

KOORDA

DRIVE IN, STAY AWHILE

 Shire of Koorda  shireofkoorda  www.koorda.wa.gov.au



2019/2020 Annual Report

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Introduction to the Shire of Koorda

Approximately 240km and 3 hour’s drive north-east of Perth, Koorda is situated along the popular ‘Wheatbelt Way’ self-drive trail. Koorda’s main industries include wheat, coarse grain and sheep farming. During springtime, experience remarkable wildflower displays with some species unique to the area.

Koorda was famously referred to as ‘Corn Dolly Country,’ attracting sightseers wanting to learn more about the ancient tradition of creating ‘dollies’ from stalks and husks of wheat. In 2019 Koorda saw a re-branding to adopt the catch phrase “Drive In, Stay Awhile” which both incorporates our iconic Drive In that runs on a monthly basis and showcases our town as a great place to live, work and travel in.

The town offers great facilities for visitors to enjoy, from its wonderful Wheatbelt scenery, local attractions, museums and Drive In theatre, to sporting recreational services such as a golf course, tennis courts, lawn bowls, children’s playgrounds, skate park and much, much more. There are numerous scenic areas to stop at, most with public BBQ and toilet facilities. Mollerin Rock, Redcliffe, Newcarlbeon, Koorda Native Flora Reserve and Badgerin Rock are popular spots to enjoy the surroundings and perhaps catch some of the local inhabitants.

Shire of Koorda Statistics

Area	2,662 km ²
Length of Sealed Roads	245 kms
Length of Unsealed Roads	840 kms
Population	414 (Source: ABS 2016 Census)
Number of Electors	265
Total Rates Levied	\$1,069,703
Total Revenue	\$5,181,566
Number of Employees	24

Statistically in 2019/2020, the Shire has:

<p>Conducted 11 Council meetings (10 in person, 1 teleconference), 4 Special Council meetings and 1 Audit Committee Meeting.</p> 	<p>Had 12 rural property sales to a value of \$9,960,000 and 5 town property sales to the value of \$246,500.</p> 	<p>Issued 8 building related approvals at a value of \$435,000.</p> 	<p>Had 796 visitors stay at Shire accommodation for an average of 2 nights.</p> 
<p>Resealed 14.1km of bitumen roads totalling \$400,000.</p> 	<p>Re-sheeted approx. 14.5km of gravel roads totalling \$300,000.</p> 	<p>Progressed four road widening programs for approx. 10km totalling \$490,000.</p> 	<p>Had eight screenings at the Drive In with 1187 ticket sales.</p> 

President's Report



I am pleased to present this year's Annual Report for the year ended 30th June 2020.

The Ordinary Elections of Council were held in October 2019. Many thanks to retiring Councillor Gary Greaves. Cr Greaves served on council for 8 years, 4 of those as deputy President. Thank you for your time and commitment Gary.

Congratulations on the re-election Cr P McWha, Cr B Cooper and Cr L Smith. We also welcomed Cr G Boyne to Council.

Our active participation in the North Eastern Wheatbelt Region of Councils (NEWROC) was solidified as our two-year rotation of NEWROC Chair and CEO also began in October. Within this reporting period, I am also pleased to report the Shire of Dowerin have also joined the organisation.

December saw the completion of the Central East Aged Care Alliance (CEACA) units with advertising for tenants and the subsequent filling of the four units. Council also resolved in the December Council Meeting to support CEACA's the progression of the VERSO report, to review community care packages, transport, and residential aged care.

Early in March Cr Ricky Storer resigned from Council. I would like to acknowledge and thank Cr Storer (Councillor for 15 years, and President for the past 9 years) for his dedication to our community, and his commitment, knowledge, and leadership within council. Rick's energy and strategic focus ensured the Shire of Koorda is in a strong position both financially and via reputation and is held in high esteem amongst its peers.

Upon Cr Storer's resignation, council resolved to hold an extraordinary election, engaging the services of the Western Australian Electoral Commission. This was to be held via postal vote to ensure community safety during the pandemic. As there were no nominations, and noting the approval of the Electoral Commissioner, the councillor vacancy remains unfilled until the next ordinary election to be held in October 2021.

On the 16th March 2020, a State of Emergency was declared in respect to the pandemic caused by COVID 19 - Corona Virus. While Western Australia – especially Regional WA, was relatively sheltered from the virus, the staged restrictions left financial and social impacts across our communities. Part of our ingrained social fabric includes community gatherings and participating in local sports and with such activities put-on hold indefinitely, our resilience and community spirit was evident in the way supported our local businesses and community members through unknown and challenging times.

As a council we had to adapt to restrictions with our April council meeting held by teleconference. External meetings were also held via Zoom. I thank our Councillors and staff for their patience as we worked through new technologies.

As information and restrictions were ever evolving during the early stages of the pandemic, ANZAC Day celebrations across the country were cancelled due to the two-person limit at events. Through liaising with our local Police OIC and in partnership with CWA – Koorda Branch, service readings we pre-recorded and live streamed, along with laying of wreaths and raising of the flag, as a fitting tribute to our past and present

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servicemen and women. A virtual tour of the Koorda Motor and Military Museum was also a feature of the formalities. I thank DCEO Lana Foote for her time and expertise in enabling the community to uphold tradition - albeit in a new format.

Earlier in the year the Shire of Koorda took possession of a new 3.4 Urban Tanker – funding for the upgrade for this vehicle was made possible through the Department of Fire and Emergency Services LGGs capital Grant Scheme.

The draft Disability and Inclusion Plan has been advertised for public consultation and is set to be presented to council for adoption in the July Council Meeting. The Shire Administration building has upgraded the entry door to increase accessibility.

Our annual budget process has been completed with adoption of our 2020/21 budget at the June Council meeting. With an allocation of almost \$440,000 stimulus through the Local Roads and Community Infrastructure Program through the Federal Government, there are some exciting community programs and infrastructure projects planned for 2020/21.

In closing I would like to congratulate and thank staff and councillors for their ongoing commitment over the past 12 months and look forward working with the community in the new year.

Cr Jannah Stratford
Shire President



Chief Executive Officer's Report



Like previous financial years, this annual report presents the Shire of Koorda's financial statements and outlines the work that has been carried out during 2019/2020 in line with its legislative requirements and corporate goals, strategies and outcomes as expressed in its various integrated planning and reporting documents.

However, borrowing from sporting parlance, 2019/2020, has proved to be one of two, very different halves due to the impacts of the COVID-19 (coronavirus) global pandemic from February/March 2020 onwards.

In the first six months, not only did we all celebrate the exciting premierships of both the Koorda Ladies Hockey Club and Koorda Football Club, the Shire completed key infrastructure projects such as the construction of the new sporting changerooms and gym facilities at the Koorda Recreation Ground, installation of a contemporary 3-bedroom home for the Government Regional Officers Housing programme in Lodge Street, Koorda whilst also carrying out important road construction projects that enhance the Shire's rural road network.

With the support of the Shire President and Councillors, a key priority in 2019/20 has been to build effective working relationships with the Shire's stakeholders. An important element to this has been the development of 'Team Koorda' being a multi-faceted corporate culture program that is focused on elected and staff member engagement, communication, and team building that will provide for a positive working environment and, ultimately, enhanced productivity and community outcomes. 'Team Koorda' program initiatives to date have included:

- Development and distribution of a regular 'CEO Update' newsletter to Councillors and staff;
- Identification of equitable staffing practices and infrastructure needs such as health and well-being programs (for example, free staff membership of the Koorda Kinetic Centre or annual swimming pool pass, influenza vaccinations, mental health awareness, skin cancer and health checks), new audit-compliant corporate business systems, provision for new or relocated office space and personal amenities, and planning for a Christmas shutdown to cover all staff;
- Design, procurement and issue of a new, dedicated Shire of Koorda polo shirt for Councillors and staff (following adoption by Council of a revised corporate logo);
- Preparation for and conduct of a successful (based on staff member feedback) Shire-wide 'Team Koorda' Staff Development Day on 30 August 2019; and
- CEO/staff social and celebratory functions at the Koorda Sports Club, Shire's Works Depot, Office and CEO Residence;

The 'Team Koorda' concept will be progressed further in 2020/21 with draft team values and agreed behaviours being developed collegially for future senior management and Council consideration.

Planning for the future was also a major focus with Council adopting its Strategic Resourcing Plan (a combined asset management and long-term financial plan) in June 2019. The Shire has also partnered with CBH in developing and, following community consultation, Council adopting in October 2019 an amendment to the Shire of Koorda Local Planning Scheme No. 3 that allows for holiday and worker accommodation on Shire-managed reserve land adjacent to the existing caravan park at 46 Scott Street, Koorda. With the amendment

receiving Minister for Planning approval and being formally gazetted on 22 May 2020, the Shire will continue working with CBH during 2020/2021 on this exciting development opportunity.

Another significant housing infrastructure project was completed in late 2019 by the Central Eastern Aged Care Alliance (CEACA), which comprises 11 central wheatbelt Shires, including the Shire of Koorda. From a local perspective, we saw the completion of construction and subsequent tenanting of Koorda's four independent living units (ILUs) at 6 Greenham Street, Koorda as part of CEACA's 'ageing in place' development of 71 Western Australian Government-funded ILUs over its 11 member local government areas.

In the second half of the year, the commitment and professionalism shown by Councillors and staff in their service to the community shone through as we all joined together in tackling COVID-19 in order to stop the spread and allow our frontline health workers time to prepare. Due to Government COVID protocols, the April 2020 Council meeting was held via teleconference but, fortunately Shire outside staff continued working to deliver Council's works program and, whilst Shire office staff had to work from home from late March to mid-June, arrangements were in place to attend to specific customer needs virtually or in-person by appointment.

From a Council viewpoint, I wish to acknowledge the 8 years of service (including 4 years as Deputy President from 2013 to 2017) of former Councillor Gary Greaves who retired at the end of his second term in October 2019.

At the October 2019 election, the four candidates that nominated were all elected unopposed, with Councillors Buster Cooper, Pam McWha, Lea Smith continuing their service on Council with the Shire welcoming Cr Gina Boyne as a new, first term Councillor.

Our thanks and best wishes for his future endeavours also go to former Councillor Ricky Storer who resigned from his dual roles of Councillor (for 15 years) and Shire President (9 years) in March 2020.

Cr Jannah Stratford was subsequently elected as Shire President on 23 March 2020 with Cr Pam McWha elected Deputy President.

In closing, I would like to extend my personal thanks to all staff, our elected members and, particularly, the Koorda community for all your patience, understanding, cooperation and efforts, during what has been a uniquely challenging year.

Darren Simmons
Chief Executive Officer



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Councillors



President JM (Jannah) Stratford
Elected: 2017 – Retiring: 2021



Deputy President PL (Pam) McWha
Elected: 2011 – Retiring: 2023



Councillor GL (Gina) Boyne
Elected: 2019 – Retiring: 2023



Councillor BG (Buster) Cooper
Elected: 2015 – Retiring: 2023



Councillor LC (Lea) Smith
Elected: 2015 – Retiring: 2023



Councillor RDG (George) Storer
Elected: 2017 – Retiring: 2021

Major Projects 2019/2020

The Shire were successful in receiving a grant from Sports Australia – Community Sport Infrastructure for \$11,000. Along with a Council contribution in the 2019/2020 budget, the multi-use Netball-Basketball court was able to get a well needed patch and resurface with a bright new statement colour showcasing the Koorda team colours.



Part of the 2019/2020 Plant Replacement Program included the upgrade of our old 1993 Champion. A \$358,000 investment was included which saw a brand new 12M Caterpillar Grader added to our fleet. The crew were excited to test it out and the grader got stuck into work during the storms in February.

The Shire of Koorda teamed with the Department of Communities to deliver a brand-new accommodation option for teaching staff in the Koorda region. The Shire went through the public tender process, which saw Quality Builders, the successful tenderer, construct the custom 3x2 transportable dwelling. Following this process, staff worked with the Department of Communities to secure a ten-year lease with them for the dwelling for use by the Education Department.



In April 2020, the Koorda Bush Fire Brigade received a new 3.4 Urban Tanker which was made possible through the Department of Fire and Emergency Services LGS Capital Grants Scheme. These tankers cost over \$500,000 and the Capital Scheme is funded through the collection of the Emergency Services Levy imposed to the majority of land owners throughout the state. The ES Levy is collected by the Shire of Koorda on the annual property rates notice on behalf of DFES and remitted to them on a monthly basis.

Following the adoption of the new Council logo, the Shire Boundary signs received a much-needed refresh and facelift. The Shire collaborated with SallyJ Designs, based in Bencubbin, and worked to update the entry and exit sign designs, and have now been installed on the Koorda boundaries on the major routes into the townsite.



The caravan park had some beautifully manicured lawns installed to complete the tenting/camping area at the facility. The grass provides soft footings for our tenting visitors to ensure their stay in Koorda is both memorable and comfortable. The 2020/2021 budget incorporates an allocation for an upgrade to the ablution and laundry facilities at the park in a hope to promote tourism in Koorda and along the Wheatbelt Way self-drive trail.

Road Program

The 2019/2020 Roadworks Program was an investment of \$1.45million. Council undertook the following construction works;

Road	Description of Works	Actual \$
Cadoux – Koorda	Reconstruct/Cement Stabilise	\$162,832
Koorda – Kulja	Shoulder Reconstruction	\$84,321
Burakin – Wialki	Widen and Seal	\$181,554
Koorda – Dowerin	Widen and Seal	\$153,360
Koorda – Kulja	Widen and Seal	\$97,194
Koorda – Kulja	Widen and Seal	\$57,353
Burakin – Wialki	Reseal	\$153,922
Koorda – Kulja	Reseal	\$152,959
Koorda – Dowerin	Reseal	\$62,312
Koorda – Kulja	Reseal	\$30,198
Commonwealth	Reformation and Sheet	\$111,682
Mollerin Rock South	Reformation and Sheet	\$85,514
Cooper	Reformation and Sheet	\$51,133
Kulja Central	Reformation and Sheet	\$49,976
Pearman Street	Footpath	\$11,220

Employee Remuneration Disclosure

As per section 19B of the Local Government (Administration) Regulations 1996, the annual report must contain information on the number of employees entitled to an annual salary of \$100,000 or more. It also must be reported the number of employees in each band of \$10,000 over \$100,000.

\$ from	\$ to	Number of employees
100,000	109,999	0
110,000	119,999	0
120,000	129,999	0
130,000	139,999	0
140,000	149,999	1
Total		1

Staff Movements

The total number of Staff remained steady during 2019/2020. Three employees were farewelled during the year; Debbie West, Jeff Bowden and Jim Madew. We take this opportunity to acknowledge their efforts in working for the Shire of Koorda over many years.

Team Koorda was fortunate to welcome two new members to the team during the 2019/2020 year. Tony Clarke joined the team as a Garden and Town Maintenance Officer and Rachel Morison joined our team of cleaners, both who work in crews that tirelessly ensure our town is presented to a high standard for tourist, business visitors and residents to admire and enjoy.

National Competition Policy

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

During the 2019/2020 financial year, the Shire met its obligation concerning National Competition Policy. The Shire has no local laws or policies that contain anti-competitive provisions. No complaints were received during the period.

Freedom of Information

In complying with the *Freedom of Information Act 1992*, the Shire of Koorda is required to prepare and publish an information statement.

The Shire of Koorda's information Statement is subject to review annually and is available via Council's website or at the Shire Administration Office. The information statement contained advice on the type of documents available to the public and how to access those documents.

The Shire received no Freedom of Information Applications in the 2019/2020 reporting year.

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) that outlines the ways in which the Local Government will ensure that people with disability have equitable access to its facilities and services. The plan is to be reviewed and amended at a minimum of every five years.

Council continue to monitor their current plan and are considering any additional requirements seen as desirable by Council or the community and ensured it met the key changes between the Disability Service Plans and the now legislated, disability access and inclusion plans (DAIP's).

Council has continued a program of upgrading access to sealed footpaths and some local amenities to ensure that community members utilising "wheelchairs or gophers" are not disadvantaged.

The Principal Environmental Health Officer undertook a review of the Shire's 2012-2017 and developed a Draft DAIP 2020-2025 which was advertised throughout the community in June 2020. This new DAIP 2020-2025 includes strategies which will address physical access barriers to Shire facilities and services as well as promote inclusion of people with disability within our community.

Public consultation was undertaken, and three submissions were received. There did not appear to be anything in the submissions received to prevent Council from adopting the DAIP as presented.

To aid with the review, the Local Government ensured suffice community consultation was sought through various methods. These methods include;

- Publication in the local weekly newsletter, the *Narkal Notes*, advising the community that the Shire of Koorda is conducting a review of the Disability Access and Inclusion Plan;
- Request for community members to contact the Shire at the Office, by phone or writing to make suggestions/recommendations of issues related to access and inclusion that should be included in the revised Plan;
- Surveys in printed and electronic versions allowing community members to comment;
- Consultation with Councillors, internal staff, agents and contractors; and
- Targeted consultation.

Public Interest Disclosures

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

During the 2019/2020 period, no public interest disclosures were lodged.

Local Government (Rules of Conduct) Regulations 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's 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 about elected members.

There were no formal complaints lodged against elected members in the year under review.

Sewerage Reports Scheme

In accordance with the operating license issued to the Shire of Koorda by the Environmental Regulation Authority, a report has been prepared on the operation of the sewerage scheme.

The scheme operated during the 2019/2020 period with an operating expenditure of \$99,628 and operating revenue of \$116,942 with the costs being ongoing maintenance and asset management.

Council will continue to budget for ongoing operating maintenance, annual sewer cleaning with the balance of the income received being set aside in a Reserve Fund for future requirements. The balance in the Sewerage Reserve at 30 June 2020 was \$954,456.

For the 2019/2020 period four (4) defect reports were received.

Records Management

The Shire is committed to meeting the requirements of the *State Records Act 2000* which requires the Shire to maintain and dispose of all records in the prescribed manner.

The Shire transitioned to an Electronic Document Management System during the year, utilising IT Vision's software; Altus ECM. Retaining documents in an electronic management system delivers best practice in

recordkeeping and provides an efficient document processing service to meet customer needs and volume demands.

In accordance with the *State Records Act 2000* the Shire is required to have an approved Record Keeping Plan. The plan sets out matters regarding how records are created and how the Shire retains its records.

The Shire's Record Keeping Plan was due to be reviewed during the 2019/2020 year, however due to COVID-19, staff were working remotely from home and did not have access to appropriate records to progress with the plan. In addition to this, resources were allocated to disposing the back log of paper records that were due for destruction, before moving onto the implementation of the new the electronic data management system (EDMS).

In consultation with the State Records Commission an extension was granted to 30 June 2021 to ensure the Shire's Record Keeping Plan was accurate to actual practices and encompassed the change in processes due to the implementation of the new EDMS.





Welcome to the
Shire of
Koorda

Where we aim to build a vibrant and sustainable community,
with shared social values. In which we can live and work in
harmony with our environment.

We strive to;

- Be a community that is friendly, approachable, fair-minded and responsive;**
- Be good stewards of our environment and heritage;**
- Have a strong sense of our identification with our community, and;**
- Act with honesty and integrity.**

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Integrated Planning and Reporting Framework

The Integrated Planning and Reporting Framework is designed to establish the community's vision and strategic direction for the Shire's future, including aspirations and service expectations. It is intended to drive the development of corporate business plans, resourcing and other informing strategies. An objective is the integration of asset, service and financial plans so that the Shire's resource capabilities are matched to the community's needs. This document is part of a series of strategic and forward planning documents used by the Shire.

The process has led to the development of priorities for social, economic, environmental, changing demographics and land use, and civic leadership.

Strategic Community Plan outlines community long term vision, values, aspirations and priorities.

Corporate Business Plan summarises current and future resources required to deliver priorities outlined in Strategic Community Plan.

Annual Budget allocates the funds and resources required to deliver the priorities outlined in the Strategic Community Plan and Corporate Business Plan.

During 2020/21, the Shire will be working with its North Eastern Wheatbelt Regional Organisation of Councils (NEWROC), Local Government Professionals WA and Department of Local Government, Sport and Cultural Industries partners to ensure the suite of integrated planning and reporting documents are appropriately reviewed, compliant and fit for purpose.

Shire of Koorda Strategic Community Plan

The Strategic Community Plan 2018-2028 was adopted by Council in July 2018 and provides guidance on the strategic direction for the delivery of services to the Koorda community.

The four (4) key areas of focus in the plan are as follows;

- 1) **Social:** to be a dynamic, passionate and safe community valuing our natural and unique heritage;
- 2) **Economic:** to have a diverse and innovative economy with a range of local employment opportunities;
- 3) **Environmental:** to have a balance respect for our environment and heritage, both natural and built;
- 4) **Civic Leadership:** to provide exceptional leadership, working with our community towards a sustainable future.

2018 – 2028 Strategic Community Plan

SOCIAL: To be a dynamic, passionate and safe community valuing our natural and unique heritage

Outcome 1.1 – Create an environment that strengthens “a sense of community” and a country lifestyle

Strategies	Measuring Success
1.1.1 Advocate for enhanced service provision from government and community agencies	Proactive engagement with all stakeholders and improved services
1.1.2 Partner with the community to support the creation of community driven activity centres	Proactive engagement with all stakeholders
1.1.3 Support community organisations that have the ability to give local youth a voice on youth issues	Identify need and opportunities for projects
1.1.4 Develop, maintain and support appropriate recreation facilities	Complete all high priority strategies
1.1.5 Partner with stakeholders to achieve greater community participation in recreational facilities and services	Proactive engagement with all stakeholders
1.1.6 Advocate and strengthen Koorda as an administrative centre for local government services for the district	Proactive engagement with all stakeholders

Outcome 1.2 – Create an environment that provides for a caring and healthy community

Strategies	Measuring Success
1.2.1 Advocate for appropriate and accessible health services	State services maintained
1.2.2 Facilitate provision of services for aged persons and people with disabilities	Increased commitment to regional initiative
1.2.3 Provide an environment that enhances the growth, development and retention of youth	Increased commitment to regional initiative
1.2.4 Advocate for the provision of educational services within the community	State services maintained
1.2.5 Provide to the community quality regulatory services	Level of non-compliant actions

Outcome 1.3 – Provide services and processes to enhance public safety

Strategies	Measuring Success
1.3.1 Provide community services to uphold public safety standards	Maintain strong and active engagement with all agencies
1.3.2 Collaborate with stakeholders to update and implement the community safety plan	Maintain strong and active engagement with all agencies
1.3.3 Provide, monitor and improve bush fire and emergency services	Maintain strong and active engagement with all agencies
1.3.4 Lobby to maintain adequate police services	
1.3.5 Encourage greater community support and participation in the Roadwise Community	Proactive engagement with all stakeholders, road incident statistics.



Economic: To be a diverse and innovative economy with a range of local employment opportunities**Outcome 2.1 – Actively support and develop local and new business**

Strategies	Measuring Success
2.1.1 Lobby for the technological infrastructure necessary to support commercial and business growth	<i>Strong active engagement with government agencies, maintain and improve services</i>
2.1.2 Identify extent and type of industry growth and address our economic vulnerability	<i>Identify need and opportunities for projects</i>
2.1.3 Support processes that will enhance local business access to professional services and advice	<i>Develop affirmative business practices</i>
2.1.4 Facilitate and create sustainable business and community partnerships	<i>Identify need and opportunities for projects</i>
2.1.5 Promote new commercial and industrial development through appropriate zoning of land and the provision of suitable infrastructure	<i>Develop affirmative business practices</i>
2.1.6 Enhance the aesthetic environment to support business opportunities	<i>Support, sponsorship of local business initiatives</i>
2.1.7 Develop a strategy to attract and retain skilled people in the local area	
2.1.8 Build the capacity to develop and implement communication and marketing	<i>Achieve outcomes</i>
2.1.9 Develop the capacity to lobby other levels of government, or to provide funding supplements where those services may be threatened or withdrawn	<i>Strong active engagement with government agencies, maintain services</i>

Outcome 2.2 – Facilitate the development of local and regional tourism

Strategies	Measuring Success
2.2.1 Advocate, promote and market the Shire as a place to live, work and visit	<i>Increase in tourism numbers and population</i>
2.2.2 Provide relevant tourist information and marketing strategies	<i>Increased commitment to regional initiatives</i>
2.2.3 Support a coordinated approach for regional tourism promotion and management	<i>Increased commitment to regional initiatives</i>
2.2.4 Provide and support local festivals and tourist events	<i>Support, sponsorship of local tourism initiatives</i>
2.2.5 Facilitate the development of tourism activities associated with the Shire's diverse natural, social and built heritage	<i>Support, sponsorship of local cultural and tourism initiatives</i>
2.2.6 Develop partnerships to actively support visitor growth	<i>Support, sponsorship of local tourism initiatives</i>

Outcome 2.3 – Provide an effective and efficient transportation network

Strategies	Measuring Success
2.3.1 Facilitate transport services and infrastructure with key stakeholders	<i>Strong and active engagement with government agencies, maintain services</i>
2.3.2 Maintain an efficient, safe and quality local road network	<i>Gap analysis, WALGA road survey, improved AMP KPI's</i>
2.3.3 Advocate for the provision of regional transportation links, including rail, air and bus services	<i>Strong and active engagement with government agencies, maintain services</i>

Environmental: To have a balanced respect for our environment and heritage, both natural and built

Natural Environment

Outcome 3.1 – Enhance the health and integrity of the natural environment

Strategies	Measuring Success
3.1.1 Identify vulnerable environments or areas in need of protection	Achieve outcome, Report on environmental areas
3.1.2 Protect the integrity of the ecosystems of our waterways	Develop affirmative planning policy/practise
3.1.3 Employ risk management strategies and measure to protect natural assets from natural disasters, including fire and flood	Achieve outcome
3.1.4 Perform sustainable resource use and land management practices	Develop affirmative planning policy/practise
3.1.5 Create buffer zones to protect the natural environment against development	Enhanced education or involvement in projects
3.1.6 Support protection of existing and remnant vegetation along waterways	Develop affirmative planning policy/practise, statistics
3.1.7 Encourage and support community environmental projects	Enhanced education or involvement in projects
3.1.8 Provide leadership for energy conservation projects and initiatives	Increase in solar/wind technology
3.1.9 Encourage the consideration of renewable energy generation technologies in the Shire	Increase in solar/wind technology
3.1.10 Encourage property owners (residential and commercial) to install water recovery and recycling systems	Achieve outcomes
3.1.11 Encourage the use of recycled materials and create zero-waste culture amongst the community	Achieve outcomes

Built Environment

Outcome 3.2 – Build a sense of place through public infrastructure and facilities

Strategies	Measuring Success
3.2.1 Facilitate and integrate housing options, local services, employment and recreational spaces	Develop affirmative planning policy/practise
3.2.2 Align land use and infrastructure planning	Review planning policy
3.2.3 Provide commercial and industrial land aligned to economic need and growth	Develop affirmative planning policy/practise
3.2.4 Provide sustainable open space to recreate and connect	Develop affirmative planning policy/practise
3.2.5 Develop and maintain sustainable assets and infrastructure	Gap analysis, WALGA road survey, Improved AMP KPI's
3.2.6 Maintain and protect heritage buildings and site	Identify heritage assets/sites



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Civic Leadership: *To provide leadership, working with our community towards a sustainable future*

Outcome 4.1 – To provide accountable and transparent leadership

Strategies	Measuring Success
4.1.1 Enhance open and interactive communication between Council and the community	Improvement in community survey
4.1.2 Advocate the communities view against amalgamation of local governments	Achieve outcomes
4.1.3 Engage the community in decision making and a shared responsibility to achieve our goals	Improvement in community survey
4.1.4 Advocate on behalf of the businesses and residents with government and telecommunication providers to ensure the community benefits from advances in technology	Improvement in community survey, new and improved services
4.1.5 Actively lobby all levels of government for appropriate community facilities and service in the district	New and improved services
4.1.6 Facilitate networks for engaging government agencies and key stakeholders to activate our communities' priorities	Improvement in community survey, outcomes achieved
4.1.7 Develop successful and collaborative partnerships	Achieve outcomes

Outcome 4.2 – Improve the Shire's capability and capacity

Strategies	Measuring Success
4.2.1 Promote a culture of continuous improvement processes	Compliance returns, Skills inventory, professional associations
4.2.2 Facilitate resource sharing on a regional basis	Increase in regional resource sharing, improved KPI's
4.2.3 Use resources efficiently and effectively	Physical KPI's, financial resources
4.2.4 Operate in a financially sustainable manner	Improvements in KPI's

Outcome 4.3 – To be a local government that is respected, professional, trustworthy and accountable

Strategies	Measuring Success
4.3.1 Provide responsive high-level customer service	Improvement in community survey
4.3.2 Enhance the capacity and effectiveness of administrative processes	Audit reports, policy framework for resource allocation, Compliance return and regulated process reviews
4.3.3 Provide reporting processes in a transparent, accountable and timely manner	Audit reports, Compliance return and regulated process reviews
4.3.4 Recruit, retain and develop suitably qualified, experienced and skilled staff	Competition of training programs, Skills inventory
4.3.5 Provide flexible and attractive work conditions in a supportive work environment	Staff retention rates, professional development



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

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COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:
10 Haig Street, Koorda

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Koorda for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Koorda at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 16th day of December 2020


Chief Executive Officer

Darren Simmons
Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	20(a)	1,069,703	1,066,030	1,048,309
Operating grants, subsidies and contributions	2(a)	2,237,510	1,204,333	2,102,629
Fees and charges	2(a)	498,874	470,794	548,331
Service charges	20(b)	3,450	3,450	3,205
Interest earnings	2(a)	108,288	148,500	163,880
Other revenue	2(a)	76,842	35,870	124,999
		3,994,667	2,928,977	3,991,353
Expenses				
Employee costs		(1,637,541)	(1,837,387)	(1,625,543)
Materials and contracts		(485,411)	(320,190)	(535,562)
Utility charges		(27,627)	(32,500)	(38,719)
Depreciation on non-current assets	10(b)	(1,992,890)	(1,946,506)	(1,943,077)
Insurance expenses		(106,716)	(120,000)	(101,126)
Other expenditure		(103,562)	(132,250)	(56,384)
		(4,353,747)	(4,388,833)	(4,300,411)
		(359,080)	(1,459,856)	(309,058)
Non-operating grants, subsidies and contributions	2(a)	701,890	694,971	922,158
Profit on asset disposals	10(a)	485,009	2,287	39,868
(Loss) on asset disposals	10(a)	(15,320)	(77,488)	(133,131)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	0
		1,172,444	619,770	828,895
Net result for the period		813,364	(840,086)	519,837
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		813,364	(840,086)	519,837

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		72,105	84,952	0
General purpose funding		3,133,459	2,151,400	3,123,993
Law, order, public safety		19,755	17,707	22,709
Health		19,011	7,060	6,987
Housing		213,877	198,676	204,148
Community amenities		189,506	189,792	188,034
Recreation and culture		103,470	100,621	59,617
Transport		153,321	81,029	143,462
Economic services		33,982	30,740	43,018
Other property and services		56,181	67,000	199,385
		3,994,667	2,928,977	3,991,353
Expenses				
Governance		(408,274)	(525,166)	(345,830)
General purpose funding		(105,486)	(109,923)	(104,536)
Law, order, public safety		(74,995)	(95,704)	(70,430)
Health		(151,366)	(171,075)	(140,976)
Education and welfare		(47,473)	(46,892)	(28,166)
Housing		(273,262)	(286,896)	(277,523)
Community amenities		(276,080)	(315,127)	(267,716)
Recreation and culture		(1,003,735)	(981,774)	(1,052,291)
Transport		(1,767,289)	(1,598,434)	(1,771,255)
Economic services		(242,850)	(252,828)	(217,900)
Other property and services		(2,937)	(5,014)	(23,788)
		(4,353,747)	(4,388,833)	(4,300,411)
		(359,080)	(1,459,856)	(309,058)
Non-operating grants, subsidies and contributions	2(a)	701,890	694,971	922,158
Profit on disposal of assets	10(a)	485,009	2,287	39,868
(Loss) on disposal of assets	10(a)	(15,320)	(77,488)	(133,131)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	0
		1,172,444	619,770	828,895
Net result for the period		813,364	(840,086)	519,837
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		813,364	(840,086)	519,837

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



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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	717,164	7,014,993
Trade and other receivables	6	182,520	188,004
Other financial assets	5(a)	6,114,376	0
Inventories	7	5,254	14,987
TOTAL CURRENT ASSETS		7,019,314	7,217,984
NON-CURRENT ASSETS			
Trade and other receivables	6	29,400	34,996
Other financial assets	5(b)	53,416	52,551
Property, plant and equipment	8	13,254,210	12,866,313
Infrastructure	9	76,061,908	73,800,818
TOTAL NON-CURRENT ASSETS		89,398,934	86,754,678
TOTAL ASSETS		96,418,248	93,972,662
CURRENT LIABILITIES			
Trade and other payables	12	184,579	541,613
Contract liabilities	13	65,905	0
Employee related provisions	15	220,737	220,118
Other provisions	16	240,000	0
TOTAL CURRENT LIABILITIES		711,221	761,731
NON-CURRENT LIABILITIES			
Contract liabilities	13	214,190	0
Employee related provisions	15	59,131	83,483
Other provisions	16	1,540,923	0
TOTAL NON-CURRENT LIABILITIES		1,814,244	83,483
TOTAL LIABILITIES		2,525,465	845,214
NET ASSETS		93,892,783	93,127,448
EQUITY			
Retained surplus		50,125,256	49,851,175
Reserves - cash/financial asset backed	4	6,114,376	5,623,122
Revaluation surplus	11	37,653,151	37,653,151
TOTAL EQUITY		93,892,783	93,127,448

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



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

		RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS
		\$	\$	\$
		\$	\$	\$
Balance as at 1 July 2018		49,371,524	5,582,936	37,653,151
Comprehensive income				
Net result for the period		519,837	0	0
Total comprehensive income		519,837	0	0
Transfers from reserves	4	402,500	(402,500)	0
Transfers to reserves	4	(442,686)	442,686	0
Balance as at 30 June 2019		49,851,175	5,623,122	37,653,151
Change in accounting policy	24(b)	(48,029)	0	0
Restated total equity at 1 July 2019		49,803,146	5,623,122	37,653,151
Comprehensive income				
Net result for the period		813,364	0	0
Total comprehensive income		813,364	0	0
Transfers to reserves	4	(491,254)	491,254	0
Balance as at 30 June 2020		50,125,256	6,114,376	37,653,151

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,036,264	1,066,030	1,033,340
Operating grants, subsidies and contributions		2,414,212	1,202,693	2,091,521
Fees and charges		498,211	470,794	548,331
Service charges		3,450	3,450	3,205
Interest received		108,288	148,500	163,880
Goods and services tax received		284,626	19,774	251,519
Other revenue		76,842	35,870	72,448
		4,421,893	2,947,111	4,164,244
Payments				
Employee costs		(1,649,135)	(1,837,387)	(1,608,305)
Materials and contracts		(844,851)	(1,438,578)	(183,390)
Utility charges		(27,627)	(32,500)	(38,719)
Insurance paid		(106,716)	(120,000)	(101,126)
Goods and services tax paid		(247,051)	(19,774)	(288,809)
Other expenditure		(103,562)	(132,250)	(56,384)
		(2,978,942)	(3,580,489)	(2,276,733)
Net cash provided by (used in) operating activities	17	1,442,951	(633,378)	1,887,511
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(1,115,712)	(1,314,000)	(1,517,405)
Payments for construction of infrastructure	9(a)	(1,459,960)	(1,411,000)	(1,385,259)
Non-operating grants, subsidies and contributions	2(a)	764,861	694,971	922,158
Payments for financial assets at amortised cost - term deposits		(6,114,376)	0	0
Proceeds from sale of property, plant & equipment	10(a)	184,407	264,000	258,304
Net cash provided by (used in) investment activities		(7,740,780)	(1,766,029)	(1,722,202)
Net increase (decrease) in cash held		(6,297,829)	(2,399,407)	165,309
Cash at beginning of year		7,014,993	7,737,495	6,849,684
Cash and cash equivalents at the end of the year	17	717,164	5,338,088	7,014,993

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	21 (b)	1,087,368	821,674	1,223,671
		1,087,368	821,674	1,223,671
Revenue from operating activities (excluding rates)				
Governance		72,105	84,952	0
General purpose funding		2,070,626	1,085,370	2,082,554
Law, order, public safety		486,070	17,707	22,709
Health		19,011	7,060	6,987
Housing		213,877	198,676	204,148
Community amenities		189,506	189,792	188,034
Recreation and culture		103,470	100,621	59,617
Transport		170,811	81,310	161,078
Economic services		33,982	30,740	43,018
Other property and services		58,250	69,006	221,637
		3,417,708	1,865,234	2,989,782
Expenditure from operating activities				
Governance		(408,274)	(525,166)	(345,830)
General purpose funding		(105,486)	(109,923)	(104,536)
Law, order, public safety		(74,995)	(95,704)	(70,430)
Health		(151,366)	(171,075)	(140,976)
Education and welfare		(47,473)	(46,892)	(28,166)
Housing		(273,262)	(286,896)	(277,523)
Community amenities		(276,080)	(315,127)	(267,716)
Recreation and culture		(1,003,735)	(981,774)	(1,171,645)
Transport		(1,776,254)	(1,675,147)	(1,775,282)
Economic services		(242,850)	(252,828)	(227,650)
Other property and services		(9,292)	(5,789)	(23,788)
		(4,369,067)	(4,466,321)	(4,433,542)
Non-cash amounts excluded from operating activities	21(a)	1,375,643	2,021,707	1,995,483
Amount attributable to operating activities		1,511,652	242,294	1,775,394
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	701,890	694,971	922,158
Proceeds from disposal of assets	10(a)	184,407	264,000	258,304
Purchase of property, plant and equipment	8(a)	(1,115,712)	(1,314,000)	(1,517,405)
Purchase and construction of infrastructure	9(a)	(1,459,960)	(1,411,000)	(1,385,259)
Amount attributable to investing activities		(1,689,375)	(1,766,029)	(1,722,202)
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	4	(491,254)	(635,295)	(442,686)
Transfers from reserves (restricted assets)	4	0	1,093,000	402,500
Amount attributable to financing activities		(491,254)	457,705	(40,186)
Surplus/(deficit) before imposition of general rates		(668,977)	(1,066,030)	13,006
Total amount raised from general rates	20(a)	1,062,833	1,066,030	1,041,439
Surplus/(deficit) after imposition of general rates	21(b)	393,856	0	1,054,445

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

SHIRE OF KOORDA
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 to these financial statements.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments Licences/ Registrations/ Approvals	General appropriations and contributions with no reciprocal commitment Building, planning, development and animal management, having the same nature as a licence regardless of naming.	No obligations Single point in time	Not applicable Full payment prior to issue	Not applicable None	Cash received Set by State legislation or limited by legislation to the cost of provision	On receipt of funds Based on timing of issue of the associated rights	Not applicable No refunds	When assets are controlled On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, ticket sales, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Commissions	Commissions on licencing.	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Revenue

Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	71,905	84,952	
General purpose funding	1,953,562	915,000	1,898,969
Law, order, public safety	12,876	11,381	15,270
Recreation and culture	11,000	11,000	
Transport	153,321	144,000	143,462
Other property and services	34,846	38,000	44,928
	2,237,510	1,204,333	2,102,629
Non-operating grants, subsidies and contributions			
Governance	0	0	100,000
Recreation and culture	0	0	199,913
Transport	701,890	694,971	622,245
	701,890	694,971	922,158
Total grants, subsidies and contributions	2,939,400	1,899,304	3,024,787
Fees and charges			
General purpose funding	1,906	15,000	12,835
Law, order, public safety	6,880	6,326	7,439
Health	19,011	7,060	6,987
Housing	213,877	198,676	204,147
Community amenities	189,506	189,792	188,034
Recreation and culture	22,935	18,200	42,012
Economic services	33,981	30,740	43,018
Other property and services	10,778	5,000	43,859
	498,874	470,794	548,331

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	30,048	0	0
Non-operating grants, subsidies and contributions	701,890	694,971	922,158
	731,938	694,971	922,158

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

Contracts with customers included as a contract liability at the start of the period	111,000	0	0
Other revenue from contracts with customers recognised during the year	(80,952)	0	0
Other revenue from performance obligations satisfied during the year	701,890	694,971	922,158
	731,938	694,971	922,158

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	17,689	0	0
Contract liabilities from contracts with customers	(280,095)	0	0

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

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

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

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be as detailed in Note 13.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates
 Service charges

Other revenue

Reimbursements and recoveries
 Other

Interest earnings

Interest on reserve funds
 Rates instalment and penalty interest (refer Note 20(c))
 Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
	1,062,833	1,066,030	1,041,439
	3,450	3,450	3,205
	<u>1,066,283</u>	<u>1,069,480</u>	<u>1,044,644</u>
	15,323	35,870	58,047
	61,519	0	66,952
	<u>76,842</u>	<u>35,870</u>	<u>124,999</u>
	91,254	125,000	138,686
	11,847	8,500	10,242
	5,187	15,000	14,952
	<u>108,288</u>	<u>148,500</u>	<u>163,880</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.

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Auditors remuneration				
- Audit of the Annual Financial Report		31,000	31,000	31,000
		31,000	31,000	31,000
Other expenditure				
Impairment loss on trade and other receivables from contracts with customers		(288)	0	(2,642)
Sundry expenses		103,850	132,250	59,026
		103,562	132,250	56,384

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

3. CASH AND CASH EQUIVALENTS

NOTE	2020 \$	2019 \$
Cash at bank and on hand	717,164	7,014,993
Total cash and cash equivalents	717,164	7,014,993
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	372,701	5,833,914
- Financial assets at amortised cost	6,114,376	0
	6,487,077	5,833,914

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

Reserves - cash/financial asset backed	4	6,114,376	5,623,122
Contract liabilities from contracts with customers	13	280,095	0
Unspent grants, subsidies and contributions		0	111,000
Bonds deposits and collections	12	92,606	99,792
Total restricted assets		6,487,077	5,833,914

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

4. RESERVES - CASH/FINANCIAL ASSET

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) Leave Reserve	\$ 195,766	\$ 3,177	\$ 0	\$ 198,943	\$ 194,442	\$ 4,546	\$ 0	\$ 198,988	\$ 190,964	\$ 4,802	\$ 0	\$ 195,766
(b) Road Reserve	590,547	109,584	0	700,131	453,459	111,391	0	564,850	445,348	145,199	0	590,547
(c) Plant Reserve	713,278	111,576	0	824,854	949,515	116,563	(353,000)	713,078	687,003	26,275	0	713,278
(d) Council Building Reserve	1,067,860	57,330	0	1,125,190	1,162,444	74,163	(520,000)	716,607	1,141,652	28,708	(102,500)	1,067,860
(e) TV Reserve	31,136	505	0	31,641	30,925	723	0	31,648	30,372	764	0	31,136
(f) Recreation Reserve	1,238,188	20,094	0	1,258,282	1,329,474	128,751	(70,000)	1,388,225	1,502,118	36,070	(300,000)	1,238,188
(g) Medical Practitioners Reserve	291,116	4,724	0	295,840	289,148	6,760	0	295,908	283,976	7,140	0	291,116
(h) IT & Administration Reserve	277,685	104,506	0	382,191	176,483	104,126	(150,000)	130,609	173,326	104,359	0	277,685
(i) Sewerage Reserve	880,064	74,282	0	954,346	874,524	80,435	0	954,959	798,973	81,091	0	880,064
(j) Community Housing Reserve	41,120	667	0	41,787	40,842	955	0	41,797	40,111	1,009	0	41,120
(k) JVC Units Reserve	44,644	724	0	45,368	44,342	1,037	0	45,379	43,549	1,095	0	44,644
(l) Community Bus Reserve	61,261	994	0	62,255	60,847	1,423	0	62,270	59,759	1,502	0	61,261
(m) NRM Reserve	21,520	349	0	21,869	21,374	500	0	21,874	20,992	528	0	21,520
(n) Waste Management Reserve	150,113	2,436	0	152,549	149,098	3,485	0	152,583	146,431	3,682	0	150,113
(o) JV Johnson Reserve	18,824	306	0	19,130	18,696	437	0	19,133	18,362	462	0	18,824
	5,623,122	491,254	0	6,114,376	5,795,613	635,295	(1,093,000)	5,337,908	5,582,936	442,686	(402,500)	5,623,122

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Perpetual	To be used to fund annual, long serve, accrued holiday and sick leave requirements.
(b) Road Reserve	Perpetual	To be used to assist future road works difficult to fund on an annual basis including acts of nature.
(c) Plant Reserve	Perpetual	To be used to ensure purchases are basically funded from funds set aside and the use of those funds determined by a ten year Forward Plan, which is reviewed annually. The intent is that at least the annual plant depreciation component is set aside.
(d) Council Building Reserve	Perpetual	To be used to fund the major asset category the Shire owns, and allow some management of the various building requirements.
(e) TV Reserve	Perpetual	To be used to fund future upgrading or extension of receiver/transmission facility.
(f) Recreation Reserve	Perpetual	To be used to fund future upgrading, renovations and general requirements.
(g) Medical Practitioners Reserve	Perpetual	To be used to fund future costs of attracting and retaining a qualified medical practitioner within the District/Region.
(h) IT & Administration Reserve	Perpetual	To be used to fund future technology that will require future updating.
(i) Sewerage Reserve	Perpetual	To be used to fund upgrading and replacement of the town sewerage treatment plant.
(j) Community Housing Reserve	Perpetual	To be used to fund future maintenance and construction.
(k) JVC Units Reserve	Perpetual	To be restricted (not Council controlled) funds that must be used for future maintenance, upgrading or replacement of JV Units or returned to the Department of Housing and Works.
(l) Community Bus Reserve	Perpetual	To be used to fund the change over of costs of the community bus.
(m) NRM Reserve	Perpetual	To be used to fund the future retention of the NRM officer.
(n) Waste Management Reserve	Perpetual	To be used to fund future refuse development.
(o) JV Johnson Reserve	Perpetual	This reserve is created by the reserve of income over expenditure on this project - for future maintenance and development needs.

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2020	2019
\$	\$
6,114,376	0
6,114,376	0

Other financial assets at amortised cost

Term deposits

6,114,376	0
6,114,376	0

(b) Non-current assets

Financial assets at fair value through profit and loss

53,416	52,551
53,416	52,551

Financial assets at fair value through profit and loss

Units in Local Government House Trust

53,416	52,551
53,416	52,551

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 22.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Other receivables - interest receivable	
Sports Club Loan	

Non-current

Pensioner's rates and ESL deferred	
Sports Club Loan	

2020	2019
\$	\$
136,658	102,623
17,689	20,296
25,186	62,761
(2,388)	(2,676)
375	0
5,000	5,000
182,520	188,004
19,400	19,996
10,000	15,000
29,400	34,996

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 22.

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

	2020	2019
	\$	\$
	5,254	14,987
	<u>5,254</u>	<u>14,987</u>
	14,987	23,421
	<u>(9,733)</u>	<u>(8,434)</u>
	5,254	14,987

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	436,879	436,879	10,140,455	10,140,455	10,577,334	103,261	2,020,550	12,701,145
Additions	0	0	904,747	904,747	904,747	184,938	427,720	1,517,405
(Disposals)	0	0	(99,990)	(99,990)	(99,990)	(25,669)	(225,908)	(351,567)
Depreciation (expense)	0	0	(628,601)	(628,601)	(628,601)	(27,536)	(344,533)	(1,000,670)
Carrying amount at 30 June 2019	436,879	436,879	10,316,611	10,316,611	10,753,490	234,994	1,877,829	12,866,313
Comprises:								
Gross carrying amount at 30 June 2019	436,879	436,879	11,556,547	11,556,547	11,993,426	279,764	2,680,335	14,953,525
Accumulated depreciation at 30 June 2019	0	0	(1,239,936)	(1,239,936)	(1,239,936)	(44,770)	(802,506)	(2,087,212)
Carrying amount at 30 June 2019	436,879	436,879	10,316,611	10,316,611	10,753,490	234,994	1,877,829	12,866,313
Additions	0	0	500,486	500,486	500,486	0	1,094,341	1,594,827*
(Disposals)	0	0	0	0	0	0	(193,833)	(193,833)
Depreciation (expense)	0	0	(606,797)	(606,797)	(606,797)	(41,003)	(365,297)	(1,013,097)
Carrying amount at 30 June 2020	436,879	436,879	10,210,300	10,210,300	10,647,179	193,991	2,413,040	11,659,383
Comprises:								
Gross carrying amount at 30 June 2020	436,879	436,879	12,057,033	12,057,033	12,493,912	279,764	3,530,099	16,303,775
Accumulated depreciation at 30 June 2020	0	0	(1,846,733)	(1,846,733)	(1,846,733)	(85,773)	(1,117,059)	(3,049,565)
Carrying amount at 30 June 2020	436,879	436,879	10,210,300	10,210,300	10,647,179	193,991	2,413,040	13,254,210

* There is a non cash acquisition of \$479,115 included in the addition for 2020.

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare / market borrowing rate
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2017	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Construction costs and current condition, residual values and remaining useful life assessments inputs
Plant and equipment					
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessments inputs
- Independent valuation 2016	2	Market approach using recent observable market data for similar assets	Independent valuer	June 2016	Market price per item

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

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

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - other	Total Infrastructure
	\$	\$	\$
Balance at 1 July 2018	72,569,263	788,703	73,357,966
Additions	1,355,425	29,834	1,385,259
Depreciation (expense)	(902,972)	(39,435)	(942,407)
Carrying amount at 30 June 2019	<u>73,021,716</u>	<u>779,102</u>	<u>73,800,818</u>
Comprises:			
Gross carrying amount at 30 June 2019	73,924,688	818,537	74,743,225
Accumulated depreciation at 30 June 2019	(902,972)	(39,435)	(942,407)
Carrying amount at 30 June 2019	<u>73,021,716</u>	<u>779,102</u>	<u>73,800,818</u>
Additions	1,445,529	1,795,354	3,240,883 *
Depreciation (expense)	(937,483)	(42,310)	(979,793)
Carrying amount at 30 June 2020	<u>73,529,762</u>	<u>2,532,146</u>	<u>76,061,908</u>
Comprises:			
Gross carrying amount at 30 June 2020	75,370,217	2,613,891	77,984,108
Accumulated depreciation at 30 June 2020	(1,840,455)	(81,745)	(1,922,200)
Carrying amount at 30 June 2020	<u>73,529,762</u>	<u>2,532,146</u>	<u>76,061,908</u>

* Includes non-cash additions of \$1,780,923 for rehabilitation costs asset.

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

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	0	0	0	0	0	0	0	0	99,990	0	0	(99,990)
Furniture and equipment	0	0	0	0	0	0	0	0	25,669	0	0	(25,669)
Plant and equipment	193,833	663,522	485,009	(15,320)	339,201	264,000	2,287	(77,488)	225,908	258,304	39,868	(7,472)
	193,833	663,522	485,009	(15,320)	339,201	264,000	2,287	(77,488)	351,567	258,304	39,868	(133,131)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Law, order, public safety				
Isuzu FSS550 *	12,800	479,115	466,315	0
Transport				
P31 Bosich Low loader	22,153	16,364	0	(5,789)
Grader 1993 Champion	20,237	37,727	17,490	0
Ranger XLT 4X4 3.2	39,540	36,364	0	(3,176)
Other property and services				
Colorado Trailblazer LTZ 4	34,112	35,316	1,204	0
Trailblazer LT	29,369	27,273	0	(2,096)
Holden Trailblazer	35,622	31,363	0	(4,259)
	193,833	663,522	485,009	(15,320)
	193,833	663,522	485,009	(15,320)

* No cash was received for the sale of this asset - as a fire truck was donated to the same value.

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

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - specialised	606,797	507,152	628,601
Furniture and equipment	41,003	18,918	27,536
Plant and equipment	365,297	237,285	344,533
Infrastructure - roads	937,483	1,156,043	902,972
Infrastructure - other	42,310	27,108	39,435
	1,992,890	1,946,506	1,943,077

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	50 years
Furniture and equipment	4 to 10 years
Plant and equipment	4 to 7 years
Motor Vehicles	4 years
Roads - Aggregate	25 Years
Roads - Unsealed - Gravel	35 Years
Drains and sewers	75 years
Airfield - runways	12 years

Depreciation on revaluation

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

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

Amortisation

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

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

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

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11. REVALUATION SURPLUS

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	815,720	0	0	0	815,720	815,720	0	0	0	815,720
Revaluation surplus - Buildings - specialised	6,002,423	0	0	0	6,002,423	6,002,423	0	0	0	6,002,423
Revaluation surplus - Plant and equipment	603,573	0	0	0	603,573	603,573	0	0	0	603,573
Revaluation surplus - Infrastructure - roads	29,800,929	0	0	0	29,800,929	29,800,929	0	0	0	29,800,929
Revaluation surplus - Infrastructure - other	430,506	0	0	0	430,506	430,506	0	0	0	430,506
	37,653,151	0	0	0	37,653,151	37,653,151	0	0	0	37,653,151

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

12. TRADE AND OTHER PAYABLES

Current

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

2020	2019
\$	\$
47,660	409,647
24,312	12,843
20,001	19,331
92,606	99,792
184,579	541,613

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

13. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	65,905	0
	<u>65,905</u>	<u>0</u>
Non-current		
Contract liabilities from contracts with customers	214,190	0
	<u>214,190</u>	<u>0</u>
	<u>280,095</u>	<u>0</u>

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

Less than 1 year	65,904
1 to 2 years	49,429
2 to 3 years	65,905
3 to 4 years	65,905
4 to 5 years	32,952
> 5 years	0
	<u>280,095</u>

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.

14. INFORMATION ON BORROWINGS

	2020	2019
	\$	\$
(a) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	0	0
Total amount of credit unused	5,000	5,000

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 22.

15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2020

Comprises

Current
Non-current

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	119,823	100,295	220,118
Non-current provisions	0	83,483	83,483
	119,823	183,778	303,601
Additional provision	108,535	16,846	125,381
Amounts used	(125,063)	(24,051)	(149,114)
Balance at 30 June 2020	103,295	176,573	279,868
Comprises			
Current	103,295	117,442	220,737
Non-current	0	59,131	59,131
	103,295	176,573	279,868

	Annual Leave		Long Service Leave	
	2020	2019	2020	2019
	\$	\$	\$	\$
Less than 12 months after the reporting date	99,066	119,823	7,918	100,295
More than 12 months from reporting date	4,229	0	168,655	83,483
	103,295	119,823	176,573	183,778

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

16. OTHER PROVISIONS

	Provision for Remediation	
	Costs	Total
	\$	\$
Opening balance at 1 July 2019		
Current provisions	0	0
Non-current provisions	0	0
	<u>0</u>	<u>0</u>
Additional provision for remediation costs	1,780,923	1,780,923
Balance at 30 June 2020	<u>1,780,923</u>	<u>1,780,923</u>
Comprises		
Current	240,000	240,000
Non-current	1,540,923	1,540,923
	<u>1,780,923</u>	<u>1,780,923</u>

Provision for remediation costs

The Shire has a legal obligation to restore the Waste landfill site.

A provision for remediation is recognised when:

- there is a present obligation as a result of waste activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligation is unable to be reliably estimated as it is dependent on the remaining life of the waste facility.

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	717,164	5,338,088	7,014,993

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	813,364	(840,086)	519,837
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(865)	0	(52,551)
Depreciation on non-current assets	1,992,890	1,946,506	1,943,077
(Profit)/loss on sale of asset	(469,689)	75,201	93,263
Change in accounting policies	0	173,971	
Changes in assets and liabilities:			
(Increase)/decrease in receivables	11,080	(1,640)	(63,367)
(Increase)/decrease in inventories	9,733	0	8,434
Increase/(decrease) in payables	(357,034)	(1,199,340)	340,357
Increase/(decrease) in provisions	(23,733)	0	20,619
Increase/(decrease) in contract liabilities	169,095	(93,019)	0
Non-operating grants, subsidies and contributions	(701,890)	(694,971)	(922,158)
Net cash from operating activities	1,442,951	(633,378)	1,887,511

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
General purpose funding	154,044	119,943
Law, order, public safety	890,782	443,695
Health	815,495	830,535
Education and welfare	78,076	90,693
Housing	3,567,483	3,276,965
Community amenities	3,360,874	1,541,976
Recreation and culture	6,715,453	7,022,142
Transport	76,310,750	74,627,553
Economic services	421,811	455,121
Other property and services	3,360,581	4,172,168
Unallocated	742,899	1,391,871
	96,418,248	93,972,662

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	25,200	26,100	11,020
President's allowance	7,500	7,500	7,000
Deputy President's allowance	1,650	1,650	1,501
Travelling expenses	1,922	8,000	4,257
Telecommunications allowance	6,000	6,300	6,300
	<u>42,272</u>	<u>49,550</u>	<u>30,078</u>

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	300,420	302,027
Post-employment benefits	46,407	47,278
Other long-term benefits	37,694	34,815
	<u>384,521</u>	<u>384,120</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent annual and long service benefits accruing during the year.

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	12,575	10,937
Purchase of goods and services	127,587	156,154

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

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 activities 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.

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20. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential	0.1135	120	773,448	87,786	0	0	87,786	108,932	0	0	108,932	85,559
Industrial	0.1135	1	5,720	649	0	0	649	0	0	0	0	633
Commercial	0.1135	8	132,432	15,031	0	0	15,031	0	0	0	0	14,656
Special Rural	0.1135	6	47,424	5,383	0	0	5,383	0	0	0	0	5,248
Unimproved valuations												
Rural	0.019334	213	52,398,000	1,010,724	(46)	0	1,010,678	1,022,198	0	0	1,022,198	998,020
Sub-Total		348	53,357,024	1,119,573	(46)	0	1,119,527	1,131,130	0	0	1,131,130	1,104,116
Minimum payment	\$											
Gross rental valuations												
Residential	400	6	1,353	2,400	0	0	2,400	10,400		0	10,400	2,370
Industrial	400	1	162	400	0	0	400	0	0	0	0	395
Commercial	400	11	22,074	4,400	0	0	4,400	0	0	0	0	4,345
Vacant	400	6	1,456	2,400	0	0	2,400	0	0	0	0	1,975
Special Rural	400	3	2,205	1,200	0	0	1,200	0	0	0	0	1,185
Unimproved valuations												
Rural	400	17	193,032	18,275	0	0	18,275	10,000	0	0	10,000	7,854
Mining	400	7	27,230	3,600	(292)	0	3,308	0	0	0	0	2,807
Sub-Total		51	247,512	32,675	(292)	0	32,383	20,400	0	0	20,400	20,931
		399	53,604,536	1,152,248	(338)	0	1,151,910	1,151,530	0	0	1,151,530	1,125,047
Discounts/concessions (Note 20(c))							(89,077)				(85,500)	(83,608)
Total amount raised from general rate							1,062,833				1,066,030	1,041,439
Ex-gratia rates							6,870				0	6,870
Totals							1,069,703				1,066,030	1,048,309

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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20. RATING INFORMATION (Continued)

(b) Service Charges

Service Charges	Amount of Charge	2019/20 Actual Revenue Raised	2019/20 Actual Charges Applied to Costs	2019/20 Actual Charges Set Aside to Reserve	2019/20 Actual Reserve Applied to Costs	2019/20 Budget Revenue	2019/20 Budget Charges Applied to Costs	2019/20 Budget Charges Set Aside to Reserve	2019/20 Budget Reserve Applied to Costs	2018/19 Total Actual Revenue
TV & Satellite Transmission Levy	\$ 25	\$ 3,450	\$ 16,324	\$ 0	\$ 0	\$ 3,450	\$ 18,000	\$ 0	\$ 0	\$ 3,205
		3,450	16,324	0	0	3,450	18,000	0	0	3,205

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
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TV & Satellite Transmission Levy	To provide equipment for a quality retransmission	To fund additional channels and upgrade to equipment.	Koordra Townsite
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(c) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
General rates	10.00%	0	89,077	85,500	83,608	Current year rates and all arrears are paid in full by 4.00pm, 23 August 2019. Full payment must be received at the Shire Office prior to cut off date.
			89,077	85,500	83,608	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Refuse charge	Concession	0.00%	90	2,070	2,070	2,750
Recycling charge	Concession	0.00%	60	1,380	1,380	2,025
				3,450	3,450	4,775

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
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Refuse charge	Eligible age pensioners	Encourage elderly residents to remain in their own home.	To give recognition for service to the community.
Recycling charge	Eligible age pensioners	Encourage elderly residents to remain in their own home.	To give recognition for service to the community.

20. 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				
Discount	23/08/2019	0.00	0.00%	11.00%
Option Two				
Pay on time	6/09/2019	0.00	0.00%	11.00%
Option Three				
First instalment	6/09/2019	0.00	0.00%	11.00%
Second instalment	15/11/2019	0.00	0.00%	11.00%
Third instalment	16/01/2020	0.00	0.00%	11.00%
Fourth instalment	19/03/2020	0.00	0.00%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	11,847	8,500	10,242
	11,847	8,500	10,242

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21. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19		
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)		
Note	\$	\$	\$	\$		
(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	10(a)	(485,009)	(2,287)	(39,868)	(39,868)
	Less: Non-cash grants and contributions for assets		0	0	(52,551)	(52,551)
	Less: Movement in liabilities associated with restricted cash		(21,175)	0	0	0
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(865)	0	0	0
	Movement in other provisions		(240,000)	0	0	0
	Movement in contract liabilities (non-current)		133,238	0	0	0
	Movement in pensioner deferred rates (non-current)		596	0	(3,925)	(3,925)
	Movement in employee benefit provisions (non-current)		(24,352)	0	20,619	20,619
	Movement in loans receivable (non-current)		5,000	0	(5,000)	(5,000)
	Add: Loss on disposal of assets	10(a)	15,320	77,488	133,131	133,131
	Add: Depreciation on non-current assets	10(b)	1,992,890	1,946,506	1,943,077	1,943,077
	Non cash amounts excluded from operating activities		1,375,643	2,021,707	1,995,483	1,995,483
(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	(6,114,376)	(5,337,908)	(5,623,122)	(5,623,122)
	Less: Current assets not expected to be received at end of year					
	- Change in accounting policy		1,196	0	1,196	1,196
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of contract liability held in reserve		0	31,115	0	0
	- Employee benefit provisions		198,943	189,496	220,118	220,118
	Total adjustments to net current assets		(5,914,237)	(5,117,297)	(5,401,808)	(5,401,808)
Net current assets used in the Rate Setting Statement						
	Total current assets		7,019,314	5,523,855	7,280,955	7,217,984
	Less: Total current liabilities		(711,221)	(406,558)	(791,779)	(761,731)
	Less: Total adjustments to net current assets		(5,914,237)	(5,117,297)	(5,401,808)	(5,401,808)
	Net current assets used in the Rate Setting Statement		393,856	0	1,087,368	1,054,445
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards						
Total current assets at 30 June 2019						
	- Contract assets	23(a)				7,217,984
	Total current assets at 1 July 2019					62,971
						7,280,955
Total current liabilities at 30 June 2019						
	- Contract liabilities from contracts with customers	23(a)				(761,731)
	Total current liabilities at 1 July 2019					(30,048)
						(791,779)

22. 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. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2020					
Cash and cash equivalents	0.13%	717,164	0	627,914	89,250
Financial assets at amortised cost - term deposits	0.95%	6,114,376	6,114,376	0	0
2019					
Cash and cash equivalents	2.37%	7,014,993	5,623,122	1,379,881	11,990

Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	6,279	13,799

* Holding all other variables constant

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives. Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	44,239	39,312	25,433	47,074	156,058
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	70,655	21,983	10,033	19,948	122,619

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.65%	3.37%	23.29%	31.07%	
Gross carrying amount	8,978	1,045	1,117	6,549	17,689
Loss allowance	58	35	260	2,035	2,388
30 June 2019					
Trade and other receivables					
Expected credit loss	0.27%	1.48%	17.43%	18.19%	
Gross carrying amount	2,500	6,950	2,446	8,399	20,295
Loss allowance	9	134	553	1,980	2,676

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

The contractual undiscounted cash flows of the Shire's Payables 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>2020</u>					
Payables	184,579	0	0	184,579	184,579
Contract liabilities	65,905	214,191	0	280,096	280,095
	250,484	214,191	0	464,675	464,674
<u>2019</u>					
Payables	541,613	0	0	541,613	541,613
	541,613	0	0	541,613	541,613

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

23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

	Note	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
		\$	\$	\$
Contract assets		0	62,971	62,971
Contract liabilities - current				
Contract liabilities from contracts with customers		0	(30,048)	(30,048)
Contract liabilities non-current				
Contract liabilities from contracts with customers		0	(80,952)	(80,952)
Adjustment to retained surplus from adoption of AASB 15	24(b)		(48,029)	

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

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 no changes occurred.

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

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

23. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020	Adjustment due to application of	2020
	Note	As reported under AASB 15 and AASB 1058	AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
		\$	\$	\$
Statement of Comprehensive Income				
Revenue				
Rates	20(a)	1,069,703	0	1,069,703
Operating grants, subsidies and contributions	2(a)	2,237,510	280,095	2,517,605
Fees and charges	2(a)	498,874	0	498,874
Non-operating grants, subsidies and contributions	2(a)	701,890	0	701,890
Net result		813,364	280,095	1,093,459
Statement of Financial Position				
Trade and other payables	12	184,579	0	184,579
Contract liabilities	13	280,095	(280,095)	0
Net assets		93,892,783	280,095	94,172,878
Statement of Changes in Equity				
Net result		813,364	280,095	1,093,459
Retained surplus		50,125,256	280,095	50,405,351

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

(c) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods. The Shire has no lease agreements requiring the recognition of right of use assets.

24. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 10.

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

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

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

	Note	Adjustments	2019
Retained surplus - 30 June 2019			\$ 49,851,175
Adjustment to retained surplus from adoption of AASB 15	23(a)	(48,029)	(48,029)
Retained surplus - 1 July 2019			<u>49,803,146</u>

25. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Swimming pool committee	301	0	(301)	
Koorda State Emergency services	4,394	0	(4,394)	0
Regional road group Chairman's travel	910	0	(910)	0
	5,605	0	(5,605)	0

SHIRE OF KOORDA

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

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

27. 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 services.</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 and aged care centre. Provision and maintenance of home and community care programs and youth services.</p>
<p>HOUSING To provide and maintain elderly residents housing.</p>	<p>Provision and maintenance of elderly residents' 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 resources which help the social wellbeing 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.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control the shire's overheads operating accounts.</p>	<p>Private works operation, plant repair and operation costs and engineering operation costs.</p>

28. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.04	2.45	6.20
Asset consumption ratio	0.65	0.64	0.65
Asset renewal funding ratio	1.33	N/A**	N/A**
Asset sustainability ratio	1.20	1.36	0.69
Debt service cover ratio	N/A*	N/A*	N/A*
Operating surplus ratio	0.05	(0.22)	(0.49)
Own source revenue coverage ratio	0.50	0.42	0.38

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

* The Shire does not have any borrowings, hence it is unable to disclose a result for this ratio.

** The Shire has not reported the Asset Renewal Funding Ratio for 2019 and 2018 in the annual financial report as required by section 50(1)(c) of the *Local Government (Financial Management) Regulations 1996*, as management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Koorda

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law was identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2019 and 2018 in the annual financial report as required by section 50(1) 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.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



CARLY MEAGHER
ACTING SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 December 2020

11.2.4 2019/2020 ANNUAL AUDIT PROCESS

Section 5.23 – Applicability

Location:

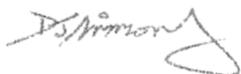
Portfolio: Governance, Administration and Finance
Cr JM Stratford

File Reference: ADM 0114

Disclosure of Interest: No interest declared by the CEO

Author: Lana Foote, Deputy Chief Executive Officer

Signature of CEO



Attachment: Annual Report, Draft Annual Financial Statements, Draft Independent Auditor's Opinion (Separate Attachment)

Background:

The Draft Independent Auditor's Opinion on the Audit of the Financial Report for the year ending 30 June 2020 has been received. Copies of audit process documents have been provided to the Councillors under separate cover.

Prior to this Council meeting, the Audit Committee (including all other Councillors as guests) met as part of the exit meeting, which is an audit requirement with the Office of Auditor General.

The Chief Executive Officer has reviewed the draft audited financials in readiness to return to the Auditor General. The Auditor General will respond and issue the final report and sign off within three to five business days. We anticipate that if any documents change, they will be referred to a future Audit Committee meeting, to consider and recommend to Council the adoption of the modified Annual Financial Statements and External Auditors Report for the year ending 30 June 2020.

Comment

Subject to the Auditor General's confirmation of the Draft Annual Financial Statements and Auditors report as presented, as part of the following item *11.2.4 Annual Reporting Requirements*, Council will consider receiving and adopting the Shire of Koorda Annual Report for the year ended 2019/2020.

The audit report raised no new concerns. The auditor comments are clearly identified in extracted section below (the blue text being the findings from the audit, and the black text being the management comment). (Please note, the text in blue are excerpts from the draft Audit opinion, hence the personal comments)

In accordance with the *Local Government (Audit) Regulations 1996* the Auditor reports that;

- (i) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2019 and 2018 in the annual financial report as required by section 50(1) 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.

The management team supports the finding and in 2019/2020 engaged specialist external consultants to assist staff in developing and maintaining a new combined asset management and long-term financial plan in order to provide the verifiable information. The plan was endorsed at a Special meeting of Council held on 29 June 2020 (RES: 110620).

Reasonable assumptions to support an accurate and robust calculation of the asset renewal funding ratio for the 2019-20 and future financial years is now evident.

(ii) All required information and explanations were obtained by me.

(iii) All audit procedures were satisfactorily completed.

(iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

No final management letter was issued.

Consultation:

Darren Simmons, CEO, Shire of Koorda
Vishal Desai, Senior Auditor, Audit Partners Australia
Leanne Oliver, Director, Audit Partners Australia
Ann Ang, Assistant Director, Office of the Auditor General for WA

Statutory Environment:

Local Government Act 1995 Section 6.10 & 7.9(1)
Local Government Financial Management Regulation 1996 Part 2
Local Government (Audit) Regulations 1996 – Reg 10

Policy Implications:

Nil

Financial Implications:

Nil

Strategic Implications:

C 1.1 - Enhance open and interactive communication between Council and the community (ongoing)
C 3.2 - Enhance the capacity and effectiveness of administrative processes (short term)
C 3.3 - Provide reporting processes in a transparent, accountable and timely manner (short term)

Voting Requirement:

Simple majority

COUNCIL DECISION

Committee Recommendation

Moved CR LC Smith

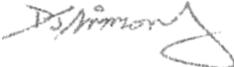
Seconded CR PL McWha

That the report of the Deputy Chief Executive Officer outlining the 2019/2020 annual audit process be noted and endorsed.

**PUT & CARRIED: 6/0
RESOLUTION NO: 081220**

11.2.5 ANNUAL REPORTING REQUIREMENTS

Section 5.23 – Applicability

Location:	Shire of Koorda
Portfolio:	Governance, Administration and Finance Cr JM Stratford
File Reference:	ADM 0320
Disclosure of Interest:	No interest declared by the CEO
Author:	Lana Foote, Deputy Chief Executive Officer
Signature of CEO	
Attachment:	Nil

Background:

Under Section 5.53 of the Local Government Act, Council is to prepare an Annual Report for each financial year and the Annual Report is to contain:-

- a) Report from President
- b) Report from Chief Executive Officer
- c) An overview of the Plan for the Future that is proposed to commence or continue next financial year
- d) Financial report for the financial year
- e) Such information as may be prescribed in relation to payments made to employees
- f) Auditors report for the financial year
- g) Report under Section 29(2) of the Disabilities Services Act 1993
- h) Register of certain complaints of minor breaches
 - i) Number of complaints recorded in register
 - ii) How recorded complaints were dealt with
 - iii) Any other details regulations may require; and
 - i) Such other information as may be prescribed

Under Section 5.54(1); the Annual Report for the financial year is to be accepted by the Local Government no later than 31 December.

Comment:

The 2019/2020 Draft Annual Report has been prepared for Council consideration.

However, it is important to note that the Auditors Report and the Annual Financial Statements are in draft format only and are subject to change/confirmation.

Due to COVID-19 restrictions around the running of an Electors Meeting and proposed changes to the Financial Management Regulations, which were published in the gazette on Friday 6 November 2020, the usual time frame for the Shire's Annual Report/Financial Statement adoption and Annual Electors Meeting will be later than usual.

Consultation:

Darren Simmons, CEO, Shire of Koorda

Ann Ang – Assistant Director, Office of the Auditor General for WA

Statutory Environment:

Local Government Act 1995 – Sections 5.27, 5.29, 5.53(1)(2), 5.54(1), 5.55

Policy Implications:

A24 (preferable to hold the General Meeting of Electors October of each year)

5.27 (2): A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report from the previous financial year.

5.29 (1) (a) at least 14 days' local public notice

Financial Implications:

Nil

Strategic Implications:

Shire of Koorda Strategic Community Plan

C 3.3 - Provide reporting processes in a transparent, accountable and timely manner

Voting Requirement:

Simple majority

COUNCIL DECISION

Officer Recommendation

Moved CR PL McWha

Seconded CR G Storer

That;

- 1. Subject to there being no change to the Auditor General's draft audit opinion, the Shire of Koorda Annual Report, Financial Statements and Auditor's Report for the year ended 2019/2020, as presented and/or issued, be adopted.**
- 2. Resolve that the Annual Meeting of Electors' be held on Wednesday, 3 February 2021, commencing at 6.00pm in the Shire of Koorda Council Chambers.**
- 3. With the Audit Committee having met with the Auditors prior to the Council meeting, Council retrospectively delegates authority to the Audit Committee to meet with the Shire's auditors.**

**PUT & CARRIED: 6/0
RESOLUTION NO: 091220**