

SHIRE OF CUNDERDIN

ANNUAL REPORT




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An aerial photograph of a rural landscape, likely in Western Australia, showing a mix of agricultural fields, a small town with a central green field, and a large body of water in the foreground. A large, semi-transparent grey circle is centered over the image, containing the title and a paragraph of text.

Acknowledgement of Country

The Shire of Cunderdin acknowledges the Ballardong people as traditional custodians of this land and their continuing connection to land and community. We pay respect to them, to their culture and to their Elders past and present.

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Vision and Values

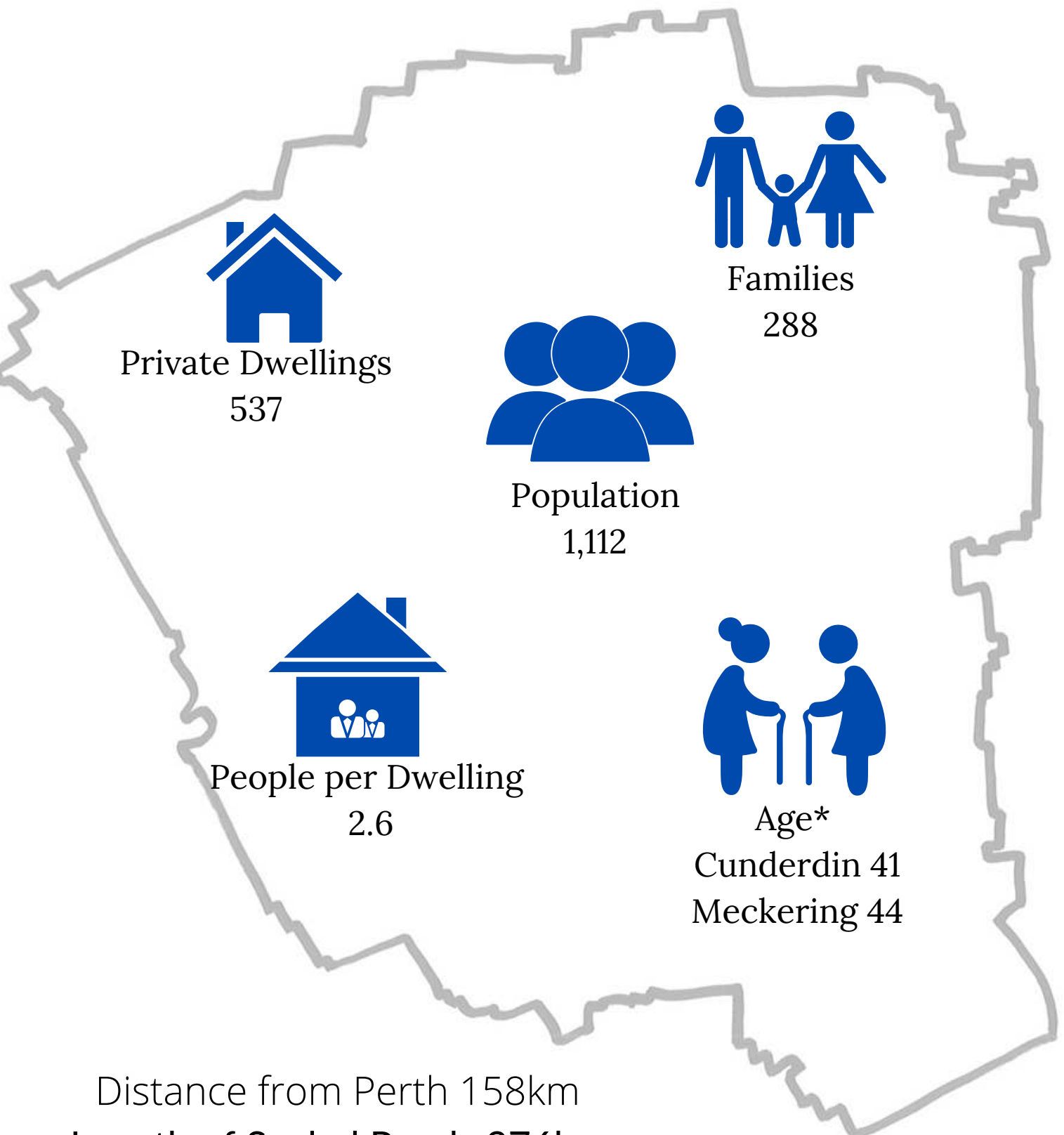
An aerial photograph of a two-lane asphalt road stretching through a rural landscape. A white truck is driving away from the viewer in the center lane, and a small white car is further ahead in the same lane. The road is flanked by a dense line of green trees. On the left side of the road, there is a large, circular, terraced field, possibly a vineyard or a similar agricultural plot. The surrounding fields are mostly dry and yellowish-brown, suggesting a dry season or a specific type of crop. The sky is not visible, as the landscape fills the frame.

Our Shire will be:

- A Regional Place that is progressive and will provide opportunities, offering a unique lifestyle and a sense of belonging;
- A place that connects people;
- A place that connects transport; and
- A place that connects businesses.

- Strategic Community Plan 2017-2027

Shire of Cunderdin in Numbers



Distance from Perth 158km

Length of Sealed Roads 376km

Length of Unsealed Roads 466km

*Median

Data from the 2016 Census conducted by the Australian Bureau of Statistics

OUR COMMUNITY

The Shire of Cunderdin is located 158 kilometres east of Perth, and approximately 52 kilometres east of the regional centre of Northam. The Shire covers an area of 1,872 square kilometres and consists of two localities being Cunderdin and Meckering.

Cunderdin townsite contains the majority of the population with 800 residents and Meckering townsite 100. The total population of the Shire is approximately 1,300, which is estimated to remain fairly constant over the next ten years.

Features of the Shire include a wide range of recreational facilities – notably the sporting complex and swimming pool. Services include the health centre and medical centre; Playgroup; Cunderdin District High School (K to Year 10); Meckering Primary School; Cunderdin WA College of Agriculture; the Cunderdin Airfield; the Community Resource Centre and the Cunderdin Day Care Centre. Within the Shire there are a number of parks and reserves, including O'Connor Park, Cunderdin Hill, Meckering Rose Garden and Youndegin - Woodthorpe.

The Shire of Cunderdin adjoins the local governments of Goomalling, Dowerin and Wyalkatchem to the north, Tammin to the east, Northam to the west and York and Quairading to the south.

The local economy is reliant on agriculture, with wheat, canola and lupins being the main crops, and sheep production being prominent. Although the local industries and services are based around the agricultural sector, Cunderdin is also home to institutional furniture manufacturing, farm machinery and equipment manufacturing, rural merchandise suppliers, fabrication industries and machinery dealerships. Cunderdin also has one of only six campuses of the Western Australian College of Agriculture in the State.

Shire of Cunderdin Statistics

Distance from Perth	158 Km
Area	1,872 sq Km
Length of Sealed Roads (km)	376 Km
Length of Unsealed Roads (km)	466 Km
Number of Electors	848
Number of Dwellings	575
Total Rates Levied	\$1,779,965
Total Revenue	\$5,198,854
Number of Employees	28 FTE

OUR COUNCIL



Cr Dennis Whisson
President
Term Expires 2021
councillor2@cunderdin.wa.gov.au



Cr Alison Harris
Deputy President
Term Expires 2021
councillor8@cunderdin.wa.gov.au



Cr Jayson Goldson
Term Expires 2021
councillor3@cunderdin.wa.gov.au



Cr Norm Jenzen
Term Expires 2021
councillor6@cunderdin.wa.gov.au



Cr Bernie Daly
Term Expires 2023
councillor1@cunderdin.wa.gov.au



Cr Todd Harris
Term Expires 2023
councillor4@cunderdin.wa.gov.au



Cr Sam Stewart
Term Expires 2023
councillor.w.stewart@cunderdin.wa.gov.au



Cr Tony Smith
Term Expires 2023
councillor.a.smith@cunderdin.wa.gov.au

Council and Committee Meetings;

With the exception of January, Ordinary Council Meetings are generally held on the third Thursday of the month commencing at 5pm.

All Council Meetings (unless decided otherwise by Council) are open to the public.

Special Meetings of Council are held as required.

Council has two standing Committees, being the Strategic Planning Committee and the Audit and Risk Committee. Both Committees comprise of all Elected Members



SHIRE PRESIDENT'S REPORT

Another financial year has come and gone, and as we move from one to the next, it's an opportunity to look back on our successes while reflecting on the unique challenges the past financial year has presented. The COVID-19 pandemic has had a significant influence across the world, and resulted in many changes in how the Cunderdin and Meckering community operate.

This year sees me entering into my third term as your Shire President. I feel proud to be part of this active and growing community, in which I'm very honoured to be able to lead an organisation of people who work hard to improve the lives of others and to serve the Cunderdin and Meckering community.

Council is constantly working to meet the needs of its community and I am pleased to present the Shire of Cunderdin's Annual Report for 2019-2020.

The Council provides a true wealth of services and I strongly believe we offer our residents and businesses good value for money. There are many aspects provided in our Shire, from roads, reserves, playgrounds and community facilities. Our events program remains an exciting part of our annual calendar, from the Australia Day breakfast, to school holiday programs, social sporting events and many more.

We started the new calendar year with a fantastic Australia Day breakfast. More than 150 turned up to join us in celebrating Australia Day, with the Lion's Club cooking up a lovely breakfast. We also announced the winners of the Community Citizen of the Year Awards. Congratulations to the Student Councillors from the Wheatbelt Youth Council on winning this award.

One of the many challenges faced by all this year was the COVID-19 pandemic. This caused many changes to how life and business operate and involved a lot of uncertainty. Council received daily updates from the Department of Health with respect to the Corona-Virus and had some interruptions to business and shire operations. This involved a swift considered response to the issues as they arose, while also setting in place new processes and systems to meet the community's needs.

The State Government implemented some restrictions which resulted in many of our public facilities being closed down for a period of time to try and help stop the spread of the Virus. Thankfully our administration office was able to remain open, with some staff working from home and slight changes in office hours. The Outside staff and refuse sites remained open as per normal with additional precautions put in place to ensure a safe working environment for everyone.

Council used its social media outlets to help keep the community updated during this time. Our Community Development Officer also held many online events to try and keep people busy and active during this period of time.

A number of large-scale projects have been completed over the past year, including the final stage of the Cunderdin Dam construction, re-roofing the change room facility at the Cunderdin Sports pavilion, retainer wall and fence at the Cunderdin Basketball/Netball Courts and construction of a new shed for the Meckering Men's shed group to utilise.

SHIRE PRESIDENT'S REPORT



The Shire of Cunderdin, Quairading and Tammin Joint Local Planning Strategy and the Shire of Cunderdin Local Planning Scheme No.4 was advertised with community consultations held and should be coming into effect during the next financial year. This new planning scheme and strategy makes a significant change across the zoning, land use permissions and development standards across our Council.

The Shire officially handed over the daily operations of the Early Learning Centre to REED on the 24th February 2020. Council hosted a morning tea on the 21st February 2020 to thank all the Shire staff who were involved with the Early Learning Centre during its operation. We believe the transition to REED will be a positive change for our community.

Financial progress is monitored regularly to give us a good indication of how we are travelling and to ensure our various areas are on target. Elected members and staff work together to produce the best possible result for the community. Our positive record of achievement to date is due to a continued dedication to working together so we can all take pride in our accomplishments while looking to the future ahead.

As always, the Shire of Cunderdin continues to consider its vision, values, aspirations and priorities while also accounting for the challenges of balancing community aspirations, service delivery levels, priorities and affordability. This allows us to form a clear direction to deliver the best results for our community.

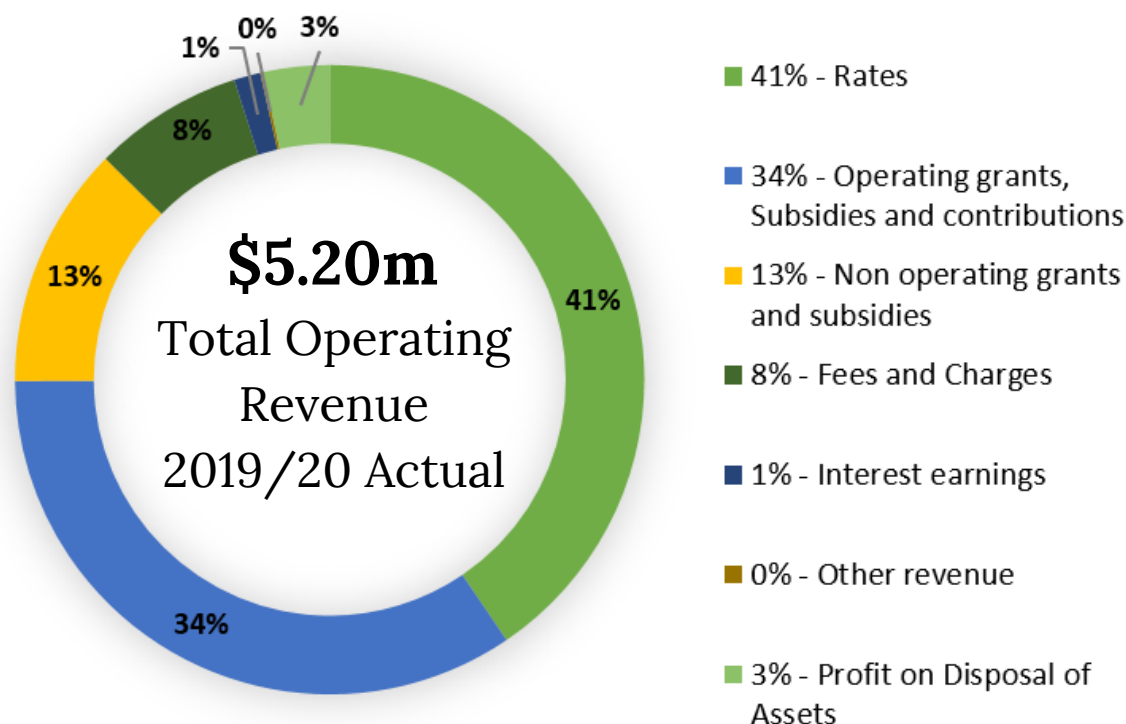
Finally, I would like to thank fellow Councillors, Shire staff and the hard working members of our Community for working together this year to address the challenges and celebrate the achievements made throughout the year to ensure our Shire continues to be the place of choice to live, work and visit.

Kind Regards
Cr Dennis Whisson
Shire President

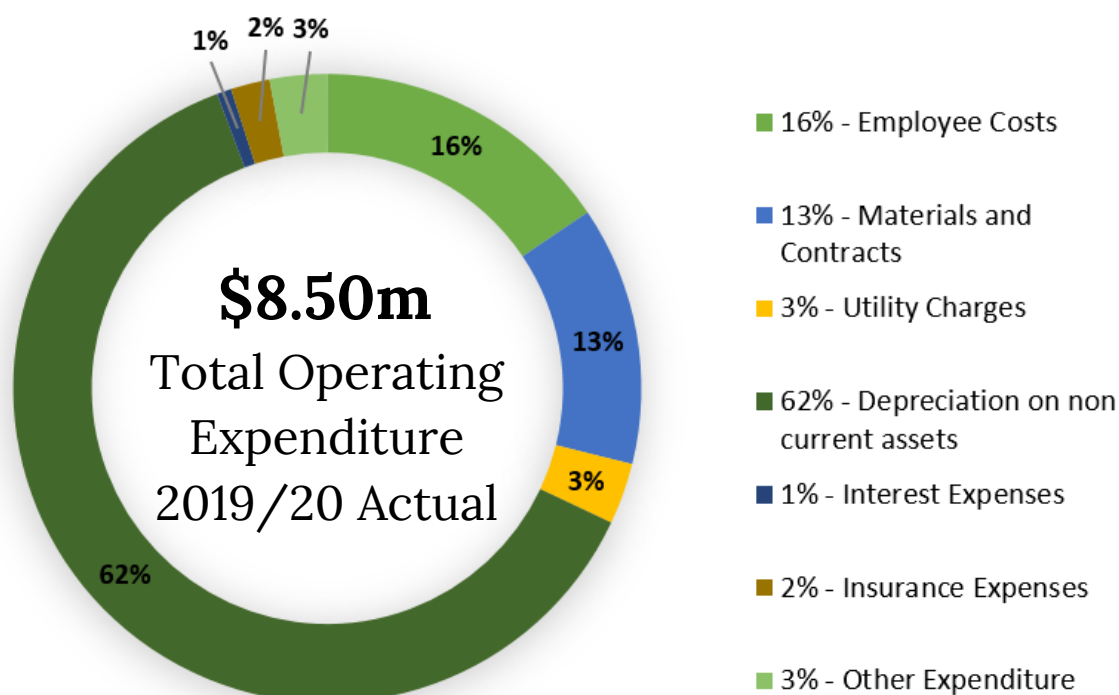


2019/2020 FINANCIAL SUMMARY

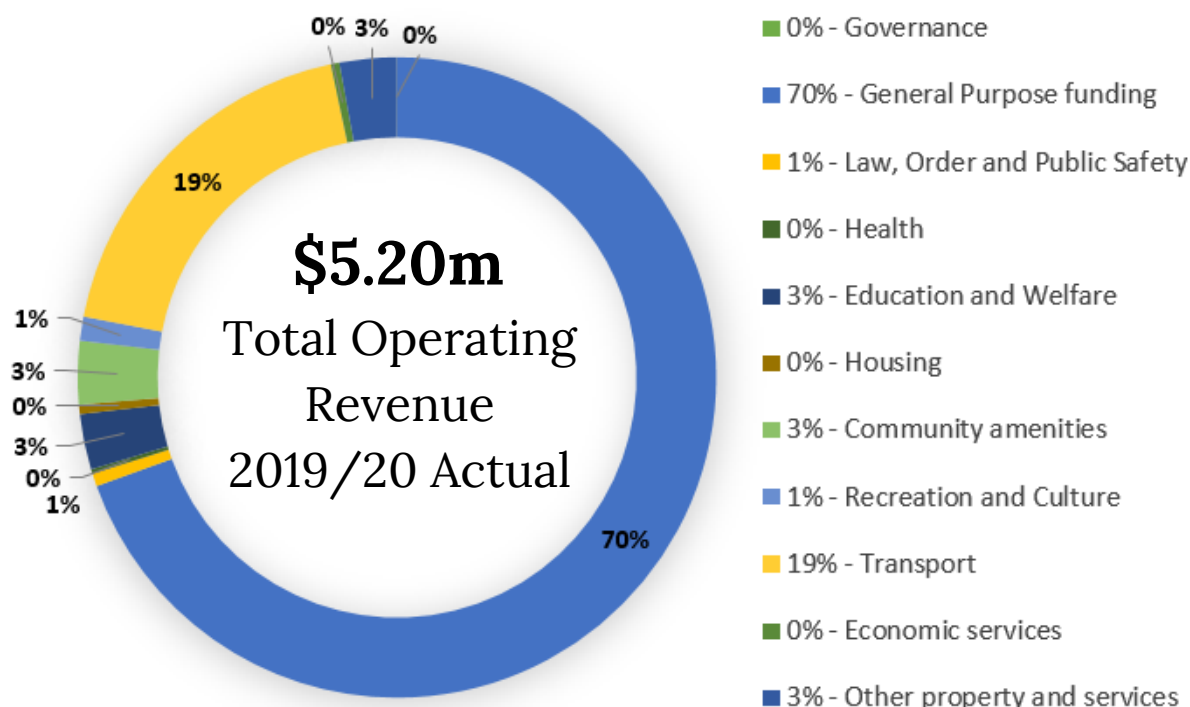
Statement of Comprehensive Income - Revenue by Nature or Type



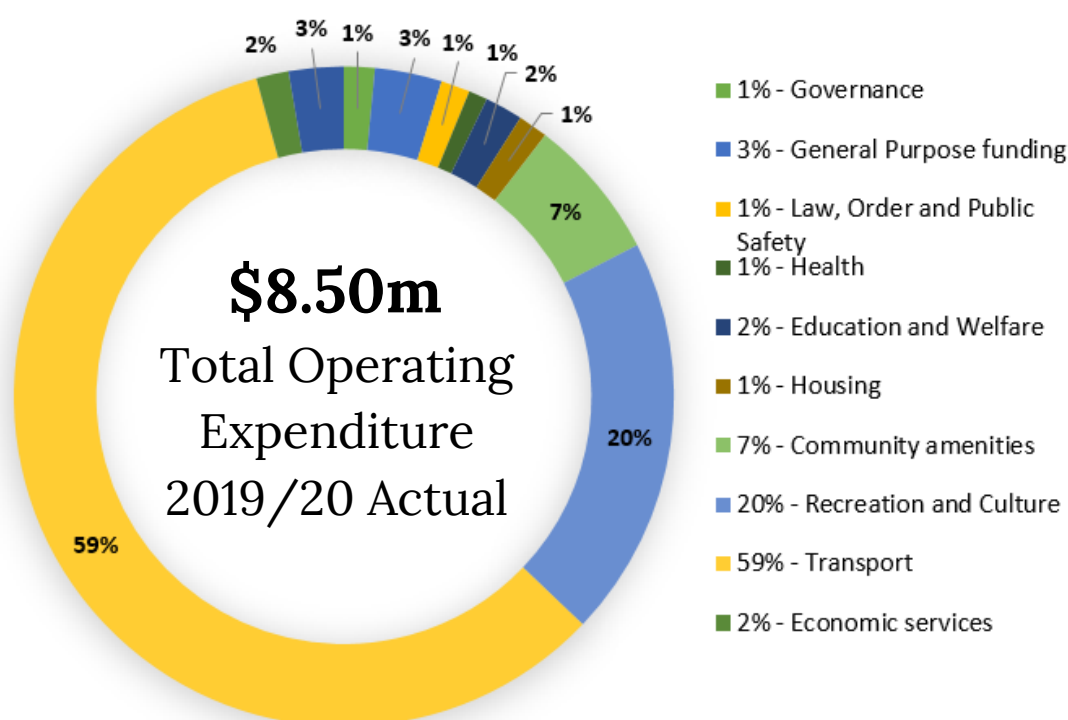
Statement of Comprehensive Income - Expenditure by Nature or Type



Statement of Comprehensive Income - Revenue by Program



Statement of Comprehensive Income - Expenditure by Program



2019/2020 FINANCIAL SUMMARY

The shire provided capital programs amounting to \$2,256,503 in value, funded from a variety of sources including Grants, General Reserve and Reserves funds.

Land, Building and Plant:

Retention and Fencing at Sandalwood Village	\$66,903
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Stage 1 - Fencing at Cunderdin Basketball Courts	\$11,516
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Cunderdin Town Dam Completion	\$326,494
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Purchase of a Prime Mover	\$238,350
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Purchase of a Prime Mover Trailer	\$111,250
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Purchase of a Service Truck	\$86,528
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Purchase of Administration (2) and Work (2) Vehicles	\$155,427
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2019/2020 FINANCIAL SUMMARY

The shire provided capital roads programs amounting to \$2,226,083 in value, funded from a variety of sources including Grants, General Reserve and Reserves funds.

Roads:

Goomalling - Meckering Rd	\$466,861
Clearing along both sides, culvert install, gravel overlay, cemented stabilisation, two coat reseal out to 8 m wide along 1100 m.	

Cubbine Street	\$209,877
Clearing along both shoulders, gravel overlay, two coat seal out to 8m along 770 with cement kerb added.	

Hardy Road	\$209,970
Clearing along both sides of road, gravel overlay completed along 2kms.	

Cooaling Road	\$109,914
Clearing completed in section along both sides of road, gravel added along 2km.	

Wilson Street	\$95,192
Clearing along both shoulders, cement stabilised area added to floodway section, gravel overlay completed on 1.65km	

Beebering Road, Burges Street and Leeming Road	\$167,426
Clearing completed in sections along both sides of road, gravel overlay added.	



CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to report on the Shire's Annual report for 2019/2020, I would like to acknowledge the great team of Elected Members and staff who work tirelessly for our community. I believe we provide exceptional facilities for residents and visitors alike. We work hard to engage with our community and deliver our combined aspirations across the many communities of our regions.

One of the many challenges that we faced as an organisation and as a community was the COVID-19 pandemic. This caused many disruptions to public facilities, work programs and community events with a lot of uncertainty on how long this would last. I believe Council was very proactive during this period and used every means available to keep the community updated.

I am pleased to report that the Shire has received an unqualified Audit Report as well as a positive audit of its Financial Management Systems and Procedures. The Shire also conducted a Financial Management Systems and Audit Regulation 17 Review of the appropriateness and effectiveness of internal controls and legislative compliance of the Shire. This was undertaken during February 2020 by an independent financial consultant in accordance with the Local Government Act 1995 and the Local Government (Audit) Regulation 1996.

Council adopted the 2019-2020 Budget on the 18th July 2019 incorporating a 3.00% increase in general rates with the minimum rate increased to \$719. Rubbish charges rose by 2% from \$244 to \$250 per service and the rural rubbish charge increased from \$71 to \$73.

To continue to help support local governments during the COVID-19 outbreak, the Department of Local Government made some amendments to some of the Local Government Regulations, which came into effect April 2020. As well as these changes, the Local Government Act 1995 provides the power to enable the Minister to modify or suspend provisions of the Act and Regulations while in a State of Emergency declaration is in force and where the Minister considers that such an order is necessary. With this in mind, Council completed a review over many of its finance policies to align with the new requirements and provide additional support for any resident's effected by the global pandemic.

Outstanding loan principal at the end of the financial year stood at \$1,158,260.00 total debt servicing cost incurred during the year were \$142,074.00, of which \$63,730.00 was the interest component.

The Shire's Reserve accounts decreased from \$981,500.00 to \$858,299.00 during the year. Reserve account funds are set aside to assist with long term initiatives including asset management and to help offset the cost of major capital projects planned in the future.

Council has a significant road program to complete in 2020/2021, and is upgrading its plant in order to complete this work. \$170,000.00 was transferred from plant reserve to to purchase a new truck.

Council increased the AAA reserve by \$30,000.00 and interest across all from the TDs being \$16,800.00.

CHIEF EXECUTIVE OFFICER'S REPORT



Council allocated \$2,581,190.00 to road capital and road maintenance within the Shire of Cunderdin. This maintenance also included funds allocated to Gravel sheeting of \$963,305.00 to demonstrate Council's endeavour to ensure its gravel network is maintained to a satisfactory level going forward.

Council continues to promote itself and try to ensure that it aligns itself with State and Federal Government Strategies and Plans to ensure it puts itself strategically in the right place to secure additional funding for projects and community functions.

Council is working with its surrounding local governments to market and promote itself state-wide, identifying the opportunities and attractions of living in our District. We have been working closely with our Community Resource Centre and have created a Shire based Tourism Committee to ensure we continue to promote our beautiful Shire.

Council has made some significant changes to its staff over this period with Hayley Byrnes and Craig Robertson coming in as senior management roles. Both staff members have shown to be a valuable contribution to the Shire. I would also like to thank all the Shire of Cunderdin staff for their dedication and hard work throughout the last year.

I look forward to the next 12 months, which will see the Shire consolidate on the progress it has recently made and look to develop any opportunities that come our way.

Thank you to the Shire President, Cr Dennis Whisson and Deputy Shire President, Cr Alison Harris for their Leadership of Council during this period. I would like to thank all Councillors for their support in not only myself but our organisation as a whole and acknowledge the significant time and effort Councillors contribute individually and as a team for the betterment and progress of our community.

Kind Regards
Stuart Hobley
Chief Executive officer





Community Development





Thankyou to the following Groups for Partnerships and/or Grants to assist with these projects.

- Cunderdin Youth Council
- Cunderdin District High School
- Meckering Action Group
- CMT Seniors Committee
- Cunderdin CRC
- Healthways
- Lighthouse Project
- Rural Health West
- WA Police
- Lions Club
- St Johns Ambulance Cunderdin



2019/2020 Events





Cunderdin Museum Statistics for 2019/2020



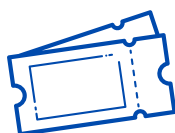
FACEBOOK
192 Followers



INSTAGRAM
70 Followers



Current rating of
Google review is 4.7/5



Visitor Statistics

Seniors 833 Adult 813 Children 345
Locals 192 Others 411
10 Tour Groups

Our museum volunteers are integral to the success of the museum. The Shire of Cunderdin and the Museum Committee give their thanks for the continued efforts of our volunteers in ensuring the museum remains open seven days a week. They provide a warm welcoming experience for our visitors and give their time to meet and talk to visiting school groups. Behind the scenes our volunteers spend time digitizing our photographic collection, updating mosaic data records and researching people events and objects to improve our collective knowledge of local history. Volunteers prepare objects for storage and utilise their skills to ensuring our collection is well maintained and cared for.

CUNDERDIN MUSEUM



The Cunderdin Museum was closed for nearly three months from 3rd March to 6th June 2020 due to the COVID-19 pandemic. The Engine Room remained closed to the public and staff due to safety issues with the flooring until the required conservation works could be completed later in 2020.

Despite these unavoidable setbacks the museum has had a busy year, some of the activities include;

Collection Storage Refurbishment

After 50 odd years the Cunderdin Historical Society folded in 2019 due to declining numbers. The Society's archival collection including 1082 individual archival documents and 455 photographs were donated to the Cunderdin Museum collection.

Railway Carriage

The sun damaged and peeling exterior of the railway dining car has been repainted in the original heritage colours. Prior to repainting large sections of damaged woodwork have been replaced and repaired.



Displaced Persons Camp - Cunderdin Airfield

Cunderdin Museum and WA Museum co-hosted a story sharing day at the State Library on 24th August 2019. The focus was on the Displaced Persons Camps in post war Australia. The Cunderdin Airfield was repurposed as a Migrant Camp after the Second World War and the museum gathered contact details of people who lived in the camp, who were invited to the story sharing event which was very well attended. Participants donated reproductions of family photographs depicting their journey from Europe to Cunderdin. The Cunderdin Museum has loaned the WA Museum a handmade doll in Estonian National costume which will feature in the new state museum.

John Curtin Weekend

A group of ten Curtin University students spent a weekend in September volunteering at the museum. The students reorganised the blacksmithing display. This entailed removing objects from the exhibition, cleaning and treating the objects and improving how the exhibition objects are displayed for the public.

Men's Shed

The Cunderdin Men's Shed continued to provide valuable support of our operations and activities. The Shedders provide manpower to relocate objects and furniture and use their skills to create object stands and supports to better showcase our collection for the public.

Strategic Community Plan

Key Result Area 1 - Social/Community

We are a connected, friendly, industrious and diverse community that fosters inclusion, resilience and self-sufficiency, where people feel safe, capable and supported in their endeavours.

At the Shire of Cunderdin we endeavour to build community and capacity by developing and hosting events and community-based activities. This year we held many events throughout the year, these included but are not limited to; Active Kids Futsal, Ninja Warriors Fitness Day, Carols in the Park, Australia Day Breakfast, National Tree Day, Movie in the Park, Tour De Cunderdin, Easter Lego Competition, Social Netball, Active Kids Cupcake Decorating, Basketball, Christmas Art and Skateboarding.

Due to the COVID-19 pandemic many of our school holiday programs were postponed or cancelled, during this time we held many Community Connections Online programs for the community to engage in. With the assistance of the Cunderdin Community Resource Centre we held many different projects via Zoom such as yoga, mandala art, stretching, breathing, healthy cooking, story time, kids art and slime making.

Council works closely with the Cunderdin Youth Council to provide activities for the youth in the area, such as Purple Bench Project, Tour De Cunderdin and Ninja Warriors Fitness Day.

We are also heavily involved in the CMT Seniors committee in organising many seniors' events throughout the year between Cunderdin, Meckering and Tammin. These events usually host around 40-50 elderly residents from around the region and promote social well-being and building connections.

This year we assisted the Meckering Men's Shed in obtaining funds via a grant for the construction of a new shed for the group to utilise. This has been a great addition to the Meckering Mens Shed.

Strategic Community Plan

Key Result Area 2 - Environment

We value, and work to nurture and enhance our natural environment and prioritise the protection of our natural resources in all endeavours, managing resources consumption and reducing waste, preserving and protecting buildings and places of heritage and indigenous significance.

To keep in line with the strategies in our plan, Council has construction a new Town Dam in Cunderdin, with the final project such as fencing around the dam and piping being completed this financial year. The Shire also introduced a sustainable events policy to promote sustainability initiatives within our shire and at all shire ran events. Council continues to promote and maintain both Cunderdin Hill and Bulgin Rock with regards to preservation and promotion of these sites.

Council was successful in obtaining grant funding for preservation and building repairs at the Cunderdin Museum, this project will run into the next financial year and expected to be completed around November 2020.



Strategic Community Plan

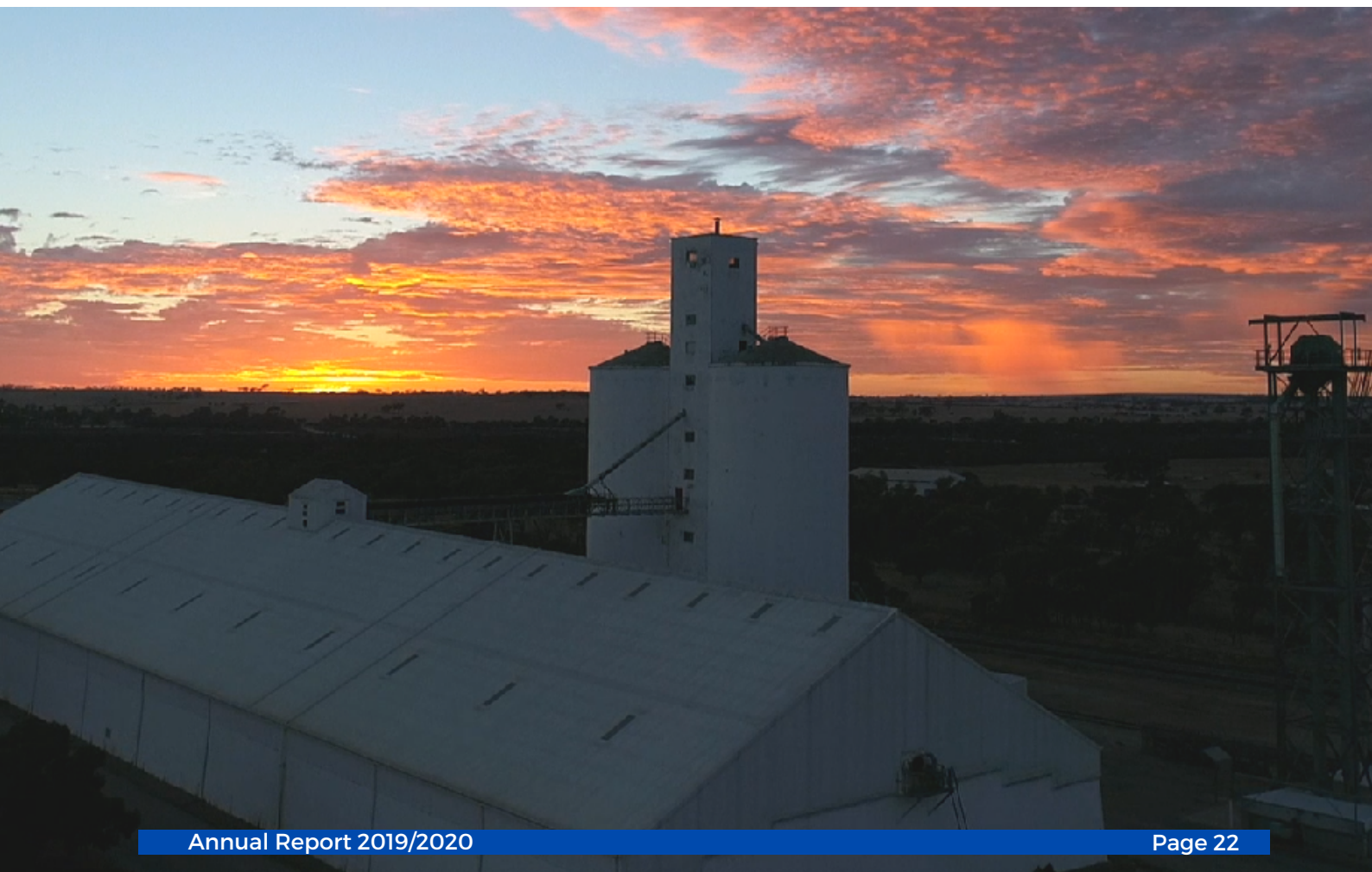
Key Result Area 3 - Economic Development

Our local economy will continue to thrive and prosper as we support and foster industry, initiative and innovation in seeking new opportunities to enhance our Shire's economic health.

The Shire of Cunderdin, Quairading and Tammin Joint Local Planning Strategy and the Shire of Cunderdin Local Planning Scheme No. 4 were advertised with community consultations held and should be coming into effect during the next financial year. This new planning scheme and strategy makes a significant change across the zoning, land use permissions and development standards across our Council. The new proposed scheme has identified and allowed for the development of more industrial land throughout the Shire.

Council has created a tourism committee to help promote and investigate issues and developments for the promotion of Cunderdin and Meckering.

The Shire of Cunderdin is committed to supporting the whole community with the unprecedented challenges arising from the COVID-19 pandemic. Council recognises that some residents and businesses may be financially affected by this pandemic and adopted a financial hardship policy to ensure assistance is available for any ratepayer or debtor during these times.



Strategic Community Plan

Key Result Area 4 - Infrastructure and Transport

We work together for the provision of essential services and assets to support our growing community.

The Shire continue to lobby to increase services within our community including health, roads, doctors and recreation facilities. This year Council had a focus on the Meckering Black Spot with investigating funding options to get a better mobile service for the community of Meckering. This will be an ongoing concern for all Meckering residents and Council will endeavour to get increased infrastructure to allow for a better technical service.

Council continue to improve its road network and has developed a five year roads program to ensure we maintain and review roads infrastructure, in particular safety breaches. The Shire are also currently reviewing and developing our asset management plan and long term financial plan to ensure our infrastructure asset management renewal program is on track.

Strategic Community Plan

Key Result Area 5 - Civic Leadership

Our Councillors and community leaders have vision, are accessible, act with transparency and integrity, and act in good faith on behalf of their constituents.

Regular reviews of our current policies, management practices, delegations, risk management framework and code of conduct are completed to ensure we are staying compliant and up to date with the required legislation.

Many staff and Councillors completed a range of training and leadership courses throughout the year to ensure everyone is educated and skilled in their respective roles.

Council continues to operate out of its adopted Annual Budget, with budget reviews being completed on a regular basis to ensure that the Shire is not operating outside its financial capacity. Council continue to lobby the state and federal government for improved services within our community. The Shire is expected to receive additional funding in the 2020/2021 financial year to complete some necessary road works within our Shire.



Statutory Requirements

National Competition Policy

The introduction of the National Competition Policy requires all local governments to include in the Annual Report, statements relating to the following:-

Competitive Neutrality

Competitive neutrality addresses potential advantages or disadvantages that the public enterprises may have compared with business operating in the private sector.

Pursuant to the Clause 7 Statement, the Shire operated the Cunderdin Early Learning Centre on Lundy Avenue, Cunderdin. The Centre is operated on a “full cost recovery” basis and the Shire undertakes this service as a “Community Service Obligation”.

Council has not received any allegations of non-compliance with Competitive Neutrality Principles from the private sector. The Cunderdin Early Learning Centre was handed over to REED on the 24th February 2020.

Public Interest Disclosure

The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of the disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer reports that no Complaints have been received during the year under review and declares that all obligations under the Public Interest Act and the Local Government act Section 5.121 have been complied with.

Freedom of Information (FOI)

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the Shire is required to publish an annual Information statement which details the process for applying for information under the Act, as well as information that the Shire provides outside of the Act.

The Shire of Cunderdin provided information to people requesting it from Council in accordance with relevant State legislation. Should a request not be met satisfactorily then a Freedom of Information Application can be lodged with Shire.

During 2019-20 the Shire received nil formal requests for Information under the Freedom of Information Act which was accepted and dealt with.



Statutory Requirements

State Records Act 2000

The *State Records Act 2000* is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires that every government organisation must have a record keeping plan (RKP) that has been approved by the State Records Commission. A government organisation's including local government, records keeping plan sets out the matters about which records are to be created by the organisation and how it is to keep its records.

The records keeping plan comprises of a range of documents which, when assessed as a whole, provides an accurate reflection of the record keeping program within the organisation. More specifically, documentation regarding the organisation's record keeping system/s, disposal arrangements, policies, practices and processes will be essential components of the record keeping plan held but a local government. The inclusion of such documentation will constitute evidence of compliance.

The Shire of Cunderdin is currently reviewing the record keeping plan to ensure that it remains current and complies with State Records act 2000.

Employee Remuneration Disclosure

In accordance with Section 19B of the *Local Government (Administration) Regulations 1996* requires the Shire to include the following information in its Annual Report:-

- The number of the employees of the Shire entitle to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

The Shire of Cunderdin has one employee who receives a annual salary in the \$130,000 to \$139,999 band.

Register of Complaints

Section 5.121 of the Local Government Act 1995 requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members.

There were no complaints lodged against elected members in the 2019/2020.



Statutory Requirements

Expenditure on advertising, market research, polling and direct mail

Section 175ZE of the *Electoral Act 1907* requires public agencies to report details of expenditure to organisations providing services in relation to advertising, market research, polling, direct mail and media advertising. The Shire of Cunderdin has not incurred expenditure of this nature.

Disability Access and Inclusion Plan

The Shire of Cunderdin is committed to facilitate the inclusion of people with disability through the improvement of access to its information, services, events and facilities.

In working towards this goal Shire of Cunderdin has worked progressively towards achieving the desired results in the key outcomes, our success includes;

- Disability Access and Inclusion Plan (DAIP) available on our website. A review was undertaken of the Shire of Cunderdin DAIP in June 2018 and endorsed by Council. A DAIP progress report is completed annually and forwarded to the Disability Service Commissions;
- Improved Shire of Cunderdin staff understanding of how to assist the public to obtain information in other formats; and
- Ongoing community consultation with key stakeholders to guide access and inclusion improvements.



Register of Fees and Allowances Paid to Elected Members

Register of Fees and Allowances Paid to Elected Members
Local Government Act 1995 s 5.96A.
Local Government (Administration) Regulations 1996, r29C(f)

Financial Year	Name	Position	Shire President's Allowance	Deputy Shire President's Allowance	Annual Meeting Fee	Communications (ITC) Allowance	Travelling Reimbursement	Childcare Allowance	Total
2019/20	Mr Dennis Whisson	Shire President	\$ -	\$ -	\$ 5,880.00	\$ -	\$ -	\$ -	\$ 5,880.00
2019/20	Cr Alison Harris	Deputy Shire President	\$ -	\$ -	\$ 3,094.00	\$ -	\$ -	\$ -	\$ 3,094.00
2019/20	Cr Bernard Daly	Elected Member	\$ -	\$ -	\$ 2,856.00	\$ -	\$ -	\$ -	\$ 2,856.00
2019/20	Cr Jayson Goldson	Elected Member	\$ -	\$ -	\$ 2,142.00	\$ -	\$ -	\$ -	\$ 2,142.00
2019/20	Cr Todd Harris	Elected Member	\$ -	\$ -	\$ 3,094.00	\$ -	\$ -	\$ -	\$ 3,094.00
2019/20	Cr Norm Jenzen	Elected Member	\$ -	\$ -	\$ 2,618.00	\$ -	\$ -	\$ -	\$ 2,618.00
2019/20	Cr Dianne Kelly*	Elected Member	\$ -	\$ -	\$ 476.00	\$ -	\$ -	\$ -	\$ 476.00
2019/20	Cr Douglas Kelly*	Elected Member	\$ -	\$ -	\$ 714.00	\$ -	\$ -	\$ -	\$ 714.00
2019/20	Cr Anthony Smith*	Elected Member	\$ -	\$ -	\$ 2,142.00	\$ -	\$ -	\$ -	\$ 2,142.00
2019/20	Cr William Stewart*	Elected Member	\$ -	\$ -	\$ 2,142.00	\$ -	\$ -	\$ -	\$ 2,142.00
			\$ -	\$ -	\$ 25,158.00	\$ -	\$ -	\$ -	\$ 25,158.00

* These elected Members were elected for part of the financial year.

Special Thanks to Jarrad Seng #jarrahseng and Carol Taylor for allowing the Shire of Cunderdin to publish their photos from within our area.



Annual Financial Report

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

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COMMUNITY VISION

Our Shire will be:

A regional place that is progressive and will provide opportunities, offering a unique lifestyle and a sense of belonging;

A place that connects people;

A place that connects transport; and

A place that connects businesses.

Principal place of business:

50 Lundy Avenue

Cunderdin WA 6407

**SHIRE OF CUNDERDIN
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 Cunderdin 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 Cunderdin 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 Eigteenth day of March 2021



Chief Executive Officer

Stuart Hobley

Name of Chief Executive Officer

SHIRE OF CUNDERDIN
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)	2,109,320	2,133,576	2,071,725
Operating grants, subsidies and contributions	2(a)	1,792,628	853,998	2,029,503
Fees and charges	2(a)	401,301	408,508	615,927
Interest earnings	2(a)	70,704	63,200	76,767
Other revenue	2(a)	8,188	0	49,206
		4,382,141	3,459,282	4,843,128
Expenses				
Employee costs		(1,322,366)	(1,577,076)	(1,608,864)
Materials and contracts		(1,133,380)	(1,285,030)	(1,660,705)
Utility charges		(268,101)	(208,439)	(267,490)
Depreciation on non-current assets	10(b)	(5,294,767)	(5,307,150)	(5,564,749)
Interest expenses	2(b)	(63,730)	(65,081)	(67,979)
Insurance expenses		(170,522)	(166,185)	(152,543)
Other expenditure		(251,111)	(177,750)	(62,514)
		(8,503,977)	(8,786,711)	(9,384,844)
		(4,121,836)	(5,327,429)	(4,541,716)
Non-operating grants, subsidies and contributions	2(a)	648,571	580,189	679,254
Profit on asset disposals	10(a)	176,750	0	41,143
(Loss) on asset disposals	10(a)	0	0	(45,522)
Fair value adjustments to financial assets at fair value through profit or loss		3,740	0	8,164
		829,061	580,189	683,039
Net result for the period		(3,292,775)	(4,747,240)	(3,858,678)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(8,692,534)	0	3,669,195
Total other comprehensive income for the period		(8,692,534)	0	3,669,195
Total comprehensive income for the period		(11,985,309)	(4,747,240)	(189,483)

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		320	0	640
General purpose funding		3,618,452	2,896,276	3,621,414
Law, order, public safety		33,744	32,239	54,804
Health		11,772	0	50
Education and welfare		145,996	75,800	127,226
Housing		24,695	31,980	35,700
Community amenities		166,352	160,500	185,982
Recreation and culture		63,274	33,900	60,133
Transport		190,296	165,459	126,975
Economic services		22,334	13,000	63,077
Other property and services		104,906	50,128	567,126
		4,382,141	3,459,282	4,843,127
Expenses				
Governance		(127,703)	(169,946)	(146,161)
General purpose funding		(279,516)	(161,000)	(106,919)
Law, order, public safety		(120,661)	(94,366)	(98,707)
Health		(78,542)	(95,241)	(60,366)
Education and welfare		(157,672)	(194,468)	(386,199)
Housing		(124,175)	(125,813)	(129,797)
Community amenities		(592,647)	(505,203)	(622,959)
Recreation and culture		(1,620,539)	(1,322,394)	(1,613,248)
Transport		(4,983,099)	(4,936,209)	(5,638,544)
Economic services		(134,906)	(69,182)	(77,817)
Other property and services		(220,787)	(1,047,808)	(436,147)
		(8,440,247)	(8,721,630)	(9,316,865)
Finance Costs				
Recreation and culture	2(b)	(55,895)	(56,439)	(58,410)
Other property and services		(7,835)	(8,642)	(9,569)
		(63,730)	(65,081)	(67,979)
		(4,121,836)	(5,327,429)	(4,541,717)
Non-operating grants, subsidies and contributions	2(a)	648,571	580,189	679,254
Profit on disposal of assets	10(a)	176,750	0	41,143
(Loss) on disposal of assets	10(a)	0	0	(45,522)
Fair value adjustments to financial assets at fair value through profit or loss		3,740	0	8,164
		829,061	580,189	683,039
Net result for the period		(3,292,775)	(4,747,240)	(3,858,678)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(8,692,534)	0	3,669,195
Total other comprehensive income for the period		(8,692,534)	0	3,669,195
Total comprehensive income for the period		(11,985,309)	(4,747,240)	(189,483)

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

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

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,306,754	1,263,690
Trade and other receivables	6	126,418	311,809
Other financial assets	5(a)	251,320	981,500
Inventories	7	0	130
TOTAL CURRENT ASSETS		2,684,492	2,557,129
NON-CURRENT ASSETS			
Trade and other receivables	6	26,472	21,731
Other financial assets	5(b)	75,984	72,244
Property, plant and equipment	8(a)	17,018,893	16,776,223
Infrastructure	9(a)	94,521,045	106,607,020
TOTAL NON-CURRENT ASSETS		111,642,394	123,477,218
TOTAL ASSETS		114,326,886	126,034,347
CURRENT LIABILITIES			
Trade and other payables	12	468,231	152,402
Contract liabilities	13	54,149	0
Borrowings	14(a)	82,851	78,345
Employee related provisions	15	203,365	205,385
TOTAL CURRENT LIABILITIES		808,596	436,132
NON-CURRENT LIABILITIES			
Borrowings	14(a)	1,075,409	1,158,259
Employee related provisions	15	20,834	18,601
TOTAL NON-CURRENT LIABILITIES		1,096,243	1,176,860
TOTAL LIABILITIES		1,904,839	1,612,992
NET ASSETS		112,422,047	124,421,354
EQUITY			
Retained surplus		3,264,681	6,434,253
Reserves - cash/financial asset backed	4	858,299	981,500
Revaluation surplus	11	108,299,067	117,005,601
TOTAL EQUITY		112,422,047	124,421,354

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

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

			RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2018		10,280,705	993,724	113,336,406	124,610,836
Comprehensive income					
Net result for the period		(3,858,678)	0	0	(3,858,678)
Other comprehensive income		0	0	3,669,195	3,669,195
Total comprehensive income		(3,858,678)	0	3,669,195	(189,483)
Transfers from reserves	4	60,000	(60,000)	0	0
Transfers to reserves	4	(47,775)	47,775	0	0
Balance as at 30 June 2019		6,434,253	981,500	117,005,601	124,421,354
Change in accounting policy	27	0	0	(14,000)	(14,000)
Restated total equity at 1 July 2019		6,434,253	981,500	116,991,601	124,407,354
Comprehensive income					
Net result for the period		(3,292,775)	0	0	(3,292,775)
Other comprehensive income		0	0	(8,692,534)	(8,692,534)
Total comprehensive income		(3,292,775)	0	(8,692,534)	(11,985,309)
Transfers from reserves	4	170,000	(170,000)	0	0
Transfers to reserves	4	(46,800)	46,800	0	0
Balance as at 30 June 2020		3,264,678	858,299	108,299,067	112,422,047

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

SHIRE OF CUNDERDIN
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		2,061,338	2,133,576	2,015,162
Operating grants, subsidies and contributions		1,827,911	853,998	2,246,197
Fees and charges		401,301	408,508	615,927
Interest received		70,704	63,200	76,767
Goods and services tax received		526,679	0	409,412
Other revenue		8,188	0	68,686
		4,896,120	3,459,282	5,432,151
Payments				
Employee costs		(1,278,926)	(1,577,076)	(1,647,558)
Materials and contracts		(1,010,792)	(1,285,030)	(2,043,757)
Utility charges		(268,101)	(208,439)	(267,490)
Interest expenses		(64,942)	(65,081)	(69,130)
Insurance paid		(170,522)	(166,185)	(152,543)
Goods and services tax paid		(320,195)	0	(361,678)
Other expenditure		(58,741)	(177,750)	(62,514)
		(3,172,219)	(3,479,561)	(4,604,670)
Net cash provided by (used in) operating activities	16	1,723,901	(20,279)	827,481
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		0	0	(981,500)
Payments for purchase of property, plant & equipment	8(a)	(660,378)	(1,057,000)	(769,421)
Payments for construction of infrastructure	9(a)	(1,596,125)	(1,420,027)	(1,052,971)
Non-operating grants, subsidies and contributions	2(a)	648,571	580,189	679,253
Proceeds from financial assets at amortised cost - term deposits		730,180	0	0
Proceeds from sale of property, plant & equipment	10(a)	275,260	299,500	41,143
Net cash provided by (used in) investment activities		(602,492)	(1,597,338)	(2,083,497)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(78,344)	(78,344)	(74,130)
Proceeds from new borrowings	14(b)	0	250,000	0
Net cash provided by (used in) financing activities		(78,344)	171,656	(74,130)
Net increase (decrease) in cash held		1,043,065	(1,445,961)	(1,330,143)
Cash at beginning of year		1,263,690	2,245,188	2,593,833
Cash and cash equivalents at the end of the year	16	2,306,754	799,227	1,263,690

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

SHIRE OF CUNDERDIN
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)	1,393,282	1,393,281	1,573,579
		1,393,282	1,393,281	1,573,579
Revenue from operating activities (excluding rates)				
Governance		320	0	640
General purpose funding		1,528,958	762,700	1,578,048
Law, order, public safety		33,744	32,239	54,804
Health		11,772	0	50
Education and welfare		145,996	75,800	127,226
Housing		24,695	31,980	35,700
Community amenities		166,352	160,500	185,980
Recreation and culture		63,274	33,900	60,133
Transport		321,392	165,459	126,975
Economic services		22,334	13,000	63,077
Other property and services		150,560	50,128	603,694
		2,469,397	1,325,706	2,836,328
Expenditure from operating activities				
Governance		(127,703)	(169,946)	(146,161)
General purpose funding		(279,516)	(161,000)	(106,919)
Law, order, public safety		(120,661)	(94,366)	(98,707)
Health		(78,542)	(95,241)	(60,366)
Education and welfare		(157,672)	(194,468)	(386,199)
Housing		(124,175)	(125,813)	(129,797)
Community amenities		(592,647)	(505,203)	(622,959)
Recreation and culture		(1,676,434)	(1,378,833)	(1,671,657)
Transport		(4,983,099)	(4,936,209)	(5,638,544)
Economic services		(134,906)	(69,182)	(77,817)
Other property and services		(228,622)	(1,056,450)	(491,238)
		(8,503,977)	(8,786,711)	(9,430,365)
Non-cash amounts excluded from operating activities	23(a)	5,114,771	5,337,096	5,521,533
Amount attributable to operating activities		473,473	(730,628)	501,075
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	648,571	580,189	679,254
Proceeds from disposal of assets	10(a)	275,260	299,500	41,143
Purchase of property, plant and equipment	8(a)	(660,378)	(1,057,000)	(769,421)
Purchase and construction of infrastructure	9(a)	(1,596,125)	(1,420,027)	(1,052,971)
Amount attributable to investing activities		(1,332,672)	(1,597,338)	(1,101,995)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(78,344)	(78,344)	(74,130)
Proceeds from borrowings	14(b)	0	250,000	0
Transfers to reserves (restricted assets)	4	(46,800)	(30,000)	(47,775)
Transfers from reserves (restricted assets)	4	170,000	53,000	60,000
Amount attributable to financing activities		44,856	194,656	(61,905)
Surplus/(deficit) before imposition of general rates		(814,343)	(2,133,310)	(662,825)
Total amount raised from general rates	22(a)	2,093,234	2,133,576	2,056,106
Surplus/(deficit) after imposition of general rates	23(b)	1,278,891	267	1,393,282

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

SHIRE OF CUNDERDIN
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 to these financial statements.

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

SHIRE OF CUNDERDIN
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			
General purpose funding	1,427,604	690,000	1,462,308
Law, order, public safety	29,433	29,739	43,711
Health	11,772	8,800	63,128
Education and welfare	71,153	0	2,580
Housing	0	0	21,511
Community amenities	3,135	0	19,280
Recreation and culture	34,674	125,459	115,515
Transport	125,459	0	3,331
Economic services	3,293	0	298,139
Other property and services	86,105	0	0
	1,792,628	853,998	2,029,503
Non-operating grants, subsidies and contributions			
Community amenities	0	0	75,000
Recreation and culture	0	0	34,813
Transport	648,571	580,189	569,441
	648,571	580,189	679,254
Total grants, subsidies and contributions	2,441,199	1,434,187	2,708,757
Fees and charges			
Governance	320	0	640
General purpose funding	4,890	9,500	4,180
Law, order, public safety	4,311	2,500	11,092
Health	0	0	50
Education and welfare	74,844	67,000	64,099
Housing	24,695	31,980	33,120
Community amenities	163,217	160,500	164,470
Recreation and culture	28,599	33,900	40,853
Transport	43,379	40,000	42,648
Economic services	19,041	13,000	59,746
Other property and services	38,005	50,128	195,029
	401,301	408,508	615,927

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 CUNDERDIN
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FOR THE YEAR ENDED 30 JUNE 2020

(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:

Operating grants, subsidies and contributions	113,316	41,539	103,268
Fees and charges	357,552	320,680	493,319
Non-operating grants, subsidies and contributions	648,571	580,189	679,254

	1,119,439	942,408	1,275,841
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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:

Other revenue from contracts with customers recognised during the year	470,868	362,219	596,587
Other revenue from performance obligations satisfied during the year	648,571	580,189	679,254

	1,119,439	942,408	1,275,841
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Information about receivables, 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	8,479	0	0
Financial assets held from transfers for recognisable financial assets	54,149	0	0
Contract liabilities from transfers for recognisable non financial assets	(54,149)	0	0

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

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

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

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

SHIRE OF CUNDERDIN
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FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (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

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
22(a)	2,093,234	2,117,776	2,056,106
	2,093,234	2,117,776	2,056,106
Other revenue			
Sale of inventory	0	0	6,436
Other	8,188	0	42,770
	8,188	0	49,206
Interest earnings			
Interest on reserve funds	0	25,000	27,775
Rates instalment and penalty interest	41,900	30,000	36,199
Other interest earnings	28,804	8,200	12,793
	70,704	63,200	76,767

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

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	28,600	32,000	28,600
	2,373	0	1,700
	30,973	32,000	30,300
14(b)	63,730	65,081	67,979
	63,730	65,081	67,979

SHIRE OF CUNDERDIN
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		2,306,754	1,263,690
Total cash and cash equivalents		2,306,754	1,263,690

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	662,813	263,213
- Financial assets at amortised cost	251,320	981,500
	914,133	1,244,713

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

Reserves - cash/financial asset backed	4	858,299	981,500
Contract liabilities from transfers for recognisable non financial assets	13	54,149	0
Unspent grants, subsidies and contributions		0	261,528
Bonds and deposits held		1,685	1,685
Total restricted assets		914,133	1,244,713

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 CUNDERDIN
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FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	175,439	3,003	0	178,442	175,439	0	0	175,439	170,669	4,770	0	175,439
(b) Plant Reserve	221,296	3,788	(170,000)	55,084	221,296	0	0	221,296	215,279	6,017	0	221,296
(c) Building Reserve	75,784	1,297	0	77,081	75,784	0	0	75,784	132,092	3,692	(60,000)	75,784
(d) Airfield Reserve	113,549	1,944	0	115,493	113,549	0	0	113,549	110,462	3,087	0	113,549
(e) Community Bus Reserve	20,047	343	0	20,390	20,047	0	0	20,047	19,502	545	0	20,047
(f) Asset Replacement Reserve	247,664	4,239	0	251,903	247,664	0	(30,000)	217,664	240,930	6,734	0	247,664
(g) Cunderdin Museum Reserve	41,556	711	0	42,267	41,556	0	(23,000)	18,556	20,970	20,586	0	41,556
(h) Surfaces Replacement Reserve	86,163	1,475	0	87,638	86,163	0	0	86,163	83,820	2,343	0	86,163
(i) AAA Reserve	0	30,000	0	30,000	0	30,000	0	30,000	0	0	0	0
	981,500	46,800	(170,000)	858,299	981,498	30,000	(53,000)	958,498	993,725	47,775	(60,000)	981,500

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

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

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 Reserve	Ongoing	To be used to fund acquisition, disposal and maintenance of plant and equipment.
(c) Building Reserve	Ongoing	To be used to fund acquisition, disposal and maintenance of land and buildings.
(d) Airfield Reserve	Ongoing	To be used to fund acquisition, maintenance and funding of property, buildings, plant and equipment associated with the Cunderdin airfield
(e) Community Bus Reserve	Ongoing	To be used to fund acquisition, disposal and maintenance of community bus.
(f) Asset Replacement Reserve	Ongoing	To provide for the replacement of necessary equipment, furniture and infrastructure comprising of road, drains, footpaths and recreational reserves.
(g) Cunderdin Museum Reserve	Ongoing	To be used to fund exhibitions and upgrades to the Cunderdin Museum
(h) Surfaces Replacement Reserve	Ongoing	To be used to fund the replacement of the tennis and bowling surfaces in Cunderin and Meckering
(i) AAA Reserve	Ongoing	To be used to fund acquisition, disposal and maintenance of land and buildings in the Aged Appropriate Accomodation precinct.

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Financial assets at amortised cost

Term deposits

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

Shares held in Cunderdin Cooperative

	2020	2019
	\$	\$
	251,320	981,500
	251,320	981,500
	251,320	981,500
	251,320	981,500
	75,984	72,244
	75,984	72,244
	73,808	70,068
	2,176	2,176
	75,984	72,244

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable
Provision for doubtful debts

Non-current

Pensioner's rates and ESL deferred

2020	2019
\$	\$
310,309	264,610
8,479	43,762
0	3,437
(192,370)	0
126,418	311,809
26,472	21,731
26,472	21,731

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.

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Additions to / (usage of) inventory

Carrying amount at end of period

2020	2019
\$	\$
0	130
0	130
130	130
(130)	0
0	130

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.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	2,462,000	14,000	2,476,000	13,018,185	13,018,185	15,494,185	36,964	1,428,588	16,959,737
Additions	0	0	0	331,206	331,206	331,206	0	438,215	769,421
(Disposals)	0	0	0	(234)	(234)	(234)	(14,075)	(8,495)	(22,804)
Depreciation (expense)	0	0	0	(695,500)	(695,500)	(695,500)	(4,944)	(208,778)	(909,222)
Transfers	0	0	0	(20,909)	(20,909)	(20,909)	0	0	(20,909)
Carrying amount at 30 June 2019	2,462,000	14,000	2,476,000	12,632,748	12,632,748	15,108,748	17,945	1,649,530	16,776,223
Comprises:									
Gross carrying amount at 30 June 2019	2,462,000	14,000	2,476,000	29,988,612	29,988,612	32,464,612	170,797	2,988,834	35,624,243
Accumulated depreciation at 30 June 2019	0	0	0	(17,355,864)	(17,355,864)	(17,355,864)	(152,852)	(1,339,304)	(18,848,020)
Carrying amount at 30 June 2019	2,462,000	14,000	2,476,000	12,632,748	12,632,748	15,108,748	17,945	1,649,530	16,776,223
Change in accounting policy	0	(14,000)	(14,000)	0	0	(14,000)	0	0	(14,000)
Adjusted carrying amount at 1 July 2019	2,462,000	0	2,462,000	12,632,748	12,632,748	15,094,748	17,945	1,649,530	16,762,223
Additions	0	0	0	44,689	44,689	44,689	9,931	605,758	660,378
(Disposals)	(17,000)	0	(17,000)	(28,804)	(28,804)	(45,804)	0	(52,706)	(98,510)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	633,245	633,245
Depreciation (expense)	0	0	0	(689,737)	(689,737)	(689,737)	(4,479)	(244,228)	(938,444)
Carrying amount at 30 June 2020	2,445,000	0	2,445,000	11,958,898	11,958,898	14,403,898	23,398	2,591,598	17,018,893
Comprises:									
Gross carrying amount at 30 June 2020	2,445,000	0	2,445,000	29,823,301	29,823,301	32,268,301	180,729	4,036,374	36,485,404
Accumulated depreciation at 30 June 2020	0	0	0	(17,864,403)	(17,864,403)	(17,864,403)	(157,331)	(1,444,776)	(19,466,511)
Carrying amount at 30 June 2020	2,445,000	0	2,445,000	11,958,898	11,958,898	14,403,898	23,398	2,591,598	17,018,893

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market Approach	Independent Valuation	2017	Price Per Square Metre
Land - vested in and under the control of Council	2	Market Approach	Independent Valuation	2017	Price Per Square Metre
Buildings - non-specialised	3	Cost Approach using depreciated replacement cost	Independent Valuation	2017	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of depreciable amount
Furniture and equipment*	2	Market Approach	Independent Valuation	2015	Make, Size, Year of Manufacture and condition
Plant and equipment*	2	Market Approach	Independent Valuation	June 2020	Make, Size, Year of Manufacture and condition

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 machinery and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure- Footpaths	Infrastructure- Airfield	Infrastructure- Other Infrastructure	Infrastructure- Bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	95,638,005	338,089	4,620,133	3,546,964	2,399,000	106,542,191
Additions	885,778	0	0	167,194	0	1,052,971
(Disposals)	0	0	(1,200)	(21,518)	0	(22,718)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	1,982,467	1,686,728	0	3,669,195
Depreciation (expense)	(3,740,201)	(25,677)	(416,065)	(349,184)	(124,400)	(4,655,528)
Transfers	0	0	0	20,909	0	20,909
Carrying amount at 30 June 2019	92,783,581	312,412	6,185,335	5,051,092	2,274,600	106,607,020
Comprises:						
Gross carrying amount at 30 June 2019	143,786,934	644,675	18,872,000	8,713,231	5,575,500	177,592,340
Accumulated depreciation at 30 June 2019	(51,003,353)	(332,263)	(12,686,665)	(3,662,139)	(3,300,900)	(70,985,320)
Carrying amount at 30 June 2019	92,783,581	312,412	6,185,335	5,051,092	2,274,600	106,607,020
Additions	1,254,813	0	0	341,311	0	1,596,125
Revaluation increments / (decrements) transferred to revaluation surplus	(8,596,988)	116,830	0	0	(845,620)	(9,325,778)
Depreciation (expense)	(3,766,036)	(17,856)	(97,717)	(367,314)	(107,400)	(4,356,323)
Carrying amount at 30 June 2020	81,675,371	411,386	6,087,618	5,025,090	1,321,580	94,521,045
Comprises:						
Gross carrying amount at 30 June 2020	135,516,206	859,022	18,872,000	9,054,543	2,490,000	166,791,771
Accumulated depreciation at 30 June 2020	(53,840,835)	(447,637)	(12,784,382)	(4,029,453)	(1,168,420)	(72,270,726)
Carrying amount at 30 June 2020	81,675,371	411,386	6,087,618	5,025,090	1,321,580	94,521,045

SHIRE OF CUNDERDIN
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9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure -Roads	3	Cost Approach using depreciated replacement cost	Independent Valuation	June 2020	Cost of components used to create the assets and condition based on estimates.
Infrastructure- Footpaths	3	Cost Approach using depreciated replacement cost	Independent Valuation	June 2020	Cost of components used to create the assets and condition based on estimates.
Infrastructure- Airfield	3	Cost Approach using depreciated replacement cost	Independent Valuation	June 2019	Cost of components used to create the assets and condition based on estimates.
Infrastructure- Other Infrastructure	3	Cost Approach using depreciated replacement cost	Independent Valuation	June 2019	Cost of components used to create the assets and condition based on estimates.
Infrastructure- Bridges	3	Cost Approach using depreciated replacement cost	Independent Valuation	June 2020	Cost of components used to create the assets and condition based on estimates.

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 CUNDERDIN
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10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

SHIRE OF CUNDERDIN
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10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	17,000	17,000	0	0	0	0	0	0	0	30,870	30,870	0
Buildings - non-specialised	28,804	53,000	24,196	0	140,000	140,000	0	0	234	0	0	(234)
Furniture and equipment	0	0	0	0	0	0	0	0	14,075	0	0	(14,075)
Plant and equipment	52,706	205,260	152,554	0	159,500	159,500	0	0	8,495	10,273	10,273	(8,495)
Infrastructure- Airfield	0	0	0	0	0	0	0	0	1,200	0	0	(1,200)
Infrastructure- Other Infrastructure	0	0	0	0	0	0	0	0	21,518	0	0	(21,518)
	98,510	275,260	176,750	0	299,500	299,500	0	0	45,522	41,143	41,143	(45,522)

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				
CAT 12H Grader CMT2599	0	94,300	94,300	0
Iveco Truck CMT1450	0	7,272	7,272	0
Ford Ranger (CMT1254) C/Cab 4x2	0	909	909	0
2010 PK Ford Ranger 4x4 Single Cab	0	3,182	3,182	0
Ford Ranger Ute - (CMT134)	0	2,000	2,000	0
Isuzu Crewcab Truck CM6000	0	7,000	7,000	0
2017 Ford Escape Trend AWD Wagon	16,164	32,597	16,433	0
Other property and services				
Ford Everest Ambiente Wagon	23,014	30,000	6,986	0
Ford Everest Trend Wagon	13,528	28,000	14,472	0
	52,706	205,260	152,553	0
Land				
Other Property and Services				
Lot 30 Kelly Street Meckering - Land	17,000	17,000	0	0
	17,000	17,000	0	0
Buildings				
Other property and services				
Lot 30 Kelly Street Meckering - Building	28,804	53,000	24,196	0
	28,804	53,000	24,196	0
	98,510	275,260	176,750	0

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	689,737	643,550	695,500
Furniture and equipment	4,479	9,550	4,944
Plant and equipment	244,228	269,800	208,778
Infrastructure -Roads	3,766,036	3,750,000	3,740,201
Infrastructure- Footpaths	17,856	17,550	25,677
Infrastructure- Airfield	97,717	202,500	416,065
Infrastructure- Other Infrastructure	367,314	289,200	349,184
Infrastructure- Bridges	107,400	125,000	124,400
	5,294,767	5,307,150	5,564,749

Revision of useful lives of plant and equipment

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
Airfield	15-75 years
Buildings	5 to 56 years
Furniture and equipment	5 to 20 years
Plant and equipment	4 to 15 years
Sealed roads and streets formation	not depreciated
pavement	19 years
seal	
- bituminous seals	18 Years
- asphalt surfaces	18 Years
Gravel roads formation	not depreciated
pavement	19 years
Bridges	60 years
Footpaths	16-60 years
Drainage systems	18 years
Other Infrastructure	15-75 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:

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

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11. REVALUATION SURPLUS

	2020 Opening Balance \$	2020 Change in Accounting Policy	2020 Restated Opening Balance	2020 Revaluation Increment \$	2020 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2020 Closing Balance \$	2019 Opening Balance \$	2019 Revaluation Increment \$	Total Movement on Revaluation \$	2019 Closing Balance \$
Revaluation surplus - Land - freehold land	2,277,891	(3,000)	2,274,891	0	0	0	2,274,891	2,277,891	0	0	2,277,891
Revaluation surplus - Land - vested in and under the control of Council	11,000	(11,000)	0	0	0	0	0	11,000	0	0	11,000
Revaluation surplus - Buildings - non-specialised	4,650,061	0	4,650,061	0	0	0	4,650,061	4,650,061	0	0	4,650,061
Revaluation surplus - Plant and equipment	773,264	0	773,264	633,245	0	633,245	1,406,509	773,264	0	0	773,264
Revaluation surplus - Infrastructure - Roads	95,187,091	0	95,187,091	0	(8,596,988)	(8,596,988)	86,590,103	95,187,091	0	0	95,187,091
Revaluation surplus - Infrastructure- Footpaths	26,804	0	26,804	116,830	0	116,830	143,634	26,804	0	0	26,804
Revaluation surplus - Infrastructure- Airfield	6,683,159	0	6,683,159	0	0	0	6,683,159	4,700,692	1,982,467	1,982,467	6,683,159
Revaluation surplus - Infrastructure- Other Infrastructure	4,997,331	0	4,997,331	0	0	0	4,997,331	3,310,603	1,686,728	1,686,728	4,997,331
Revaluation surplus - Infrastructure- Bridges	2,399,000	0	2,399,000	0	(845,620)	(845,620)	1,553,380	2,399,000	0	0	2,399,000
	117,005,601	(14,000)	116,991,601	750,075	(9,442,608)	(8,692,534)	108,299,067	113,336,406	3,669,195	3,669,195	117,005,601

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

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued Interest on Loans
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Income received in advance
Payroll Creditors

2020	2019
\$	\$
145,222	76,913
14,180	15,392
26,116	19,762
203,047	0
1,685	1,685
30,190	27,731
47,791	10,919
468,231	152,402

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

13. CONTRACT LIABILITIES

Current

Contract liabilities from transfers for recognisable non financial assets

2020	2019
\$	\$
54,149	0
54,149	0

Performance obligations from contracts liabilities are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

54,149	0
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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.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

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

SHIRE OF CUNDERDIN
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14. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	82,851	78,345
Non-current	1,075,409	1,158,259
	1,158,260	1,236,604

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal	30 June 2020 Actual Principal repayments	30 June 2020 Actual Interest repayments	30 June 2020 Actual Principal outstanding	Budget Principal	30 June 2020 Budget New Loans	30 June 2020 Budget Principal repayments	30 June 2020 Budget Interest repayments	30 June 2020 Budget Principal outstanding	Actual Principal	30 June 2019 Actual Principal repayments	30 June 2019 Actual Interest repayments	30 June 2019 Actual Principal outstanding
				1 July 2019				1 July 2019					1 July 2018			
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing																
Housing Project Loan	77	WATC*	n/a	0	0	0	0	0	250,000	0	0	250,000	0	0	0	0
Recreation and culture																
Community Recreation Centre	76	WATC*	5.23%	1,091,342	49,450	55,895	1,041,892	1,091,342	0	49,450	56,439	1,041,892	1,138,304	46,962	58,410	1,091,342
Economic services																
Ettamogah Pub	73	WATC*	6.18%	85,567	17,013	4,634	68,554	85,568	0	17,013	5,111	68,555	101,560	15,993	5,659	85,567
Ettamogah Pub	74	WATC*	6.12%	59,695	11,881	3,201	47,814	59,693	0	11,881	3,531	47,812	70,870	11,175	3,910	59,695
				1,236,604	78,344	63,730	1,158,260	1,236,603	250,000	78,344	65,081	1,408,259	1,310,734	74,130	67,979	1,236,604

* WA Treasury Corporation

SHIRE OF CUNDERDIN
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14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

The Shire had no new borrowings during the year.

	2020	2019
	\$	\$
(d) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit		
Bank overdraft at balance date		
Credit card limit	10,000	10,000
Credit card balance at balance date	(3,202)	(1,087)
Total amount of credit unused	6,798	8,913
Loan facilities		
Loan facilities - current	82,851	78,345
Loan facilities - non-current	1,075,409	1,158,259
Total facilities in use at balance date	1,158,260	1,236,604
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

SHIRE OF CUNDERDIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

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15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Employment On Costs	Total
	\$	\$		\$
Opening balance at 1 July 2019				
Current provisions	77,121	98,030	30,234	205,385
Non-current provisions	0	15,904	2,697	18,601
	77,121	113,934	32,931	223,986
Additional provision	123,297	20,206	24,770	168,273
Amounts used	(112,093)	(31,227)	(24,740)	(168,060)
Balance at 30 June 2020	88,325	102,913	32,961	224,199
Comprises				
Current	88,325	85,146	29,894	203,365
Non-current	0	17,767	3,067	20,834
	88,325	102,913	32,961	224,199

	Actual 2019/20	Actual 2018/19
	\$	\$
Current Employees Benefits Related to Provisions		
Annual Leave	88,325	77,121
Long Service Leave	85,146	98,030
Employee On Costs	29,894	30,234
	203,365	205,385
Non Current Employees Benefit Related to Provisions		
Long Service Leave	17,767	15,904
Employee On Costs	3,067	2,697
	20,834	18,601
Total Provisions	224,199	223,986

Annual Leave Liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2020	2019
	\$	\$
Within 12 months of the end of the reporting period	73,099	62,724
More than 12 months after the end of the reporting period.	15,226	14,397
	88,325	77,121

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long Service Leave Liabilities:

Unconditional long service leave provisions are classified as current liabilities as the agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Preconditional and conditional long service leave provisions are classified as non-current liabilities because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2020	2019
	\$	\$
Within 12 months of the end of the reporting period	85,146	98,030
More than 12 months after the end of the reporting period.	17,767	15,904
	102,913	113,934

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.

Employee on costs

The settlement of the above leave liabilities give rise to the payment of employee on-costs including worker's compensation insurance. The provision is the present value of expected future payments.

	2020	2019
	\$	\$
Carrying amount at start of period	32,931	41,580
Additional / (reversal of) provisions recognised	30	(8,649)
	32,961	32,931

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 is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	2,306,754	799,227	1,263,690
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(3,292,775)	(4,747,240)	(3,858,678)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(3,740)	0	(8,164)
Depreciation on non-current assets	5,294,767	5,307,150	5,564,749
(Profit)/loss on sale of asset	(176,750)	0	4,378
Provision for doubtful debts	192,370		
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(11,721)	0	207,865
(Increase)/decrease in inventories	130	0	12,241
Increase/(decrease) in payables	315,829	0	(408,456)
Increase/(decrease) in provisions	211	0	(7,201)
Increase/(decrease) in contract liabilities	54,149	0	0
Non-operating grants, subsidies and contributions	(648,571)	(580,189)	(679,253)
Net cash from operating activities	1,723,901	(20,279)	827,481

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	222,546	205,498
General purpose funding	163,707	333,540
Law, order, public safety	661,242	100,680
Health	585,583	547,283
Education and welfare	2,877,770	2,792,821
Housing	1,310,070	1,162,764
Community amenities	410,911	307,090
Recreation and culture	10,736,736	10,814,775
Transport	93,705,129	98,677,277
Other property and services	1,881,882	1,456,993
Unallocated	1,771,309	9,635,625
	114,326,886	126,034,347

18. CONTINGENT LIABILITIES

The Shire had no contingent liabilities of which it was aware in the current reporting period ended 30 June 2020.

19. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2020	2019
\$	\$
54,149	370,000
54,149	370,000

20. 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	25,158	30,000	29,695
President's allowance	868	1,500	0
Deputy President's allowance	0	750	0
Conference expenses	12,479	0	13,340
	38,505	32,250	43,035

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	343,706	388,318
Post-employment benefits	33,740	33,466
Other long-term benefits	34,730	53,579
	412,176	475,363

Short-term employee benefits

These amounts include all salary and fringe benefits 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 annual leave and long service benefits accruing during the year.

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

	2020 Actual	2019 Actual
	\$	\$
Purchase of goods and services	0	41,664

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.

ii. 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.

iii. Entities controlled or jointly controlled by KMP or their close family members.

21. JOINT ARRANGEMENTS

Share of joint operations

The Shire of Cunderdin together with the Cunderdin-Meckering Cottage Homes Inc. and Homeswest has a joint operation arrangement for the provision of an Aged Persons Home located at Lot 391 Kennedy Street, Cunderdin. The Shire has a 5.6% equitable interest in the joint operation.

SIGNIFICANT ACCOUNTING POLICIES

<p>Interests in joint arrangements</p> <p>Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.</p> <p>Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire’s share of net assets of the associate. In addition, the Shire’s share of the profit or loss of the associate is included in the Shire’s profit or loss.</p>	<p>Interests in joint arrangements (Continued)</p> <p>Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire’s interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.</p>
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22. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
0.08753	383	5,406,377	473,199	2,020	0	475,219	473,199	0	0	473,199	449,595
Unimproved valuations											
Rural	297	166,644,500	1,482,803	0	0	1,482,803	1,482,803	0	0	1,482,803	1,450,159
Mining	0	0	0	0	0	0	0	0	0	0	0
Sub-Total	680	172,050,877	1,956,002	2,020	0	1,958,022	1,956,002	0	0	1,956,002	1,899,754

Minimum payment

Gross rental valuations

Residential	719	127	412,460	91,313	0	0	91,313	91,312	0	0	91,312	90,042
Unimproved valuations												
Rural	719	90	412,460	64,710	0	0	64,710	64,710	0	0	64,710	60,726
Mining	719	8	49,478	5,752	0	0	5,752	5,752	0	0	5,752	5,584
Sub-Total		225	874,398	161,775	0	0	161,775	161,774	0	0	161,774	156,352

Rates Written Off

Total amount raised from general rate

Ex-gratia rates

Totals

	905	172,925,275	2,117,777	2,020	0	2,119,797	2,117,776	0	0	2,117,776	2,056,106
						(26,563)				0	0
						2,093,234				2,117,776	2,056,106
						16,087				15,800	15,618
						2,109,320				2,133,576	2,071,725

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

22. RATING INFORMATION (Continued)

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

Rates Written Off

Rates Written Off	Discount	Discount	2020 Actual	2020 Budget	2019 Actual
	%	\$	\$	\$	\$
Rates Written Off			26,563	0	0
			26,563	0	0
Total discounts/concessions (Note 22(a))			26,563	0	0

22. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	4/09/2019	0.00	0.00%	11.00%
Option Three				
First instalment	4/09/2019	9.00	5.50%	11.00%
Second instalment	6/11/2019	9.00	5.50%	11.00%
Third instalment	9/01/2020	9.00	5.50%	11.00%
Fourth instalment	11/03/2020	9.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	34,117	22,000	27,065
Interest on instalment plan	7,783	8,000	9,134
Charges on instalment plan	5,928	5,500	6,434
	47,828	35,500	42,633

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23. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
		(30 June 2020)	(1 July 2019)	(30 June 2019)
		Carried Forward)	Brought Forward)	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				
	10(a)	(176,750)	0	(41,143)
Less: Profit on asset disposals			29,946	0
Less: Movement in liabilities associated with restricted cash		0	0	0
Less: Contract Liabilities		(3,740)	0	(8,164)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(4,741)	0	(2,284)
Movement in pensioner deferred rates (non-current)		5,235	0	(37,147)
Movement in employee benefit provisions (non-current) and reserve	10(a)	0	0	45,522
Add: Loss on disposal of assets	10(b)	5,294,767	5,307,150	5,564,749
Add: Depreciation on non-current assets		5,114,771	5,337,096	5,521,533
Non cash amounts excluded from operating activities				
(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				
	4	(858,299)	(958,498)	(981,501)
Less: Reserves - cash/financial asset backed			0	0
Less: Change in accounting policies		82,851	250,001	78,345
Add: Current liabilities not expected to be cleared at end of year	14(a)	178,442	205,385	175,439
- Current portion of borrowings		(597,006)	(503,112)	(727,716)
- Employee benefit provisions				
Total adjustments to net current assets				
Net current assets used in the Rate Setting Statement				
		2,684,492	1,111,168	2,557,129
Total current assets		(808,596)	(607,788)	(436,132)
Less: Total current liabilities		(597,006)	(503,112)	(727,716)
Less: Total adjustments to net current assets		1,278,890	267	1,393,282
Net current assets used in the Rate Setting Statement				
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				2,557,129
- Contract assets				0
Total current assets at 1 July 2019				2,557,129
Total current liabilities at 30 June 2019				(436,132)
Total current liabilities at 1 July 2019				(436,132)

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 Shires 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		2,306,754	0	0	2,306,754
Financial assets at amortised cost - term deposits	0.65%	251,320	251,320	0	0
2019					
Cash and cash equivalents		1,263,690	0	0	1,263,690
Financial assets at amortised cost	1.90%	981,500	981,500	0	0

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	70.86%	100.00%	
Gross carrying amount	5,307	91,657	71,971	141,374	310,309
Loss allowance	0	0	50,996	141,374	192,370
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	6,405	87,190	45,435	125,580	264,610
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	7,867	142	0	470	8,479
Loss allowance	0	0	0	0	0
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	13.23%	0.00%	7.24%	
Gross carrying amount	35,585	606	0	7,571	43,762
Loss allowance	0	80	0	548	628

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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	325,496	0	0	325,496	265,185
Borrowings	144,401	627,580	850,211	1,622,192	1,158,260
Contract liabilities	54,149	0	0	54,149	54,149
	524,046	627,580	850,211	2,001,837	1,477,594
2019					
Payables	152,402	0	0	152,402	152,402
Borrowings	144,552	703,223	1,063,526	1,911,301	1,236,604
	296,954	703,223	1,063,526	2,063,703	1,389,006

25. 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.

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

There was no impact on the balance sheet at 1 July 2019.

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.

(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.

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.

(c) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard retrospectively, with no effect to report.

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	22(a)	2,109,320	0	2,109,320
Operating grants, subsidies and contributions	2(a)	1,792,628	0	1,792,628
Fees and charges	2(a)	401,301	0	401,301
Non-operating grants, subsidies and contributions	2(a)	648,571	54,149	702,720
Net result		(3,292,775)	54,149	(3,238,626)
Statement of Financial Position				
Trade and other payables	12	468,231	0	468,231
Contract liabilities	13	54,149	(54,149)	0
Net assets		112,422,047	54,149	112,476,196
Statement of Changes in Equity				
Net result		(3,292,775)	54,149	(3,238,626)
Retained surplus		3,264,682	54,149	3,318,831

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

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27. CHANGE IN ACCOUNTING POLICY

(a) Change in Accounting Policies due to regulation changes

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

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

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8	16,776,223	(14,000)	16,762,223
Revaluation surplus	11	117,005,601	(14,000)	116,991,601

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

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

The impact on the Shire's opening 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			117,005,601
Adjustment to revaluation surplus from deletion of FM Reg 16	27	(14,000)	
Revaluation surplus - 1 July 2019			116,991,601

28. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Working Trust	130,158	1,249	(131,407)	0
Community Centre Trust	61,386	35,585	0	96,971
Community Centre Term Deposit	443,949	7,599	0	451,548
	635,493	44,432	(131,407)	548,519

SHIRE OF CUNDERDIN

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

29. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

Valuation techniques that reflect the current replacement cost of the service 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 regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

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30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of resources	Includes the activities of Council and the administrative support available to the Council for the provision of governance for the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, noise control and waste disposal compliance.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of daycare centre, aged housing and provision of aged and youth services.
HOUSING To provide and maintain housing.	Provision of staff housing and other housing to the community.
COMMUNITY AMENITIES To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centres, recreation centres and various sporting facilities. Provision and maintenance of parks gardens and playgrounds. Funding of library museum and other cultural facilities.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, parking facilities and traffic control. Cleaning of streets maintenance of street trees and street lighting.
ECONOMIC SERVICES To promote the Shire and its economic wellbeing.	Tourism and area promotion including coordination of events. Provision of rural services including weed control, vermin control and standpipes. Building control.
OTHER PROPERTY AND SERVICES To monitor and control the Shires overhead and operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

31. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.81	5.03	2.87
Asset consumption ratio	0.54	0.60	0.60
Asset renewal funding ratio	N/A	N/A	N/A
Asset sustainability ratio	0.37	0.24	0.12
Debt service cover ratio	9.95	9.31	4.74
Operating surplus ratio	(1.42)	(1.51)	(1.94)
Own source revenue coverage ratio	0.33	0.30	0.27

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Cunderdin

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability, Operating Surplus, and Own Source Revenue Coverage Ratios as reported in Note 31 of the annual financial report are below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2020, 2019 and 2018 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure in the long-term financial plan and asset management plan respectively.
 - b. For approximately 11% of purchase transactions we sampled, there was no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought. In addition, there was also no written contract in place with two major suppliers. This practice increases the likelihood of not receiving value for money in procurement and the risk of fraud or favouritism of suppliers.
 - c. For approximately 28% of purchase transactions we sampled, the process of requisitioning, approving and raising of purchase order, receiving of goods and services, and approval of invoices for payment, was performed by the same officer. The lack of segregation of duties increases the risk of fraud and inappropriate or unnecessary purchases.
 - d. Reconciliations for property, plant and equipment, and infrastructure were not being performed. Reconciliations are a key control for ensuring the completeness and accuracy of financial data within the general ledger and the information reported in the financial statements.

- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



CARLY MEAGHER
ACTING SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 March 2021