



Shire of Nungarin

Annual Report

2019/20



Contents

| | |
|---|----|
| PREAMBLE | 3 |
| SHIRE PRESIDENT'S REPORT | 4 |
| CHIEF EXECUTIVE OFFICER'S REPORT | 5 |
| ABOUT THE ANNUAL REPORT | 6 |
| INTEGRATED PLANNING & REPORTING FRAMEWORK | 6 |
| INFORMING STRATEGIES | 6 |
| BACKGROUND | 6 |
| ROLES & RESPONSIBILITIES | 6 |
| Council | 6 |
| President | 6 |
| Representatives | 7 |
| Our Staff | 8 |
| INTEGRATED PLANNING & REPORTING FRAMEWORK | 8 |
| Integrated Planning & Reporting Review Cycle | 8 |
| GENERAL INFORMATION | 9 |
| Administration Office | 9 |
| Economy | 9 |
| Local Events and Attractions | 9 |
| COUNCIL | 9 |
| FREEDOM OF INFORMATION STATEMENT | 10 |
| EMPLOYEE REMUNERATION | 10 |
| COMPLAINTS REGISTER | 10 |
| NATIONAL COMPETITION POLICY | 10 |
| DISABILITY ACCESS INCLUSION PLAN | 11 |
| FINANCIAL REPORT | 11 |



PREAMBLE

The Shire of Nungarin is located approximately 300km east of the state capital of Perth in the Wheatbelt Region and is one of the smallest in the nation with a population of 257. The Shire covers an area of 1,164 square kilometres.

The Shires Community Strategic Plan established the Shire's Vision and Values for ten years to 2023. The plan not only establishes a vision for the Shire's future, but drives the development of other plans in the integrated Planning Framework.

Our Vision: A great place to live with a well-connected, strong, healthy and friendly community.

Our Values: We will conduct our business with:

Respect

- ✦ Value people and places and the contribution they make to the Shire.
- ✦ Develop an environment of respect for different cultures.
- ✦ Be appreciative of the aspirations of the community and what it does for itself.

Inclusiveness

- ✦ Be receptive, proactive and responsive as an organisation.
- ✦ Exist to help a community that has the capacity for self-help.
- ✦ Demonstrate leadership by promoting Council and community teamwork.

Fairness and equity

- ✦ Maintain a 'whole of Shire' outlook, but recognise that each community is unique and likely to have variations on their needs.
- ✦ Provide services for a variety of ages and needs.
- ✦ Respond to the community in a fair and equal way depending on need.

Communication

- ✦ Create opportunities for consultation with the broad community.
- ✦ Demonstrate leadership by promoting Council and community teamwork.



SHIRE PRESIDENT'S REPORT



CHIEF EXECUTIVE OFFICER'S REPORT

As Mr. Adam Majid was Chief Executive Officer at 30 June 2019, I present this Chief Executive Officer's report generally on his behalf.

The 2019/20 financial year was a year which no one expected or could have predicted the challenges our community would face. The Covid – 19 pandemic literally brought the Shire to a sudden halt overnight and has forever changed the way things will be done in future. Things were constantly changing with the Shire Staff and community having to adapt and readapt at every stage. However, with the dedication of the staff and cooperation of the community the Shire managed to steer its way through the challenges of the pandemic to come out a stronger and more resilient community on the other side.

In October 2019, we saw the election of Cr William Lee and Cr Raymond Mizia onto Council with Cr Pippa de Lacy being voted in as Shire President and Cr Gary Coumbe re-elected as Deputy Shire President. The Shire continued to place an emphasis on improving our town amenity and ensure our transport network meets the requirements of our community.

As an administration and in conjunction with Council, we understand the importance of our recreational spaces and continued to work hard to deliver spaces which ensure our local clubs are competitive in their respective leagues. A major improvement in this space is the effective communication all clubs can enjoy with the Shire to ensure needs can be met.

The Works and Services section continues to maintain our public buildings and open spaces in a useable state. Additionally, maintenance of our seniors housing remains a high priority to ensure these premises are useable and can adapt with changes as time moves on.

The Shire has continued to support the issue of aged housing regionally by continuing its membership and contribution to CEACA, with the first two dwelling units completed during the 2019/20 financial year.

Internally, work continues to ensure the Shire meets its legislative compliance. A major improvement in this space is the financial reporting now undertaken and presented to Council accordingly. The method of reporting is now clear and accurate on a monthly basis and has been well received by the Office of the Auditor General.

Our staff continue to work hard to ensure the Shire is a safe and appealing place to be. I would like to thank the efforts of all our staff for another successful year in delivering essential services to enable the Shire to continue to prosper in what can only be described as challenging times.

Finally, I would like to thank the staff and community for the warm welcome since I commenced in the role in November 2020, and a special thank you to all the Councillors and particularly the Shire President Cr Pippa de Lacy, who have placed their confidence in me. I look forward to working with the Councillors, staff and community for many years to come.

Leonard Long
Chief Executive Officer



ABOUT THE ANNUAL REPORT

The Annual Report is the final component of the Shire's Integrated Planning & Reporting Framework, and is a mechanism of communicating with the community and key stakeholders in a transparent and accountable way.

INTEGRATED PLANNING & REPORTING FRAMEWORK

Strategic Community Plan: Community vision, strategic direction, long and medium term priorities and resourcing implications with a horizon of 10 years.

Corporate Business Plan: Four-year delivery program, aligned to the Strategic Community Plan and accompanied by four-year financial projections.

Annual Budget: Financial plan for current year.

INFORMING STRATEGIES

Long Term Financial Plan: 10-year financial plan.

Asset Management Plan: Approach to managing assets to deliver chosen service levels.

Workforce Plan: Shaping the workforce to deliver organisational objectives now and in the future.

BACKGROUND

The *Local Government Act 1995*, Part 5, Division 5, Section 5.56 requires all local governments to plan for the future of the district. The Corporate Business Plan together with the Strategic Community Plan, Long Term Financial Plan, Workforce Plan, Asset Management Plan and Informing Strategies forms the Shire's plan for the future.

ROLES & RESPONSIBILITIES

Council

In fulfilling its role, Council sets the Shire of Nungarin's strategic direction, oversees the Shire's finance and resources, determines its policies, and ensures that the Council's statutory and community responsibilities are performed effectively and efficiently.

The Nungarin Shire Council meets on the third Wednesday of each month in the Council Chambers, with all meetings open to the public. All meetings of Council and its committees are conducted in accordance with the Local Government Act. Meeting times and dates are published on Council's website.

President

The Local Government Act 1995 states that the role of the President is to:



- ✚ Preside at meetings in accordance with the Act.
- ✚ Provide leadership and guidance to the community in the district.
- ✚ Carry out civic and ceremonial duties on behalf of the local government.
- ✚ Speak on behalf of the local government.
- ✚ Perform such other functions as are given to the Mayor or President by the Act or any other written law; and
- ✚ Liaise with the CEO on the local government's affairs and the performance of its functions.

Councillors

The Local Government Act 1995 states that the role of a Councillor is to:

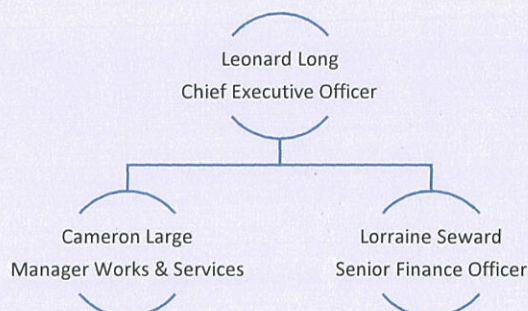
- ✚ Represent the interest of electors, ratepayers and residents of the district.
- ✚ Provide leadership and guidance to the community in the district.
- ✚ Facilitate communication between the community and the Council.
- ✚ Participate in the local government's decision making processes at Council and Committee meetings; and
- ✚ Perform such other functions as are given to a Councillor by the Local Government Act or any other written law.

Representatives

- ✚ Cr Pippa de Lacy (President) : NEWROC
: Great Eastern Country Zone
: Nungarin Community Resource Centre
- ✚ Cr Gary Coumbe (Deputy President) : Rural Water Council
: Wheatbelt AgCare
: Great Eastern Country Zone
: Eastern Wheatbelt Biosecurity Group
- ✚ Cr Eileen O'Connell : Rural Water Council
: Nungarin Community Development Group
: Local Health Advisory Group
: Sub Regional Road Group
: CEACA
- ✚ Cr Kerry Dayman : Nungarin Sporting Club
: Tidy Towns
- ✚ Cr Jason Davis : Wheatbelt NRM
- ✚ Cr William Lee : Nungarin Heritage Machinery and Army
Museum
- ✚ Cr Ray Mizia : NEWTravel
: Pioneers Pathway



Our Staff



INTEGRATED PLANNING & REPORTING FRAMEWORK

The framework, introduced by the State Government in 2012, requires each local government to have a Strategic Community Plan, a Corporate Business Plan and other informing strategies in place to ensure the future provision of services is sustainable.

The Strategic Community Plan expresses the long-term community aspirations that have been developed with extensive consultation. It is an overarching document that covers a period of 10 years. Informing strategies are used to ensure adequate resourcing of the plans and include the Long Term Financial Plan, Workforce Plan, Asset Management Plans and other informing strategies.

The Corporate Business Plan is an integral part of this framework, activating the objectives of the Strategic Community Plan and informing the annual budget process to ensure the priorities of the community are achievable.

Integrated Planning & Reporting Review Cycle

| | |
|----------------------------|---|
| ✚ Strategic Community Plan | : Minor Review - Annually : Major Review - Every 4 years |
| ✚ Corporate Business Plan | : Minor Review - Annually : Major review - Every 4 years |
| ✚ Long Term Financial Plan | : Minor Review - Annually : Major Review - Every 4 years |
| ✚ Workforce Plan | : Minor Review - Annually : Major Review - Every 4 years |
| ✚ Asset Management Plans | : Minor Review - Every 5 years : Major Review - Every 10 years |
| ✚ Informing Strategies | : Minor Review - 6 months : Major Review - Annually |
| ✚ Annual Report | : Major Review – Annually |



GENERAL INFORMATION

Administration Office

Office Hours: Monday to Thursday 8:00am to 4:30pm
Friday 8:00am to 4:00pm

Office Address: 66 Railway Avenue
NUNGARIN WA 6490

Postal Address
PO Box 8
NUNGARIN WA 6490

Telephone: (08) 9046 5006
Fax: (08) 9046 5007

Economy

The Nungarin economy is based on broad acre farming producing various crops including wheat, barley, canola and other coarse grains and the breeding of sheep.

Local Events and Attractions

- ✦ Australia Day Celebrations
- ✦ Wheatbelt Country Markets
- ✦ ANZAC Day
- ✦ Seniors Week Luncheon
- ✦ Remembrance Day Local Attractions
- ✦ Nungarin Heritage Machinery and Army Museum
- ✦ Nungarin Heritage Machinery and Army Museum Vintage Rally
- ✦ Mangowine Homestead
- ✦ Mangowine Concert
- ✦ Eaglestone Rock
- ✦ Talgomine Rock
- ✦ Danberrin Rock
- ✦ Lake Brown
- ✦ Lake Campion
- ✦ Chandler Townsite
- ✦ Heritage Walks

COUNCIL

The Shire of Nungarin is an elected body of seven (7) Councillors. The role of Council is to provide oversight and govern the affairs of the Shire including the allocation of resources and determine policy positions.

Council is committed to providing open and accountable government that meets the needs of the community and protects and improves the Shire's assets and resources.



The Chief Executive Officer has the responsibility for ensuring all decisions of Council comply with the Local Government Act, other relevant legislation and local laws. The Chief Executive Officer and staff undertake the tasks necessary to implement the decisions of the Council.

Elections for Councillors are conducted in October every second year with the term of office being four years.

President

Cr Pippa de Lacy

Deputy President

Cr Gary Coumbe

Elected Members

- Cr William Lee
- Cr Kerry Dayman
- Cr Jason Davis
- Cr Eileen O'Connell
- Cr Raymond Mizia

FREEDOM OF INFORMATION STATEMENT

The Shire of Nungarin will provide people with all necessary information held by the Council; however if we are unable to supply this information by less formal means, a Freedom of Information request can be made.

EMPLOYEE REMUNERATION

The number of Shire employees entitled to an annual salary of \$100,000 or more is set out in the following table in bands of \$10,000. The publishing of this information is in accordance with the Local Government (Administration) Regulations 1996.

| Salary Range | Number of Employees |
|-----------------------|---------------------|
| \$130,000 - \$140,000 | 1 |

COMPLAINTS REGISTER

In accordance with the *Local Government Act 1995*, local governments are required to maintain a register recording complaints and action taken in relation to complaints made to the Local Government Standards Panel about Council members breaching the rules of conduct or contravention of a local law under the Act.

No entries appear in the complaints register during the year ending June 2020.

NATIONAL COMPETITION POLICY

National Competition Policy is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic reserves. There are a number



of specific requirements for local governments in the areas of competition, neutrality, legislation review and structural reform. The Shire has no local laws or policies that contain anti-competitive provision and has had no complaints during this reporting period. The Shire has not acquired any new entities in this reporting period that have required competitive neutrality testing.

DISABILITY ACCESS INCLUSION PLAN

In accordance with the Disability Services Act 1993, local governments are required to develop and implement a Disability Access and Inclusion Plan to ensure people with disabilities have equal access to Council facilities and services.

FINANCIAL REPORT

Note: the Auditor General's report will be attached.



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

TABLE OF CONTENTS

| | |
|---|----|
| Statement by Chief Executive Officer | 2 |
| Statement of Comprehensive Income by Nature or Type | 3 |
| Statement of Comprehensive Income by Program | 4 |
| Statement of Financial Position | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Cash Flows | 7 |
| Rate Setting Statement | 8 |
| Index of Notes to the Financial Report | 9 |
| Independent Auditor's Report | 54 |

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

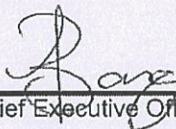
SHIRE OF NUNGARIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

*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 8th day of MARCH 2021



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 \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| 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 |
| | | <u>2,311,578</u> | <u>1,599,296</u> | <u>2,520,298</u> |
| Expenses | | | | |
| 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) |
| | | <u>(2,766,283)</u> | <u>(3,039,600)</u> | <u>(3,344,883)</u> |
| | | (454,705) | (1,440,304) | (824,585) |
| 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 |
| | | <u>396,185</u> | <u>366,786</u> | <u>334,682</u> |
| Net result for the period | | (58,520) | (1,073,518) | (489,903) |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 12 | 0 | 0 | 8,233,927 |
| Total other comprehensive income for the period | | 0 | 0 | 8,233,927 |
| Total comprehensive income for the period | | (58,520) | (1,073,518) | 7,744,024 |

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 \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| 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 |
| | | 2,311,578 | 1,599,296 | 2,520,298 |
| Expenses | | | | |
| 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) |
| | | (2,739,248) | (3,010,601) | (3,315,450) |
| Finance Costs | | | | |
| Governance | | (3,045) | (4,573) | (3,566) |
| Recreation and culture | | (14,237) | (14,511) | (15,681) |
| Transport | | (9,753) | (9,915) | (10,186) |
| | | (27,035) | (28,999) | (29,433) |
| | | (454,705) | (1,440,304) | (824,585) |
| 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 |
| | | 396,185 | 366,786 | 334,682 |
| Net result for the period | | (58,520) | (1,073,518) | (489,903) |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 12 | 0 | 0 | 8,233,927 |
| Total other comprehensive income for the period | | 0 | 0 | 8,233,927 |
| Total comprehensive income for the period | | (58,520) | (1,073,518) | 7,744,024 |

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 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| 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 |
| TOTAL CURRENT ASSETS | | 1,862,342 | 1,568,702 |
| NON-CURRENT ASSETS | | | |
| 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 |
| TOTAL NON-CURRENT ASSETS | | 51,421,977 | 51,833,936 |
| TOTAL ASSETS | | 53,284,319 | 53,402,638 |
| CURRENT LIABILITIES | | | |
| 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 |
| TOTAL CURRENT LIABILITIES | | 296,718 | 252,627 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 15(a) | 441,651 | 488,175 |
| Employee related provisions | 16 | 13,518 | 6,906 |
| TOTAL NON-CURRENT LIABILITIES | | 455,169 | 495,081 |
| TOTAL LIABILITIES | | 751,887 | 747,708 |
| NET ASSETS | | 52,532,432 | 52,654,930 |
| EQUITY | | | |
| 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 |
| TOTAL EQUITY | | 52,532,432 | 52,654,930 |

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 \$ |
|---|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2018 | | 13,187,842 | 498,438 | 31,224,626 | 44,910,906 |
| 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 |
| Balance as at 30 June 2019 | | 12,720,287 | 476,090 | 39,458,553 | 52,654,930 |
| Change in accounting policy | 26 | 506,970 | 0 | (570,948) | (63,978) |
| Restated total equity at 1 July 2019 | | 13,227,257 | 476,090 | 38,887,605 | 52,590,952 |
| 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 |
| Balance as at 30 June 2020 | | 13,017,248 | 627,579 | 38,887,605 | 52,532,432 |

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 \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| 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 |
| | | 2,470,453 | 1,744,155 | 2,709,131 |
| Payments | | | | |
| 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) |
| | | (1,833,511) | (2,095,887) | (2,386,634) |
| Net cash provided by (used in) operating activities | 17 | 636,942 | (351,732) | 322,497 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| 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 |
| Net cash provided by (used in) investment activities | | (221,994) | (467,712) | (380,100) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 15(b) | (45,430) | (45,430) | (44,355) |
| Proceeds from new borrowings | 15(b) | 0 | 85,000 | 0 |
| Net cash provided by (used in) financing activities | | (45,430) | 39,570 | (44,355) |
| Net increase (decrease) in cash held | | 369,518 | (779,874) | (101,958) |
| Cash at beginning of year | | 1,342,687 | 1,331,580 | 1,444,645 |
| Cash and cash equivalents at the end of the year | 17 | 1,712,205 | 551,706 | 1,342,687 |

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 \$ |
|--|--------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 23 (b) | 899,227 | 944,775 | 1,012,714 |
| | | 899,227 | 944,775 | 1,012,714 |
| Revenue from operating activities (excluding rates) | | | | |
| 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 |
| Expenditure from operating activities | | | | |
| 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 |
| Amount attributable to operating activities | | 897,793 | (131,351) | 813,462 |
| INVESTING ACTIVITIES | | | | |
| 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) |
| Amount attributable to investing activities | | (221,994) | (467,712) | (390,632) |
| FINANCING ACTIVITIES | | | | |
| 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 |
| Amount attributable to financing activities | | (196,919) | 18,978 | (11,475) |
| Surplus/(deficit) before imposition of general rates | | 478,880 | (580,085) | 411,355 |
| Total amount raised from general rates | 22(a) | 573,881 | 580,085 | 540,850 |
| Surplus/(deficit) after imposition of general rates | 23(b) | 1,052,761 | 0 | 952,205 |

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

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

| | | |
|---------|--|----|
| Note 1 | Basis of Preparation | 10 |
| Note 2 | Revenue and Expenses | 11 |
| Note 3 | Cash and Cash Equivalents | 15 |
| Note 4 | Reserves - Cash backed | 16 |
| Note 5 | Other Financial Assets | 17 |
| Note 6 | Trade and Other Receivables | 18 |
| Note 7 | Inventories | 19 |
| Note 8 | Other Assets | 20 |
| Note 9 | Property, Plant and Equipment | 21 |
| Note 10 | Infrastructure | 23 |
| Note 11 | Fixed Assets | 25 |
| Note 12 | Revaluation Surplus | 28 |
| Note 13 | Trade and Other Payables | 29 |
| Note 14 | Contract Liabilities | 30 |
| Note 15 | Information on Borrowings | 31 |
| Note 16 | Employee Provisions | 33 |
| Note 17 | Notes to the Statement of Cash Flows | 34 |
| Note 18 | Total Assets Classified by Function and Activity | 35 |
| Note 19 | Contingent Liabilities | 36 |
| Note 20 | Events occurring after the end of the Reporting Period | 37 |
| Note 21 | Related Party Transactions | 38 |
| Note 22 | Rating Information | 40 |
| Note 23 | Rate Setting Statement Information | 43 |
| Note 24 | Financial Risk Management | 44 |
| Note 25 | Initial Application of Australian Accounting Standards | 47 |
| Note 26 | Change in Accounting Policies | 49 |
| Note 27 | Trust Funds | 50 |
| Note 28 | Other Significant Accounting Policies | 51 |
| Note 29 | Activites/Programs | 52 |
| Note 30 | Financial Ratios | 53 |

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 \$ |
|--|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | | | |
| 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 |
| Non-operating grants, subsidies and contributions | | | |
| Transport | 404,225 | 375,131 | 314,551 |
| | 404,225 | 375,131 | 314,551 |
| Total grants, subsidies and contributions | 1,864,815 | 1,169,953 | 1,782,738 |
| Fees and charges | | | |
| 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
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

Other revenue

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 |
| | | | |
| | 27,035 | 27,689 | 29,433 |
| 15(b) | 27,035 | 27,689 | 29,433 |
| | | | |
| | 62,907 | 0 | 167,601 |
| | 101,814 | 172,250 | 8,585 |
| | 164,721 | 172,250 | 176,186 |

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

3. CASH AND CASH EQUIVALENTS

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

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 | | 700,550 | 540,034 |
| | | 700,550 | 540,034 |

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 |
| Total restricted assets | | 700,550 | 540,034 |

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

4. RESERVES - CASH BACKED

| | 2020 Actual | | 2020 Actual | | 2020 Budget | | 2020 Budget | | 2019 Actual | | 2019 Actual | |
|---------------------------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|
| | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | 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:

| Name of Reserve | 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.

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

6. TRADE AND OTHER RECEIVABLES

Current

| | |
|---------------------------------------|--|
| Rates receivable | |
| Sundry receivables | |
| GST receivable | |
| Loans receivable - clubs/institutions | |
| Accrued Income | |
| Expected credit loss allowance | |

Non-current

| | |
|---------------------------------------|--|
| Loans receivable - clubs/institutions | |
| Pensioner's rates and ESL deferred | |

Movement in the allowance for impairment of receivables

| | |
|--|--|
| Balance at start of period | |
| Additional allowance recognised | |
| Receivables written off during the year as uncollectable | |
| Closing Balance | |

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| | 103,567 | 180,789 |
| | 41,975 | 67,519 |
| | 23,044 | 95,867 |
| | 0 | 9,557 |
| | 0 | 2,561 |
| | (62,907) | (167,601) |
| | <u>105,679</u> | <u>188,692</u> |
| | 0 | 14,355 |
| | 3,512 | 2,832 |
| | <u>3,512</u> | <u>17,187</u> |
| | 167,601 | 150,833 |
| | 11,380 | 16,768 |
| | (116,074) | 0 |
| | <u>62,907</u> | <u>167,601</u> |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

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

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

| | 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> |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

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 - 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 |
|--|----------------------|---|------------|-----------------------------|-------------------------|-----------------|--------------------------|-------------------------|---------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 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 |
| Carrying amount at 30 June 2019 | 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 |
| Comprises: | | | | | | | | | | |
| 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) |
| Carrying amount at 30 June 2019 | 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) |
| Adjusted carrying amount at 1 July 2019 | | | | | | | | | | |
| 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) |
| Carrying amount at 30 June 2020 | 749,360 | 0 | 749,360 | 1,704,795 | 4,113,845 | 5,818,640 | 6,568,000 | 45,251 | 495,918 | 7,109,169 |
| Comprises: | | | | | | | | | | |
| 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) |
| Carrying amount at 30 June 2020 | 749,360 | 0 | 749,360 | 1,704,795 | 4,113,845 | 5,818,640 | 6,568,000 | 45,251 | 495,918 | 7,109,169 |

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

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 |
|--------------------------------|----------------------|--|--------------------------------|------------------------|---|
| Land and buildings | | | | | |
| 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 |
| Furniture and equipment | | | | | |
| Plant and equipment | | | | | |
| - 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 |
|--|---------------------------|-------------------------------|------------------------------|-----------------------------------|--------------------------|----------------------------|---------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 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) |
| Carrying amount at 30 June 2019 | 42,087,237 | 154,667 | 127,590 | 72,578 | 386,393 | 8,926 | 1,593,561 | 44,430,952 |
| Comprises: | | | | | | | | |
| 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) |
| Carrying amount at 30 June 2019 | 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) |
| Carrying amount at 30 June 2020 | 42,068,569 | 149,683 | 120,885 | 60,367 | 369,589 | 51,090 | 1,447,614 | 44,267,797 |
| Comprises: | | | | | | | | |
| 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) |
| Carrying amount at 30 June 2020 | 42,068,569 | 149,683 | 120,885 | 60,367 | 369,589 | 51,090 | 1,447,614 | 44,267,797 |

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|--------------------------------|----------------------|--|--------------------------------|------------------------|---|
| Infrastructure - roads | 3 | Cost approach using depreciated replacement cost | Independent registered valuers | June 2019 | Construction costs, current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - footpaths | 3 | Cost approach using depreciated replacement cost | Independent registered valuers | June 2019 | Construction costs, current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - drainage | 3 | Cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Construction costs, current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - parks & ovals | 3 | Cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Construction costs, current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - dams | 3 | Cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Construction costs, current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - refuse | 3 | Cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Construction costs, current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - other | 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
FOR THE YEAR ENDED 30 JUNE 2020

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 |
|---------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Transport | | | | |
| 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

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) |
| 113,691 | 110,460 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

14. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

| 2020 | 2019 |
|--------|------|
| \$ | \$ |
| 62,005 | 0 |
| 62,005 | 0 |

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

15. INFORMATION ON BORROWINGS

| | 2020 | 2019 |
|----------------|---------|---------|
| (a) Borrowings | \$ | \$ |
| Current | 46,524 | 45,430 |
| Non-current | 441,651 | 488,175 |
| | 488,175 | 533,605 |

(b) Repayments - Borrowings

| Particulars | Loan Number | Institution | Interest Rate | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2019 | | 30 June 2019 | | 30 June 2019 | | |
|-------------------------------|-------------|-------------|---------------|------------------|-----------------|-----------------------------|----------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------|-----------------|-----------------------------|----------------------------|------------------------------|------------------|-----------------|
| | | | | Actual Principal | Actual Interest | Actual Principal repayments | Actual Interest repayments | Budget New Loans | Budget Principal repayments | Budget Interest repayments | Budget Principal outstanding | Budget Principal | Budget Interest | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | Actual Principal | Actual Interest |
| Governance | | | | | | | | | | | | | | | | | | |
| Lot 191 Staff House | 63 | WATC* | 6.39% | 53,116 | 8,343 | 3,045 | 44,773 | 0 | 8,343 | 3,263 | 44,772 | 60,950 | 7,834 | 3,566 | 53,116 | | | |
| Housing | | | | | | | | | | | | | | | | | | |
| Aged Units Effluent System | 70 | | | 0 | 0 | 0 | 0 | 85,000 | 0 | 0 | 85,000 | 0 | 0 | 0 | 0 | | | |
| Recreation and culture | | | | | | | | | | | | | | | | | | |
| Community Recreation Centre | 65 | WATC* | 7.32% | 194,128 | 15,858 | 13,756 | 178,270 | 0 | 15,858 | 13,781 | 178,270 | 208,876 | 14,748 | 14,868 | 194,128 | | | |
| Transport | | | | | | | | | | | | | | | | | | |
| Shire Depot | 68 | WATC* | 3.82% | 262,451 | 11,673 | 9,753 | 250,778 | 0 | 11,673 | 9,915 | 250,778 | 273,691 | 11,240 | 10,186 | 262,451 | | | |
| | | | | 509,695 | 35,874 | 26,554 | 473,821 | 85,000 | 35,874 | 26,959 | 558,820 | 543,517 | 33,822 | 28,620 | 509,695 | | | |
| Self Supporting Loans | | | | | | | | | | | | | | | | | | |
| Recreation and culture | | | | | | | | | | | | | | | | | | |
| Nungarin Golf Club | 66 | WATC* | 6.36% | 1,325 | 1,325 | 30 | 0 | 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 | 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 | 6,293 | 0 | 6,155 | 241 | 6,293 | 18,469 | 6,022 | 371 | 12,447 | | | |
| | | | | 23,910 | 9,556 | 481 | 14,354 | 0 | 9,556 | 730 | 14,356 | 34,443 | 10,533 | 813 | 23,910 | | | |
| | | | | 533,605 | 45,430 | 27,035 | 488,175 | 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

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Bank overdraft limit | 200,000 | 200,000 |
| Total amount of credit unused | 200,000 | 200,000 |

Loan facilities

| | | |
|--|----------------|----------------|
| Loan facilities - current | 46,524 | 45,430 |
| Loan facilities - non-current | 441,651 | 488,175 |
| Total facilities in use at balance date | 488,175 | 533,605 |

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.

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

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 |
| Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| 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 |

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

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

22. RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee Discount Granted | Discount | | 2020 | | 2019 | | Circumstances in which Discount is Granted |
|--|-----------|---------------|----------------|----------------------|----------------------|--------|---|
| | % | \$ | Actual | Budget | Actual | | |
| General Rates discount | 5.00% | 0 | 0 | 0 | 27,969 | 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 |
| Waivers or Concessions | | | | | | | |
| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Discount % | Discount \$ | 2020 Budget \$ | 2019 Actual \$ | | |
| General rates | write-off | 0.00% | 0 | 0 | 2,501 | | |
| | | | | 0 | 2,501 | | |
| Total discounts/concessions (Note 22(a)) | | | | 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 % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 18/10/2019 | 0.00 | 0.00% | 10.00% |
| Option Two | | | | |
| First instalment | 18/10/2019 | 0.00 | 0.00% | 10.00% |
| Second instalment | 18/12/2019 | 5.00 | 5.50% | 10.00% |
| Option Three | | | | |
| 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 |

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

23. RATE SETTING STATEMENT INFORMATION

| | 2019/20 (30 June 2020) Carried Forward) | 2019/20 Budget (30 June 2020) Carried Forward) | 2019/20 (1 July 2019) Brought Forward) | 2018/19 (30 June 2019) Carried Forward |
|--|--|--|---|---|
| Note | \$ | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | | |
| Adjustments to operating activities | | | | |
| Less: Fair value adjustments to financial assets at fair value through profit and loss | (576) | 0 | (35,034) | (35,034) |
| Movement in pensioner deferred rates (non-current) | (680) | 0 | (646) | (646) |
| Movement in employee benefit provisions (non-current) | 6,612 | 0 | (9,475) | (9,475) |
| Movement in cash backed leave reserve | 311 | 0 | 651 | 651 |
| Add: Loss on disposal of assets | 11(a) 8,616 | 8,345 | 14,903 | 14,903 |
| Add: Depreciation on non-current assets | 11(b) 1,020,909 | 944,263 | 1,175,653 | 1,175,653 |
| Non cash amounts excluded from operating activities | 1,035,192 | 952,608 | 1,146,052 | 1,146,052 |
| (b) Surplus/(deficit) after imposition of general rates | | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | | |
| Adjustments to net current assets | | | | |
| Less: Reserves - cash backed | 4 (627,579) | (496,682) | (476,090) | (476,090) |
| Less: Financial assets at amortised cost - self supporting loans | 5(a) (8,466) | 0 | (9,557) | (9,557) |
| Less: Current assets not expected to be received at end of year | | | | |
| - Land held for resale | 7 (27,295) | 0 | (27,295) | (27,295) |
| Add: Current liabilities not expected to be cleared at end of year | | | | |
| - Current portion of borrowings | 15(a) 46,524 | 45,711 | 45,430 | 45,430 |
| - Employee benefit provisions | 103,953 | 104,190 | 103,642 | 103,642 |
| Total adjustments to net current assets | (512,863) | (346,781) | (363,870) | (363,870) |
| Net current assets used in the Rate Setting Statement | | | | |
| Total current assets | 1,862,342 | 595,604 | 1,568,702 | 1,568,702 |
| Less: Total current liabilities | (296,718) | (248,823) | (305,605) | (252,627) |
| Less: Total adjustments to net current assets | (512,863) | (346,781) | (363,870) | (363,870) |
| Net current assets used in the Rate Setting Statement | 1,052,761 | 0 | 899,227 | 952,205 |
| (c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards | | | | |
| Total current assets at 30 June 2019 | | | | 1,568,702 |
| - Contract assets | | | | 0 |
| Total current assets at 1 July 2019 | | | | 1,568,702 |
| Total current liabilities at 30 June 2019 | | | | (252,627) |
| - Contract liabilities from contracts with customers | | | | (52,978) |
| Total current liabilities at 1 July 2019 | | | | (305,605) |

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

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

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

Financial risk management is carried out by 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 |
|---------------------------|---------------------------------------|-------------------------|----------------------------|-------------------------------|-----------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| Cash and cash equivalents | 0.2775% | 1,712,205 | 0 | 1,712,205 | 0 |
| 2019 | | | | | |
| 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).

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

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 |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| 30 June 2020 | | | | | |
| 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 |
| 30 June 2019 | | | | | |
| 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 |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|--------|
| 30 June 2020 | | | | | |
| 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 |
| 30 June 2019 | | | | | |
| 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 \$ |
|----------------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| 2020 | | | | | |
| 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 |
| | 248,815 | 258,233 | 315,599 | 822,647 | 663,871 |
| 2019 | | | | | |
| Payables | 110,460 | 0 | 0 | 110,460 | 110,460 |
| Borrowings | 74,486 | 274,322 | 372,629 | 721,437 | 533,605 |
| | 184,946 | 274,322 | 372,629 | 831,897 | 644,065 |

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

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

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

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 |
| Statement of Comprehensive Income | | | | |
| Revenue | | | | |
| 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 |
| Statement of Financial Position | | | | |
| 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 |
| Statement of Changes in Equity | | | | |
| 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.

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

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 |

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

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.

| PROGRAM NAME AND OBJECTIVES | ACTIVITIES |
|---|--|
| <p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p> | Administration and operation of facilities and services to members of Council, and other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services. |
| <p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p> | Rates, general purpose government grants and interest revenue. |
| <p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p> | Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services. |
| <p>HEALTH To provide an operational framework for environmental and community health.</p> | Food quality and pest control, assistance with operation of maternal and infant health clinic. |
| <p>EDUCATION AND WELFARE 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>HOUSING To provide and maintain staff and elderly residents housing.</p> | Control and maintenance of staff and other rental housing, including aged accommodation units. |
| <p>COMMUNITY AMENITIES 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>RECREATION AND CULTURE 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>TRANSPORT 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>ECONOMIC SERVICES To help promote the shire and its economic wellbeing.</p> | Tourism and area promotion, and regulation of buildings. |
| <p>OTHER PROPERTY AND SERVICES 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 | $\frac{\text{own source operating revenue}}{\text{operating expense}}$ |