



SHIRE OF KULIN

2020/2021 ANNUAL REPORT

38 JOHNSTON STREET, KULIN

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About Kulin

The Shire of Kulin is situated in the Central Wheatbelt 280km south east of Perth. The Shire comprises of four townsites Kulin, Pingaring, Dudinin and Holt Rock. The main industry within the Shire is agriculture with most farmers growing cereal crops and sheep for meat and wool. With a population of approximately 700 people statistically we are a small town however when it comes to spirit this town is far from small.

The community has rallied together over the past few decades and worked together to create and construct community facilities and events which unite and ignite our town.

Some of the remarkable achievements which have been realised are the Kulin Bush Races, a community owned and run bank, the Kulin Retirement Homes and the Cultivating Kulin Committee as a fundraising body fundraising for facilities such as the All Ages Activity Precinct.

The town also boasts modern recreational facilities with an extensive aquatic centre which includes the longest regional slide, football & hockey oval, indoor netball & basketball courts, competition sized bowling rink, tennis courts, 18 hole golf course and extensive town park which includes grassed area, shelter & seating, gardens, BBQ facilities, skate park, pump track, & basketball court.

There are services available in town which include a District High School, medical facilities with visiting doctor, nurses and visiting primary health specialists such as physiotherapist, speech therapist, infant health care, home and community care, Child Care Centre, Community Resource Centre, Visitor's Centre, Caravan Park, Police Station, supermarket, hotel, mechanic, hardware stores, Post Office, Library, beauty therapist and hairdressers.

The Shire itself covers an area of over 4,700km² with a road network of over 1,600km. Our Shire services the community in a number of ways including

- the construction and maintenance of local roads, footpaths & drainage, public buildings and facilities.
- the provision of recreation facilities, such as parks and gardens, sports fields, golf courses, swimming pools, recreation centres, town halls and caravan parks
- the provision and maintenance of community services such as child care, aged care and accommodation, community care, community transport, emergency services, welfare services
- lobbying and working with State and Federal Government, regional organisations and agencies
- advocating for local needs whilst operating in a regional context,
- corporate governance to ensure it delivers good decision making, leadership and professional management



Elected Members & Staff



Elected Members	Phone	Email
President Barry West	0488 090 221	evasham10@gmail.com
Vice President Grant Robins	0427 801 329	kultrans@bigpond.com
Lucia Varone	0429 987 880	mlvarone@bigpond.com
Brad Smoker	0427 906 371	bsmoker@synergyco.com.au
Michael Lucchesi	0427 804 050	mmlucchesi@bigpond.com
Robbie Bowey	0429 801 236	p2b@bigpond.com
Jarron Noble	0427 801 394	njtnoble@bigpond.com
Rodney Duckworth	0427 890 076	rducky@activ8.net.au

<u>Staff</u>	<u>Role</u>	<u>Email</u>
Garrick Yandle	Chief Executive Officer	ceo@kulin.wa.gov.au
Cassi-Dee Vandenberg	Dep Chief Executive Officer	dceo@kulin.wa.gov.au
Judd Hobson	Works Manager	works@kulin.wa.gov.au
Fiona Murphy	Senior Finance Officer	rates@kulin.wa.gov.au
Annette Lewis	Finance Officer	finance@kulin.wa.gov.au
Fiona Jasper	Executive Support Officer	eso@kulin.wa.gov.au
Taryn Scadding	Community Services Manager	cdo@kulin.wa.gov.au
Ruth Tyson	Recreation Centre Manager	reccentre@kulin.wa.gov.au
Mark Gillbard	Pool Manager	pool@kulin.wa.gov.au
Trish Mahe	Customer Service Officer	admin@kulin.wa.gov.au

Facility	Contact Number
Shire Offices	(08) 9880 1204
Community Resource Centre	(08) 9880 1021
Freebairn Recreation Centre	(08) 9880 1000
Swimming Pool	(08) 9880 1222



From the President

Another busy year for the Shire of Kulin, and the full 12 months conducted with Covid 19 restrictions and lockdowns. Fortunately, we have had minimal disruptions due to living and working in the 'Capital of the Wheatbelt'!

Over the course of the year construction began on the Shire's All Ages Activity Precinct, a project funded by a combination of grant funding, Shire contributions and a huge \$100,000 contribution from the Cultivating Kulin Committee. Once completed it will encompass a pump track, skate park, hangout zone, basketball court and obstacle zone. Estimated to cost around \$1m it will be the Shire's flagship project over the next year. Other notable projects include replacement of the playground softfall, installation of main street CCTV, replacement of administration server equipment, reinstatement of pool tiling, upgrade of the oval irrigation system and construction of new footpaths.

Our staff have continued to perform and complete projects throughout the year, despite some challenges. Judd and the works crew have done a great job as usual of maintaining the Shire roads, despite the last few months of the financial year being the start of one of the wettest winters, Kulin and surrounds have seen for a long time. Their next biggest jobs are upgrading the Kulin-Dudinin Road and Rabbit Proof Fence Road.

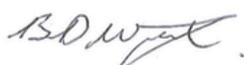
Kulin looks great, and we are grateful to have our outside staff and gardeners who take pride in their work to present the town at its best. It is also appreciated by the steady stream of visitors staying in town at the various accommodation sites, who often praise our community and town. This has been a boost to the local economy and we thank all residents and businesses who had made the visitors welcome with our renown Kulin hospitality. With no Kulin Bush Races held in 2020, and no Blazing Swan in 2021 it is gratifying to see our profile and reputation hold solid in these uncertain times.

Thankyou to the Inside staff, who do a great job in their designated roles and also continue to promote Kulin at every opportunity. A big thankyou to our CEO Garrick and Deputy CEO Cassi for all their hard work, often behind the scenes, and to every Shire Councillor for making the time and dedicated commitment to your community.

Thanks to our rate-payers - Dudinin, Jitarning, Kulin, Pingaring & Holt Rock - for continued support, and thankyou for contributions from local farmers of gravel, sand etc which all helps in keeping rates as low as possible and the roads at a consistently high standard.

Well done to Kulin for staying Covid safe and looking out for each other. Have your vaccinations and we'll all continue to support one another in our special part of the world.

With Kind Regards



Barry West
President



From the Chief Executive Officer

This report highlights the activities of the Kulin Shire Council administration during the 2020/21 Financial Year.

2020/21 In REVIEW

This year was one of continual dealing with the unique challenges posed by COVID19 as well as make the most of the opportunities presented by additional funding to strategically progress specific components of the Shire. COVID19 continued to present ongoing restrictions to the way the world conducted its day-to-day activities. For the most part the restrictions within the Kulin community were limited aside from the new QR check in register at all venues and the occasional lock down parameters enforced by the State government. The main challenges were doing business with overseas and interstate contractors which delayed the odd project and supply chain delivery.

Due to wider economic impacts across the country, local governments were fortunate to receive a number of “economic stimulus” grants from the Federal Government. These were mostly in the form of Local Roads and Community Infrastructure Program (1&2) Grants. These enable Council and staff to identify specific projects within the Strategic Community Plan and fast track their implementation. A significant influx of funding poses opportunities, but also presented challenges regarding delivery alongside the delivery of Council’s day-to-day operations. Staff and the community should be commended upon taking up these challenges and delivering these additional significant community infrastructure building projects.

Towards the end of 2020/21 Council commenced the process of undertaking the major review of its Strategic Community Plan and Corporate Business Plan. This process will be finalised in 2021/22, but it initially entailed identifying the 5 key areas of business that Council conducts as follows:

1. Corporate
2. Infrastructure
3. Community
4. Regulatory
5. Recreation and Culture

For the purposes of this report I will provide an overview of key areas achieved within each business unit over the course of 20/21.



From the Chief Executive Officer

Corporate

- Council
 - Councillor Training
 - Model Code of Conduct 2021 – Council Members, Committee Members and

Candidates

- Governance Document Reviews
 - Policy Manual and APOG
 - Asset Management Plan
 - Local Laws
 - Delegations Register
 - Financial Management
 - Regulation 17
- IT Projects
 - Server Equipment Upgrade
 - CCTV Installation

Infrastructure

- Regional Road Group
 - Dudinin Jitarning Road
 - Yealering Road
- Roads to Recovery
 - Kulin Dudinin Road
 - Pingaring Varley Road
 - Holland Track
 - Aylmore Road
 - High Street
- Blackspot
 - Muller Road / Fence Road intersection
 - Fence Road / Dudinin Jitarning Road intersection
- LRCIP
 - Footpath Network Expansion
- Heavy Vehicle Safety Productivity Program
 - Jilakin Street
 - Lake Grace – Gorge Rock Road intersection
 - CBH Access Road



From the Chief Executive Officer

- Own Source Funding
 - Tarin Rock Road
 - Jitarning South Road
 - Jones Road
 - Kulin Dudinin Road
 - Kulin Holt Rock Rd
 - Carmody Road
 - Pingaring Varley Road
 - Kulin West Road
 - Di Franco Road
 - Bailey Road
 - Allen Rocks Road
 - Kuender Road
 - Colbourne Road

Community

- Cemetery Entrance Upgrade
- Caravan Park Outdoor Kitchen

Regulatory

- Public Toilet Renovation
- Holt Rock Depot Upgrades

Recreation and Culture

- All Ages Activity Precinct Design
- VDZ Playground Softfall
- Oval Irrigation Upgrade
- Aquatic Centre
 - Slide Refurbishment
 - Chlorine Changeover
 - Pool Refurbishment
- Pingaring Sporting Club Maintenance
- Dudinin Sporting Club Maintenance
- FRC
 - Court Lighting
 - Outdoor Blinds



From the Chief Executive Officer

The following projects undertook significant planning in 20/21 and are expected to be delivered in 21/22

- Aquatic Centre Recreational Amenities
- FRC Court Surface Replacement
- FRC Projector (Large Court Events/Functions)
- FRC Generator - Emergency Evac Centre
- Caravan Park Disabled Ablutions

The 2020/21 financial year was continued as a challenging for the resilience of staff, the community, local business and the world as whole. Again, it showed us how through living in such a great community we can band together to weather such challenges. It also showed us that living where we do can sometimes have its advantages over the more populous areas of the world. It also showed that when times get tough the Federal and State governments find money to hand out for local governments to spend to keep the economy afloat and stimulated. With such challenges and subsequent funding comes opportunities to continue to invest in community infrastructure. Such times present such opportunities and hopefully Shire staff and Council have identified and can implement quality initiatives to appropriately invest back into the community.

The passion, spirit and drive of the community remains evident through the many active community groups and their volunteers. Volunteerism continues to be the lifeblood of the community. The Shire Administration led by Cassi, Judd and the team continually showcase the teamwork of good governance with community leadership. Combined with the efforts our 9 Councillors, Kulin remains one of the most progressive and self-driven communities in the wheatbelt and is a credit to all residents and ratepayers.



Garrick Yandle
Chief Executive Officer



Strategic Community Plan

The vision within the Shire of Kulin Community Strategic Plan is the culmination of the process of identifying current and emerging issues facing the communities within the Shire, as well as making approaches to improve the overall wellbeing of the Council area. It is a collective community vision that focuses not only on the physical infrastructure but also on the ideals of the community, way of living, doing business and the sense of community and wellbeing.

The Shire of Kulin recognises that prolonged community development comes from positive engagement with its residents and stakeholders. Conversation will form the basis from where all community engagement begins. Much of that conversation will centre around two main themes;

- What are the things that we do well and how do we achieve more of that? and,
- What are the community assets that we already possess and how can we utilise them to our best advantage to achieve the goals we aim for?

In this framework the Shire of Kulin believe that the community is best positioned to achieve its goals.

A full review of the Shire's Strategic Community Plan was commenced in 2021 with finalisation expected late in the 2021/22 financial year.

The plan comprises of four main themes:

- Social
- Economic
- Environment
- Civic Leadership

Each year the Shire's Councillors and Executive staff actively prepare to achieve the goals of the plan in conjunction with the preparation of the budget and quarterly progress plans. The following report outlines the achievement of the various goals within each of the themes of the plan.

Social

- The Shire of Kulin make an effort to promote a positive and friendly identity with a consistent approach across all communication media. The Shire prepare a fortnightly printed news publication, which is also accessible online. In addition to this the Shire of Kulin maintain a Council website, social media pages, email distribution list and other periodic publications
- Throughout the year the Shire and the CRC hold many community events to engage residents, promote inclusion and celebrate the successes of the community.



Strategic Community Plan

Social

- The Shire of Kulin continue to hold our road network in very high priority. Significant funds are budgeted each year to ensure the quality of our road network can be maintained. These works are funded by federal and state grants and supplemented with Council's own funds.
- Construction of a group of cement and bitumen footpaths was completed during the 2020/21 financial year with planning on a further network expansion to take place in the 2021/22 year.
- A successful grant application for Community Water Supply grants which will be used to further improve our water infrastructure throughout the Shire.
- We are still operating a well patronised medical facility for which feedback from users is positive.
- Maintenance and asset replacement work is ongoing for our aquatic and recreation facilities. The Shire has renewed the pool tiling and has begun to undertake a procurement process to substantially renovate the slide structure within the aquatic centre.
- The construction of the All Ages Activity Precinct began during the year with completion to be finalised early in 2022. Upon completion the All Ages Activity Precinct will include a pump track, skate park, hangout zone, basketball court and obstacle course.

Economic

- The Shire of Kulin continue to support community organisations such as the Kulin Development Cooperative, Kulin Community Financial Services and Cultivating Kulin Committee to recruit and provide technical and trade services within the community.
- The CRC continue to facilitate business network meetings to support local businesses.
- Kulin Caravan Park continue to run the 'Pay what you like' program which has been extremely successful and added to our tourism products. Our 72 hour RV area has been upgraded to include additional bins, information boards and comments box.
- Kulin Visitor Centre is an accredited Visitor Centre with Tourism Council of Western Australia. This accreditation provides additional exposure and opportunities to promote our centre and region within the WA tourism industry.
- Kulin CRC continues to organise events throughout the Shire which focus on community and business.
- We are an active member of the Roe Tourism Association and collaborate with marketing and promotional opportunities. We support the Pathways to Wave Rock brand and work with our neighbouring shires to encourage tourism in our region.
 - We continue to work closely with KDHS. We provide our facilities free of charge for school usage. We are actively working with the upper high school (Year 9 & 10) students to provide work placement opportunities for those students who are better suited to an on the job learning environment. We also continue to be actively involved with the students on projects that have community benefit.



Strategic Community Plan

Economic

- Kulin Child Care Centre continues to be an essential service in our community. Shire of Kulin is the approved provider of the service and Council provide a significant contribution toward the operating cost of the service.
- Business after hours is a new initiative established through Kulin CRC to bring together local business and the Wheatbelt Business Network. The focus is to establish joint training and education opportunities, joint marketing programs and community education programs.

Environment

- The Shire of Kulin spend a lot of time maintaining public open space around the townsite of Kulin. The Visitor Discovery Zone in the centre of town has been filled with flora which is locally native to the state and Kulin.
- The Shire provide a fully serviced facility for the local herbarium group to use free of charge. The Herbarium and Wildflower Society use this facility to collect and process flora samples and run educational tours throughout the natural landscape within the Shire.
- Construction of the Pingaring Dam was finalised during the year. The facility adds to the network of dams constructed to improve the Shire's water supply in our efforts toward drought proofing the community.

Civic Leadership

- Maintained strong partnerships with many community organisations including:
 - The reinvigoration of Cultivating Kulin Committee Inc. with local businesses Kulin Community Financial Services, and Kulin Bush Races.
 - An ongoing formal agreement with Kulin District High School.
 - Coordination of regular community gatherings as part of the Kulin Business After Hours group.
- Shire staff undertake regular professional development in line with their specific technical roles and annual appraisal processes.
- Compliance matters were recorded monthly as part of Council Meetings and relevant documents reviewed in accordance with regulations.
- Council developed its annual budget via series of internal Concept Forums that identified key priorities in accordance with available funding schemes and integrated planning documents.
- Council's Minutes are published on our webpage, we publish and contribute towards a fortnightly community newsletter Kulin Update as well as provide information regarding specific areas of our business via their social media pages including: CRC, FRC, Aquatic Centre and Camp Kulin to engage the community in a transparent and keeping them informed of Council decision making
- Implement collaborative partnerships that support efficient use of resources
 - The Shire operates within a strong OHS environment and undertook an OHS audit in conjunction with LGIS and our OHS contractor.



National Competition Policy

The National Competition Policy was introduced by the Commonwealth Government in 1995, to promote competition for the benefit of business, consumers and the economy by removing unnecessary protection of monopolies of markets where competition can be enhanced. It affects local governments because factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

The Shire is required to comply with certain policies contained with the National Competition Policy Statement, and report on the progress in connection with the National Competitive Neutrality Principles and review of Local Laws. During the 2020/2021 financial year the Shire met its obligations under the National Competition Policy. The Shire continues to monitor Council policies and local laws for anti-competitive practices. The Shire does not operate significant business activities which compete or could compete with private business sector business.

Freedom of Information

The Shire of Kulin will provide information to people requesting it from Council. Should a request not be met satisfactorily, then a Freedom of Information Application can be lodged with Council. During the year ended 30 June 2018, one Freedom of Information Application was received. The Freedom of Information Statement was reviewed during 2020/21.

Record Keeping Plan

The Shire of Kulin use a hybrid of both paper based and electronic record keeping system within the SynergySoft program.

The Shire of Kulin's Recordkeeping Plan Review was submitted in December 2018 and the review report noted by the State Records Commission on 22 March 2019. The report provides evidence of the Shire's evaluation of recordkeeping practices documented in the plan.

Shire staff were provided with an information guide detailing the Recordkeeping Plan and Council Policy and Procedures in March 2019. Staff also undertook a survey around Council's recordkeeping operations and future training requirements, based on the results the existing process is adequate. In regards to induction for new employees the Shire of Kulin utilise one-on-one training to provide an appropriate guide to staff responsibilities and reflection of the record keeping program within the organisation.



Disability Access and Inclusion Plan (DAIP)

Since 1995 it has been a requirement under the Disability Services Act 1993, that all Western Australian Local Governments develop and implement a Disability Access and Inclusion Plan (DAIP) to improve access to their services for people with disability. The Act requires public authorities to lodge a DAIP to the Disability Services Commission.

The Shire lodged their latest Disability Access and Inclusion Plan for 2020 - 2025 in May 2020. The plan will run until 31st May 2025. The Shire DIAP meets the requirements of the Disability Services Act 1993.

Local Government (Rules of Conduct) Regulation 2007 – Complaints Register

These regulations require the reporting of various offences by elected members, as prescribed by the Regulations. Elected members must comply with their obligations under the Local Government Act 1995 and subsidiary legislation. Complaints about elected member conduct are to be made to the Complaints Officer, who in accordance with section 5.120 of the Local Government Act 1995, must be a designated senior employee. The Shire of Kulin Complaints Officer is the Chief Executive Officer. Section 5.121 of the Local Government Act 1995 requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members. There were no formal complaints lodged against elected members in the year under review.

Employee Remuneration Disclosure

Regulation 19B of the Local Government (Administration) Regulation 1996 requires the Shire to include the following information in its Annual Report

- (a) The number of employees of the Shire entitled to an annual salary of \$130,000 or more; and
- (b) The number of those employees with an annual salary entitlement that falls within each band.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$130,000 or more for 20/21:

Range

\$130,000-\$140,000 0

\$140,000-\$150,000 1

Public Interest Disclosure

In accordance with the Public Interest Disclosure Act 2003, procedures have been implemented to facilitate reporting and action on public interest disclosures. During the 2020/21 reporting period, no public interest disclosures were lodged.



SHIRE OF KULIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

A healthy, harmonious and progressive community where all people are willing to contribute and enjoy opportunities to be successful.

Principal place of business:
38 Johnston Street, Kulin WA 6365

**SHIRE OF KULIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Kulin for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Kulin at 30 June 2021 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

21st day of

February 2022



Chief Executive Officer

Garrick Yandle

Name of Chief Executive Officer

SHIRE OF KULIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	26(a)	2,035,401	2,028,931	2,012,136
Operating grants, subsidies and contributions	2(a)	2,762,426	2,561,435	2,508,047
Fees and charges	2(a)	1,526,555	1,344,079	1,623,450
Interest earnings	2(a)	19,723	33,420	67,321
Other revenue	2(a)	222,411	93,450	248,636
		6,566,516	6,061,315	6,459,590
Expenses				
Employee costs		(2,180,160)	(2,004,042)	(2,445,056)
Materials and contracts		(1,747,948)	(1,524,559)	(1,922,900)
Utility charges		(318,538)	(337,088)	(358,009)
Depreciation on non-current assets	11(b)	(2,883,569)	(3,175,584)	(3,206,572)
Interest expenses	2(b)	(44,732)	(45,038)	(46,246)
Insurance expenses		(294,217)	(273,806)	(208,463)
Other expenditure		0	0	(20,198)
		(7,469,164)	(7,360,117)	(8,207,444)
		(902,648)	(1,298,802)	(1,747,854)
Non-operating grants, subsidies and contributions	2(a)	2,173,090	1,504,000	979,404
Profit on asset disposals	11(a)	34,049	44,746	35,490
(Loss) on asset disposals	11(a)	(75,666)	(1,000)	(30,038)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	71,221
		2,131,473	1,547,746	1,056,077
Net result for the period		1,228,825	248,944	(691,777)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	26,337,641
Total other comprehensive income for the period		0	0	26,337,641
Total comprehensive income for the period		1,228,825	248,944	25,645,864

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

SHIRE OF KULIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		58,281	16,970	328,178
General purpose funding		4,389,476	3,849,951	3,885,835
Law, order, public safety		33,928	33,400	45,461
Health		19,071	0	628
Education and welfare		222,062	270,440	220,113
Housing		100,819	108,282	105,349
Community amenities		103,432	101,224	97,082
Recreation and culture		255,559	214,449	182,852
Transport		326,022	213,935	203,559
Economic services		883,212	1,235,800	1,044,791
Other property and services		174,654	120,864	345,742
		6,566,516	6,165,315	6,459,590
Expenses				
	2(b)			
Governance		(188,244)	(175,539)	(325,774)
General purpose funding		(89,575)	(199,308)	(89,494)
Law, order, public safety		(176,793)	(151,392)	(108,499)
Health		(104,799)	(120,039)	(83,240)
Education and welfare		(319,801)	(323,674)	(299,232)
Housing		(115,168)	(263,405)	(183,851)
Community amenities		(361,497)	(377,752)	(323,985)
Recreation and culture		(1,223,198)	(1,231,740)	(1,135,294)
Transport		(3,513,159)	(3,381,226)	(3,707,586)
Economic services		(1,168,891)	(1,101,998)	(1,475,464)
Other property and services		(163,307)	(93,007)	(428,779)
		(7,424,432)	(7,419,080)	(8,161,198)
Finance Costs				
	2(b)			
Governance		(42,895)	(43,538)	(46,246)
General purpose funding		(1,837)	(1,500)	0
		(44,732)	(45,038)	(46,246)
		(902,648)	(1,298,803)	(1,747,854)
Non-operating grants, subsidies and contributions	2(a)	2,173,090	1,504,000	979,404
Profit on disposal of assets	11(a)	34,049	44,746	35,490
(Loss) on disposal of assets	11(a)	(75,666)	(1,000)	(30,038)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	71,221
		2,131,473	1,547,746	1,056,077
Net result for the period		1,228,825	248,943	(691,777)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	0	0	26,337,641
Total other comprehensive income for the period		0	0	26,337,641
Total comprehensive income for the period		1,228,825	248,943	25,645,864

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



SHIRE OF KULIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,428,686	3,610,595
Trade and other receivables	6	453,077	382,363
Other financial assets	5(a)	2,124,064	400,000
Inventories	7	60,711	52,445
Contract assets	2(a)	157,173	0
Assets classified as held for sale	8	687,000	687,000
TOTAL CURRENT ASSETS		5,910,711	5,132,403
NON-CURRENT ASSETS			
Other financial assets	5(b)	76,221	76,221
Property, plant and equipment	9	25,212,962	25,382,438
Infrastructure	10	108,222,877	107,273,928
TOTAL NON-CURRENT ASSETS		133,512,060	132,732,587
TOTAL ASSETS		139,422,771	137,864,990
CURRENT LIABILITIES			
Trade and other payables	14	655,186	529,092
Other liabilities	15	250,000	0
Borrowings	16(a)	93,302	90,511
Employee related provisions	17	448,645	387,247
TOTAL CURRENT LIABILITIES		1,447,133	1,006,850
NON-CURRENT LIABILITIES			
Borrowings	16(a)	979,881	1,073,183
Employee related provisions	17	56,853	74,878
TOTAL NON-CURRENT LIABILITIES		1,036,734	1,148,061
TOTAL LIABILITIES		2,483,867	2,154,911
NET ASSETS		136,938,904	135,710,079
EQUITY			
Retained surplus		41,296,253	40,319,652
Reserves - cash/financial asset backed	4	2,124,064	1,871,840
Revaluation surplus	13	93,518,587	93,518,587
TOTAL EQUITY		136,938,904	135,710,079

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

SHIRE OF KULIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/FINANCIAL ASSET BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		40,648,707	2,039,629	67,180,946	109,869,282
Comprehensive income					
Net result for the period		(691,777)	0	0	(691,777)
Other comprehensive income	13	194,933	0	26,337,641	26,532,574
Total comprehensive income		(496,844)	0	26,337,641	25,840,797
Transfers from reserves	4	332,450	(332,450)	0	0
Transfers to reserves	4	(164,661)	164,661	0	0
Balance as at 30 June 2020		40,319,652	1,871,840	93,518,587	135,710,079
Comprehensive income					
Net result for the period		1,228,825	0	0	1,228,825
Total comprehensive income		1,228,825	0	0	1,228,825
Transfers from reserves	4	58,723	(58,723)	0	0
Transfers to reserves	4	(310,947)	310,947	0	0
Balance as at 30 June 2021		41,296,253	2,124,064	93,518,587	136,938,904

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

SHIRE OF KULIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,047,124	2,033,930	2,009,608
Operating grants, subsidies and contributions		2,951,728	2,711,435	2,389,862
Fees and charges		1,370,857	1,344,079	1,623,450
Interest received		19,723	33,420	67,321
Goods and services tax received		238,357	0	223,038
Other revenue		222,411	92,051	248,636
		6,850,200	6,214,915	6,561,915
Payments				
Employee costs		(2,183,614)	(2,006,728)	(2,412,805)
Materials and contracts		(1,583,292)	(1,517,972)	(1,870,965)
Utility charges		(318,538)	(337,088)	(358,009)
Interest expenses		(44,732)	(45,038)	(46,246)
Insurance paid		(294,217)	(273,806)	(208,463)
Goods and services tax paid		(261,571)	0	(201,574)
		(4,685,964)	(4,180,632)	(5,098,062)
Net cash provided by (used in) operating activities	18	2,164,236	2,034,283	1,463,853
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(994,236)	(889,036)	(1,285,702)
Payments for construction of infrastructure	10(a)	(2,924,809)	(4,102,304)	(1,636,054)
Non-operating grants, subsidies and contributions	2(a)	2,173,090	1,504,000	979,404
Proceeds from/(Payments for) financial assets at amortised cost - term deposits		(1,724,064)	(97,936)	1,790,978
Proceeds from sale of property, plant & equipment	11(a)	214,385	171,000	291,455
Net cash provided by (used in) investment activities		(3,255,634)	(3,414,276)	140,081
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(90,511)	(90,511)	(87,804)
Net cash provided by (used in) financing activities		(90,511)	(90,511)	(87,804)
Net increase (decrease) in cash held		(1,181,909)	(1,470,504)	1,516,130
Cash at beginning of year		3,610,595	2,138,758	2,094,465
Cash and cash equivalents at the end of the year	18	2,428,686	668,254	3,610,595

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

SHIRE OF KULIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	27 (b)	1,657,224	1,671,941	1,761,702
		1,657,224	1,671,941	1,761,702
Revenue from operating activities (excluding rates)				
Governance		63,805	17,970	328,178
General purpose funding		2,354,075	1,821,020	1,944,921
Law, order, public safety		33,928	33,400	45,461
Health		19,071	0	628
Education and welfare		222,062	270,440	220,113
Housing		100,819	108,282	105,349
Community amenities		103,432	101,224	97,082
Recreation and culture		255,559	214,449	182,852
Transport		354,547	257,681	239,049
Economic services		883,212	1,235,800	1,044,791
Other property and services		174,654	120,864	345,742
		4,565,164	4,181,130	4,554,166
Expenditure from operating activities				
Governance		(231,139)	(219,077)	(381,250)
General purpose funding		(91,412)	(200,808)	(89,494)
Law, order, public safety		(176,793)	(151,392)	(108,499)
Health		(104,799)	(120,039)	(83,240)
Education and welfare		(319,801)	(323,674)	(299,232)
Housing		(182,166)	(263,405)	(183,851)
Community amenities		(361,497)	(377,752)	(323,985)
Recreation and culture		(1,223,198)	(1,231,740)	(1,135,294)
Transport		(3,521,827)	(3,382,226)	(3,728,394)
Economic services		(1,168,891)	(1,101,998)	(1,475,464)
Other property and services		(163,307)	(93,007)	(428,779)
		(7,544,830)	(7,465,118)	(8,237,482)
Non-cash amounts excluded from operating activities	27(a)	2,907,161	3,131,838	3,137,615
Amount attributable to operating activities		1,584,719	1,519,791	1,216,001
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,173,090	1,504,000	979,404
Proceeds from disposal of assets	11(a)	214,385	171,000	291,455
Purchase of property, plant and equipment	9(a)	(994,236)	(889,036)	(1,285,702)
Purchase and construction of infrastructure	10(a)	(2,924,809)	(4,102,304)	(1,636,054)
		(1,531,570)	(3,316,340)	(1,650,897)
Amount attributable to investing activities		(1,531,570)	(3,316,340)	(1,650,897)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(90,511)	(90,511)	(87,804)
Transfers to reserves (restricted assets)	4	(310,947)	(316,263)	(164,661)
Transfers from reserves (restricted assets)	4	58,723	218,327	332,450
Amount attributable to financing activities		(342,735)	(188,447)	79,985
Surplus/(deficit) before imposition of general rates		(289,586)	(1,984,996)	(354,911)
Total amount raised from general rates	26(a)	2,035,401	2,028,931	2,012,135
Surplus/(deficit) after imposition of general rates	27(b)	1,745,816	43,935	1,657,224

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

SHIRE OF KULIN
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FOR THE YEAR ENDED 30 JUNE 2021

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1. BASIS OF PREPARATION

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

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost 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.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

INITIAL APPLICATION OF 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.

These were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

CRITICAL ACCOUNTING ESTIMATES

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

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	0	0	2,000
General purpose funding	2,322,147	1,671,000	2,070,207
Law, order, public safety	30,182	25,000	42,906
Health	50,527	52,500	53,685
Transport	249,611	212,935	203,560
Economic services	109,959	100,000	135,688
	2,762,426	2,061,435	2,508,047
Non-operating grants, subsidies and contributions			
General purpose funding	571,720	0	0
Transport	1,401,370	1,414,000	879,404
Economic services	200,000	90,000	100,000
	2,173,090	1,504,000	979,404
Total grants, subsidies and contributions	4,935,516	3,565,435	3,487,451
Fees and charges			
Governance	2,400	10,970	347
General purpose funding	11,455	2,100	2,327
Law, order, public safety	2,739	2,400	2,249
Health	590	0	510
Education and welfare	166,789	209,940	164,152
Housing	100,819	108,032	104,768
Community amenities	100,818	98,024	96,690
Recreation and culture	247,309	197,449	165,872
Economic services	770,980	634,800	799,553
Other property and services	122,656	80,364	286,982
	1,526,555	1,344,079	1,623,450

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	185,142	0	225,095
Fees and charges	1,518,018	1,337,079	1,619,529
Other revenue	4,228	12,000	21,572
Non-operating grants, subsidies and contributions	2,173,090	1,504,000	979,404
	3,880,478	2,853,079	2,845,600

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

Revenue from contracts with customers recognised during the year	1,707,388	1,349,079	1,866,196
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	2,173,090	1,504,000	979,404
	3,880,478	2,853,079	2,845,600

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	453,077		271,384
Contract assets	157,173		0
Contract liabilities from contracts with customers	(250,000)		0

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021.

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

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

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

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

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates	2,011,700	2,005,230	1,999,483
Statutory permits and licences	8,537	7,000	3,921
	<u>2,020,237</u>	<u>2,012,230</u>	<u>2,003,404</u>

Other revenue

Reimbursements and recoveries	218,183	81,450	227,064
Other	4,228	12,000	21,572
	<u>222,411</u>	<u>93,450</u>	<u>248,636</u>

Interest earnings

Interest on reserve funds	10,975	16,668	35,209
Rates instalment and penalty interest (refer Note 26(c))	4,440	4,752	7,069
Other interest earnings	4,308	12,000	25,042
	<u>19,723</u>	<u>33,420</u>	<u>67,320</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

Audit of the Annual Financial Report	29,600	29,000	29,000
	<u>29,600</u>	<u>29,000</u>	<u>29,000</u>

Interest expenses (finance costs)

Borrowings	42,895	43,538	46,246
Minor Interest Charges (GIC)	1,837	1,500	0
	<u>44,732</u>	<u>45,038</u>	<u>46,246</u>

Other expenditure

Impairment loss on trade and other receivables	18,666	0	20,198
Sundry expenses	0	0	0
	<u>18,666</u>	<u>0</u>	<u>20,198</u>

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	29,600	29,000	29,000
	<u>29,600</u>	<u>29,000</u>	<u>29,000</u>
16(b)	42,895	43,538	46,246
	1,837	1,500	0
	<u>44,732</u>	<u>45,038</u>	<u>46,246</u>
	18,666	0	20,198
	0	0	0
	<u>18,666</u>	<u>0</u>	<u>20,198</u>

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General Rates	Over time	As adopted by Council	None	Adopted by Council annually	When taxable event occurs	NA	When rates notice is issued
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of the transaction price	Output method based based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	NA	NA	Cash received	On receipt of funds	NA	When assets are controlled
Fees & Charges - licences, registrations and approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval
Fees & Charges - waste management collections	Kerbside collection services	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	When taxable event occurs	NA	When rates notice is issued
Fees & Charges - property hire and entry	Use of facilities	Single point in time	In full in advance	None	Adopted by Council annually	Based on timing of entry to facility	NA	On entry or at conclusion of hire
Fees & Charges - memberships	Gym & Pool Memberships	Over time	Payment in full in advance	NA	Adopted by Council annually	Applied full on issue of membership	NA	On payment of the membership
Fees & Charges for other goods and services	Cemetery services, reinstatements and private works	Single point in time	Payment in arrears	None	Adopted by Council annually	Applied fully based on timing of provision	NA	Output method based on provision of service or completion of works
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with customer	When claim is agreed	NA	When claim is agreed

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

NOTE	2021	2020
	\$	\$
Cash at bank and on hand	1,409,283	1,322,138
Term deposits	1,019,403	2,288,457
Total cash and cash equivalents	2,428,686	3,610,595

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	340,954	1,626,938
- Financial assets at amortised cost	2,124,064	400,000
	2,465,018	2,026,938

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

Reserves - cash/financial asset backed	4	2,124,064	1,871,840
Contract liabilities from contracts with customers	15	250,000	0
Unspent grants, subsidies and contributions		90,954	155,098
Total restricted assets		2,465,018	2,026,938

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 KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH/FINANCIAL ASSET
BACKED

	2021 Actual		2021 Actual		2021 Budget		2021 Budget		2020 Actual		2020 Actual	
	Opening Balance	Transfer to	Actual Transfer (from)	Closing Balance	Opening Balance	Transfer to	Budget Transfer (from)	Closing Balance	Opening Balance	Transfer to	Actual Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	361,521	27,049		388,570	361,521	28,150	0	389,671	252,213	109,308		361,521
(b) Reserves cash backed - Plant	397,980	152,366		550,346	397,979	53,600	0	451,579	390,780	7,200		397,980
(c) Reserves cash backed - Building	248,035	86,469		334,504	248,034	87,250	0	335,284	500,558	7,477	(260,000)	248,035
(d) Reserves cash backed - Admin Equipment	76,640	404	(47,723)	29,321	76,640	675	(47,732)	29,583	75,262	1,378		76,640
(e) Reserves cash backed - Natural Disaster	142,362	811		143,173	142,362	1,260	(20,000)	123,622	141,448	914		142,362
(f) Reserves cash backed - Joint Venture Housing	75,946	432		76,378	75,946	675	0	76,621	75,156	790		75,946
(g) Reserves cash backed - FRC Surface & Equipment	141,595	40,988		182,583	139,595	600	(139,595)	600	181,533	5,062	(45,000)	141,595
(h) Reserves cash backed - Medical Services	114,998	664		115,662	114,998	1,035	0	116,033	103,110	11,888		114,998
(i) Reserves cash backed - Fuel Facility	81,814	457		82,271	81,814	720	0	82,534	65,613	16,201		81,814
(j) Reserves cash backed - Road Replacement	0			0	0	0	0	0	2,450		(2,450)	0
(k) Reserves cash backed - Sportsperson Scholarship	13,625	77		13,702	13,625	108	0	13,733	12,430	1,195		13,625
(l) Reserves cash backed - Freebairn Recreation	217,324	1,230	(11,000)	207,554	217,323	1,935	(11,000)	208,258	239,076	3,248	(25,000)	217,324
(m) Reserves cash backed - Short Stay Accommodation	0	0		0	0	140,255		140,255	0	0		0
	1,871,840	310,947	(58,723)	2,124,064	1,869,837	316,263	(218,327)	1,967,773	2,039,629	164,661	(332,450)	1,871,840

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

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

Anticipated date of use	Purpose of the reserve
(a) As required	To fund the annual leave and long service leave requirements.
(b) As required	To fund the purchase of major plant.
(c) As required	To fund the development of future housing.
(d) As required	To fund the purchase of administration office equipment.
(e) As required	To fund the restoration of roads and infrastructure in the event of a natural disaster.
(f) As required	To fund the development of future housing.
(g) As required	To fund the replacement of equipment and sports surfaces at the Freebairn Recreation Centre as necessary.
(h) As required	To fund the replacement of medical services in the future
(i) As required	To fund the replacement of the fuel facility
(j) As required	To fund the construction of roads
(k) As required	To help fund local sportspeople develop their talent.
(l) As required	To be used to fund maintenance projects at the Freebairn Recreation Centre.
(m) As required	To fund the construction of short term accommodation

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

Shares in Kulin Community Financial Services Ltd

	2021	2020
	\$	\$
	2,124,064	400,000
	2,124,064	400,000
	2,124,064	400,000
	2,124,064	400,000
	76,221	76,221
	76,221	76,221
	71,221	71,221
	5,000	5,000
	76,221	76,221

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 28.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Accrued Interest Receivable	
Other receivables - Fuel Tax Credit Receivable	

2021	2020
\$	\$
57,404	69,127
330,498	271,384
78,958	55,744
(18,666)	(20,198)
0	3,007
4,883	3,299
453,077	382,363

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 28.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials
 Other inventories - Freebairn Recreation Centre Stock

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	46,578	38,568
	14,133	13,877
	60,711	52,445
	52,445	31,765
	(823,942)	(863,290)
	832,208	883,970
	60,711	52,445

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. LAND HELD FOR RESALE

Current assets held for sale

Land

SIGNIFICANT ACCOUNTING POLICIES

Land Held for Resale

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

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

	2021	2020
	\$	\$
	687,000	687,000
	687,000	687,000

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land \$	Buildings - non- specialised \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Construction other than buildings \$	Motor vehicles \$	Total property, plant and equipment \$
Balance at 1 July 2019	1,220,000	20,887,860	22,107,860	80,356	2,120,805	699,841	1,109,886	26,118,750
Additions		346,565	346,565	62,432	413,381		463,326	1,285,702
(Disposals)	0	0	0	0	(63,760)	0	(222,242)	(286,002)
Revaluation increments / (decrements) transferred to revaluation surplus	(608,000)	(766,364)	(1,374,364)	10,718	851,139	(84,192)	219,727	(376,972)
Depreciation (expense)		(451,951)	(451,951)	(11,910)	(424,807)	(16,334)	(104,983)	(1,009,985)
Transfers		(249,620)	(249,620)		173,980	(273,415)		(349,055)
Balance at 30 June 2020	612,000	19,766,490	20,378,490	141,596	3,070,738	325,900	1,465,714	25,382,438
Comprises:								
Gross balance amount at 30 June 2020	612,000	19,766,490	20,378,490	141,596	3,070,738	325,900	1,468,679	25,385,403
Accumulated depreciation at 30 June 2020	0	0	0	0	0	0	(2,965)	(2,965)
Balance at 30 June 2020	612,000	19,766,490	20,378,490	141,596	3,070,738	325,900	1,465,714	25,382,438
Additions		193,679	193,679	78,455	345,979	284,535	91,588	994,236
(Disposals)	(8,000)	(93,256)	(101,256)	0	(68,269)	0	(86,478)	(256,003)
Depreciation (expense)		(394,593)	(394,593)	(10,322)	(324,935)	(6,602)	(171,257)	(907,709)
Balance at 30 June 2021	604,000	19,472,320	20,076,320	209,729	3,023,513	603,833	1,299,567	25,212,962
Comprises:								
Gross balance amount at 30 June 2021	604,000	19,865,169	20,469,169	220,051	3,342,500	610,435	1,467,267	26,109,422
Accumulated depreciation at 30 June 2021	0	(392,849)	(392,849)	(10,322)	(318,987)	(6,602)	(167,700)	(896,460)
Balance at 30 June 2021	604,000	19,472,320	20,076,320	209,729	3,023,513	603,833	1,299,567	25,212,962

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
	Land - freehold land	2	Observable open market values of similar assets	Independent Valuer	June 2020	Market & sales data
	Buildings - non-specialised	2	Observable open market values of similar assets	Independent Valuer	June 2020	Market & sales data
		3	Cost approach using depreciated replacement cost	Independent Valuer	June 2020	Improvements to land using construction costs and current conditions (Level 2), residual values and remaining useful life assessments (Level3) inputs.
(ii) Cost						
Furniture and equipment						
Plant and equipment						
	- Management valuation 2020		Cost	Cost	June 2020	Purchase Cost
	- Independent valuation 2020		Cost	Cost	June 2020	Purchase Cost
			Cost	Cost	June 2020	Purchase Cost
Construction other than building						
Motor vehicles						
			Cost	Cost	June 2020	Purchase Cost
			Cost	Cost	June 2020	Purchase Cost
			Cost	Cost	June 2020	Purchase Cost

(b) Fair Value Measurements

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Footpaths	Recreation	Other infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2019	74,491,654	508,767	3,762,703	1,008,734	79,771,858
Additions	1,447,025			189,029	1,636,054
Revaluation increments / (decrements) transferred to revaluation surplus	28,388,492	74,111	148,929	(897,983)	27,713,549
Depreciation (expense)	(1,990,504)	(38,708)	(137,562)	(29,813)	(2,196,587)
Transfers			17,730	331,324	349,054
Balance at 30 June 2020	102,336,667	544,170	3,791,800	601,291	107,273,928
Comprises:					
Gross balance at 30 June 2020	102,336,667	544,170	3,791,800	786,654	107,459,291
Accumulated depreciation at 30 June 2020	0	0	0	(185,363)	(185,363)
Balance at 30 June 2020	102,336,667	544,170	3,791,800	601,291	107,273,928
Additions	2,376,698	192,540	336,257	19,314	2,924,809
Depreciation (expense)	(1,845,392)	(19,804)	(83,795)	(26,869)	(1,975,860)
Balance at 30 June 2021	102,867,973	716,906	4,044,262	593,736	108,222,877
Comprises:					
Gross balance at 30 June 2021	104,713,365	736,710	4,128,057	805,968	110,384,100
Accumulated depreciation at 30 June 2021	(1,845,392)	(19,804)	(83,795)	(212,232)	(2,161,223)
Balance at 30 June 2021	102,867,973	716,906	4,044,262	593,736	108,222,877

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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
	Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
	Recreation	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
	Other infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	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.

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

Revaluation (Continued)

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).

SHIRE OF KULIN
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11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	8,000	0		(8,000)								
Buildings - non-specialised	93,256	34,258		(58,998)								
Plant and equipment	68,269	81,945	22,343	(8,668)	21,254	66,000	44,746	0	63,760	88,000	24,240	0
Motor vehicles	86,478	98,182	11,705	0	106,000	105,000	(1,000)		222,242	203,455	11,250	(30,037)
	256,003	214,385	34,048	(75,666)	127,254	171,000	44,746	(1,000)	286,002	291,455	35,490	(30,037)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
MV182 - Toyota Prado	44,476	50,000	5,524	0
Housing				
LB60 - Land 23 Bull Street	8,000	0	0	(8,000)
LB33 - Residence 23 Bull Street	93,256	34,258	0	(58,998)
Transport				
MV180 - Toyota Prado	42,002	48,182	6,180	0
PE114 - Haulmore Side Tipper	37,168	28,500	0	(8,668)
PE74 - Low Loader	20,000	38,000	18,000	0
PE97 - New Holland Tractor	11,101	15,445	4,344	0
	256,003	214,385	34,048	(75,666)

11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	394,593	461,285	451,951
Furniture and equipment	10,322	9,942	11,910
Plant and equipment	324,935	366,115	424,807
Construction other than buildings	6,602	15,205	16,334
Motor vehicles	171,257	72,100	104,983
Infrastructure - roads	1,845,392	2,250,937	1,990,504
Footpaths	19,804	0	38,708
Recreation	83,795	0	137,562
Other infrastructure	26,869	0	29,813
	2,883,569	3,175,584	3,206,572

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	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Motor Vehicles	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	80 years
seal	
- bituminous seals	40 years
- asphalt surfaces	50 years
Gravel roads formation	not depreciated
pavement	80 years
Footpaths - slab	50 years
Sewerage piping	100 years
Water supply piping and drainage systems	40-80 years

Depreciation on revaluation

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

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

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12. LEASES

(a) Right-of-Use Assets

The Shire of Kulin does not hold any Right-of-Use Assets at balance date.

12. LEASES (CONTINUED)

(b) Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year
 1 to 2 years
 2 to 3 years
 3 to 4 years
 4 to 5 years
 > 5 years

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	38,480	42,404	39,757
	2,250	0	
	0	0	
	0	0	
	0	0	
	0	0	
	40,730	42,404	39,757

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

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13. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
Revaluation surplus - Land and buildings	12,162,205	0	0	0	12,162,205	14,424,763	0	(2,262,558)	(2,262,558)	12,162,205
Revaluation surplus - Construction other than buildings	1,677,638	0	0	0	1,677,638	790,987	1,081,584	(194,933)	886,651	1,677,638
Revaluation surplus - Infrastructure - roads, footpaths, recreation and other infrastructure	79,678,744	0	0	0	79,678,744	51,965,196	27,713,548	0	27,713,548	79,678,744
	93,518,587	0	0	0	93,518,587	67,180,946	28,795,132	(2,457,491)	26,337,641	93,518,587

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

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 ATO liabilities
 Bonds and deposits held

	2021	2020
	\$	\$
	434,423	197,358
	30,895	106,150
	98,914	70,486
	90,954	155,098
	<u>655,186</u>	<u>529,092</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

15. OTHER LIABILITIES

Current

Contract liabilities

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

2021	2020
\$	\$
250,000	0
250,000	0
	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
Contract liabilities	\$
250,000	0
250,000	0

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

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16. INFORMATION ON BORROWINGS

	2021	2020
(a) Borrowings	\$	\$
Current	93,302	90,511
Non-current	979,881	1,073,183
	1,073,183	1,163,694

(b) Repayments - Borrowings

Particulars	30 June 2021			30 June 2020			30 June 2020											
	Actual Principal	Actual New Loans	Actual Interest repayments	Budget Principal	Budget New Loans	Budget Interest repayments	Actual Principal	Actual New Loans	Actual Interest repayments	Budget Principal	Budget New Loans	Budget Interest repayments	Actual Principal	Actual New Loans	Actual Interest repayments	Budget Principal	Budget New Loans	Budget Interest repayments
Administration building	1,163,694	0	(42,895)	1,164,231	0	(90,511)	1,163,694	0	(90,511)	1,164,231	0	(90,511)	1,251,498	0	(87,804)	1,251,498	0	(87,804)
	1,163,694	0	(42,895)	1,164,231	0	(90,511)	1,163,694	0	(90,511)	1,164,231	0	(90,511)	1,251,498	0	(87,804)	1,251,498	0	(87,804)
	1,163,694	0	(42,895)	1,164,231	0	(90,511)	1,163,694	0	(90,511)	1,164,231	0	(90,511)	1,251,498	0	(87,804)	1,251,498	0	(87,804)

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

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16. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	10,000	10,000
Credit card balance at balance date	(5,598)	(938)
Total amount of credit unused	4,402	9,062
Loan facilities		
Loan facilities - current	93,302	90,511
Loan facilities - non-current	979,881	1,073,183
Total facilities in use at balance date	1,073,183	1,163,694
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 28.

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	169,883	217,364	387,247
Non-current provisions	0	74,878	74,878
	169,883	292,242	462,125
Additional provision			
Amounts used	194,355	56,608	250,963
Balance at 30 June 2021	185,833	319,665	505,498
Comprises			
Current	185,833	262,812	448,645
Non-current	0	56,853	56,853
	185,833	319,665	505,498

	2021 \$	2020 \$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	420,925	387,247
More than 12 months from reporting date	84,573	74,878
	505,498	462,125

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

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

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	2,428,686	668,254	3,610,595

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	1,228,825	248,944	(691,777)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(71,221)
Depreciation on non-current assets	2,883,569	3,175,584	3,206,572
(Profit)/loss on sale of asset	41,618	(43,746)	(5,453)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(70,714)	155,000	(99,249)
(Increase)/decrease in inventories	(8,266)	17,500	(20,680)
(Increase)/decrease in contract assets	(157,173)		
Increase/(decrease) in payables	126,094	(15,000)	81,332
Increase/(decrease) in employee provisions	43,373		43,736
Increase/(decrease) in other liabilities	250,000		
Non-operating grants, subsidies and contributions	(2,173,090)	(1,504,000)	(979,404)
Net cash from operating activities	2,164,236	2,034,282	1,463,856

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	1,129,489	1,100,496
Law, order, public safety	1,132,797	1,137,400
Education and welfare	4,273	0
Housing	1,605,110	1,601,540
Community amenities	814,858	819,800
Recreation and culture	13,648,388	13,526,136
Transport	104,160,899	103,453,474
Economic services	5,681,064	5,780,113
Other property and services	4,466,327	4,526,310
Unallocated	6,779,565	5,919,721
	<u>139,422,771</u>	<u>137,864,990</u>

20. CONTINGENT LIABILITIES

The Department of Water and Environmental Regulation (DWER) issued a Category 64 licence for a putrescible landfill in 1997. The burial of putrescible waste ceased in 2009 and the Shire requested an amendment to the licence to replace the Category 64 licence with a Category 63 (Class I inert waste) licence. The Category 63 licence currently has an expiry date of the 18th of July 2026. The Shire is required to provide DWER with a Closure and Rehabilitation Plan when the premises is nearing closure or cessation of prescribed activities. As the Shire is not closing or ceasing the prescribed activities there is no requirement to provide DWER with a Closure and Rehabilitation Plan. At the time the Shire determines that the premises will close and/or cease prescribed activities, notification will be provided to DWER through a licence amendment application or licence surrender application. At that time, the specific circumstances surrounding the closure and rehabilitation of the landfill are reviewed by DWER, and as required, the submission of Closure and Rehabilitation Plan, to ensure that the premises is suitably managed and rehabilitated to prevent impacts to the environment post closure.

21. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

	2021	2020
	\$	\$
Contracted for:		
- capital expenditure projects	490,000	0
	490,000	0
Payable:		
- not later than one year	490,000	0

The capital expenditure projects for the current reporting period represent the tender awarded for the All Ages Activity Precinct in the current period with the project to be completed in the year ended 30.06.2022.

22. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Barry West			
President's annual allowance	7,000	7,000	7,000
Meeting attendance fees	4,720	4,620	4,620
Travel and accommodation expenses	260	425	260
	11,980	12,045	11,880
Grant Robins			
Deputy President's annual allowance	1,750	1,750	1,313
Meeting attendance fees	2,160	2,310	2,310
Travel and accommodation expenses	0	125	0
	3,910	4,185	3,623
Rodney Duckworth			
Deputy President's annual allowance	0	0	438
Meeting attendance fees	2,310	2,310	2,310
Travel and accommodation expenses	374	525	374
	2,684	2,835	3,122
Michael Lucchesi			
Meeting attendance fees	2,160	2,310	2,310
Travel and accommodation expenses	237	425	260
	2,397	2,735	2,570
Lucia Varone			
Meeting attendance fees	1,940	2,310	2,310
Travel and accommodation expenses	2,677	2,500	1,305
	4,617	4,810	3,615
Robbie Bowey			
Meeting attendance fees	2,370	2,310	2,520
Travel and accommodation expenses	106	250	96
	2,476	2,560	2,616
Jarron Noble			
Meeting attendance fees	2,330	2,310	1,680
Travel and accommodation expenses	106	425	77
	2,436	2,735	1,757
Brad Taylor			
Meeting attendance fees	0	2,310	2,310
Travel and accommodation expenses	0	0	586
	0	2,310	2,896
Haydn McInnes			
Meeting attendance fees	0	2,310	800
	0	2,310	800
Brad Smoker			
Meeting attendance fees	2,160	2,310	2,520
Travel and accommodation expenses	0	125	0
	2,160	2,435	2,520
	32,661	38,960	35,400
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	7,000	7,000	7,000
Deputy President's allowance	1,750	1,750	1,750
Meeting attendance fees	20,150	25,410	23,690
Travel and accommodation expenses	3,761	4,800	2,960
	32,661	38,960	35,400

23. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	394,292	354,665
Post-employment benefits	56,286	51,488
Other long-term benefits	49,382	46,624
	499,960	452,777

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent annual and long service 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.

	2021 Actual	2020 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services Kulin Transport (Councillor owned supplier)	75,567	27,190

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

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

24. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(a) Share of joint operations

The Shire of Kulin has joint venture agreements with the Department of Housing for the provision of housing at 25 Johnston Street, 19 Wright Street and 3 Bull Street, Kulin. The ownership of the assets is determined by the property title which includes the percentage of each parties equitable interest. The Shire contributed the land, site works and some landscaping and the Department of Housing contributed the funds to construct the buildings. The Shire manages the properties and all rental income and housing expenditure are recorded in the respective line items of the financial statements.

	2021	2020
	\$	\$
Land & buildings	266,421	251,990
Accumulated Depreciation	(5,040)	0
Total assets	261,381	251,990
Statement of Comprehensive income		
Other revenue	39,501	41,518
Other expenditure	(44,173)	(61,882)
Net result for the period	(4,672)	(20,364)
Total comprehensive income for the period	(4,672)	(20,364)

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

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

25. INVESTMENT IN ASSOCIATES

The Shire together with the Shires of Corrigin, Kondinin & Narembeen have a joint operation arrangement with regard to the provision of an Environmental Health and Building Surveying Service. The joint-controlled assets are motor vehicles, Bending Tip site facility at Narembeen-Kondinin Road. The Shire's 15.38% share in the motor vehicle is included in Property, Plant & Equipment is as follows:

	2021	2020
	\$	\$
Land	20,000 0	9,228
Total assets	20,000	9,228
Other infrastructure	21,286	21,286
Less: accumulated depreciation	(4,967)	(3,311)
Total assets	16,320	17,975
Motor vehicle	6,255	5,103
Less: accumulated depreciation	(103)	
Total assets	6,152	5,103
Contribution to service	36,221	37,351

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate. When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

SHIRE OF KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

26. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	2020/21		2020/21		2020/21		2020/21		2020/21		2020/21		2019/20	
		Number of Properties	Actual Rateable Value	Actual Rate	Actual Revenue	Interim Rates	Actual Rates	Actual Back Rates	Budget Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Budget Total Revenue	Actual Total Revenue	
Gross rental valuations															
Residential	0.10187	134	1,189,708	121,196	633	0	121,829	0	121,196	0	121,196	0	121,196	121,020	
Industrial	0.10187	13	116,376	11,855	0	0	11,855	0	11,855	0	11,855	0	11,855	11,855	
Commercial	0.10187	28	447,448	45,582	0	0	45,582	0	45,582	0	45,582	0	45,582	45,582	
Rural	0.10187	11	88,608	9,026	0	0	9,026	0	9,026	0	9,026	0	9,026	9,026	
Unimproved valuations															
Rural	0.01049	348	180,837,508	1,896,985	154	385	1,897,524	0	1,896,713	0	1,896,713	0	1,896,713	1,876,344	
Mining	0.01049	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub-Total		534	182,679,648	2,084,644	787	385	2,085,816	0	2,084,372	0	2,084,372	0	2,084,372	2,063,827	
Minimum payment															
Gross rental valuations															
Residential	444	10	4,160	4,439	0	0	4,439	0	4,439	0	4,439	0	4,439	4,883	
Industrial	444	5	9,736	2,219	0	0	2,219	0	2,219	0	2,219	0	2,219	2,219	
Commercial	444	4	8,600	1,776	0	0	1,776	0	1,776	0	1,776	0	1,776	1,776	
Rural	444	7	12,795	3,107	0	0	3,107	0	3,107	0	3,107	0	3,107	3,551	
Unimproved valuations															
Rural	444	9	235,700	3,995	0	0	3,995	0	3,995	0	3,995	0	3,995	3,995	
Mining	444	21	213,553	9,322	726	(92)	9,956	(92)	9,322	0	9,322	0	9,322	10,653	
Sub-Total		56	484,544	24,858	726	(92)	25,492	(92)	24,858	0	24,858	0	24,858	27,077	
Discounts/concessions (Note 26(b))		590	183,164,192	2,109,502	1,513	293	2,111,308	293	2,109,230	0	2,109,230	0	2,109,230	2,090,904	
Total amount raised from general rate							(99,608)						(104,000)	(102,470)	
Ex-gratia rates							2,011,700						2,005,230	1,988,434	
Totals							23,701						23,701	23,701	
							2,035,401						2,028,931	2,012,135	

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

SHIRE OF KULIN
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

26. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2021 Actual	2021 Budget	2020 Actual	Circumstances in which Discount is Granted
Early payment discount	5.00%	\$	\$ 89,721	\$ 91,000	\$ 91,421	When rates paid on, or before, the due date
Waivers or Concessions			89,721	91,000	91,421	

Rate or Fee and Charge to which the Waiver or Concession is Granted

Type	Discount %	Discount \$	2021 Actual	2021 Budget	2020 Actual
Kulin Retirement Homes	0.00%	\$	\$ 9,853	\$ 13,000	\$ 9,853
Kulin Masonic Lodge	0.00%		0	0	449
Small balances		<\$5	34		15
Rates written off			0		732
Total discounts/concessions (Note 26(a))			9,887	13,000	11,049
			99,608	104,000	102,470

Rate or Fee and Charge to which the Waiver or Concession is Granted

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
Kulin Retirement Homes	On application		To ensure affordable housing is available for our senior citizens
Kulin Masonic Lodge	Application received for exemption from rates in 2019		To reduce costs for the community group for them to remain viable
Small balances			
Rates written off			

26. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	25/09/2020	0.00	0.00%	0.00%
Option Two				
First instalment	25/09/2020	0.00	3.00%	8.00%
Second instalment	29/01/2021	7.00	3.00%	8.00%
Option Three				
First instalment	25/09/2020	0.00	3.00%	8.00%
Second instalment	27/11/2020	7.00	3.00%	8.00%
Third instalment	29/01/2021	7.00	3.00%	8.00%
Fourth instalment	02/04/2021	7.00	3.00%	8.00%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	3,707	4,002	5,850
Interest on instalment plan	733	750	1,219
Charges on instalment plan	497	500	658
	4,937	5,252	7,727

27. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2019/20		
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(30 June 2020 Carried Forward)		
Note	\$	\$	\$		
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
	Less: Profit on asset disposals	11(a)	(34,049)	(44,746)	(35,490)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		0	0	(71,221)
	Movement in employee benefit provisions (non-current)		(18,025)		7,716
	Add: Loss on disposal of assets	11(a)	75,666	1,000	30,038
	Add: Depreciation on non-current assets	11(b)	2,883,569	3,175,584	3,206,572
	Non cash amounts excluded from operating activities		2,907,161	3,131,838	3,137,615
(b) Surplus/(deficit) after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
	Less: Reserves - cash/financial asset backed	4	(2,124,064)	(1,967,773)	(1,871,840)
	Less: Current assets not expected to be received at end of year				
	- Land held for resale	7	(687,000)	0	(687,000)
	Add: Current liabilities not expected to be cleared at end of year				
	- Current portion of borrowings	16(a)	93,302	93,302	90,511
	Total adjustments to net current assets		(2,717,762)	(1,874,471)	(2,468,329)
Net current assets used in the Rate Setting Statement					
	Total current assets		5,910,711	2,920,769	5,132,403
	Less: Total current liabilities		(1,447,133)	(907,058)	(1,006,850)
	Less: Total adjustments to net current assets		(2,717,762)	(1,969,773)	(2,468,329)
	Net current assets used in the Rate Setting Statement		1,745,816	43,938	1,657,224

28. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.02%	2,428,686	1,019,403	0	1,409,283
Financial assets at amortised cost - term deposits	0.30%	2,124,064	2,124,064	0	0
2020					
Cash and cash equivalents	0.54%	3,610,595	2,288,457	22,467	1,299,671
Financial assets at amortised cost	1.55%	400,000	400,000	0	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	24,287	225

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 16(b).

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 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.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	70.49%	30.94%	43.88%	18.05%	
Gross carrying amount	6,826	11,521	12,657	26,233	57,236
Loss allowance	4,812	3,565	5,554	4,736	18,666
30 June 2020					
Rates receivable					
Expected credit loss	22.69%	27.66%	22.17%	14.97%	
Gross carrying amount	18,742	15,259	12,039	22,752	68,792
Loss allowance	4,253	4,220	2,669	3,406	14,548

The loss allowance as at 30 June 2021 and 30 June 2020 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 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	321,725	7,583	114	529	329,951
Loss allowance	0	0	0	0	0
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	65.18%	0.00%	0.00%	
Gross carrying amount	262,252	8,668	0	463	271,383
Loss allowance	0	5,650	0	0	5,650

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2021</u>					
Payables	650,993	0	0	650,993	655,186
Borrowings	125,449	501,798	627,247	1,254,494	1,073,183
Contract liabilities	250,000	0	0	250,000	250,000
	<u>1,026,442</u>	<u>501,798</u>	<u>627,247</u>	<u>2,155,487</u>	<u>1,978,369</u>
<u>2020</u>					
Payables	507,220	0	0	507,220	507,220
Borrowings	125,449	501,798	752,694	1,379,941	1,163,694
	<u>632,669</u>	<u>501,798</u>	<u>752,694</u>	<u>1,887,161</u>	<u>1,670,914</u>

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the reporting period that require adjustments or disclosure to the financial report.

30. 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 KULIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth</p>	<p>Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.</p>
<p>HOUSING To provide and maintain general and elderly residents housing.</p>	<p>Provision and maintenance of housing.</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>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.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.</p>	<p>Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.</p>
<p>TRANSPORT To provide safe, effective and efficient transport services to the community</p>	<p>Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.</p>
<p>ECONOMIC SERVICES To help promote the shire and its economic wellbeing.</p>	<p>Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control council's overheads operating accounts.</p>	<p>Private works operation, plant repair and operation costs and engineering operation costs.</p>

31. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	5.26	4.81	5.24
Asset consumption ratio	0.98	1.00	0.69
Asset renewal funding ratio	1.12	0.90	na
Asset sustainability ratio	1.17	0.67	0.60
Debt service cover ratio	14.87	11.85	14.47
Operating surplus ratio	(0.25)	(0.42)	(0.41)
Own source revenue coverage ratio	0.51	0.48	0.48

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021

Shire of Kulin

To the Councillors of the Shire of Kulin

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Kulin (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Kulin:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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.

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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

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 matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio as reported in Note 31 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' basic standard for the current year and past 2 years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) The Shire did not submit a copy of the annual budget for the year ended 30 June 2021 to the Department of Local Government, Sport and Cultural Industries' Chief Executive Officer within 30 days of its adoption by the Shire, as required by Regulation 33 of the Local Government (Financial Management) Regulations 1996.
 - b) The Shire did not submit a copy of the review and determination of the annual budget for the year ended 30 June 2021 to the Department of Local Government Sport and Cultural Industries' within 30 days after the Shire had made a determination, as required by Regulation 33A (4) of the Local Government (Financial Management) Regulations 1996.
 - c) The Shire did not submit the compliance audit return and other documents for the year ended 31 December 2020 to the Department of Local Government Sport and Cultural Industries' Chief Executive Officer by 31 March 2021, as required by Regulation 15(1) of the Local Government (Audit) Regulations 1996.
 - d) The Shire has not reported the asset renewal funding ratio for 2019 in the annual financial report as required by Regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure in the long-term financial plan and asset management plan respectively.

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

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Kulin for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Mark Ambrose

Mark Ambrose
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
23 February 2022