

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

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**COMMUNITY VISION**

The Shire of Nungarin is committed to serving its constituents and to maintain and improve community services to the highest degree.

Principal place of business:  
66 Railway Avenue  
Nungarin WA 6490

**SHIRE OF NUNGARIN  
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 Nungarin 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 Nungarin 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 \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_  
Chief Executive Officer

LEONARD LONG  
\_\_\_\_\_  
Name of Chief Executive Officer

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	22(a)	573,830	580,085	538,349
Operating grants, subsidies and contributions	2(a)	1,460,590	794,822	1,468,187
Fees and charges	2(a)	115,252	106,224	87,868
Interest earnings	2(a)	19,516	24,270	35,928
Other revenue	2(a)	142,390	93,895	389,966
		<b>2,311,578</b>	<b>1,599,296</b>	<b>2,520,298</b>
<b>Expenses</b>				
Employee costs		(787,892)	(980,780)	(893,330)
Materials and contracts		(542,910)	(708,805)	(862,610)
Utility charges		(131,887)	(120,108)	(117,846)
Depreciation on non-current assets	11(b)	(1,020,909)	(944,263)	(1,175,653)
Interest expenses	2(b)	(27,035)	(28,999)	(29,433)
Insurance expenses		(90,929)	(84,395)	(89,825)
Other expenditure		(164,721)	(172,250)	(176,186)
		<b>(2,766,283)</b>	<b>(3,039,600)</b>	<b>(3,344,883)</b>
		<b>(454,705)</b>	<b>(1,440,304)</b>	<b>(824,585)</b>
Non-operating grants, subsidies and contributions	2(a)	404,225	375,131	314,551
(Loss) on asset disposals	11(a)	(8,616)	(8,345)	(14,903)
Fair value adjustments to financial assets at fair value through profit or loss		576	0	35,034
		<b>396,185</b>	<b>366,786</b>	<b>334,682</b>
<b>Net result for the period</b>		<b>(58,520)</b>	<b>(1,073,518)</b>	<b>(489,903)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	8,233,927
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>8,233,927</b>
<b>Total comprehensive income for the period</b>		<b>(58,520)</b>	<b>(1,073,518)</b>	<b>7,744,024</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Governance		30,643	8,590	203,866
General purpose funding		1,563,771	1,085,867	1,551,154
Law, order, public safety		9,702	10,500	12,164
Health		160	0	236
Education and welfare		36,289	9,565	131,505
Housing		49,112	51,984	51,221
Community amenities		20,770	37,791	47,888
Recreation and culture		59,487	23,590	14,536
Transport		400,695	214,383	382,855
Economic services		65,850	75,956	68,580
Other property and services		75,099	81,070	56,293
		<b>2,311,578</b>	<b>1,599,296</b>	<b>2,520,298</b>
<b>Expenses</b>				
Governance		(333,987)	(447,302)	(503,037)
General purpose funding		(104,894)	(18,183)	(21,343)
Law, order, public safety		(33,028)	(41,530)	(31,252)
Health		(31,796)	(44,110)	(38,243)
Education and welfare		(7,383)	(7,124)	(158,255)
Housing		(180,604)	(182,108)	(195,879)
Community amenities		(166,408)	(132,456)	(138,182)
Recreation and culture		(700,193)	(695,508)	(735,667)
Transport		(964,665)	(1,225,671)	(1,325,321)
Economic services		(106,306)	(113,782)	(75,722)
Other property and services		(109,984)	(102,827)	(92,549)
		<b>(2,739,248)</b>	<b>(3,010,601)</b>	<b>(3,315,450)</b>
<b>Finance Costs</b>				
Governance		(3,045)	(4,573)	(3,566)
Recreation and culture		(14,237)	(14,511)	(15,681)
Transport		(9,753)	(9,915)	(10,186)
		<b>(27,035)</b>	<b>(28,999)</b>	<b>(29,433)</b>
		<b>(454,705)</b>	<b>(1,440,304)</b>	<b>(824,585)</b>
Non-operating grants, subsidies and contributions	2(a)	404,225	375,131	314,551
(Loss) on disposal of assets	11(a)	(8,616)	(8,345)	(14,903)
Fair value adjustments to financial assets at fair value through profit or loss		576	0	35,034
		<b>396,185</b>	<b>366,786</b>	<b>334,682</b>
<b>Net result for the period</b>		<b>(58,520)</b>	<b>(1,073,518)</b>	<b>(489,903)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	8,233,927
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>8,233,927</b>
<b>Total comprehensive income for the period</b>		<b>(58,520)</b>	<b>(1,073,518)</b>	<b>7,744,024</b>

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

**SHIRE OF NUNGARIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,712,205	1,342,687
Trade and other receivables	6	105,679	188,692
Other financial assets	5(a)	8,466	0
Inventories	7	32,984	37,323
Other assets	8	3,008	0
<b>TOTAL CURRENT ASSETS</b>		<b>1,862,342</b>	<b>1,568,702</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	3,512	17,187
Other financial assets	5(b)	41,499	35,034
Property, plant and equipment	9	7,109,169	7,350,763
Infrastructure	10	44,267,797	44,430,952
<b>TOTAL NON-CURRENT ASSETS</b>		<b>51,421,977</b>	<b>51,833,936</b>
<b>TOTAL ASSETS</b>		<b>53,284,319</b>	<b>53,402,638</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	113,691	110,460
Contract liabilities	14	62,005	0
Borrowings	15(a)	46,524	45,430
Employee related provisions	16	74,498	96,737
<b>TOTAL CURRENT LIABILITIES</b>		<b>296,718</b>	<b>252,627</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15(a)	441,651	488,175
Employee related provisions	16	13,518	6,906
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>455,169</b>	<b>495,081</b>
<b>TOTAL LIABILITIES</b>		<b>751,887</b>	<b>747,708</b>
<b>NET ASSETS</b>		<b>52,532,432</b>	<b>52,654,930</b>
<b>EQUITY</b>			
Retained surplus		13,017,248	12,720,287
Reserves - cash backed	4	627,579	476,090
Revaluation surplus	12	38,887,605	39,458,553
<b>TOTAL EQUITY</b>		<b>52,532,432</b>	<b>52,654,930</b>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>13,187,842</b>	<b>498,438</b>	<b>31,224,626</b>	<b>44,910,906</b>
Comprehensive income					
Net result for the period		(489,903)	0	0	(489,903)
Other comprehensive income	12	0	0	8,233,927	8,233,927
Total comprehensive income		(489,903)	0	8,233,927	7,744,024
Transfers from/(to) reserves	4	22,348	(22,348)	0	0
<b>Balance as at 30 June 2019</b>		<b>12,720,287</b>	<b>476,090</b>	<b>39,458,553</b>	<b>52,654,930</b>
Change in accounting policy	26	506,970	0	(570,948)	(63,978)
<b>Restated total equity at 1 July 2019</b>		<b>13,227,257</b>	<b>476,090</b>	<b>38,887,605</b>	<b>52,590,952</b>
Comprehensive income					
Net result for the period		(58,520)	0	0	(58,520)
Other comprehensive income	12	0	0	0	0
Total comprehensive income		(58,520)	0	0	(58,520)
Transfers to reserves	4	(151,489)	151,489	0	0
<b>Balance as at 30 June 2020</b>		<b>13,017,248</b>	<b>627,579</b>	<b>38,887,605</b>	<b>52,532,432</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		652,483	590,085	531,172
Operating grants, subsidies and contributions		1,472,496	794,822	1,468,152
Fees and charges		111,192	145,216	168,391
Interest received		19,516	23,540	35,928
Goods and services tax received		72,823	95,867	115,522
Other revenue		141,943	94,625	389,966
		<b>2,470,453</b>	<b>1,744,155</b>	<b>2,709,131</b>
<b>Payments</b>				
Employee costs		(801,881)	(981,330)	(898,263)
Materials and contracts		(535,304)	(708,805)	(892,263)
Utility charges		(131,887)	(120,108)	(117,846)
Interest expenses		(27,473)	(28,999)	(29,867)
Insurance paid		(90,929)	(84,395)	(89,825)
Goods and services tax paid		(4,050)	0	(184,023)
Other expenditure		(241,987)	(172,250)	(174,547)
		<b>(1,833,511)</b>	<b>(2,095,887)</b>	<b>(2,386,634)</b>
<b>Net cash provided by (used in) operating activities</b>	17	<b>636,942</b>	<b>(351,732)</b>	<b>322,497</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(81,118)	(285,200)	(23,032)
Payments for construction of infrastructure	10(a)	(575,387)	(588,199)	(682,151)
Non-operating grants, subsidies and contributions	2(a)	404,225	375,131	314,551
Proceeds from financial assets at amortised cost - self supporting loans	15(b)	9,556	9,556	10,532
Proceeds from sale of property, plant & equipment	11(a)	20,730	21,000	0
<b>Net cash provided by (used in) investment activities</b>		<b>(221,994)</b>	<b>(467,712)</b>	<b>(380,100)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(45,430)	(45,430)	(44,355)
Proceeds from new borrowings	15(b)	0	85,000	0
<b>Net cash provided by (used in) financing activities</b>		<b>(45,430)</b>	<b>39,570</b>	<b>(44,355)</b>
<b>Net increase (decrease) in cash held</b>		<b>369,518</b>	<b>(779,874)</b>	<b>(101,958)</b>
Cash at beginning of year		1,342,687	1,331,580	1,444,645
<b>Cash and cash equivalents at the end of the year</b>	17	<b>1,712,205</b>	<b>551,706</b>	<b>1,342,687</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	23 (b)	899,227	944,775	1,012,714
		899,227	944,775	1,012,714
<b>Revenue from operating activities (excluding rates)</b>				
Governance		30,643	8,590	203,866
General purpose funding		989,890	505,782	1,010,304
Law, order, public safety		9,702	10,500	12,164
Health		160	0	236
Education and welfare		36,289	9,565	131,505
Housing		49,112	51,984	51,221
Community amenities		20,770	37,791	47,888
Recreation and culture		59,487	23,590	14,536
Transport		400,695	214,383	382,855
Economic services		65,850	75,956	68,580
Other property and services		75,675	81,070	91,327
		1,738,273	1,019,211	2,014,482
<b>Expenditure from operating activities</b>				
Governance		(337,032)	(451,875)	(506,603)
General purpose funding		(104,894)	(18,183)	(21,343)
Law, order, public safety		(33,028)	(41,530)	(31,252)
Health		(31,796)	(44,110)	(38,243)
Education and welfare		(7,383)	(7,124)	(158,255)
Housing		(180,604)	(182,108)	(195,879)
Community amenities		(166,408)	(132,456)	(138,182)
Recreation and culture		(714,430)	(710,019)	(751,348)
Transport		(983,034)	(1,243,931)	(1,335,507)
Economic services		(106,306)	(113,782)	(75,722)
Other property and services		(109,984)	(102,827)	(107,452)
		(2,774,899)	(3,047,945)	(3,359,786)
Non-cash amounts excluded from operating activities	23(a)	1,035,192	952,608	1,146,052
<b>Amount attributable to operating activities</b>		897,793	(131,351)	813,462
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	404,225	375,131	314,551
Proceeds from disposal of assets	11(a)	20,730	21,000	0
Proceeds from financial assets at amortised cost - self supporting loans	15(a)	9,556	9,556	0
Purchase of property, plant and equipment	9(a)	(81,118)	(285,200)	(23,032)
Purchase and construction of infrastructure	10(a)	(575,387)	(588,199)	(682,151)
<b>Amount attributable to investing activities</b>		(221,994)	(467,712)	(390,632)
<b>FINANCING ACTIVITIES</b>				
Proceeds from self supporting loans		0	0	10,532
Repayment of borrowings	15(b)	(45,430)	(45,430)	(44,355)
Proceeds from borrowings	15(b)	0	85,000	0
Transfers to reserves (restricted assets)	4	(151,489)	(45,592)	(3,152)
Transfers from reserves (restricted assets)	4	0	25,000	25,500
<b>Amount attributable to financing activities</b>		(196,919)	18,978	(11,475)
<b>Surplus/(deficit) before imposition of general rates</b>		478,880	(580,085)	411,355
<b>Total amount raised from general rates</b>	22(a)	573,881	580,085	540,850
<b>Surplus/(deficit) after imposition of general rates</b>	23(b)	1,052,761	0	952,205

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



**SHIRE OF NUNGARIN**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

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## 1. BASIS OF PREPARATION

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

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 27 to these financial statements.

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

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Rates - Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges	Building, cemetery services, library fees, property hire, private works, planning, development, animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Adopted by Council annually or Set by State legislation or limited by legislation to the cost of provision	Applied fully based on timing of provision/entry, or based on timing of issue of the associated rights	Not applicable	Output method based on provision of service or completion of works, or n payment and issue of the licence, registration or approval
Other revenue - Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - Reimbursements	Insurance claims and reimbursable expenses	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed or expense is incurred	Not applicable	When claim is agreed or when expense is incurred

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

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	182	0	0
General purpose funding	970,312	482,322	976,628
Law, order, public safety	4,262	6,000	6,978
Education and welfare	1,140	0	0
Community amenities	4,630	25,961	46,411
Recreation and culture	25,220	0	0
Transport	396,821	211,583	379,676
Economic services	58,023	68,956	60,000
Other property and services	0	0	(1,506)
	1,460,590	794,822	1,468,187
<b>Non-operating grants, subsidies and contributions</b>			
Transport	404,225	375,131	314,551
	404,225	375,131	314,551
	1,864,815	1,169,953	1,782,738
<b>Total grants, subsidies and contributions</b>			
<b>Fees and charges</b>			
Governance	6,976	6,690	6,526
General purpose funding	595	650	1,080
Law, order, public safety	1,440	500	1,185
Health	160	0	236
Housing	48,008	51,984	49,348
Community amenities	16,141	11,830	1,477
Recreation and culture	25,173	22,860	16,699
Economic services	7,827	7,000	8,580
Other property and services	8,932	4,710	2,737
	115,252	106,224	87,868

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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

**SHIRE OF NUNGARIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

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

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	62,653	94,917	95,274
Fees and charges	115,252	106,224	87,868
Other revenue			0
Non-operating grants, subsidies and contributions	404,225	375,131	314,551
	582,130	576,272	497,693

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	52,978		0
Other revenue from contracts with customers recognised during the year	177,905	201,141	183,142
Other revenue from performance obligations satisfied during the year	351,247	375,131	314,551
	582,130	576,272	497,693

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	41,975		67,519
Contract liabilities from contracts with customers	(62,005)		0

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

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.

**SHIRE OF NUNGARIN**  
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**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

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

General rates

**Other revenue**

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 22(b))

Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	573,881	580,085	540,850
	573,881	580,085	540,850
Other revenue			
Reimbursements and recoveries	76,609	15,925	323,002
Other	65,781	78,700	66,964
	142,390	94,625	389,966
Interest earnings			
Financial assets at amortised cost - self supporting loans	481	730	830
Interest on reserve funds	1,489	2,310	3,152
Rates instalment and penalty interest (refer Note 22(b))	14,283	10,500	16,507
Other interest earnings	3,263	10,730	15,439
	19,516	24,270	35,928

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report

- Other services

**Interest expenses (finance costs)**

Borrowings

**Other expenditure**

Impairment loss on trade and other receivables from contracts with customers

Sundry expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	35,000	35,000	35,000
	0	0	200
	35,000	35,000	35,200
Interest expenses (finance costs)			
Borrowings	27,035	27,689	29,433
	27,035	27,689	29,433
Other expenditure			
Impairment loss on trade and other receivables from contracts with customers	62,907	0	167,601
Sundry expenses	101,814	172,250	8,585
	164,721	172,250	176,186

**SHIRE OF NUNGARIN**  
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**3. CASH AND CASH EQUIVALENTS**

<b>NOTE</b>	<b>2020</b>	<b>2019</b>
	\$	\$
Cash at bank and on hand	1,011,655	802,653
Restricted cash	700,550	540,034
<b>Total cash and cash equivalents</b>	<b>1,712,205</b>	<b>1,342,687</b>
<b>Restrictions</b>		
- Cash and cash equivalents	700,550	540,034
	<b>700,550</b>	<b>540,034</b>

**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

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

Reserves - cash backed	4	627,579	476,090
Contract liabilities from contracts with customers	14	62,005	52,978
Bonds and deposits	13	10,966	10,966
<b>Total restricted assets</b>		<b>700,550</b>	<b>540,034</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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

**SHIRE OF NUNGARIN**  
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**4. RESERVES - CASH BACKED**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	103,643	310	0	103,953	103,643	550	0	104,193	102,992	651	0	103,643
(b) Plant	153,429	100,459	0	253,888	153,429	44,112	0	197,541	152,465	964	0	153,429
(c) Office Building	37,828	81	0	37,909	37,828	205	0	38,033	37,590	238	0	37,828
(d) Swimming Pool	45,085	135	0	45,220	45,085	245	(25,000)	20,330	44,802	283	0	45,085
(e) Land Development	2,079	6	0	2,085	2,079	10	0	2,089	2,066	13	0	2,079
(f) Building	21,259	50,095	0	71,354	21,259	115	0	21,374	21,126	133	0	21,259
(g) Community Bus	110,975	332	0	111,307	110,975	85	0	111,060	110,277	698	0	110,975
(h) Computer Equipment/Software	1,792	71	0	1,863	1,792	270	0	2,062	27,120	172	(25,500)	1,792
	476,090	151,489	0	627,579	476,090	45,592	(25,000)	496,682	498,438	3,152	(25,500)	476,090

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

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

**Anticipated**

**date of use Purpose of the reserve**

(a) Leave Reserve	Ongoing	to be used to fund annual and long service leave requirements.
(b) Plant	Ongoing	to be used for the purchase of major plant.
(c) Office Building	Ongoing	to be used for the construction of a new administration centre.
(d) Swimming Pool	Ongoing	to be used for the refurbishment of the swimming pool.
(e) Land Development	Ongoing	to be used to fund the development of a light industrial area.
(f) Building	Ongoing	to be used for the future building needs of the Shire.
(g) Community Bus	Ongoing	to be used to restrict the excess monies from the Community Bus hire for maintenance.
(h) Computer Equipment/Software	Ongoing	to be used for major upgrades of Council's computer system.



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

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

2020	2019
\$	\$
8,466	0
8,466	0

**Other financial assets at amortised cost**

Self supporting loans

8,466	0
8,466	0

**(b) Non-current assets**

Financial assets at amortised cost

Financial assets at fair value through profit and loss

5,889	0
35,610	35,034
41,499	35,034

**Financial assets at amortised cost**

Self supporting loans

5,889	23,912
5,889	23,912

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

35,610	35,034
35,610	35,034

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 24.

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable	103,567	180,789
Sundry receivables	41,975	67,519
GST receivable	23,044	95,867
Loans receivable - clubs/institutions	0	9,557
Accrued Income	0	2,561
Expected credit loss allowance	(62,907)	(167,601)

**Non-current**

Loans receivable - clubs/institutions	0	14,355
Pensioner's rates and ESL deferred	3,512	2,832

**Movement in the allowance for impairment of receivables**

Balance at start of period	167,601	150,833
Additional allowance recognised	11,380	16,768
Receivables written off during the year as uncollectable	(116,074)	0
Closing Balance	62,907	167,601

	2020	2019
	\$	\$
	103,567	180,789
	41,975	67,519
	23,044	95,867
	0	9,557
	0	2,561
	(62,907)	(167,601)
	105,679	188,692
	0	14,355
	3,512	2,832
	3,512	17,187

**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 24.

**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	
History books	
Land held for resale - cost	
Cost of acquisition	

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Write down of inventories to net realisable value	
Additions to inventory	

### Carrying amount at end of period

### 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.

	2020	2019
	\$	\$
	1,733	5,963
	3,956	4,065
	27,295	27,295
	<u>32,984</u>	<u>37,323</u>
	37,323	78,733
	(109)	(19,195)
	(4,230)	(22,215)
	<u>32,984</u>	<u>37,323</u>

#### 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. OTHER ASSETS

### Other assets - current

Accrued income

	2020	2019
	\$	\$
	3,008	0
	3,008	0

### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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

9. 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	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	726,500	11,000	737,500	1,814,937	4,373,115	6,188,052	6,925,552	22,598	635,816	7,583,966
Additions	0	0	0	0	0	0	0	23,032	0	23,032
(Disposals)	(2,500)	0	(2,500)	0	(12,403)	(12,403)	(14,903)	0	0	(14,903)
Depreciation (expense)	0	0	0	(55,187)	(123,679)	(178,866)	(178,866)	(3,561)	(84,265)	(266,692)
Transfers	25,360	0	25,360	0	0	0	25,360	0	0	25,360
<b>Carrying amount at 30 June 2019</b>	749,360	11,000	760,360	1,759,750	4,237,033	5,996,783	6,757,143	42,069	551,551	7,350,763
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	749,360	11,000	760,360	1,897,000	4,474,000	6,371,000	7,131,360	52,751	778,466	7,962,577
Accumulated depreciation at 30 June 2019	0	0	0	(137,250)	(236,967)	(374,217)	(374,217)	(10,682)	(226,915)	(611,814)
<b>Carrying amount at 30 June 2019</b>	749,360	11,000	760,360	1,759,750	4,237,033	5,996,783	6,757,143	42,069	551,551	7,350,763
Change in accounting policy	0	(11,000)	(11,000)	0	0	0	(11,000)	0	0	(11,000)
<b>Adjusted carrying amount at 1 July 2019</b>										
Additions	0	0	0	0	0	0	0	15,459	65,659	81,118
(Disposals)	0	0	0	0	0	0	0	0	(29,345)	(29,345)
Depreciation (expense)	0	0	0	(54,955)	(123,188)	(178,143)	(178,143)	(12,277)	(91,947)	(282,367)
<b>Carrying amount at 30 June 2020</b>	749,360	0	749,360	1,704,795	4,113,845	5,818,640	6,568,000	45,251	495,918	7,109,169
<b>Comprises:</b>										
Gross carrying amount at 30 June 2020	749,360	0	749,360	1,897,000	4,474,000	6,371,000	7,120,360	68,210	802,721	7,991,291
Accumulated depreciation at 30 June 2020	0	0	0	(192,205)	(360,155)	(552,360)	(552,360)	(22,959)	(306,803)	(882,122)
<b>Carrying amount at 30 June 2020</b>	749,360	0	749,360	1,704,795	4,113,845	5,818,640	6,568,000	45,251	495,918	7,109,169

## 9. 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
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Independent valuation 2016	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2016	Market price per item
- Independent valuation 2016	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs (Level 2), current condition, 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 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.

**SHIRE OF NUNGARIN**  
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**10. INFRASTRUCTURE**

**(a) Movements in Carrying Amounts**

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks & ovals	Infrastructure - dams	Infrastructure - refuse	Infrastructure - other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	33,908,062	117,725	134,295	84,789	403,197	10,213	1,734,620	36,392,901
Additions	675,897	0	0	0	0	0	6,254	682,151
Revaluation increments / (decrements) transferred to revaluation surplus	8,221,910	42,951	0	0	0	0	0	8,264,861
Depreciation (expense)	(718,632)	(6,009)	(6,705)	(12,211)	(16,804)	(1,287)	(147,313)	(908,961)
<b>Carrying amount at 30 June 2019</b>	42,087,237	154,667	127,590	72,578	386,393	8,926	1,593,561	44,430,952
<b>Comprises:</b>								
Gross carrying amount at 30 June 2019	51,725,104	375,225	298,000	256,000	737,000	33,000	4,056,820	57,481,149
Accumulated depreciation at 30 June 2019	(9,637,867)	(220,558)	(170,410)	(183,422)	(350,607)	(24,074)	(2,463,259)	(13,050,197)
<b>Carrying amount at 30 June 2019</b>	42,087,237	154,667	127,590	72,578	386,393	8,926	1,593,561	44,430,952
Additions	530,256	0	0	0	0	43,451	1,680	575,387
Depreciation (expense)	(548,924)	(4,984)	(6,705)	(12,211)	(16,804)	(1,287)	(147,627)	(738,542)
<b>Carrying amount at 30 June 2020</b>	42,068,569	149,683	120,885	60,367	369,589	51,090	1,447,614	44,267,797
<b>Comprises:</b>								
Gross carrying amount at 30 June 2020	52,255,360	375,225	298,000	256,000	737,000	76,451	4,058,500	58,056,536
Accumulated depreciation at 30 June 2020	(10,186,791)	(225,542)	(177,115)	(195,633)	(367,411)	(25,361)	(2,610,886)	(13,788,739)
<b>Carrying amount at 30 June 2020</b>	42,068,569	149,683	120,885	60,367	369,589	51,090	1,447,614	44,267,797

**SHIRE OF NUNGARIN**  
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**10. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>Infrastructure - roads</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Construction costs, current condition, residual values and remaining useful life assessments inputs
<b>Infrastructure - footpaths</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Construction costs, current condition, residual values and remaining useful life assessments inputs
<b>Infrastructure - drainage</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs, current condition, residual values and remaining useful life assessments inputs
<b>Infrastructure - parks &amp; ovals</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs, current condition, residual values and remaining useful life assessments inputs
<b>Infrastructure - dams</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs, current condition, residual values and remaining useful life assessments inputs
<b>Infrastructure - refuse</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs, current condition, residual values and remaining useful life assessments inputs
<b>Infrastructure - other</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs, current condition, residual values and remaining useful life assessments inputs

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

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



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

**11. 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 by removing the land value and associated revaluation reserve as at 1 July 2019. The land value and associated revaluation reserve as at comparatives have not been restated.

**Vested improvements from 1 July 2019**

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

**SHIRE OF NUNGARIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. FIXED ASSETS**

**(a) Disposals of Assets**

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	2,500	0	0	(2,500)
Buildings - specialised	0	0	0	0	0	0	0	0	12,403	0	0	(12,403)
Plant and equipment	29,345	20,729	0	(8,616)	29,345	21,000	0	(8,345)	0	0	0	0
	29,345	20,729	0	(8,616)	29,345	21,000	0	(8,345)	14,903	0	0	(14,903)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
<b>Plant and Equipment</b>				
<b>Transport</b>				
Toyota Hilux Dual Cab Utility	25,145	19,093	0	(6,052)
Toyota Hilux Single Cab Utility	4,201	1,637	0	(2,564)
	29,346	20,730	0	(8,616)

**SHIRE OF NUNGARIN**  
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**11. FIXED ASSETS**

**(b) Depreciation**

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	54,955	84,556	55,187
Buildings - specialised	123,188	118,170	123,679
Furniture and equipment	12,277	3,669	3,561
Plant and equipment	91,947	79,062	84,265
Infrastructure - roads	548,924	475,433	718,632
Infrastructure - footpaths	4,984	6,192	6,009
Infrastructure - drainage	6,705	6,909	6,705
Infrastructure - parks & ovals	12,211	12,582	12,211
Infrastructure - dams	16,804	17,315	16,804
Infrastructure - refuse	1,287	1,326	1,287
Infrastructure - other	147,627	139,049	147,313
	1,020,909	944,263	1,175,653

**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	30 to 50 years
Buildings specialised	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - roads	35 to 85 years
Infrastructure - footpaths	20 to 75 years
Infrastructure - drainage	5 to 75 years
Infrastructure -parks & ovals	5 to 75 years
Infrastructure - dams	5 to 75 years
Infrastructure - refuse	5 to 75 years
Infrastructure - other	5 to 75 years

**Depreciation on revaluation**

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

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

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

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

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

**SHIRE OF NUNGARIN**  
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**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 - Buildings - non-specialised	2,736,859	(11,000)	0	0	(11,000)	2,725,859	2,736,859	0	0	0	2,736,859
Revaluation surplus - Furniture and equipment	5,898	(5,898)	0	0	(5,898)	0	5,898	0	0	0	5,898
Revaluation surplus - Plant and equipment	554,050	(554,050)	0	0	(554,050)	0	554,050	0	0	0	554,050
WA Local Government House Unit Trust	0	0	0	0	0	0	30,934	0	(30,934)	(30,934)	0
Revaluation surplus - Infrastructure - roads	34,488,823	0	0	0	0	34,488,823	26,266,913	8,221,910	0	8,221,910	34,488,823
Revaluation surplus - Infrastructure - footpaths	42,951	0	0	0	0	42,951	0	42,951	0	42,951	42,951
Revaluation surplus - Infrastructure - drainage	78,795	0	0	0	0	78,795	78,795	0	0	0	78,795
Revaluation surplus - Infrastructure - dams	420,686	0	0	0	0	420,686	420,686	0	0	0	420,686
Revaluation surplus - Infrastructure - refuse	1,532	0	0	0	0	1,532	1,532	0	0	0	1,532
Revaluation surplus - Infrastructure - other	1,128,959	0	0	0	0	1,128,959	1,128,959	0	0	0	1,128,959
	39,458,553	(570,948)	0	0	(570,948)	38,887,605	31,224,626	8,264,861	(30,934)	8,233,927	39,458,553

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 borrowings  
 Accrued expenditure  
 Emergency services levy liability

	2020	2019
	\$	\$
	29,195	25,928
	2,111	0
	12,635	5,771
	18,408	27,543
	10,966	10,966
	5,161	5,599
	36,863	37,004
	(1,648)	(2,351)
	<b>113,691</b>	<b>110,460</b>

#### 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

	2020	2019
	\$	\$
Contract liabilities from contracts with customers	62,005	0
	62,005	0

### Current

Contract liabilities from contracts with customers

### 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.

**SHIRE OF NUNGARIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. INFORMATION ON BORROWINGS**

(a) Borrowings

	2020	2019
	\$	\$
Current	46,524	45,430
Non-current	441,651	488,175
	488,175	533,605

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
				Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
<b>Governance</b>				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Lot 191 Staff House	63	WATC*	6.39%	53,116	8,343	3,045	44,773	53,115	0	8,343	3,263	44,772	60,950	7,834	3,566	53,116
<b>Housing</b>																
Aged Units Effluent System	70			0	0	0	0	0	85,000	0	0	85,000	0	0	0	0
<b>Recreation and culture</b>																
Community Recreation Centre	65	WATC*	7.32%	194,128	15,858	13,756	178,270	194,128	0	15,858	13,781	178,270	208,876	14,748	14,868	194,128
<b>Transport</b>																
Shire Depot	68	WATC*	3.82%	262,451	11,673	9,753	250,778	262,451	0	11,673	9,915	250,778	273,691	11,240	10,186	262,451
				509,695	35,874	26,554	473,821	509,694	85,000	35,874	26,959	558,820	543,517	33,822	28,620	509,695
<b>Self Supporting Loans</b>																
<b>Recreation and culture</b>																
Nungarin Golf Club	66	WATC*	6.36%	1,325	1,325	30	0	1,326	0	1,325	42	1	3,853	2,528	182	1,325
Nungarin Museum	67	WATC*	4.64%	10,138	2,076	214	8,062	10,138	0	2,076	447	8,062	12,121	1,983	260	10,138
Nungarin Football Club	69	WATC*	2.21%	12,447	6,155	237	6,292	12,448	0	6,155	241	6,293	18,469	6,022	371	12,447
				23,910	9,556	481	14,354	23,912	0	9,556	730	14,356	34,443	10,533	813	23,910
				533,605	45,430	27,035	488,175	533,606	85,000	45,430	27,689	573,176	577,960	44,355	29,433	533,605

\* WA Treasury Corporation

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

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

**15. INFORMATION ON BORROWINGS (Continued)**

**(c) New Borrowings 2019/20**

The Shire did not borrow any funds during the year.

**(d) Unspent Borrowings**

The Shire did not have any unspent borrowings.

**(e) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank overdraft limit

**Total amount of credit unused**

**Loan facilities**

Loan facilities - current

Loan facilities - non-current

**Total facilities in use at balance date**

	2020	2019
	\$	\$
Bank overdraft limit	200,000	200,000
<b>Total amount of credit unused</b>	<b>200,000</b>	<b>200,000</b>
<b>Loan facilities</b>		
Loan facilities - current	46,524	45,430
Loan facilities - non-current	441,651	488,175
<b>Total facilities in use at balance date</b>	<b>488,175</b>	<b>533,605</b>

**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 24.



## 16. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions

Non-current provisions

Additional provision

Amounts used

#### Balance at 30 June 2020

#### Comprises

Current

Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	57,775	38,962	96,737
Non-current provisions	0	6,906	6,906
	57,775	45,868	103,643
Additional provision	51,534	2,029	53,563
Amounts used	(45,447)	(23,743)	(69,190)
Balance at 30 June 2020	63,862	24,154	88,016
Comprises			
Current	63,862	10,636	74,498
Non-current	0	13,518	13,518
	63,862	24,154	88,016

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2020 \$	2019 \$
Less than 12 months after the reporting date	41,776	70,945
More than 12 months from reporting date	46,240	32,698
Expected reimbursements from other WA local governments	0	0
	88,016	103,643

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

## SIGNIFICANT ACCOUNTING POLICIES

### Employee benefits

#### Short-term employee benefits

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

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

#### Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

#### Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

#### Provisions

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

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

## 17. 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	1,712,205	551,706	1,342,687
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(58,520)	(1,073,518)	(489,903)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(576)		(35,034)
Depreciation on non-current assets	1,020,909	944,263	1,175,653
(Profit)/loss on sale of asset	8,616	8,345	14,903
Changes in assets and liabilities:			
(Increase)/decrease in receivables	70,215	144,859	32,231
(Increase)/decrease in other assets	(447)		
(Increase)/decrease in inventories	4,339		16,050
Increase/(decrease) in payables	3,231		(79,612)
Increase/(decrease) in provisions	(15,627)	(550)	2,760
Increase/(decrease) in contract liabilities	9,027		
Non-operating grants, subsidies and contributions	(404,225)	(375,131)	(314,551)
Net cash from operating activities	636,942	(351,732)	322,497

## 18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	453,704	471,739
General purpose funding	1,117,831	16,020
Law, order, public safety	39,688	46,469
Health	31,479	32,079
Education and welfare	11,140	13,866
Housing	1,758,729	1,805,841
Community amenities	462,221	462,725
Recreation and culture	4,856,596	5,120,726
Transport	44,013,020	44,014,808
Economic services	115,463	116,714
Other property and services	288,105	221,698
Unallocated	136,343	1,079,953
	<u>53,284,319</u>	<u>53,402,638</u>

## 19. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liabilities as at the reporting date.

## 20 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

## 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	9,045	9,320	8,143
President's allowance	4,000	4,000	3,667
Travelling expenses	3,949	5,400	3,657
	<u>16,994</u>	<u>18,720</u>	<u>15,467</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	162,702	163,209
Post-employment benefits	18,955	18,705
Other long-term benefits	3,250	3,250
	<u>184,907</u>	<u>185,164</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 newspapers, prepared food, general hardware goods and property rental - Key Management Personnel	18,728	19,122

### 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.

**SHIRE OF NUNGARIN**  
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**22. RATING INFORMATION**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2019/20 Actual Rateable Value \$</b>	<b>2019/20 Actual Rate Revenue \$</b>	<b>2019/20 Actual Interim Rates \$</b>	<b>2019/20 Actual Back Rates \$</b>	<b>2019/20 Actual Total Revenue \$</b>	<b>2019/20 Budget Rate Revenue \$</b>	<b>2019/20 Budget Interim Rate \$</b>	<b>2019/20 Budget Back Rate \$</b>	<b>2019/20 Budget Total Revenue \$</b>	<b>2018/19 Actual Total Revenue \$</b>
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
Urban	0.123105	48	319,228	39,298	0	0	39,298	39,297	0	0	39,297	36,014
<b>Unimproved valuations</b>												
Rural	0.021021	107	24,415,000	513,228	0	0	513,228	519,860	0	0	519,860	510,586
Mining	0.021021	3	81,494	1,713	0	0	1,713	1,713	0	0	1,713	1,688
<b>Sub-Total</b>		158	24,815,722	554,239	0	0	554,239	560,870	0	0	560,870	548,288
<b>Minimum payment</b>	Minimum \$											
<b>Gross rental valuations</b>												
Urban	427	23	112,298	9,821	0	0	9,821	5,124	0	0	5,124	12,151
<b>Unimproved valuations</b>												
Rural	427	13	15,370	5,551	0	0	5,551	9,821	0	0	9,821	5,028
Mining	427	10	24,656	4,270	0	0	4,270	4,270	0	0	4,270	3,352
<b>Sub-Total</b>		46	152,324	19,642	0	0	19,642	19,215	0	0	19,215	20,531
		204	24,968,046	573,881	0	0	573,881	580,085	0	0	580,085	568,819
Discounts (Note 22(b))							0				0	(27,969)
<b>Total amount raised from general rate</b>							573,881				580,085	540,850
Concessions (Note 22(b))							(51)				0	(2,501)
<b>Totals</b>							573,830				580,085	538,349

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

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

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



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**22. RATING INFORMATION (Continued)**

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

**Rates Discounts**

<b>Rate or Fee Discount Granted</b>	<b>Discount</b>	<b>Discount</b>	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>	<b>Circumstances in which Discount is Granted</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
General Rates discount	5.00%	0	0	0	27,969	A discount on rates was granted in 2018/19 to all who paid their rates in full within 35 days of the date of service appearing on the rate notice
			0	0	27,969	

**Waivers or Concessions**

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Type</b>	<b>Discount</b>	<b>Discount</b>	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
		<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
General rates	write-off	0.00%	0	51	0	2,501
				51	0	2,501
Total discounts/concessions (Note 22(a))				51	0	30,470

## 22. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	18/10/2019	0.00	0.00%	10.00%
<b>Option Two</b>				
First instalment	18/10/2019	0.00	0.00%	10.00%
Second instalment	18/12/2019	5.00	5.50%	10.00%
<b>Option Three</b>				
First instalment	18/10/2019	0.00	0.00%	10.00%
Second instalment	18/12/2019	5.00	5.50%	10.00%
Third instalment	19/02/2020	5.00	5.50%	10.00%
Fourth instalment	20/04/2020	5.00	5.50%	10.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	13,534	9,500	14,764
Interest on instalment plan	749	1,000	1,743
Charges on instalment plan	295	250	330
	14,578	10,750	16,837

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23. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
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> .				
<b>Adjustments to operating activities</b>				
	Less: Fair value adjustments to financial assets at fair value through profit and loss	(576)	0	(35,034)
	Movement in pensioner deferred rates (non-current)	(680)	0	(646)
	Movement in employee benefit provisions (non-current)	6,612	0	(9,475)
	Movement in cash backed leave reserve	311	0	651
11(a)	Add: Loss on disposal of assets	8,616	8,345	14,903
11(b)	Add: Depreciation on non-current assets	1,020,909	944,263	1,175,653
	<b>Non cash amounts excluded from operating activities</b>	<b>1,035,192</b>	<b>952,608</b>	<b>1,146,052</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
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.				
<b>Adjustments to net current assets</b>				
4	Less: Reserves - cash backed	(627,579)	(496,682)	(476,090)
5(a)	Less: Financial assets at amortised cost - self supporting loans	(8,466)	0	(9,557)
7	Less: Current assets not expected to be received at end of year - Land held for resale	(27,295)	0	(27,295)
15(a)	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings - Employee benefit provisions	46,524 103,953	45,711 104,190	45,430 103,642
	<b>Total adjustments to net current assets</b>	<b>(512,863)</b>	<b>(346,781)</b>	<b>(363,870)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
	Total current assets	1,862,342	595,604	1,568,702
	Less: Total current liabilities	(296,718)	(248,823)	(305,605)
	Less: Total adjustments to net current assets	(512,863)	(346,781)	(363,870)
	<b>Net current assets used in the Rate Setting Statement</b>	<b>1,052,761</b>	<b>0</b>	<b>899,227</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>				
	<b>Total current assets at 30 June 2019</b>			1,568,702
	- Contract assets			0
	<b>Total current assets at 1 July 2019</b>			1,568,702
	<b>Total current liabilities at 30 June 2019</b>			(252,627)
25(a)	- Contract liabilities from contracts with customers			(52,978)
	<b>Total current liabilities at 1 July 2019</b>			<b>(305,605)</b>

## 24. 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
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents 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
	%	\$	\$	\$	\$
<b>2020</b>					
Cash and cash equivalents	0.2775%	1,712,205	0	1,712,205	0
<b>2019</b>					
Cash and cash equivalents	1.38%	1,342,687	0	1,342,687	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*	17,122	13,427

\* 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 is disclosed at Note 15(b).

## 24. 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 30 June 2019 (on adoption of AASB 9) was determined as follows for rates receivable.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	26.49%	55.48%	76.09%	
Gross carrying amount	2,336	29,282	12,997	62,464	107,079
Loss allowance	0	7,757	7,211	47,529	62,497
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	64.69%	64.22%	85.05%	
Gross carrying amount	5,427	28,714	42,797	106,683	183,621
Loss allowance	0	18,576	27,484	90,735	136,795

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
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	65.29%	
Gross carrying amount	40,961	386	0	628	41,975
Loss allowance	0	0	0	410	410
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	77.92%	
Gross carrying amount	27,941	43	0	39,535	67,519
Loss allowance	0	0	0	30,806	30,806

## 24. 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 15(e).

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
	\$	\$	\$	\$	\$
<b>2020</b>					
Payables	113,691	0	0	113,691	113,691
Borrowings	73,119	258,233	315,599	646,951	488,175
Contract liabilities	62,005	0	0	62,005	62,005
	<u>248,815</u>	<u>258,233</u>	<u>315,599</u>	<u>822,647</u>	<u>663,871</u>
<b>2019</b>					
Payables	110,460	0	0	110,460	110,460
Borrowings	74,486	274,322	372,629	721,437	533,605
	<u>184,946</u>	<u>274,322</u>	<u>372,629</u>	<u>831,897</u>	<u>644,065</u>

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**25. 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 \$
<b>Contract liabilities - current</b>				
Contract liabilities from contracts with customers	14	0	52,978	52,978
Adjustment to retained surplus from adoption of AASB 15	26(b)		52,978	

**(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 summary, there were no adjustments made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019).

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

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

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**25. 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
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	22(a)	573,830	2,111	575,941
Operating grants, subsidies and contributions	2(a)	1,460,590	62,005	1,522,595
Fees and charges	2(a)	115,252	0	115,252
Non-operating grants, subsidies and contributions	2(a)	404,225	0	404,225
Net result		(58,520)	64,116	5,596
<b>Statement of Financial Position</b>				
Trade and other payables	13	113,691	(2,111)	111,580
Contract liabilities	14	62,005	(62,005)	0
Net assets		52,532,432	64,116	52,596,548
<b>Statement of Changes in Equity</b>				
Net result		(58,520)	64,116	5,596
Retained surplus		13,017,248	64,116	13,081,364

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. The Shire had no leases in place which required recognition on application of AASB16.

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.



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**26. 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 year ending on or after 30 June 2020 and are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB16.

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	9	760,360	(11,000)	749,360
Revaluation surplus	12	39,458,553	(570,948)	38,887,605
Retained surplus		12,720,287	559,948	13,280,235

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 retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			13,280,235
Adjustment to retained surplus from adoption of AASB 15	25(a)	(52,978)	(52,978)
Adjustment to retained surplus from adoption of AASB 1058	25(b)	0	0
Retained surplus - 1 July 2019		(52,978)	13,227,257

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			39,458,553
Adjustment to revaluation surplus from amended FM Reg 17A	12	(570,948)	(570,948)
Revaluation surplus - 1 July 2019		(570,948)	38,887,605

## 27. 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
	\$	\$	\$	\$
Nomination & Other Deposits	400	23	(202)	221
	400	23	(202)	221

# SHIRE OF NUNGARIN

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

### 28. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

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

**29. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b>            To provide a decision making process for the efficient allocation of scarce resources.</p>	Administration and operation of facilities and services to members of Council, and other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
<p><b>GENERAL PURPOSE FUNDING</b>            To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p><b>LAW, ORDER, PUBLIC SAFETY</b>            To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<p><b>HEALTH</b>            To provide an operational framework for environmental and community health.</p>	Food quality and pest control, assistance with operation of maternal and infant health clinic.
<p><b>EDUCATION AND WELFARE</b>            To provide services to disadvantaged persons, the elderly, children and youth.</p>	Operation of Home and Community Care program, and financial and family counselling programs.
<p><b>HOUSING</b>            To provide and maintain staff and elderly residents housing.</p>	Control and maintenance of staff and other rental housing, including aged accommodation units.
<p><b>COMMUNITY AMENITIES</b>            To provide services required by the community.</p>	Rubbish collection services, operation of tips, landcare programs, administration of the town planning scheme and other community amenities.
<p><b>RECREATION AND CULTURE</b>            To establish and effectively manage infrastructure and resource which will help the social well being of the community.</p>	Control and maintenance of public halls, swimming pool, recreation facilities and the library, Operation of the television rebroadcasting service.
<p><b>TRANSPORT</b>            To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of streets, roads and bridges; cleaning and lighting of streets; depot maintenance.
<p><b>ECONOMIC SERVICES</b>            To help promote the shire and its economic wellbeing.</p>	Tourism and area promotion, and regulation of buildings.
<p><b>OTHER PROPERTY AND SERVICES</b>            To monitor and control council's overheads operating accounts.</p>	Private works operation, plant repair and operation costs and engineering operation costs.

### 30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	5.23	6.60	5.08
Asset consumption ratio	0.62	0.63	0.72
Asset renewal funding ratio	0.65	0.68	0.65
Asset sustainability ratio	0.62	0.38	0.49
Debt service cover ratio	8.08	5.43	(9.58)
Operating surplus ratio	(0.59)	(0.82)	(2.05)
Own source revenue coverage ratio	0.28	0.29	0.21

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