional town that creates opportunities for residents and visitors to enjoy its many attractions.

Transport and Networks:

Merredin provides transport networks that connects it locally, nationally, and internationally.

Shire Presidents Message

It is my pleasure as the new Shire President to present the Shire of Merredin's Annual Report for the 2019 / 2020 financial year.

Local Government Elections were held in October 2019 and new incoming Councillors Ross Billing, Renee Manning, Mark McKenzie and Phil Van Der Merwe were elected to the Shire of Merredin for a four-year term. Cr Leah Boehme was re-elected to her councillor position.

I would like to take this opportunity to acknowledge and sincerely thank departing Councillors Ken Hooper, Brad Anderson, Mark Crees, and Matt Crisafio for their many productive and innovative years of service to the Shire and our community.

Cr Hooper was a valued member of Council, who served as councillor from 1997 - 2019. From 2003 - 2011 he served as Shire President; and in 2013 - 2019 he was returned as Shire President.

Cr Anderson served as a Councillor from 2011 - 2019; Cr Crees served as a Councillor from 1995 - 2019. Councillor Crees also served as Deputy Shire President; Cr Crisafio served as Councillor from 2015 - 2019.

CEO Mr Powell offered his resignation in November 2019 and completed his tenure in February 2020. On behalf of council I acknowledge and thank Mr Greg Powell for his 10 years of loyal service to the Shire and our community.

Mr Mark Dacombe came to the Shire in Merredin in January in his role as Temporary CEO, whilst the CEO recruitment process was commenced. With the emerging State of Emergency in March, due to the impact of COVID-19 and the ensuing uncertainty, the CEO recruitment process was halted and as a result, Mr Dacombe remained in the role.

COVID-19

COVID-19 has affected the world unlike anything we have seen in modern times. There have been rapid large-scale adoption of remote working arrangements social distancing, "stay at home" orders, border closures, shutting down of arts and sport, closure of public places and trading restrictions that saw businesses physically close their doors. Council meetings and briefing sessions were facilitated by virtual meeting technology, with the community responding positively to attending Ordinary Council meetings via live streaming.

The Council had to make critical decisions to respond to the COVID 19 pandemic, and to continually support our community's immediate needs. These decisions (such as our hardship policy and a rates and charges freeze for 2020/2021) will have a future impact on the Shire's long-term financial position. The focus of Council, due to the Covid-19 pandemic, also shifted to a major review of the Strategic Community Plan. With the economic and social impacts of COVID-19, community engagement highlighted the need to concentrate on recovery and regeneration, and to reset the future direction of the Shire.

Projects

The year has been a busy one for Council and Shire of Merredin employees, particularly due to the extra workload as a direct result of the impact and safety requirements of COVID-19. Highlights of the unprecedented 2019/2020 year include: the opening

of the off leash dog park; the ongoing advocacy and discussions with Public Transport Authority concerning the future of the 1912 Railway Tower Tank and second railway station platform; completion of the old North Merredin Primary School precinct and ongoing provision of resources at the Merredin Library; support to the Fiesta Italiana committee, the Burracoppin Celebration of Farming in the Wheatbelt committee, Gala Night committee; Community Grant funding to not for profit community groups; financial support to the Chaplaincy programme at the Merredin College; financial support to the MADCAPS centre; financial support to CEACA Inc for aged care/community "housing; support to the Avon Youth Centre for youth programmes and the NAIDOC Day committee; ANZAC dawn service held by livestreaming; on-going support to the Curtin University and Notre Dame Medical Student immersion programme; the continual programming of quality acts at the Cummins Theatre; well-maintained facilities at the Merredin Regional Community Leisure Centre and Merredin Swimming Pool; a Central Wheatbelt Visitor Centre which is focussed on providing quality tourist and customer servicing; and COVID-19 support to vulnerable members of our community.

Our investment in transport infrastructure included the continuation of repairs and maintenance to our road and footpath network. Council has a strong focus on maintenance and renewal of roads and infrastructure to ensure that our major assets are kept at a standard appropriate to our community. A large proportion of our budget is spent in these areas, and this will only increase as the need for better infrastructure grows. Through strong advocacy, the Shire of Merredin will receive \$5 million over the next 3 years, via the

Secondary Freight Route Network funding model, for the maintenance of the Merredin - Narembeen Road.

Throughout the year the Shire also continued to partner with other Local Governments in the region, through the WALGA Great Eastern Country Zone, the Wheatbelt Eastern Regional Organisation of Councils and other networks to share knowledge, resources, and achieve common objectives.

Closing Comments

Finally, I would like to acknowledge Mr Dacombe, Temporary CEO; Shire Councillors, past and present; and Shire of Merredin employees, who all work hard each year to provide services and facilities for our community.

I would also like to acknowledge the wonderful volunteers in our community that help make Merredin the fabulous place it is. Special recognition to the 2020 Shire of Merredin Citizen of the Year, Mrs Donna Crook, and Senior Citizen of the Year, Mrs Irene Bain.

There is a lot more still to achieve, but we have a strong and united leadership on Council, a committed team of staff and a supportive and passionate community that are contributing to take Merredin forward into a bright future.

Cr Julie Flockart
Shire President





Chief Executive Officer's Message

The 2019/20 financial year was a year of challenge, change and uncertainty for the Shire organization.

Changes to local government regulations, senior staff turnover and the impact of COVID 19 all contributed to an extraordinary year.

Very soon after I joined the organisation in January 2020 it was necessary for the staff to deal with the impacts of COVID-19. This caused major disruptions in the way of working for most of the administration and community services staff with all working from home during, and for a period after, the first lock down. Key Shire facilities such as the library and Cummins Theatre were shut and staff focused on different ways of providing services, supporting people in the community and generally keeping the business of the Shire operating.

The outside crew continued to undertake their maintenance duties and construction program through this period with some modification to work practices for social distancing purposes and some additional tasks associated with keeping the community safe.

After the lock down the uncertainties of the situation yet to be faced and its impact on every aspect of life caused the Council to go back to the community and engage on what the most important strategic issues were for Merredin.

This community engagement took place in June 2020. The new Strategic Community Plan was developed through the rest of 2020 and was finally adopted in February 2021.

Throughout this period the Shire delivered a full program of work the details of which are contained in this report and, the highlights of which are presented in the President's report.

The Council finished the year in a very sound financial position placing it in a good position to undertake an ambitious work program in 2020/21.

It has been an honour to serve the community of Merredin during this difficult period and I would acknowledge the Shire President, Councillor Julie Flockart and all of the Shire Councillors for their commitment and support, and for their flexibility through this period. I also express my very sincere appreciation to the Executive Team and the whole Shire staff team for their hard work and dedication to the Shire and community.

Mark Dacombe
Temporary Chief Executive Officer



Our Shire

The Shire of Merredin is a local government area in the eastern Wheatbelt of Western Australia.

Situated approximately 260 kilometres east of Perth (the capital city of Western Australia), the Shire of Merredin includes the towns of Burracoppin, Hines Hill, Merredin and Muntadgin, and the localities of Goomarin, Korbelt, Nangeenan, Nokanning, South Burracoppin, Tandegin, Norpa, and Nukarni.

Merredin is also a regional centre, serving the industrial and retail needs for surrounding eastern Wheatbelt Shires and as a base for a range of Government agencies and services.

Located on the Great Eastern Highway and having the benefit of railway facilities (Merredin is serviced daily by the TransWA Prospector train), it is convenient to find by road and rail.



Fast Facts

AREA



3,296
SQUARED KM

POPULATION



3,365
ESTIMATED

DWELLINGS



1,635
HOUSES

ELECTORS



2,060
PEOPLE

PATHWAYS



61
KM

SEALED ROADS



565
KM

STREET TREES



3,176
ESTIMATED

PLAYGROUNDS



6

MORE ABOUT THE SHIRE OF MERREDIN

| | |
|--|------------------|
| Population Density | 0.01 per hectare |
| Length of Unsealed Roads | 866 km |
| Median Age of Residents | 38 |
| Aboriginal and Torres Strait Islander Population | 7.0% |
| Median Weekly Household Income | \$1,364 |
| Unemployment | 5.3% |

Our Vision

“Merredin is a sustainable regional centre with a bright future.”

Our Mission

“To work with all communities in the Central Wheatbelt to support social and economic development.”

Our Community Vision



Our Values



INTEGRITY

Act in an honest, open and accountable manner in all of our activities ensuring they are equitable and socially just.



PARTICIPATION

Provide genuine opportunities for informed community participation in decision making in a framework of local democracy.



SERVICE

Be sensitive and responsive to the needs and aspirations of our community and focusing on customer satisfaction and value for money.



LEARNING

Continue learning from training, our actions and experiences, and continually seeking better and more innovative ways of doing things.



VALUING PEOPLE

Value the contribution the people inside and outside the organisation make to the achievement of the Shire's vision.



COMMITMENT

Ensure our actions serve the people of Merredin and their long-term interests.



SUSTAINABILITY

Have a global perspective and ensure our actions minimise the impact on the environment and the resources available for future generations.

Our Council



Cr Julie Flockart

Shire President

Current Term: 2019 - 2021



Cr Mal Willis

Deputy Shire President

Current Term: 2019 - 2021



Cr Ross Billing

Current Term: 2019 - 2023



Cr Leah Boehme

Current Term: 2019 - 2023



Cr Roy Butler

Current Term: 2017 - 2021



Cr Renee Manning

Current Term: 2019 - 2023



Cr Mark McKenzie

Current Term: 2019 - 2023



Cr Romolo Patroni

Current Term: 2017 - 2021



Cr Phil Van Der Merwe

Current Term: 2019 - 2023

Ordinary Council Meetings



12

Special Council Meetings



4

Annual Electors Meetings



1

Audit Committee Meetings



3

Shire of Merredin Councillor attendance

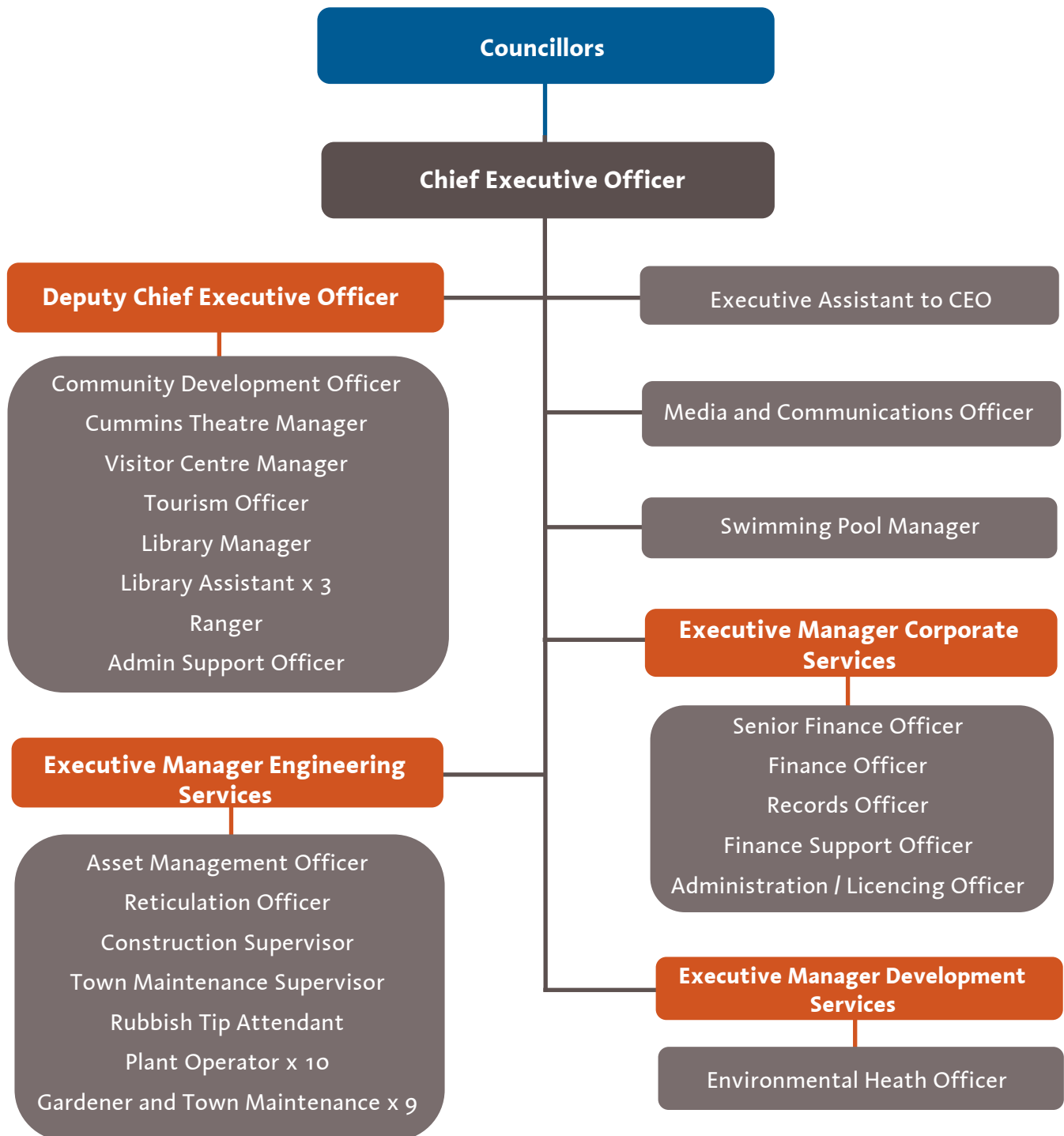
1 July 2019 - 30 June 2020

| | Ordinary Council Meeting | Special Council Meeting | Annual Electors Meeting | Audit Committee Meeting |
|------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Cr Julie Flockart | 12 | 4 | 1 | 3 |
| Cr Mal Willis | 10 | 4 | 1 | 2 |
| Cr Ross Billing* | 9 | 3 | 0 | 0 |
| Cr Leah Boehme | 12 | 4 | 0 | 2 |
| Cr Roy Butler | 12 | 4 | 1 | 2 |
| Cr Renee Manning* | 9 | 4 | 0 | 0 |
| Cr Mark McKenzie* | 8 | 4 | 0 | 0 |
| Cr Romolo Patroni | 12 | 3 | 1 | 3 |
| Cr Phil Van Der Merwe* | 9 | 4 | 0 | 1 |
| | | | | |
| Cr Ken Hooper** | 3 | 0 | 0 | 1 |
| Cr Brad Anderson** | 3 | 0 | 0 | 1 |
| Cr Mark Crees** | 3 | 0 | 0 | 0 |
| Cr Crisafio** | 0 | 0 | 0 | 0 |

* Denotes new Councillor elected at the October 2019 Elections

** Denotes Councillor prior to Elections

Our Organisation



Executive Management Team



Mark Dacombe - Temporary Chief Executive Officer

Mark came on board at the Shire of Merredin as the Temporary CEO in January of 2020. Mark is responsible for:

- Governance
- Councillors and Council matters
- Strategic planning



Andrina Prnich - Deputy Chief Executive Officer

Andrina joined the Shire team in February 2020 and is responsible for:

- Community Development
- Strategic planning
- Emergency & Ranger Services
- Library and Visitor Services



Charlie Brown - Executive Manager Corporate Services

Charlie has been a part of the Shire for 5 years, and his duties include:

- Corporate Services
- Financial Services
- Annual Budget
- Information Communication Technology



Peter Zenni - Executive Manager Development Services

Peter has been part of the Shire for 4 years, and his duties include:

- Environmental Health
- Building Control
- Planning Control



Mike Hudson - Executive Manager Engineering Services

Mike resigned his position as EMES in February 2020. Between February and June, this position remained vacant. The Engineering position is responsible for:

- Parks and Gardens Maintenance
- Roads
- Infrastructure and Assets

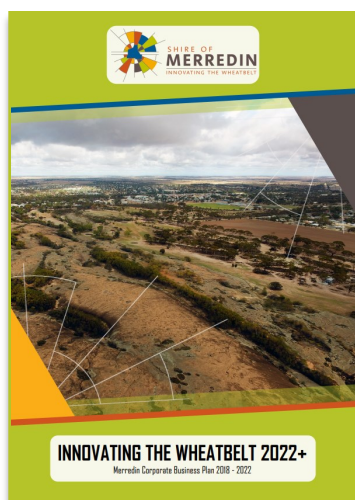
Integrated Planning and Reporting

All local governments are currently required to produce a plan for the future under S5.56 (1) of the Local Government Act 1995. Regulations have been made under S5.56 (2) of the Act to briefly outline the minimum requirements to achieve this.

Strategic Community Plan

The Strategic Community Plan (SCP) is made using the Merredin community's feedback. It sets Merredin's strategic direction for the next 10 years based upon this feedback.

The plan is reviewed on a minor basis every two years and on a major basis every four years. The review was scheduled to take place early 2020, however, it was subsequently postponed until June due to the COVID-19 pandemic.



Corporate Business Plan

The Corporate Business Plan (CBP) is the four year plan created to implement the first four years of the strategic goals outlined in the SCP. Like the SCP, it is reviewed on a minor basis every 2 years. The CBP was adopted in 2018 for 2018-2022.

The CBP is currently in the process of being updated in conjunction with the major review of the SCP that commenced June 2020.

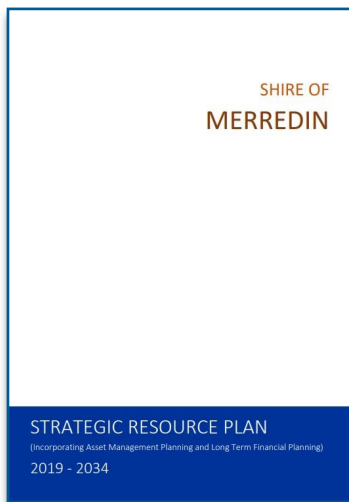
Annual Budget

The Annual Budget sets out the operational expenditure for projects from the first year of the CBP and also general ongoing expenses. The budget is adopted at the beginning of each financial year and also sets out the fees and charges for services the Shire provides.



Informing Strategies

The 'Informing Strategies' are supporting documents which are used by Council to test and inform the long-term aspirations of the Strategic Community Plan and to guide the deliverables which can be achieved in the Corporate Business Plan and Annual Budget



Strategic Resource Plan

This valuable plan is part of the Shire's ongoing commitment to an integrated approach to planning for the District's future. It provides the Council and the community with a picture of the Shire's long term financial and asset management circumstances and assists us to meet our strategic outcomes and objectives

Workforce Plan

This plan identifies the workforce requirements and strategies for the current and future operations of the Shire of Merredin, ensuring the needs and limitations are met to support the delivery of the Corporate Business Plan.



Statutory Reporting

Disability Access and Inclusion Plan

The *Disabilities Services Act 1993* requires Council to report on its Disability Access & Inclusion Plan (DAIP) achievements within its Annual Report which are highlighted below.

The Shire of Merredin spent \$130,000 in the 2019/20 financial year on the provision of new footpaths within the Shire. The Shire installed an access ramp to the Merredin Community Pool to enable easier access to the pool by the elderly, frail and persons with a disability. The Shire renovated and improved the public toilet facilities at Apex Park.

During this financial year, the Shire also finalised the preparation of the Shire of Merredin DAIP 2020 - 2025. As part of this process community consultation, the Shire of Merredin held a stakeholder group meeting, which was participated by persons with a disability, their carers, members of the public, and representatives from State and Local government agencies.

This process has highlighted the following areas for implementation;

- Advocacy by the Shire of Merredin with its sister agencies in the State Government section such as the Public Transport Authority and the Main Roads Department, for better access by people with a disability to the train services as well as an improved ability to safely cross the Great Eastern Highway;
- Improvements relating to the Shire of Merredin website to make it more intuitive;
- Improving staff awareness of disability related issues and associated considerations;

- Improving and increasing footpath construction - and ensuring better access to and by existing footpaths
- Improving existing ACROD bay parking facilities
- Improving access to existing shops in Merredin

These areas have been incorporated and now form part of the adopted DAIP 2020-2025. The process of implementation of these has already been commenced with the review of the Shire website by the Shire's Media Officer.

Record Keeping

The Shire's reviewed Record Keeping Plan, as adopted by Council at its September 2015 meeting, is in operation - as far as all incoming correspondence is captured onto the electronic records system and then allocated to the relevant officer for attention whilst the hardcopy is filed. Work continues in educating officers of the procedure for incoming and outgoing correspondence via email. Work has also commenced with regard to capturing archived "permanent records" onto the electronic system. The archived hardcopy records are being held in a secure building, however, this is not dust free nor fire protected but we are working towards satisfying regulations in this regard.

Register of Complaints of Minor Breaches

In accordance with Sections 5.53(2) and 5.121 of the *Local Government Act 1995*, the Annual Report is required to disclose the number of complaints of minor breach received each year.

There were no complaints received in 2019/20.

Council Services

The Shire continues to provide vital community services to the Shire of Merredin's residents. These services include:

- Provision of a Rubbish Tip
- Kerbside collection of general waste and recycling
- Sporting facilities including the Merredin Regional Community & Leisure Centre Precinct and the Merredin Olympic Swimming Pool
- Tourism Services via the Central Wheatbelt Visitor Centre
- Library services via the Merredin Regional Library
- Entertainment services via Cummins Theatre and community events such as the annual International Twilight Food Festival and Gala Night
- Maintenance of parks, gardens, public toilets and public spaces
- Maintenance of roads
- Maintenance of cemeteries including preparation of plots for burial
- Maintenance of community building facilities and grounds
- Provision of planning and building services
- Provision of environmental health services (septic tanks, water monitoring, etc.)
- Provision of ranger services
- Provision of registration services for cats and dogs
- Provision of fire break information and compliance
- Communication of events via social media which are happening around town and in adjacent Shires

- Provision of Natural Resource Management / Landcare Opportunities
- Provision of the Community Grant Scheme which provides applicants with funding support for a variety of events, causes, builds, etc.
- Provision of licencing services on behalf of the Department of Transport which is an invaluable core service provided. During 2019/20 the Licensing Centre processed a considerable number of transactions, with Council commissions totalling approximately \$60,052.63.
- Provision of train services on behalf of Transwa which is also a core service provided.

Council Policies

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

- ▶ Honorary Freeman Shire of Merredin
- ▶ Public Question Time

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

- ▶ Corporate Apparel
- ▶ Council Meetings
- ▶ Financial Reserves
- ▶ Purchasing Policy

Councillor Remuneration

| Councillor | Salary |
|-------------------|-------------|
| President | \$22,525.00 |
| Deputy President | \$12,005.00 |
| Other Councillors | \$8,445.00 |

Freedom of Information

The Western Australian *Freedom of Information Act 1992* provides the public the right to apply for access to documents held by the Shire. During the reporting period, the Shire received 0 requests for information under FOI.

Register of Delegated Authority

Sections 5.18 and 5.46(2) of the *Local Government Act 1995* requires Local Government to keep a register of delegations of authority made under the Act and that these are reviewed at least once every financial year. The Shire of Merredin's Register of Delegated Authority was reviewed and adopted in June 2020.

Shire Staff

Throughout 2019/20, the Shire of Merredin employed the equivalent of 45 full-time staff. The following Senior Staff were hired during this financial year;

| | |
|-----------------------------------|----------------|
| Temporary Chief Executive Officer | Mark Dacombe |
| Deputy Chief Executive Officer | Andrina Prnich |

Executive Remuneration

Regulation 19B of the *Local Government (Administration) Regulations 1996* states the Annual Report is to include the number of employees entitled to an annual salary of \$100,000 or more, and the number of those employees with an annual salary entitlement that fall within each band of \$10,000 over \$100,000. As at 30 June 2020 the Shire has five (5) employees entitled to an annual salary of more than \$100,000:

| Salary Range | Employee (s) |
|---------------------|--------------|
| \$100,000—\$110,000 | 1 |
| \$110,001—\$120,000 | 2 |
| \$120,001—\$130,000 | 1 |
| \$130,001—\$140,000 | |
| \$140,001—\$150,000 | |
| \$150,001—\$160,000 | |
| \$160,001—\$170,000 | |
| \$170,001—\$180,000 | |
| \$180,001—\$190,000 | |
| \$190,001—\$200,000 | 1 |

Human Resources

The Shire is committed to the health and well-being of its staff and during the year provided;

► Staff Vaccinations

Due to COVID-19, the following were posted by will be provided next financial year;

- Health assessments
- Audio tests,
- Skin cancer screenings

The following additional staff training was also offered;

- Senior First Aid Certificate
- ECO Functions, Fire Characteristics and Suppression Equipment Training

Compliance Audit Return

All local governments are required to carry out an annual Compliance Audit Return (CAR) for the period 1 January to 31 December as specified by the *Local Government Act 1995*.

The 2019 completed CAR was considered by Audit Committee and received by Council at its March Audit Committee meeting,



Development Services

Building and Planning

This year, one of the main focuses for the Development Services team was the development of the Disability Access and Inclusion Plan 2020 - 2025, which was subsequently adopted by Council in June 2020.

Key Achievements

- ▶ Adoption of the Disability Access and Inclusion Plan 2020 - 2025
- ▶ Strengthened working relationship with the Merredin Police by providing training for police staff
- ▶ Submissions made on various legislation review discussion papers as part of broader state-wide policy development.
- ▶ Improvement of public health and building safety by engaging with members of the public as well as implementation of enforcement measures including the issuing of several unfit for human habitation notices and building orders relating to a number of premises in the Shire of Merredin.
- ▶ Update of applicable building and planning requirements forming part of the Shire of Merredin website
- ▶ Incorporation of the Shire of Merredin Municipal Heritage Inventory on the Shire of Merredin Website

The following statistics were also reported for building and planning;



33

**BUILDING
PERMITS ISSUED**



1

**LOCAL PLANNING
SCHEME
AMENDMENT**



18

**PLANNING
APPROVALS**



\$2,357,48

**VALUE OF
DEVELOPMENT**

Environmental Health

The key focus for environmental health was private and public pool inspections and ensuring barriers were compliant. However, due to COVID-19, many of these inspections were suspended until the new financial year.

Key Achievements

- ▶ Officers on Assigned Noise Levels forming part of the *Environmental Protection (Noise) Regulations 1997*
- ▶ Improvement of public health and building safety by engaging with members of the public as well as implementation of enforcement measures including the issuing of several unfit for human habitation notices and building orders relating to a number of premises in the Shire of Merredin.
- ▶ Implementation of regular inspections of private swimming pool barrier fencing to prevent accidental child drowning
- ▶ Update of the Shire of Merredin Asbestos Register

Waste Management Report

During 2019/20, the Shire of Merredin produced;

| | |
|------------------|---------------|
| Kerbside Rubbish | 1096.64 tonne |
| Kerbside Recycle | 209.06 tonne |

Of the 2019.06 tonne of recycled waste, 63.14 tonne was glass, 40.17 tonne was newspapers, and 37.21 was contaminants.

The following statistics were also reported for building and planning;



14

STALLHOLDER
PERMITS



8

PUBLIC BUILDING
INSPECTIONS



32

SWIMMING POOL
BARRIER
INSPECTIONS



30

FOOD BUSINESS
INSPECTIONS

Ranger Services

Throughout the COVID-19 pandemic, the Shire's ranger services continued business as usual with parking patrols, burning permits issued, animal control, phone enquiries, and pound services.

FIRE CONTROL

During the bush fire season, 15 written cautions and 35 infringements were issued in relation to noncompliance under Section 33(3) of the *Bush Fires Act 1954* for failure to comply with the Shire of Merredin's firebreak order. There were 13 reported fire related incidents, of which seven were attended by the Chief Bushfire Control Officer.

DOGS

During this financial year, the Ranger received 885 customer calls regarding dogs. The ranger also received a number of dog related complaints including 22 barking and 58 wandering dog. There were 12 dog attacks reported during this period, and 20 dog related infringements issued. In total, 28 dogs were impounded. ___ dogs were registered with the Shire.

CATS

During this financial year, the Ranger received 110 customer calls regarding cats. The Shire registered 31 cats, while 38 were impounded.

PARKING

The ranger has become more visible within the community and this year was proactive with parking issues and complaints, completing a total of 544 parking patrols, and handing out 10 written cautions and issuing two infringements.

VEHICLES

Six abandoned vehicles were reported to the Ranger, while one vehicle was also removed / impounded. No written cautions were issued.

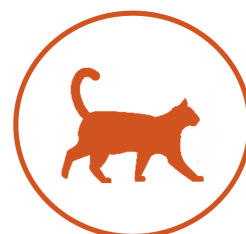
CALL OUTS

The Ranger attended 36 after hours call-outs including 17 dog related, seven fires, and two off-road vehicle complaints.



28

Dogs Impounded



31

Cats Registered in
the Shire of
Merredin



38

Cats Impounded



58

Ranger Infringements
including; Firebreaks
Dogs, Parking & Litter



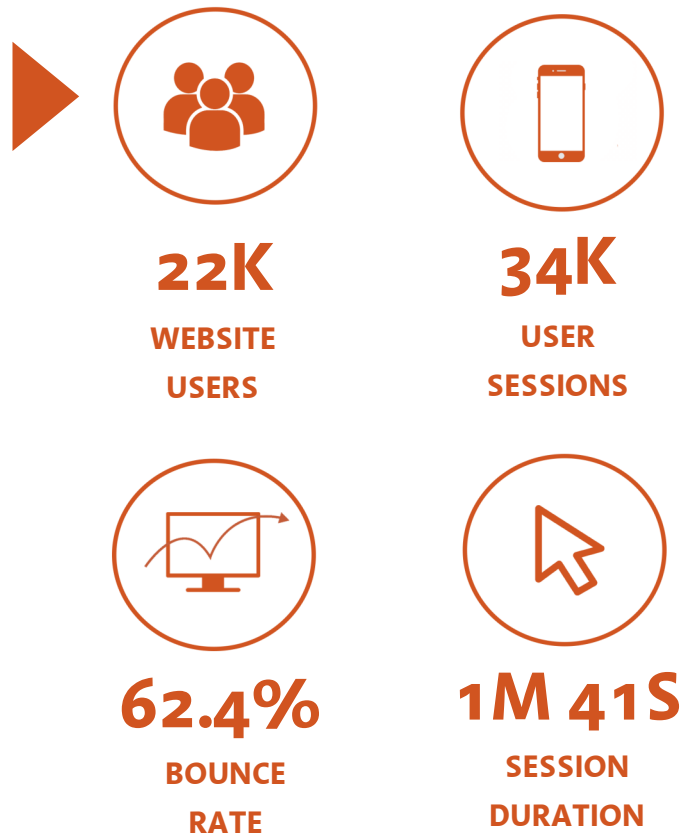
Media & Communications

Website

During the reporting period, the main focus for media was the design and implantation of the new Shire of Merredin website. The website branding was refreshed, with a new sophisticated modern design, allowing for a better user experience and user - friendly menu.

Along with this design, new modules were also activated to ensure the Shire of Merredin adhered to the new Local Government regulations that were released July 2019. The new website features include a staff and councillor profile, an events calendar, an alert banner, and a video banner showcasing the best of Merredin.

The website analytics have been captured for the reporting period and are displayed to the right.



12
PRESS
RELEASES



437
TWITTER
FOLLOWERS



154
FACEBOOK
LIKES



493
INSTAGRAM
FOLLOWERS

Key Achievements

Since the establishment of the Shire's Instagram in April 2019, the account has continuously grown its following base, with regular interaction and likes on the pictures. During the crossover period between media officers, different priorities stood out. The original direction of the Shire was to share picturesque images within the Shire of Merredin that professional photographers captured. The new media officer took the page in a different direction, focusing more so on Community images and Shire events. Since then, the page has doubled its following and is beginning to attract high profile pages such as Western Australia (540k followers) and Australia's Golden Outback (49k followers), as well as other local government areas. Next year there will be an emphasis on becoming a verified page. Other key achievements include;

- ▶ Shortened response time across all platforms
- ▶ Successful implementation of use of stories feature on Facebook and Instagram



“ Wildflowers bloom every year in Merredin. August to October is a good time to see many species of shrubs in flower and orchids if the winter has been kind. In the Merredin townsite, reserves such as Merredin Peak and Tamma Parkland and are worth exploring.

”



Works and Services

Council has continued with the commitment to enhance roads, footpaths, and drainage infrastructure within the Shire. This is achieved through the utilisation of its own financial resources and funding from the following external sources;

- ▶ Roads to Recovery Program (Federal)
- ▶ Regional Road Group (State)

Town Maintenance

The crew had another busy and productive year performing their duties that include street and footpath maintenance, rubbish collection, gardening, slashing, spraying and the maintenance of the Recreational Centre oval and town parks. They had the added challenges that Covid 19 brought which included sanitising the CBD and our parks daily for six months.

Road Maintenance and Construction

| Footpath Construction | |
|-----------------------|-------------------|
| Coronation Street | New dual use path |
| Duff Street | New dual use path |
| Golf Road | New dual use path |
| South Avenue | New dual use path |

| Road Construction | |
|---------------------------|----------------------|
| Smith Road | Regravel |
| Old Nukarni Road | Regravel |
| Old Muntadgin Road | Reconstruction |
| McGellin—Nukarni Road | Reconstruction |
| Goomarin – Nukarni Road | Stabilise |
| Cahill Road | Stabilise |
| Hubeck Road | Regravel & Stabilise |
| Ogden Road | Regravel |
| Bennett Road | Reravel & Stabilise |
| Bignell Road | Reravel & Stabilise |
| Giles Road | Stabilise |
| Giraud Road | Stabilise |
| Hearles Road | Stabilise |
| Springwell Valley Road | Regravel |
| Tandegin West Road | Regravel |
| Muntadgin – Tandegin Road | Regravel |

Roads to Recovery

The Roads to Recovery Federal Funding Program allocated the Shire \$537,075 .00 in funding during the 2019/20 financial year. The following roads were asphalted as part of this grant funding;

- ▶ Barrack Street
- ▶ Fifth Street
- ▶ Coronation Street
- ▶ Duff
- ▶ King Street
- ▶ George Street
- ▶ Golf Road
- ▶ Cohn Street
- ▶ Watson Road
- ▶ Nolan Street
- ▶ Hawker Way
- ▶ Eaton Way

Smith Street, Nukarni East Road and Nukarni West Road had patch and surface corrections completed during this financial year also.

Regional Road Group

The Shire received a grant through the Regional Road Group totalling \$317,562.33 , which was put toward the following projects;

The total works above included a contribution by Council for \$158,781.17 .

| | |
|------------------------|-------------------------------|
| Gabo Road | Asphalt Seal |
| Robartson Road | Surface Correction & Reseal |
| Burracoppin South Road | Surface Correction & Widening |

Natural Resource Management

The Shire of Merredin was successful in receiving \$53,562 (ex GST) in funding from the State NRM Office for a pilot project to increase the Roadside Conservation Values (RCVs). The project will see the planting of 10,000 biodiverse across two sites within the Shire. Additionally, a combined seed collection and Aboriginal cultural tour was held at Merredin Peak in March, with another planned for September 2020. A previous State NRM Office-funded project, *Continuing to Combat Vegetation Decline within Shire of Merredin*, supported two landholders to plant 13,104 biodiverse seedlings in the winter of 2019.

The Shire of Merredin was re-endorsed as a Waterwise Council and the Merredin District Olympic Swimming Pool was re-endorsed as a Waterwise Aquatic Centre.



\$158k

ON FOOTPATHS



\$1.1m

**ON ROAD
MAINTENANCE**



\$532k

**ON PUBLIC PARKS
AND GARDEN
RESERVES**



30

**NEW STREET
TREES PLANTED**



Corporate Services

In 2019/20, every \$100 spent by the Shire was;



\$47.75

ROADS



\$22.45

RECREATION
& CULTURE



\$5.80

GOVERNANCE



\$1.90

HOUSING



\$4.47

OTHER SERVICES



\$1.91

HEALTH



\$5.95

ECONOMIC SERVICES



\$8.08

COMMUNITY
AMENITIES



\$1.69

EDUCATION &
WELFARE

Community Services

The Shire of Merredin Community Services team delivers a range of key services annually.

The Merredin Regional Library, Cummins Theatre and the Central Wheatbelt Visitor Centre are an integral part of community life, offering arts, culture, visitor and public transport services to not only locals and others within the region, but to the many tourists that visit our town each year. In addition to the various community programs and events held, each year, at the Merredin Regional Library and Cummins Theatre, each venue continues to be privately booked on a regular basis.

The Shire of Merredin Community Development Officer plays an instrumental role in coordinating many free community events and programs offered throughout the year, with the aim of enhancing culture, arts, sport, and community life within the Shire.

Ranger Services provides a crucial service to keep our community safe in the areas of animals, fire prevention and control, litter control, parking control, general inspection and security.

With the exception of Ranger Services, these services came to a halt in March 2020, in light of the COVID-19 restrictions. All staff members were able to retain their positions at the Shire, now deployed to an Emergency Support Team which focused on community wellbeing, business support and supporting those more vulnerable within the community.

Community Funding Program

Each year, the Shire of Merredin provides financial and in-kind support to various community groups through its Community Grants Program. In the 2019-20 financial year, the Shire provided a total of \$28,418 to fund the following projects and initiatives:

- ▶ Agricultural Women Wheatbelt East Group;
- ▶ Avon Community Services;
- ▶ Merredin Community Resource Centre;

- ▶ Merredin Military Museum;
- ▶ Merredin Museum and Historical Society;
- ▶ Wheatbelt Agcare Community Support Services Inc; and
- ▶ Wheatbelt Endurance Riders.

In-Kind funding was also granted to A Choired Taste who would have held Song Fest in May 2020 and the Merredin Show Inc for the 2020 Merredin Show. Unfortunately, due to COVID-19 restrictions, both major community events were cancelled.

Other Major Initiatives

The 2019-20 financial year, saw the first full year of use of two of the new community rooms at the old North Merredin Primary School, occupied by the Wildflower Society and Merredin Playgroup. The Shire held a soft launch of the old Library room in June 2020 by holding the Annual General Meeting of the Shire of Merredin Bush Fire Brigades. A number of required improvements were identified and this will be finalised in the 2020-21 financial year along with some final improvements to the central outdoor play area.

In January 2020, the completion of the CEACA project allowed residents to move into this exciting new village.

In the past year, the Shire secured a significant amount of funding, from external sources, to support local tourism development and the ongoing programming at the Cummins Theatre, Merredin Library, and Community Development programs and events which would be carried out in both the 2019-20 and 2020-21 financial years.

A fantastic result was also achieved in the area of Emergency Services with over \$105,000 funded, through the Local Government Grant Scheme, to support the ongoing operations of our Bush Fire Brigades and SES.



2019/20 Events and Programs

JULY 2019

School Holiday Activities
Baby Bootcamp (EWEYN)

AUGUST 2019

My Robot
Morning Melodies Concert
Pyjama Storytime
Scott Whitaker Talk
Children's Book Week Play Date
Children's Week (EWEYN)
Spencer
City of Perth Band with A Choired Taste

SEPTEMBER 2019

WAM Demos for the Wheatbelt
Morning Melodies Concert
ISAIAH: Live and Beyond Tour
Spring in the Garden (EWEYN)

OCTOBER 2019

Dog Park Opening
Pink Morning Tea
Celebration of Farming in the Wheatbelt
Festa Italiana
School Holiday Activities
Games Day
Football West Soccer Clinic
Children's Week (EWEYN)
Morning Melodies
Cummins Kids Film Workshop
Picasso and His Dog
Children are Stinky
Sun Rising: The Songs that made Memphis

NOVEMBER 2019

Remembrance Day
Gold Club
Cabernet & Canvas Art Night
Morning Melodies





DECEMBER 2019

Gala Night
Games Day
Christmas Pool Party (EWEYN)
Morning Melodies

JANUARY 2020

Elf The Musical JR
Australia Day Pool Party
Citizen of the Year
Fringe World "Circus Spectacular"
Western Power Box Art Project
School Holiday Activities

FEBRUARY 2020

Chinese New Year
Morning Melodies Concert
Blind Date with a Book

MARCH 2020

Seed Education & Cultural Tour
Ali Butler—40 year old Pop Star
Wheatbelt Medical Student Program
International Women's Day Luncheon
Shake and Stir School Workshop Program

APRIL 2020

ANZAC Day Livestream
Morning Melodies Online

MAY 2020

Morning Melodies Online x2
Build Your Own Insect Hotel
Call and Collect at the Library

JUNE 2020

Arty Farty Party
School Holiday Activities
Morning Melodies Concert x 2
Community Consultations





Merredin Regional Library

The Merredin Library was closed to the public from Monday 23 March 2020 until reopening on Monday 25 May 2020. The library offered a Call & Collect Service from 1 May for those members that were not comfortable using the e-resources available to all Merredin Library Members. For non-members the Merredin Library offered an e-membership, requiring only a name and phone number allowing them access to all Merredin Library e-resources.



7130

New items
and resources
to the Library



6997

Visitors to
the Library
(Library closed for a



13,397

Checked out items
from the Library
including 4,990
eBooks

The Cummins Theatre sadly closed its doors on Monday 23rd Mach 2020 due to the Covid-19 pandemic. During the closure our Morning Melodies concert series went live online with Facebook Livestream. Four concerts were held online with people tuning in from far and wide. Once doors reopened, we started our popular Arty Farty Party painting nights and slowly our audiences returned to our Morning Melodies concerts and a few small key events. As the Cummins Theatre plays host to numerous regional and national touring shows, these were all postponed and we sort to bring up some WA artists and shows which was great for people in the region to see some home grown talent. The Cummins Theatre program of events remains an ever changing document as the arts industry continues to evolve in this ever changing world.



3055

Tickets Sold
to Cummins
Theatre Events



31

Events
(Cummins Closed
for a period of 2
months)



74

Tours given
of the building

Cummins Theatre





Central Wheatbelt Visitor Centre

From March to May 2020, Tourism WA, Tourism Council WA & AGO ran numerous webinars, zoom meetings and regional network workshops to provide support to tourism operators and stakeholders during the continuing closure of tourism businesses and organisations. Once the State regional boundary restrictions relaxed, the Wheatbelt tourism partners ran a unpaid social media campaign with Wheatbelt communities contributing images inspiring people to take to the road again once the easing of state border restrictions came into place.



6939

**Total Visitors to the
Central Wheatbelt
Visitor Centre**



1322

**TransWA
bookings**



1473

**Visitor Information
Enquiries including
Phone, Email, and
Mailouts**

The Merredin District Olympic Swimming Pool was opened in November 2019 and remained open until March 2020. The pool was subsequently unaffected by the COVID-19 lockdowns as it was already closed, however in the month prior to its closure, social distancing measures were observed within the facility.



17,039

**Total visitors to the
Merredin Pool**



74

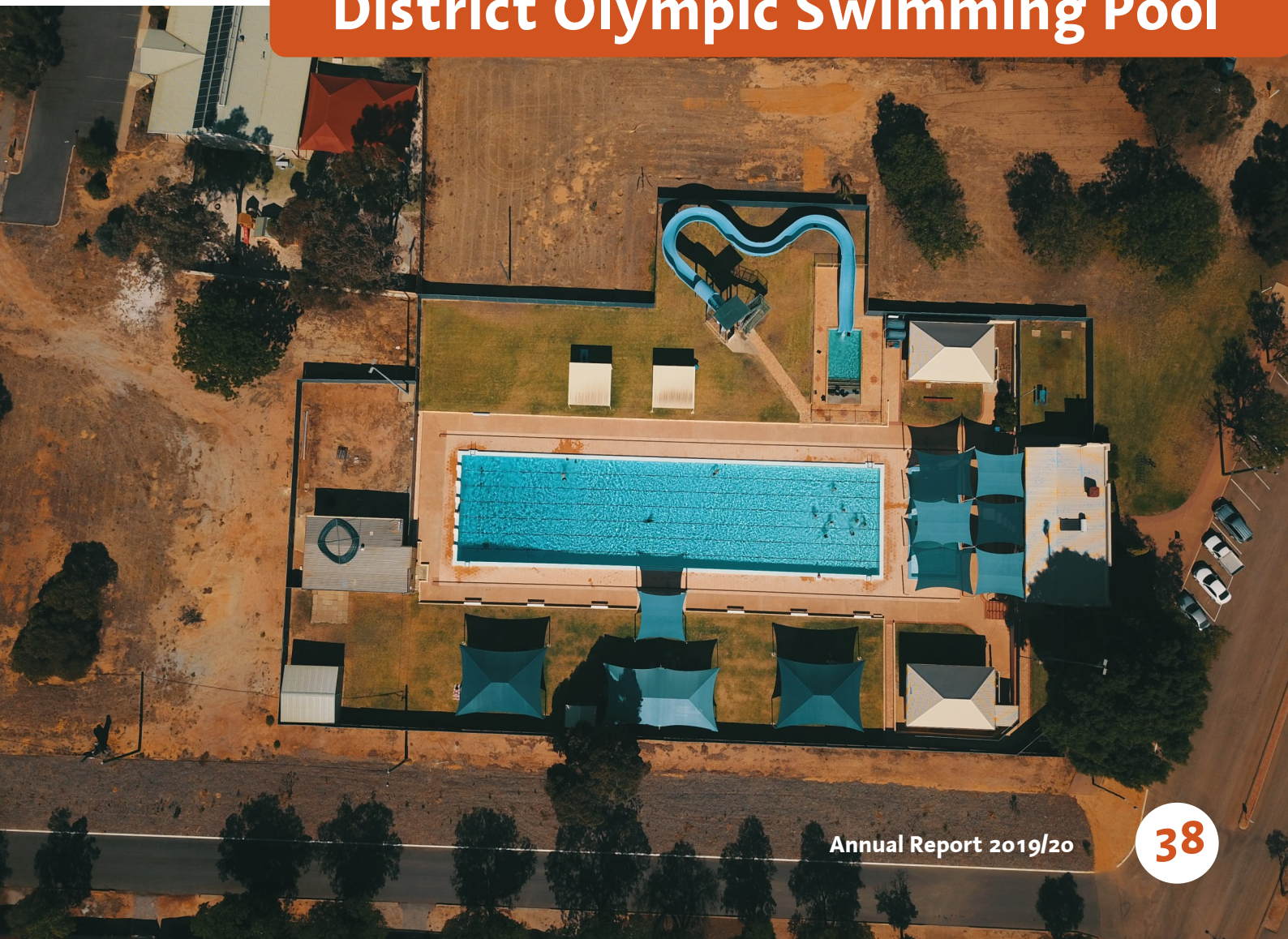
**Season Passes
Sold**



\$17k

**Total Income
From Passes Sold**

District Olympic Swimming Pool





Shire of Merredin

Financial Report

FOR THE YEAR ENDING 30 JUNE 2020

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COMMUNITY VISION

*Merredin is the commercial and cultural heart of the eastern wheatbelt region.
A place people are proud to call home and where visitors are always welcome.*

Principal place of Business:

Cnr King and Barrack St
Merredin WA 6415

**SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the

7th

day of June 2021

Mark Dacombe

Mark Dacombe

Temporary Chief Executive Officer



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

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 20(a) | 4,290,219 | 4,306,120 | 4,195,259 |
| Operating grants, subsidies and contributions | 2(a) | 3,102,156 | 1,738,448 | 2,825,432 |
| Fees and charges | 2(a) | 1,035,153 | 1,323,603 | 1,359,182 |
| Interest earnings | 2(a) | 197,462 | 229,953 | 439,501 |
| Other revenue | 2(a) | 297,063 | 210,700 | 378,291 |
| | | 8,922,053 | 7,808,824 | 9,197,665 |
| Expenses | | | | |
| Employee costs | | (3,169,327) | (3,286,216) | (3,187,982) |
| Materials and contracts | | (2,597,520) | (3,397,440) | (2,712,306) |
| Utility charges | | (417,441) | (412,739) | (414,536) |
| Depreciation on non-current assets | 10(b) | (3,859,579) | (3,430,543) | (3,426,679) |
| Interest expenses | 2(b) | (42,939) | (42,943) | (59,943) |
| Insurance expenses | | (120,066) | (185,497) | (176,212) |
| Other expenditure | | (216,425) | (215,011) | (342,181) |
| | | (10,423,297) | (10,970,389) | (10,319,839) |
| | | (1,501,244) | (3,161,565) | (1,122,174) |
| Non-operating grants, subsidies and contributions | 2(a) | 3,437,864 | 915,715 | 3,179,026 |
| Profit on asset disposals | 10(a) | 227 | 51,554 | 20,109 |
| (Loss) on asset disposals | 10(a) | (23,317) | (18,335) | (193,927) |
| | | 3,414,774 | 948,934 | 3,005,208 |
| Net result for the period | | 1,913,530 | (2,212,631) | 1,883,034 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 11 | 0 | 0 | 39,636 |
| Total other comprehensive income for the period | | 0 | 0 | 39,636 |
| Total comprehensive income for the period | | 1,913,530 | (2,212,631) | 1,922,670 |

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



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

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Governance | | 49,159 | 17,500 | 25,146 |
| General purpose funding | | 6,941,054 | 5,684,159 | 7,002,556 |
| Law, order, public safety | | 160,670 | 328,906 | 255,941 |
| Health | | 17,680 | 25,508 | 24,666 |
| Education and welfare | | 37,846 | 17,285 | 18,727 |
| Housing | | 123,458 | 118,850 | 145,411 |
| Community amenities | | 663,263 | 571,607 | 768,281 |
| Recreation and culture | | 376,159 | 422,522 | 387,267 |
| Transport | | 286,450 | 289,000 | 281,624 |
| Economic services | | 180,787 | 232,837 | 175,511 |
| Other property and services | | 85,527 | 100,650 | 112,535 |
| | | 8,922,053 | 7,808,824 | 9,197,665 |
| Expenses | | | | |
| Governance | | (537,864) | (685,588) | (571,307) |
| General purpose funding | | (88,847) | (47,486) | (105,542) |
| Law, order, public safety | | (549,116) | (752,918) | (705,159) |
| Health | | (213,210) | (234,236) | (229,554) |
| Education and welfare | | (107,387) | (146,820) | (98,846) |
| Housing | | (248,808) | (235,267) | (265,007) |
| Community amenities | | (1,034,973) | (1,179,850) | (1,268,306) |
| Recreation and culture | | (2,703,269) | (2,961,957) | (2,790,204) |
| Transport | | (4,054,816) | (3,523,642) | (3,400,900) |
| Economic services | | (774,043) | (1,070,734) | (879,050) |
| Other property and services | | (68,025) | (88,948) | 53,979 |
| | | (10,380,358) | (10,927,446) | (10,259,896) |
| Finance Costs | | | | |
| Education and welfare | 2(b) | (31,241) | (31,241) | (37,524) |
| Other property and services | | (11,698) | (11,702) | (22,419) |
| | | (42,939) | (42,943) | (59,943) |
| | | (1,501,244) | (3,161,565) | (1,122,174) |
| Non-operating grants, subsidies and contributions | 2(a) | 3,437,864 | 915,715 | 3,179,026 |
| Profit on disposal of assets | 10(a) | 227 | 51,554 | 20,109 |
| (Loss) on disposal of assets | 10(a) | (23,317) | (18,335) | (193,927) |
| | | 3,414,774 | 948,934 | 3,005,208 |
| Net result for the period | | 1,913,530 | (2,212,631) | 1,883,034 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 11 | 0 | 0 | 39,636 |
| Total other comprehensive income for the period | | 0 | 0 | 39,636 |
| Total comprehensive income for the period | | 1,913,530 | (2,212,631) | 1,922,670 |

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



BUTLER SETTMER (AUDIT) PTY LTD

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

| | NOTE | 2020 \$ | 2019 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 9,120,456 | 13,175,305 |
| Trade and other receivables | 6 | 592,264 | 861,495 |
| Other financial assets | 5(a) | 31,818 | 30,303 |
| Inventories | 7 | 40,731 | 179,437 |
| TOTAL CURRENT ASSETS | | 9,785,269 | 14,246,540 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 6 | 123,942 | 113,126 |
| Other financial assets | 5(b) | 295,186 | 327,004 |
| Inventories | 7 | 446,023 | 446,023 |
| Property, plant and equipment | 8 | 58,420,751 | 57,304,049 |
| Infrastructure | 9 | 157,309,502 | 157,998,436 |
| TOTAL NON-CURRENT ASSETS | | 216,595,404 | 216,188,638 |
| TOTAL ASSETS | | 226,380,673 | 230,435,178 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 462,370 | 2,681,403 |
| Capital grant liabilities | 13 | 696,814 | 0 |
| Borrowings | 14(a) | 171,364 | 240,400 |
| Employee related provisions | 15 | 506,501 | 535,175 |
| TOTAL CURRENT LIABILITIES | | 1,837,049 | 3,456,978 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 14(a) | 677,472 | 851,824 |
| Employee related provisions | 15 | 30,603 | 70,481 |
| TOTAL NON-CURRENT LIABILITIES | | 708,075 | 922,305 |
| TOTAL LIABILITIES | | 2,545,124 | 4,379,283 |
| NET ASSETS | | 223,835,549 | 226,055,895 |
| EQUITY | | | |
| Retained surplus | | 81,427,807 | 79,911,033 |
| Reserves - cash backed | 4 | 5,425,715 | 8,402,835 |
| Revaluation surplus | 11 | 136,982,027 | 137,742,027 |
| TOTAL EQUITY | | 223,835,549 | 226,055,895 |

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



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

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|-------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2018 | | 66,517,094 | 19,913,740 | 137,702,391 | 224,133,225 |
| Comprehensive income | | | | | |
| Net result for the period | | 1,883,034 | 0 | 0 | 1,883,034 |
| Other comprehensive income | 11 | 0 | 0 | 39,636 | 39,636 |
| Total comprehensive income | | 1,883,034 | 0 | 39,636 | 1,922,670 |
| Transfers from reserves | 4 | 14,911,736 | (14,911,736) | 0 | 0 |
| Transfers to reserves | 4 | (3,400,831) | 3,400,831 | 0 | 0 |
| Balance as at 30 June 2019 | | 79,911,033 | 8,402,835 | 137,742,027 | 226,055,895 |
| Change in accounting policies | 24(b) | (3,373,876) | 0 | (760,000) | (4,133,876) |
| Restated total equity at 1 July 2019 | | 76,537,157 | 8,402,835 | 136,982,027 | 221,922,019 |
| Comprehensive income | | | | | |
| Net result for the period | | 1,913,530 | 0 | 0 | 1,913,530 |
| Total comprehensive income | | 1,913,530 | 0 | 0 | 1,913,530 |
| Transfers from reserves | 4 | 3,770,584 | (3,770,584) | 0 | 0 |
| Transfers to reserves | 4 | (793,464) | 793,464 | 0 | 0 |
| Balance as at 30 June 2020 | | 81,427,807 | 5,425,715 | 136,982,027 | 223,835,549 |

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



SHIRE OF MERREDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 4,186,119 | 4,301,620 | 4,155,792 |
| Operating grants, subsidies and contributions | | 502,802 | 1,738,448 | 2,954,324 |
| Fees and charges | | 1,035,153 | 1,323,603 | 1,359,182 |
| Interest received | | 197,462 | 229,953 | 439,501 |
| Goods and services tax received | | 0 | 389,970 | (126,844) |
| Other revenue | | 297,063 | 210,700 | 378,291 |
| | | 6,218,599 | 8,194,294 | 9,160,246 |
| Payments | | | | |
| Employee costs | | (3,365,520) | (3,286,216) | (3,104,872) |
| Materials and contracts | | (4,544,394) | (3,397,440) | (1,529,577) |
| Utility charges | | (417,441) | (412,739) | (414,536) |
| Interest expenses | | (44,680) | (42,943) | (30,765) |
| Insurance paid | | (120,066) | (185,497) | (176,212) |
| Goods and services tax (paid)/received | | 280,736 | 0 | 0 |
| Other expenditure | | (216,425) | (215,011) | (342,460) |
| | | (8,427,790) | (7,539,846) | (5,598,422) |
| Net cash provided by (used in) operating activities | 16 | (2,209,191) | 654,448 | 3,561,824 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 8(a) | (3,230,758) | (4,165,849) | (14,984,302) |
| Payments for construction of infrastructure | 9(a) | (1,915,108) | (2,862,714) | (2,506,561) |
| Non-operating grants, subsidies and contributions | 2(a) | 3,437,864 | 915,715 | 3,179,026 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 30,303 | 30,303 | 28,859 |
| Proceeds from sale of property, plant & equipment | 10(a) | 75,429 | 324,000 | 185,477 |
| Net cash provided by (used in) investment activities | | (1,602,270) | (5,758,545) | (14,097,501) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 14(b) | (243,388) | (243,388) | (231,069) |
| Net cash provided by (used in) financing activities | | (243,388) | (243,388) | (231,069) |
| Net increase (decrease) in cash held | | (4,054,849) | (5,347,485) | (10,766,746) |
| Cash at beginning of year | | 13,175,305 | 13,172,609 | 23,942,051 |
| Cash and cash equivalents at the end of the year | 16 | 9,120,456 | 7,825,124 | 13,175,305 |

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



SHIRE OF MERREDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

| NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | |
| Net current assets at start of financial year - surplus/(deficit) | 21 (b) | (777,052) | 2,984,481 |
| | | (777,052) | 2,984,481 |
| Revenue from operating activities (excluding rates) | | | |
| Governance | | 49,386 | 24,908 |
| General purpose funding | | 2,714,918 | 1,431,171 |
| Law, order, public safety | | 160,670 | 328,906 |
| Health | | 17,680 | 32,916 |
| Education and welfare | | 37,846 | 17,285 |
| Housing | | 123,458 | 118,850 |
| Community amenities | | 663,263 | 571,607 |
| Recreation and culture | | 376,159 | 422,522 |
| Transport | | 286,450 | 325,738 |
| Economic services | | 180,787 | 232,837 |
| Other property and services | | 85,527 | 100,650 |
| | | 4,696,144 | 3,607,390 |
| | | | 5,074,098 |
| Expenditure from operating activities | | | |
| Governance | | (537,864) | (685,588) |
| General purpose funding | | (88,847) | (47,486) |
| Law, order, public safety | | (549,116) | (755,024) |
| Health | | (215,421) | (234,236) |
| Education and welfare | | (138,628) | (178,061) |
| Housing | | (248,808) | (235,267) |
| Community amenities | | (1,034,973) | (1,179,850) |
| Recreation and culture | | (2,703,269) | (2,961,957) |
| Transport | | (4,075,922) | (3,539,871) |
| Economic services | | (774,043) | (1,070,734) |
| Other property and services | | (79,723) | (100,650) |
| | | (10,446,614) | (10,988,724) |
| | | | (10,513,767) |
| Non-cash amounts excluded from operating activities | 21(a) | 3,831,975 | 3,397,324 |
| Amount attributable to operating activities | | (2,695,547) | 1,270,805 |
| INVESTING ACTIVITIES | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 3,437,864 | 915,715 |
| Proceeds from disposal of assets | 10(a) | 75,429 | 324,000 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 30,303 | 30,303 |
| Purchase of property, plant and equipment | 8(a) | (3,230,758) | (4,165,850) |
| Purchase and construction of infrastructure | 9(a) | (1,915,108) | (2,862,715) |
| Amount attributable to investing activities | | (1,602,270) | (5,758,547) |
| | | | (14,097,501) |
| FINANCING ACTIVITIES | | | |
| Repayment of borrowings | 14(b) | (243,388) | (243,388) |
| Transfers to reserves (restricted assets) | 4 | (793,464) | (637,127) |
| Transfers from reserves (restricted assets) | 4 | 3,770,584 | 3,643,883 |
| Amount attributable to financing activities | | 2,733,732 | 2,763,368 |
| | | | 11,279,836 |
| Surplus/(deficit) before imposition of general rates | | (1,564,085) | (4,252,988) |
| Total amount raised from general rates | 20(a) | 4,226,136 | 4,252,988 |
| Surplus/(deficit) after imposition of general rates | 21(b) | 2,662,051 | 0 |
| | | | 2,596,816 |



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

BUTLER SETTINGER (AUDIT) PTY LTD

SHIRE OF MERREDIN
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS
On 1 July 2020 the following new accounting standards are to be adopted:

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

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

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

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

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

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 to these financial statements.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/ Warranties | Determination of transaction price | Allocating transaction price | Measuring obligations for returns | Timing of revenue recognition |
|---|--|--------------------------------------|--|---|---|---|---|--|
| Rates - general | General Rates | Over time | Payment dates adopted by Council during the year | None | Adopted by council annually | When taxable event occurs | Not applicable | When rates notice is issued |
| Rates - Specified area rates | Rates charge for specific defined purpose | Over time | Payment dates adopted by Council during the year | Refund in event monies are unspent | Adopted by council annually | When taxable event occurs | Not applicable | When rates notice is issued |
| Rates - Service charges | Charge for specific service | Over time | Payment dates adopted by Council during the year | Refund in event monies are unspent | Adopted by council annually | When taxable event occurs | Not applicable | When rates notice is issued |
| Grant contracts with customers | Community events, minor facilities, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants, subsidies or contributions for the construction of non-financial assets | Construction or acquisition of recognisable non-financial assets to be controlled by the local government | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the funding bodies | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms breached | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants with no contractual commitments | General appropriations and contributions with no reciprocal commitment | No obligations | Not applicable | Not applicable | Cash received | On receipt of funds | Not applicable | When assets are controlled |
| Fees and charges - Licences/ Registrations/ Approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming. | Single point in time | Full payment prior to issue | None | Set by State legislation or limited by legislation to the cost of provision | Based on timing of issue of the associated rights | No refunds | On payment and issue of the licence, registration or approval |
| Fees and charges - Pool inspections | Compliance safety check | Single point in time | Equal proportion based on an equal annually fee | None | Set by State legislation | Apportioned equally across the inspection cycle | No refunds | After inspection complete based on a 4 year cycle |
| Fees and charges - Other inspections | Regulatory Food, Health and Safety | Single point in time | Full payment prior to inspection | None | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection | Not applicable | Revenue recognised after inspection event occurs |
| Fees and charges - Waste management collections | Kerbside collection service | Over time | Payment on an annual basis in advance | None | Adopted by council annually | Apportioned equally across the collection period | Not applicable | Output method based on regular weekly and fortnightly period as proportionate to collection service |
| Fees and charges - Waste management entry fees | Waste treatment, recycling and disposal service at disposal sites | Single point in time | Payment in advance at gate or on normal trading terms if credit provided | None | Adopted by council annually | Based on timing of entry to facility | Not applicable | On entry to facility |
| Fees and charges - Airport landing charges | Permission to use facilities and runway | Single point in time | Monthly in arrears | None | Adopted by council annually | Applied fully on timing of landing/take-off | Not applicable | On landing/departure event |
| Fees and charges - Property hire and entry | Use of halls and facilities | Single point in time | In full in advance | Refund if event cancelled within 7 days | Adopted by council annually | Based on timing of entry to facility | Returns limited to repayment of transaction price | On entry or at conclusion of hire |
| Fees and charges - Memberships | Gym and pool membership | Over time | Payment in full in advance | Refund for unused portion on application | Adopted by council annually | Apportioned equally across the access period | Returns limited to repayment of transaction price | Output method Over 12 months matched to access right |
| Fees and charges - Fees and charges for other goods and services | Cemetery services, library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Adopted by council annually | Applied fully based on timing of provision | Not applicable | Output method based on provision of service or completion of works |
| Fees and charges - Sale of stock | Aviation fuel, kiosk and visitor centre stock | Single point in time | In full in advance, on 15 day credit | Refund for faulty goods | Adopted by council annually, set by mutual agreement | Applied fully based on timing of provision | Returns limited to repayment of transaction price | Output method based on goods |
| Other Revenue - Commissions | Commissions on licencing and ticket sales | Over time | Payment in full on sale | None | Set by mutual agreement with the customer | On receipt of funds | Not applicable | When assets are controlled |
| Other Revenue - Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | Set by mutual agreement with the customer | When claim is agreed | Not applicable | When claim is agreed |

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | | | |
| Governance | 5,000 | 0 | 0 |
| General purpose funding | 2,400,441 | 1,130,871 | 2,360,149 |
| Law, order, public safety | 119,007 | 112,405 | 44,683 |
| Education and welfare | 20,935 | 0 | 0 |
| Housing | 14,569 | 0 | 0 |
| Community amenities | 10,108 | 0 | 24,624 |
| Recreation and culture | 249,463 | 232,072 | 173,496 |
| Transport | 222,983 | 191,000 | 191,530 |
| Economic services | 59,650 | 72,100 | 30,950 |
| | 3,102,156 | 1,738,448 | 2,825,432 |
| Non-operating grants, subsidies and contributions | | | |
| Recreation and culture | 0 | 0 | 9,500 |
| Transport | 865,680 | 915,715 | 1,017,213 |
| Other property and services | 2,572,184 | 0 | 2,152,313 |
| | 3,437,864 | 915,715 | 3,179,026 |
| Total grants, subsidies and contributions | 6,540,020 | 2,654,163 | 6,004,458 |
| Fees and charges | | | |
| Governance | 8,220 | 7,500 | 9,699 |
| General purpose funding | 22,568 | 22,000 | 22,334 |
| Law, order, public safety | 36,226 | 211,501 | 197,434 |
| Health | 17,680 | 25,508 | 24,666 |
| Housing | 108,889 | 118,850 | 145,002 |
| Community amenities | 653,155 | 568,607 | 629,458 |
| Recreation and culture | 119,540 | 190,350 | 209,124 |
| Transport | | 18,000 | 17,707 |
| Economic services | 62,622 | 155,137 | 103,151 |
| Other property and services | 6,253 | 6,150 | 607 |
| | 1,035,153 | 1,323,603 | 1,359,182 |

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | 3,102,156 | 1,738,448 | 2,825,432 |
| Fees and charges | 1,035,154 | 1,323,603 | 1,359,182 |
| Other revenue | 297,062 | 210,700 | 378,291 |
| Non-operating grants, subsidies and contributions | 3,437,864 | 915,715 | 3,179,026 |
| | 7,872,236 | 4,188,466 | 7,741,931 |

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

| | | | |
|---|-----------|-----------|-----------|
| Contracts from transfers intended for acquiring or constructing recognisable non-financial assets recognised at the start of the period | 3,373,876 | 0 | 0 |
| Other revenue from contracts with customers recognised during the year | 1,332,216 | 1,534,303 | 1,737,473 |
| Contracts from transfers intended for acquiring or constructing recognisable non financial assets recognised during the year | 63,988 | 915,715 | 3,179,026 |
| Other revenue from performance obligations satisfied during the year | 3,102,156 | 1,738,448 | 2,825,432 |
| | 7,872,236 | 4,188,466 | 7,741,931 |

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

| | | | |
|--|-----------|---|---|
| Trade and other receivables from contracts with customers | 89,880 | 0 | 0 |
| Financial assets held from transfers for recognisable financial assets | 696,814 | 0 | 0 |
| Capital grant liabilities from transfers for recognisable non-financial assets | (696,814) | 0 | 0 |

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates

Other revenue

Other

Interest earnings

Financial assets at amortised cost - self supporting loans

Interest on reserve funds

Rates instalment and penalty interest (refer Note 20(c))

Other interest earnings

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| General rates | 4,226,136 | 4,252,988 | 4,143,676 |
| | 4,226,136 | 4,252,988 | 4,143,676 |
| Other revenue | 297,063 | 210,700 | 378,291 |
| Other | 297,063 | 210,700 | 378,291 |
| Interest earnings | 16,911 | 16,911 | 19,664 |
| Financial assets at amortised cost - self supporting loans | 75,121 | 102,668 | 295,617 |
| Interest on reserve funds | 73,784 | 60,000 | 71,634 |
| Rates instalment and penalty interest (refer Note 20(c)) | 31,646 | 50,374 | 52,586 |
| Other interest earnings | 197,462 | 229,953 | 439,501 |

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services
- Disbursement

Interest expenses (finance costs)

Borrowings

| Note | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|-------|----------------------|----------------------|----------------------|
| | 22,750 | 30,000 | 22,750 |
| | 800 | 2,000 | 2,058 |
| | 0 | 0 | 1,348 |
| | 23,550 | 32,000 | 26,156 |
| 14(b) | 42,939 | 42,943 | 59,943 |
| | 42,939 | 42,943 | 59,943 |

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

3. CASH AND CASH EQUIVALENTS

| NOTE | 2020 | 2019 |
|--|------------------|-------------------|
| | \$ | \$ |
| Cash at bank and on hand | 9,120,456 | 13,175,305 |
| Total cash and cash equivalents | 9,120,456 | 13,175,305 |

Restrictions

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

| | | |
|-----------------------------|------------------|------------------|
| - Cash and cash equivalents | 6,141,162 | 8,405,623 |
| | 6,141,162 | 8,405,623 |

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

| | | | |
|--|----|------------------|------------------|
| Reserves - cash backed | 4 | 5,425,715 | 8,402,833 |
| Capital grant liabilities from transfers for recognisable non financial assets | 13 | 696,814 | 0 |
| Bonds and deposits held | | 18,633 | 2,790 |
| Total restricted assets | | 6,141,162 | 8,405,623 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH BACKED

| | 2020 Actual Opening Balance | 2020 Actual Transfer to | 2020 Actual Transfer (from) | 2020 Budget Opening Balance | 2020 Budget Transfer to | 2020 Budget Transfer (from) | 2020 Budget Closing Balance | 2019 Actual Opening Balance | 2019 Actual Transfer to | 2019 Actual Transfer (from) | 2019 Actual Closing Balance |
|---------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| (a) Employee Entitlements Reserve | \$ 544,027 | \$ 6,387 | \$ (180,112) | \$ 544,027 | \$ 10,881 | \$ 0 | \$ 554,908 | \$ 530,972 | \$ 13,055 | \$ 0 | \$ 544,027 |
| (b) Plant Replacement Reserve | 798,265 | 278,689 | (161,000) | 798,265 | 269,565 | (161,000) | 906,830 | 780,669 | 17,596 | 0 | 798,265 |
| (c) Buildings Reserve | 922,942 | 10,514 | 0 | 922,942 | 18,458 | (122,600) | 818,800 | 827,505 | 95,437 | 0 | 922,942 |
| (d) Land & Development Reserve | 1,272,889 | 14,422 | 0 | 1,272,888 | 25,458 | 0 | 1,298,346 | 1,161,446 | 111,443 | 0 | 1,272,889 |
| (e) Apex Park Redevelopment Reserve | 150,000 | 77,053 | 0 | 150,000 | 75,000 | 0 | 225,000 | 0 | 150,000 | 0 | 150,000 |
| (f) ICT Reserve | 258,426 | 93,446 | (55,596) | 258,426 | 25,169 | (94,500) | 189,095 | 63,878 | 194,548 | 0 | 258,426 |
| (g) Disaster Relief Reserve | 244,215 | 2,791 | 0 | 244,215 | 4,884 | 0 | 249,099 | 8,074 | 236,141 | 0 | 244,215 |
| (h) Cummins Street Units Reserve | 60,504 | 681 | 0 | 60,504 | 1,071 | 0 | 61,575 | 52,363 | 8,141 | 0 | 60,504 |
| (i) Recreation Facilities Reserve | 502,804 | 207,235 | 0 | 502,804 | 110,056 | 0 | 612,860 | 491,721 | 11,083 | 0 | 502,804 |
| (j) Waste Management Reserve | 197,266 | 91,392 | 0 | 197,266 | 92,733 | 0 | 289,999 | 118,725 | 78,541 | 0 | 197,266 |
| (k) Unspent Grants Reserve | 3,451,497 | 10,854 | (3,373,876) | 3,451,496 | 3,852 | (3,265,783) | 189,565 | 15,792,424 | 2,484,846 | (14,825,773) | 3,451,497 |
| (l) Heritage Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,591 | 0 | (7,591) | 0 |
| (m) Road Reinstatement Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 26,411 | 0 | (26,411) | 0 |
| (n) Environmental Initiatives Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 51,961 | 0 | (51,961) | 0 |
| | 8,402,835 | 793,464 | (3,770,584) | 8,402,833 | 637,127 | (3,643,883) | 5,396,077 | 19,913,740 | 3,400,831 | (14,911,736) | 8,402,835 |

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 Reserve | Ongoing | To be utilised to fund staff leave as required |
| (b) Plant Replacement Reserve | Ongoing | To be utilised to fund future capital plant purchases |
| (c) Buildings Reserve | Ongoing | To be utilised to fund future building construction and major maintenance within the Shire of Merredin |
| (d) Land & Development Reserve | Ongoing | To be utilised to fund major land development/purchases within the Shire of Merredin |
| (e) Apex Park Redevelopment Reserve | Ongoing | To be utilised to fund the redevelopment of works at Apex Park |
| (f) ICT Reserve | Ongoing | To be utilised to fund future information and communications technology (ICT) within the Shire of Merredin |
| (g) Disaster Relief Reserve | Ongoing | To be utilised to contribute to liabilities arising from a declared natural disaster that meets Disaster Recovery Funding Arrangements WA (DRFAWA) eligibility minimum spend. |
| (h) Cummins Street Units Reserve | Ongoing | To be utilised to full maintenance and capital costs associated with Council owned units in Cummings Street Merredin. |
| (i) Recreation Facilities Reserve | Ongoing | To be utilised to fund future development and major renewals in relation to Recreation. |
| (j) Waste Management Reserve | Ongoing | To be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; or the provision of receptacles for the temporary deposit of waste; or the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste. |
| (k) Unspent Grants Reserve | Ongoing | To be utilised for the quarantining of Grant Monies awaiting completion of Works. |
| (l) Heritage Reserve | Closed in 2018/2019 | To be utilised to fund future extensions of work at Cummins Theatre. |
| (m) Road Reinstatement Reserve | Closed in 2018/2019 | To be utilised to fund emergency repairs to road infrastructure. |
| (n) Environmental Initiatives Reserve | Closed in 2018/2019 | To be utilised for the research and development into initiatives designed to use the saline water below Merredin, or similar environmental projects. |

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

| 2020 | 2019 |
|--------|--------|
| \$ | \$ |
| 31,818 | 30,303 |
| 31,818 | 30,303 |

Other financial assets at amortised cost

Self supporting loans

| | |
|--------|--------|
| 31,818 | 30,303 |
| 31,818 | 30,303 |

(b) Non-current assets

Financial assets at amortised cost

| | |
|---------|---------|
| 295,186 | 327,004 |
| 295,186 | 327,004 |

Financial assets at amortised cost

Self supporting loans

| | |
|---------|---------|
| 295,186 | 327,004 |
| 295,186 | 327,004 |

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

6. TRADE AND OTHER RECEIVABLES

Current

| | |
|-----------------------------|--|
| Rates receivable | |
| Trade and other receivables | |
| GST receivable | |
| Other Receivables | |

Non-current

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

| 2020 | 2019 |
|---------|---------|
| \$ | \$ |
| 500,660 | 411,447 |
| 89,880 | 59,942 |
| 0 | 390,106 |
| 1,724 | 0 |
| 592,264 | 861,495 |
| 123,942 | 113,126 |
| 123,942 | 113,126 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials

Non-current

Land held for resale - cost

Cost of acquisition

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Disposal of Land held for resale

Movement in Fuels & Materials inventory

Carrying amount at end of period

| | 2020 | 2019 |
|--|-----------|-----------|
| | \$ | \$ |
| | 40,731 | 179,437 |
| | 40,731 | 179,437 |
| | 446,023 | 446,023 |
| | 446,023 | 446,023 |
| | 625,460 | 723,502 |
| | 0 | (134,498) |
| | (138,706) | 36,456 |
| | 486,754 | 625,460 |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

| | Land - freehold land | Land - vested in the control of Council | Total land | Buildings - non-specialised | Buildings - specialised | Buildings - work in progress* | Total buildings | Total land and buildings | Furniture and equipment | Plant and equipment | Total property, plant and equipment |
|--|----------------------|---|------------|-----------------------------|-------------------------|-------------------------------|-----------------|--------------------------|-------------------------|---------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 2,553,500 | 760,000 | 3,313,500 | 3,157,172 | 31,134,751 | 2,522,042 | 36,813,965 | 40,127,465 | 287,768 | 3,407,868 | 43,823,101 |
| Additions | 0 | 0 | 0 | 0 | 249,223 | 14,340,674 | 14,589,897 | 14,589,897 | 0 | 394,405 | 14,984,302 |
| (Disposals) | (2,500) | 0 | (2,500) | 0 | (12,146) | 0 | (12,146) | (14,646) | (69,782) | (230,820) | (315,248) |
| Revaluation increments / (decrements) transferred to revaluation surplus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39,636 | 39,636 |
| Depreciation (expense) | 0 | 0 | 0 | (105,043) | (710,253) | 0 | (815,296) | (815,296) | (23,750) | (388,696) | (1,227,742) |
| Carrying amount at 30 June 2019 | 2,551,000 | 760,000 | 3,311,000 | 3,052,129 | 30,661,575 | 16,862,716 | 50,576,420 | 53,887,420 | 194,236 | 3,222,393 | 57,304,049 |
| Comprises: | | | | | | | | | | | |
| Gross carrying amount at 30 June 2019 | 2,551,000 | 760,000 | 3,311,000 | 3,561,354 | 33,977,287 | 16,862,716 | 54,401,357 | 57,712,357 | 240,641 | 4,000,329 | 61,953,327 |
| Accumulated depreciation at 30 June 2019 | 0 | 0 | 0 | (509,225) | (3,315,714) | 0 | (3,824,939) | (3,824,939) | (46,405) | (777,934) | (4,649,278) |
| Carrying amount at 30 June 2019 | 2,551,000 | 760,000 | 3,311,000 | 3,052,129 | 30,661,573 | 16,862,716 | 50,576,418 | 53,887,418 | 194,236 | 3,222,395 | 57,304,049 |
| Change in accounting policy | 0 | (760,000) | (760,000) | 0 | 0 | 0 | 0 | (760,000) | 0 | 0 | (760,000) |
| Carrying amount at 1 July 2019 | 2,551,000 | 0 | 2,551,000 | 3,052,129 | 30,661,573 | 16,862,716 | 50,576,418 | 53,127,418 | 194,236 | 3,222,395 | 56,544,049 |
| Additions | 0 | 0 | 0 | 0 | 190,333 | 2,572,184 | 2,762,517 | 2,762,517 | 21,005 | 447,236 | 3,230,758 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (98,519) | (98,519) |
| Depreciation (expense) | 0 | 0 | 0 | (102,716) | (713,798) | 0 | (816,514) | (816,514) | (18,610) | (420,413) | (1,255,537) |
| Carrying amount at 30 June 2020 | 2,551,000 | 0 | 2,551,000 | 2,949,413 | 30,138,108 | 19,434,900 | 52,522,421 | 55,073,421 | 196,631 | 3,150,699 | 58,420,751 |
| Comprises: | | | | | | | | | | | |
| Gross carrying amount at 30 June 2020 | 2,551,000 | 0 | 2,551,000 | 3,561,354 | 34,167,621 | 19,434,900 | 57,163,875 | 59,714,875 | 261,645 | 4,341,835 | 64,318,355 |
| Accumulated depreciation at 30 June 2020 | 0 | 0 | 0 | (611,941) | (4,029,513) | 0 | (4,641,454) | (4,641,454) | (65,014) | (1,191,136) | (5,897,604) |
| Carrying amount at 30 June 2020 | 2,551,000 | 0 | 2,551,000 | 2,949,413 | 30,138,108 | 19,434,900 | 52,522,421 | 55,073,421 | 196,631 | 3,150,699 | 58,420,751 |

* Work in progress represents construction of retirement villages on behalf of Central East Accommodation & Care Alliance Inc (CEACA).

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|--------------------------------|----------------------|---|-----------------------|------------------------|---|
| Land and buildings | | | | | |
| Land - freehold land | 2 | Observe open Market valuations, adjusted for conditions and comparability | Independent Valuation | 2017 | Price per hectare, with reference to zoning of land. Market values were used unless there were some restrictions or other factors associated with the land. |
| Buildings - non-specialised | 2 | Observe open Market valuations, adjusted for conditions and comparability | Independent Valuation | 2017 | Construction costs and current condition, residual value and remaining useful life assessments. |
| Buildings - specialised | 3 | Cost Approach using depreciated replacement cost | Independent Valuation | 2017 | Construction costs, current condition, residual value and remaining useful life assessments. |
| Furniture and equipment | 3 | Cost Approach using depreciated replacement cost | Independent Valuation | 2017 | Purchase cost, current conditions, residual values and remaining useful life assessments. |
| Plant and equipment | | | | | |
| - Management valuation 2020 | 3 | Cost Approach using depreciated replacement cost | Management Valuation | 2019 | Purchase cost, current conditions, residual values and remaining useful life assessments. |
| - Independent valuation 2015 | 3 | Cost Approach using depreciated replacement cost | Independent Valuation | 2016 | Purchase cost, current conditions, residual values and remaining useful life assessments. |

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

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

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

| | Infrastructure - roads \$ | Infrastructure - footpaths \$ | Infrastructure - drainage \$ | Infrastructure - parks & gardens \$ | Total Infrastructure \$ |
|--|---------------------------------|-------------------------------------|------------------------------------|---|-------------------------------|
| Balance at 1 July 2018 | 133,158,035 | 6,760,418 | 12,621,813 | 5,194,597 | 157,734,863 |
| Additions | 2,296,228 | 186,821 | 0 | 23,512 | 2,506,561 |
| (Disposals) | 0 | 0 | 0 | (44,052) | (44,052) |
| Depreciation (expense) | (1,634,815) | (185,046) | (353,335) | (25,740) | (2,198,936) |
| Carrying amount at 30 June 2019 | 133,819,448 | 6,762,193 | 12,268,478 | 5,148,317 | 157,998,436 |
| Comprises: | | | | | |
| Gross carrying amount at 30 June 2019 | 170,638,897 | 9,067,030 | 24,106,456 | 5,211,883 | 209,024,266 |
| Accumulated depreciation at 30 June 2019 | (36,819,449) | (2,304,837) | (11,837,978) | (63,566) | (51,025,830) |
| Carrying amount at 30 June 2019 | 133,819,448 | 6,762,193 | 12,268,478 | 5,148,317 | 157,998,436 |
| Additions | 1,756,988 | 158,120 | 0 | 0 | 1,915,108 |
| Depreciation (expense) | (1,891,904) | (213,043) | (474,110) | (24,985) | (2,604,042) |
| Carrying amount at 30 June 2020 | 133,684,532 | 6,707,270 | 11,794,368 | 5,123,332 | 157,309,502 |
| Comprises: | | | | | |
| Gross carrying amount at 30 June 2020 | 172,395,885 | 9,225,151 | 24,106,456 | 5,211,883 | 210,939,375 |
| Accumulated depreciation at 30 June 2020 | (38,711,353) | (2,517,881) | (12,312,088) | (88,551) | (53,629,873) |
| Carrying amount at 30 June 2020 | 133,684,532 | 6,707,270 | 11,794,368 | 5,123,332 | 157,309,502 |

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

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|----------------------------------|----------------------|--|----------------------|------------------------|---|
| Infrastructure - roads | 3 | Cost Approach using depreciated replacement cost | Management Valuation | 2018 | Construction costs and current conditions, residual values and remaining useful life assessment |
| Infrastructure - footpaths | 3 | Cost Approach using depreciated replacement cost | Management Valuation | 2018 | Construction costs and current conditions, residual values and remaining useful life assessment |
| Infrastructure - drainage | 3 | Cost Approach using depreciated replacement cost | Management Valuation | 2018 | Construction costs and current conditions, residual values and remaining useful life assessment |
| Infrastructure - parks & gardens | 3 | Cost Approach using depreciated replacement cost | Management Valuation | 2018 | Construction costs and current conditions, residual values and remaining useful life assessment |

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 MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

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

10. FIXED ASSETS

(a) Disposals of Assets

| | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss | 2020 Budget Net Book Value | 2020 Budget Sale Proceeds | 2020 Budget Profit | 2020 Budget Loss | 2019 Actual Net Book Value | 2019 Actual Sale Proceeds | 2019 Actual Profit | 2019 Actual Loss |
|----------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,500 | 0 | 0 | (2,500) |
| Buildings - specialised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,146 | 0 | 0 | (12,146) |
| Furniture and equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,782 | 0 | 0 | (69,782) |
| Plant and equipment | 98,519 | 75,429 | 227 | (23,317) | 290,781 | 324,000 | 51,555 | (18,336) | 230,816 | 185,477 | 20,109 | (65,448) |
| Infrastructure - parks & gardens | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 44,052 | 0 | 0 | (44,052) |
| | 98,519 | 75,429 | 227 | (23,317) | 290,781 | 324,000 | 51,555 | (18,336) | 359,296 | 185,477 | 20,109 | (193,928) |

The following assets were disposed of during the year.

| | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss |
|----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ |
| Plant and Equipment | | | | |
| Governance | | | | |
| Kluger Stn Sedan | 27,045 | 24,835 | 0 | (2,210) |
| Health | | | | |
| Kluger Stn Sedan | 27,045 | 27,272 | 227 | 0 |
| Transport | | | | |
| 2014 Fuso Tip Truck | 44,429 | 23,322 | 0 | (21,107) |
| | 98,519 | 75,429 | 227 | (23,317) |

10. FIXED ASSETS

(b) Depreciation

| | 2020 Actual | 2020 Budget | 2019 Actual |
|----------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Buildings - non-specialised | 102,716 | 105,000 | 105,043 |
| Buildings - specialised | 713,798 | 710,500 | 710,253 |
| Furniture and equipment | 18,610 | 23,800 | 23,750 |
| Plant and equipment | 420,413 | 388,700 | 388,696 |
| Infrastructure - roads | 1,891,904 | 1,638,356 | 1,634,815 |
| Infrastructure - footpaths | 213,043 | 185,046 | 185,046 |
| Infrastructure - drainage | 474,110 | 353,335 | 353,335 |
| Infrastructure - parks & gardens | 24,985 | 25,806 | 25,740 |
| | 3,859,579 | 3,430,543 | 3,426,678 |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

| Asset Class | Useful life |
|--|-----------------|
| Buildings | 30 to 50 years |
| Furniture and equipment | 4 to 10 years |
| Plant and equipment | 5 to 15 years |
| Infrastructure - roads: | |
| Sealed roads and streets | |
| 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 |
| Water supply piping and drainage systems | 75 years |

Depreciation on revaluation

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

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

Amortisation

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

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

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

SHIRE OF MERREDIN
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11. REVALUATION SURPLUS

| | 2020 Opening Balance | 2020 Change in Accounting Policy | 2020 Revaluation Increment | 2020 Revaluation (Decrement) | 2020 Closing Balance | 2019 Opening Balance | 2019 Revaluation Increment | 2019 Revaluation (Decrement) | 2019 Closing Balance | Total Movement on Revaluation |
|---|----------------------------|--|----------------------------------|------------------------------------|----------------------------|----------------------------|----------------------------------|------------------------------------|----------------------------|-------------------------------------|
| | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land - freehold land | 1,011,415 | 0 | 0 | 0 | 1,011,415 | 1,011,415 | 0 | 0 | 1,011,415 | 0 |
| Revaluation surplus - Land - vested in and under the control of Council | 760,000 | (760,000) | 0 | 0 | 0 | 760,000 | 0 | 0 | 760,000 | 0 |
| Revaluation surplus - Buildings - non-specialised | 1,941,019 | 0 | 0 | 0 | 1,941,019 | 1,941,019 | 0 | 0 | 1,941,019 | 0 |
| Revaluation surplus - Buildings - specialised | 22,114,069 | 0 | 0 | 0 | 22,114,069 | 22,114,069 | 0 | 0 | 22,114,069 | 0 |
| Revaluation surplus - Furniture and equipment | 41,913 | 0 | 0 | 0 | 41,913 | 41,913 | 0 | 0 | 41,913 | 0 |
| Revaluation surplus - Plant and equipment | 1,239,408 | 0 | 0 | 0 | 1,239,408 | 1,199,772 | 39,636 | 0 | 1,239,408 | 39,636 |
| Revaluation surplus - Infrastructure - roads | 65,964,504 | 0 | 0 | 0 | 65,964,504 | 65,964,504 | 0 | 0 | 65,964,504 | 0 |
| Revaluation surplus - Infrastructure - footpaths | 11,615,820 | 0 | 0 | 0 | 11,615,820 | 11,615,820 | 0 | 0 | 11,615,820 | 0 |
| Revaluation surplus - Infrastructure - drainage | 30,954,899 | 0 | 0 | 0 | 30,954,899 | 30,954,899 | 0 | 0 | 30,954,899 | 0 |
| Revaluation surplus - Infrastructure - parks & gardens | 2,098,980 | 0 | 0 | 0 | 2,098,980 | 2,098,980 | 0 | 0 | 2,098,980 | 0 |
| | 137,742,027 | (760,000) | 0 | 0 | 136,982,027 | 137,702,391 | 39,636 | 0 | 137,742,027 | 39,636 |

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 MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 ATO liabilities
 Bonds and deposits held
 Accrued Interest on Debentures
 PAYG Payable
 Accrued Expenses

| 2020 | 2019 |
|----------------|------------------|
| \$ | \$ |
| 299,156 | 2,402,344 |
| 106,042 | 110,113 |
| 0 | 63,488 |
| 1,276 | 65,429 |
| 18,633 | 2,790 |
| 11,140 | 12,881 |
| 0 | 24,358 |
| 26,123 | 0 |
| 462,370 | 2,681,403 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Prepaid rates

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

13. CAPITAL GRANT LIABILITIES

Current

Capital grant liabilities from transfers for recognisable non financial assets

| 2020 | 2019 |
|---------|------|
| \$ | \$ |
| 696,814 | 0 |
| 696,814 | 0 |

SIGNIFICANT ACCOUNTING POLICIES

Capital Grant Liabilities

Capital grant liabilities relate to the Shire's obligations to construct non-financial assets that are yet to be fulfilled at the end of the financial year.

The Shire expects to satisfy the performance obligations within the next year.

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. INFORMATION ON BORROWINGS

| (a) Borrowings | 2020 | 2019 |
|----------------|---------|-----------|
| | \$ | \$ |
| Current | 171,364 | 240,400 |
| Non-current | 677,472 | 851,824 |
| | 848,836 | 1,092,224 |

(b) Repayments - Borrowings

[illegible]

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

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

14. INFORMATION ON BORROWINGS (Continued)

| | 2020 | 2019 |
|--|----------------|------------------|
| | \$ | \$ |
| (c) Undrawn Borrowing Facilities | | |
| Credit Standby Arrangements | | |
| Bank overdraft limit | 140,000 | 140,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 20,000 | 20,000 |
| Credit card balance at balance date | 0 | 0 |
| Total amount of credit unused | 160,000 | 160,000 |
| Loan facilities | | |
| Loan facilities - current | 171,364 | 240,400 |
| Loan facilities - non-current | 677,472 | 851,824 |
| Total facilities in use at balance date | 848,836 | 1,092,224 |
| Unused loan facilities at balance date | Nil | Nil |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

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

15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

| | Provision for Annual Leave | Provision for Long Service Leave | Total |
|---|----------------------------------|--|----------|
| | \$ | \$ | \$ |
| Opening balance at 1 July 2019 | | | |
| Current provisions | 340,230 | 194,945 | 535,175 |
| Non-current provisions | 0 | 70,481 | 70,481 |
| | 340,230 | 265,426 | 605,656 |
| Additional provision | (81,342) | 12,790 | (68,552) |
| Balance at 30 June 2020 | 258,888 | 278,216 | 537,104 |
| Comprises | | | |
| Current | 258,888 | 247,613 | 506,501 |
| Non-current | 0 | 30,603 | 30,603 |
| | 258,888 | 278,216 | 537,104 |
| Amounts are expected to be settled on the following basis: | 2020 | 2019 | |
| | \$ | \$ | |
| Less than 12 months after the reporting date | 315,848 | 341,713 | |
| More than 12 months from reporting date | 247,926 | 256,747 | |
| Expected reimbursements from other WA local governments | (26,670) | 7,196 | |
| | 537,104 | 605,656 | |

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Cash and cash equivalents | 9,120,456 | 7,825,124 | 13,175,305 |
| Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 1,913,530 | (2,212,631) | 1,883,034 |
| Non-cash flows in Net result: | | | |
| Depreciation on non-current assets | 3,859,579 | 3,430,543 | 3,426,678 |
| (Profit)/loss on sale of asset | 23,090 | (33,219) | 173,819 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | 258,415 | 385,470 | (37,419) |
| (Increase)/decrease in inventories | 138,706 | 0 | 98,042 |
| Increase/(decrease) in payables | (2,219,033) | 0 | 1,154,194 |
| Increase/(decrease) in provisions | (68,552) | 0 | 42,502 |
| Increase/(decrease) in capital grant liabilities | (2,677,062) | 0 | 0 |
| Non-operating grants, subsidies and contributions | (3,437,864) | (915,715) | (3,179,026) |
| Net cash from operating activities | (2,209,191) | 654,448 | 3,561,824 |

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2020 | 2019 |
|-----------------------------|-------------|-------------|
| | \$ | \$ |
| Governance | 30,000 | 30,000 |
| Law, order, public safety | 578,768 | 738,531 |
| Health | 182,867 | 189,617 |
| Education and welfare | 2,677,066 | 2,763,937 |
| Housing | 1,737,066 | 1,802,155 |
| Community amenities | 3,005,123 | 3,139,051 |
| Recreation and culture | 24,747,251 | 21,058,464 |
| Transport | 152,337,443 | 75,661,716 |
| Economic services | 779,999 | 792,635 |
| Other property and services | 25,687,342 | 5,468,070 |
| Unallocated | 14,617,748 | 118,791,002 |
| | 226,380,673 | 230,435,178 |

18. CONTINGENT LIABILITIES

The Shire of Merredin did not have any contingent liabilities as at 30 June 2020.

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

| | 2020 Actual | 2020 Budget | 2019 Actual |
|------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Meeting fees | 71,787 | 76,010 | 75,033 |
| President's allowance | 14,080 | 14,081 | 13,900 |
| Deputy President's allowance | 3,560 | 3,520 | 3,475 |
| Telecommunications allowance | 1,983 | 4,000 | 5,193 |
| Councillors Wardrobe | 323 | 5,000 | 558 |
| | 91,733 | 102,611 | 98,159 |

Key Management Personnel (KMP) Compensation Disclosure

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

| | 2020 Actual | 2019 Actual |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 813,787 | 820,354 |
| Post-employment benefits | 85,804 | 101,930 |
| Other long-term benefits | 36,915 | 71,107 |
| | 936,506 | 993,391 |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

| The following transactions occurred with related parties: | 2020 | 2019 |
|---|--------|--------|
| | Actual | Actual |
| | \$ | \$ |
| Purchase of goods and services | 0 | 8,288 |

Related Parties

The Shire's main related parties are as follows:

- i. Key management personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Other Related Parties*
The associate person of KMP was employed by the Shire under normal employment terms and conditions.
Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directly and controlling the activities of the entity, directly or indirectly are considered related parties in relation to the Shire.
- iii. Entities subject to significant influence by the Shire*
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

SHIRE OF MERREDIN
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20. RATING INFORMATION

(a) Rates

| RATE TYPE | | | | | | | | | | | | | | | | |
|--|----------------------|----------------------|---------------------|-----------------------|----------------------|--------------------|------------------------|------------------------|----------------------|---------------------|-------------------|-----------------------|------------------------------|--|--|--|
| Differential general rate / general rate | | | | | | | | | | | | | | | | |
| Rate in \$ | Number of Properties | 2019/20 Actual Value | 2019/20 Actual Rate | 2019/20 Interim Rates | 2019/20 Actual Rates | 2019/20 Back Rates | 2019/20 Actual Revenue | 2019/20 Budget Revenue | 2019/20 Interim Rate | 2019/20 Budget Rate | 2019/20 Back Rate | 2019/20 Total Revenue | 2018/19 Actual Total Revenue | | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | | | |
| Gross rental valuations | | | | | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | | | | | |
| Unimproved valuations | | | | | | | | | | | | | | | | |
| UV 1 Rural | 1,235 | 18,113,195 | 1,922,752 | 7,046 | 454 | | 1,930,252 | | 1,922,752 | | | 1,922,752 | 1,865,803 | | | |
| UV 2 Urban Rural | 318 | 85,841,000 | 1,656,731 | (985) | (52,817) | | 1,602,929 | | 1,656,731 | | | 1,656,731 | 1,605,713 | | | |
| UV 3 Mining | 43 | 3,748,000 | 116,563 | | | | 116,563 | | 116,563 | | | 116,563 | 113,564 | | | |
| UV 4 Special Power Generation | 0.0311 | 3 | 46,370 | 1,982 | (140) | | 1,842 | | 1,706 | | | 1,706 | 1,895 | | | |
| UV 5 Special Use Airstrip | 0.0368 | 14 | 4,280,000 | 157,504 | 2,226 | 2,088 | 161,818 | | 157,504 | | | 157,504 | 152,350 | | | |
| Sub-Total | 0.0368 | 1 | 162,000 | 5,962 | | | 5,962 | | 3,861,218 | 0 | 0 | 3,861,218 | 3,745,180 | | | |
| Minimum payment | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | | | | | |
| Unimproved valuations | | | | | | | | | | | | | | | | |
| UV 1 Rural | 244 | 865,918 | 217,380 | | | | 217,380 | | 216,270 | | | 216,270 | 219,710 | | | |
| UV 2 Urban Rural | 1,110 | 3,228,100 | 143,190 | | | | 143,190 | | 143,190 | | | 143,190 | 136,017 | | | |
| UV 3 Mining | 1,110 | 39 | 706,650 | 42,180 | | | 42,180 | | 43,290 | | | 43,290 | 41,769 | | | |
| UV 4 Special Power Generation | 200 | 9 | 16,770 | 1,800 | | | 1,800 | | 1,800 | | | 1,800 | 1,000 | | | |
| UV 5 Special Use Airstrip | 1,110 | 2 | 30,000 | 2,220 | | | 2,220 | | 2,220 | | | 2,220 | 0 | | | |
| Sub-Total | 1,110 | 0 | 0 | 0 | | | 0 | | 406,770 | 0 | 0 | 406,770 | 398,496 | | | |
| | | | | | | | | | | | | | | | | |
| Discounts (Note 20(b)) | | | | | | | | | | | | | | | | |
| Total amount raised from general rate | | | | | | | | | | | | | | | | |
| Ex-gratia rates | | | | | | | | | | | | | | | | |
| Totals | | | | | | | | | | | | | | | | |

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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20. RATING INFORMATION (Continued)

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

| Rates Discounts | | | | | | |
|--|----------|---------|--------|-----------|--------|--|
| Rate or Fee Discount Granted | Discount | | 2020 | | 2019 | |
| | % | \$ | Actual | Budget | Actual | Circumstances in which Discount is Granted |
| Rates Written Off | 0.00 | \$ 0.00 | \$ 0 | \$ 15,000 | \$ 0 | 0 |
| Total discounts/concessions (Note 20(a)) | | | 0 | 15,000 | 0 | 0 |

20. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge | Instalment Plan Interest Rate | Unpaid Rates Interest Rate |
|---------------------|------------|------------------------------|-------------------------------|----------------------------|
| Option One | | | | |
| Single full payment | 30/08/2019 | \$0.00 | 0.00% | 11.00% |
| Option Three | | | | |
| First instalment | 30/08/2019 | \$13.00 | 5.50% | 11.00% |
| Second instalment | 1/11/2019 | \$13.00 | 5.50% | 11.00% |
| Third instalment | 3/01/2020 | \$13.00 | 5.50% | 11.00% |
| Fourth instalment | 6/03/2020 | \$13.00 | 5.50% | 11.00% |

| | 2020 Actual | 2020 Budget | 2019 Actual |
|-----------------------------|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| Interest on unpaid rates | 52,872 | 40,500 | 51,464 |
| Interest on instalment plan | 20,912 | 19,500 | 20,170 |
| Charges on instalment plan | 22,568 | 22,500 | 22,451 |
| | 96,352 | 82,500 | 94,085 |

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. RATE SETTING STATEMENT INFORMATION

| | | 2019/20 Budget | 2019/20 | 2018/19 |
|--|------------------|--------------------|--------------------|--------------------|
| | (30 June 2020) | (30 June 2020) | (1 July 2019) | (30 June 2019) |
| Note | Carried Forward) | Carried Forward) | Brought Forward) | Carried Forward |
| | \$ | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | | |
| Adjustments to operating activities | | | | |
| Less: Profit on asset disposals | 10(a) | (227) | (51,554) | (20,109) |
| Movement in pensioner deferred rates (non-current) | | (10,816) | 0 | (24,700) |
| Movement in employee benefit provisions (non-current) | | (39,878) | 0 | 15,698 |
| Movement of inventory (non-current) | | 0 | 0 | 134,498 |
| Add: Loss on disposal of assets | 10(a) | 23,317 | 18,335 | 193,927 |
| Add: Depreciation on non-current assets | 10(b) | 3,859,579 | 3,430,543 | 3,426,679 |
| Non cash amounts excluded from operating activities | | 3,831,975 | 3,397,324 | 3,725,993 |
| (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: Reserves - cash backed | 4 | (5,425,715) | (5,396,077) | (8,402,835) |
| Less: Financial assets at amortised cost - self supporting loans | 5(a) | (31,818) | (31,818) | (30,303) |
| Less: Current assets not expected to be received at end of year | | | | |
| - Land held for resale | 7 | 0 | (446,023) | 0 |
| Add: Current liabilities not expected to be cleared at end of year | | | | |
| - Current portion of borrowings | 14(a) | 171,364 | 240,400 | 240,400 |
| - Employee benefit provisions | | 0 | 535,175 | 0 |
| Total adjustments to net current assets | | (5,286,169) | (5,098,343) | (8,192,738) |
| Net current assets used in the Rate Setting Statement | | | | |
| Total current assets | | 9,785,269 | 8,982,980 | 14,246,540 |
| Less: Total current liabilities | | (1,837,049) | (3,884,637) | (6,830,854) |
| Less: Total adjustments to net current assets | | (5,286,169) | (5,098,343) | (8,192,738) |
| Net current assets used in the Rate Setting Statement | | 2,662,051 | 0 | 2,596,540 |
| (c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards | | | | |
| Total current assets at 30 June 2019 | | | | |
| - Contract assets | 23(a) | | | 14,246,540 |
| Total current assets at 1 July 2019 | | | | 14,246,540 |
| Total current liabilities at 30 June 2019 | | | | |
| - Capital grant liabilities from transfers to enable the acquisition or construction of recognisable non-financial assets | 23(a) | | | (3,457,264) |
| Total current liabilities at 1 July 2019 | | | | (3,373,876) |
| | | | | (6,831,140) |

SHIRE OF MERREDIN
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22. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by Corporate Services under policies approved by the Council. Corporate Services 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 and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

| | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing |
|------------------------------------|---|-----------------------------|--------------------------------|-----------------------------------|---------------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| Cash and cash equivalents | 0.34% | 9,120,456 | 0 | 9,117,566 | 2,890 |
| 2019 | | | | | |
| Cash and cash equivalents | 1.34% | 13,175,305 | 7,278,008 | 5,894,407 | 2,890 |
| Financial assets at amortised cost | 4.94% | 357,307 | 357,307 | 0 | 0 |

Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity*

| | 2020 | 2019 |
|--|-------------|-------------|
| | \$ | \$ |
| | 91,205 | 131,753 |

* 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 14(b).

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also 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.

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 13,224 | 254,632 | 103,005 | 253,741 | 624,602 |
| 30 June 2019 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 179,163 | 100,847 | 64,797 | 179,766 | 524,573 |

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

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|--------|
| 30 June 2020 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 30,652 | 24,268 | 1,355 | 33,605 | 89,880 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| 30 June 2019 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 25,728 | 6,376 | 3,177 | 24,661 | 59,942 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14.

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

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|---------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| Payables | 461,094 | 0 | 0 | 461,094 | 461,094 |
| Borrowings | 171,365 | 390,292 | 287,179 | 848,836 | 848,836 |
| Capital grant liabilities | 696,814 | 0 | 0 | 696,814 | 696,814 |
| | 1,329,273 | 390,292 | 287,179 | 2,006,744 | 2,006,744 |
| 2019 | | | | | |
| Payables | 2,615,974 | 0 | 0 | 2,615,974 | 2,615,974 |
| Borrowings | 288,067 | 675,029 | 283,586 | 1,246,682 | 1,092,224 |
| | 2,904,041 | 675,029 | 283,586 | 3,862,656 | 3,708,198 |

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

23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The adoption of AASB 15 does not have a material impact on the financial statements of the Shire.

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

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

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

| Note | AASB 118 and AASB 1004 carrying amount | | Adjustment | AASB 1058 carrying amount | |
|--|--|---|-------------|------------------------------|----|
| | 30 June 2019 | | | 01 July 2019 | |
| | \$ | | \$ | | \$ |
| Contract liabilities - current | | | | | |
| Capital grant liabilities from transfers for recognisable non financial assets | 13 | 0 | (3,373,876) | (3,373,876) | |
| Adjustment to retained surplus from adoption of AASB 1058 | 24(b) | 0 | (3,373,876) | (3,373,876) | |

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

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

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

23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

| | | 2020 \$ | | 2020 \$ |
|---|-------|---|---|--|
| | Note | As reported under AASB 15 and AASB 1058 | Adjustment due to application of AASB 15 and AASB 1058 | Compared to AASB 118 and AASB 1004 |
| Statement of Comprehensive Income | | | | |
| Revenue | | | | |
| Rates | 20(a) | 4,290,219 | 106,042 | 4,396,261 |
| Operating grants, subsidies and contributions | 2(a) | 3,102,156 | 0 | 3,102,156 |
| Fees and charges | 2(a) | 1,035,153 | 0 | 1,035,153 |
| Non-operating grants, subsidies and contributions | 2(a) | 3,437,864 | 696,814 | 4,134,678 |
| Net result | | 1,913,530 | 802,856 | 2,716,386 |
| Statement of Financial Position | | | | |
| Trade and other payables | 12 | 462,370 | (106,042) | 356,328 |
| Contract liabilities | 13 | 696,814 | (696,814) | 0 |
| Net assets | | 223,835,549 | 802,856 | 224,638,405 |
| Statement of Changes in Equity | | | | |
| Net result | | 1,913,530 | 802,856 | 2,716,386 |
| Retained surplus | | 81,427,807 | 802,856 | 82,230,663 |

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058. The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

The Shire has no lease agreements requiring the recognition of right-of-use assets.

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

24. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

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

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

| | | Carrying amount 30 June 2019 | Reclassification | Carrying amount 01 July 2019 |
|-------------------------------|------|---------------------------------|------------------|---------------------------------|
| | Note | \$ | \$ | \$ |
| Property, plant and equipment | 8 | 57,304,049 | (760,000) | 56,544,049 |
| Revaluation surplus | 11 | 137,742,027 | (760,000) | 136,982,027 |

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

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

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

| | Note | Adjustments | 2019 |
|---|-------|-------------|-------------|
| | | | \$ |
| Retained surplus - 30 June 2019 | | | 79,911,033 |
| Adjustment to retained surplus from adoption of AASB 15 | 23(a) | 0 | |
| Adjustment to retained surplus from adoption of AASB 1058 | 23(b) | (3,373,876) | (3,373,876) |
| Retained surplus - 1 July 2019 | | | 76,537,157 |

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

| | Note | Adjustments | 2019 |
|---|-------|-------------|-------------|
| | | | \$ |
| Revaluation surplus - 30 June 2019 | | | 137,742,027 |
| Adjustment to revaluation surplus from deletion of FM Reg 16 | 24(a) | 0 | 0 |
| Adjustment to revaluation surplus from amendment of FM Reg 17 | 24(a) | (760,000) | (760,000) |
| Revaluation surplus - 1 July 2019 | | | 136,982,027 |

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

25. TRUST FUNDS

From this year, all bonds, deposits and levies not required by legislation or contract to be held in trust, are included in Restricted Cash at Note 3 and Other Payables in Note 12.

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

| | 1 July 2019 | Amounts Received | Amounts Paid | Reclassification to Restricted Cash | 30 June 2020 |
|--------------------------|-------------|---------------------|-----------------|---|--------------|
| | \$ | \$ | \$ | \$ | \$ |
| BCTIF | 241 | 6,481 | (5,876) | (846) | 0 |
| Building Service Levy | 67 | 599 | (98) | (568) | 0 |
| Community Bus | 1,312 | 0 | 0 | (1,312) | 0 |
| SBS Transmitter | 2,220 | 0 | 0 | (2,220) | 0 |
| Youth Advisory Committee | 154 | 0 | 0 | (154) | 0 |
| Retention Monies Held | 8,974 | 0 | 0 | (8,974) | 0 |
| CEACA | 4,559 | 0 | 0 | (4,559) | 0 |
| | 17,527 | 7,080 | (5,974) | (18,633) | 0 |

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

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME AND OBJECTIVES | ACTIVITIES |
|--|--|
| GOVERNANCE To provide a decision-making process for the efficient allocation of scarce resources. | Administration and operation of facilities and services to Members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matter which do not concern specific Shire services. |
| GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services. | Rates, general purpose government grants, and interest revenue. |
| LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community. | Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services. |
| HEALTH To provide an operational framework for environmental and community health. | Inspection of food outlets and their control, provision of noise control and waste disposal compliance. |
| EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children & youth. | Maintenance of child minding centre, playgroup centre, senior citizens centre and aged care centres. Provision and maintenance of youth services. |
| HOUSING To provide and maintain housing for elderly residents. | Provision and maintenance of residential housing for the elderly. |
| COMMUNITY AMENITIES To provide services required by the community. | Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences. |
| RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community. | Maintenance of public halls, civic centres, aquatic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museums and other cultural facilities. |
| TRANSPORT To provide safe effective and efficient transport services to the community. | Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. |
| ECONOMIC SERVICES To help promote the Shire and its economic wellbeing. | Tourism and area promotion. Provision of rural services including weed control, vermin control, standpipe and building control. |
| OTHER PROPERTY AND SERVICES To monitor and control the Shire's overheads operating accounts. | Private works operations, Administration recharged through Activity Based costing. |

28. FINANCIAL RATIOS

| | 2020 Actual | 2019 Actual* | 2018 Actual |
|-----------------------------------|----------------|-----------------|----------------|
| Current ratio | 2.48 | 2.00 | 2.96 |
| Asset consumption ratio | 0.78 | 0.80 | 0.79 |
| Asset renewal funding ratio | 1.06 | 0.96 | 0.83 |
| Asset sustainability ratio | 1.31 | 0.68 | 1.17 |
| Debt service cover ratio | 8.31 | 7.53 | 7.68 |
| Operating surplus ratio | (0.28) | (0.20) | (0.32) |
| Own source revenue coverage ratio | 0.53 | 0.61 | 0.52 |

The above ratios are calculated as follows:

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

* The 2019 "Asset sustainability ratio" figure has been amended to correct an error in the 2018-19 financial statements.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Merredin

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of Merredin:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

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

Responsibilities of the CEO and Council for the Financial Report

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) Operating Surplus Ratio is below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years. The financial ratios are reported at Note 28 of the annual financial report.
- (ii) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a) Accounting journal entries were posted by one employee, with no evidence of being independently reviewed and approved. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



GRANT ROBINSON
ASSISTANT AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
22 June 2021

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SHIRE OF
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