

SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 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 & Barrack Streets
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
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.

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)	2,726,201	2,984,481
		(777,052)	2,726,201	2,984,481
Revenue from operating activities (excluding rates)				
Governance		49,386	24,908	34,598
General purpose funding		2,714,918	1,431,171	2,858,880
Law, order, public safety		160,670	328,906	255,941
Health		17,680	32,916	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	325,738	292,281
Economic services		180,787	232,837	175,511
Other property and services		85,527	100,650	112,535
		4,696,144	3,607,390	5,074,098
Expenditure from operating activities				
Governance		(537,864)	(685,588)	(571,307)
General purpose funding		(88,847)	(47,486)	(105,542)
Law, order, public safety		(549,116)	(755,024)	(705,159)
Health		(215,421)	(234,236)	(235,099)
Education and welfare		(138,628)	(178,061)	(136,370)
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)	(2,791,348)
Transport		(4,075,922)	(3,539,871)	(3,410,903)
Economic services		(774,043)	(1,070,734)	(879,050)
Other property and services		(79,723)	(100,650)	(145,676)
		(10,446,614)	(10,988,724)	(10,513,767)
Non-cash amounts excluded from operating activities	21(a)	3,831,975	3,397,324	3,725,993
Amount attributable to operating activities		(2,695,547)	(1,257,809)	1,270,805
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	3,437,864	915,715	3,179,026
Proceeds from disposal of assets	10(a)	75,429	324,000	185,477
Proceeds from financial assets at amortised cost - self supporting loans		30,303	30,303	28,859
Purchase of property, plant and equipment	8(a)	(3,230,758)	(4,165,850)	(14,984,302)
Purchase and construction of infrastructure	9(a)	(1,915,108)	(2,862,715)	(2,506,561)
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)	(231,069)
Transfers to reserves (restricted assets)	4	(793,464)	(637,127)	(3,400,831)
Transfers from reserves (restricted assets)	4	3,770,584	3,643,883	14,911,736
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)	(1,546,860)
Total amount raised from general rates	20(a)	4,226,136	4,252,988	4,143,676
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.

SHIRE OF MERREDIN
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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	
Housing	14,569		
Community amenities	10,108		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
	<u>7,872,236</u>	<u>4,188,466</u>	<u>7,741,931</u>

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
	<u>7,872,236</u>	<u>4,188,466</u>	<u>7,741,931</u>

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
Financial assets held from transfers for recognisable financial assets	696,814		0
Capital grant liabilities from transfers for recognisable non-financial assets	(696,814)		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			
Other	297,063	210,700	378,291
	297,063	210,700	378,291
Interest earnings			
Financial assets at amortised cost - self supporting loans	16,911	16,911	19,664
Interest on reserve funds	75,121	102,668	295,617
Rates instalment and penalty interest (refer Note 20(c))	73,784	60,000	71,634
Other interest earnings	31,646	50,374	52,586
	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 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlements Reserve	544,027	6,387	(180,112)	370,302	544,027	10,881	0	554,908	530,972	13,055	0	544,027
(b) Plant Replacement Reserve	798,265	278,689	(161,000)	915,954	798,265	269,565	(161,000)	906,830	780,669	17,596	0	798,265
(c) Buildings Reserve	922,942	10,514	0	933,456	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	1,287,311	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	227,053	150,000	75,000	0	225,000	0	150,000	0	150,000
(f) ICT Reserve	258,426	93,446	(55,596)	296,276	258,426	25,169	(94,500)	189,095	63,878	194,548	0	258,426
(g) Disaster Relief Reserve	244,215	2,791	0	247,006	244,215	4,884	0	249,099	8,074	236,141	0	244,215
(h) Cummins Street Units Reserve	60,504	681	0	61,185	60,504	1,071	0	61,575	52,363	8,141	0	60,504
(i) Recreation Facilities Reserve	502,804	207,235	0	710,039	502,804	110,056	0	612,860	491,721	11,083	0	502,804
(j) Waste Management Reserve	197,266	91,392	0	288,658	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)	88,475	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	0	7,591	0	(7,591)	0
(m) Road Reinstatement Reserve	0	0	0	0	0	0	0	0	26,411	0	(26,411)	0
(n) Environmental Initiatives Reserve	0	0	0	0	0	0	0	0	51,961	0	(51,961)	0
	8,402,835	793,464	(3,770,584)	5,425,715	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 quaranting 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

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	31,818	30,303
	<u>31,818</u>	<u>30,303</u>
Other financial assets at amortised cost		
Self supporting loans	31,818	30,303
	<u>31,818</u>	<u>30,303</u>
(b) Non-current assets		
Financial assets at amortised cost	295,186	327,004
	<u>295,186</u>	<u>327,004</u>
Financial assets at amortised cost		
Self supporting loans	295,186	327,004
	<u>295,186</u>	<u>327,004</u>

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.

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
	\$	\$
Rates receivable	500,660	411,447
Trade and other receivables	89,880	59,942
GST receivable	0	390,106
Other Receivables	1,724	0
	592,264	861,495
Pensioner's rates and ESL deferred	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.

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 and under 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.

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)

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

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

11. REVALUATION SURPLUS

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

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.

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

	2020	2019
	\$	\$
Current		
Capital grant liabilities from transfers for recognisable non financial assets	696,814	0
	696,814	0

Current

Capital grant liabilities from transfers for recognisable non financial assets

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

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Budget	Actual	Budget	Principal	Actual	Actual	Actual	Principal	Principal
				1 July 2019	Principal repayments	Interest repayments	Principal outstanding	1 July 2019	Principal repayments	Interest repayments	Principal outstanding	1 July 2018	Principal repayments	Interest repayments	Principal outstanding
Governance				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Amalgamated Loans	214	WATC*	6.08%	240,343	157,818	11,698	82,525	240,342	157,818	11,702	82,524	388,986	148,643	22,419	240,343
Education and welfare															
CEACA Council Contribution	217	WATC*	3.17%	494,515	55,267	14,330	439,248	494,516	55,267	14,330	439,249	548,082	53,567	17,860	494,515
				734,858	213,085	26,028	521,773	734,858	213,085	26,032	521,773	937,068	202,210	40,279	734,858
Self Supporting Loans															
Education and welfare															
Merritville	215	WATC*	4.94%	357,366	30,303	16,911	327,063	357,366	30,303	16,911	327,063	386,225	28,859	19,664	357,366
				357,366	30,303	16,911	327,063	357,366	30,303	16,911	327,063	386,225	28,859	19,664	357,366
				1,092,224	243,388	42,939	848,836	1,092,224	243,388	42,943	848,836	1,323,293	231,069	59,943	1,092,224

* 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
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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
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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
	<u>340,230</u>	<u>265,426</u>	<u>605,656</u>
Additional provision	(81,342)	12,790	(68,552)
Balance at 30 June 2020	<u>258,888</u>	<u>278,216</u>	<u>537,104</u>
Comprises			
Current	258,888	247,613	506,501
Non-current	0	30,603	30,603
	<u>258,888</u>	<u>278,216</u>	<u>537,104</u>
	2020	2019	
	\$	\$	
Amounts are expected to be settled on the following basis:			
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	
	<u>537,104</u>	<u>605,656</u>	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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
	<u>226,380,673</u>	<u>230,435,178</u>

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 Actual	2019 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, directing 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	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Gross rental valuations	0.10615	1,235	18,113,195	1,922,752	7,046	454	1,930,252	1,922,752			1,922,752	1,865,803
Unimproved valuations												
UV 1 Rural	0.0193	318	85,841,000	1,656,731	(985)	(52,817)	1,602,929	1,656,731			1,656,731	1,605,713
UV 2 Urban Rural	0.0311	43	3,748,000	116,563			116,563	116,563			116,563	113,564
UV 3 Mining	0.0368	3	46,370	1,982	(140)		1,842	1,706			1,706	1,895
UV 4 Special Power Generation	0.0368	14	4,280,000	157,504	2,226	2,088	161,818	157,504			157,504	152,350
UV 5 Special Use Airstrip	0.0368	1	162,000	5,962			5,962	5,962			5,962	5,855
Sub-Total		1,614	112,190,565	3,861,494	8,147	(50,275)	3,819,366	3,861,218	0	0	3,861,218	3,745,180
Minimum payment												
Minimum \$												
Gross rental valuations												
Gross rental valuations	890	244	865,918	217,380			217,380	216,270			216,270	219,710
Unimproved valuations												
UV 1 Rural	1,110	129	3,228,100	143,190			143,190	143,190			143,190	136,017
UV 2 Urban Rural	1,110	39	706,650	42,180			42,180	43,290			43,290	41,769
UV 3 Mining	200	9	16,770	1,800			1,800	1,800			1,800	1,000
UV 4 Special Power Generation	1,110	2	30,000	2,220			2,220	2,220			2,220	0
UV 5 Special Use Airstrip	1,110	0	0	0			0	0			0	0
Sub-Total		423	4,847,438	406,770	0	0	406,770	406,770	0	0	406,770	398,496
		2,037	117,038,003	4,268,264	8,147	(50,275)	4,226,136	4,267,988	0	0	4,267,988	4,143,676
Discounts (Note 20(b))							0				(15,000)	0
Total amount raised from general rate							4,226,136				4,252,988	4,143,676
Ex-gratia rates							64,083				53,132	51,583
Totals							4,290,219				4,306,120	4,195,259

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

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21. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$	
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
Less: Profit on asset disposals	10(a)	(227)	(51,554)	(20,109)	(20,109)
Movement in pensioner deferred rates (non-current)		(10,816)	0	(24,700)	(24,700)
Movement in employee benefit provisions (non-current)		(39,878)	0	15,698	15,698
Movement of inventory (non-current)		0	0	134,498	134,498
Add: Loss on disposal of assets	10(a)	23,317	18,335	193,927	193,927
Add: Depreciation on non-current assets	10(b)	3,859,579	3,430,543	3,426,679	3,426,679
Non cash amounts excluded from operating activities		3,831,975	3,397,324	3,725,993	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)	(8,402,833)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(31,818)	(31,818)	(30,303)	(30,303)
Less: Current assets not expected to be received at end of year - Land held for resale	7	0	(446,023)	0	0
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings - Employee benefit provisions	14(a)	171,364 0	240,400 535,175	240,400 0	240,400 0
Total adjustments to net current assets		(5,286,169)	(5,098,343)	(8,192,738)	(8,192,736)
Net current assets used in the Rate Setting Statement					
Total current assets		9,785,269	8,982,980	14,246,540	14,246,540
Less: Total current liabilities		(1,837,049)	(3,884,637)	(6,830,854)	(3,457,264)
Less: Total adjustments to net current assets		(5,286,169)	(5,098,343)	(8,192,738)	(8,192,736)
Net current assets used in the Rate Setting Statement		2,662,051	0	(777,052)	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	0
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)	(3,373,876)
Total current liabilities at 1 July 2019				(6,831,140)	

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.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	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
	<u>1,329,273</u>	<u>390,292</u>	<u>287,179</u>	<u>2,006,744</u>	<u>2,006,744</u>
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
	<u>2,904,041</u>	<u>675,029</u>	<u>283,586</u>	<u>3,862,656</u>	<u>3,708,198</u>

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 30 June 2019 \$	Adjustment \$	AASB 1058 carrying amount 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.

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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.

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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):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
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

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

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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.

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27. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision-making process for the efficient allocation of scarce resources.</p>	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.
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants, and interest revenue.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<p>HEALTH To provide an operational framework for environmental and community health.</p>	Inspection of food outlets and their control, provision of noise control and waste disposal compliance.
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children & youth.</p>	Maintenance of child minding centre, playgroup centre, senior citizens centre and aged care centres. Provision and maintenance of youth services.
<p>HOUSING To provide and maintain housing for elderly residents.</p>	Provision and maintenance of residential housing for the elderly.
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	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.
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.</p>	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.
<p>TRANSPORT To provide safe effective and efficient transport services to the community.</p>	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.
<p>ECONOMIC SERVICES To help promote the Shire and its economic wellbeing.</p>	Tourism and area promotion. Provision of rural services including weed control, vermin control, standpipe and building control.
<p>OTHER PROPERTY AND SERVICES To monitor and control the Shire's overheads operating accounts.</p>	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.