



**SHIRE OF
DANDARAGAN**

2019/2020

**ANNUAL
REPORT**

PART II

FINANCIAL DECLARATION

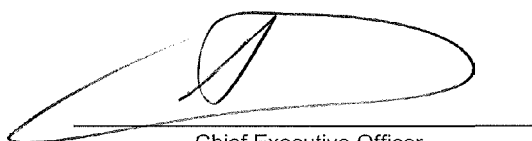
**SHIRE OF DANDARAGAN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Dandaragan 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 Dandaragan at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the _____ day of _____ 2020

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

Chief Executive Officer
Brent Bailey

ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN
STATEMENT OF COMPREHENSIVE INCOME by Nature or Type
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|---------------------------------------------------------------------------------|-------|---------------------|---------------------|---------------------|
| Revenue | | | | |
| Rates | 23(a) | 6,313,218 | 6,318,338 | 6,223,1 |
| Operating grants, subsidies & contributions | 2(a) | 2,388,451 | 1,381,263 | 2,629,1 |
| Fees and charges | 2(a) | 2,438,401 | 2,338,408 | 2,313,1 |
| Interest earnings | 2(a) | 126,330 | 128,000 | 145,1 |
| Other revenue | | 123,101 | 131,317 | 152,1 |
| | | 11,389,501 | 10,297,327 | 11,464,1 |
| Expenses | | | | |
| Employee costs | | (4,295,893) | (4,293,649) | (4,158,3 |
| Materials and contracts | | (3,656,384) | (3,326,211) | (2,859,1 |
| Utility charges | | (432,306) | (453,375) | (404,7 |
| Depreciation on non-current assets | 11(b) | (6,321,172) | (5,747,244) | (5,757,9 |
| Interest expenses | 2(b) | (16,119) | (16,214) | (19,5 |
| Insurance expenses | | (442,770) | (398,975) | (413,7 |
| Other expenses | | (727,971) | (718,992) | (1,108,0 |
| | | (15,892,615) | (14,954,659) | (14,721,6 |
| | | (4,503,114) | (4,657,332) | (3,256,6 |
| Non-operating grants, subsidies & contributions | 2(a) | 2,120,430 | 2,108,778 | 1,226,1 |
| Profit on disposal of assets | 11(a) | 6,136 | 1,087 | 397,1 |
| Loss on disposal of assets | 11(a) | (83,038) | (21,564) | (107,4 |
| Fair value adjustment to financial assets at fair value through profit and loss | | 1,441 | 0 | |
| Net result | | (2,458,143) | (2,569,031) | (1,740,4 |

SHIRE OF DANDARAGAN
STATEMENT OF COMPREHENSIVE INCOME by Program
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|----------------------------------------------------------------------------------------|-------|---------------------|---------------------|---------------------|
| Revenue | | | | |
| Governance | | 55,760 | 33,385 | 84,653 |
| General purpose funding | | 8,397,870 | 7,219,733 | 8,018,986 |
| Law, order & public safety | | 364,078 | 634,650 | 759,149 |
| Health | | 37,203 | 12,990 | 45,257 |
| Education & welfare | | 0 | 15,000 | 13,000 |
| Community amenities | | 1,490,201 | 1,375,310 | 1,413,551 |
| Recreation and culture | | 389,953 | 394,958 | 449,623 |
| Transport | | 264,301 | 258,007 | 310,175 |
| Economic services | | 243,081 | 237,316 | 244,318 |
| Other property and services | | 147,053 | 115,977 | 126,235 |
| | | 11,389,501 | 10,297,327 | 11,464,947 |
| Expenses | | | | |
| Governance | | (579,896) | (582,303) | (596,050) |
| General purpose funding | | (205,896) | (177,096) | (183,491) |
| Law, order & public safety | | (1,451,851) | (1,512,452) | (1,667,920) |
| Health | | (349,966) | (341,070) | (330,591) |
| Education & welfare | | (121,978) | (144,957) | (142,075) |
| Community amenities | | (2,344,514) | (2,283,262) | (2,078,541) |
| Recreation and culture | | (3,292,734) | (3,554,134) | (3,145,337) |
| Transport | | (5,853,795) | (5,367,738) | (5,333,006) |
| Economic services | | (735,475) | (741,242) | (622,280) |
| Other property and services | | (940,392) | (234,191) | (602,832) |
| | | (15,876,496) | (14,938,445) | (14,702,124) |
| | | (4,486,995) | (4,641,118) | (3,237,177) |
| Finance costs | | | | |
| | 2(b) | | | |
| Governance | | (10,577) | (11,049) | (13,301) |
| Law, order & public safety | | (358) | 0 | 0 |
| Recreation and culture | | (3,346) | (3,966) | (5,648) |
| Transport | | (524) | 0 | 0 |
| Other property and services | | (1,314) | (1,199) | (562) |
| | | (16,119) | (16,214) | (19,511) |
| Non- operating grants and subsidies | | | | |
| | 2(a) | | | |
| Recreation and culture | | 26,681 | 27,197 | 57,509 |
| Transport | | 2,017,966 | 2,081,581 | 1,168,914 |
| Other property and services | | 75,783 | 0 | 0 |
| | | 2,120,430 | 2,108,778 | 1,226,423 |
| Profit / (loss) on asset disposal | | | | |
| | 11(a) | | | |
| Governance | | (10,000) | (12) | (7,547) |
| Law, order & public safety | | 0 | 0 | 120,114 |
| Community amenities | | (22,164) | 0 | 0 |
| Transport | | (37,633) | (20,991) | (53,433) |
| Other property and services | | (7,105) | 526 | 230,700 |
| | | (76,902) | (20,477) | 289,834 |
| Fair value adjustment to financial assets at fair value through profit and loss | | | | |
| General purpose funding | | 1,441 | 0 | 0 |
| | | 1,441 | 0 | 0 |
| Net result | | (2,458,143) | (2,569,031) | (1,740,430) |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 13 | 718,481 | 0 | 769,847 |
| Total other comprehensive income | | 718,481 | 0 | 769,847 |
| Total comprehensive income | | (1,739,662) | (2,569,031) | (970,583) |

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

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

| Description | Note | 2020 | 2019 |
|--------------------------------------|------|--------------------|--------------------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 7,647,366 | 7,236,030 |
| Trade receivables | 6 | 928,188 | 708,012 |
| Other financial assets | 5 | 42,602 | 55,721 |
| Other current assets | 8 | 5,514 | 3,967 |
| Inventories | 7 | 32,574 | 31,727 |
| TOTAL CURRENT ASSETS | | 8,656,244 | 8,035,457 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 5 | 170,113 | 187,984 |
| Trade receivables | 6 | 50,124 | 44,499 |
| Property, plant and equipment | 9 | 37,120,787 | 38,176,106 |
| Right of use assets | 12 | 89,542 | 0 |
| Infrastructure | 10 | 247,954,139 | 248,197,940 |
| TOTAL NON-CURRENT ASSETS | | 285,384,705 | 286,606,530 |
| TOTAL ASSETS | | 294,040,949 | 294,641,986 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 1,050,024 | 461,373 |
| Grant liabilities | 15 | 458,071 | (0) |
| Lease liabilities | 16 | 40,530 | (0) |
| Borrowings | 17 | 112,406 | 119,620 |
| Employee related provisions | 18 | 673,805 | 594,129 |
| TOTAL CURRENT LIABILITIES | | 2,334,836 | 1,175,122 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 16 | 49,619 | (0) |
| Borrowings | 17 | 157,012 | 246,128 |
| Employee related provisions | 18 | 122,432 | 104,024 |
| TOTAL NON-CURRENT LIABILITIES | | 329,062 | 350,151 |
| TOTAL LIABILITIES | | 2,663,898 | 1,525,273 |
| TOTAL NET ASSETS | | 291,377,051 | 293,116,713 |
| EQUITY | | | |
| Retained earnings | | 197,037,451 | 199,357,712 |
| Reserves - cash backed | 4 | 5,692,576 | 5,830,457 |
| Revaluation surplus | 13 | 88,647,025 | 87,928,544 |
| TOTAL EQUITY | | 291,377,051 | 293,116,713 |

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

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

| | Note | Retained Earnings | Reserves Cash Backed | Revaluation Surplus | Total Equity |
|-----------------------------------------------------------------------------------|------|----------------------|----------------------------|------------------------|--------------------|
| | | \$ | \$ | \$ | \$ |
| Balance as at 30 June 2018 | | 201,454,262 | 5,386,753 | 87,158,696 | 293,999,711 |
| Correction of prior period error - Recognition of Local Government House Trust | | 87,585 | 0 | 0 | 87,585 |
| Restated balance as at 30 June 2018 | | 201,541,847 | 5,386,753 | 87,158,696 | 294,087,296 |
| Comprehensive Income | | | | | |
| Net result | | (1,740,430) | 0 | 0 | (1,740,430) |
| Other comprehensive income | 13 | | | 769,847 | 769,847 |
| Total comprehensive income | | (1,740,430) | 0 | 769,847 | (970,583) |
| Transfers from/(to) reserves | | (443,705) | 443,705 | 0 | 0 |
| Balance as at 30 June 2019 | | 199,357,712 | 5,830,457 | 87,928,544 | 293,116,713 |
| Comprehensive Income | | | | | |
| Net result | | (2,458,143) | 0 | 0 | (2,458,143) |
| Other comprehensive income | 13 | 0 | 0 | 718,481 | 718,481 |
| Total comprehensive income | | (2,458,143) | 0 | 718,481 | (1,739,662) |
| Transfers from/(to) reserves | | 137,882 | (137,882) | 0 | 0 |
| Balance as at 30 June 2020 | | 197,037,451 | 5,692,576 | 88,647,025 | 291,377,051 |

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

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

| | Note | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|-------------------------------------------------------------------------|------|---------------------|---------------------|---------------------|
| | | \$ | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 6,204,605 | 6,586,338 | 6,173,351 |
| Operating grants and subsidies | | 2,413,115 | 1,381,263 | 2,629,765 |
| Service Charges | | 0 | 0 | 0 |
| Fees and charges | | 2,402,232 | 2,646,408 | 2,673,719 |
| Interest earnings | | 126,330 | 128,000 | 145,307 |
| Goods and services tax | | 473,615 | 0 | 654,154 |
| Other revenue | | 123,101 | 131,317 | 152,892 |
| | | 11,742,999 | 10,873,327 | 12,429,188 |
| Payments | | | | |
| Employee costs | | (4,173,128) | (4,293,649) | (4,075,721) |
| Materials and contracts | | (3,092,596) | (3,356,211) | (2,558,902) |
| Utility charges | | (432,306) | (453,375) | (404,794) |
| Interest expenses | | (18,329) | (16,214) | (21,394) |
| Insurance expenses | | (442,770) | (398,975) | (413,746) |
| Goods and services tax | | (554,635) | 0 | (585,475) |
| Other expenditure | | (727,971) | (718,992) | (1,108,052) |
| | | (9,441,736) | (9,237,415) | (9,168,086) |
| Net cash provided by (used in) operating activities | 19 | 2,301,263 | 1,635,912 | 3,261,102 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | | (754,349) | (1,492,161) | (1,307,561) |
| Payments for construction of infrastructure | | (3,632,528) | (4,056,598) | (2,966,517) |
| Non-operating grants, subsidies and contributions | | 2,553,837 | 2,108,778 | 1,226,423 |
| Proceeds from financial assets at amortised cost - self supporting loan | | 32,431 | 55,721 | 8,514 |
| Proceeds from sale of property, plant & equipment | | 50,350 | 48,100 | 930,742 |
| Net cash provided by (used in) investing activities | | (1,750,259) | (3,336,160) | (2,108,399) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | | (121,330) | (119,620) | (118,788) |
| Payment for principle portion of lease liability | | (43,338) | 0 | 0 |
| Proceeds from new borrowings | | 25,000 | 479,053 | 50,000 |
| Net cash provided by (used in) financing activities | | (139,668) | 359,433 | (68,788) |
| Net increase (decrease) in cash held | | 411,336 | (1,340,815) | 1,083,915 |
| Cash at beginning of year | | 7,236,030 | 7,305,029 | 6,152,114 |
| Cash and cash equivalents at the end of the year | 19 | 7,647,366 | 5,964,214 | 7,236,030 |

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

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

| | Note | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|--------------------------------------------------------------------------|-------|--------------------|--------------------|--------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | | 1,093,777 | 1,276,852 | 1,192,712 |
| Revenue from operating activities (excluding general rates) | | | | |
| Governance | | 55,760 | 33,385 | 84,653 |
| General purpose funding | | 2,087,601 | 901,395 | 1,797,337 |
| Law, order & public safety | | 364,078 | 634,650 | 879,263 |
| Health | | 37,203 | 12,990 | 45,257 |
| Education & welfare | | 0 | 15,000 | 13,000 |
| Community amenities | | 1,490,201 | 1,375,310 | 1,413,551 |
| Recreation and culture | | 389,953 | 394,958 | 449,623 |
| Transport | | 264,301 | 258,407 | 345,249 |
| Economic services | | 243,081 | 237,316 | 244,318 |
| Other property and services | | 153,190 | 116,664 | 368,314 |
| | | 5,085,368 | 3,980,076 | 5,640,565 |
| Expenditure from operating activities | | | | |
| Governance | | (600,473) | (593,364) | (616,898) |
| General purpose funding | | (205,896) | (177,096) | (183,491) |
| Law, order & public safety | | (1,452,209) | (1,512,452) | (1,667,920) |
| Health | | (349,966) | (341,070) | (330,591) |
| Education & welfare | | (121,978) | (144,957) | (142,075) |
| Community amenities | | (2,366,678) | (2,283,262) | (2,078,541) |
| Recreation and culture | | (3,296,080) | (3,558,100) | (3,150,985) |
| Transport | | (5,891,951) | (5,389,129) | (5,421,513) |
| Economic services | | (735,475) | (741,242) | (622,280) |
| Other property and services | | (954,947) | (235,551) | (614,773) |
| | | (15,975,652) | (14,976,223) | (14,829,067) |
| Non-cash amounts excluded from operating activities | 24(a) | 6,409,415 | 5,767,721 | 5,488,809 |
| Amount attributable to operating activities | | (3,387,093) | (3,951,574) | (2,506,981) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 2,120,430 | 2,108,778 | 1,226,423 |
| Proceeds from disposal of assets | 11(a) | 50,350 | 48,100 | 930,742 |
| Purchase land and buildings | 9(a) | (455,782) | (1,029,569) | (502,664) |
| Purchase furniture and equipment | 9(a) | (35,085) | (164,092) | (67,534) |
| Purchase plant and equipment | 9(a) | (263,482) | (298,500) | (737,363) |
| Purchase infrastructure assets - roads | 10(a) | (2,881,774) | (3,456,398) | (2,706,804) |
| Purchase infrastructure assets - parks & reserves | 10(a) | (130,277) | (89,500) | (38,186) |
| Purchase infrastructure assets - other | 10(a) | (620,477) | (510,700) | (221,527) |
| Amount attributable to investing activities | | (2,216,097) | (3,391,881) | (2,116,913) |
| FINANCING ACTIVITIES | | | | |
| Proceeds from new borrowings | 17(c) | 25,000 | 479,053 | 50,000 |
| Repayment of borrowings | 17(b) | (121,330) | (119,620) | (118,788) |
| Payment of self supporting loan to community group | 17(b) | (25,000) | 0 | (50,000) |
| Self-supporting loan principal income | 17(b) | 53,279 | 51,569 | 54,362 |
| Community group cash advance principal income | | 4,152 | 4,152 | 4,152 |
| Payment of right of use lease | | (43,338) | 0 | 0 |
| Transfer to reserves | 4 | (330,666) | (384,477) | (724,816) |
| Transfer from reserves | 4 | 468,548 | 520,107 | 281,111 |
| Amount attributable to financing activities | | 30,645 | 550,784 | (503,978) |
| Budgeted deficiency before general rates | | (5,572,545) | (6,792,670) | (5,127,872) |
| Estimated amount to be raised from general rates | 23(a) | 6,311,711 | 6,318,338 | 6,221,649 |
| Net current assets at end of financial year - surplus/(deficit) | 24(b) | 739,166 | (474,332) | 1,093,777 |

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

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

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.

The *Local Government (Financial Management) Regulations 1996* (FM regs.) take precedence over Australian Accounting Standards.

Prior to 1 July 2019, Regulation (Reg) 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 controls 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 balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet) 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 golf courses 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 department 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 affect 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.

TRUST FUND

All monies held in the Trust fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 to these financial statements

SHIRE OF DANDARAGAN
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 | Timing of revenue recognition until 30 June 2019 | Timing of revenue recognition from 1 July 2019 |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rates | · General rates & rates charged for specific defined purposes. | When rates notice is issued. | When rates notice is issued. |
| Operating Grants, Subsidies and Contributions | · Community events, minor facilities, research, design, planning evaluation and services. | On receipt of funds. | Income from grants that are enforceable and with sufficiently specific performance obligations is recognised when the Shire satisfies the performance obligations by achieving the project milestones. |
| | · General appropriations and contributions with no reciprocal commitment. | On receipt of funds. | Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Shire has an unconditional right to receive cash which usually coincides with receipt of cash. |
| Non-Operating Grants, Subsidies and Contributions | · Construction or acquisition of recognisable non-financial assets to be controlled by the local government. | On receipt of funds. | Capital grants are recognised as income when the Shire achieves milestones specified in the grant agreement. |
| Fees and Charges | · Building, planning, development and animal management, having the same nature as a licence regardless of naming. · Compliance safety check. · Regulatory food, health and safety. · Kerbside collection service. · Waste treatment, recycling and disposal services. · Permission to use facilities and runway. · Cemetery services, library fees, reinstatements and private works. · Visitor centre merchandise. · Fines issued for breaches of local laws. | When fee or charge is raised in relation an event or service occurring, or upon receipt of funds. | At a point in time (or over a relatively short period of time) when the services have been provided and payments are received. |
| Other Revenue | · Sale of scrap materials. · Insurance claims. · Commissions on licencing and ticket sales. | When the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably, or upon receipt of funds. | At a point in time when the goods have been transferred and payments are received, or upon receipt of funds. |

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

2 REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

| | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|----------------------------------------------------------|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Operating grants, subsidies and contributions | | | |
| Governance | 32,926 | 13,100 | 53,222 |
| General purpose funding | 1,942,038 | 750,595 | 1,635,511 |
| Law, order, public safety | 6,427 | 265,875 | 402,006 |
| Health | 33,731 | 0 | 33,171 |
| Education and welfare | 0 | 15,000 | 13,000 |
| Community amenities | 26,011 | 16,961 | 82,751 |
| Recreation and culture | 71,642 | 57,230 | 75,254 |
| Transport | 226,671 | 227,063 | 288,658 |
| Economic services | 11,654 | 5,200 | 15,064 |
| Other property and services | 37,351 | 30,239 | 31,127 |
| | 2,388,451 | 1,381,263 | 2,629,765 |
| Non-operating grants, subsidies and contributions | | | |
| Recreation and culture | 26,681 | 27,197 | 57,509 |
| Transport | 2,017,966 | 2,081,581 | 1,168,914 |
| Other property and services | 75,783 | 0 | 0 |
| | 2,120,430 | 2,108,778 | 1,226,423 |
| Total grants, subsidies and contributions | 4,508,881 | 3,490,041 | 3,856,188 |
| Fees and Charges | | | |
| Governance | 1,409 | 525 | 866 |
| General purpose funding | 22,900 | 22,800 | 23,004 |
| Law, order, public safety | 356,365 | 353,175 | 352,526 |
| Health | 3,472 | 12,990 | 12,086 |
| Education and welfare | 0 | 0 | 0 |
| Community amenities | 1,446,770 | 1,340,929 | 1,313,380 |
| Recreation and culture | 314,345 | 337,728 | 348,571 |
| Transport | 37,629 | 30,944 | 21,516 |
| Economic services | 215,827 | 215,517 | 213,654 |
| Other property and services | 39,683 | 23,800 | 28,201 |
| | 2,438,401 | 2,338,408 | 2,313,804 |

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, rates, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

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

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers

Revenue from contracts with customers was recognised during the year for the following nature or types of goods or services:

Fees and charges
 Other revenue

| | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|------------------|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Fees and charges | 1,690,999 | 1,770,146 | 1,651,376 |
| Other revenue | 249,921 | 240,243 | 531,900 |
| | <u>1,940,920</u> | <u>2,010,389</u> | <u>2,183,276</u> |

Revenue from contracts with customers is comprised of:

| | | | |
|--------------------------------------------------------------------------------------|------------------|------------------|------------------|
| Contracts with customers included as a contract liability at the start of the period | 0 | 0 | 0 |
| Performance obligations satisfied in the previous year | 0 | 0 | 0 |
| Other revenue from contracts with customers recognised during the year | 1,940,920 | 2,010,389 | 2,183,276 |
| | <u>1,940,920</u> | <u>2,010,389</u> | <u>2,183,276</u> |

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers 804,160

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

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

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

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant contracts for services and transfers for recognisable non-financial assets

Revenue from grants for services 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
 Non-operating grants, subsidies and contributions

Revenue from grants for services and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Grant contracts included as a liability at the start of the period
 Performance obligations satisfied in the previous year
 Grant revenue for services rendered recognised during the year
 Grant revenue for recognisable non-financial assets rendered recognised during the year

Information about grant liabilities for services and from transfers to enable the acquisition or construction of recognisable non financial assets is:

Financial assets held from grants for service and transfers for recognisable financial assets
 Grant liabilities from grants for service and transfers for recognisable non financial assets

| | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|-----------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Operating grants, subsidies and contributions | 197,803 | 431,238 | 546,153 |
| Non-operating grants, subsidies and contributions | 2,120,430 | 2,108,778 | 1,226,423 |
| | <u>2,318,233</u> | <u>2,540,016</u> | <u>1,772,576</u> |
| Grant contracts included as a liability at the start of the period | 0 | 0 | 0 |
| Performance obligations satisfied in the previous year | 0 | 0 | 0 |
| Grant revenue for services rendered recognised during the year | 197,803 | 2,441,628 | 2,729,429 |
| Grant revenue for recognisable non-financial assets rendered recognised during the year | 2,120,430 | 2,108,778 | 1,226,423 |
| | <u>2,318,233</u> | <u>4,550,406</u> | <u>3,955,852</u> |
| Financial assets held from grants for service and transfers for recognisable financial assets | 458,071 | | |
| Grant liabilities from grants for service and transfers for recognisable non financial assets | (458,071) | | |

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

Performance obligations in relation to grant 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 DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

| | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|----------------------------------------------------------|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| General rates | 6,313,218 | 6,318,338 | 6,223,178 |
| Statutory permits and licences | 160,838 | 125,252 | 78,862 |
| Fines | 14,680 | 18,650 | 16,190 |
| | 6,488,736 | 6,462,240 | 6,318,230 |
| Assets and services acquired below fair value | | | |
| Contributed assets | 75,783 | 0 | 0 |
| | 75,783 | 0 | 0 |
| Interest earnings | | | |
| Loans receivable - clubs/institutions | 5,330 | 0 | 6,720 |
| Municipal fund interest | 434 | 3,000 | 2,543 |
| Reserve fund interest | 70,589 | 75,000 | 81,939 |
| Rates instalment and penalty interest (refer Note 21(c)) | 47,685 | 49,000 | 51,893 |
| Other interest earnings | 2,291 | 1,000 | 2,212 |
| | 126,330 | 128,000 | 145,307 |

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).

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

2 REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

| | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|----------------------------------------|---------------------|---------------------|---------------------|
| - Audit of the Annual Financial Report | 20,600 | 25,000 | 23,700 |
| - Other services | 4,400 | 5,000 | 2,300 |
| | 25,000 | 30,000 | 26,000 |

Interest expenses (finance costs)

| | | | |
|------------|---------------|---------------|---------------|
| Borrowings | 16,119 | 16,214 | 19,511 |
| | 16,119 | 16,214 | 19,511 |

Rental charges

| | | | |
|--------------------|---------------|---------------|---------------|
| - Operating leases | 21,578 | 78,580 | 74,590 |
| | 21,578 | 78,580 | 74,590 |

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

3 CASH AND CASH EQUIVALENTS

| Notes | 2020 | 2019 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Cash at bank and on hand | 7,647,366 | 7,236,030 |
| Total cash and cash equivalents | 7,647,366 | 7,236,030 |
| Restrictions | | |
| The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: | | |
| - Cash and cash equivalents | 6,277,451 | 6,163,049 |
| | 6,277,451 | 6,163,049 |
| The restricted assets are a result of the following specific purposes to which the assets may be used: | | |
| Reserves - cash backed | 4 5,692,576 | 5,830,457 |
| Contract liabilities from contracts with customers | 15 24,664 | 0 |
| Contract liabilities from transfers for recognisable non financial assets | 15 433,407 | 0 |
| Unspent grants, subsidies and contributions | 0 | 201,313 |
| Bonds, deposits and collections | 126,804 | 131,279 |
| Total restricted assets | 6,277,451 | 6,163,050 |

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

4 CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

| | 2020 Actual Opening Balance | 2020 Actual Transfer to | 2020 Actual Transfer (from) | 2020 Change of Purpose | 2020 Actual Closing Balance | 2020 Budget Opening Balance | 2020 Budget Transfer to | 2020 Budget Transfer (from) | 2020 Budget Change of Purpose | 2020 Budget Closing Balance | 2019 Actual Opening Balance | 2019 Actual Transfer to | 2019 Actual Transfer (from) | 2019 Actual Closing Balance |
|--------------------------------------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| Plant Reserve | \$ 251,356 | \$ 3,042 | \$ 0 | 0 | \$ 254,398 | \$ 251,356 | \$ 2,886 | \$ 0 | 0 | \$ 254,242 | \$ 259,131 | \$ 4,278 | \$ (12,053) | \$ 251,356 |
| Building Renewal Reserve | 972,206 | 89,164 | (270,441) | 0 | 790,929 | 972,206 | 88,957 | (342,000) | 0 | 719,163 | 1,055,763 | 22,442 | (106,000) | 972,206 |
| Rubbish Reserve | 475,777 | 5,731 | (47,500) | 0 | 434,007 | 475,777 | 4,870 | (47,500) | 0 | 433,147 | 437,166 | 38,610 | 0 | 475,777 |
| Community Centre Reserve | 377,220 | 10,274 | 0 | 0 | 387,494 | 377,220 | 10,425 | 0 | 0 | 387,645 | 397,291 | 11,580 | (31,651) | 377,220 |
| Television Services Reserve | 96,565 | 1,163 | 0 | 0 | 97,728 | 96,565 | 1,059 | 0 | 0 | 97,624 | 95,132 | 1,434 | 0 | 96,565 |
| Information Technology Reserve Reserve | 56,339 | 679 | 0 | 0 | 57,018 | 56,339 | 618 | 0 | 0 | 56,957 | 55,503 | 836 | 0 | 56,339 |
| Caravan Park Reserve | 391,478 | 4,542 | 0 | (396,019) | 0 | 391,478 | 4,295 | 0 | (395,773) | 395,773 | 385,665 | 5,812 | 0 | 391,478 |
| Land Development Reserve | 69,821 | 841 | 0 | 0 | 70,662 | 69,821 | 766 | 0 | 0 | 70,587 | 68,784 | 1,037 | 0 | 69,821 |
| Parking Requirements (Lot 1154 Sandpiper Street) Reserve | 11,270 | 136 | 0 | 0 | 11,405 | 11,270 | 124 | 0 | 0 | 11,394 | 11,102 | 167 | 0 | 11,270 |
| Parks and Recreation Grounds Development (Seagate) Reserve | 371,813 | 4,478 | 0 | 0 | 376,292 | 371,813 | 4,079 | 0 | 0 | 375,892 | 366,293 | 5,520 | 0 | 371,813 |
| Sport and Recreation Reserve | 326,824 | 3,819 | (20,000) | 0 | 310,643 | 326,824 | 67,624 | 0 | 0 | 394,448 | 289,429 | 37,395 | 0 | 326,824 |
| Administration Office Extension Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Landscaping Reserve | 2,615 | 31 | 0 | 0 | 2,647 | 2,615 | 29 | 0 | 0 | 2,644 | 2,576 | 39 | 0 | 2,615 |
| Aerodrome Reserve | 120,886 | 23,898 | (15,607) | 0 | 129,177 | 120,886 | 23,522 | (15,607) | 0 | 128,801 | 96,930 | 23,957 | 0 | 120,886 |
| Staff Attraction & Incentive Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Open Space Renewal Reserve | 460,099 | 98,121 | 0 | 0 | 558,221 | 460,099 | 96,760 | 0 | 0 | 556,860 | 418,705 | 41,394 | 0 | 460,099 |
| Infrastructure Renewal Reserve | 802,327 | 9,660 | 0 | 0 | 811,987 | 802,327 | 10,254 | 0 | 0 | 812,581 | 920,257 | 13,477 | (131,407) | 802,327 |
| Public Open Space Construction Reserve | 111,561 | 1,344 | 0 | 0 | 112,904 | 111,561 | 1,224 | 0 | 0 | 112,785 | 109,904 | 1,656 | 0 | 111,561 |
| Infrastructure Construction Reserve | 0 | 62,338 | 0 | 0 | 62,338 | 0 | 62,338 | 0 | 0 | 62,338 | 0 | 0 | 0 | 0 |
| Building Construction Reserve | 114,808 | 1,383 | 0 | 0 | 116,191 | 114,808 | 1,260 | 0 | 0 | 116,068 | 113,104 | 1,705 | 0 | 114,808 |
| Leave Reserve | 257,105 | 3,099 | 0 | 0 | 260,204 | 257,105 | 2,825 | 0 | 0 | 259,930 | 253,626 | 3,480 | 0 | 257,105 |
| Economic Development Initiatives Reserve | 506,771 | 6,278 | (115,000) | 396,019 | 794,068 | 506,771 | 0 | (115,000) | 395,773 | 391,771 | 0 | 506,771 | 0 | 506,771 |
| Turquoise Way Path Reserve | 51,150 | 616 | 0 | 0 | 51,766 | 51,150 | 561 | 0 | 0 | 51,711 | 50,390 | 759 | 0 | 51,150 |
| Cash in lieu of landscaping – Lot 1146 Sandpiper Street Reserve | 2,465 | 30 | 0 | 0 | 2,495 | 2,465 | 0 | 0 | 0 | 2,465 | 0 | 2,465 | 0 | 2,465 |
| Cash in lieu of Public Open Space – Lot 9000 Valencia Road Reserve | 0 | 0 | 0 | 0 | 0 | 200,277 | 0 | 0 | 0 | 200,277 | 0 | 0 | 0 | 0 |
| | 5,830,457 | 330,666 | (468,548) | 0 | 5,692,576 | 6,030,735 | 384,477 | (520,107) | 0 | 5,895,105 | 5,386,753 | 724,816 | (281,111) | 5,830,457 |

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

4 CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

| Reserve name | Anticipated date of use | Purpose of the reserve |
|-----------------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plant Reserve | ongoing | to be used in order to assist in the purchase of major items of plant. |
| Building Renewal Reserve | ongoing | to fund capital renewal of buildings and associated assets as guided by the Building Asset Management Plan. |
| Rubbish Reserve | ongoing | to be used to fund establishing, enhancing, rehabilitation or any other activities associated with new and existing landfill or waste site |
| Community Centre Reserve | ongoing | to be used to fund capital construction costs and major maintenance restoration / preservation costs to the community recreation centres located in the four towns. |
| Television Services Reserve | ongoing | to be used to fund the provision of new or improved television rebroadcasting facilities throughout the shire. |
| Information Technology Reserve Reserve | ongoing | to be used for purchase of hardware, software, licensing, contract labour and cloud transitioning costs related to information technology |
| Caravan Park Reserve | ongoing | to be used to fund improvements, other works and the promotion of caravan parks and their surrounds. To also fund planning, feasibility and establishment of new caravan parks. |
| Land Development Reserve | ongoing | for the purpose of funding land development in the townsites of Dandaragan and Badgingarra. |
| Parking Requirements (Lot 1154 Sandpiper Street) Reserve | ongoing | to fund future parking requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified. |
| Parks and Recreation Grounds Development (Seagate) Reserve | ongoing | to fund the future purchase of land or development of parks and recreation grounds in the locality of Seagate Estates as separately identified or with Ministerial approval, for the improvement or development of parks and recreation. |
| Sport and Recreation Reserve | ongoing | to fund community sporting groups requests in accordance with the Shire of Dandaragan's Recreation Plan. |
| Administration Office Extension Reserve | closed | to fund investigation, design and capital costs of future office extensions. |
| Landscaping Reserve | ongoing | to fund future landscaping requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified. |
| Aerodrome Reserve | ongoing | to be used for renewal, major maintenance, expansion or relocation of the Shire of Dandaragan's airstrips and aerodromes |
| Staff Attraction & Incentive Reserve | closed | to be used to fund staff attraction and incentive programs and processes, such as, but not limited to additional superannuation contributions, bonuses, rental subsidies and utility subsidies |
| Public Open Space Renewal Reserve | ongoing | to fund capital renewal of public open space and associated assets as guided by the Public Open Space Asset Management Plan |
| Infrastructure Renewal Reserve | ongoing | to fund capital renewal of infrastructure and associated assets as guided by the Infrastructure Asset Management Plan. |
| Public Open Space Construction Reserve | ongoing | to fund capital construction and/or purchase of public open space and associated assets. |
| Infrastructure Construction Reserve | ongoing | to fund capital construction and/or purchase of infrastructure and other associated assets. |
| Building Construction Reserve | ongoing | to fund capital construction and/or purchase of buildings and other associated assets. |
| Leave Reserve | ongoing | to fund annual leave and long service leave entitlements. |
| Economic Development Initiatives Reserve | ongoing | to be used for the planning, development and implementation of economic development initiatives with the Shire of Dandaragan |
| Turquoise Way Path Reserve | ongoing | to be used for the renewal, major maintenance, improvements, promotion, inspection equipment / surveillance, extension or relocation of the Turquoise Way Path and associated infrastructure within the Turquoise Way Path corridor. |
| Cash in lieu of landscaping – Lot 1146 Sandpiper Street Reserve | ongoing | to be used for purposes allowable under the planning consent granted to I I & J B A Kelly Superannuation Fund for the commercial development at Lot 1146 Sandpiper Street, Jurien Bay |

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

5 OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

Other financial assets at amortised cost

Financial assets at amortised cost - self supporting loans

(b) Non-current assets

Other financial assets at amortised cost

Financial assets at fair value through profit and loss

Other financial assets at amortised cost

Financial assets at amortised cost - self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | 2020 | 2019 |
|--|---------|---------|
| | \$ | \$ |
| | 42,602 | 55,721 |
| | 42,602 | 55,721 |
| | 42,602 | 55,721 |
| | 42,602 | 55,721 |
| | 81,087 | 100,399 |
| | 89,026 | 87,585 |
| | 170,113 | 187,984 |
| | 81,087 | 100,399 |
| | 81,087 | 100,399 |
| | 89,026 | 87,585 |
| | 89,026 | 87,585 |

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

6 TRADE RECEIVABLES

Current

| | |
|-----------------------------------------|--|
| Rates receivable | |
| Sundry receivables | |
| GST receivable | |
| Allowance for impairment of receivables | |

Non-current

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

| 2020 | 2019 |
|---------|---------|
| \$ | \$ |
| 376,994 | 274,006 |
| 428,031 | 391,789 |
| 124,029 | 43,009 |
| (865) | (792) |
| 928,188 | 708,012 |
| 50,124 | 44,499 |
| 50,124 | 44,499 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

Classification and subsequent measurement

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

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

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

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

7 INVENTORIES

Current

Fuel and materials

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

| | 2020 | 2019 |
|--|---------------|---------------|
| | \$ | \$ |
| | 32,574 | 31,727 |
| | <u>32,574</u> | <u>31,727</u> |
| | 31,727 | 35,309 |
| | (337,521) | (346,374) |
| | 338,367 | 342,792 |
| | <u>32,574</u> | <u>31,727</u> |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8 OTHER ASSETS

Other current assets

Accrued income

| | 2020 | 2019 |
|--|--------------|--------------|
| | \$ | \$ |
| | 5,514 | 3,967 |
| | <u>5,514</u> | <u>3,967</u> |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

(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 | Buildings | Total land and buildings | Furniture and equipment | Plant and equipment | Total property, plant and equipment |
|-------------------------------------------------------------------------|------------------|-------------------|--------------------------|-------------------------|---------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 3,060,000 | 30,370,920 | 33,430,920 | 871,647 | 4,354,512 | 38,657,080 |
| Additions | 0 | 502,664 | 502,664 | 67,534 | 737,363 | 1,307,561 |
| (Disposals) | (120,000) | (54,224) | (174,224) | 0 | (466,684) | (640,908) |
| Depreciation (expense) | 0 | (1,111,281) | (1,111,281) | (144,033) | (662,159) | (1,917,473) |
| Carrying amount as at 30 June 2019 | 2,940,000 | 29,708,079 | 32,648,079 | 891,305 | 4,636,722 | 38,176,108 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2019 | 2,940,000 | 55,461,893 | 58,401,893 | 2,932,857 | 9,324,850 | 70,659,600 |
| Accumulated depreciation at 30 June 2019 | 0 | (25,753,815) | (25,753,815) | (2,041,552) | (4,688,127) | (32,483,494) |
| Carrying amount at 30 June 2019 | 2,940,000 | 29,708,078 | 32,648,078 | 891,305 | 4,636,723 | 38,176,106 |
| Additions | 0 | 455,782 | 455,782 | 35,085 | 263,482 | 754,349 |
| (Disposals) | 0 | (22,164) | (22,164) | (718) | (104,370) | (127,252) |
| Revaluation increments/ (decrements) transferred to revaluation surplus | (37,000) | 755,481 | 718,481 | 0 | 0 | 718,481 |
| Depreciation (expense) | 0 | (1,121,277) | (1,121,277) | (128,965) | (1,150,656) | (2,400,898) |
| Carrying amount as at 30 June 2020 | 2,903,000 | 29,775,900 | 32,678,900 | 796,707 | 3,645,180 | 37,120,787 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2020 | 2,903,000 | 57,755,400 | 60,658,400 | 2,966,742 | 9,239,691 | 72,864,833 |
| Accumulated depreciation at 30 June 2020 | 0 | (27,979,500) | (27,979,500) | (2,170,035) | (5,594,511) | (35,744,046) |
| Carrying amount at 30 June 2020 | 2,903,000 | 29,775,900 | 32,678,900 | 796,707 | 3,645,180 | 37,120,787 |

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

10 INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

| | Infrastructure - Roads Level 3 | Infrastructure - Footpaths Level 3 | Infrastructure - Drainage Level 3 | Infrastructure - Parks and reserves Level 3 | Infrastructure - Other Level 3 | Total Infrastructure |
|----------------------------------------------------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------------------|--------------------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 222,947,258 | 8,309,949 | 5,210,000 | 1,785,081 | 10,819,656 | 249,071,943 |
| Additions | 2,706,804 | 180,914 | 0 | 38,186 | 40,613 | 2,966,517 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation increments/ (decrements) transferred to revaluation surplus | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation (loss)/ reversals transferred to profit or loss | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation (expense) | (2,628,682) | (264,158) | (121,332) | (173,960) | (652,388) | (3,840,520) |
| Carrying amount as at 30 June 2019 | 223,025,380 | 8,226,705 | 5,088,668 | 1,649,307 | 10,207,881 | 248,197,940 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2019 | 295,120,511 | 10,852,138 | 7,280,000 | 3,355,989 | 17,796,908 | 334,405,545 |
| Accumulated depreciation at 30 June 2019 | (72,095,130) | (2,625,433) | (2,191,332) | (1,706,682) | (7,589,027) | (86,207,605) |
| Carrying amount at 30 June 2019 | 223,025,380 | 8,226,705 | 5,088,668 | 1,649,307 | 10,207,881 | 248,197,940 |
| Additions | 2,881,774 | 527,356 | 0 | 130,277 | 93,121 | 3,632,528 |
| Depreciation (expense) | (2,652,797) | (269,183) | (121,332) | (177,942) | (655,075) | (3,876,329) |
| Carrying amount as at 30 June 2020 | 223,254,357 | 8,484,878 | 4,967,336 | 1,601,642 | 9,645,927 | 247,954,139 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2020 | 298,002,285 | 11,379,494 | 7,280,000 | 3,486,266 | 17,890,029 | 338,038,073 |

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

10 INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

| | Infrastructure - Roads Level 3 | Infrastructure - Footpaths Level 3 | Infrastructure - Drainage Level 3 | Infrastructure - Parks and reserves Level 3 | Infrastructure - Other Level 3 | Total Infrastructure |
|----------------------------------------------------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------------------|--------------------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 222,947,258 | 8,309,949 | 5,210,000 | 1,785,081 | 10,819,656 | 249,071,943 |
| Additions | 2,706,804 | 180,914 | 0 | 38,186 | 40,613 | 2,966,517 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation increments/ (decrements) transferred to revaluation surplus | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation (loss)/ reversals transferred to profit or loss | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation (expense) | (2,628,682) | (264,158) | (121,332) | (173,960) | (652,388) | (3,840,520) |
| Carrying amount as at 30 June 2019 | 223,025,380 | 8,226,705 | 5,088,668 | 1,649,307 | 10,207,881 | 248,197,940 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2019 | 295,120,511 | 10,852,138 | 7,280,000 | 3,355,989 | 17,796,908 | 334,405,545 |
| Accumulated depreciation at 30 June 2019 | (72,095,130) | (2,625,433) | (2,191,332) | (1,706,682) | (7,589,027) | (86,207,605) |
| Carrying amount at 30 June 2019 | 223,025,380 | 8,226,705 | 5,088,668 | 1,649,307 | 10,207,881 | 248,197,940 |
| Additions | 2,881,774 | 527,356 | 0 | 130,277 | 93,121 | 3,632,528 |
| Depreciation (expense) | (2,652,797) | (269,183) | (121,332) | (177,942) | (655,075) | (3,876,329) |
| Carrying amount as at 30 June 2020 | 223,254,357 | 8,484,878 | 4,967,336 | 1,601,642 | 9,645,927 | 247,954,139 |
| Comprises: | | | | | | |
| Gross carrying amount at 30 June 2020 | 298,002,285 | 11,379,494 | 7,280,000 | 3,486,266 | 17,890,029 | 338,038,073 |
| Accumulated depreciation at 30 June 2020 | (74,747,927) | (2,894,616) | (2,312,664) | (1,884,624) | (8,244,102) | (90,083,934) |
| Carrying amount at 30 June 2020 | 223,254,357 | 8,484,878 | 4,967,336 | 1,601,642 | 9,645,927 | 247,954,139 |

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

10 INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

| Asset Class | Hierarchy | Valuation Technique | Basis of Valuation | Valuation | Inputs Used |
|-------------------------------------|-----------|--------------------------------------------------|-------------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------|
| Infrastructure - Roads | 3 | Cost approach using depreciated replacement cost | Independent valuer | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Footpaths | 3 | Cost approach using depreciated replacement cost | Independent valuer | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Drainage | 3 | Cost approach using depreciated replacement cost | Independent registered valuer | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Parks and reserves | 3 | Cost approach using depreciated replacement cost | Independent registered valuer | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Other | 3 | Cost approach using depreciated replacement cost | Independent registered valuer | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |

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

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

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

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, 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

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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, building, 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 5 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.

Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was 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 in accordance with the other policies detailed in this Note.

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)* prohibits 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 is not included as an asset of the Shire.

Land Under Roads from 1 July 2019

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

The Shire has accounted for the removal of the vested land values associated with golf courses 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 ROU assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including ROU assets).

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

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

| | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss | 2020 Budget Net Book Value | 2020 Budget Sale Proceeds | 2020 Budget Profit | 2020 Budget Loss | 2019 Actual Net Book Value | 2019 Actual Sale Proceeds | 2019 Actual Profit | 2019 Actual Loss |
|-----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | | | | 0 | 0 | 0 | 0 | 0 | 120,000 | 345,776 | 225,776 | 0 |
| Buildings - non-specialised | | | | 0 | 0 | 0 | 0 | 0 | 54,224 | 54,224 | 0 | 0 |
| Buildings - specialised | 22,164 | 0 | | (22,164) | | | | | | | | |
| Furniture and equipment | 718 | 77 | | (641) | | | | | | | | |
| Plant and equipment | 104,370 | 50,273 | 6,136 | (60,233) | 68,577 | 48,100 | 1,087 | (21,564) | 466,684 | 530,742 | 171,491 | (107,434) |
| | 127,252 | 50,350 | 6,136 | (83,038) | 68,577 | 48,100 | 1,087 | (21,564) | 640,908 | 930,742 | 397,267 | (107,434) |

The following assets were disposed of during the year.

| | 2020 Actual Net Book Value | 2020 Actual Sale Proceeds | 2020 Actual Profit | 2020 Actual Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ |
| Plant and Equipment | | | | |
| Governance | | | | |
| Sedan - Holden Caprice | 15,000 | 5,000 | 0 | (10,000) |
| Governance Total | 15,000 | 5,000 | 0 | (10,000) |
| Transport | | | | |
| Free Roll Horwood Bagshaw | 2,141 | 773 | 0 | (1,368) |
| Bucket | 1,058 | 2,727 | 1,669 | 0 |
| Roller - Bomag BW211D | 65,624 | 30,000 | 0 | (35,624) |
| Transport Total | 68,823 | 33,500 | 1,669 | (36,992) |
| Other property and services | | | | |
| Bike - Honda TRX420TMD | 4,000 | 2,273 | 0 | (1,727) |
| Trailer - Coastmac | 33 | 4,500 | 4,467 | 0 |
| Tipper from Truck - Hino 700 | 16,514 | 5,000 | 0 | (11,514) |
| Other property and services Total | 20,547 | 11,773 | 4,467 | (13,241) |
| Total Plant and Equipment | 104,370 | 50,273 | 6,136 | (60,233) |
| Furniture and Equipment | | | | |
| Transport | | | | |
| Tank Multi-Tec | 307 | 45 | 0 | (262) |
| Tank | 411 | 32 | 0 | (379) |
| Total Furniture and Equipment | 718 | 77 | 0 | (641) |
| Specialised building | | | | |
| Community Amenities | | | | |
| Amenities Sandy Cape | 22,164 | 0 | 0 | (22,164) |
| Community Amenities Total | 22,164 | 0 | 0 | (22,164) |
| Other property and services | | | | |
| Total Specialised building | 22,164 | 0 | 0 | (22,164) |
| | 127,252 | 50,350 | 6,136 | (83,038) |

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

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation

| | 2020 | 2020 | 2019 |
|-------------------------------------------|------------------|------------------|------------------|
| | Actual | Budget | Actual |
| | \$ | \$ | \$ |
| Buildings | 1,121,277 | 1,109,736 | 1,111,281 |
| Furniture and equipment | 128,965 | 138,444 | 144,033 |
| Plant and equipment | 1,150,656 | 662,640 | 662,159 |
| Infrastructure - Roads | 2,652,797 | 2,626,752 | 2,628,682 |
| Infrastructure - Footpaths | 269,183 | 263,784 | 264,158 |
| Infrastructure - Parks and Reserves | 177,942 | 172,836 | 173,960 |
| Infrastructure - Other | 776,407 | 773,052 | 773,720 |
| Right of use assets - plant and equipment | 43,945 | 0 | 0 |
| | 6,321,172 | 5,747,244 | 5,757,993 |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

| Asset Class | Useful life |
|-----------------------------------------|--------------------|
| Buildings | 25 - 50 years |
| Furniture and equipment | 5 - 20 years |
| Plant and equipment | 2 - 20 years |
| Infrastructure Roads | |
| Formation – All roads | Perpetual life |
| Pavement – Thin Surfaced Flexible Rural | 100 years |
| Pavement – Thin Surfaced Flexible Urban | 100 years |
| Pavement – Unsealed Rural | 50 years |
| Pavement – Unsealed Urban | 50 years |
| Surface – Asphalt | 100 years |
| Surface – Brick | 60 years |
| Surface – Chip seal | 60 years |
| Surface – Concrete | 100 years |
| Surface – Slurry Seal | 100 years |
| Infrastructure - Footpaths | |
| Black Asphalt | 36 years |
| Brick Paving | 36 years |
| Concrete Slabs | 36 years |
| Gravel | 12 years |
| Insitu Concrete | 48 years |
| Red Asphalt | 36 years |
| Sand | 12 years |
| Timber | 36 years |
| Unknown | 48 years |
| Infrastructure - Drainage | 60 years |
| Infrastructure - Other | 5 - 80 years |
| Infrastructure - Parks and reserves | 10 - 45 years |

Depreciation (Continued)

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

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

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

12 LEASES

Right of Use Assets

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

| | Right of use assets - plant and equipment | Right of use assets Total |
|---------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------|
| | \$ | \$ |
| Carrying amount at 30 June 2019 | 0 | 0 |
| Recognised on initial application of AASB 16 | 133,487 | 133,487 |
| Restated total equity at the beginning of the financial year | 133,487 | 133,487 |
| Additions | 0 | 0 |
| Depreciation (expense) | (43,945) | (43,945) |
| Carrying amount at 30 June 2020 | 89,542 | 89,542 |
| (b) Cash outflow from leases | | |
| Interest expense on lease liabilities | 1,950 | 1,950 |
| Lease principal expense | 43,338 | 43,338 |
| Total cash outflow from leases | 45,288 | 45,288 |
| (c) Other expenses and income relating to leases | | |
| Short-term lease payments recognised as expense | (21,578) | (21,578) |
| Low-value asset lease payments recognised as expense | 0 | 0 |
| Expenses for variable lease payment not recognised as a liability | 0 | 0 |
| | (21,578) | (21,578) |

Photocopier Lease - 5 year term to expire June 2024
 Vehicle Lease - 3 year term to expire March 2021
 Drinking Water Devices - 29 month term to expire October 2021

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Right of use (ROU) assets are measured at cost. This means that all ROU assets (other than vested land improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet). The exception is vested improvements on

Leases (continued)

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

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

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

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

13 REVALUATION SURPLUS

| | 2020 | 2020 | 2020 | 2020 | 2020 | 2019 | 2019 | 2019 | 2019 | 2019 |
|------------------------------------------------|------------|-------------|-------------|-------------|------------|------------|-------------|-------------|-------------|------------|
| | Opening | Revaluation | Revaluation | Total | 2020 | Opening | Revaluation | Revaluation | Total | 2019 |
| | Balance | Increment | (Decrement) | Movement on | Closing | Balance | Increment | (Decrement) | Movement on | Closing |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Furniture and equipment | 773,202 | 0 | 0 | 0 | 773,202 | 677,046 | 96,156 | 0 | 96,156 | 773,202 |
| Revaluation surplus - Plant and equipment | 1,270,905 | 0 | 0 | 0 | 1,270,905 | 597,214 | 673,691 | 0 | 673,691 | 1,270,905 |
| Revaluation surplus - Land | 2,315,204 | | (37,000) | (37,000) | 2,278,204 | 2,315,204 | 0 | 0 | 0 | 2,315,204 |
| Revaluation surplus - Buildings | 14,555,197 | 755,481 | 0 | 755,481 | 15,310,678 | 14,555,197 | 0 | 0 | 0 | 14,555,197 |
| Revaluation surplus - Infrastructure roads | 51,755,831 | 0 | 0 | 0 | 51,755,831 | 51,755,831 | 0 | 0 | 0 | 51,755,831 |
| Revaluation surplus - Infrastructure drainage | 3,883,302 | 0 | 0 | 0 | 3,883,302 | 3,883,302 | 0 | 0 | 0 | 3,883,302 |
| Revaluation surplus - Infrastructure footpaths | 5,160,275 | 0 | 0 | 0 | 5,160,275 | 5,160,275 | 0 | 0 | 0 | 5,160,275 |
| Revaluation surplus - Infrastructure other | 8,214,627 | 0 | 0 | 0 | 8,214,627 | 8,214,627 | 0 | 0 | 0 | 8,214,627 |
| | 87,928,544 | 755,481 | (37,000) | 718,481 | 88,647,025 | 87,158,696 | 769,847 | 0 | 769,847 | 87,928,544 |

Movements on revaluation of fixed assets 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.

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

14 TRADE AND OTHER PAYABLES

| | 2020 | 2019 |
|---------------------------------|-----------|---------|
| | \$ | \$ |
| Current | | |
| Sundry creditors | 716,527 | 244,692 |
| Prepaid rates | 74,227 | 0 |
| Bonds, deposits and collections | 126,804 | 131,279 |
| Accrued interest on borrowings | 4,307 | 6,518 |
| Accrued expenses | 58,779 | 34,185 |
| Accrued salaries and wages | 69,380 | 44,699 |
| | 1,050,024 | 461,373 |

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

Trade and other payables (Continued)

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.

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

15 GRANT LIABILITIES

| | 2020 | 2019 |
|--------------------------|---------|------|
| | \$ | \$ |
| Grant Liabilities | | |
| Current | 458,071 | 0 |
| | 458,071 | 0 |

SIGNIFICANT ACCOUNTING POLICIES

Grant Liabilities

The Shires grant liabilities relate to capital and operational grants received for various capital projects and operational services respectively.

Income is recognised as the Shire satisfies its obligations under the grant agreement

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 20

16 LEASE LIABILITIES

| | 2020 | 2019 |
|-------------|--------|------|
| | \$ | \$ |
| Current | 40,530 | 0 |
| Non-current | 49,619 | 0 |
| | 90,149 | 0 |

(b) Movements in Carrying Amounts

| Purpose | Lease Number | Institution | Lease Interest Rate | Lease Term | 30 June 2020 | 30 June 2020 | 30 June 2020 | 30 June 2020 | 30 June 2020 | Budget | 30 June 2020 | 30 June 2020 | 30 June 2020 | 30 June 2020 | Actual | 30 June 2019 | 30 June 2019 | 30 June 2019 | 30 June 2019 |
|------------------------|---------------|-------------------|---------------------|------------|------------------------|-------------------|-------------------------|--------------------------|----------------------------------|-----------------------------|-------------------|-------------------------|--------------------------|----------------------------------|-----------------------------|------------------|-------------------------|--------------------------|----------------------------------|
| | | | | | Actual Lease Principal | Actual New Leases | Actual Lease Repayments | Actual Lease Outstanding | Actual Lease Interest Repayments | Lease Principal 1 July 2019 | Budget New Leases | Budget Lease Repayments | Budget Lease Outstanding | Budget Lease Interest Repayments | Lease Principal 1 July 2018 | Actual New Loans | Actual Lease Repayments | Actual Lease Outstanding | Actual Lease Interest Repayments |
| Multifunction copiers | O881825045 | Ricoh Finance | 1.33% | 60 months | 70,137 | | 13,659 | 56,478 | 933 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Utility vehicle | 6041062 | Toyota Fleet Mani | 1.33% | 21 months | 23,510 | | 13,358 | 10,152 | 358 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drinking water devices | WLA RA 111008 | waterlogic | 1.33% | 29 months | 39,839 | | 16,320 | 23,519 | 660 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | 133,487 | 0 | 43,338 | 90,149 | 1,950 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

17 INFORMATION ON BORROWINGS

| | 2020 | 2019 |
|-------------|---------|---------|
| | \$ | \$ |
| Current | 112,406 | 119,620 |
| Non-current | 157,012 | 246,128 |
| | 269,417 | 365,747 |

(b) Repayments - Borrowings

| Particulars | Loan Number | Institution | Interest Rate | 30 June 2020 | 30 June 2020 | 30 June 2020 | 30 June 2020 | 30 June 2020 | Budget | 30 June 2020 | 30 June 2020 | 30 June 2020 | 30 June 2020 | Actual | 30 June 2019 | 30 June 2019 | 30 June 2019 | 30 June 2019 |
|--------------------------------------|-------------|-------------|---------------|------------------|------------------|-----------------------------|----------------------------|------------------------------|-----------------------|------------------|-----------------------------|----------------------------|------------------------------|-----------------------|------------------|-----------------------------|----------------------------|------------------------------|
| | | | | Actual Principal | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | Principal 1 July 2019 | Budget New Loans | Budget Principal repayments | Budget Interest repayments | Budget Principal outstanding | Principal 1 July 2018 | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding |
| Governance | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Jurien Bay Administration Centre | 127 | WATC* | 5.55% | 215,856 | 0 | 68,051 | 9,604 | 147,805 | 215,856 | 0 | 68,051 | 11,049 | 147,805 | 280,281 | 0 | 64,426 | 14,674 | 215,856 |
| Dandaragan House | | | | 0 | 0 | 0 | 0 | 0 | 0 | 479,053 | 0 | 0 | 479,053 | 280,281 | 0 | 64,426 | 14,674 | 215,856 |
| | | | | 215,856 | 0 | 68,051 | 9,604 | 147,805 | 215,856 | 479,053 | 68,051 | 11,049 | 626,858 | 280,281 | 0 | 64,426 | 14,674 | 215,856 |
| Self Supporting Loans | | | | | | | | | | | | | | | | | | |
| Recreation and culture | | | | | | | | | | | | | | | | | | |
| Cervantes Community Club | 114 | WATC* | 7.20% | 9,248 | 0 | 9,247 | 0 | 0 | 9,248 | 0 | 9,248 | 1,618 | 0 | 26,776 | 0 | 17,529 | 1,618 | 9,248 |
| Jurien Bowling Club | 130 | WATC* | 4.94% | 70,537 | 0 | 22,375 | 2,911 | 48,162 | 70,537 | 0 | 22,375 | 4,277 | 48,162 | 91,846 | 0 | 21,309 | 4,277 | 70,537 |
| Jurien Bowling Club | 131 | WATC* | 2.68% | 9,422 | 0 | 6,240 | 165 | 3,182 | 9,422 | 0 | 6,240 | 375 | 3,182 | 15,499 | 0 | 6,076 | 375 | 9,422 |
| Jurien Sport & Rec Centre | 132 | WATC* | 2.36% | 10,685 | 0 | 7,081 | 175 | 3,603 | 10,685 | 0 | 7,081 | 375 | 3,604 | 17,602 | 0 | 6,917 | 375 | 10,685 |
| Jurien Bay Lions Club | 133 | WATC* | 2.48% | 50,000 | 0 | 6,626 | 1,132 | 43,374 | 50,000 | 0 | 6,626 | 0 | 43,374 | 0 | 50,000 | 0 | 0 | 50,000 |
| Other property and services | | | | | | | | | | | | | | | | | | |
| Advance Dandaragan | 113 | WATC* | 2.98% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,531 | 0 | 2,531 | 75 | (0) |
| Jurien Bay Community Men's Shed Inc. | 134 | WATC* | 1.32% | 0 | 25,000 | 1,710 | 183 | 23,290 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | 149,892 | 25,000 | 53,279 | 4,565 | 121,613 | 149,892 | 0 | 51,570 | 6,645 | 98,322 | 154,253 | 50,000 | 54,362 | 6,720 | 149,891 |
| | | | | 365,748 | 25,000 | 121,330 | 14,168 | 269,418 | 365,748 | 479,053 | 119,621 | 17,694 | 725,180 | 434,535 | 50,000 | 118,788 | 21,394 | 365,747 |

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

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

17 INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/2020

| Particulars/Purpose | Institution | Loan Type | Term Years | Interest Rate | Amount Borrowed | | Amount (Used) | | Total Interest & Charges | Actual Balance Unspent |
|-------------------------------------------------------------------|-------------|-----------------|------------|---------------|-----------------|-------------|---------------|-------------|--------------------------|------------------------|
| | | | | | 2020 Actual | 2020 Budget | 2020 Actual | 2020 Budget | | |
| Jurien Bay Community Men's Shed Inc. * WA Treasury Corporation | WATC* | Fixed rate loan | 7 | 1.32% | \$ 25,000 | \$ 0 | \$ (25,000) | \$ 0 | \$ 1,255 | \$ 0 |
| | | | | | 25,000 | 0 | (25,000) | 0 | 1,255 | 0 |

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| Bank overdraft limit | 350,000 | 350,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 21,000 | 21,000 |
| Credit card balance at balance date | (5,268) | (8,119) |
| Total amount of credit unused | 365,732 | 362,881 |

Loan facilities

| | | |
|------------------------------------------------|------------------|------------------|
| Loan facilities - current | (112,406) | (119,620) |
| Loan facilities - non-current | (157,012) | (246,128) |
| Total facilities in use at balance date | (269,417) | (365,747) |

Unused loan facilities at balance date

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 23.

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

18 EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

| | Provision for Annual Leave | Provision for Long Service Leave | Total |
|---------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------------|-----------|
| | \$ | \$ | \$ |
| Opening balance at 1 July 2019 | | | |
| Current provisions | 295,756 | 298,373 | 594,129 |
| Non-current provisions | 0 | 104,024 | 104,024 |
| | 295,756 | 402,397 | 698,153 |
| Additional provision | 337,951 | 114,222 | 452,173 |
| Amounts used | (316,928) | (47,106) | (364,034) |
| Increase in the discounted amount arising because of time and the effect of any change in the discounted rate | | 9,945 | 9,945 |
| Balance at 30 June 2020 | 316,779 | 479,457 | 796,236 |
| Comprises | | | |
| Current | 316,779 | 357,026 | 673,805 |
| Non-current | 0 | 122,432 | 122,432 |
| | 316,779 | 479,457 | 796,236 |

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

| | 2020 \$ | 2019 \$ |
|--------------------|------------|------------|
| Annual Leave | 316,779 | 295,756 |
| Long Service Leave | 157,985 | 124,783 |
| | 474,764 | 420,539 |

More than 12 months from reporting date

| | | |
|--------------------|---------|---------|
| Long Service Leave | 341,580 | 326,282 |
| | 341,580 | 326,282 |

Long Service Leave expected reimbursements from other WA local governments

| | | |
|--|----------|----------|
| | (20,108) | (48,668) |
| | 796,236 | 698,153 |

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR

19 NOTES TO THE STATEMENT OF CASH FLOWS

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:

| | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|----------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalent | \$ 7,647,366 | \$ 5,964,214 | \$ 7,236,030 |
| Reconciliation of net cash provided by operating activities to net result | | | |
| Net result | (2,458,143) | (2,569,031) | (1,740,430) |
| Non-cash flows in Net result: | | | |
| Adjustment to fair value of financial assets through profit and loss | (1,441) | 0 | 0 |
| Depreciation | 6,321,172 | 5,747,244 | 5,757,993 |
| (Profit)/loss on sale of asset | 76,902 | 20,477 | (289,834) |
| Loss on revaluation of non current assets | 0 | 0 | 0 |
| Changes in assets and liabilities; | | | |
| (Increase)/decrease in receivables | (232,412) | 576,000 | 479,499 |
| (Increase)/decrease in inventories | (847) | 0 | 3,582 |
| Increase/(decrease) in payables | 593,716 | (30,000) | 198,070 |
| Increase/(decrease) in employee provisions | 98,084 | 0 | 78,645 |
| Increase/(decrease) in grant liabilities | 458,071 | 0 | 0 |
| Grants/contributions for the development of assets | (2,553,837) | (2,108,778) | (1,226,423) |
| Net cash from operating activities | 2,301,263 | 1,635,912 | 3,261,102 |

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

20 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2020 | 2019 |
|-----------------------------|-------------|-------------|
| | \$ | \$ |
| Governance | 5,291,494 | 5,139,473 |
| Law, order, public safety | 1,243,561 | 1,354,062 |
| Health | 792,282 | 748,793 |
| Community amenities | 9,539,864 | 9,732,746 |
| Recreation and culture | 26,635,248 | 27,877,505 |
| Transport | 237,444,420 | 237,072,297 |
| Economic services | 1,477,674 | 1,603,321 |
| Other property and services | 8,115,277 | 8,362,862 |
| Unallocated | 3,501,128 | 2,750,927 |
| | 294,040,949 | 294,641,986 |

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

21 CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

| | 2020 | 2019 |
|-------------------------------|--------|------|
| | \$ | \$ |
| Contracted for: | | |
| - plant & equipment purchases | 0 | 0 |
| Payable: | | |
| - not later than one year | 85,113 | 0 |

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

22 RELATED PARTY TRANSACTIONS

Elected Members Remuneration

| | 2019/2020 Actual | 2019/2020 Budget | 2018/2019 Actual |
|--------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| The following fees, expenses and allowances were paid to council members and the President | | | |
| Councillor Meeting Fees | 128,595 | 127,720 | 127,720 |
| President Meeting Fees | 24,720 | 24,720 | 24,720 |
| President Allowance | 16,000 | 16,000 | 12,000 |
| Deputy President Allowance | 4,000 | 4,000 | 3,000 |
| Travelling Expenses | 8,568 | 25,000 | 23,893 |
| ICT Allowance | 30,625 | 31,500 | 31,500 |
| | 212,508 | 228,940 | 222,833 |

Key Management Personnel (KMP) Compensation Disclosure

| | 2020 \$ | 2019 \$ |
|-----------------------------------------------------------------------------|------------|------------|
| The total remuneration for KMP of the Shire during the year are as follows: | | |
| Short-term employee benefits | 763,073 | 721,350 |
| Post-employment benefits | 98,367 | 92,030 |
| Other long-term benefits | 87,843 | 83,674 |
| | 949,284 | 897,054 |

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 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 leave benefits accruing during the year.

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.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

| | 2020 \$ | 2019 \$ |
|----------------------------------------------------------------|------------|------------|
| The following transactions occurred with related parties: | | |
| Purchase of goods and services from KMP | 780 | 1,350 |
| Sale of goods and services to KMP | 220 | |
| Purchase of goods and services from close family member of KMP | 0 | 500 |

Other Disclosure

Parties related to KMP's are employed by the Shire in a non-KMP role.

The related parties are employed in accordance to normal terms and conditions afforded to all employees of the Shire.

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. Entities controlled by KMP or close family member

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

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

23 RATING INFORMATION

(a) Rates

| RATE TYPE | Rate in \$ | Number of Properties | 2020 Actual Rateable Value \$ | 2020 Actual Rate Revenue \$ | 2020 Actual Interim Rates \$ | 2020 Actual Back Rates \$ | 2020 Actual Total Revenue \$ | 2020 Budget Rate Revenue \$ | 2020 Budget Interim Rate \$ | 2020 Budget Back Rate \$ | 2020 Budget Total Revenue \$ | 2019 Actual Total Revenue \$ |
|-------------------------------------------------|------------|----------------------|-------------------------------|-----------------------------|------------------------------|---------------------------|------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|
| Differential general rate / general rate | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | |
| GRV - General | 8.0156 | 1,885 | 31,772,906 | 2,534,371 | (2,649) | 0 | 2,531,722 | 2,534,371 | 0 | 0 | 2,534,371 | 2,468,499 |
| Unimproved valuations | | | | | | | | | | | | |
| UV - General | 0.7115 | 592 | 406,167,292 | 2,884,644 | 3,853 | 0 | 2,888,497 | 2,884,162 | 0 | 0 | 2,884,162 | 2,907,420 |
| Sub-Total | | 2,477 | 437,940,198 | 5,419,015 | 1,204 | 0 | 5,420,219 | 5,418,533 | 0 | 0 | 5,418,533 | 5,375,919 |
| Minimum payment | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | |
| GRV - General | 947 | 978 | 5,340,701 | 935,636 | 0 | 0 | 935,636 | 935,636 | 0 | 0 | 935,636 | 943,263 |
| GRV - Lesser (Dandaragan & Badgingarra) | 715 | 27 | 109,352 | 20,735 | 0 | 0 | 20,735 | 20,735 | 0 | 0 | 20,735 | 21,120 |
| Unimproved valuations | | | | | | | | | | | | |
| UV - Mining | 894 | 76 | 1,532,773 | 68,838 | 0 | 0 | 68,838 | 70,626 | 0 | 0 | 70,626 | 72,242 |
| UV - Lesser | 715 | 152 | 11,708,700 | 106,535 | 0 | 0 | 106,535 | 106,535 | 0 | 0 | 106,535 | 37,312 |
| Sub-Total | | 1,233 | 18,691,526 | 1,131,744 | 0 | 0 | 1,131,744 | 1,133,532 | 0 | 0 | 1,133,532 | 1,073,937 |
| | | 3,710 | 456,631,724 | 6,550,759 | 1,204 | 0 | 6,551,963 | 6,552,065 | 0 | 0 | 6,552,065 | 6,449,856 |
| Discounts/concessions (refer Note 21(b)) | | | | | | | (240,252) | | | | (235,000) | (228,207) |
| Total amount raised from general rate | | | | | | | 6,311,711 | | | | 6,317,065 | 6,221,649 |
| Ex-gratia rates | | | | | | | 1,507 | | | | 1,273 | 1,530 |
| Totals | | | | | | | 6,313,218 | | | | 6,318,338 | 6,223,179 |

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

23 RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee Discount Granted | Discount % | Discount \$ | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ | Circumstances in which Discount is Granted |
|------------------------------|------------|-------------|----------------|----------------|----------------|------------------------------------------------------------------------------------------|
| General & minimum rates | 5.00% | | 240,252 | 235,000 | 228,207 | Current rates paid in full within 35 days of the date of issue noted on the rate notice. |
| | | | 240,252 | 235,000 | 228,207 | |

Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Discount % | Discount \$ | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---------------------------------------------------------------------|-----------|------------|-------------|----------------|----------------|----------------|
| Rate assessment | Write-off | | | 312 | 0 | 1,634 |
| Civic Centre hire charges | Waiver | | | 1,123 | 0 | 1,591 |
| Landing fees | Waiver | | | 8,449 | 0 | 21,513 |
| | | | | 9,883 | 0 | 24,738 |

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Circumstances in which the Waiver or Concession is Granted and to whom it was available | Objects of the Waiver or Concession | Reasons for the Waiver or Concession |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------|
|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------|

| | | | |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Rate assessments | Small balance write-off | | Administrative efficiency |
| Civic Centre hire charges | Fees waived for education providers to utilise rooms at the Civic Centre | To ensure the recently constructed Civic Centre achieves its purpose | Improved access to education facilities to improve education offering within the Shire was a key driver for the construction of the Civic Centre. |
| Landing Fees | 1. waive 100% of the Jurien Bay Airstrip / Aerodrome Landing Fee for the first four landings each calendar month for each customer as individually identified by the "customerID" held by Avdata; 2. waive 100% of the Jurien Bay Airstrip / Aerodrome Landing Fee for landings undertaken by the Royal Flying Doctors Service and student pilots. | To not place barriers to the use of the Jurien Bay airstrip to casual and emergency service users | To encourage landing at the Jurien Bay airstrip |

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

23 RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|-----------|---------------------------------|---------------------------------|------------------------------|
| Option One | | | | |
| Single full payment | 13-Sep-19 | 0 | 0.00% | 10.00% |
| Option Two | | | | |
| First instalment | 13-Sep-19 | 0 | 0.00% | 10.00% |
| Second instalment | 13-Nov-19 | 6.67 | 5.00% | 10.00% |
| Third instalment | 13-Jan-20 | 6.67 | 5.00% | 10.00% |
| Fourth instalment | 13-Mar-20 | 6.66 | 5.00% | 10.00% |

| | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|-----------------------------|----------------|----------------|----------------|
| Interest on unpaid rates | 30,696 | 27,000 | 31,593 |
| Interest on instalment plan | 16,989 | 22,000 | 20,300 |
| Charges on instalment plan | 13,060 | 13,500 | 14,282 |
| | 60,745 | 62,500 | 66,175 |

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

24 RATE SETTING STATEMENT INFORMATION

| Note | 2019/2020 | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------|---------------------------------------------------|--------------------|
| | 2019/2020 (30 June 2020 Carried Forward) | Budget (30 June 2020 Carried Forward) | 2018/2019 (30 June 2019 Carried Forward) | |
| | \$ | \$ | \$ | |
| (a) Non-cash amounts excluded from operating activities | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32. | | | | |
| Adjustments to operating activities | | | | |
| (Profit) on asset disposals | 11(a) | (6,136) | (1,087) | (397,267) |
| Fair value adjustment to financial assets at fair value through profit and loss | | (1,441) | 0 | 0 |
| Loss on asset disposals | 11(a) | 83,038 | 21,564 | 107,433 |
| Movement in employee provisions | | 18,408 | 0 | 31,513 |
| Movement in deferred rates | | (5,625) | 0 | (10,864) |
| Depreciation on assets | 11(b) | 6,321,172 | 5,747,244 | 5,757,993 |
| Non cash amounts excluded from operating activities | | 6,409,415 | 5,767,721 | 5,488,809 |
| (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 Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates. | | | | |
| Adjustments to net current assets | | | | |
| Less: Cash - restricted reserves | 3 | (5,692,576) | (5,895,105) | (5,830,457) |
| Less: Other financial assets at amortised cost - self support loan | | (42,602) | (39,147) | (55,721) |
| Add: Current liabilities not expected to be cleared at end of year | | | | |
| - Current portion of borrowings | | 112,406 | 108,951 | 119,620 |
| - Current portion of lease liabilities | | 40,530 | 0 | 0 |
| Total adjustments to net current assets | | (5,582,241) | (5,825,301) | (5,766,558) |
| Net current assets used in the Rate Setting Statement | | | | |
| Total current assets | | 8,656,244 | 6,206,206 | 8,035,457 |
| Less: Total current liabilities | | (2,334,836) | (855,237) | (1,175,122) |
| Less: Total adjustments to net current assets | | (5,582,241) | (5,825,301) | (5,766,558) |
| Net current assets used in the Rate Setting Statement | | 739,166 | (474,332) | 1,093,777 |

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

25 FINANCIAL RISK MANAGEMENT

Financial instruments held by the Shire are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, Western Australian Treasury Corporation (WATC) borrowings. The Shire has limited exposure to financial risks. The Shire's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Shire's receivables defaulting on their contractual obligations resulting in financial loss to the Shire.

The Shire's major receivables comprise rates and annual charges and user charges and fees. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

Liquidity risk

Liquidity risk arises when the Shire is unable to meet its financial obligations as they fall due.

The Shire is exposed to liquidity risk through its trading in the normal course of business.

The Shire has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Shire's income or the value of its holdings of financial instruments. The Shire does not trade in foreign currency and is not materially exposed to other price risks [for example, equity securities or commodity prices changes].

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. The Shire's exposure to interest rate risk is detailed in the interest rate sensitivity analysis table at Note 23(d) and it has no borrowings other than the WATC borrowings.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

| | 2020 | 2019 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 7,647,366 | 7,236,030 |
| Trade receivables* | 854,284 | 709,502 |
| Other financial assets | 212,715 | 243,704 |
| | 8,714,365 | 8,189,237 |
| Financial liabilities | | |
| Trade and other payables* | 1,050,024 | 461,373 |
| Borrowings | 269,417 | 365,747 |
| | 1,319,441 | 827,121 |

* Amount excludes GST receivable / payable to ATO (statutory receivable / payable)

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

25 FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

Trade Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

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

The loss allowance as at 30 June 2020 and 1 July 2019 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2019 or 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| | \$ | \$ | \$ | \$ | \$ |
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 171,928 | 60,798 | 36,441 | 83,724 | 352,891 |
| Loss allowance | - | - | - | - | - |
| 30 June 2019 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 707,305 | 1,222 | 1,785 | 40,599 | 750,912 |
| Loss allowance | - | - | - | - | - |

The loss allowance as at 30 June 2020 1 July 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 | | | | | |
| Sundry Receivables | | | | | |
| Expected credit loss | 0.04% | 0.16% | 0.75% | 1.73% | |
| Gross carrying amount | 383,484 | 2,634 | 1,563 | 40,349 | 428,030 |
| Loss allowance | 149 | 4 | 12 | 700 | 865 |
| 30 June 2019 | | | | | |
| Sundry Receivables | | | | | |
| Expected credit loss | 0.04% | 0.16% | 0.75% | 1.76% | |
| Gross carrying amount | 363,972 | 7,064 | 4,586 | 34,446 | 410,068 |
| Loss allowance | 142 | 11 | 34 | 605 | 792 |

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

25 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity Risk and Interest Rate Exposure

The following table details the Shire's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

| | Weighted Average effective interest rate | Interest rate exposure | | | | Nominal amount | Maturity dates | | |
|------------------------------------------|------------------------------------------|------------------------|---------------------|------------------------|----------------------|----------------|----------------|-----------|-------------------|
| | | Carrying Amount | Fixed interest rate | Variable interest rate | Non-interest bearing | | Up to 1 year | 1-5 years | More than 5 years |
| | % | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| 2020 | | | | | | | | | |
| <u>Financial assets</u> | | | | | | | | | |
| Cash and cash equivalents (unrestricted) | 0.01% | 1,369,916 | - | 1,369,916 | - | 1,369,916 | 1,369,916 | - | - |
| Cash and cash equivalents (restricted) | 0.51% | 6,277,451 | - | 6,277,451 | - | 6,277,451 | 6,277,451 | - | - |
| Receivables | | 854,284 | - | - | 854,284 | 854,284 | 854,284 | - | - |
| Other financial assets | | 212,715 | - | - | 212,715 | 212,715 | 8,862 | 48,162 | 154,249 |
| | | 8,714,365 | - | 7,647,366 | 1,066,999 | 8,714,365 | 8,510,512 | 48,162 | 154,249 |
| <u>Financial liabilities</u> | | | | | | | | | |
| Payables | | 1,050,024 | - | - | 1,050,024 | 1,050,024 | 1,050,024 | - | - |
| WATC borrowings | 4.50% | 269,417 | 269,417 | - | - | 269,417 | 6,786 | 195,967 | 66,664 |
| | | 1,319,441 | 269,417 | - | 1,050,024 | 1,319,441 | 1,056,810 | 195,967 | 66,664 |
| 2019 | | | | | | | | | |
| <u>Financial assets</u> | | | | | | | | | |
| Cash and cash equivalents (unrestricted) | 1.00% | 1,072,980 | - | 1,072,980 | - | 1,072,980 | 1,072,980 | - | - |
| Cash and cash equivalents (restricted) | 1.25% | 6,163,049 | - | 6,163,049 | - | 6,163,049 | 6,163,049 | - | - |
| Receivables | | 713,470 | - | - | 713,470 | 713,470 | 713,470 | - | - |
| Other financial assets | | 243,704 | - | - | 243,704 | 243,704 | 97,831 | 94,634 | 51,240 |
| | | 8,193,204 | - | 7,236,030 | 957,174 | 8,193,204 | 8,047,330 | 94,634 | 51,240 |
| <u>Financial liabilities</u> | | | | | | | | | |
| Payables | | 461,373 | - | - | 461,373 | 461,373 | 461,373 | - | - |
| WATC borrowings | 4.89% | 365,747 | 365,747 | - | - | 383,622 | 9,913 | 322,469 | 51,240 |
| | | 827,121 | 365,747 | - | 461,373 | 844,995 | 471,286 | 322,469 | 51,240 |

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

25 FINANCIAL RISK MANAGEMENT (continued)

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Shire's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

| | Carrying Amount | -100 basis points | | +100 basis points | |
|------------------------------------------|------------------|-------------------|-----------------|-------------------|---------------|
| | | Surplus | Equity | Surplus | Equity |
| | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| <u>Financial assets</u> | | | | | |
| Cash and cash equivalents (unrestricted) | 1,369,916 | (13,699) | (13,699) | 13,699 | 13,699 |
| Cash and cash equivalents (restricted) | 6,277,451 | (62,775) | (62,775) | 62,775 | 62,775 |
| <u>Financial liabilities</u> | | | | | |
| | 0 | 0 | 0 | 0 | 0 |
| | <u>7,647,366</u> | <u>(76,474)</u> | <u>(76,474)</u> | <u>76,474</u> | <u>76,474</u> |
| 2019 | | | | | |
| <u>Financial assets</u> | | | | | |
| Cash and cash equivalents (unrestricted) | 1,072,980 | (10,730) | (10,730) | 10,730 | 10,730 |
| Cash and cash equivalents (restricted) | 6,163,049 | (61,630) | (61,630) | 61,630 | 61,630 |
| <u>Financial liabilities</u> | | | | | |
| | 0 | 0 | 0 | 0 | 0 |
| | <u>7,236,030</u> | <u>(72,360)</u> | <u>(72,360)</u> | <u>72,360</u> | <u>72,360</u> |

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

26 CONTINGENT LIABILITIES

The Shire has no contingent liabilities to disclose at the end of the reporting year

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

27 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

| | AASB 118 carrying amount | | AASB 15 carrying amount |
|---------------------------------------------------------|-----------------------------|------------------|----------------------------|
| Note | 30 June 2019 | Reclassification | 01 July 2019 |
| | \$ | \$ | \$ |
| Contract liabilities - current | | | |
| Contract liabilities from contracts with customers | 0 | (201,313) | (201,313) |
| Adjustment to retained surplus from adoption of AASB 15 | | (201,313) | |

(b) AASB 1058: Income For Not-For-Profit Entities

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

| | AASB 118 and AASB 1004 carrying amount | | AASB 1058 carrying amount |
|-----------------------------------------------------------|----------------------------------------------|------------------|------------------------------|
| Note | 30 June 2019 | Reclassification | 01 July 2019 |
| | \$ | \$ | \$ |
| Trade and other payables | | | |
| Rates paid in advance | 0 | (58,362) | (58,362) |
| Adjustment to retained surplus from adoption of AASB 1058 | | (58,362) | |

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

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

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

27 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

| | | 2020 \$ | | 2020 \$ |
|-------------------------------------------------|-------|-----------------------------------------------|-----------------------------------------------------------------|------------------------------------------|
| | Note | As reported under AASB 15 and AASB 1058 | Adjustment due to application of AASB 15 and AASB 1058 | Compared to AASB 118 and AASB 1004 |
| Statement of Comprehensive Income | | | | |
| Revenue | | | | |
| Rates | 23(a) | 6,313,218 | 74,227 | 6,387,445 |
| Operating grants, subsidies & contributions | 2(a) | 2,388,451 | 458,071 | 2,846,522 |
| Non-operating grants, subsidies & contributions | 2(a) | 2,120,430 | 0 | 2,120,430 |
| Net result | | (2,458,143) | 532,298 | (1,925,845) |
| Statement of Financial Position | | | | |
| Trade and other payables | | 1,050,024 | (74,227) | 975,797 |
| Contract liabilities | | 458,071 | (458,071) | 0 |
| Net assets | | (291,377,051) | 532,298 | (290,844,753) |
| Statement of Changes in Equity | | | | |
| Net result | | (2,458,143) | 532,298 | (1,925,845) |
| Retained surplus | | 197,037,451 | 532,298 | 197,569,749 |

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

(c) AASB 16: Leases

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

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the the remaining lease payments, discounted using the WA Treasury Corporation's 5 year fixed bond rate of 1.33%.

| | Note | 2020 \$ |
|------------------------------------------------------------------------------------------------------------|------|------------|
| Operating lease commitments at 30 June 2019 applying AAS 117 | | 137,998 |
| Discount applied using incremental borrowing rate | | (4,511) |
| Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 1.33% | | 133,487 |
| Lease liability - current | | 43,338 |
| Lease liability - non-current | | 90,149 |
| Right-of-use assets recognised at 1 July 2019 | | 133,487 |

On adoption of AASB 16, the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability. Property, plant and equipment and lease liabilities increased by \$133,487 on 1 July 2019 resulting in no impact on retained surplus.

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

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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

27 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(d) Impact of New Accounting Standards on Retained Surplus

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

| | Note | Adjustments | 2019 |
|-----------------------------------------------------------|------|-------------|-------------|
| | | | \$ |
| Retained surplus - 30 June 2019 | | | 199,357,712 |
| Adjustment to retained surplus from adoption of AASB 15 | | (201,313) | |
| Adjustment to retained surplus from adoption of AASB 16 | | 0 | |
| Adjustment to retained surplus from adoption of AASB 1058 | | (58,362) | (259,675) |
| Retained surplus - 1 July 2019 | | | 199,098,037 |

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

28 TRUST FUND

From the year, all bonds, deposits and collections not required by legislation to be held in trust are included in the financial statements;

| | 1 July 2019 | Amounts Received | Amounts Paid | Reclassification to Cash | 30 June 2020 |
|-----------------------------------|-------------|------------------|--------------|--------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cash In Lieu POS - L9000 Valencia | 200,277 | 0 | 0 | 0 | 200,277 |
| | 200,277 | 0 | 0 | 0 | 200,277 |

SHIRE OF DANDARAGAN
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 end of the reporting period.

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

30. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME | OBJECTIVE | ACTIVITIES |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GOVERNANCE | To provide a decision making process for the efficient allocation of scarce resources | Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific local government 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, provision of meat inspection services, noise control and waste disposal. |
| EDUCATION AND WELFARE | To provide services to disadvantaged persons, the elderly, children and youth. | Provision of youth, aged and disability services. |
| COMMUNITY AMENITIES | To provide services required by the community. | Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences. |
| RECREATION AND CULTURE | To establish and effectively manage infrastructure and resource which will help the social well being of the community. | Maintenance of public halls, civic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities. |
| TRANSPORT | To provide safe, effective and efficient transport services to the community | Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. |
| ECONOMIC SERVICES | To help promote the local government and its economic wellbeing | Tourism and area promotion Provision of rural services including weed control, vermin control and standpipes. Building control. |
| OTHER PROPERTY AND SERVICES | To monitor and control operating accounts | Private works operation, plant repair and costs. |

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

31 FINANCIAL RATIOS

| | 2020 | 2019 | 2018 |
|-----------------------------------|--------|--------|----------------------|
| Current ratio | 1.60 | 3.22 | 4.90 |
| Asset consumption ratio | 0.69 | 0.71 | 0.72 |
| Asset renewal funding ratio | 0.74 | N/A | N/A |
| Asset sustainability ratio | 0.69 | 0.76 | 0.84 |
| Debt service cover ratio | 12.75 | 20.32 | (30.53) ¹ |
| Operating surplus ratio | (0.51) | (0.31) | (1.15) ² |
| Own source revenue coverage ratio | 0.56 | 0.62 | 0.42 ³ |

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 | $\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$ |
| 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 | $\frac{\text{own source operating revenue}}{\text{operating expenses}}$ |

Notes:

Three of the ratios was impacted by expenses associated with the disposal of the sewer to the Water Corporation for nil consideration and loss on revaluation of assets through P&L

| | 2018 |
|-------------------------------|-----------|
| | \$ |
| Loss on disposal of sewer | 5,315,357 |
| Loss on revaluation of assets | 1,529,888 |

If the events detailed above did not occur, the ratio would be as follows:

| | 2018 |
|-----------------------------------|---------------------|
| Debt service cover ratio | 19.45 ¹ |
| Operating surplus ratio | (0.39) ² |
| Own source revenue coverage ratio | 0.63 ³ |

AUDITOR'S REPORT



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Dandaragan

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Dandaragan 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 Dandaragan:

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

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 Ratio as reported in Note 31 of the annual financial report has progressively declined over the past 3 years and for 2018-19 and 2019-20 is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of 0.8
 - b. The Operating Surplus Ratio as reported in Note 31 of the annual financial report is below the DLGSCI's basic standard of 0.01 for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were 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 Dandaragan 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.



ALOHA MORRISSEY
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
13 November 2020