



**SPECIAL MEETING OF
COUNCIL**

**WEDNESDAY, 3 FEBRUARY
2021**

CONFIRMED MINUTES

SHIRE OF WONGAN-BALLIDU

CONTENTS

1. OFFICIAL OPENING	3
2. ATTENDANCE, APOLOGIES, LEAVE OF ABSENCE PREVIOUSLY GRANTED	3
3. OFFICERS REPORTS	3
3.1 2019/2020 ANNUAL FINANCIAL REPORT, AUDITORS REPORT AND MANAGEMENT REPORT	3
4. MEETING CLOSURE	5



SHIRE OF WONGAN-BALLIDU

MINUTES

SPECIAL MEETING OF COUNCIL

Held in the Council Chamber, Cnr Quinlan Street and
Elphin Crescent, Wongan Hills
on Wednesday, 3 February 2021 commencing at 4.00pm

1. OFFICIAL OPENING

The Shire President, Cr Jon Hasson declared the meeting open at 4.05pm.

2. ATTENDANCE, APOLOGIES, LEAVE OF ABSENCE PREVIOUSLY GRANTED

Attendees:

Cr Jon Hasson	Shire President
Cr Brad West	Deputy Shire President
Cr Stuart Boekeman	Member
Cr Sue Falconer	Member
Cr Eion Ganzer	Member
Cr Mandy Stephenson	Member
Cr Andrew Tunstill	Member

Staff:

Stuart Taylor	Chief Executive Officer
Alan Hart	Deputy Chief Executive Officer

3. OFFICERS REPORTS

3.1 2019/2020 ANNUAL FINANCIAL REPORT, AUDITORS REPORT AND MANAGEMENT REPORT

FILE REFERENCE:	F1.5
REPORT DATE:	21 January 2021
APPLICANT/PROPONENT:	Nil
OFFICER DISCLOSURE OF INTEREST	Nil
PREVIOUS MEETING REFERENCES:	Nil
AUTHOR:	Alan Hart, Deputy Chief Executive Officer
ATTACHMENTS:	2019/2020 Annual Financial Report, Auditors Report
Report	for the Year Ended 30 June 2020 and
Management	Report.

PURPOSE OF REPORT:

To present to Council the 2019/2020 Annual Financial Report, Auditors Report for the year-ended 30 June 2020, and the Management Report for the Year Ended 30 June 2020.

BACKGROUND:

Pursuant to Sections 7.2, 7.3 and 7.9 of the *Local Government Act 1995*, local governments are required each year to have the accounts and annual financial report of the Council audited by an auditor appointed by the local government. In addition, Section 5.54 of the *Local Government Act 1995*, Council is to consider and accept the Annual Report within two months of the Audited Financial Statements being available.

COMMENT:

The audit for the 2019/20 financial year has been completed and provides an overview of the financial activities of the Shire for the 2019/20 year.

Presented as attachments to this report are the following documents;

- Annual Financial Report;
- Auditors Report; and
- Management Report.

Section 5.55 of the Act states that the CEO is to publish the annual report and make copies available to the public, and give Local Public Notice (as defined by the Act) of such, within 14 days after the report has been accepted by the local government.

It is proposed that the 2019/2020 Annual Report and Financials will be made available to the public on 12 February 2021.

Section 5.27 of the Act states that the Annual Meeting of Electors is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year. Local Public Notice (as defined by the Act) of at least 14 days is to be given of this meeting.

It is proposed that the Shire hold the Annual Meeting of Electors at the Community Resource Centre at 7pm on Wednesday, 17 February 2021.

POLICY REQUIREMENTS:

There are no policy requirements in relation to this item.

LEGISLATIVE REQUIREMENTS:

Sections 5.27, 5.53 – 5.55 of the *Local Government Act 1995*.

Section 1.7 of the *Local Government Act 1995*: Definition of 'Local Public Notice':

- (1) Where under this Act local public notice of a matter is required to be given, a notice of the matter is to be —
 - (a) published in a newspaper circulating generally throughout the district; and
 - (b) exhibited to the public on a notice board at the local government's offices; and
 - (c) exhibited to the public on a notice board at every local government library in the district.

STRATEGIC IMPLICATIONS:

There are no known strategic requirements in relation to this item.

SUSTAINABILITY IMPLICATIONS:➤ **Environment**

There are no known environmental implications associated with this item.

➤ **Economic**

There are no known economic implications associated with this proposal.

➤ **Social**

There are no known social implications associated with this item.

FINANCIAL IMPLICATIONS:

There are no financial implications in relation to this item.

VOTING REQUIREMENTS:

ABSOLUTE MAJORITY REQUIRED: YES

MOVED: Cr Mandy Stephenson

SECONDED: Cr Stuart Boekeman

That Council ACCEPTS:–

- 1. the Annual Report and Financials for the financial year ended 30 June 2020 in accordance with section 5.55 of the *Local Government Act 1995*; and**
- 2. the Annual Electors Meeting be held at 7.00pm on Wednesday, 17 February 2021 at the Wongan Hills Community Resource Centre and be advertised in accordance with section 5.27 of the *Local Government Act 1995*; and**
- 3. the Management Report for the year ended 30 June 2020.**

**CARRIED BY ABSOLUTE MAJORITY: 7/0
RESOLUTION: 010221**

4. MEETING CLOSURE

There being no further business, the Shire President, Cr Hasson declared the meeting closed at 4.15pm.



Signed by
Cr Jon Hasson
SHIRE PRESIDENT

SHIRE OF WONGAN-BALLIDU
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	56

COMMUNITY VISION

Wongan Ballidu - a caring and supportive community driving sustainability of agriculture, services and the environment

Principal place of business:
Cnr Quinlan Street and Elphin Crescent, Wongan Hills WA 6603

**SHIRE OF WONGAN-BALLIDU
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 Wongan-Ballidu 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 Wongan-Ballidu at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 18th day of January 2021



Chief Executive Officer

Stuart Taylor

Name of Chief Executive Officer

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	23(a)	2,971,818	2,963,588	2,903,792
Operating grants, subsidies and contributions	2(a)	3,007,987	1,718,005	2,766,638
Fees and charges	2(a)	573,177	621,882	563,360
Interest earnings	2(a)	70,114	88,000	134,036
Other revenue	2(a)	242,658	149,065	274,460
		6,865,754	5,540,540	6,642,286
Expenses				
Employee costs		(2,265,520)	(2,431,654)	(2,107,516)
Materials and contracts		(1,406,537)	(1,631,761)	(1,327,271)
Utility charges		(380,263)	(378,968)	(340,983)
Depreciation on non-current assets	10(b)	(2,437,475)	(2,352,950)	(2,355,153)
Interest expenses	2(b)	(39,629)	(64,826)	(20,665)
Insurance expenses		(259,791)	(241,310)	(222,027)
Other expenditure		(220,270)	(223,312)	(235,450)
		(7,009,485)	(7,324,781)	(6,609,065)
		(143,731)	(1,784,241)	33,221
Non-operating grants, subsidies and contributions	2(a)	1,568,481	1,802,087	869,059
Profit on asset disposals	10(a)	0	0	10,333
(Loss) on asset disposals	10(a)	(48,071)	(67,129)	(210,388)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	87,576
Impairment Loss on land held for resale	7	0	0	(512,890)
Assets written off		0	0	(158,884)
		1,520,410	1,734,958	84,806
Net result for the period		1,376,679	(49,283)	118,027
Other comprehensive income		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		1,376,679	(49,283)	118,027

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		72,660	50,021	49,602
General purpose funding		5,246,347	4,056,288	5,114,829
Law, order, public safety		52,464	35,500	43,124
Health		27,589	13,597	20,692
Education and welfare		16,277	79,100	15,956
Housing		68,318	66,322	65,983
Community amenities		188,679	206,740	202,391
Recreation and culture		412,378	417,175	43,776
Transport		245,063	219,265	519,584
Economic services		77,505	72,950	50,670
Other property and services		458,474	323,582	515,679
		6,865,754	5,540,540	6,642,286
Expenses				
	2(b)			
Governance		(254,477)	(108,498)	(250,674)
General purpose funding		(118,175)	(301,052)	(114,567)
Law, order, public safety		(153,607)	(155,027)	(135,930)
Health		(383,747)	(183,821)	(125,159)
Education and welfare		(155,388)	(328,434)	(167,887)
Housing		(192,532)	(186,663)	(171,621)
Community amenities		(426,441)	(511,710)	(426,114)
Recreation and culture		(1,551,848)	(1,632,764)	(1,741,520)
Transport		(2,986,357)	(2,770,456)	(2,761,698)
Economic services		(226,547)	(178,822)	(316,392)
Other property and services		(520,737)	(902,708)	(376,838)
		(6,969,856)	(7,259,955)	(6,588,400)
Finance Costs				
	2(b)			
Education and welfare		(10,789)	0	(13,361)
Housing		(1,748)	(13,919)	(3,744)
Recreation and culture		(26,619)	(50,907)	(3,560)
Other property and services		(473)	0	0
		(39,629)	(64,826)	(20,665)
		(143,731)	(1,784,241)	33,221
Non-operating grants, subsidies and contributions	2(a)	1,568,481	1,802,087	869,059
Profit on disposal of assets	10(a)	0	0	10,333
(Loss) on disposal of assets	10(a)	(48,071)	(67,129)	(210,388)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	87,576
Impairment loss on land held for resale	7	0	0	(512,890)
Assets written off		0	0	(158,884)
		1,520,410	1,734,958	84,806
Net result for the period		1,376,679	(49,283)	118,027
Other comprehensive income		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		1,376,679	(49,283)	118,027

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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,885,370	4,634,828
Trade and other receivables	6	346,715	341,057
Other financial assets	5(a)	113,506	156,172
Inventories	7	6,610	11,204
TOTAL CURRENT ASSETS		4,352,201	5,143,261
NON-CURRENT ASSETS			
Trade and other receivables	6	25,340	23,391
Other financial assets	5(b)	346,535	373,977
Inventories	7	211,110	211,110
Property, plant and equipment	8	29,972,925	26,697,475
Infrastructure	9	121,813,995	121,427,742
Right-of-use assets	11(a)	10,736	0
TOTAL NON-CURRENT ASSETS		152,380,641	148,733,695
TOTAL ASSETS		156,732,842	153,876,956
CURRENT LIABILITIES			
Trade and other payables	13	647,563	201,234
Contract liabilities	14	18,000	0
Lease liabilities	15(a)	5,799	0
Borrowings	16(a)	108,687	74,117
Employee related provisions	17	357,023	396,399
TOTAL CURRENT LIABILITIES		1,137,072	671,750
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	4,928	0
Borrowings	16(a)	2,135,664	282,665
Employee related provisions	17	71,168	27,993
TOTAL NON-CURRENT LIABILITIES		2,211,760	310,658
TOTAL LIABILITIES		3,348,832	982,408
NET ASSETS		153,384,010	152,894,548
EQUITY			
Retained surplus		60,771,393	59,394,231
Reserves - cash/financial asset backed	4	1,840,666	2,228,366
Revaluation surplus	12	90,771,951	91,271,951
TOTAL EQUITY		153,384,010	152,894,548

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

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2018		59,269,208	2,235,362	91,271,951	152,776,521
Comprehensive income					
Net result for the period		118,027	0	0	118,027
Other comprehensive income		0	0	0	0
Total comprehensive income		118,027	0	0	118,027
Transfers from reserves	4	512,050	(512,050)	0	0
Transfers to reserves	4	(505,054)	505,054	0	0
Balance as at 30 June 2019		59,394,231	2,228,366	91,271,951	152,894,548
Change in accounting policies	27(b)	(387,217)	0	(500,000)	(887,217)
Restated total equity at 1 July 2019		59,007,014	2,228,366	90,771,951	152,007,331
Comprehensive income					
Net result for the period		1,376,679	0	0	1,376,679
Other comprehensive income		0	0	0	0
Total comprehensive income		1,376,679	0	0	1,376,679
Transfers from reserves	4	1,109,883	(1,109,883)	0	0
Transfers to reserves	4	(722,183)	722,183	0	0
Balance as at 30 June 2020		60,771,393	1,840,666	90,771,951	153,384,010

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,955,716	2,963,588	2,886,195
Operating grants, subsidies and contributions		3,036,192	1,718,005	2,990,410
Fees and charges		573,177	621,882	563,360
Interest received		70,114	88,000	134,036
Goods and services tax received		382,849	0	379,037
Other revenue		242,658	149,065	274,460
		7,260,706	5,540,540	7,227,498
Payments				
Employee costs		(2,234,940)	(2,431,654)	(2,123,925)
Materials and contracts		(1,258,867)	(1,675,248)	(1,197,286)
Utility charges		(380,263)	(378,968)	(340,983)
Interest expenses		(39,629)	(64,826)	(22,588)
Insurance paid		(259,791)	(241,310)	(222,027)
Goods and services tax paid		(495,303)	0	(327,679)
Other expenditure		(220,271)	(223,312)	(235,450)
		(4,889,064)	(5,015,318)	(4,469,938)
Net cash provided by (used in) operating activities	18	2,371,642	525,222	2,757,560
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(4,519,445)	(5,057,779)	(1,448,002)
Payments for construction of infrastructure	9(a)	(2,193,121)	(2,184,873)	(2,253,932)
Non-operating grants, subsidies and contributions	2(a)	1,568,481	1,802,087	869,059
Proceeds from financial assets at amortised cost - self supporting loans		71,792	71,793	172,403
Net Proceeds from financial assets		(1,684)	0	118,576
Proceeds from sale of property, plant & equipment	10(a)	70,919	103,000	289,463
Net cash provided by (used in) investment activities		(5,003,058)	(5,265,772)	(2,252,433)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(112,431)	(146,198)	(172,404)
Payments for principal portion of lease liabilities	15(b)	(5,611)	0	0
Proceeds from new borrowings	16(b)	2,000,000	2,000,000	0
Net cash provided by (used in) financing activities		1,881,958	1,853,802	(172,404)
Net increase (decrease) in cash held		(749,458)	(2,886,748)	332,723
Cash at beginning of year		4,634,828	4,621,629	4,302,105
Cash and cash equivalents at the end of the year	18	3,885,370	1,734,881	4,634,828

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	1,940,666	2,002,897	2,488,913
		1,940,666	2,002,897	2,488,913
Revenue from operating activities (excluding rates)				
Governance		72,660	50,021	49,602
General purpose funding		2,302,243	1,110,700	2,260,442
Law, order, public safety		52,464	35,500	43,124
Health		27,589	13,597	20,692
Education and welfare		16,277	79,100	15,956
Housing		68,318	66,322	153,559
Community amenities		188,679	206,740	202,391
Recreation and culture		412,378	417,175	43,776
Transport		245,063	219,265	529,917
Economic services		77,505	72,950	(621,104)
Other property and services		458,474	323,582	515,679
		3,921,650	2,594,952	3,214,034
Expenditure from operating activities				
Governance		(257,379)	(120,198)	(250,674)
General purpose funding		(118,175)	(301,052)	(114,567)
Law, order, public safety		(153,607)	(155,027)	(135,930)
Health		(383,747)	(183,821)	(125,159)
Education and welfare		(166,177)	(328,434)	(181,248)
Housing		(194,280)	(200,582)	(175,365)
Community amenities		(426,441)	(511,710)	(426,114)
Recreation and culture		(1,578,467)	(1,683,671)	(1,745,080)
Transport		(3,031,526)	(2,825,885)	(2,972,086)
Economic services		(226,547)	(178,822)	(316,392)
Other property and services		(521,210)	(902,708)	(376,838)
		(7,057,556)	(7,391,910)	(6,819,453)
Non-cash amounts excluded from operating activities	24(a)	2,487,227	2,420,079	3,126,419
Amount attributable to operating activities		1,291,987	(373,982)	2,009,913
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,568,481	1,802,087	869,059
Proceeds from disposal of assets	10(a)	70,919	103,000	289,463
Proceeds from financial assets at amortised cost - self supporting loans		71,792	71,793	172,403
Purchase of property, plant and equipment	8(a)	(4,519,445)	(5,057,779)	(1,448,002)
Purchase and construction of infrastructure	9(a)	(2,193,121)	(2,184,873)	(2,253,932)
Amount attributable to investing activities		(5,001,374)	(5,265,772)	(2,371,009)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(112,431)	(146,198)	(172,404)
Proceeds from borrowings	16(c)	2,000,000	2,000,000	0
Payments for principal portion of lease liabilities	15(b)	(5,611)	0	0
Transfers to reserves (restricted assets)	4	(722,183)	(269,519)	(505,054)
Transfers from reserves (restricted assets)	4	1,109,883	1,109,883	512,050
Amount attributable to financing activities		2,269,658	2,694,166	(165,408)
Surplus/(deficit) before imposition of general rates		(1,439,729)	(2,945,588)	(526,504)
Total amount raised from general rates	23(a)	2,944,104	2,945,588	2,854,387
Surplus/(deficit) after imposition of general rates	24(b)	1,504,375	0	2,327,883

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

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	16
Note 4	Reserves - Cash backed	17
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Leases	28
Note 12	Revaluation Surplus	29
Note 13	Trade and Other Payables	30
Note 14	Contract Liabilities	31
Note 15	Lease Liabilities	32
Note 16	Information on Borrowings	33
Note 17	Employee Provisions	35
Note 18	Notes to the Statement of Cash Flows	36
Note 19	Total Assets Classified by Function and Activity	37
Note 20	Commitments	38
Note 21	Related Party Transactions	39
Note 22	Investment in Associates	41
Note 23	Rating Information	42
Note 24	Rate Setting Statement Information	45
Note 25	Financial Risk Management	46
Note 26	Initial Application of Australian Accounting Standards	49
Note 27	Change in Accounting Policies	51
Note 28	Trust Funds	52
Note 29	Other Significant Accounting Policies	53
Note 30	Activities/Programs	54
Note 31	Financial Ratios	55

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 28 to these financial statements.

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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

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	6,000	0	0
General purpose funding	2,202,342	996,700	2,090,266
Law, order, public safety	39,998	25,000	33,022
Community amenities	0	2,500	0
Recreation and culture	370,000	370,000	4,525
Transport	235,881	216,765	506,692
Other property and services	153,766	107,040	132,133
	3,007,987	1,718,005	2,766,638
Non-operating grants, subsidies and contributions			
Recreation and culture	409,331	756,040	108,960
Transport	1,159,150	1,046,047	755,985
Other property and services	0	0	4,114
	1,568,481	1,802,087	869,059
Total grants, subsidies and contributions	4,576,468	3,520,092	3,635,697
Fees and charges			
Governance	7,195	5,350	4,753
General purpose funding	7,248	7,500	6,923
Law, order, public safety	12,487	10,500	10,103
Health	27,142	75,500	24,516
Education and welfare	1,175	1,500	62
Housing	64,650	61,000	58,297
Community amenities	188,042	204,240	199,855
Recreation and culture	35,699	37,000	38,227
Transport	2,059	2,500	2,559
Economic services	75,119	72,800	48,019
Other property and services	152,361	143,992	170,046
	573,177	621,882	563,360

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**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 \$
Fees and charges	547,822	598,482	536,960
Other revenue	116,745	89,871	76,486
Non-operating grants, subsidies and contributions	1,568,481	1,802,087	869,059
	2,233,048	2,490,440	1,482,505

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

Contracts with customers included as a contract liability at the start of the period	39,823	39,823	0
Other revenue from contracts with customers recognised during the year	664,567	688,353	0
Other revenue from performance obligations satisfied during the year	1,528,658	1,762,264	0
	2,233,048	2,490,440	0

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	56,467	0	0
Contract liabilities from contracts with customers	(18,000)	0	0

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

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

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

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

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

Statutory permits and licences

Fines

Other revenue

Reimbursements and recoveries

Other

Interest earnings

Financial assets at amortised cost - self supporting loans

Interest on reserve funds

Rates instalment and penalty interest (refer Note 23(c))

Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	2,944,104	2,945,588	2,854,387
	23,974	22,400	25,018
	1,381	1,000	1,382
	<u>2,969,459</u>	<u>2,968,988</u>	<u>2,880,787</u>
	125,913	59,194	197,974
	116,745	89,871	76,486
	<u>242,658</u>	<u>149,065</u>	<u>274,460</u>
	5,175	16,500	21,049
	23,239	32,500	46,624
	29,060	32,000	32,289
	12,640	7,000	34,074
	<u>70,114</u>	<u>88,000</u>	<u>134,036</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings
- Lease liabilities

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	32,081	28,500	29,271
	8,250	1,000	1,556
	40,331	29,500	30,827
16(b)	39,156	64,826	20,665
15(b)	473	0	0
	39,629	64,826	20,665

3. CASH AND CASH EQUIVALENTS

NOTE	2020 \$	2019 \$
Cash at bank and on hand	3,427,206	1,858,826
Term deposits	458,164	2,776,002
Total cash and cash equivalents	3,885,370	4,634,828

Restrictions

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

- Cash and cash equivalents		1,776,730	2,187,167
- Financial assets at amortised cost	5	87,434	85,750
		1,864,164	2,272,917

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

Reserves - cash/financial asset backed	4	1,840,666	2,228,366
Contract liabilities from contracts with customers	14	18,000	0
Bonds and Deposits Held	13	5,498	4,728
Unspent grants, subsidies and contributions		0	39,823
Total restricted assets		1,864,164	2,272,917

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

4. RESERVES - CASH/FINANCIAL ASSET

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) Reserves cash backed - Leave Reserve	\$ 81,043	\$ 838	\$ (40,383)	\$ 41,498	\$ 80,682	\$ 1,202	\$ (40,383)	\$ 41,501	\$ 79,380	\$ 1,663	\$ 0	\$ 81,043
(b) Depot Improvement Reserve	10,377	109	0	10,486	10,364	154	0	10,518	6,260	4,117	0	10,377
(c) Plant Reserve	682,931	231,167	(254,000)	660,098	678,649	235,740	(254,000)	660,389	710,580	80,901	(108,550)	682,931
(d) Housing Reserve	1,832	19	0	1,851	1,827	27	0	1,854	1,794	38	0	1,832
(e) WH CRC Reserve	13,372	19,132	0	32,504	13,335	198	0	13,533	13,097	275	0	13,372
(f) Swimming Pool Reserve	113,573	1,194	0	114,767	113,194	1,682	0	114,876	134,689	2,884	(24,000)	113,573
(g) Historical Reserve	6,994	74	0	7,068	6,975	104	0	7,079	6,851	143	0	6,994
(h) Medical Facilities Reserve	290,895	88,010	(30,000)	348,905	289,995	4,312	(30,000)	264,307	284,986	5,909	0	290,895
(i) Waste Management Reserve	39,564	5,417	0	44,981	39,461	5,587	0	45,048	33,855	5,709	0	39,564
(j) Housing JV Stickland Street Reserve	47,640	5,502	0	53,142	47,514	5,707	0	53,221	41,765	5,875	0	47,640
(k) Housing JV Quinlan Street Reserve	39,121	5,413	0	44,534	39,019	5,580	0	44,599	33,421	5,700	0	39,121
(l) Housing JV Patterson Street Reserve	38,573	5,407	0	43,980	38,473	5,572	0	44,045	32,885	5,688	0	38,573
(m) Sporting Co-Location Reserve	862,451	209,901	(785,500)	286,852	916,423	3,654	(785,500)	134,577	855,799	386,152	(379,500)	862,451
(n) Doctor Reserve	0	150,000	0	150,000	0	0	0	0	0	0	0	0
	2,228,366	722,183	(1,109,883)	1,840,666	2,275,911	269,519	(1,109,883)	1,435,547	2,235,362	505,054	(512,050)	2,228,366

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

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

Anticipated

date of use Purpose of the reserve

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	- To be used for Council's current and non-current long service leave liability.
(b) Depot Improvement Reserve	Ongoing	- To be used to fund capital improvements and maintenance works at the Shire of Wongan-Ballidu.
(c) Plant Reserve	Ongoing	- To be used for the purchase of major plant.
(d) Housing Reserve	Ongoing	- To be used for the development of housing within the Shire.
(e) WH CRC Reserve	Ongoing	- To be used to transfer funds from the Community Resource Centre operations for the future purchase of capital, furniture and equipment.
(f) Swimming Pool Reserve	Ongoing	- To be used to fund capital and maintenance works at the Wongan Hills Memorial Swimming Pool.
(g) Historical Reserve	Ongoing	- To be used to fund historical publications and projects of the Shire.
(h) Medical Facilities Reserve	Ongoing	- To be used to fund the refurbishment of a multi-purpose medical facility in Wongan Hills to house the doctor, dentist and other medical services and to fund projects identified for the Royalties for Regions programme.
(i) Waste Management Reserve	Ongoing	- To be used to fund the future waste management facility needs of the Shire.
(j) Housing JV Stickland Street Reserve	Ongoing	- To be used to fund the capital and operating costs of the housing joint venture in Stickland Street.
(k) Housing JV Quinlan Street Reserve	Ongoing	- To be used to fund the capital and operating costs of the housing joint venture in Quinlan Street.
(l) Housing JV Patterson Street Reserve	Ongoing	- To be used to fund the capital and operating costs of the housing joint venture in Quinlan Street.
(m) Sporting Co-Location Reserve	30/06/2021	- To be used to fund the implementation of the co-location of sports facilities within the Shire of Wongan-Ballidu.
(n) Doctor Reserve	30/06/2021	- To be used To fund the operational subsidy paid To the operator of the Wongan Hills Medical Centre.

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

	2020	2019
	\$	\$
	113,506	156,172
	113,506	156,172

Other financial assets at amortised cost

Term deposits

Self supporting loans

3

	87,434	85,750
	26,072	70,422
	113,506	156,172

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

	258,959	286,401
	87,576	87,576
	346,535	373,977

Financial assets at amortised cost

Self supporting loans

	258,959	286,401
	258,959	286,401

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	87,576	87,576
	87,576	87,576

Changes in the fair value of the units in Local Government House was recognised using fair value as at 30 June 2018 have not been recognised or considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these statements.

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 16(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	

Non-current

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

	2020	2019
	\$	\$
	157,032	213,800
	56,467	106,495
	133,216	20,762
	<u>346,715</u>	<u>341,057</u>
	25,340	23,391
	<u>25,340</u>	<u>23,391</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

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

Additions to inventory

Amounts expended

Change in valuation of land

Carrying amount at end of period

	2020	2019
	\$	\$
	6,610	11,204
	6,610	11,204
	211,110	211,110
	211,110	211,110
	222,314	735,856
	260,682	251,929
	(265,276)	(252,581)
	0	(512,890)
	217,720	222,314

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.

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	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Motor Vehicles	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	2,246,631	500,000	2,746,631	3,915,408	15,585,771	19,501,179	22,247,810	182,478	3,730,974	315,465	26,476,727
Additions	0	0	0	452,532	61,126	513,658	513,658	189,429	628,804	116,111	1,448,002
(Disposals)	(23,431)	0	(23,431)	(145,297)	0	(145,297)	(168,728)	0	(244,268)	(76,522)	(489,518)
Assets Written Off	0	0	0	0	(158,884)	(158,884)	(158,884)	0	0	0	(158,884)
Depreciation (expense)	0	0	0	(39,717)	(121,045)	(160,762)	(160,762)	(40,485)	(327,560)	(50,045)	(578,852)
Carrying amount at 30 June 2019	2,223,200	500,000	2,723,200	4,182,926	15,366,968	19,549,894	22,273,094	331,422	3,787,950	305,009	26,697,475
Comprises:											
Gross carrying amount at 30 June 2019	2,223,200	500,000	2,723,200	4,256,913	15,615,376	19,872,289	22,595,489	426,917	4,706,942	388,189	28,117,537
Accumulated depreciation at 30 June 2019	0	0	0	(73,987)	(248,408)	(322,395)	(322,395)	(95,495)	(918,992)	(83,180)	(1,420,062)
Carrying amount at 30 June 2019	2,223,200	500,000	2,723,200	4,182,926	15,366,968	19,549,894	22,273,094	331,422	3,787,950	305,009	26,697,475
Change in accounting policy	0	(500,000)	(500,000)	0	0	0	(500,000)	0	0	0	(500,000)
Carrying amount at 1 July 2019	2,223,200	0	2,223,200	4,182,926	15,366,968	19,549,894	21,773,094	331,422	3,787,950	305,009	26,197,475
Additions	0	0	0	42,951	4,046,409	4,089,360	4,089,360	0	343,786	86,299	4,519,445
(Disposals)	0	0	0	0	0	0	0	0	(82,452)	(36,538)	(118,990)
Depreciation (expense)	0	0	0	(37,401)	(129,092)	(166,493)	(166,493)	(58,433)	(341,040)	(59,039)	(625,005)
Carrying amount at 30 June 2020	2,223,200	0	2,223,200	4,188,476	19,284,285	23,472,761	25,695,961	272,989	3,708,244	295,731	29,972,925
Comprises:											
Gross carrying amount at 30 June 2020	2,223,200	0	2,223,200	4,299,864	19,661,785	23,961,649	26,184,849	426,917	4,935,729	407,526	31,955,021
Accumulated depreciation at 30 June 2020	0	0	0	(111,388)	(377,500)	(488,888)	(488,888)	(153,928)	(1,227,485)	(111,795)	(1,982,096)
Carrying amount at 30 June 2020	2,223,200	0	2,223,200	4,188,476	19,284,285	23,472,761	25,695,961	272,989	3,708,244	295,731	29,972,925

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	Level 2/3	Market approach using observable or estimated open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent Valuation	June 2017	Available or estimated market information
Land - vested in and under the control of Council	Level 3	Cost Approach using current replacement cost	Independent Valuation	June 2017	Improvement to land using construction costs (level 2 inputs) and current condition (Level 3 inputs)
Buildings - non-specialised	Level 2/3	Cost Approach using current replacement cost	Independent Valuation	June 2017	Available market information and utilising both observable and unobservable inputs being construction costs based on recent contract prices,current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs)
Buildings - specialised	Level 2/3	Cost Approach using current replacement cost	Independent Valuation	June 2017	Available market information and utilising both observable and unobservable inputs being construction costs based on recent contract prices,current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs)
Furniture and equipment	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Available market information and utilising both observable and unobservable inputs being construction costs based on recent contract prices,current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs)
Plant and equipment	Level 2	Market approach using recent observable data for similar plant items	Independent Valuation	June 2016	Available market information
Motor Vehicles	Level 2	Market approach using recent observable data for similar plant items	Independent Valuation	June 2016	Available market information

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 - Other	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Infrastructure - Signs	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	96,513,796	4,928,035	1,799,465	10,758,210	6,489,455	461,150	120,950,111
Additions	1,585,819	668,113	0	0	0	0	2,253,932
Depreciation (expense)	(1,267,726)	(129,576)	(51,505)	(109,191)	(215,066)	(3,237)	(1,776,301)
Carrying amount at 30 June 2019	96,831,889	5,466,572	1,747,960	10,649,019	6,274,389	457,913	121,427,742
Comprises:							
Gross carrying amount at 30 June 2019	98,099,615	5,706,706	1,799,465	10,758,210	7,169,520	497,522	124,031,038
Accumulated depreciation at 30 June 2019	(1,267,726)	(240,134)	(51,505)	(109,191)	(895,131)	(39,609)	(2,603,296)
Carrying amount at 30 June 2019	96,831,889	5,466,572	1,747,960	10,649,019	6,274,389	457,913	121,427,742
Additions	2,175,698	17,423	0	0	0	0	2,193,121
Depreciation (expense)	(1,289,538)	(138,331)	(51,505)	(109,191)	(215,066)	(3,237)	(1,806,868)
Carrying amount at 30 June 2020	97,718,049	5,345,664	1,696,455	10,539,828	6,059,323	454,676	121,813,995
Comprises:							
Gross carrying amount at 30 June 2020	100,275,313	5,724,129	1,799,465	10,758,210	7,169,520	497,522	126,224,159
Accumulated depreciation at 30 June 2020	(2,557,264)	(378,465)	(103,010)	(218,382)	(1,110,197)	(42,846)	(4,410,164)
Carrying amount at 30 June 2020	97,718,049	5,345,664	1,696,455	10,539,828	6,059,323	454,676	121,813,995

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	Level 3	Depreciated Replacement Cost	Management Valuation	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	Level 3	Depreciated Replacement Cost	Management Valuation	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Depreciated Replacement Cost	Management Valuation	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Depreciated Replacement Cost	Management Valuation	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and Ovals	Level 3	Depreciated Replacement Cost	Management Valuation	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Signs	Level 3	Depreciated Replacement Cost	Management Valuation	June 2018	Construction cost and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

Vested improvements from 1 July 2019

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

Refer to Note 11 that details the significant accounting policies applying to leases (including right of use assets).

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	23,431	0	0	(23,431)
Buildings - non-specialised	0	0	0	0	0	0	0	0	145,297	40,909	0	(104,388)
Plant and equipment	82,452	37,283	0	(45,169)	128,429	73,000	0	(55,429)	244,268	179,554	9,286	(74,000)
Motor Vehicles	36,538	33,636	0	(2,902)	41,700	30,000	0	(11,700)	76,522	69,000	1,047	(8,569)
	118,990	70,919	0	(48,071)	170,129	103,000	0	(67,129)	489,518	289,463	10,333	(210,388)

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				
Volkswagon Touareg	36,538	33,636	0	(2,902)
Transport				
Cat Vibrating Roller	82,452	37,283	0	(45,169)
	118,990	70,919	0	(48,071)
	118,990	70,919	0	(48,071)

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	37,401	36,980	39,717
Buildings - specialised	129,092	140,880	121,045
Furniture and equipment	58,433	32,550	40,485
Plant and equipment	341,040	337,510	327,560
Motor Vehicles	59,039	49,395	50,045
Infrastructure - Roads	1,289,538	1,426,220	1,267,726
Infrastructure - Other	138,331	88,084	129,576
Infrastructure - Footpaths	51,505	32,796	51,505
Infrastructure - Drainage	109,191	69,528	109,191
Infrastructure - Parks and Ovals	215,066	136,946	215,066
Infrastructure - Signs	3,237	2,061	3,237
Right of use assets-plant and equipment	5,602	0	0
	2,437,475	2,352,950	2,355,153

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 - non-specialised	25 - 125 Years
Buildings - specialised	25 - 100 Years
Furniture and equipment	4 - 10 Years
Plant and equipment	5 - 15 Years
Motor Vehicles	1 - 10 Years
Infrastructure - Road Seals	27 Years
Infrastructure - Road Subgrade	200 Years
Infrastructure - Road Unsealed	10 Years
Infrastructure - Footpaths	30 - 40 Years
Infrastructure - Drainage	70 Years
Infrastructure - Other	15 - 60 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:

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

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

11. LEASES

(a) Right-of-Use Assets

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

	Right of use assets-plant and equipment \$	Right-of-use assets Total
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	16,338	16,338
Restated total equity at the beginning of the financial year	16,338	16,338
Depreciation (expense)	(5,602)	(5,602)
Carrying amount at 30 June 2020	10,736	10,736
(b) Cash outflow from leases		
Interest expense on lease liabilities	473	473
Lease principal expense	5,611	5,611
Total cash outflow from leases	6,084	6,084

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

12. REVALUATION SURPLUS

	2020 Opening Balance	2020 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	14,195,153	0	0	0	0	14,195,153	14,195,153	0	0	0	14,195,153
Revaluation surplus - Land - vested in and under the control of Council	500,000	(500,000)	0	0	0	0	500,000	0	0	0	500,000
Revaluation surplus - Buildings - non-specialised	31	0	0	0	0	31	31	0	0	0	31
Revaluation surplus - Buildings - specialised	88	0	0	0	0	88	88	0	0	0	88
Revaluation surplus - Furniture and equipment	160,617	0	0	0	0	160,617	160,617	0	0	0	160,617
Revaluation surplus - Plant and equipment	2,016,215	0	0	0	0	2,016,215	2,016,215	0	0	0	2,016,215
Revaluation surplus - Motor Vehicles	13,751	0	0	0	0	13,751	13,751	0	0	0	13,751
Revaluation surplus - Infrastructure - Roads	50,767,889	0	0	0	0	50,767,889	50,767,889	0	0	0	50,767,889
Revaluation surplus - Infrastructure - Other	4,236,181	0	0	0	0	4,236,181	4,236,181	0	0	0	4,236,181
Revaluation surplus - Infrastructure - Footpaths	1,672,764	0	0	0	0	1,672,764	1,672,764	0	0	0	1,672,764
Revaluation surplus - Infrastructure - Drainage	10,813,000	0	0	0	0	10,813,000	10,813,000	0	0	0	10,813,000
Revaluation surplus - Infrastructure - Parks and Ovals	6,447,451	0	0	0	0	6,447,451	6,447,451	0	0	0	6,447,451
Revaluation surplus - Infrastructure - Signs	448,811	0	0	0	0	448,811	448,811	0	0	0	448,811
	91,271,951	(500,000)	0	0	0	90,771,951	91,271,951	0	0	0	91,271,951

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
ATO liabilities	
Bonds and deposits held	
Accrued Interest on long-term borrowings	

2020	2019
\$	\$
266,526	125,378
276,473	0
93,749	42,752
0	24,216
5,498	4,728
5,317	4,160
647,563	201,234

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

14. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

	2020	2019
	\$	\$
	18,000	0
	18,000	0

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

15. LEASE LIABILITIES

(a) Lease Liabilities	2020	2019
	\$	\$
Current	5,799	0
Non-current	4,928	0
	10,727	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	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
					Lease Principal 1 July 2019	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other property and services																
Konica Photocopier-CRC	1		3.30%	5 years	16,338	5,611	10,727	473	0	0	0	0	0	0	0	0
					16,338	5,611	10,727	473	0	0	0	0	0	0	0	0

16. INFORMATION ON BORROWINGS

	2020	2019
	\$	\$
Current	108,687	74,117
Non-current	2,135,664	282,665
	2,244,351	356,782

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2020					30 June 2019			
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Recreation and culture																	
Co-Location Construction	152	WATC	2.05%	0	2,000,000	40,678	24,225	1,959,322	0	2,000,000	72,080	51,342	1,927,920	0	0	0	0
				0	2,000,000	40,678	24,225	1,959,322	0	2,000,000	72,080	51,342	1,927,920	0	0	0	0
Self Supporting Loans																	
Education and welfare																	
Aged Complex Construction	151A	WATC	3.65%	276,782	0	16,193	10,789	260,589	276,782	0	16,193	9,956	260,589	292,400	15,618	11,524	276,782
Aged Complex Construction	151B	WATC	3.48%	0	0	0	0	0	0	0	0	0	0	97,177	97,177	1,837	0
Housing																	
Community Association	142	WATC	6.14%	39,325	0	39,325	1,748	0	39,325	0	39,325	1,822	0	76,379	37,054	3,744	39,325
Recreation and culture																	
Aged Persons Complex	147	WATC	6.91%	33,112	0	8,672	2,112	24,440	33,113	0	9,281	1,531	23,832	41,215	8,103	2,476	33,112
Wongan Hills Bowling Club	149	WATC	6.14%	7,563	0	7,563	282	0	11,259	0	9,319	175	1,940	22,015	14,452	1,084	7,563
				356,782	0	71,753	14,931	285,029	360,479	0	74,118	13,484	286,361	529,186	172,404	20,665	356,782
				356,782	2,000,000	112,431	39,156	2,244,351	360,479	2,000,000	146,198	64,826	2,214,281	529,186	172,404	20,665	356,782

* 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.

16. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Co-Location Construction	WATC	P&I	20	2.05%	2,000,000	2,000,000	2,000,000	2,000,000	442,988	0
* WA Treasury Corporation					2,000,000	2,000,000	2,000,000	2,000,000	442,988	0

(d) Undrawn Borrowing Facilities

	2020	2019
Credit Standby Arrangements	\$	\$
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	7,500	7,500
Credit card balance at balance date	(988)	(6,556)
Total amount of credit unused	106,512	100,944

Loan facilities

Loan facilities - current	108,687	74,117
Loan facilities - non-current	2,135,664	282,665
Lease liabilities - current	5,799	0
Lease liabilities - non-current	4,928	0
Total facilities in use at balance date	2,255,078	356,782

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 25.

17. 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	168,576	227,823	396,399
Non-current provisions	0	27,993	27,993
	<u>168,576</u>	<u>255,816</u>	<u>424,392</u>
Additional provision	205,536	56,866	262,402
Amounts used	(199,995)	(58,608)	(258,603)
Balance at 30 June 2020	<u>174,117</u>	<u>254,074</u>	<u>428,191</u>
Comprises			
Current	174,117	182,906	357,023
Non-current	0	71,168	71,168
	<u>174,117</u>	<u>254,074</u>	<u>428,191</u>

Amounts are expected to be settled on the following basis:

	2020 \$	2019 \$
Less than 12 months after the reporting date	176,565	111,218
More than 12 months from reporting date	251,626	313,174
	<u>428,191</u>	<u>424,392</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.

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	3,885,370	1,734,881	4,634,828
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,376,679	(49,283)	118,027
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(87,576)
Adjustments to fair value of investment property	0	0	158,884
Depreciation on non-current assets	2,437,475	2,352,950	2,355,153
(Profit)/loss on sale of asset	48,071	67,129	200,055
Impairment Loss on Land Held for Resale	0		512,890
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(7,607)	0	257,533
(Increase)/decrease in inventories	4,594	0	652
Increase/(decrease) in payables	98,935	(43,487)	89,076
Increase/(decrease) in provisions	3,799	0	21,925
Increase/(decrease) in contract liabilities	(21,823)	0	0
Non-operating grants, subsidies and contributions	(1,568,481)	(1,802,087)	(869,059)
Net cash from operating activities	2,371,642	525,222	2,757,560

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	1,759,336	1,752,571
General purpose funding	228,736	252,056
Health	2,359,266	2,377,372
Education and welfare	750,330	760,607
Housing	505,023	492,402
Community amenities	910,199	924,123
Recreation and culture	22,848,745	19,771,249
Transport	112,494,263	111,773,743
Economic services	5,925,335	580,000
Other property and services	4,216,796	793,200
Unallocated	4,734,813	14,399,633
	<u>156,732,842</u>	<u>153,876,956</u>

20. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2020	2019
\$	\$
185,231	4,093,491
185,231	4,093,491

Payable:

- not later than one year

185,231	4,093,491
---------	-----------

The shire had one capital expenditure project outstanding representing alterations and additions to the Wongan Hills Recreation Centre. The spanned the 2019 and 2020 financial years.

21. 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	6,410	10,710	9,011
President's allowance	1,000	1,000	1,000
Deputy President's allowance	250	250	250
Travelling expenses	516	2,534	737
Telecommunications allowance	5,750	7,000	7,000
	<u>13,926</u>	<u>21,494</u>	<u>17,998</u>

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	676,307	599,294
Post-employment benefits	66,414	66,613
Other long-term benefits	57,460	88,113
	<u>800,181</u>	<u>754,020</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

21. 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	86,610	90,187

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

22. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

	2020	2019
	\$	\$
(a) Carrying amount of investment in associate		
Share of joint operations		
The Shire together with the Department of Housing have a joint venture agreement with regard to the ownership of four housing units in Quinlan Street, three units in Stickland Street and two housing units in Patterson Street, Wongan Hills		
Stickland Street (11.22% of \$309,656)	33,426	33,426
Less Accumulated Depreciation	(3,061)	(2,717)
Quinlan Street (9.20% of \$687,166)	67,489	67,489
Less Accumulated Depreciation	(6,881)	(6,206)
Patterson Street (12.00% of \$206,900)	30,455	30,455
Less Accumulated Depreciation	(2,273)	(1,969)
Total Assets	119,155	120,478

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

23. 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												
Wongan Hills	0.098999	458	5,869,845	581,056	1,418	0	582,474	581,056	400	0	581,456	563,089
Ballidu and Cadoux	0.098999	68	449,874	44,533	0	0	44,533	44,533	0	0	44,533	43,235
Unimproved valuations												
Rural	0.011465	265	200,465,500	2,298,337	53	344	2,298,734	2,298,337	2,100	0	2,300,437	2,230,413
Mining	0.011465	1	46,228	530	681	0	1,211	522	0	0	522	0
Sub-Total		792	206,831,447	2,924,456	2,152	344	2,926,952	2,924,448	2,500	0	2,926,948	2,836,737
Minimum payment												
			Minimum \$									
Gross rental valuations												
Wongan Hills	663	52	143,201	34,479	0	0	34,479	34,479	0	0	34,479	33,488
Ballidu and Cadoux	358	21	11,580	7,508	0	0	7,508	7,508	0	0	7,508	7,634
Unimproved valuations												
Rural	358	16	249,900	5,720	0	0	5,720	5,720	0	0	5,720	5,552
Mining	358	11	80,691	3,933	0	0	3,933	3,933	0	0	3,933	4,099
Sub-Total		100	485,372	51,640	0	0	51,640	51,640	0	0	51,640	50,773
		892	207,316,819	2,976,096	2,152	344	2,978,592	2,976,088	2,500	0	2,978,588	2,887,510
Discounts (Note 23(b))							(34,488)				(33,000)	(33,123)
Total amount raised from general rate							2,944,104				2,945,588	2,854,387
Ex-gratia rates							27,714				18,000	18,146
Prepaid rates							0				0	31,259
Totals							2,971,818				2,963,588	2,903,792

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

23. RATING INFORMATION (Continued)

23. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
General Rates	2.00%		34,488	33,000	33,123	Early Payment discount if payment in full received by 11 September 2019
Total discounts/concessions (Note 23(a))			34,488	33,000	33,123	

23. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	25/09/2019	0.00	0.00%	11.00%
Option Two				
First instalment	25/09/2019	33.00	5.50%	0.00%
Second instalment	25/11/2019	0.00	5.50%	0.00%
Third instalment	28/01/2020	0.00	5.50%	0.00%
Fourth instalment	30/03/2020	0.00	5.50%	0.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	20,142	23,000	25,050
Interest on instalment plan	8,918	9,000	7,239
Charges on instalment plan	5,922	6,000	5,276
	34,982	38,000	37,565

24. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	0	0	(10,333)
Less: Fair value adjustments to financial assets at fair value through profit and loss		0	0	(87,576)
Add: Assets written off		0	0	158,884
Add: Impairment loss on land held for resale	7	0	0	512,890
Movement in pensioner deferred rates (non-current)		(1,949)	0	9,550
Movement in long service leave reserve	4	(39,545)	0	1,663
Movement in employee benefit provisions (non-current)		43,175	0	(24,200)
Add: Loss on disposal of assets	10(a)	48,071	67,129	210,388
Add: Depreciation on non-current assets	10(b)	2,437,475	2,352,950	2,355,153
Non cash amounts excluded from operating activities		2,487,227	2,420,079	3,126,419
(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/financial asset backed	4	(1,840,666)	(1,435,547)	(2,228,366)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(26,072)	(74,118)	(70,422)
Less: Current assets not expected to be received at end of year				
Add: Leave Reserve	4	41,498	41,500	81,043
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	16(a)	108,687	108,687	74,117
- Current portion of lease liabilities		5,799	0	0
Total adjustments to net current assets		(1,710,754)	(1,359,478)	(2,143,628)
Net current assets used in the Rate Setting Statement				
Total current assets		4,352,201	2,127,337	5,143,261
Less: Total current liabilities		(1,137,072)	(767,859)	(1,058,967)
Less: Total adjustments to net current assets		(1,710,754)	(1,359,478)	(2,143,628)
Net current assets used in the Rate Setting Statement		1,504,375	0	1,940,666
(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	26(a)			5,143,261
Total current assets at 1 July 2019				5,143,261
Total current liabilities at 30 June 2019				
- Contract liabilities from contracts with customers	26(a)			(671,750)
- Rates paid in advance	26(b)			(39,823)
Total current liabilities at 1 July 2019				(1,058,967)

25. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	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

(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 cashflow 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	0.58%	3,885,370	458,164	2,918,321	508,885
Financial assets at amortised cost - term deposits	1.00%	87,434	87,434	0	0
2019					
Cash and cash equivalents	2.04%	4,634,828	1,944,575	260,079	2,430,174
Financial assets at amortised cost	2.30%	85,750	85,750	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*	38,854	46,348

* 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 16(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 1 July 2019 was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2019 or 30 June 2030 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	85,836	17,575	19,716	33,905	157,032
Loss allowance	0	0	0	0	0
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	139,855	32,589	13,777	27,579	213,800
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	53,978	0	90	2,399	56,467
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	43,259	61,634	324	1,278	106,495
Loss allowance	0	0	0	0	0

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	648,563	0	0	648,563	648,563
Borrowings	159,112	757,715	1,818,990	2,735,817	2,244,351
Contract liabilities	18,000	0	0	18,000	18,000
Lease liabilities	5,799	4,928	0	10,727	10,727
	831,474	762,643	1,818,990	3,413,107	2,921,641
2019					
Payables	201,234	0	0	201,234	201,234
Borrowings	85,886	157,782	196,125	439,793	356,782
	287,120	157,782	196,125	641,027	558,016

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. 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	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Contract liabilities from contracts with customers	14	0	(39,823)	(39,823)
Adjustment to retained surplus from adoption of AASB 15	27(b)		(39,823)	

(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 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables				
Rates paid in advance	13	0	(347,394)	(347,394)
Adjustment to retained surplus from adoption of AASB 1058	27(b)		(347,394)	

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.

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		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	23(a)	2,971,818	276,473	3,248,291
Operating grants, subsidies and contributions	2(a)	3,007,987	18,000	3,025,987
Fees and charges	2(a)	573,177	0	573,177
Non-operating grants, subsidies and contributions	2(a)	1,568,481	0	1,568,481
Net result		1,376,679	294,473	1,671,152
Statement of Financial Position				
Trade and other payables	13	647,563	(276,473)	371,090
Contract liabilities	14	18,000	(18,000)	0
Net assets		153,384,010	294,473	153,678,483
Statement of Changes in Equity				
Net result		1,376,679	294,473	1,671,152
Retained surplus		60,771,393	294,473	61,065,866

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

(c) AASB 16: Leases

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

On adoption of AASB 16 the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.3%

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		28,078
Discount applied using incremental borrowing rate		(11,740)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 3.3%	15(b)	16,338
Lease liability - current		5,611
Lease liability - non-current		10,727
Right-of-use assets recognised at 1 July 2019		16,338

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

Property, plant and equipment and lease liabilities increased by \$16,338 on 1 July 2019 resulting in no impact on the retained surplus.

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

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

27. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 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	26,697,475	(500,000)	26,197,475
Revaluation surplus	12	91,271,951	(500,000)	90,771,951

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			59,394,231
Adjustment to retained surplus from adoption of AASB 15	26(a)	(39,823)	
Adjustment to retained surplus from adoption of AASB 1058	26(b)	(347,394)	(387,217)
Retained surplus - 1 July 2019			59,007,014

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			91,271,951
Adjustment to revaluation surplus from deletion of FM Reg 16	27(a)	(500,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	27(a)	0	(500,000)
Revaluation surplus - 1 July 2019			90,771,951

28. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Lake Ninan/Hinds Fire Brigade	4,821	0	0	4,821
Mocardy Bushfire Brigade	7,787	0	0	7,787
Fire Brigade - Glenvar	500	0	0	500
Transport Payments	10,202	846,445	(823,570)	33,077
Discover Golden Horizons	27,641	0	0	27,641
WH Nature Playground	1,680	0	0	1,680
	52,631	846,445	(823,570)	75,506

29. 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 capability of an asset.

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

i) Impairment of assets

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

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

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

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

30. 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 an efficient decision making process for the efficient allocation of scarce resources</p>	<p>Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.</p>
<p>GENERAL PURPOSE FUNDING To provide general purpose funding to deliver a high quality of services to the community</p>	<p>Activities involve the raising of rates, maximisation of general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY The objective of the program is to provide the highest standard of supervision of various local laws and statutory regulations</p>	<p>Activities involve animal control, fire prevention and emergency services to ensure a safer community.</p>
<p>HEALTH The Shire's health program aims to provide an operational framework for good community health.</p>	<p>Activities involve supervision of food quality and pest control, provision of maternal and infant health and the provision of a doctor to the community</p>
<p>EDUCATION AND WELFARE Promotion and support of education for the youth of the community and care of the elderly.</p>	<p>Activities involve the support for aged accommodation, Community Health Care Centre, and Youth Services within the community</p>
<p>HOUSING This program aims to provide and maintain a high standard of housing to the community and staff</p>	<p>Activities involve management and maintenance of various rental residences throughout Wongan Hills</p>
<p>COMMUNITY AMENITIES The objective of this program is to provide and maintain a high quality of sanitation, planning and cemetery services to the community</p>	<p>Activities involve the management of refuse services, maintenance of refuse sites, administration of the town planning scheme, maintenance of the cemeteries in Wongan Hills and Ballidu</p>
<p>RECREATION AND CULTURE The areas of recreation and culture are of the highest importance to the community of the Shire of Wongan-Ballidu</p>	<p>Council's objective for this program is to provide, develop and maintain a superior level and quality of recreation facilities and cultural activities. This includes maintenance of civic centres and halls, recreation centres, ovals, parks and gardens, swimming areas, museums and the library facilities.</p>
<p>TRANSPORT Maintenance and development of the Shire's infrastructure and transport services is the objective of this program.</p>	<p>Construction and maintenance of streets, roads, bridges and footpaths, cleaning and lighting of streets, depot maintenance and maintenance of streets, depot maintenance and maintenance of aerodromes are all provided to the community</p>
<p>ECONOMIC SERVICES This program aims to regulate and provide tourism and area promotion to generate interest in the Shire and therefore generates tourist income for the benefit of the community</p>	<p>Activities include, Building Control, Provision of Standpipes and Tourism and Area promotion</p>
<p>OTHER PROPERTY AND SERVICES This program provides for the corporate overheads, support for the CRC and general building maintenance</p>	<p>Activities include, private works, community resource centre operations, maintenance of government buildings</p>

31. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.32	4.90	5.90
Asset consumption ratio	0.96	0.97	0.99
Asset renewal funding ratio (Note 1)	N/A	N/A	1.36
Asset sustainability ratio	1.07	0.59	2.03
Debt service cover ratio	15.08	8.42	4.05
Operating surplus ratio	(0.05)	(0.20)	0.23
Own source revenue coverage ratio	0.53	0.51	0.67

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

Note 1: The Shire's Long Term Financial Plan and Asset Management Plan do not have the required information and as a result could not be calculated

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF THE SHIRE OF WONGAN-BALLIDU****Report on the Audit of the Financial Report****Opinion**

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

In our opinion, the financial report of the Shire of Wongan-Ballidu:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act. Regulation 17A of the *Local Government (Financial Management) Regulations 1996*, requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the local government to measure the vested improvements also at zero cost. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the *Local Government (Financial Management) Regulations 1996*, did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF WONGAN-BALLIDU (CONTINUED)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.

Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- a) In our opinion, there is a significant adverse trend in the financial position of the Shire as the Operating Surplus Ratio has been below the DLGSCI standard for the past 3 years.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF THE SHIRE OF WONGAN-BALLIDU (CONTINUED)****Matters Relating to the Electronic Publication of the Audited Financial Report**

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

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

Signed at Perth this 18th day of January 2021.